

Swedbank Robur responsible investment policy

This policy has been adopted by the Board of Directors for Swedbank Robur Fonder AB ("Swedbank Robur" or "the Fund company"). The Board of Directors regularly reviews this policy.

1. Purpose and commitment

The Swedbank Robur Responsible Investment Policy provides the basis for the Fund company's sustainability management and covers all of the Swedbank Robur funds. Additional information regarding application of the policy is provided in respective fund's prospectus.

Swedbank Robur takes a long-term view as an asset owner. Swedbank Robur takes responsibility by acting on sustainability and corporate governance issues on behalf of fund unitholders. The Fund company believes that good corporate governance and sustainability work is the foundation for well-managed and profitable entities, which in the long run will generate good returns for the Fund company's clients, in a sustainable way for society. Swedbank Robur's success in fund management and reputation as a financial player is closely linked to the companies we invest in; in particular the strength of their corporate governance, how effectively they manage environmental and social risks, and how they make use of opportunities and help solve global sustainability challenges. Swedbank Robur strives to be a responsible organisation. Investment decisions and ownership positions taken by the Fund company provide an opportunity to influence corporate practice and thereby contribute positively to society as a whole. The finance industry has a central role in facilitating a transition to a sustainable society. Swedbank Robur wants to be a leading player in that transition, for current and future generations. The earth's resources are limited and the Fund company believes that sustainability challenges bring business opportunities.

With sustainability, Swedbank Robur refers to the environment and climate, human rights, labour rights, and business ethics. Relevant issues related to sustainability include environmental and climate considerations in production and product development, operational working conditions internally and throughout the supply chain, and anti-corruption work.

Swedbank Robur particularly focus on how to reduce climate risks in asset management, and through investments drive transition towards a fossil-free society in the long-run.

To comply with the above commitments, Swedbank Robur has signed the UN Principles for Responsible Investment, PRI ¹. The PRI is the leading internationally recognised initiative for responsible investment for financial organisations. Swedbank Robur has also signed the PRI Montreal Carbon Pledge, thereby committing to measure and publish carbon emissions for our funds on an annual basis. In addition, Swedbank Robur undertakes to participate in developing and applying recommendations for measuring and acting on risks and opportunities for climate change, such as through the Task Force on Climate-related Financial Disclosures (TCFD).

¹ PRI = Principles for Responsible Investment, un.pri.org

2. Positions

Swedbank Robur commits to clearly articulating our position on issues that are important for our investments, in society and for our clients. To do this we have developed sustainability position papers which currently cover: Taxation, Climate and Energy consumption, Information regarding chemicals in products, Production of fossil oil and gas, Palm oil, the Rights of the Child, and Corruption. These positions are adopted by the Swedbank Robur Board of Directors. For more information on the fund company's position papers, see Swedbank Robur's website.

3. Responsible investments

Swedbank Robur incorporates sustainability into our investments using the three following approaches: integration, influence through engagement, and by refraining from investments. These approaches are applied within the funds as outlined below:

Integrate sustainability in investment decisions based on each fund's investment policy.

- Investments in equities integrates both sustainability and corporate governance issues in the investment decision based on each fund's investment process. With corporate governance Swedbank Robur refers to the management of a company in respect to its owners, its Board of Directors, and its senior management. Relevant matters considered include the composition of the Board of Directors in relation to competencies, diversity, and independence, the auditors' competence and independence, remuneration to the Board of Directors and auditors, as well as remuneration policies with incentive programmes.
- When investing in corporate bonds, the issuer's sustainability risks are taken into account, whereby investments are not made in companies with particularly high risks or with verified major shortcomings in relation to sustainability management. Investments in such companies is permitted only as exceptions, provided that Swedbank Robur initiates a dialogue with the purpose of influencing the company to improve its sustainability management.
- When investing in covered mortgage bonds, municipalities- or government bonds, the fund company strives to invest in as sustainable players as possible, and to invest in alternatives that are as sustainable and/or as green as possible given the supply and taking into consideration portfolio composition and pricing.
- When investing in fund units, Swedbank Robur strives to use external fund companies that are deemed to adequately integrate sustainability into their investment processes.

