Investment Policy

Arla Foods-Koncernens Gemensamma Pensionsstiftelse

Approved and adopted by the Board

on

31 March 2026

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1. Introduction

1.1 Purpose of the Investment Policy

This investment policy (the “Policy”) is the governing document in respect of the investment activities of Arla Foods-Koncernens Gemensamma Pensionsstiftelse (the “Stiftelse”)

The Policy

-provides directives, limits and guidelines for strategic decisions in respect of the long-term fund management
-defines and allocates roles and responsibilities between the board of the Stiftelse (the “Board”), the portfolio manager (the “PM”) and hired external consultants and fund managers.

1.2 Update of the Policy

The Policy shall be kept up to date, taking into account the objectives of the Stiftelse fund management, developments in financial markets or any other circumstance justifying an amendment of the Policy.

Upon a revision of the Policy approved by the Board, the revised document shall be distributed to the Board and the Portfolio Manager.

The Board shall review the Policy at its first meeting each calendar year.

1.3 Other Governing documents

- Permitted instruments, strategic asset allocation, section 7 Appendix 1
- Stadgar för Arla Foods-Koncernans Gemensamma Pensionsstiftelse, section 8 Appendix 2

2 Objectives

2.1 Overall objectives of fund management

The objective and the formal stipulations in respect of the fund management of the Stiftelse are established in the document “Stadgar för Arla Foods Pensionsstiftelse”.

The overall objective of the fund management of the Stiftelse shall be to manage the entrusted assets in order to serve as collateral for future pension obligations. Actual return on investments may vary from time to time due to developments in financial markets.

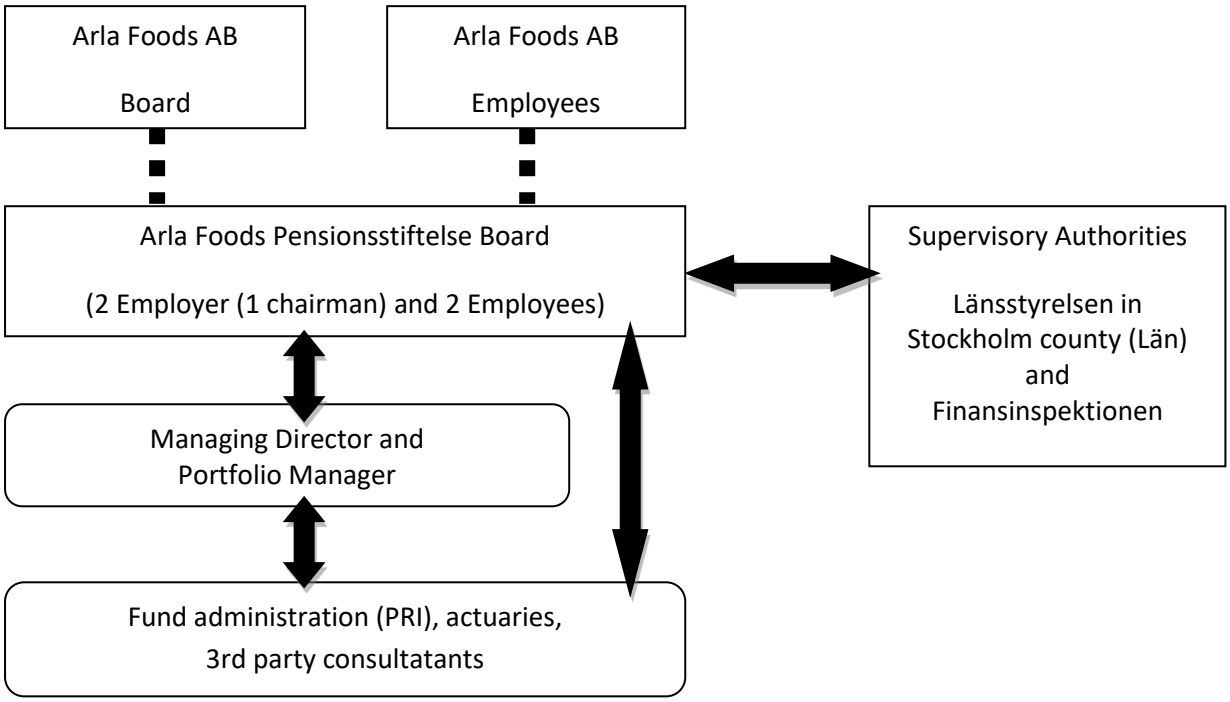
2.2 Return on investments and risk objectives

The long-term objective of the Stiftelse is to achieve a stable but attractive return on investments without jeopardising the capital value.

