

## Product name: **SEB Global High Yield Fund**

Legal entity identifier: **529900RTP2A7L4BE1P36**

### Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

#### Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of <b>25.37%</b> of sustainable investments <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ____%	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund promoted environmental and social characteristics within the meaning of Article 8 of SFDR. This was achieved partly through the exclusion of business models with significant, negative social and/or environmental impact, and partly through sustainable integration of investments in companies that successfully managed sustainability risks and opportunities within their operations and products/services. In addition, monitoring and engagement dialogues were exercised to influence companies in a more sustainable direction.

To support the work of assessing the companies' sustainability risks and opportunities, the fund used a quantitative tool in the form of the SEB Investment Management Sustainability Score, SIMS-S. SIMS-S is the fund company's proprietary sustainability model that rates all companies in the fund's investment universe based on multiple aspects of sustainability to establish a comprehensive and unbiased view.

SIMS-S was central to the fund's sustainability integration process and evaluation. SIMS-S focused on risks and opportunities related to sustainable development in company management, products & services and operations, using metrics such as alignment with the Paris Agreement, carbon footprint, gender diversity, Taxonomy alignment, and sustainable development goals' ("SDG") revenues.

SIMS-S provided overall scores and underlying component scores. Each of them had two versions, a raw and an adjusted score. The raw score was the issuer's standalone overall sustainability score, whereas the adjusted was sector and region adjusted. The underlying component scores, building up to the overall SIMS-S, made it possible to have a specific focus on specific sustainability topics. SIMS-S ratings are set on a scale of 0-10 with a normal distribution, which means that the normal outcome for a company is 5.0 and that most companies have a rating between 4.0-6.0, with 10 being the highest sustainability score.

#### ● How did the sustainability indicators perform?

The fund invested in sustainable bonds during the year, and at the time of reporting, had a total of 26.9% in sustainable investments, of which 9.1% are in green-labelled bonds.

One issuer was excluded due to a breach of international norms and standards. 133 issuers were excluded as they operate in controversial sectors or business areas. 138 issuers were excluded due to exposure to fossil fuels or other activities with negative environmental impact.

SIMS-S is the fund company's proprietary sustainability model that rates all companies in the fund's investment universe based on multiple aspects of sustainability to establish a comprehensive and unbiased view. The model consists of two main components: sustainability risks and sustainability opportunities.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Sustainability risks refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant negative impact on the value of the investment.

Sustainability opportunities refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant positive impact on the value of the investment.

The model uses data from multiple vendors and is continuously modified as new data and new insights become available. The sustainability rating includes both a current status picture and a forward-looking perspective for each company. This provides fund managers the opportunity to assess current and future sustainability factors that can affect risk and return in the longer term.

The outcome for the SIMS-S adjusted rating was 5.5 in the portfolio. The score for each company is adjusted by sector and region with a scale range from zero to ten, the higher the score the better. This makes the distribution relatively normalised with an average around five. The portfolio scoring above five means that the companies in the portfolio are better than average from a sustainability perspective.

The fund had a total of 331 engagement dialogues with 79 issuers during 2023.

### ● **...and compared to previous periods?**

To address the follow-up question on the performance of sustainability indicators compared to previous periods, one must look at the changes in the SIMS-S adjusted score, the proportion of sustainable investments, and the engagement activities.

A summary of the comparison is as follows:

#### **\*\*Exclusion\*\***

- In total, 14.0% of the investment universe was excluded due to the fund company's sustainability policy. Last year's percentage was 13.8%.

#### **\*\*SIMS-S Adjusted Score\*\***

- This year, the SIMS-S adjusted score was 5.51 in the portfolio, slightly higher than last year's score of 5.5. This indicates a marginal improvement in the sustainability performance of the companies in the portfolio.

#### **\*\*Proportion of Sustainable Investments\*\***

- The fund increased its stake in sustainable investments to 26.9% this year, with 9.1% being green-labelled bonds. Last year, the total was 7.6% in sustainable-labelled bonds. This shows a substantial increase in the proportion of sustainable investments, reflecting a stronger emphasis on sustainability in the investment strategy.

#### **\*\*Engagement Dialogues\*\***

- In terms of engagement, the fund had 331 dialogues with 79 issuers during 2023, which is significantly higher than the 76 dialogues reported for 2022. This increased engagement demonstrates a more proactive approach in influencing issuers towards sustainable practices.