Influence

- Influence is primarily applied in companies or issuers in which the funds have significant holdings, and where sustainability or corporate governance risks are particularly high.
- When investing in senior bonds and covered bonds, Swedbank Robur ensures that these companies have an underlying relevant sustainability work. For these fixed-income securities, influence is exercised mainly through company dialogues, and in connection with refinancing and new issues.
- When investing in covered mortgage bonds, municipalities- or government bonds, the opportunities for influence are more limited than with companies, but close dialogue is maintained between issuers and portfolio managers.
- When investing in fund units, Swedbank Robur works to ensure that the external fund companies sign the UN Principles for Responsible Investment (PRI). Swedbank Robur also evaluates the fund companies' sustainability work and engage in dialogue with them based on Swedbank Robur's list of excluded companies.

Refrain from investing in certain companies, issuers or funds with holdings as specified below. The affected companies are listed in the "Swedbank Robur Exclusion List". Swedbank Robur does not invest in companies associated with certain products. This includes companies that:

- produce, modernise, maintain or distribute products that are specially developed for cluster munition, anti-personnel mines, chemical and biological weapons, or nuclear weapons
- produce coal at more than 30 per cent of their revenues
- produce pornographic material
- produce tobacco products at more than 5 percent of revenues
- when investing in fund units, companies on the Swedbank Robur Exclusion List may in certain circumstances occur. In these cases, we maintain a close dialogue with the fund company about this in hope of finding common value base. If Swedbank Robur does not see an improvement potential, the fund units will be sold in line with internal divestment processes within 2 years.
- Swedbank Robur refrains from investing in government bonds issued by countries that seriously neglect basic social and political rights or which are subject of UN Security Council sanctions.

4. International norms and conventions

Swedbank Robur wants to invest in companies that comply with international norms and conventions for sustainability as adopted by the UN, ILO and OECD. When Swedbank Robur receives information that a company seriously and systematically violates such norms and conventions, or is otherwise involved in unacceptable activities with respect to sustainability and/or corporate governance, we contact them for follow up. If the companies show willingness to change, Swedbank Robur can remain as owner, but the company is put on the internal watch list for further follow-up and in-depth dialogue. Companies not willing to change are excluded for investment as soon as possible, but no later than 2 years after the infringement is found. An assessment of the degree of severity and prevailing circumstances is the basis for decision on possible exclusion.

5. Enhanced sustainability efforts

In addition to funds that apply the Policy for Responsible Investment, Swedbank Robur also offer funds with enhanced sustainability. These include funds that apply the Swedbank Robur analysis of controversial products and/or norms screening, as well as funds that also integrate the Swedbank Robur Sustainability analysis. Funds integrating the Swedbank Robur Sustainability analysis select companies based on their potential for sustainable growth in compliance with the UN 17 Sustainable Development Goals by assessing the companies' sustainability work and/or their products and services. For more information on the range of funds, see Swedbank Robur's website and the fund prospectuses.

6. Application

Swedbank Robur strives to invest in the most sustainable companies and financial products available on the market, and invests in these as far as possible. However, in some cases where few market solutions exists, or there is a lack of transparency for certain types of products or investments, Swedbank Robur cannot guarantee that these investments fully comply with this policy. The policy therefor does not apply to all indirect investment, such as for example index derivatives, Exchange-traded funds (ETFs), or alternative investments². When products are available that are deemed to be equivalent and of a sustainability level that is in accordance with that of Swedbank Robur, those alternatives are preferred.

7. Decision process for exclusion

Swedbank Robur's CEO decides on the exclusion of companies and issuers that do not comply with the fund companies' principles for responsible investments and positions. Swedbank Robur Sustainability Council can make recommendations to the CEO for decision. The Swedbank Robur Sustainability Council includes the CEO, CIO, Head of Corporate Governance, and Head of Sustainability Research. Excluded companies are reported publicly on "Swedbank Robur's exclusion list".

8. Openness

The Swedbank Robur website contains information on responsible investment and Swedbank Robur Position papers on sustainability, the Swedbank Robur ownership policy and the "Swedbank Robur Exclusion list", as well as each fund's complete prospectuses.

² Swedbank Robur's investments in alternative investments largely consist of hedge funds, but includes listed private equity companies, listed properties and listed infrastructure.