

Policy for responsible investment at Rhenman & Partners Asset Management AB

This document has been created in English and Swedish language versions. In case of any discrepancy, the Swedish version prevails.

This policy has been adopted by the Board of Directors of Rhenman & Partners Asset Management AB (Rhenman & Partners) on 7 December 2022. The policy is reviewed and adopted by the Board at least once a year.

1. Introduction

The purpose of this policy is to describe Rhenman & Partners' approach to responsible investment.

As a discretionary asset manager, Rhenman & Partners has a responsibility to inspire trust and act responsibly in its customers' long-term interests. Environmental, social and corporate governance (ESG) issues have the potential to affect the return on investments, which is why Rhenman & Partners works actively to identify ESG aspects in both its risk management and fund management. In its analysis, Rhenman & Partners concludes that ESG aspects can be classified based on their materiality for the sectors and companies that we invest in. When identifying sustainability risks, it is therefore crucial to assess what is considered material in each ESG area. Therefore, in order to determine the relevant ESG aspects and sustainability risks to consider, Rhenman & Partners first conducts a sector-level analysis which we supplement with a company-specific analysis. Our fund managers support their analysis with external ESG data and other publicly available information.

To ensure that sustainability risks are taken into account in analysis and management, Rhenman & Partners' approach is to exclude investments in companies that violate international standards concerning the environment, human rights, labor law and corruption. Rhenman & Partners' investment management encourages transparency and clarity regarding ESG aspects, sustainability risks and opportunities, and thus strives to continuously improve its own information in this regard.

Rhenman & Partners is signatory to the UN Principles for Responsible Investment (UN PRI). By signing on to these principles, Rhenman & Partners is part of a global investor network that works to integrate ESG aspects in our investment and ownership guidelines.

2. Approach

At Rhenman & Partners we are active managers who carefully select fund holdings based on a thorough company analysis. Our fund managers assess factors such as the company's business model, market position, growth opportunities, sustainability risks and other risks, among other factors. How a company takes responsibility within ESG towards people, the environment and society affects its future growth. On this basis, ESG and corporate sustainability are regularly monitored in order to invest to the greatest extent possible in companies that can generate solid long-term returns for our unitholders.

Rhenman & Partners conducts so-called negative screening of portfolio companies on an ongoing basis. This gives managers an overview of the degree of transparency regarding the ESG

factors reported by the portfolio companies. The internal analysis is complemented by data from a third-party provider of sustainability services. This external provider complements the analysis by assessing the portfolio from an ESG perspective, through factors such as climate and environment, human rights, corporate governance and more. This enables us to assess existing portfolio companies from an ESG perspective and adapt our investment decisions accordingly, in terms of both investments and divestments. Rhenman & Partners excludes companies with confirmed sustainability risks and whose activities we consider to be harmful to society or the environment.

Sustainability risks

In its analysis, Rhenman & Partners concludes that ESG aspects can be classified based on their materiality for the sectors and companies that Rhenman & Partners invests in. When identifying sustainability risks, it is therefore crucial to assess what is considered material in each ESG area.

In the sector Rhenman & Partners invests in, the following sustainability risks have been identified based on materiality:

Healthcare			
Sustainability risk*	EU classification**	Area	Probability of materiality
<i>Greenhouse gas emissions</i>	<i>GHG emissions</i>	<i>Environment</i>	<i>Less than 50%</i>
<i>Energy management</i>		<i>Environment</i>	<i>Less than 50%</i>
<i>Waste and hazardous materials management</i>	<i>Waste</i>	<i>Environment</i>	<i>Less than 50%</i>
<i>Human rights and community relations</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>Less than 50%</i>
<i>Data security</i>		<i>Social</i>	<i>More than 50%</i>
<i>Access and affordability</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>More than 50%</i>
<i>Product quality and safety</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>More than 50%</i>

<i>Customer welfare</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>More than 50%</i>
<i>Selling practices and product labelling</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>More than 50%</i>
<i>Employee health and safety</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>Less than 50%</i>
<i>Employee engagement, diversity and inclusion</i>	<i>Social issues and employees</i>	<i>Social</i>	<i>Less than 50%</i>
<i>Product design and lifecycle management</i>	-	<i>Business ethics</i>	<i>Less than 50%</i>
<i>Supply chain management</i>	-	<i>Business ethics</i>	<i>Less than 50%</i>
<i>Physical impacts of climate change</i>	-	<i>Business ethics</i>	<i>Less than 50%</i>
<i>Business ethics</i>	<i>Anti-corruption and bribery</i>	<i>Business ethics</i>	<i>More than 50%</i>

*Material sustainability risks have been identified based on sustainability accounting standards board (SASB) classification.

**Includes only such sustainability risks that are material in the healthcare sector.

Shareholder engagement

Rhenman & Partners are in dialogues with portfolio companies about their situation, outlook and potential events. These dialogues include environmental issues and social responsibility and are part of the managers' investment decisions making process.

However, in light of the EU's Shareholder Rights Directive II (SRD II) and the holding structure of Rhenman & Partners, Rhenman & Partners does not exercise voting rights at general meetings.

SRD II refers to companies within the EU area and the majority of Rhenman & Partners' assets under management are in companies outside the EU. Furthermore, the fund portfolio in question is highly diversified and comprises more than a hundred companies. It is not practically possible for Rhenman & Partners, given the company's size and geographical base, to take an active position on ownership issues or exercise voting rights at general meetings in over a hundred companies, with a wide geographic coverage. For more information, see Rhenman & Partners' position regarding shareholder engagement at www.rhepa.se.

3. Follow-up and control

The CEO is responsible for ensuring that this policy is followed up and reviewed annually. The investment team is responsible for ongoing compliance with the policy in its investment decisions.