

# Ethical Codex



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## Introduction

Honesty and integrity are the hallmarks of this course. It prides itself on maintaining the highest standards of ethics and conduct in all its investments. This code of business ethics does not cover every issue that may arise, but it sets out basic principles to guide the participants of the course in their decision making.

All participants are expected to comply with all laws, rules and regulations applicable to the course's operations. Participants should seek guidance whenever they are in doubt as to the applicability of any law, rule or regulation regarding any contemplated course of action. A good guideline, if in doubt on a course of action, is "Always ask first, act later -- if you are unsure of what to do in any situation, seek guidance before you act."

We do not take any responsibility for any liability that might arise if anybody attempts the recreation of the final portfolio or parts of it.

## Values of the course

In order to apply a high ethical standard to our investments we not only consider the company's balance sheets and annual reports but we also take into account several social and environmental factors. Hence, our attention is directed at firms with a corporate culture that recognizes and implements social responsibility as well as sustainability.

There are three main conditions that we apply:

**Ethical Values:** We will not invest in firms or industries that, in our opinion, are dangerous to society, or harbour serious environmental risk.

**Financial Values:** The audit of financial documents enables us to identify corporations with a solid financial base and competent management. It may further be helpful in identifying risks that may arise in the future or to identify existing problems such as fines and labour problems.

**Good Governance:** We emphasize investments in corporations that follow nationally recognized standards for good and responsible governance promoting: trust of investors, customers, employees and the general public in its management and supervision. Good relations with shareholders, effective cooperation between management and supervision, a system of performance-related compensation for managers and employees, as well as transparent and timely reporting using traditional and modern communication media are therein regarded as key elements.

## Investment Guideline

In order to establish a high reliability for this guideline, several criteria were established. They serve to assist in the evaluation of each company and whether it meets our investment standards. Furthermore, certain aspects are rewarded with positive or negative recognition.

The following criteria lead to the immediate exclusion of a stock from further consideration.

### Ecologically damaging Technologies and Products

It will not be considered to invest in corporations that are found in violation of standards set by their government and were convicted for environmental crimes in the past ten years.

### Conviction of a hideous crime

If a corporation or any member of its board of directors or senior manager were convicted of a company related crime it will not be further investigated. If changes have been made to avoid a similar crime the corporation won't be excluded.

### The Armaments and Weapons Industry

We believe, despite ongoing conflicts throughout the world that our investments can make a difference. Therefore we will not consider investing in corporations with revenues from sales of instruments of war that exceed 1 percent of its total revenues.

### Breach of Human Rights

It will not be considered to invest in corporations that do not apply the human rights standards as stated in the UN Declaration of 1948 or have been found guilty by a court for violating these standards in the past 10 years.

Improper animal husbandry

Any corporation that abuses animals knowingly will not be considered for investment. This includes producers of pelts.

Human Testing

Any corporation that tests medicine on human beings without their knowledge will not be considered for investment. This includes human beings who are not informed sufficiently about the treatment as well as the possible side effects.



## Favorable Characteristics

In order to achieve a well-rounded and ethical portfolio that includes corporations, which act in a manner consistent with a policy of corporate social responsibility and sustainability, we prefer an investment in corporations who exhibit one or more of the following characteristics:

### Sustainable Development and Corporate Sustainability

Due to a fast changing world it is important that corporations continuously develop production processes that meet the need of the present generation without compromising further generations of the possibility to meet their own needs. We therefore preferentially consider investing in corporations that are supporting Sustainable Development and Corporate Sustainability.

### Renewable energy generation

To lessen our dependence on fossil-based fuels, we preferentially consider an investment in corporations that use or develop alternative energy sources.

### Active conservation of air, soil and water

Corporations that improve their production, while at the same time reducing their environmental impact efficiently as well as taking any measure to conserve energy, will be preferentially considered for an investment.

### Animal testing

Corporations that have a strategy to reduce or avoid animal testing will be preferentially considered for an investment.

### Corporate Governance

Due to the vast amounts of shares that are issued a shareholder may not be able to exercise its rights effectively. We therefore preferentially consider investing in corporations that support good governance practices.

### Internal communication system

A corporation that enforces a policy that grants employees anonymity in reporting any criminal activity conducted on behalf of the corporation will be preferentially considered for an investment. Thus a culture of communication which supports whistle blowing and other means of internal criticism are favourable.

### Suppliers

The responsibility of corporations is to screen their suppliers after certain criteria in order to make sure that they follow the law. Corporations applying those standards will be preferentially considered for investment.

### Corporate Citizenship

Citizenship defines the company's role in local and global communities and how they strive to conduct business responsibility in a changing world. Being a good corporate citizen includes listening to, understanding and responding to stakeholders about their needs regarding a corporation's policies and operations. We therefore preferentially consider investing in corporations that practice good corporate citizenship

### Social Investments:

It is considered as honourable if a corporation supports external initiatives with money, people or logistic support, but the degree of the societal impact of supported projects has to be considered. Hereby, the social investment in developing and

emerging countries is included. If we think that the corporation made a difference we will preferentially consider the corporation stock for investment.

#### Internal Social Policy

Corporation that have high quality of working conditions such as training possibilities for employees, equal opportunity policy of the corporation, a safety policy on the work floor, good negotiating structures and the possibility for employees to participate in the corporation policy, will be preferentially considered for investment.

#### Relationship with developing and emerging countries

Corporations will be preferentially considered for investment if they contribute to the realisation of sustainable trade relations and to the local socio-economic development. Positive impacts are such as fair trade involvement, joint ventures and supporting the local market.