

## **Aktie-Ansvar UN Global Compact Communication on Progress 2022**

Statement of continued support by the Chief Executive Officer

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Statement of the company's chief executive (CEO or equivalent) expressing continued support for the Global Compact and renewing the company's ongoing commitment to the initiative and its principles.

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Stockholm, 14 December 2022

To our stakeholders:

I am pleased to confirm that Aktie-Ansvar reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this annual Communication on Progress we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Aktie-Ansvar is one of Sweden's oldest fund companies. It was founded in 1965 with a strong connection to the sobriety movement and the social responsibility that the movement stood for. The first fund, Aktie-Ansvar Aktiefond, was the first explicitly ethical fund in Sweden. Ever since then Aktie-Ansvar is a fund company with a clear set of values which is based on responsible investments and active management. We do not invest in companies operating in industries that are incompatible with this value base. Aktie-Ansvar excludes investments in fossil fuels, weapons, narcotic drugs (including cannabis), tobacco, alcohol, pornography and gambling as well as companies that violates international conventions based on the UN Global Compact in the areas of human rights, labor law and corruption.

Our investors should feel confident that their funds are invested responsibly, with due regard to ethics and sustainability, and based on sound and well-founded analysis. From the start, Aktie-Ansvar's investment philosophy had a clear ethical focus which resulted in exclusion of investments in companies active in the alcohol, weapons and tobacco industries. Based on a stable set of values, the company has continuously developed its work with responsible investments as the world around us has evolved with new challenges and new conditions.

The core of Aktie-Ansvar's values has always been to safeguard social vulnerability and human rights. There was an environmental debate also in 1965, but the greenhouse gas problem was still unknown. As the world has evolved, it has become clear how different types of emissions affect the climate. Based on Aktie-Ansvar's values, the company has chosen to gradually relate to global warming by joining the PRI (Principles for Responsible Investment), imposing exclusion criteria for fossil fuels and implementing a positive bias of sustainable alternatives. We have also signed the Net Zero Asset Managers initiative.

During 2022, Aktie-Ansvar made a thorough review of its policy for responsible investments. This is partially because of the new regulations on an EU-level pertaining to sustainability within environment, social and governance (ESG). Aktie-Ansvar welcomes these new initiatives, as it will give investors a better understanding of sustainability characteristics within the financial sector. We will continue to deepen our work within this new legal framework to give our investors a clear way to understand the scope of Aktie-Ansvar's work with sustainability.

During the year, Aktie-Ansvar has also done its utmost to act as responsible owners. We have updated our principles of shareholder engagement and ownership governance policy and combined them into a policy for active ownership. During 2022, the company has participated (and voted) at shareholder meetings corresponding to 85% of equity assets under management.

Aktie-Ansvar has a code of conduct regarding work with human rights, labour, environment and anti-corruption. This code of conduct is an integral part of Aktie-Ansvar's ethical and sustainability work as well as always present in our business decisions.

Sincerely yours,

Martin Abrahamson  
CEO  
Aktie-Ansvar

## Human Rights

### Assessment, policy and goals

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Description of the relevance of human rights for the company (i.e. human rights risk-assessment).  
Description of policies, public commitments and company goals on Human Rights.

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Human rights have been a central part of Aktie-Ansvar's core values since the company was founded in 1965 and we strongly support the Universal Declaration of Human Rights. Aktie-Ansvar's code of conduct clearly states that the company considers and acts actively to counteract risks of human rights being violated. Aktie-Ansvar doesn't tolerate any form of discrimination or harassment and takes human rights into account in all business decisions. Aktie-Ansvar's policy for responsible investments commits to the ten principles stated in the PRI in the investment processes of its mutual funds and in all investment decisions. The policy further commits to the ten fundamental principles of UN Global Compact.

Aktie-Ansvar's policy for responsible investments prohibits investments in companies that violate international standards or agreements. This includes companies on sanction lists published of U.S. Pat. Office of Foreign Assets Control ("OFAC"), UN Security Council and European Union. In those cases other leading asset management organizations published relevant analyzes that are applicable to Aktie-Ansvar's investment principles, these are also taken into account. That is, Aktie-Ansvar's policy for responsible investments prohibits investments in companies that violates the international declaration regarding human rights.