#### **\*\*In Conclusion\*\***

Compared to the previous period, the fund saw an incremental improvement in its sustainability score and a significant increase in both the proportion of sustainable investments and the number of engagement dialogues with issuers. These changes indicate a positive trend in the fund's sustainability efforts and reflect an enhanced commitment to integrating environmental, social, and governance (ESG) considerations into the investment process.

### ● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

During the 2023 reference period, the fund was committed to making sustainable investments to a minimum share of 20%.

During the period, the fund owned one or more companies that could be classified as sustainable investments whose economic activities are deemed to contribute to one or more of the following environmental and social objectives.

Social objectives:

- United Nations Social Development Goals (UN SDGs): SDG 1 — No poverty; SDG 2 — Zero hunger; SDG 3 — Good health and well-being; SDG 4 — Quality education; SDG 5 — Gender equality; SDG 6 — Clean water and sanitation; SDG 8 — Decent work and economic growth; SDG 10 — Reduced inequalities; SDG 11 — Sustainable cities and communities; and SDG 16 — Peace, justice and strong institutions
- Other social sustainability goals such as gender equality, social inclusion and diversity

Environmental objectives considered environmentally sustainable according to the EU Taxonomy:

- The six goals defined by the EU Green Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems

Environmental objectives that are not considered compatible with the EU Taxonomy

- The United Nations environment-related Sustainable Development Goals (UN SDGs): SDG 6 — Clean water and sanitation; SDG 7 — Affordable and clean energy; SDG 9 — Industry, innovation and infrastructure; SDG 11 — Sustainable cities and communities; SDG 12 — Responsible consumption and production; SDG 13 — Climate action; SDG 14 — Life below water; and SDG 15 — Life on land
- Operational resource efficiency in key environmental areas such as carbon use, water use or use of raw materials

The sustainable goals included in SEB Investment Management's definition of sustainable investments and quantitative thresholds are:

Environmental goals

- 10% of the company's revenue, capital expenditure or operating costs have been classified by estimation or reporting as significantly contributing to the six EU Taxonomy goals
- 20% of the company's revenue has been assessed as contributing to other global environmental goals, directly or indirectly linked to the UN SDGs
- The company outperforms its sector and region in terms of emission factors according to quantitative data
- The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives

Social goals

- 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs
- The company outperforms relative to its region in terms of gender equality factors, according to quantitative data
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals

The fund company applies a pass/fail methodology, whereby an entire investment is classified and reported as sustainable if the requirements for contributing, not doing significant harm and good corporate governance are met. Other management companies may use a different methodology and criteria to classify an investment as sustainable. Therefore, the levels of sustainable investments may differ between fund companies depending on the methodologies, criteria and data providers used, and not only on levels of sustainability within the funds.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The fund company's sustainability policy and the SIMS-S ratings were used to ensure no sustainable investment caused significant harm to any environmental or social sustainable investment objective.

Issuers were excluded and were not available for investment if they:

- did not comply with international norms and standards
- operated in controversial sectors and business areas
- had exposure to fossil fuels or other activities with negative environmental impact

The fund was also screened for misalignment/obstruction towards the UN SDGs. A significant misalignment could lead to exclusion from the fund's sustainable investments universe if the issuer is considered at risk of doing significant harm to environmental and/or social objectives.

Apart from the data-driven analysis and exclusion, each sustainable investment was fundamentally tested to ensure that they did not cause any significant harm to any other environmental or socially sustainable investment objective.

● *How were the indicators for adverse impacts on sustainability factors taken into account?*

Principal Adverse Impacts indicators (PAI) from Annex 1 - Table 1 of the CDR (EU) 2022/1288, that were taken into account by the fund company's sustainability policy, and excluded from investments:

- PAI 4: Exposure to companies active in the fossil sector
- PAI 10: Violations of UN Global Compact Principles & OECD Guidelines for multinational enterprises
- PAI 14: Exposure to controversial weapons

PAIs from Annex 1 - Table 1 of the CDR (EU) 2022/1288, that were taken into account through SIMS-S and fundamental analysis by applying a threshold approach to remove the issuers at risk of causing significant harm:

