



DIDNER & GERGE

Sustainability Policy

Didner & Gerge Fonder AB

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DIDNER & GERGE Sustainability Policy 2022

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Didner & Gerge Fonder AB ("the Fund Company") was formed 18 July 1994 and was granted to authorisation to conduct fund business on 20 October 1994. At present, the company's business comprises management of five equity funds. The Fund Company's fundamental view is that a well-managed company is one that respects international norms and agreements regarding human rights, labour, the environment and corruption. Responsible and sustainable conduct is in the best interests of our unitholders and ourselves. Accordingly, we take a long-term perspective when we invest and our constant ambition is to find companies that understand the importance of conserving resources and minimising risk.

Scope

This policy constitutes the framework for the Fund Company's approach to responsible investment. The policy applies to all funds managed by the Fund Company. As the policy serves as a framework, each fund and all fund managers are free to apply stricter sustainability criteria to investment decisions than those specified in the policy.

Our philosophy

We always act in the best interests of our fund unitholders. Asset management is a fiduciary duty – and a matter of trust. Actively managing and growing the value of our unitholders' assets responsibly, sustainably and for the long term, is our most important task. The bedrock of our investment philosophy is to find well-managed companies that have stable governance and owners and sustainable business models - which also promotes and facilitates responsible fund management.

Responsible investment is important to us, and we diligently seek knowledge about how the companies included in our funds work with sustainability to ensure it. We prefer companies in which sustainability is a central tenet of their strategies and that take a long-term approach to sustainability work.

Didner & Gerge understands sustainability as an expansive concept that imbues the entire organisation. ESG has become a generally accepted concept in the investment industry that is used to describe sustainability from the Environmental, Social and Governance perspectives. The Fund Company incorporates sustainability in fund management by obtaining relevant information about the companies in the fund portfolios and acting accordingly by means including shareholder engagement.

The UN Principles for Responsible Investment (PRI)

The Fund Company became a signatory to the UN Principles for Responsible Investment (PRI) in 2015. In becoming a signatory, the Fund Company committed to adhering to the six principles of the PRI. In brief, the six principles entail the following for the Fund Company:

1. We will incorporate ESG issues into investment analysis and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will report on our activities and progress towards implementing the Principles.

The Fund Company also considers compliance with the following international norms and agreements:

- **UN Global Compact**
– Covers ten principles in the areas of human rights, the environment, labour and anti-corruption (www.unglobalcompact.org).
- **OECD Guidelines for Multinational Enterprises**
– Covers issues including human rights, disclosure, employment and industrial relations, the environment, bribery and anti-corruption, consumer interests and competition (www.oecd.org).
- **ILO (International Labour Organization)**
– The ILO is a tripartite UN agency dedicated to labour issues whose fundamental purpose is to fight poverty and promote social justice. The organization's mission includes promoting decent work and better working conditions worldwide and protecting the right to free association, the right to organise and the right to collective bargaining (www.ilo.org/global).

The companies included in our funds must comply with the standards set in these norms and agreements.

Responsible fund management

The Fund Company is an active manager that carefully selects fund holdings based on thorough company analysis. We invest in a select group of companies all over the world. Our managers devote considerable time to investigating whether companies are run by individuals of high integrity and have business models that maintain their relevance, so that we can be long-term owners. Responsible investment is important to us. Accordingly, we diligently seek in-depth knowledge about how the companies included in our funds work with sustainability. We prefer to see that sustainability is a core tenet of corporate strategies. We consider ourselves long-term investors whose mission is to invest in companies that we believe will be profitable and deliver good returns to our clients over time and at reasonable risk. In this regard, risk includes both financial risks and sustainability risks. The foundation of the investment philosophy for all funds managed by the Fund Company is to find well-managed companies with stable governance and owners and sustainable business models. The assessment of investable companies includes ESG* factors.

The main focus of our sustainability work is selecting companies to invest in and how those companies work with sustainability. Naturally, we have also excluded certain companies and sectors, but we believe we have the greatest impact when we select well-managed companies and exert influence through shareholder engagement.

There is no question in our minds that we must refrain from investing in companies that violate international norms or agreements. Nor do we invest in companies that are involved in the following products:

- Controversial weapons (cluster bombs, anti-personnel mines and chemical, biological and nuclear weapons)
- Fossil fuels
- Nuclear power
- Commercial gambling
- Pornography
- Tobacco
- Cannabis

To a varying extent, the funds also exclude companies involved in weapons and/or munitions, alcohol and GMO (Genetically Modified Organisms). For more information about each fund, please refer to our most recent annual report, in Swedish only, and the appendix to this policy, which contains clarifications of the exclusion criteria we apply.

