

Skandia Fonder AB - Policy for Responsible investments

<i>Adopted by</i>	The Board of Directors of Skandia Fonder AB
<i>Date adopted</i>	2025-05-21
<i>Supersedes</i>	Skandia Fonder's policy on responsible investments Decided 2024-05-30
<i>Applies to</i>	Skandia Fonder AB
<i>Policy owner</i>	CEO
<i>Policy Specialist</i>	Head of Market & ESG
<i>Legal or other basis</i>	Commission Delegated Regulation (EU) No 231/2013, the Securities Funds Act (2004:46), the Alternative Investment Fund Managers Act (2013:561), FFFS 2013:9, FFFS 2013:10 and Regulation of the European Parliament and of the Council (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

1 Purpose

Skandia Fonder AB ("Skandia Fonder" or the "Company") is a wholly owned subsidiary of the Skandia Group. Skandia Fonder manages mutual funds and alternative investment funds. The capital in each fund is jointly owned by the fund unit holders represented by Skandia Fonder. Responsible and active exercise of the ownership role is an important part of the management assignment of unitholders, where the aim is to promote good returns, sound risk-taking and promote sustainability factors¹ for our unitholders.

The purpose of this policy is to establish the Company's policy for responsible investment, of which the Company's principles for shareholder engagement form an important part. The policy also aims to meet unitholders' sustainability expectations for how their capital is invested. The policy forms the basis for how Skandia Fonder analyses, evaluates and manages the sustainability risks of investments² and the potential negative consequences of investments for sustainability factors. The policy also describes how Skandia Fonder, through management in line with the Paris Agreement, and given the Company's operations, can promote society's goals for sustainable development

Companies that conduct operations under the Swedish Securities Funds Act (2004:46) or the Alternative Investment Fund Managers Act (2013:561) ("LAIF") shall establish internal rules for their shareholder engagement. Other regulations that are of importance to Skandia Fonder's work with responsible investments are the Swedish Code of Conduct for Fund Management Companies, the Guidelines for Fund Management Companies' Marketing and the Guidelines for Fund Management Companies' Shareholder Engagement, which are issued by the Swedish Investment Fund Association. The guidelines take into account principles adopted by the European Association of Fund Management Companies and Asset Managers, EFAMA. Regulation of the European Parliament and of the Council (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures (SFDR) regulates, among other things, what information as financial services sector should be left to investors.

Skandia supports the UN Principles for Responsible Investment, UN PRI and the UN Global Compact, a UN initiative for responsible business conduct, on which Skandia Fonder's work on responsible investments is based.

Skandia Fonder's policy on responsible investments has been adopted by the Board of Directors of Skandia Fonder. The Board of Directors regularly conducts a review of the policy. The CEO of Skandia Fonder is the contact person for issues relating to responsible investments and corporate governance. This policy is public and is published on [Skandia.se/fonder](https://skandia.se/fonder).

2 Skandia Fonder's role as owner and investor

In all its activities relating to the management of the funds, fund management companies must act exclusively in the common interest of the unitholders, in other words, any other interests of, for example, Skandia Fonder or related companies, must give way in the event of any conflicts of interest. This means that Skandia Fonder, in its role as owner and investor, shall act solely with the aim of achieving the best possible return for unitholders in accordance with the fund's level of sustainability, investment orientation, objectives and risk profile. The work takes into account, among other things, Skandia Fonder's role and influence as an owner and how Skandia Fonder through investments affects sustainability factors positively or negatively.

¹ The EU Regulation 2019/2088 defines *sustainability factors* as environmental, social and human resources issues, respect for human rights, and the fight against corruption and bribery.

² The EU Regulation 2019/2088 defines *sustainability risk* as an environmental, social or governance event or circumstance that, if it were to occur, would have an actual or potential significant adverse impact on the value of the investment.