During 2022, there has been no change regarding our assessment of human rights related risks and we still consider them as low. The main risks are within the asset management part of the business. While Aktie-Ansvar's mutual funds only invest in regulated markets where human rights violations are considered to be at a very low level, the companies we invest in can have operations anywhere globally and may have exposure to human rights violations. This is a key factor in Aktie-Ansvar's fundamentally driven investment process. Our aim is to do a thorough analysis of every company we invest in, not only from a financial point of view but also to comply with our policy for responsible investments.

During 2022, new regulations have clarified which information is expected in regards to policy and goals pertaining to, amongst other factors, human rights. This has led Aktie-Ansvar to update its internal documents and processes to better incorporate human rights in our overall business practices.

During 2022 Aktie-Ansvar has had no incidents related to human rights and that is the goal also for 2023. Aktie-Ansvar will also continue to develop its incorporation of social principle adverse impacts during 2023 in its overall investment process. This will give our asset managers further tools for engagement as well as provide further transparency of the impacts of our investments, including within the scope of human rights.

### Implementation

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Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

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The CEO is responsible for the protection of Human Rights within the company. The fund managers of the mutual funds are responsible for detecting and analysing human rights violations among the portfolio companies on the basis of Aktie-Ansvar's Policy for responsible investments. Aktie-Ansvar's function for risk control has a responsibility for second line control.

Aktie-Ansvar has a clearly defined due diligence process of all counterparties where they must comply with Aktie-Ansvar's code of conduct. In addition to this, Aktie-Ansvar's fund managers interacts with companies that we invest in or are considering to invest in when they see human rights related risks.

Aktie-Ansvar has begun to track indicators for social impacts, including human rights. For example, as a voluntarily tracked principle adverse indicator (PAI), Aktie-Ansvar has chosen to monitor and report the existence of a human rights policy within companies we invest in.

### Measurement of outcomes

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Description of how the company monitors and evaluates performance.

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Aktie-Ansvar's asset management organization utilizes fundamental investment analysis combined with a set of screening tools to ensure compliance with the policy for responsible investments. We work with ESG analysis as an integral part of the investment process and it can play a crucial role in investing in individual securities. In addition to the investment team's in-depth analysis, Aktie-Ansvar's risk control function performs independent (second line) post investment screening to ensure compliance. The results are reported to the board.

If Aktie-Ansvar discovers that its code of conduct has been breached by a counterparty, a discussion is initiated with the counterparty and the situation is carefully analysed. If Aktie-Ansvar determines that the solution proposed by the counterparty is unsatisfactory, the contract or business relationship may be terminated.

Upon detection of an incident in a portfolio company (i.e. a direct investment in individual stocks or fixed income instruments) Aktie-Ansvar follows a defined process. The first step is for the manager to gather as much information as possible about the incident. This can be done through direct contact with the company or through contact with analysts with whom Aktie-Ansvar has partnerships, but also through various sources of information. Once sufficient information has been gathered, the fund manager will contact the company to discuss the incident and, in some cases, to request improvements. If the improvement requirements are not met within a reasonable time, the fund manager must decide whether or not the investment is suitable. In some cases, the fund manager may dispose of the investment if it is considered too risky to keep the company in the portfolio.

During 2022, Aktie-Ansvar has developed its incorporation of principle adverse impacts (PAI) in its investment process and reporting. This includes reporting on the existence of human rights policies in our investee companies. The results of these reports will be made available during 2023.

Aktie-Ansvar has a screening system supporting fund managers and second line risk control in analyzing and monitoring Human rights risks and violations. Should there be any violations of the policy these are reported to the board. There have been no violations with respect to the area of Human Rights in the past reporting period.

## Labour

### Assessment, policy and goals

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Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

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Aktie-Ansvar has several policies to insure internal compliance. This includes a policy for work environment, which states how to handle crisis situations, rehabilitation and includes a prohibition of discrimination, as well as a policy for work safety representative.