*ESG is a generally accepted concept in the investment industry that is used to describe sustainability from the Environmental, Social and Governance perspectives.

To ensure that the companies in our fund portfolios are not in breach of any convention or other international agreement, or if there is suspicion of an environmental or human rights violation, the fund portfolios are screened four times a year. The Fund Company also receives regular reports of new suspected violations. The portfolios are screened by an external and independent party, ISS ESG. The screening provides information about corporate compliance with international norms and agreements from organisations including the UN, EU, OECD and ILO, as well as any violations of these norms. The screening covers compliance with global norms for environmental protection, human rights, labour standards and anti-corruption. Examples of pertinent environmental issues include the company's use of non-renewable resources or its failure to prevent serious environmental destruction. Examples of factors considered in

relation to human rights include inadequate consumer protection, violation of health and safety norms and violations of the rights of indigenous populations. Examples of factors considered in relation to labour rights include violations related to the right to organise, discrimination or child labour. Factors related to anti-corruption include the giving and solicitation of bribes.

In addition to the above, the Nordic Swan-labelled Global fund has committed to selling holdings if there is a confirmed violation as soon as possible, taking the interests of unitholders into account but within no more than three months of the date the violation is confirmed. If there is a suspected violation, the managers of the Global fund will assess the situation and the company's actions and potential to correct the situation. When there is a verified violation, the Fund Company will disclose the matter on its website within three months of learning about the violation. If the problems and suspicions have not been resolved, the holding must be sold no later than 24 months after the Fund Company received the information.

Sustainability risks

As a fund company – a UCITS management company – we are required to comply with the EU Sustainable Finance Disclosure Regulation ("SFDR" or "the Disclosure Regulation"), which takes effect 10 March 2021. The SFDR establishes that we, as a UCITS management company (a fund company), are required to integrate sustainability risks and assess adverse sustainability impacts in our management processes.

A sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment. The sustainability factors considered include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The funds take sustainability risks into account in relation to all investment decisions, which includes thorough analysis of the sustainability risks faced by each individual holding and how these risks are expected to affect fund returns. The manager prepares a sustainability risk forecast before investing in new securities and is responsible for regularly updating the portfolio's current risk assessment.

The Fund Company also includes the aforementioned information in the annual sustainability report, which must disclose the extent to which the environmental or social characteristics have been met.

Didner & Gerge Global: An eco-labelled fund

The Fund Company currently has one fund that carries the Nordic Swan eco-label. In addition to our own standards of sustainable fund management, this fund, Didner & Gerge Global, also meets the criteria for carrying the Nordic Swan label. These criteria include that the Global fund does not invest in companies extracting, refining, or generating electrical power from fossil fuels or uranium. The fund managers have also committed to conducting a detailed ESG analysis for at least 90 percent of the fund's holdings and to investing mainly in companies with a strong sustainability rating. The fund must also promote companies that are in transition to a more sustainable business.

Carbon footprint

As a UCITS management company, we have a relatively small direct climate footprint in the form of carbon emissions, but by considering these in our investment decisions, our indirect positive climate impact can be that much greater. Through actions such as exclusion of fossil fuels, we automatically avoid investing in companies that produce fossil fuels and that are also generally considered to have substantial direct adverse impact on the climate.

The Fund Company identifies and measures the carbon footprint of its funds on an annual basis. The calculations are performed by an external, independent party (ISS ESG) in cooperation with the managers of each fund and in accordance with Swedish Investment Fund Association's *Guidance for Fund Management Companies' Reporting on Funds' Carbon Footprints*. The metric that the Investment Fund Association recommends that its member companies use illustrates each fund's carbon intensity. A low figure means that the fund has extensively invested in companies whose businesses produce low emissions in relation to their revenue. To enable assessment of each fund's reported figures, we also disclose the figure for a comparable index or index fund.

A complete report of our funds' carbon footprints is provided on the Fund Company's website.

Our shareholder engagement

Our shareholder engagement encompasses the Fund Company's ESG policy and our efforts related to the Environment, Social Responsibility and Governance. The Fund Company exerts influence through investor-corporate dialogue and governance work, which includes participation on nomination committees and attendance and voting at general meetings. Engaging in dialogue with companies gives us better understanding of how they are managed and the opportunity to discuss sustainability topics with them. Although it sometimes takes a while before a change is effected, the Fund Company believes that investor-corporate dialogue as the first resort is a more successful way to influence developments in companies than is selling the holding.