This policy covers all of Skandia Fonder's funds and its application is adapted to each fund's level of sustainability and investment orientation, which are further set out in each fund's fund rules and information brochure (prospectus).

For each fund, there are fund rules that are approved by the Swedish Financial Supervisory Authority. The fund rules stipulate, among other things, how the fund's resources may be invested. Furthermore, it follows from the Securities Funds Act (2004:46) that a fund management company may not exercise significant influence over the management of a listed company. The capital of each fund is jointly owned by the fund unit holders, who can redeem their fund units at short notice. This may lead to situations where Skandia Fonder must choose between actively promoting change in a listed company or selling the shares. It is part of Skandia Fonder's mission to assess which alternative best safeguards the interests of unitholders. Regardless of asset class or investment form, Skandia Fonder intends, within the framework of the opportunities and limitations that exist, to exercise active ownership and work for sustainable value creation in all of the funds' investments.

Below is a description of how Skandia Fonder's role as owner can vary for different types of investments.

Assets in which Skandia Fonder has some influence

The funds hold shares in Swedish and foreign listed companies. For these investments, Skandia Fonder is often a minority owner and therefore generally has a lower degree of direct influence on the companies. However, we see that it is possible to influence companies in a sustainable direction through dialogues with the companies' managements. We run the dialogues either ourselves or in collaboration with other owners, depending on what we consider to have the best effect. Furthermore, the funds have holdings in interest-bearing securities issued by issuers such as governments, municipalities, housing institutions, companies, etc. For these assets, Skandia Fonder is an owner stakeholder in its capacity as holder of issuers' debt instruments, and generally has a lower degree of influence.

Assets in which Skandia has limited or indirect influence

The funds also have smaller indirect holdings in equities via external funds and derivative instruments. In these cases, Skandia Fonder has a financial exposure but no direct ownership of the underlying instruments and thus an overall lower degree of influence. However, we can exercise influence on the managers of the funds. However, Skandia Fonder also tries to exercise active ownership in these situations and find products with an acceptable sustainability profile.

Alternative investment funds are owned by funds owning unlisted limited liability companies, direct investments in unlisted limited liability companies and corporate loans. For these investments, Skandia Fonder is usually a minority owner and therefore generally has a lower degree of direct influence on the companies. However, we see that it is possible to influence through dialogues with the companies' managements. We run the dialogues either ourselves or in collaboration with other owners, depending on what we consider to have the best effect.

The different types of investments and the forms of them can also have different degrees of positive or negative impacts on sustainability factors. Partly in the underlying investment object, partly depending on the form of the funds' investments, as exemplified below.

Investments in primary markets have a greater impact

Investments that involve a transaction in which a company, or other type of issuer, is provided with new share capital or credit financing, which is then used to finance the issuer's operations, potentially has a direct sustainability impact. Bond issues, corporate loans and equity issues are such examples where the

issuer is often provided with financing. The impact on sustainability factors may be particularly evident in cases where the financing is earmarked for a particular investment project within the issuer or where the issuer's main business is characterised by a positive or negative sustainability profile.

Investments in secondary markets have a limited impact

When an investment is made through a transaction that results in a particular financial instrument changing hands without the issuer to which the instrument relates being provided with financing, such investment usually does not have a significant impact on sustainability factors. Investments in listed shares via exchanges or bonds on the secondary market and certain financial derivatives are such examples. When many investors act in a similar manner, for example for sustainability reasons, such buy or sell transactions may affect the liquidity of the financial instrument and, by extension, the issuer's general access to financing opportunities. The investments that Skandia Fonder chooses or rejects for sustainability reasons also have a signal value to our customers and other stakeholders.

The above assessments are guided by established international analysis frameworks for measuring the sustainability impact of investments. Skandia Fonder's actions are always based on an assessment of the prerequisites for achieving a result that ultimately benefits the unitholders in the Company's funds.

