

“Sustainability-related disclosures”

a) Summary

No sustainable investment objective

This financial product promotes environmental or social characteristics, but will not make any sustainable investments.

The environmental or social characteristics of the financial product

Investments are selected based on identified megatrends closely linked to the UN's 17 global sustainability goals. Megatrends can be structural problems or opportunities which the Manager of the fund believes will be long lasting and where a product or solution is needed. The fund excludes investment objects with significant exposure to certain activities deemed to be negative to the environment or the society at large. Furthermore, activities that violate international frameworks and conventions related to the environment, human rights, labor and corruption are excluded. In addition to the above, the principal adverse impact of investments on sustainability factors is also taken into consideration as an integrated part of the investment process with the construction of the so called Principal Adverse Impact “PAI statements”.

Investment strategy

Before each investment, an individual analysis is made to ensure that the investment object meets set criteria. Within the framework of its internal analysis, the fund applies a sustainability matrix, built on the three parts of ESG. Principal adverse impacts on sustainability related factors (PAI) are considered by limiting investments with high greenhouse gas emissions and by encouraging investment objects to cease activities deemed harmful to the environment or social characteristics. The fund also carries out advocacy work by exercising voting rights and seeking to influence investment objects in a more sustainable direction.

Proportion of investments

The fund commits to having between 60 – 120 percent of holdings in businesses that promote environmental or social attributes, and that -20 – 40 percent of holdings will be in investments that do not promote such attributes.

Monitoring of environmental or social characteristics

The fund company has an internal control function that monitors compliance with the environmental and social characteristics. This is done by checking that the fund follows the set investment criteria regarding the exclusion of special sectors and the inclusion of megatrends. The fund uses various sustainability indicators, including an internally developed Scorecard to assess the environmental and social characteristics of the investment objects.

Methodologies

The fund company has ongoing follow-up on the holding companies to ensure that the companies continue to live up to set requirements, and that they do not conduct activities in excluded sectors or that violate international standards or conventions.

Data sources and processing

The data generated is mainly used in the internal analysis as well as in the checks carried out to ensure that the holding companies follow set criteria to promote sustainability-related factors.

Limitations to methodologies and data

The main limitation regarding the methods and data sources used is the availability of relevant data.

Due diligence

The fund company has routines for carrying out due diligence to check the holding companies and ensure that the sustainability requirements set for each fund are considered. Sustainability-related due diligence is an integral part of the general evaluation and analysis made of the investment objects.

Engagement policies

The fund company has adopted a special policy for shareholder engagement that also describes the fund company's advocacy work within environmental, social and governance-related issues.

Reference benchmark

The fund uses a benchmark that is not aligned with the fund's environmental or social characteristics. The index is not used to assess whether the fund meets the environmental and social characteristics promoted