Dialogues can be either proactive or reactive. They can take place either directly between the Fund Company and the companies in which it owns shares or indirectly via a third party in the form of cooperation between the Fund Company and another investor that conducts the dialogue.



Read more here:

<https://www.svanen.se/fonder/>

A report on the Fund Company's participation in nomination committees and annual general meetings is provided on the Fund Company's website.

For more information about governance work at Didner & Gerge, see our Shareholder Engagement Policy on the company's website.

Responsibility for the policy

The Sustainability Policy is subject to annual review, regardless of whether any revisions have been decided.

The CEO or another person designated by the CEO is responsible for ensuring that this policy is updated annually.

The Fund Company's Sustainability Coordinator coordinates the Fund Company's sustainability work at the general level and is involved in reviewing and tracking the Fund Company's compliance with the Sustainability Policy. The Head of Sustainability and the Sustainability Coordinator work with the content of the policy and report to the CEO.

All fund managers and other employees of the Fund Company who are involved in investment decisions or ownership practices are responsible for acting in accordance with this policy.

Sustainability reporting

The Fund Company began preparing an annual sustainability report as of the 2017 financial year. The sustainability report contains material information regarding the outcomes and impacts of sustainable investment, including disclosures in matters relating to the environment, social conditions, social engagement, employees, ethical guidelines and stakeholder governance.

The Sustainability Coordinator is responsible for preparing the sustainability report for the Fund Company.

Read more about our sustainability programme on our website: <https://www.didnergerge.se/om-oss/hallbara-investeringar/>.

For further information, please contact the Fund Company by phone on +46 (0) 18 640 540 or by email to info@didnergerge.se.

The Sustainability Policy was adopted by the CEO on 18 March 2020 and was last updated on 28 March 2022.

Clarification of exclusion criteria

This appendix clarifies how we define the various sectors, as well as the limits that apply to sector exclusions in our funds.

The following criteria apply to all Didner & Gerge funds:

Controversial weapons:

We do not invest in companies that violate international norms or agreements. Controversial weapons include cluster bombs, anti-personnel mines and chemical, biological and nuclear weapons. Involvement in this sector refers to production (manufacture), distribution (sales), development, use, maintenance, import or export, storage or transport of key components that are specifically designed for controversial weapons.

Fossil fuels:

The category includes oil, oil sand, gas and coal, as well as hydraulic fracturing (fracking) of shale oil. Involvement in this sector refers to production (extraction/exploration/refining) or distribution (sales). Energy companies that use fossil fuels in their energy supply are also included in connection with sales of fossil fuels. Does not refer to transport, storage or related products and services. We apply the following limits to our investments with regard to each activity where turnover is derived from either production or distribution:

Production/Exploration 5%

Distribution: 20%

We apply zero tolerance to production and distribution in relation to Arctic oil drilling and coal mining.

Nuclear power

Involvement in this sector refers to production with regard to processing and enrichment, fuel production and operation of nuclear reactors.

Production: 5%

Uranium

Involvement in this sector refers to production with regard to uranium mining and uranium exploration.

Production: 5%

Commercial gambling

Refers to gambling and betting operations. This includes lotteries, on-line gambling, mobile gambling and sporting events that allow betting of money. Also refers to special equipment and tailored services, such as manufacturers of physical gambling machines and roulette wheels or developers of casino games. Does not refer to computer games companies. We do not invest in companies where more than five percent of turnover is derived from production or distribution of commercial gambling products.

Production: 5%

Distribution: 5%

Pornography

Involvement in this sector refers either to production (manufacture of pornographic material) or distribution (sales of pornographic material). Distribution refers, for example, to media companies that own and operate cable, satellite and on-line channels with pornographic content. Does not refer to telecom and internet operators or web hosting services. We apply zero tolerance regarding companies that produce pornographic material and we do not invest in companies where more than five percent of the company's turnover is derived from distribution of pornographic material.

Production: 0%

Distribution: 5%

Tobacco

Involvement in this sector refers either to production (manufacture) or distribution (sales) of tobacco products. Tobacco products refer to moist tobacco ("snus"), cigarettes, pipe and chewing tobacco and e-cigarettes. Distribution refers to companies that derive more than five percent of their turnover from sales of tobacco products. We apply zero tolerance regarding companies that produce tobacco products and we do not invest in companies where more than five percent of the company's turnover is derived from distribution of tobacco products. Does not refer to related products and services, such as paper and paperboard manufacturing.