3 Objectives for Skandia Fonder's work with responsible investments

Skandia Fonder believes that environmental, social or corporate governance issues can constitute both opportunities and financial risks, which the Company has the ambition to integrate in connection with investment decisions. Skandia Fonder's aim is to ensure that the companies and other investment assets in which Skandia Fonder has ownership interests are able to manage the risks and opportunities associated with sustainable value creation and responsible business in order to promote good returns. This includes companies and other issuers' risks and opportunities resulting from a climate transition. Companies are encouraged to set science-based climate targets with a relevant plan for how the targets are to be achieved, as well as report annually on their results. Skandia Fonder's climate goals guide the ongoing development of our analyses, which then form the basis for how we select, exclude, influence and report on investments. In supplementary documents on Skandia's positions,³ we give a more detailed account of our position on the climate issue.

Skandia Fonder focuses its work on responsible investments towards certain specific themes with the aim of promoting one or more of the UN's 17 global sustainability goals, for example in the areas of climate, environment and health. This also includes developing the Company's management and investments to contribute to the goals of the Paris Agreement⁴. Skandia Fonder's ambition is to be a role model in its work with sustainability, and responsible investments are an important part of this work.

Skandia Fonder's fund offering include funds with special sustainability criteria ("sustainability-focused funds") that have more extensive sustainability criteria. In these funds, sustainability factors are crucial in investment decisions.

³ Skandia's positions: <https://www.skandia.se/globalassets/pdf/om-skandia/hallbarhet/skandia-stallningstaganden.pdf>

⁴ Paris Agreement, <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

4 Skandia Fonder's investment strategy for responsible investments

Skandia Fonder analyses and identifies the tangible sustainability factors of the investments and how they should be taken into account in order to manage the sustainability risks and return potential of the investments. We then apply, among other things, a proprietary analysis model that takes into account from a sustainability perspective *what* companies produce and *how* they manage significant sustainability factors in the value chain. We also assess the potential positive or negative sustainability impacts of our investments. These assessments then form the basis for how we act in our investment strategy by selecting, deselecting and influencing investments based on sustainability factors. We strive for continuous development of how our asset management analyses and takes into account sustainability risks and factors.

4.1 Opt in

Skandia Fonder sees that long-term good returns are promoted by actively selecting investments that contribute to sustainable development in various ways. The starting point is that all investments, regardless of asset class, must act responsibly and strive to manage potential negative consequences within their operations. In addition, Skandia Fonder rewards companies that effectively and value-creating integrate environmental, social and business ethical factors into their operations, as well as business models that promote sustainable development. This applies in particular to companies that contribute to climate transition in line with the Paris Agreement.⁵ We are continuously looking for investments that contribute to solutions with a measurable positive impact on sustainability factors.

4.2 Opt out

Through its positions in sections 5.2 and 5.3, Skandia Fonder defines a number of activities and behaviors that are not considered to be in line with responsible business conduct and sustainable value creation. These are deselected in accordance with the fund's sustainability level. The decision to opt out of these types of investments helps to manage financial sustainability risks related to the activities of those sectors and reduces the potential negative impact of such investments on sustainability factors such as climate and health. In cases where we have indirect ownership through investments in external funds and financial index derivatives, we work to ensure that their investments take into account sustainability factors in line with Skandia Fonder's policy for responsible investments. Skandia Fonder's actions are always based on an assessment of the prerequisites for achieving a result that ultimately benefits Skandia Fonder's unitholders.

4.3 Engagement

Skandia Fonder shall conduct active and relevant advocacy work to promote that companies in which we have ownership interests are aligned with Skandia Fonder's expectations for sustainable value creation. Our ambition is for companies we invest in to work actively with material sustainability factors in the value chain and comply with relevant sustainability standards for their operations. Skandia Fonder's opportunities to influence a company in a sustainable direction vary depending on the form of ownership and influence in general that Skandia Fonder has in relation to the company, as described in section 2. Any measures are adapted to the extent of the influence that the ownership enables, as well as to the nature of the holding and other circumstances.