- PAI 1: GHG emissions
- PAI 2: Carbon footprint
- PAI 3: GHG intensity of investee companies
- PAI 5: Share of non-renewable energy consumption and production
- PAI 6: Energy consumption intensity per high-impact climate sector

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- PAI 7: Activities negatively affecting biodiversity-sensitive areas
- PAI 8: Emissions to water
- PAI 9: Hazardous waste ratio
- PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- PAI 12: Unadjusted gender pay gap
- PAI 13: Board gender diversity
- PAI 4 from Annex 1 - Table 2 of CDR (EU) 2022/1288: Investments in companies without carbon emission reduction initiatives
- PAI 4 from Annex 1 - Table 3 of CDR (EU) 2022/1288: Lack of a supplier code of conduct

All the PAI indicators are subject to data availability and may also change with improving data quality and availability. Hence, all adverse impact on sustainability factors is carried out based on best effort.

● *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

During the reference period, the fund's sustainable investments have been aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through both the norm-based exclusion criteria set out in the fund company's sustainability policy and using SIMS-S.

Norm-based exclusions mean that the fund company expects issuers to adhere to international laws and conventions such as the following:

- The UN Principles for Responsible Investment
- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

Prior to investment decisions, the following PAIs were considered.

On an exclusionary basis:

From Annex 1 – Table 1 of CDR (EU) 2022/1288

- PAI 4: Exposure to companies active in the fossil sector
- PAI 10: Violations of UN Global Compact Principles & OECD Guidelines for multinational enterprises
- PAI 14: Exposure to controversial weapons

During the ESG integration process using the SIMS-S combined with fundamental analysis:

From Annex 1 - Table 1 of CDR (EU) 2022/1288

- PAI 1: GHG emissions
- PAI 2: Carbon footprint
- PAI 3: GHG intensity of investee companies
- PAI 4: Exposure to companies active in the fossil sector
- PAI 7: Activities negatively affecting biodiversity-sensitive areas
- PAI 8: Emissions to water
- PAI 9: Hazardous waste ratio
- PAI 10: Violations of UN Global Compact Principles & OECD Guidelines for Multinational Enterprises
- PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- PAI 12: Unadjusted gender pay gap
- PAI 13: Board gender diversity
- PAI 14: Exposure to controversial weapons

During the investment period, the following PAIs were considered.

In engagement dialogues with issuers:

- PAI 13: Board gender diversity - from Annex 1 - Table 1 of CDR (EU) 2022/1288



## What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 31 December 2023

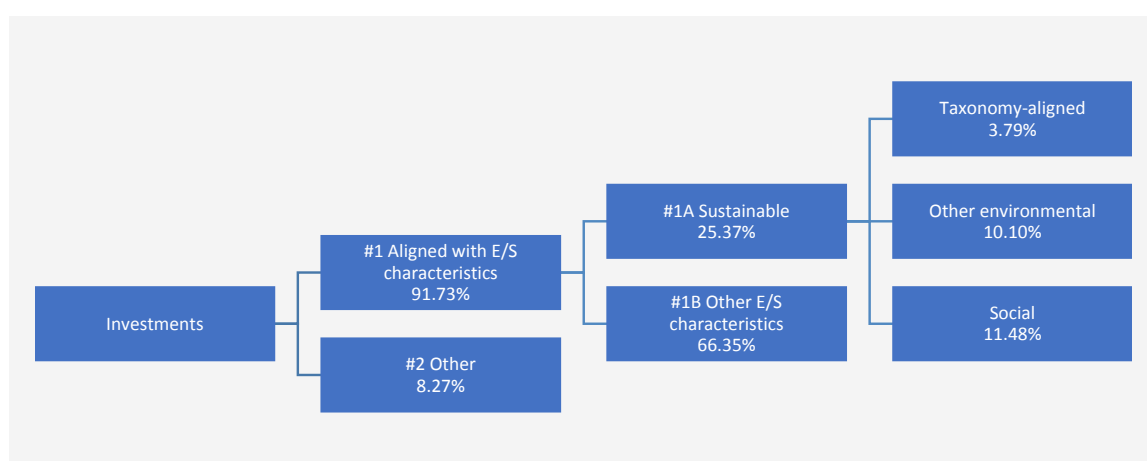
Largest investments	Sector	% Assets	Country
CCO Holdings LLC / CCO Holdings Capital Corp	N/A	2.06	United States
iShares USD High Yield Corp Bond UCITS ETF	Financials	1.73	Ireland
Deutsche Bank AG	Financials	1.50	Germany
ZF Finance GmbH	Consumer Discretionary	1.24	Germany
SES SA	Communication Services	1.16	Luxembourg
Telia Co AB	Communication Services	1.10	Sweden
Tenet Healthcare Corp	Health Care	1.09	United States
EDP - Energias de Portugal SA	Utilities	1.06	Portugal
Telefonica Europe BV	Financials	1.05	Spain
Sirius XM Radio Inc	Communication Services	1.01	United States
Albertsons Cos Inc / Safeway Inc / New Albertsons LP / Albertsons LLC	Consumer Staples	0.95	United States
TDC Net A/S	N/A	0.95	Denmark
Gray Television Inc	Communication Services	0.94	United States
Bayer AG	Health Care	0.94	Germany
Ball Corp	Materials	0.88	United States



