

Aeternum Management AS

Responsible Investment Policy for Aeternum Capital AS

1 INTRODUCTION

1.1 Who we are

Aeternum Management AS a manager of alternative investment funds (the "**Manager**" or "**Aeternum**"), manages the alternative investment fund Aeternum Capital AS (the "**Fund**"). The Fund is managed as a fund that promotes environmental characteristics pursuant to the Sustainable Finance Disclosure Regulation, (EU) 2019/2088 (the "**SFDR**") Article 8.

1.2 Purpose

The Manager has adopted this Responsible Investment Policy (the "**Policy**") to establish a proper, sustainable and responsible investment guidance for the Fund with respect to environmental, social, and corporate governance ("**ESG**").

The purpose of the Policy is to describe the framework governing the approach of the Fund to responsible investments and ESG/sustainability. The Policy is approved by the board of directors of the Manager and the Fund.

1.3 Definitions

For the purpose of this Policy, "material" ESG factors refers to those factors that the Manager in its sole discretion determines to have, or have the potential to have, a direct and substantial impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself and its stakeholders.

For the purpose of this Policy the use of the term "Sustainability risk" shall include such risks identified by the Manager in the AIFMD Article 23 disclosure document made available to investors prior to an investment in the Fund. The Manager has included a description of how sustainability risks are integrated into its investment decisions; and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund.

1.4 Objective

The main objective of the Fund is to seek long term capital appreciation for the investors of the Fund. In the Manager's view, a responsible and sustainable approach to investing is a key element in creating value for investors in the long term. By integrating ESG factors into the investment process, the Manager seek to identify and capture value creating opportunities as well as mitigating relevant risks.

Further, the Manager will integrate sustainability risk ratings in financial decisions to avoid or invest less in companies with high sustainability risk and prioritize or invest more in companies with low sustainability risk. Further, the Manager will seek to increase profitability by establishing a comprehensive approach to ESG integration throughout the holding period of an investment, and through active ownership in the underlying portfolio companies.

1.5 Ownership and accountability

The Chief Executive Officer ("CEO") of the Manager is the owner of the policy and responsible for ensuring that the policy is implemented. The Policy is anchored in the board of directors of the Manager. The investment team is responsible for ensuring that the Policy is integrated in all investment analyses, decision-making processes and in the exercise of ownership. Although the CEO is overall responsible for the daily compliance with, and integration of, the Policy, all our investment managers and analysts are subject to the Policy and have responsibility to contribute to the Manager's ESG integration.

The Manager shall ensure internal resources required in order to meet requirements under the SFDR, stay compliant with regulatory requirements and follow internal processes and this Policy.

2 GUIDING PRINCIPLES

With sustainability as an integral part of our core business, economic, social and environmental aspects are taken into account before we make any decisions. Our sustainability principles, guidelines and reporting systems govern this practice.

The Manager has signed the Global Compact. We also support UN Human Rights Conventions and ILO Core Conventions, UN Environment Conventions, and the UN Convention Against Corruption.

Our overall principles are:

- We base our business activities on the UN Sustainable Development Goals.
- Our processes and decisions are based on sustainability (in the board and management being ultimately responsible, in addition to each employee promoting sustainability in their own area).
- We are transparent about our work and our sustainability results.
- We collaborate to achieve the UN Sustainable Development Goals with our investors, suppliers, the authorities and partners.

3 RESPONSIBLE INVESTMENT STRATEGY

3.1 Our approach

The Manager aims to promote sustainable practices and ethical and appropriate ESG standards in the portfolio companies owned, either wholly or partly, by the Fund. In this respect, the Manager will seek to promote the following goals and principles to its portfolio companies through its ownership, and in line with the SFDR:

(i) reduce the adverse sustainability impact that investments by the Fund may cause by using its own procedures, policies and metrics (as further described below), and

(ii) allocate more investments in sustainability opportunities in order to promote positive sustainability impact.

Aeternum has developed policies and procedures to ensure that the companies we invest in meet our expectations of ESG performance and that ESG risk/sustainability risk is managed in all our investment processes. The Fund does not consider principal adverse impact ("PAI") on sustainability factors. Aeternum takes sustainability and ESG seriously, and we use our own procedures, policies and metrics to assess the adverse impacts of investment decisions on sustainability factors which do not align with those prescribed under Article 4 of the SFDR.

On a general level, the Manager has identified

- i. Energy consumption and efficiency;
- ii. Ethical business conduct, and
- iii. Diversification in management and board composition;

as principal adverse impacts of its investment decisions. The manager believes it is more impactful to focus on a few specific topics to drive change rather than including all possible principle adverse impacts at once. As the relevant ESG framework matures, the Manager expects to adopt the PAI framework. The Manager will initiate several measures in order to mitigate those adverse impacts, such as working for the portfolio companies to implement energy savings measures, adopting ethical guidelines in line with industry standards, and working for equal opportunities.

3.2 How we integrate sustainability risk in the investment decision process

We believe that including sustainability risks in the investment decision process can enhance the risk-adjusted returns of the portfolios by:

- Enabling portfolio managers and analysts to obtain relevant ESG information, making it possible to identify sustainability risks and opportunities within the investable universe;
- Including sustainability risks as part of security evaluation across all our portfolios; and
- Considering sustainability risks in the investment decision process.