In dialogue with the companies, Skandia Fonder wants to influence them to address any shortcomings in their sustainability work and improve their preventive work with the environment, social aspects, business ethics and corporate governance. The companies' boards must also work actively with the sustainability issues that are essential to the companies.

⁵ So-called transition companies

If a company has deviated from this policy, Skandia Fonder shall engage in active ownership in order to induce the company to develop its operations. This means, for example, that Skandia Fonder must closely monitor developments in the company, initiate a dialogue with the companies, work to ensure that adequate measures are taken and, where applicable, make its voice heard at general meetings. Advocacy activities can take place through Skandia Fonder conducting dialogue directly with the company or joint dialogue in various forms of collaboration with other investors and societal actors. Skandia's conviction is that collaboration is usually the most effective way to achieve results.

Skandia can also engage in dialogue directly with the underlying companies in external funds or financial derivatives, often in conjunction with other investors.

5 Skandia's positions on sustainability factors and application in the investment strategy

Based on our objectives and goals for responsible investments, we have identified and expressed a number of positions that develop Skandia's view of various material sustainability factors, our expectations of the companies and other issuers in which we invest, and how these assessments are applied in our investment strategy when we select, opt out and influence investments.

5.1 Skandia Fonder's expectations of how companies should act

Skandia supports the UN Principles for Responsible Investment, UN PRI and the UN Global Compact, a UN initiative for responsible business conduct, on which Skandia Fonder's corporate governance work is based.

At Skandia Fonder, this work is conducted at two levels – at a fundamental level in funds that invest responsibly and at an extended level in funds with extended sustainability criteria.

5.1.1 *Funds that invest responsibly*

The companies in which the funds have direct shareholdings or other exposure, for example through fixed income securities, are expected to take responsibility for people and the environment and have good corporate governance. Companies should openly and transparently report on their sustainability work and follow the principles set out in the following frameworks and guidelines:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises, including
- UN Guiding Principles on Business and Human Rights
- TCFD (Task Force on Climate-related Financial Disclosures), which is an international initiative that aims to promote society's climate transition by working to ensure that companies and other actors make clear climate-related financial information about their operations available.

These frameworks and guidelines are in turn based on international conventions, including the following

- UN Convention on the Rights of the Child
- UN Universal Declaration of Human Rights
- ILO core conventions
- Anti-bribery and anti-corruption conventions
- International environmental conventions

Skandia Fonder expects companies to comply with these frameworks/guidelines and the conventions, regardless of whether they are addressed to states or non-governmental organisations, and regardless of whether the countries in which the companies operate are bound by the conventions or have weaker or less rights legislation in the area. Furthermore, Skandia Fonder wants Swedish companies to act as role models on sustainability issues.

Skandia Fonder regularly reviews the funds' holdings. If a company does not comply with the above-mentioned framework and guidelines in a manner acceptable to Skandia Funds, the deviation will be evaluated. As a starting point, Skandia Fonder intends to engage in dialogue with such a company with the aim of persuading the company to rectify the irregularities. Ultimately, in cases where a sufficient improvement is deemed unlikely, a company may be excluded as an investment object. Such a decision is made by the CEO.

Skandia Fonder's positions on human rights, working conditions, the environment and climate, and business ethics are specified in more detail on Skandia's website (www.skandia.se/fonder).

5.1.2 Funds with extended sustainability criteria

Skandia Fonder's criteria for extended exclusions of norm violations are based on information that establishes that a serious norm violation has occurred and that the company has not taken adequate measures to address the norm violation. In this case, the company is excluded as an investment object from funds with extended sustainability criteria, which is decided by Skandia Fonder's CEO.

