

EXCLUSION CRITERIA FOR STORSKOGEN GROUP

Storskogen believes a well-reasoned approach to sustainability is essential to create long-term value for its stakeholders. This means that we, while analysing a potential new acquisition, also shall try to understand the company's material sustainability factors, assess how they may affect the company's future business model and ensure that the company has the ability to manage them satisfactorily over time. We do not acquire companies whose business model we do not believe is sustainable in the long term, i.e. if we are not convinced that the company's offering or actions will be relevant and attractive enough for customers, employees or society in the future.

Storskogen Group has therefore decided not to acquire companies that result in exposure to weapons, gambling or pornography as we do not regard these sectors' business models to be sustainable in the long term. Early on in the process of evaluating new companies, we confirm that any exposure in the form of income from the manufacture or distribution of products/services in these sectors contribute to exceeding the levels specified in each definition below (measured as a percentage of Storskogen's total sales revenues).

CONTROVERSIAL WEAPONS

Production/distribution: 0 percent of sales

This includes companies that, regardless of the percentage of sales, are in any way deemed to be involved in producing, distributing and/or supplying entire or critical parts of weapons that might indiscriminately affect civilian targets/populations and therefore are not regarded as consistent with international conventions and guidelines such as the Convention on Cluster Munitions (the Oslo Convention) and the Anti-Personnel Mine Ban Convention (the Ottawa convention). Includes personnel mines, nuclear weapons, cluster munitions, chemical and biological weapons, as well as white phosphorus and depleted uranium munitions.

CONVENTIONAL WEAPONS

Production/distribution: 5 percent of sales

Conventional weapons refer to products intended to kill, maim or cause devastation, including small arms and rifles, as well as missiles, combat planes, tanks and warships. It also includes companies that supply specific and critical components for weapons, such as artillery tubes, missile control systems and launch facilities, and given their specificity CANNOT be regarded as having dual use, i.e. exactly the same product or services with substantial modifications, can be used for both civilian and military use, e.g. fabric for uniforms or nuts and bolts.

TOBACCO

Production: 0 percent of sales

Distribution: 5 percent of sales

The tobacco criterion includes cigarettes, cigars, 'snus', pipe and chewing tobacco or products that are critical/specific for tobacco production, such as tobacco leaves or cigarette filters. However, products that may be deemed to have dual use, e.g. cardboard or machines used to produce all kinds of packaging, are not included. The term tobacco also includes other addictive nicotine-based products, including e-cigarettes. Cannabis for both recreational and medical use is also included. Distribution generally refers to wholesale operations.

GAMBLING OPERATIONS

Production/distribution: 5 percent of sales

Includes companies that develop, operate or market commercial gambling operations or other gaming for money, e.g. casinos, gambling machines and/or poker or similar, both in physical form and online. This criterion also includes products or services that are specific and necessary to the design or development of software or platforms for this type of gambling, e.g. sportsbook services. Does not include normal video games, i.e. in which the aim is entertainment rather than winning money.

PORNOGRAPHY

Production: 0 percent of sales

Distribution: 5 percent of sales

Pornography is material that, via various channels, openly and provocatively depicts sexual situations. Distribution refers to active supply, for example media companies that own and run cable, satellite and online channels that actively show pornographic material. Revenue from the passive supply of pornographic material, e.g. at hotels, retail outlets or telecom operators, is not included.

FOSSIL FUELS

Storskogen is conscious of the environmental and climate-related risks associated with the extraction and refining of, and power generation from, fossil fuels. We therefore want to avoid acquiring companies whose future business model could become unsustainable in the long term, for example regarding how the future demand/cost structure will develop or because of uncertainties over the future value of fossil assets that may not be possible to realise ('stranded assets'). We are keen to participate in the important transition to a lower-carbon society and can envisage acquiring companies that aim to actively contribute to this. Acquisition decisions are consequently taken case by case, with a clear justification as to why we believe a company's business model is attractive and sustainable in the long term.