Investments shall be made with as low as possible financial risk exposure, taking the stipulations of this Policy and the return on investment objectives into account.

The permitted risk levels in respect of investments in different asset classes are outlined in Clause 4 below.

3 Roles and responsibilities



Arrows signify communication and reporting.

3.1 The Board

The Board is responsible for the fund management of the Stiftelse but is not involved in the day-to-day management. The day to day fund management is governed by this Policy and other instructions issued by the Board from time to time.

The Board shall

- each year review the Policy,

- decide the investment strategy of the Stiftelse, which shall include
  - asset allocation (as defined in section 4.1),
  - introduction of new or alternative asset classes,
  - introduction of new instruments,
  - matters as further detailed in this Investment Policy,

- appoint and empower the Portfolio Manager
- supervise the administration of the stiftelsen and the Portfolio Manager
- make decisions in respect of changes to, or deviations from, the Policy, and
- make decisions in respect of engaging and/or termination of agreements with fund managers and/or other third party consultants.

3.2 The Portfolio Manager

The Portfolio Manager is responsible for the day-to-day investment activities of the Stiftelse.

The Portfolio Manager shall:
- analyze and initiate asset allocation recommendations to the Board,

- advice the Board on asset allocation and investments,
- review and analyse external managers and their performance,
- be responsible for investment mandates given by the Board, and
- produce and deliver reports to the Board as described herein or in accordance with instructions received.

- The Board has decided to appoint Arla Foods Finance A/S as portfolio manager.

4 Investment regulation

4.1 Asset Allocation

The Board shall determine the overall assets allocation of the funds of the Stiftelse. Based on the Board's' decision in respect of target return on investment and level of risk taking, the daily Asset Allocation will be managed by the Portfolio Manager.

Funds may be invested in the following asset classes only, as further detailed in section 7 Appendix 1:
-Fixed income instruments
-
-Shares and equity linked listed instruments (Equity).
-Alternative assets

Investments in permitted asset classes shall be distributed in the proportions below.

Asset Class	Minimum	Maximum	Target Allocation
Fixed Income incl. Cash	40%	100%	80%
Equities	0%	30%	15%
Alternative Assets	0%	10%	5%

4.2 General risk limitations

Investments in fixed income instruments or equity instruments are allowed only in liquid and traded securities, unless the Board decides otherwise in specific cases. Bank deposits can be made with a maximum maturity of twelve months at one of the approved counter parties. Permitted instruments within asset classes fixed income and equity are defined in section 7 Appendix 1.

Direct exposure to foreign exchange risk shall not exceed 50% of the total assets held by the Stiftelse. Currency exposure is not an asset class but can arise out of investments in the asset classes above.

4.3 Fixed Income

The investments in fixed income can be invested in the following asset types:

Fixed Income	Remarks
Government Bonds	
Mortgage Bonds	
Covered Bonds	
Corporate Bonds	Including also subordinated debt and hybrid capital
Bank Deposits	

Inflation adjusted bonds	
Participation Rights in Fixed Income Funds	
Participation in Absolute Return Funds	
Structured Bonds with capital guarantee	

Credit risk is defined as the risk for a loss due to the failure of the counterparty/issuer to fulfill their obligations. Credit risk is measured as the market value of the position. In order to manage credit risk properly the long-term ratings of Moody's, S&P and Fitch are used.

For "secure" assets a long term rating from one of the following rating agencies are required: Moody's, S&P or Fitch. The use of the ratings are shown in section 7 Appendix 1.

Long-term rating scale – Investment Grade

Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-

Short term rating scale – Non-investment Grade

Moody's	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C
S&P	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC	CC	C
Fitch	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC	CC	C

Government bonds with a rating lower than AA/Aa2 are treated as Corporate Bonds.

In case of an issuer guaranteed by a better rated counterparty, the credit risk shall be measured against the guarantor.

In case of a limit violation due to a downgrade of a counterparty/issuer or due to change in market value, investment already entered into shall be addressed to the board on the next board meeting.

The interest rate risk measured as the duration for the fixed income portfolio shall be in the level of 0-10 and shall from time to time be decided by the portfolio manager.

4.4 Real Estate

Unless the Board decides otherwise no direct investments shall be made in real estate.