5.2 Skandia Fonder's positions on certain sectors with specific sustainability risks

In addition to the above positions, Skandia Fonder exclude investments in companies in specific sectors. Skandia Fonder believes that the companies that are excluded have a business concept that is not in line with sustainable development. The decision to exclude these types of investments contributes to the management of financial sustainability risks related to the activities of those sectors. Furthermore, this contributes to the investment running a reduced risk of creating potential negative consequences for climate, health and other sustainability factors.

At Skandia Fonder, this work is conducted at two levels – at a fundamental level in funds that invest responsibly and at an increased level in funds with extended sustainability criteria.

Skandia Fonder's positions on certain sectors with particular sustainability risks and excluded companies can be found on Skandia Fonder's website (www.skandia.se/fonder).

In cases where the funds' holdings are indirect, exclusions in accordance with this policy cannot always be guaranteed. However, Skandia Fonder is actively working to find solutions for this.

5.2.1 Funds that invest responsibly

- **Tobacco:** Due to the negative health effects, Skandia Fonder does not invest in companies that produce tobacco.
- **Controversial weapons:** Skandia Fonder does not invest in companies that develop, produce, maintain or distribute components or systems specifically developed for nuclear, cluster munitions,

landmines, chemical weapons or biological weapons, in accordance with the respective UN conventions for the respective product groups⁶.

- **Fossil fuels** Skandia Fonder does not invest in companies whose revenue of 5 percent or more comes from the extraction of coal for energy purposes. Skandia Fonder's goal is to gradually reduce its exposure to companies that extract oil and gas, as well as power producers with a high proportion of fossil fuels in their energy mix. We then gradually exclude companies that do not show sufficient willingness or ability to transform their operations in line with the goals of the Paris Agreement.
- **Cannabis:** Skandia Fonder does not invest in companies whose revenue to 5 percent or more comes from the production or sale of cannabis for recreational use. Furthermore, Skandia Fonder has a restrictive attitude towards companies involved in cannabis for medical use. Skandia Fonder's position is based on the fact that cannabis use risks leading to abuse or addiction with negative health effects as a result.

5.2.2 Funds with extended sustainability criteria

In addition to the above sectors, investments in the following sectors in funds with extended sustainability criteria are excluded.

- **Conventional weapons:** Companies whose revenue is 5 percent or more derived from the production or development of conventional weapons, and companies whose revenue is 25 percent or more from the production or development of products/services with military application.
- **Fossil fuels:** Companies whose revenue to 5 percent or more comes from the extraction, refining or power generation of fossil fuels (defined as coal, oil, gas) and companies whose revenue to 50 percent or more comes from supporting technology and services for the extraction of fossil fuels.

Deviations from excluded fossil fuel investments can be accepted if a company meets our criteria for transition companies. Transition companies mean that the company has a clear commitment in line with global warming of no more than 2°C, that the company's energy mix consists largely of renewable sources or that the carbon intensity is aligned with the climate scenarios of the Paris Agreement.

5.3 Skandia Fonder's position on governments' handling of fundamental sustainability issues

Skandia Fonder only wants to invest in countries that we believe contribute to sustainable development. Therefore, Skandia Fonder does not invest in government bonds issued by states that do not adhere to fundamental democratic principles, that systematically and seriously violate human rights, or where corruption is widespread at a central level. Skandia Fonder's exclusion decision is guided by assessments from selected official sources, including the Government Offices' sanctions list.

Skandia Fonder's positions on government bonds are specified in more detail on Skandia Fonder's website (www.skandia.se/fonder).

⁶ UN Convention on Cluster Munitions (Oslo, 2010), the United Nations Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and their Destruction (Ottawa, 1999); United Nations on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (London, Moscow and Washington, 1975); United Nations Convention on the Prohibition of the Development, Production, Possession and Use of Chemical Weapons and on their Destruction (Paris, New York, 1997).

5.4 Skandia Fonder in dialogue

5.4.1 *Directly owned shares and debt instruments*

In dialogue with the companies, Skandia Fonder wants to influence them to address any shortcomings in their sustainability work and improve their preventive work with the environment, social aspects, business ethics and corporate governance. The companies' boards must also work actively with the sustainability issues that are relevant to the companies.

