



Policy for Responsible Investment

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Validity: Until further notice

Approved by: The Board of Directors

Updated: Yearly

Responsible: CEO

LANNEBO

Policy for Responsible Investment

We manage other people's capital, and it must be done responsibly. Our fund investors should feel confident when investing in our funds. The future holds major challenges and we are convinced that active management is a prerequisite to effectively integrate sustainability into the investment process. This gives us the opportunity to invest in the companies we believe have the greatest opportunity for long-term sustainable growth. It also gives us the opportunity to influence and engage in dialogue with the companies we invest in, which has been the core of our investment philosophy since Lannebo was founded in 2000.

We are convinced that companies that take responsibility for people and society and who understand the surrounding world, their risks and their opportunities, have a greater opportunity to be long-term profitable. These companies also have a greater potential to generate a positive return for our fund investors at a lower risk.

Incorporating sustainability into our investment process increases the managers ability to identify responsible companies. This also supports us in reducing risk from a company that lacks in its sustainability efforts – such as environmental issues - that can lead to reputational and monetary costs.

The purpose of this policy is to communicate what it means for Lannebo to be a responsible active manager.

Scope of the Policy

The Responsible Investment Policy covers all of our managed funds. It includes both investments in shares and corporate bonds; however, corporate bonds do not provide ownership in companies and as such there are no voting rights at general meetings or the opportunity to participate in nomination committees. Should investments be made in funds managed by parties other than Lannebo, the policy should be applied as broadly as possible. The policy also applies to external mandates as long as the client has not provided other directives. Lannebo is a signatory and adheres to the UN-sponsored Principles for Responsible Investment (PRI) initiative.

Sustainability Defined

Sustainability encompasses corporate governance, business ethics, the environment and climate, human rights, and working conditions. There is no "one size fits all" in sustainability. What is most important for a company in one industry can have marginal significance for a company in another. Our internal sustainability analysis is based on, among other things, the UN Global Compact (UN Principles for Responsible Business), the OECD Guidelines for Multinational Enterprises and ILO Labor Law Conventions.

Sustainability in the Investment Process

Lannebo is an active manager that carefully chooses fund holdings on the basis of a thorough company analysis. The managers assess factors such as the company's business model, market position, growth opportunities and risks. How a company takes responsibility towards people, environment and society also affect its future growth. Therefore, before making an investment the portfolio managers complete an internal company sustainability analysis. The managers analyse and assess various areas of sustainability and review whether there have been previous sustainability incidents. The managers then

rate the company based on the results of the analysis. The internal analysis also includes a rating from an external sustainability service provider.

Lannebo's active management means that our managers develop a deep knowledge of each holding, which we believe is a prerequisite for being able to integrate sustainability into the investment process. We are long-term investors and our task is to invest in companies that will be profitable and deliver to our fund investors a good return over time at a reasonable risk.

It is a matter of course, but we want to clarify in the policy that none of Lannebo's funds may invest in companies involved in controversial weapons such as cluster weapons, anti-personnel landmines, nuclear weapons, biological weapons, chemical weapons and weapons of white phosphorus or depleted uranium. The funds also avoid investing in companies that systematically violate international conventions. All companies are regularly screened to ensure they comply.

In addition to the factors that applies to all Lannebo-managed funds, Lannebo Sverige Hållbar has additional sustainability criteria. More specifically, a company must have activities that contribute to any of the focus areas listed below or have a positive approach to sustainability.

- Better environment
- Healthier lifestyle
- Sustainable society

In addition to the factors that apply to all Lannebo's managed funds, Lannebo Sverige Hållbar also excludes companies where more than 5 per cent of revenues are attributable to the production / distribution of:

- Fossil fuels
- Alcohol
- Tobacco
- Weapons
- Gambling
- Pornography

Sustainability by Exercising our Rights as Owners

Real change transpires when investors engage with companies and exercise their influence as owners. As a large owner in many companies Lannebo has the opportunity to exercise its influence and we proactively, as well as reactively, use this opportunity through continuous dialogue. Lannebo annually conducts a number of structured sustainability meetings with the management in selected companies to discuss their sustainability work. These meetings are prioritized given we believe they have an impact on the companies while also providing additional information to the investment analysis.

Prioritization of Advocacy Dialogue

Influence is primarily exercised with those companies, or issuers, where the funds have significant holdings and / or in companies where there are increased sustainability risks.

Purpose of Advocacy Dialogue

The vast majority of dialogues are proactive and aim to encourage companies to identify, assess, manage and follow up on their most important sustainability areas. If a holding experiences a sustainability incident, an impact dialogue is initiated with the company, except in those cases where we believe that our commitment will not have any significant effect.

Method for Advocacy Dialogue

As a major owner and investor in many of our holdings, we have the opportunity to have a direct dialogue with the companies. These dialogues should take place primarily through physical meetings and are carried out by our portfolio managers, sustainability manager, stewardship manager and in some cases the chairman of the board or other person appointed by Lannebo.

Dialogue, to the extent possible, should be conducted with the company's management or board of directors.

In cases where we deem it appropriate, and in the mutual interest of fund investors, we cooperate with other investors.

Results of Advocacy Dialogue

Through the proactive dialogues, Lannebo wants to influence companies in a positive direction. It is very rare that we need to require an immediate change in a company for us to remain invested. The results of our dialogues are documented for internal use; however, it is difficult to generally allege that company improvements over time can be attributed to an individual investor's dialogue.

In cases where there are reactive dialogues, following an incident, the company must show responsibility and a will to change; otherwise, divestment of the holding is an alternative. In the event of a sustainability incident, the company will be placed on an internal watch list.

Responsible

Sustainability Committee

Lannebo's Sustainability Committee is responsible for the strategic development of responsible investment. The committee meets regularly and discusses, among other things, development strategies, companies that are subject to special monitoring and positions on important issues. The committee is comprised of various competencies at Lannebo for best execution. The Sustainability Manager serves as the chairperson to the Sustainability Committee.

Board of Directors

The Lannebo Board of Directors adopts and approves the policy at least once a year, even if no changes have been resolved.

CEO

The CEO, or person designated by the CEO, is responsible for updating this policy annually.

Sustainability Manager

The Sustainability Manager is responsible for the policy's content and has overall responsibility for the implementation and compliance of the policy. The Sustainability Manager reports to the CEO, Management team and the Board of Directors.

Management team

All Managers and other employees involved in investment decisions or shareholder engagement are responsible for acting in accordance with the policy.

Lannebo Sustainability Report

As of the financial year 2017, the fund company is required to prepare a Sustainability Report containing the sustainability information required to understand the fund company's development, position and results, as well as the outcomes of its activities, including information on issues related to the environment, social conditions, personnel, respect for human rights and anti-corruption.

Information about this can be found in the internal rules for the fund company's accounts.

The Sustainability Manager is responsible for establishing the Lannebo Sustainability Report.