Aktie-Ansvar's requires business partners to adhere to the company's principles on labour expressed in our code of conduct. The code of conduct clearly states that the company strives to mitigate risks of labour law being violated. Aktie-Ansvar rejects forced labour and child labour as well as the suppression of the right of association and collective bargaining. Aktie-Ansvar has policies that clarify employees' rights, responsibilities, compensation, benefits and that aim to counteract discrimination in recruitment and work tasks.

Aktie-Ansvar has a defined due diligence process for all counterparties where they must comply with Aktie-Ansvar's code of conduct. During 2022, Aktie-Ansvar has continued to develop its due diligence process to incorporate the concept of good governance practices. The overall goal is to ascertain that basic labour rights are respected in investee companies. In addition to this, Aktie-Ansvar's fund managers interact with companies that we invest in or are considering to invest in when they detect major risks of labor law violations.

Aktie-Ansvar's policy for responsible investments prohibits investments in companies that violate international standards or agreements. This includes companies on sanction lists published of U.S. Pat. Office of Foreign Assets Control ("OFAC"), UN Security Council and European Union. Where other leading asset management organizations have published relevant analyzes that are applicable to Aktie-Ansvar's investment principles, these are also taken into account. That is, Aktie-Ansvar's policy for responsible investments prohibits investments in companies that violates the UN Global compact principles on Labour.

Aktie-Ansvar's asset management organization utilizes fundamental investment analysis combined with a set of screening tools to ensure compliance with the policy for responsible investments. The work with ESG analysis is an integral part of the investment process and it can play a crucial role in investing in individual securities. In addition to the investment team's in-depth analysis, Aktie-Ansvar's risk control function performs independent (second line) post investment screening to ensure compliance. The results are reported to the board.

The risk of breaches of the UN Global Compact principles on labour in the daily business is assessed as low. The main risks are within the asset management part of the business. While Aktie-Ansvar's mutual funds only invest in regulated markets where risks of labour law violations are considered to be at a very low level, the companies we invest in can have operations anywhere globally and may have exposure to companies that violates the UN Global Compact principles on labour. This is a key factor in Aktie-Ansvar's fundamentally driven investment process. Our aim is to do a thorough analysis of every company we invest in, not only from a financial point of view but also to comply with our policy for responsible investments.

Aktie-Ansvar has had no incidents related to the UN Global Compact principles on labour and that is also the goal for 2023.

### Implementation

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Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

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Aktie-Ansvar has adopted policies to insure internal compliance. This includes a policy for work environment (states how the health and safety of all employees is ensured, how to handle crisis, rehabilitation and a prohibition for discrimination) and a policy for work safety representative. These policies are easily accessible for all employees.

All employees have wellness and health benefits. Through our occupational health programs, we also provide health services and different kinds of training for our employees.

Regarding allocation of responsibilities for the protection of labour rights within our organization, we have a dedicated health and safety representative who performs recurring checks.

Consultations with employees are mainly performed through employee surveys, one-on-one talks with Manager/CEO and staff meetings. The employee surveys and the whistleblowing function (anonymous) also contributes to prevent discrimination of all kinds. Aktie-Ansvar also has a policy against discriminatory treatment and harassment.

### Measurement of outcomes

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Description of how the company monitors and evaluates performance.

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Existing demographics of employees and management are always considered when hiring to ensure that diversity factors are evaluated.

As mentioned, Aktie-Ansvar has a dedicated health and safety representative. This person conducts recurring checks during the year after which the employees and the management are provided with a report of the representatives findings. If shortcomings or risk for shortcomings are identified in the reports these are dealt and measured with on managerial level.

Senior management performs periodic reviews of results from the employee surveys and the whistleblowing function. If shortcomings or risk for shortcomings are identified, measures are put into place to eradicate or mitigate the identified risks.

Upon discovery of a breach of Aktie-Ansvar's code of conduct regarding labour by a counterparty, a discussion with the counterparty is initiated and the situation is thoroughly analyzed. If Aktie-Ansvar determines that the proposed resolution by the counterparty is unsatisfactory, the contract or business relation may be discontinued.