5.4.2 *Indirect ownership*

In cases where Skandia Fonder has ownership interests in companies through investment funds, we address any deficiencies in the companies' and other issuers' sustainability work with the fund's managers in order to develop the manager's processes for identifying and managing sustainability-related risks and opportunities in the management. Our dialogues with asset managers also aim to encourage them to adopt a proactive approach to integrating sustainability aspects into their management.

5.5 Skandia Fonder's principles for corporate governance in listed limited companies

Skandia Fonder believes that self-regulation of the Swedish stock market is a good basis for developing the stock market. It is particularly important to contribute to maintaining respect for the decision-making procedure of listed companies with clear differences between the tasks and functions of the owners, the boards and management, and to safeguard the board's collective decision-making model.

Skandia Fonder complies with the Swedish Code of Corporate Governance (the "Code") in its conduct in relation to listed companies. The Code is based on the principle of "comply or explain", which means that a company can deviate from individual rules if the company reports the reasons for the deviation. Furthermore, Skandia Fonder also complies with the Swedish Investment Fund Association's "Swedish Code for Fund Management Companies" and "Guidelines for Fund Management Companies' Shareholder Engagement."

The items below should be seen as Skandia Fonder's additions to, or positions taken within the framework of, the provisions of the Code. Skandia Fonder's principles for shareholder engagement are specified in more detail on Skandia Fonder's website (www.skandia.se/fonder).

5.5.1 *Nomination committees and board nominations*

A well-functioning board recruitment process is an important part of the corporate governance work, and Skandia Fonder participates in the nomination committee work of the companies where the holding entitles it to do so. Skandia Fonder recommends that the Annual General Meeting normally state the criteria on the basis of which the members of the Nomination Committee are to be appointed. A Nomination Committee that reflects the current ownership of the company is preferable to a Nomination Committee elected at the Annual General Meeting. The Chairman of the Board should not be a member of the Nomination Committee, unless he or she is a representative of the owner. The Chairman of the Board should instead be co-opted to the meetings of the Nomination Committee in the situations deemed appropriate. A constituted Nomination Committee shall operate until the next Nomination Committee is appointed. The Board's Audit Committee shall assist the Nomination Committee to a large extent in preparing proposals for the election of auditors. Skandia Fonder believes that the process for procurement of auditing services should be approved by the Nomination Committee. The Nomination Committee should be given the opportunity to meet with the auditors.

Directors should own shares in the company. The Board of Directors is appointed on the basis of the shareholders' mandate. All board issues must be handled from the perspective of the existing group of owners.

If an employee of Skandia Fonder is nominated as a member of the Board of Directors of a listed company, the nomination must be approved by Skandia Fonder's Board of Directors.

5.5.2 Incentive programmes

Share-based incentive programs and any variable remuneration should strive to ensure that the programs contribute to the management and employees of the company seeking to create long-term shareholder value. The Board of Directors shall ensure that the incentive structure in the companies is optimised from an ownership perspective that is also long-term. Costs for programmes and any dilution must be compared with other forms of compensation. The incentive programs shall be designed so that the interests of the company management are common with those of the owners. The principles for variable remuneration should include a limitation of costs.

5.5.3 Issues and issue mandates

Skandia Fonder is of the opinion that the Annual General Meeting should only in exceptional cases give general issue mandates to the Board of Directors and to a limited extent. Cash and set-off mandates should clearly state the purpose and recipient. It is particularly important that the Board of Directors ensures that the use of the use benefits the existing group of owners. In the case of new issues in listed companies, existing owners should take precedence. Deviations from the principle should take place in extremely exceptional cases and should then be specifically justified.