Sustainability risks are included in the investment decision process together with traditional financial factors, such as risk and valuation metrics.

3.3 Normed based screening process and exclusions

The Manager will conduct an initial screening process prior to an investment by the Fund by implementing an ESG scoring system (that also reflect the sustainability risks identified by the Manager). The Manager has prepared an ESG due diligence check list ("**Check List**"), attached hereto as Appendix 1, in order to conduct an initial high-level assessment of sustainability risks associated with each planned investment. The pre-investment process covers risks related to the environment, climate, working conditions, human rights, labour rights, corruption, money laundering, and more.

The Manager will assess whether the potential investment falls within the ambit of the Fund's investment mandate, including assessing whether the potential acquisition is compatible with the environmental and social characteristics promoted by the Fund and this Policy.

If deemed necessary, based on the nature, art and scope of a potential investment, the Manager may consider external ESG due diligence support on a base-by-case basis.

For the purpose to mitigate and prevent the adverse impact, the Manager will exclude companies on the NBIM exclusion list, and exclude investments misaligned with the internal sustainability principles defined by the Manager, both by governing terms and in practice. The exclusion principles are set out in Appendix 2, and is overseen by the Manager's board of directors.

The Manager will, on a yearly basis, assess whether any changes or amendments should be made to the Check List. Further the Manager will assess whether any measures needs to be implemented in order for the Manager to be compliant with regulatory requirements under the SFDR, other relevant regulation and/or this Policy.

3.4 Monitoring, reporting and communication

The Manager will document and keep record of ESG assessments, Check Lists and decisions made by the Manager, both during the initial screening process, due diligence process, and during the holding period of an investment. The Manager will also keep record of investment exclusions or investment decisions, including information on how sustainability factors were considered in each individual case and the sustainability risk assessment conducted.

It is essential that the Manager has sufficiently routines in place for gathering and storage of data, in order to disclose relevant information to the authorities, the public and investors, and ensure data quality for reporting purposes required at all times.

The Manager will report on ESG related matters to the board of directors of the Manager and the Fund on an ongoing basis. Any breaches to the Policy will be handled by the board of directors of the Manager.

The Manager shall comply with all applicable disclosure and reporting obligations under the SFDR, both on entity level and on product level by way of pre-contractual website disclosures. (Available at <https://www.aeternumcapital.no/ownership/ESG>).

This Policy shall be made available on the Manager's website, and shall be reviewed and updated annually.

4 ACTIVE OWNERSHIP AND ENGAGEMENT

We recognise our responsibility as a stakeholder to influence capital markets by (i) promoting acceptance and implementation of ESG principles, and (ii) supporting sustainable and long-term economic growth. In cases where the Manager deem it appropriate, and it is in the mutual interest of the investors, the Manager will cooperate with other market shareholders.

The Manager will use the Check List to identify areas where the Manager can influence internal ESG processes of the portfolio companies.

When investors, such as the Fund, engage with companies and exercise their influence as owners, changes with positive ESG impact may be initiated in such companies. The Manager conduct engagement based on opportunities believed to have the most significant impact unique to each investment. The Manager will encourage alignment of business activities with the UN Sustainable Development Goals (SDGs) and track progress over time.

The Manager will, from time to time, be a substantial owner in several companies. As a long-term active owner, the Manager will seek to exercise its influence by voting for changes with positive ESG impact at annual and extraordinary general meetings. The Manager may employ ISS Proxy Voting Services, or a similar service provider, to assist in this respect.

Further, the Manager intends to promote sound ESG processes at all the companies that the Fund has invested in by either ensuring that relevant topics are discussed at least once a year in the portfolio companies' board meetings, or in direct discussion with management. In the rare event that a portfolio company would be subject to a material sustainability incident, the Manager may consider to conduct an impact dialogue with the company, provided that the Manager, in its sole discretion, consider that its involvement will have a significant and material impact to solve the situation.

5 REMUNERATION POLICY

The Manager has adopted a remuneration policy in accordance with the AIFMD. Certain employees may be entitled to variable remuneration based on a discretionary assessment. Performance of the employee under this Policy is an assessment criterion both under award of variable remuneration, and ex-post risk adjustment. Under the award process, the assessment is discretionary and among other factors based on how the employee integrates sustainability risks into relevant business decisions and the extent to which the employee promotes the firm's objectives and principles relating to ESG and sustainability as set out in this Policy and other strategy documents.