Upon detection of a labour incident in a portfolio company (i.e. a direct investment in individual stocks or fixed income instruments), Aktie-Ansvar follows a predefined process. The first step is for the manager to gather as much information as possible about the incident. This can be done through direct contact with the company or through contact with analysts with whom Aktie-Ansvar has partnerships, but also through various other sources of information. Once sufficient information has been gathered, the fund manager will contact the company to discuss the incident and, if necessary, to request improvements. If the improvement requirements are not met within a reasonable time or to a satisfactory degree, the fund manager will decide whether or not the investment is suitable. In some cases, the fund manager may dispose of the investment if the risk of future labour incidents is too high to keep the company in the portfolio.

## Environment

### Assessment, policy and goals

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Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

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Aktie-Ansvar's code of conduct requires business partners to adhere to Aktie-Ansvar's principles on sustainability. The code of conduct clearly states that the company works actively for sustainable development, both in its own operations and through influence and collaboration through other organizations. Aktie-Ansvar takes environmental aspects into account in all business decisions and thus works to strengthen environmental awareness.

The environment is a central part of Aktie-Ansvar's policy for responsible investments and focuses on how to deal with fossil fuels in the investment process. Fossil fuels are the largest source of greenhouse gas emissions, which contribute to global warming. Aktie-Ansvar has therefore decided to exclude investments related to fossil fuels. This restriction is aimed at producers and distributors of fossil fuels. The definition of fossil fuels refers to oil, gas, coal, oil sands and shale oil/gas. Producers refer to companies active in the extraction, exploration or refining of fossil fuels. Distributors refer to companies with wholesale operations or companies with sales directly to the end customer. Aktie-Ansvar applies zero tolerance for the Arctic gas/oil drilling and coal mining. This applies to both production and exploration.

The consideration of sustainability risks are a core part of our overall investment process. A basic principle for Aktie-Ansvar's asset management is that companies with sustainable business models and sustainable activities that demonstrate social responsibility constitute better investments than less sustainable alternatives. This principle means that we reward the more sustainable alternatives in our funds' investment processes in cases where our fund managers' investment analysis finds that it is not detrimental to our funds' unit holders. In case of two investment options that are equivalent from a financial point of view, we actively choose the more sustainable alternative, i.e. all other things being equal, the manager should invest in the more sustainable option.

Our goal is that through continued collaboration with portfolio companies and industry colleagues, we will create the right opportunities for future generations. In addition to the PRI and UN Global compact, Aktie-Ansvar has joined the Net Zero Asset Managers Initiative to commit in achieving net zero emissions. Aktie-Ansvar has been working with responsible investments since 1965. Signing the Net Zero Asset Managers initiative means that we take another important step in that work. By implementing the initiative, we promise to do our part to create the conditions for achieving net zero emissions by 2050. To achieve this, Aktie-Ansvar adopted a set of targets to evaluate our progress during this time. These are presented in the long-term goals listed below.

The environmental footprint of Aktie-Ansvar is assessed to be very low. However, the mutual funds that Aktie-Ansvar manages invests in companies where the environmental footprint could be considerable. Aktie-Ansvar has therefore, as stated above, developed a policy for responsible investments with a clear focus on how to deal with fossil fuels in the investment process. The equity and fixed income funds managed by Aktie-Ansvar all scores well when assessed by MSCI ESG ratings.



Assessing the environmental footprint is a key factor in Aktie-Ansvar's fundamentally driven investment process. Our aim is to do a thorough analysis of every company we invest in, not only from a financial point of view but also to comply with our policy for responsible investments.

During 2022, we have updated our policy for responsible investments. Notably, Aktie-Ansvar has begun to formally track principle adverse indicators (PAI) and develop strategies to mitigate them over time. This achieves our goal for the year to publish carbon footprints for funds as well as further improve our investment process to manage environmental challenges.

