Financial market participant: Segulah Advisor AB

About this document

Segulah's role is to create long-term return to our investors. When pursuing that mission, it is our outmost belief that a thorough integration of Environmental, Social and Governance (ESG) aspects are crucial to succeed. We are committed to a responsible governance and management of our impacts on people and environment as well as a strong integration of ESG-related risks and opportunities throughout the investment process.

This document is part of the entity level disclosures in accordance with the *The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector* ("SFDR"). *This document covers disclosures specified by Article 3 of SFDR regarding policy on integration of sustainability risk in investment decision making.*

Policy on integration of sustainability risk in investment decision making

Segulah applies the same definition of sustainability risk as described in SFDR article 2(22); "Sustainability risk means an environmental, social or governance event or condition that if it occurs could cause an actual or potential negative impact on the value of investment.".

Segulah considers sustainability risks as an integral part of the investment process, from the early screening phase to final investment decision. Throughout the investment process sustainability risks are managed in the same way as other material risks related to the potential investment. Sustainability risks are seen as an integral part of the risk group operational risks as well as an integral part of the risk group business risks.

Our approach to assessing sustainability risks departs from high level risk factors such as geographical presence, sector, company structure and business model. In the early investment phase we always apply our exclusion list which means that regardless of the risk profile of the company Segulah declines any investments in companies operating within the war industry, gambling, tobacco, and pornography.

In the early investment phase we screen for high level sustainability risks and adverse impacts based on geographical presence, sector, company structure and business models.

- In cases where potential investments indicate a high sustainability risk and adverse impact profile, an extended ESG due diligence will be performed in addition to the ordinary due diligence process to inform the investment decision. In those cases, the ESG due diligence aims to (i) create an in-depth understanding of the potential investment's ESG performance, (ii) create a map of material ESG impacts, risk and opportunities and (iii) outline an action plan to mitigate risks and adverse impacts.

- In cases where the initial ESG screening indicates low level of sustainability risks and adverse impacts, we will, for all investments, perform an ESG materiality assessment to identify the most relevant sustainability impacts, risks and opportunities for the investment target. The results of this assessment will then be the starting point for the onboarding and following engagement with the investment target.

As active owners, the main focus of our sustainability engagement process is to improve the governance structures in our portfolio companies and provide guidance to establish solid processes to manage relevant sustainability risks, opportunities and impacts. When onboarding a new company in our portfolio we confirm the company's sustainability profile with the company management and agree on an action plan and follow up measures.

Sustainability risks and adverse impacts in our portfolio companies are monitored through the annual reporting of PAI indicators and complementary information on company specific sustainability risks and adverse impacts.