Production: 0%

Distribution: 5%

Cannabis:

Involvement in this sector refers to production (manufacture) or distribution (sales) of cannabis for non-medical purposes/recreational use (not medical cannabis in prescription drugs). We apply zero tolerance regarding companies that produce cannabis for non-medical purposes and we do not invest in companies where more than five percent of the company's turnover is derived from distribution of this type of cannabis. Distribution refers to companies that derive more than five percent of their turnover from sales of cannabis products. Does not refer to related products and services, such as plastic components or packaging materials.

Production: 0%

Distribution: 5%

Fund-specific criteria

In addition to the criteria above, the following funds also apply specific criteria, as below.

Didner & Gerge Aktiefond

Alcohol

Involvement in this sector refers either to production (manufacture) or distribution (sales) of alcoholic beverages. Distribution refers to companies that derive more than five percent of their turnover from sales of alcoholic beverages. This excludes, for example, certain hotel and restaurant chains for which more than five percent of turnover is derived from sales of alcohol. We do not invest in companies where more than five percent of turnover is derived from the production or distribution of alcohol. Does not refer to related products and services, such as packaging and glass bottles.

Production: 5%

Distribution: 5%

Weapons and/or munitions:

Includes the manufacture of weapons for military purposes and manufacture of critical components for weapons or munitions for military purposes. Does not refer to related products and services that are not critical weapon components, such as materials that can also be used in other areas, such as goods vehicles or helmets. We do not invest in companies where more than five percent of turnover is derived from the production (manufacture) or distribution (sales) of weapons including combat arms or other munitions.

Production: 5%

Distribution: 5%

Didner & Gerge Småbolag

Weapons and/or munitions:

Includes the manufacture of weapons for military purposes and manufacture of critical components for weapons or munitions for military purposes. Does not refer to related products and services that are not critical weapon components, such as materials that can also be used in other areas, such as goods vehicles or helmets. We do not invest in companies where more than five percent of turnover is derived from the production (manufacture) or distribution (sales) of weapons including combat arms or other munitions.

Production: 5%

Distribution: 5%

Didner & Gerge Global

Alcohol

Involvement in this sector refers either to production (manufacture) or distribution (sales) of alcoholic beverages. Distribution refers to companies that derive more than five percent of their turnover from sales of alcoholic beverages. This excludes, for example, certain hotel and restaurant chains for which more than five percent of turnover is derived from sales of alcohol. We do not invest in companies where more than five percent of turnover is derived from the production or distribution of alcohol. Does not refer to related products and services, such as packaging and glass bottles.

Production: 5%

Distribution: 5%

Weapons and/or munitions:

Includes the manufacture of weapons for military purposes and manufacture of critical components for weapons or munitions for military purposes. Does not refer to related products and services that are not critical weapon components, such as materials that can also be used in other areas, such as goods vehicles or helmets. We do not invest in companies where more than five percent of turnover is derived from the production (manufacture) or distribution (sales) of weapons including combat arms or other munitions.

Production: 5%

Distribution: 5%

GMO (genetically modified organisms))

Refers to companies whose turnover is derived from genetically modified cereals in agriculture.

Production: 5%

Didner & Gerge US Small & Microcap

Alcohol

Involvement in this sector refers either to production (manufacture) or distribution (sales) of alcoholic beverages. Distribution refers to companies that derive more than five percent of their turnover from sales of alcoholic beverages. This excludes, for example, certain hotel and restaurant chains for which more than five percent of turnover is derived from sales of alcohol. We do not invest in companies where more than five percent of turnover is derived from the production or distribution of alcohol. Does not refer to related products and services, such as packaging and glass bottles.

Production: 5%

Distribution: 5%

Weapons and/or munitions:

Includes the manufacture of weapons for military purposes and manufacture of critical components for weapons or munitions for military purposes. Does not refer to related products and services that are not critical weapon components, such as materials that can also be used in other areas, such as goods vehicles or helmets. We do not invest in companies where more than five percent of turnover is derived from the production (manufacture) or distribution (sales) of weapons including combat arms or other munitions.

Production: 5%

Distribution: 5%

GMO (genetically modified organisms)

Refers to companies whose turnover is derived from genetically modified cereals in agriculture.

Production: 5%

Active fund management.

FOR REAL.



DIDNER & GERGE

www.didnergerge.se