Our environmental goals for 2023:

- To decrease the negative environmental impact of our portfolio by considering principle adverse indicators when making investment decisions.
- To decrease the negative environmental impact of companies in our existing portfolio through voting and active engagement.
- To further improve our investment processes to manage environmental challenges. Aktie-Ansvar acknowledges that new EU-regulation in the area of ESG creates new opportunities for our funds to develop our work in this area.

Our long-term environmental goals:

- Engagement threshold target  
By 2030, 90 % of financed emissions in material sectors will be net zero aligned actions and subject to direct or collective engagement and stewardship actions.
- Portfolio decarbonisation reference target  
By 2030, we aim to reduce the carbon intensity of committed funds by 50 %. The specific targets for the committed funds are:  
Aktie-Ansvar Europa - 2,38 t CO<sub>2</sub>/MSEK  
Aktie-Ansvar Sverige – 1.9 t CO<sub>2</sub>/MSEK
- Portfolio coverage target  
By 2040, we aim to increase the share of AUM that we consider net zero or aligned to net zero to 100 %.

### Implementation

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Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

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The CEO of Aktie-Ansvar is also Head of sustainability and monitors the processes that ensures compliance with the policy for responsible investments on a continuous basis. Violations are reported to the Aktie-Ansvar board of directors.

Aktie-Ansvar follows Garantum groups' policies on business travel and environment. Aktie-Ansvar's asset management organization utilizes fundamental investment analysis combined with a set of screening tools to ensure compliance with our policy for responsible investments. We work with ESG analysis as an integral part of the investment process and it can play a crucial role in investing in individual securities. In addition to the investment teams' in-depth analysis, Aktie-Ansvar's risk

control function performs independent (second line) post investment screening to ensure compliance. The results are reported to the board.

During the year, asset managers, managers and employees have been provided with training in regards to environmental sustainability and how to better incorporate such factors in our investment process and overall business. Asset managers have also attended environmental related events, such as the DNB sustainability session and Forever's Sustainable Finance Round Table. Aktie-Ansvar has also emphasized documentation of this implementation to ensure compliance with regulations and internal guidelines as well as increased transparency.

Environmental sustainability is not only considered to lessen the negative impacts of assets under management. The on-going transition to a less carbon dependent world creates opportunities for greater return by supporting green industry. An example of this our investments in the company Afry. We expect technical consultants to play a big role in the aforementioned transition where demand for their service should be high and steady. Another example is our investment in the wind power developer OX2.

One of Aktie-Ansvars strongest tools to incite positive environmental changes is through engagement with our investee companies. During the year, we have increased our communication with these companies and environment has been a clear focus in these discussions. A selection of engagements from the past year is included below.

#### Measurement of outcomes

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Description of how the company monitors and evaluates environmental performance.

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Upon discovery of a breach of Aktie-Ansvar's code of conduct by a counterparty, a discussion with the counterparty is initiated and the situation is thoroughly analyzed. If Aktie-Ansvar determines that the proposed resolution by the counterparty is unsatisfactory, the contract or business relation may be discontinued. The CEO of Aktie-Ansvar is also Head of sustainability and monitors the processes that ensures compliance with our policy for responsible investments on a continuous basis. Violations are reported to the Aktie-Ansvar board of directors.

Upon detection of an incident in a portfolio company (i.e. a direct investment in individual stocks or fixed income instruments) Aktie-Ansvar follows a defined process. The first step is for the manager to gather as much information as possible about the incident. This can be done through direct contact with the company or through contact with analysts with whom Aktie-Ansvar has partnerships, but also through various sources of information. Once sufficient information has been gathered, the fund manager will contact the company to discuss the incident and, in some cases, to request improvements. If the improvement requirements are not met within a reasonable time, the fund manager must decide whether or not the investment is suitable. In some cases, the fund manager may dispose of the investment if it is considered too risky to keep the company in the portfolio.

Aktie-Ansvar's asset management organization utilizes fundamental investment analysis combined with a set of screening tools to ensure compliance with the policy for responsible investments. We work with ESG analysis as an integral part of the investment process and it can play a crucial role in investing in individual securities. In addition to the investment team's in-depth analysis, Aktie-Ansvar's risk control function performs independent (second line) post investment screening to ensure compliance. The results are reported to the board.

