

Anchora Management AS

ESG Policy

Guiding principles

Anchora Management (“Anchora” or “we”) intends to leave the world a better place than when we found it.

We are convinced that active owners can play an important role in the transition to a more sustainable economy and a more sustainable society, and we will seek to do our part to contribute.

Anchora is committed to good corporate governance and long-term value creation. ESG initiatives form an integral part of our value-creation toolkit. We believe ESG improvements can contribute to both competitiveness and risk reduction for portfolio companies.

We intend to benchmark our core portfolio companies against institutional standards and set clear long-term targets on that basis.

This ESG policy has been adopted by the board of directors of Anchora at 8 July 2024, and will be subject to at least annual review (and potential update). Material updates to this policy will be communicated to the Investment Advisory Committee in Anchora Capital AS.

ESG in the investment process

As long-term active investors we incorporate ESG considerations in our screening, due diligence and investment decision-making. Depending on the circumstances and business activities of the portfolio company, Anchora will typically consider one or more of, but not limited to, the following ESG factors:

- **Environmental:** Climate change and emissions, air and water pollution, water shortages, energy efficiency, waste management and deforestation;
- **Social:** Product security, gender equality, diversity, work environment, data security, employee rights;
- **Governance:** Board composition, lobbying, corruption, accounting, payroll, ownership, political contributions.

All potential investments are initially screened against our exclusion policy (see below). We then map out current ESG positioning, assessing both the risk of causing material harm and the risk of being negatively affected by ESG factors, as well as opportunities for improvement. ESG factors can affect companies’ business opportunities, revenues, costs, risks, reputation, employee engagement, societal attitudes, equity risk premium and valuation.

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Core portfolio companies will be benchmarked against leading institutional investors' ESG expectations. Our gap analysis forms the basis for engagement with the company, and other stakeholders, to develop an ESG improvement strategy.

Anchora Capital (the "Fund") will not invest in companies which Anchora considers to have significant ESG issues or concerns unless there is a clear potential and opportunity to raise standards to an acceptable level. Anchora believes that it promotes environmental and social characteristics when distributing and managing the Fund and has therefore classified it as an article 8 product pursuant to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"). Anchora will seek to comply with this ESG policy when managing the Fund.

Anchora considers ESG factors in its investment process, but it does not currently consider adverse impact of investment decisions on sustainability factors under SFDR because we view ESG as only one factor in investment value creation. In addition, we consider this ESG policy and ESG approach to be appropriate, proportional and tailored to the investment strategies of the Fund.

Exclusion policy

As a minimum, we follow the recommendations of the Council on Ethics for the Government Pension Fund Global (GPF), but in some areas we go further in excluding companies or industries that can cause material harm. Link to the GPF's guidelines can be found [here](#).

Anchora seeks to avoid investing in companies that contribute to serious or systematic violations of labour and human rights (including child labour or other exploitation of children), severe environmental damage, gross corruption or other serious violations of fundamental ethical norms.

In line with the ethical guidelines for the GPF, we exclude investments in companies that produce tobacco or tobacco products, cannabis, and companies that base their operations on the extraction of, or power production from, thermal coal. We also exclude companies that sell military equipment to sanctioned regimes and companies that produce pornographic material.

Before an investment is made, Anchora is obliged to check whether a company's activities may be in breach of our exclusion policy. Furthermore, the Fund is screened on a quarterly basis against data from Bloomberg, Morningstar Sustainalytics or similar source, to detect any violations of our policies. If we find that companies in which the Fund holds shares violate these guidelines, the shareholding will be disposed of in a manner that best safeguards the interests of the Fund's shareholders.

ESG engagement with portfolio companies

Portfolio company engagement is an integral part of our active ownership investment strategy, contributing to sound corporate governance and long-term value creation. Our strategy lends itself well to active engagement with companies.

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The Fund will primarily hold a concentrated equity portfolio with significant minority positions. These positions open for regular conversations with both management and the board, and the Fund will often seek representation on the nomination committee and/or the board of portfolio companies.

Anchora will work alongside management teams to improve ESG performance, supporting long-term value creation, and to ensure portfolio companies can align with, or live up to, the ESG expectations of leading institutional investors over time. We maintain a particular focus on implementing best practices with respect to governance, as relevant and appropriate.

Through our engagement with our core portfolio companies, supplemented by regular industry and company analysis and updates, we also enhance our own understanding of the ESG risks and opportunities in the portfolio companies.

Anchora will participate in annual general meetings, extraordinary general meetings and other shareholder events, and exercise the Fund's voting rights to support long-term value creation in the best interest of Anchora Capital shareholders.

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Versions published of this website disclosure

<i>Version</i>	<i>Date of publication</i>	<i>Amendment made</i>
1	2024-07-09	Initial website disclosure.