4.5 Equity

Investments in equity (including participation rights in funds) shall be diversified as to companies, line of business and geographic areas. Unless the Board decides otherwise

- the aggregate exposure to any single issuer of shares must not exceed 10% of market value of shares and loans issued by such single issuer,

- in the case of investment in equity funds such investment shall not exceed 10% of the market value of all shares and debt instruments issued by any such individual fund,

- investment in Swedish shares shall be limited to such shares listed on a Swedish Stock Exchange under the supervision of the Swedish Financing Supervision Authority Finansinspektionen), and

- investment in international (non-Swedish) shares listed on other stock exchanges than a Swedish Stock Exchange or acquisition of participation rights in equity funds is only permitted if such Stock Exchange or funds are under the supervision of the relevant national financing supervising authority of the country in which the instruments are issued.

Investments in equity-linked instruments (e. g. equity-linked bonds), Exchange Traded Funds on equities (ETF) and equity derivatives are for asset allocation purposes considered as equity.

4.6 Alternative Assets

Investments in assets other than those defined in section 4.3, 4.4, and 4.5 are classified as alternative assets (“Alternative Assets”).

All investments in Alternative Assets shall be approved by the Chairman of the Board.

4.7 Derivatives

The Stiftelse may use forward agreements, swap agreements or other derivative products in order to secure or enhance return on investments made or in order to mitigate financial risk.

4.8 Currency Risk

At least 50% of the investments shall be denominated in SEK at the time of the investment. Currency risk may be hedged by the PM via derivatives.

4.9 Liquidity Risk

In order for the Stiftelse to meet its short term financial obligations, a minimum of 50% of the total assets shall be invested in either

- Listed assets, which can be sold on the market without any delay
- Bank Deposit

4.10 Borrowing by the fund (Stiftelse)

No borrowing by the Stiftelse is permitted. Repurchase agreements in respect of fixed income or equity instruments are for the purposes of this Investment Policy not considered as borrowing transactions.

4.11 Calculation of market value by Asset Class

Assets managed by the Stiftelse shall be valued**,** at least semi-annual, at market values (sale values) on each date of valuation. Such values shall be used for determination of limits in force and single counterparty exposure. Illiquid assets are valued in accordance to the GAAP rules for the Arla Foods Group.

4.12 Deviation and rebalancing

Deviations from limits in force according to this Policy may occur as a consequence of unforeseen and fast value developments. If such deviations occur the Portfolio Manager shall promptly evaluate and implement corrective rebalancing actions in order to bring the deviation within the mandate given in the Asset Allocation decisions made by the Board from time to time. In case such corrective rebalancing actions are deemed to be inappropriate or do not bring the deviation back to the mandate given in the Asset Allocation decision, the Portfolio Manager shall promptly bring the matter to the Chairman of the Board .

Deviations from the Policy limits shall promptly be reported to the Chairman of the Board. The report shall contain a description of the reason for the deviation as well as actions undertaken or proposed to be undertaken.

4.13 Financial counterparties

The Stiftelse may have the following counterparties, including fund managers referred to in Clause 6.1:

- Financial institutions (Värdepappersinstitut) with the permission of the Swedish Financing Supervision Authority (Finansinspektionen) to trade financial assets on behalf of clients on own account (för klients räkning i eget namn) according to the Lag om värdepappersrörelse (Chapter 1, § 3, p. 1).
- Any other legal entity that according to law or regulation (in the jurisdiction relevant to such entity) holds permission to trade financial assets on behalf of clients on own account, subject always to approval by the Board.
- Each individual counterparty approved by the Board on a case by case basis in respect of investment in other assets that are not traded by institutions mentioned in this 4.134.13.

All approved financial counter parties are listed in appendix 1.

5 Follow up and reporting

5.1 Purpose

The PM shall on an ongoing basis report to the Board the results of the fund management and asset distribution within the Stiftelse.

5.2 Measurement of investment risk

The Board shall, upon its request and always when material changes to the asset allocation have been decided, be informed by the PM of the effects of potential and material changes on financial markets. In order to achieve such awareness stress test measurements as described below shall be made and reported to the Board. A stress test as described in section 9 shall be made and reported to the board on the first board meeting following 30th June and 31st December.

Market risk shall be measured as the effect on the value of the Stiftelse investments in case of a parallel upwards change of the interest rate yield curve by **1 percentage point** and a simultaneous drop of 10% in market value of Equity and Alternative Asset investments held by the Stiftelse and an strengthening of SEK of 5%.

An example of stress test and expected return on a the model portfolio are included in section 9.

5.3 Annual report

The PM shall in connection with the presentation of the annual accounts and tax return also present a report to the Board on the results of the fund management during the year elapsed.

6 Miscellaneous

6.1 External fund management

The Stiftelse may engage external fund managers, subject to Clause 4.11, for management of all or parts of the Stiftelse's capital. Such management shall be conducted in accordance with this policy.