## What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

### ● What was the asset allocation?



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

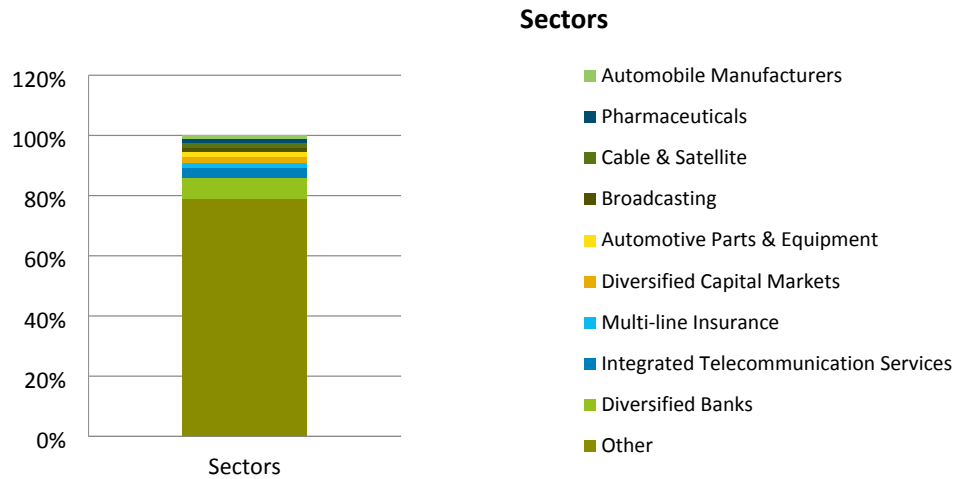
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● In which economic sectors were the investments made?



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

- Yes:
- In fossil gas     In nuclear energy
- No

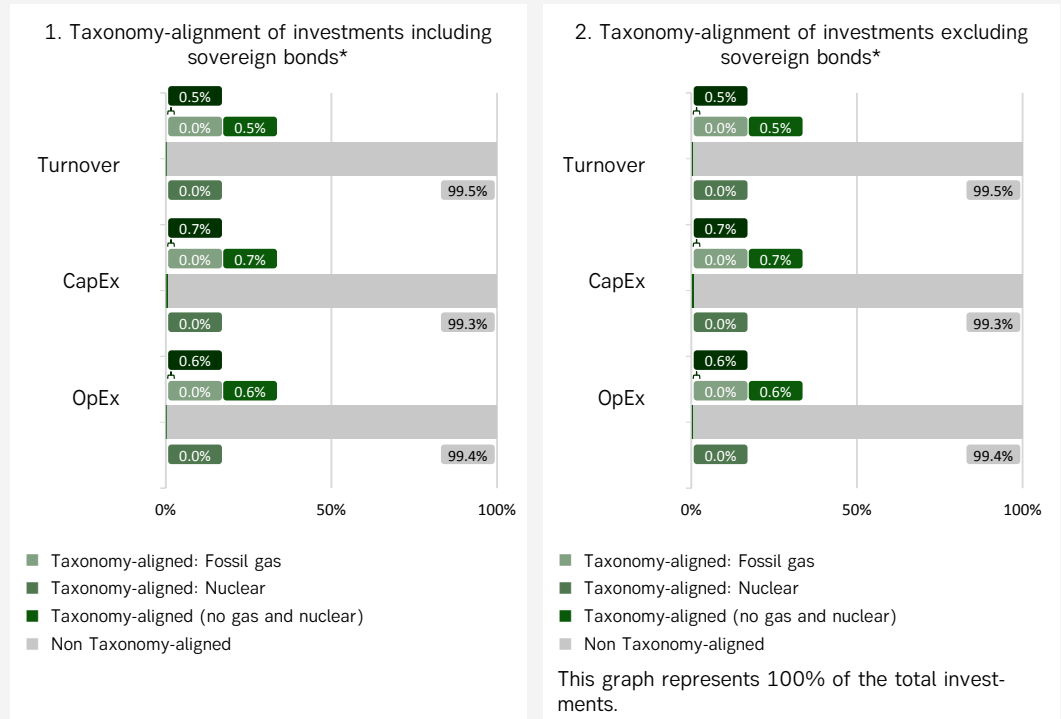
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