5.5.4 Bids and acquisitions

In bidding situations, the board must operate from the perspective of the existing owners throughout the process. Furthermore, the Board of Directors shall ensure that the bidder does not make any promises to management or the Board of Directors until the existing owners have accepted the offer. Even if a company has shares with different voting rights, the principle of equal treatment shall apply in the bidding situation, i.e. Skandia Fonder does not believe that there should be a bid premium for different share classes. The principle of one share, one vote is preferable.

5.5.5 Sustainability-related issues

In voting at general meetings and related corporate governance activities, Skandia Fonder's work is guided by the objective of promoting long-term shareholder value with regard to social, environmental and corporate governance sustainability issues. In this work, we take into account, among other things, the company's market conditions, industry comparisons and any identified sustainability deficiencies. Skandia's positions on specific issues are specified in more detail at www.skandia.se/fonder.

5.6 Voting at general meetings

When Skandia Fonder exercises voting rights at a general meeting, the best interests of the unitholders must be put first. This means that participation in the voting must not favour any other party or an individual unitholder or a single group of unitholders to the disadvantage of other unitholders.

When Skandia Fonder exercises voting rights at general meetings, the person representing the funds is instructed on how the voting should be conducted. After the meeting, the outcome is reported back to Skandia Fonder where it is documented.

Skandia Fonder exercises voting rights in the following cases:

- a. Skandia Fonder's funds together own more than 1% of the company's market capitalisation.
- b. The company is one of the ten largest holdings in Skandia Fonder's funds (in total).
- c. Following a special decision, e.g. motivated by Skandia Fonder considering that the company has violated Skandia Fonder's rules for corporate governance or this policy.

Skandia Fonder monitors relevant corporate events and general meetings in the companies through assignments to third parties (both within and outside the Skandia Group). Analysis of AGM proposals and the like is carried out by both Skandia Fonder and third parties (both within and outside the Skandia Group).

5.7 Skandia Fonder's ownership influence via debt instruments

Skandia Fonder may also have ownership interests in limited liability companies through investments in debt instruments. In the event of changes in, for example, the companies' capital structure and major operational changes, Skandia Fonder can exercise its rights granted by the loan term and, by working for active ownership influence, work to ensure long-term value.

5.8 Collaboration with others

Through the funds, Skandia Fonder is a relatively small owner of the total capital in Sweden and internationally. The opportunity to influence will therefore, in most cases, be greatest through collaboration with other owners. Skandia Fonder shall cooperate with other owners if Skandia Fonder assesses that it benefits the funds' unitholders and that it promotes effective exercise of ownership.

5.9 Conflicts of interest

The rules on corporate governance for companies operating under LVF and LAIF are formulated differently, but the basic idea is the same – unitholders are represented by Skandia Fonder in all matters relating to a fund managed by Skandia Fonder. In doing so, Skandia Fonder shall act exclusively in the interest of the funds and unitholders. This means that Skandia Fonder shall act in ownership matters with the aim of achieving the best possible return for unitholders in accordance with the fund's investment strategy, objectives and risk profile. In other words, other interests of, for example, Skandia Fonder or related companies must give way in the event of any conflicts of interest.

Skandia Fonder has an ongoing process for identifying and managing conflicts of interest, which means that the Company ensures that unitholders are not disadvantaged at the expense of other stakeholders.

The Board of Directors of Skandia Fonder has adopted special internal rules for the management of conflicts of interest.

6 Follow-up and reporting

Skandia Fonder provides information on how this policy is applied and how sustainability factors and risks are managed in asset management. The effects of the work to apply the policy must be measured,

followed up and reported regularly. The methods for this must be appropriate and developed gradually to meet regulatory requirements and our own ambitions for transparency. The CEO decides on how the policy is implemented and reports back regularly to the Board. The information is available on Skandia Fonder's website, www.skandia.se/fonder, including in the funds' information brochures, annual reports, annual report of impact including how we exercised our shareholder engagement. Part of the work on responsible investments is described in Skandia's annual sustainability report.