Any engagement of an external fund manager shall be based on a written contract between the Stiftelse and the fund manager selected. The contract shall contain stipulations regarding responsibility, scope, investment regulation, reporting, and fees payable for the service.

The Stiftelse shall on an ongoing basis, normally not less frequent than annually, evaluate the performance of the fund manager(s) and the results achieved. As a consequence of such evaluation(s) proposal(s) for any change of fund manager(s) shall be submitted by the PM to the Board for resolution.

6.2 Safe keeping

The financial instruments owned by the Stiftelse shall (if applicable) be deposited for safekeeping by an institution (värdepappersinstitut) that is permitted by the Swedish Financing Supervision Authority to accept securities for safekeeping in accordance with the Lag om värdepappersrörelse (Ch 3, § 4, p. 2) or any other legal entity that according to law or regulation holds the right to provide such safekeeping services.

Investment made by the Stiftelse in participation rights in equity funds, fixed income funds and alternative assets funds are normally registered by the fund issuer without delivery to such institution mentioned above.

7 Appendix 1

7.1 Permitted Instruments

Equity Instruments	Remarks
Equity Shares	
Participation Rights in Equity Funds	
Equity futures (including index)	
Exchange Traded Funds (Equity)	

Fixed Income	Remarks
Government Bonds	
Mortgage Bonds	
Covered Bonds	
Corporate Bonds	Including also subordinated debt and hybrid capital
Bank Deposits	
Inflation adjusted bonds	
Participation Rights in Fixed Income Funds	
Participation in Absolute Return Funds	
Structured Bonds with capital guarantee	

7.2 Asset allocation

	Rating	Min	Max	Remark
Fixed Income		**40%**	**100%**	
Government Bonds	AA-AAA	0%	100%	
Mortgage Bonds	AA-AAA	0%	100%	
Covered Bonds	AA-AAA	0%	100%	
Inflation adjusted bonds	AA-AAA	0%	100%	
Bank Deposit	A--AAA	0%	100%	
Corporate Bonds, hereof		**0%**	**40%**	
Corporate Bonds	IG*	0%	40%	Max. 5% of total capital in one single issuer
	Non IG	0%	15%	Max. 5% of total capital in one single issuer

	Not rated	0%	15%	Max. 5% of total capital in one single issuer
Equity		**0%**	**30%**	Total capital
Equity stocks		0%	30%	Max. 5% of total capital in one single issuer
Equity index and ETF on Indexes		0%	30%	
Participation Rights in Equity Funds		0%	30%	Max. 15% of total capital in one single Fund

*IG = Investment Grade (See rating scale under Fixed Income)

7.3 Approved counterparties

Institution	
SEB AB	Including all branches
Nordea Bank AB	Including all subsidiaries
Danske Bank A/S	Including all branches
Nykredit Bank A/S	

8 Appendix 2: Stadgar för Arla Foods Pensionsstiftelse

9 Appendix 3: Stress test of investment portfolio

Example of stress test of investment portfolio according to section 5.2 Measurement of investment risk.

9.1 Model portfolio:

Stress test - Review of Assumptions				
Asset Type	Target allocation	Anticipated yield	Duration	Long term Risk (vol)
Deposit & AA-AAA Bonds	45%	2,0%	5	5%
Corporate bonds	35%	3,0%	2,5	10%
Equity	15%	7,5%		15%
Alternative Investments	5%	7,5%		15%
-Hereof non-SEK investments	20%			5%
Expected return		3,5%		
Expected risk per year (90%)				16,1%

The expected long term return on the portfolio is 3.5% pa.

With a probability of 90% the return will never provide a loss of more than 16.1% or a gain of more than 16.1% in one single year before expected return.

9.2 Stress test of portfolio – example

Stress test is based on a:

- parallel shift in the interest curve of +/-1%-point
- negative price development on the equity position of 10% or 0%
- move in SEK currency rate of +/- 5%

	Allocation	Scenario 1	Scenario 2	Scenario 3	Scenarion 4
Interest rate shift		1%	-1%	-1%	-1%
Equity shift		-10%	-10%	-10%	0%
SEK currency (+ =stronger)		5%	-5%	5%	-5%
Deposit & AA-AAA Bonds	45%	-2,3%	2,3%	2,3%	2,3%
Corporate Bonds	35%	-0,9%	0,9%	0,9%	0,9%
Equity	15%	-1,5%	-1,5%	-1,5%	0,0%
Alternative Investments	5%	-0,5%	-0,5%	-0,5%	0,0%
Hereof Investment in non-SEK	20%	-1,0%	1,0%	-1,0%	1,0%
Change in market value		-6,1%	2,1%	0,1%	4,1%