To ensure a reliable environmental analysis of investee companies, Aktie-Ansvar's asset managers are in regular contact with data providers and companies to influence coverage and quality of data. An example how this has been implemented is when Aktie-Ansvar informed representatives of a leading European residential real estate company that there was no coverage of their ESG-data at Bloomberg or MSCI. The company produces a great quantity of sustainability data, which they have been taking steps to make available within these data providers. Aktie-Ansvar has also been in direct contact with Bloomberg in regards to their coverage of other companies, such as Bewi and Cibus, as well voiced opinions on their criteria for coverage. Such engagement will not only increase the quality of Aktie-Ansvar's sustainability analysis but also assist other asset managers when assessing these companies.

Under 2022, Aktie-Ansvar has reviewed its holdings in Aktie-Ansvar Sverige with regards to greenhouse gas emissions and the Net Zero Asset Managers initiative. Companies without a reasonable policy on the matter have been contacted and their explanation is considered when making further investment decisions.

As mentioned, Aktie-Ansvar utilizes several data providers to gain an in-depth understanding of the environmental effects of our investment decisions. This data also provides the organization with tools to monitor and evaluate its environmental performance.

## Anti-Corruption

### Assessment, policy and goals

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Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

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Aktie-Ansvar has an ethics policy that includes rules on accepting gifts and other safeguards in order to discourage corruption and bribery. Aktie-Ansvar also has a policy for anti-money laundering and makes an annually assessment of the risk of the own business being used for money laundering, including the risk of staff being threatened or exposed to extortion.

Aktie-Ansvars policy for responsible investments states a prohibition to invest in companies that engages in severe corruption and/or bribery.

Aktie-Ansvar has a code of conduct that urges its business partners to adhere to the UN Global Compact anti-corruption principles. The code of conduct states that Aktie-Ansvar has zero tolerance for corruption, bribery and extortion. The company has processes in place to assess and mitigate the risks of corruption and bribery in its operations and has procedures in place in the event that an employee is subjected to bribery or extortion.

Aktie-Ansvar is member of industry organizations whose missions are to work for good ethics and a high level of trust in the securities market.

### Implementation

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Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

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Aktie-Ansvar systematically performs recurring risk assessments regarding AML and terrorist financing. Aktie-Ansvar has adopted policies, a code of conduct and internal instructions to insure internal compliance. This includes a policy for AML/anti-terrorist financing, instructions for KYC, transaction monitoring and for tightening measures. The company conducts annual compulsory training for employees in risk assessment regarding anti money laundering which also includes risk indicators for corruption and bribery.

Aktie-Ansvar also has a grievance mechanisms through its whistleblowing function. On the basis of Aktie-Ansvar's code of conduct, the company assesses compliance by business partners in connection with an annual due diligences process.

Aktie-Ansvar's fund managers assess a potential investment and its risk exposure to corruption and bribery before an investment decision and during the holding period of the investment. Hence, asset management team applies criteria specified in the policy for responsible investments when excluding an investment that is identified as unacceptable due to its connection with corruption and bribery.

As an example of how a corruption incident has been managed is an engagement with a world leader in communications technology (hardware, software and services), where Aktie-Ansvar has expressed

its view on the investee company's handling of corruption allegations. Aktie-Ansvar has communicated its expectations on adequate measures regarding the allegations. Discussions on the topic have also been conducted with the company's largest owner.

#### Measurement of outcomes

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Description of how the company monitors and evaluates anti-corruption performance.

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The assessment of the risk of the own business being used for money laundering is low due to the products that the business provides, its customers, geographical areas and channels for distribution. Aktie-Ansvar do not operate in any country that is assessed by the Corruption Perceptions Index (Transparency International) as a high risk of corruption.

Aktie-Ansvar has incorporated sustainability risk, including anti-corruption and bribery, in the risk management framework. The risk function is independent to the business and is monitoring the stated risk appetite to ensure consistency with anti-corruption commitments. The risk function is reporting the result to the board and the CEO.