ESG DUE DILIGENCE CHECK LIST

Due diligence check list

Company: _____ Company Name
 Date: DD.MM.YYYY
 Assessment made by: _____ NAME

I. Exclusion

	Yes	No	Comment
1 Is the company on NBIM's exclusion list?	<input type="checkbox"/>	<input type="checkbox"/>	
2 Does the company meet the criteria to be on Aeternum's exclusion list?	<input type="checkbox"/>	<input type="checkbox"/>	

II. ESG risk profiling questionnaire

A. Environment

	Yes	No	Comment
1 Engages in production. If so, in which countries/regions?	<input type="checkbox"/>	<input type="checkbox"/>	
2 Generates pollution	<input type="checkbox"/>	<input type="checkbox"/>	
3 Generates waste or hazardous waste	<input type="checkbox"/>	<input type="checkbox"/>	

B. Society

1 The company is labour-intensive	<input type="checkbox"/>	<input type="checkbox"/>	
2 Operates outside the Nordics. If so, in which countries/regions?	<input type="checkbox"/>	<input type="checkbox"/>	
3 Has employees/contractors/sub-contractors outside the Nordics. If so, in which countries?	<input type="checkbox"/>	<input type="checkbox"/>	
4 Relies on sub-suppliers	<input type="checkbox"/>	<input type="checkbox"/>	
5 Sells potentially harmful products	<input type="checkbox"/>	<input type="checkbox"/>	
6 Potential regulatory issues	<input type="checkbox"/>	<input type="checkbox"/>	
7 Sector specific reputational risks	<input type="checkbox"/>	<input type="checkbox"/>	

C. Governance

1 Aeternum (or network) has prior knowledge/insight of management	<input type="checkbox"/>	<input type="checkbox"/>	
2 Integrity due diligence should be performed of management	<input type="checkbox"/>	<input type="checkbox"/>	

III. ESG due diligence check list

A. General

	Yes	No	Comment
1 Named manager with responsibility for ESG at company level	<input type="checkbox"/>	<input type="checkbox"/>	
2 Established ESG policy	<input type="checkbox"/>	<input type="checkbox"/>	
3 Certified by relevant body/organisation etc	<input type="checkbox"/>	<input type="checkbox"/>	
4 Established ESG metrics	<input type="checkbox"/>	<input type="checkbox"/>	
5 Compliant with laws and regulations	<input type="checkbox"/>	<input type="checkbox"/>	

B Environment

1 Measures and manages waste and hazardous waste	<input type="checkbox"/>	<input type="checkbox"/>	
2 Measures scope 1, scope 2 and relevant scope 3 emissions	<input type="checkbox"/>	<input type="checkbox"/>	
3 Established emission targets in line with Paris Agreement	<input type="checkbox"/>	<input type="checkbox"/>	
4 Board discusses business strategy impact on environment	<input type="checkbox"/>	<input type="checkbox"/>	

C Society

1 Completes regular employee surveys	<input type="checkbox"/>	<input type="checkbox"/>	
2 Personnel handbook	<input type="checkbox"/>	<input type="checkbox"/>	
3 Respects the freedom of association and the right to collective bargaining for its employees	<input type="checkbox"/>	<input type="checkbox"/>	
4 Has established anti-corruption policy or guidelines	<input type="checkbox"/>	<input type="checkbox"/>	
5 Has established supplier code of conduct	<input type="checkbox"/>	<input type="checkbox"/>	
6 Measures and reports on diversity and inclusion	<input type="checkbox"/>	<input type="checkbox"/>	
7 Measures and reports on sick leave	<input type="checkbox"/>	<input type="checkbox"/>	
8 Reports on occupational health incidents	<input type="checkbox"/>	<input type="checkbox"/>	

D Governance

1 Has established authorization matrix	<input type="checkbox"/>	<input type="checkbox"/>	
2 Adheres to standard corporate governance practices (e.g. NUES in Norway)?	<input type="checkbox"/>	<input type="checkbox"/>	
3 Has established a code of conduct	<input type="checkbox"/>	<input type="checkbox"/>	
4 Board performs regular quantified risk assessments	<input type="checkbox"/>	<input type="checkbox"/>	
5 Has a defined system for whistleblowing	<input type="checkbox"/>	<input type="checkbox"/>	

IV. Company ESG agenda (Example)

Key UN Sustainable Development Goals to focus on



A. Environment
 1 [Insert company specific agenda item]

B. Society
 2 [Insert company specific agenda item]

C. Governance
 3 [Insert company specific agenda item]

EXCLUSION LIST

The Manager will follow the exclusion list of Norges Bank Investment Management, involving both product and conduct-based exclusions.

In addition, the Manager will establish an internal exclusion list, where it may, in its sole discretion, include companies based on the following criteria:

- a) Ethical exclusions for sub-sectors or a group of companies based on unethical or illegal activities
- b) Companies involved in serious environmental degradation;
- c) Companies that contribute to serious and systematic breaches of international law and human rights;
- d) Companies involved in financial crime and/or systematic corruption; and
- e) Risk based exclusions of individual companies on the basis of their operations.

The Manager further exclude investments in companies within certain single product categories or industries that are unsustainable. These products or industries are associated with significant risks, and liabilities from an ESG perspective and may cause societal, environmental or health related harm.

INVESTMENTS IN THE FOLLOWING COMPANIES ARE EXCLUDED:

- a. Companies involved in anti-personnel mines;
- b. Companies involved in production of cluster weapons;
- c. Companies involved in production of key components to weapons of mass destruction;
- d. Companies involved in direct operation of nuclear power plants;
- e. Companies main activity involves pornography; and
- f. Companies main activity involves manufacturing of tobacco.