● **What was the share of investments made in transitional and enabling activities?**  
 During 2023, the share of investments in transitional activities was 0.0%. The share in enabling activities was 0.0%.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**  
 For the previous reference period, 2022, the EU Taxonomy aligned investments were as follows: revenue: 0%, Capex 0%, Opex 0%.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

At the end of 2023, the fund had an equivalent of 10.1% of investments that were classified as sustainable investments with environmental objectives but not compliant with the EU Taxonomy. The EU Green Taxonomy does not cover all economic sectors that are relevant for the fund to invest in and that contribute to sustainability goals. There were also relatively few companies that reported in accordance with the EU Green Taxonomy. This may have been due both to their size and their geographical location.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under



The fund company uses an internal process to define the contributions to environmental objectives and the classification of sustainable investments. The environmental goals included in the Fund Company's definition of sustainable investments and quantitative thresholds are:

- 20% of the company's revenues have been assessed to contribute to other global environmental goals, directly or indirectly linked to the United Nations Sustainable Development Goals (UN SDGs);
- The company outperforms its sector and region in terms of emission factors according to quantitative data;
- The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data; and
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as contributing if the investment meets one or more of the above criteria.



## What was the share of socially sustainable investments?

At the end of 2023, the fund had investments corresponding to 11.5% classified as socially sustainable investments.

The fund company uses an internal process to define the contribution to social goals and the classification of sustainable investments.

The social goals included in SEB Investment Management's definition of sustainable investments and quantitative thresholds are:

- 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs.
- The company outperforms relative to its region in terms of gender equality factors, according to quantitative data.
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as sustainable if the investment meets one or more of the above criteria.



## What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Cash in the meaning of ancillary liquid assets, sovereigns, supranationals (when not a sustainability-labelled bond), mortgage bonds/covered bonds (when not a sustainability-labelled bond), for other investments where data is missing and derivatives.

The purpose of cash was liquidity and flows; the purpose of derivatives was efficient portfolio management techniques; and the purpose of mortgage bonds, sovereigns, supranationals was for allocation/investment strategy reasons.

For mortgage bonds, the minimal environmental and social safeguards included the exclusionary process where issuers with confirmed breaches of international norms and standards are excluded, and there were no investments made in entities for sovereigns and supranationals under US, EU, UK or OECD sanctions.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund continued investing in green bonds during the year. By year-end, 9.1% of the fund was green bonds, where the proceeds are earmarked to green projects. As an example, Telefonica is a telecommunications company from which the fund purchased green bonds for the portfolio, and the proceeds will be used to finance projects that transform telecommunications networks, with the aim of improving their energy efficiency. They also allocate funds to renewable energy and energy smart technologies that improve efficiency and reduce the carbon footprint.

Furthermore, during the year, the fund made several investments in companies focusing on renewable energy, such as Bonheur, Scatec and Orsted. Bonheur has focused its energy-related investments on renewable energy and has developed a strong ecosystem of renewable energy-related companies, where examples are Fred Olsen Renewables and Fred Olsen Seawind. Scatec is a Norwegian renewable energy company specialising in the development, construction, and operation of solar, wind, and hydroelectric power projects. They are known for their global presence and commitment to sustainable energy solutions. Scatec has been actively involved in various projects worldwide, contributing to the transition towards cleaner and more environmentally friendly energy sources.





## How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How does the reference benchmark differ from a broad market index?**

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform compared with the reference benchmark?**

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform compared with the broad market index?**

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.