

Stabelo Asset Management AB

**POLICY FOR RESPONSIBLE INVESTMENTS**

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For final approval by the Board of DIRECTORS of STABELO ASSET MANAGEMENT AB (the  
"Company") at the Board meeting the 19 March 2021



## 1 BACKGROUND

### 1.1 Introduction

Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "Disclosure Regulation") entered into force on 10 March 2021. The Disclosure Regulation is part of the European Commission's action plan for the financing of sustainable growth and the objectives include ensuring transparency and openness on sustainability-related issues.

The regulation states that financial market participants and financial advisers must act in the best interests of end-investors, including, but not limited to, the requirement to perform an appropriate due diligence prior to investments being made. Recital 12 to the Disclosure Regulation states that in order to fulfil its regulatory obligations, financial market participants and financial advisers should integrate into their processes, including due diligence, not only all relevant financial risks, but also all relevant sustainability risks that could have a significant adverse impact on the financial return of an investment or on the advice provided, and that such risks are to be continuously evaluated.

1.2 Stabelo has decided to take principal adverse impact on sustainability factors into account when making investment decisions. Stabelo works with three methods for integrating principal adverse impacts on sustainability factors in the investment process:

1. Selection
2. opting out, and
3. influencing.

Stabelo takes measures to ensure that it does not contribute, by way of its investment decisions, to adverse impacts on sustainability factors. Such measures include measuring the portfolio's carbon footprint. This provides us with an in-depth understanding of the investment objects' environmental and climate impact at any given point in time.

1.3 As a result, Stabelo Asset Management AB (the "Company") has established and adopted the following policy for responsible investments.



## 2 FINANCIAL PRODUCTS AND FINANCIAL INSTRUMENTS

Stabelo believes that residential mortgages are fundamentally aligned with responsible investing. Homeownership is a key path to savings and wealth-building for many and connecting borrowers with lenders is an established way to ease the path to home ownership. A well-functioning mortgage market is a critical part of the local and global economy. A healthy degree of competition and access to a wide range of alternatives in the mortgage market will benefit customers and safeguard a well-functioning marketplace. Furthermore, increasing the diversity of mortgage financing available outside the banking system will support financial stability. This has proven to be especially true in times of stress in the banking system.

Stabelo is a signatory of the UN Principles of Responsible Investment (PRI) since 2019 and supports UN's view that incorporating ESG factors in the investment process will enhance returns and enable us to better manage risks. Fundamentally, Stabelo believes that lending practices that do not make the customers' wellbeing a top priority is imprudent and not sustainable. Lending practices that have a lax approach towards customer long-term affordability and financial robustness will ultimately have a negative impact on credit quality of the mortgage assets financed by investors. Furthermore, we believe that a mortgage offering should be fair and easy to understand without hidden costs and agendas. This enhances borrowers' ability to make sound financial decisions. Many mortgage providers use the practice of bundling offers where the true costs of the packaged deal are poorly disclosed.

Stabelo Asset Management only invests in sustainable mortgages that offers both financial and social returns to its investors. Our investment policies and practices are rooted in our commitment to responsible investments that also defines the essence of sustainable mortgages.

Stabelo's philosophy of responsible mortgage investing focuses on five objectives:

1. Support homeownership – home ownership is a key path to savings and wealth-building for many. Connecting borrower with lender is an established way to ease the path to home ownership. It is important to aspire to provide attractive and fair mortgage products also to customer groups that are inadequately serviced by the overall bank community that is dominating the Swedish mortgage market.



2. Promote responsible lending - it is crucial that borrowers are not put at added risk of financial distress or burdensome debt load. Borrowers should be able to service and repay their debt without distress.
3. Fair and transparent mortgage products – simple and transparent mortgage products that borrowers understand enhance their ability to make overall sound financial decisions.
4. Climate change – incentivising borrowers to make investments to increase the energy efficiency of their homes will protect them and lenders against transition risks associated with reaching the goals set out in the Paris Agreement.
5. Financial crime prevention – through strong anti-money laundering processes, Stabelo Asset Management participates in the fight against financial crime and the financing of terrorism.

### 3 UPDATING AND AMENDING THIS POLICY

- 3.1 This policy shall be reviewed regularly at least once a year or more frequently as required.
- 3.2 A review shall be carried out prior to the Company investing in a new type of asset or in a new region where special adverse impacts on sustainability factors may be identified.
- 3.3 Changes to the policy shall be approved and adopted by the Company's Board of Directors.

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