

Sustainability-related disclosures

Product name: SEB Artificial Intelligence Fund

Legal entity identifier: 529900LE59ZZ9M0Z6545

Summary

The fund is actively managed and invests in stocks globally, including emerging markets, primarily in the technology sector. Investment decisions are based on fundamental analysis, with the aim to identify quality companies that are reasonably valued. "The sub-funds promote environmental and social characteristics."

To promote general sustainability characteristics, such as fair business practices, human rights, labour rights, anti-corruption and fair competition, the sub-fund excludes companies that breach international norms and standards where the company cannot present clear goals and ongoing measures to address the issue(s).

To promote social and general sustainability characteristics, the sub-fund excludes investments in companies that operate in sectors or business areas that are assessed to present major sustainability challenges, such as tobacco, recreational cannabis, pornography, commercial gambling, civilian weapons and alcohol.

In order to accelerate the reduction of the global greenhouse gas emissions, the sub-fund will limit or have no exposure to companies involved in fossil fuels.

The sub-fund integrates sustainability risk and opportunities by considering SEB Investment Management's proprietary sustainability model, in which companies are ranked on a set of sustainability performance parameters. CPromoted characteristics within the model include, but are not limited to, carbon emissions, climate solutions, diversity and equality.

In addition, active ownership is exercised with the ambition of influencing companies in a more sustainable direction, related to above-mentioned challenges and aspects.

More information on exclusion criteria can be found at: Fondbolagets_Hallbarhetspolicy_feb22_eng_v2.pdf (sebgrou.com) PAI 4, 10 and 14 of Table 1 are, via SEB Investment Management, subject to exclusionary screening and thus taken into account by exclusion.

PAI 13 is, through SEB Investment Management's work, both by voting and proxy voting, and in the cases where SEB Investment Management is included in the nomination committee, considered via SEB Investment Management's commitment and long-term objective to foster diversity and equality.

SEB Investment Management has an internal proprietary sustainability integration model which seeks to capture sustainability risks and opportunities. PAIs 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14 of Table 1 are incorporated in the model, and the model is used as support in all investment decisions for the sub-fund.

More information about PAI consideration can be found at: Our sustainability approach at Investment Management | SEB (sebgrou.com)

Summaries in multiple languages:

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_EN.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_LT.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_NO.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_SV.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_ET.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_LV.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_DE.pdf

https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_FI.pdf

No sustainable investment objective but a partial commitment to sustainable investments

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

SEB Investment Management excludes companies that are verified not to comply with international standards and conventions concerning human rights, the environment, anti-corruption, or employment rights, and where the company cannot present clear goals and ongoing measures to address the issue(s). If the identified infringements are confirmed and the company does not show an interest in change, or if the change process is unusually protracted, SEB Investment Management will divest the holdings. Sudden divestment may not take place if this is detrimental to the unit holders or SEB Investment Management. SEB Investment Management also excludes companies that produce fossil fuels or use unconventional extraction methods, companies engaged in developing, processing and exploiting coal, oil and/or natural gas resources, companies generating energy from fossil fuels, companies where distribution linked to fossil fuels exceeds 5% of total revenues, and companies for which services related to fossil fuels exceed 50% of total revenues. Product-based exclusions are exclusions based on ethical positions. SEB

Investment Management's product-based exclusions are tobacco, recreational cannabis, pornography, commercial gambling, civilian weapons and alcohol. Finally, SEB Investment Management has a strict policy with respect to military weapons. All funds exclude companies that, in conflict with international conventions, are engaged in the manufacturing, development or sale of nuclear and controversial weapons. The sustainable investments that the fund partially intends to make do not include companies that receive more than 5% of their revenue from the defence industry. The exclusions ensure that no investments, sustainable investments or not, are made in companies that do significant harm to environmental and/or social objectives.

More information on exclusion criteria can be found at: [Fondbolagets_Hallbarhetspolicy_feb22_eng_v2.pdf](#) (sebgrou.com)

SEB Investment Management permits investments in transition companies. These are certain companies with exposure to fossil fuels, mainly in the energy sector, or in sectors which face other sustainability challenges, such as materials, mining or transportation. This is done in order to finance, support, and hasten the transition to sustainable business models. The transition companies need to meet SEB Investment Management's minimum requirements for company conduct and have a high future potential to contribute to the Paris Agreement or the UN Sustainable Development Goals, either via their own products and services or by enabling other companies. The transition companies must also have a strategic decarbonization plan, be open to investor dialogue on sector specific issues and challenges, and commit to either net-zero emission targets or Science Based Targets.

More information on transitions and exclusion can be found at: [SEB IM Exclusions.pdf](#) (sebgrou.com)

In addition to excluding companies with verified controversies, alleged controversies are examined to make sure that the company does not do any significant harm over time. A verified severe controversy, where no action to address the issue by the company is shown, will lead to an exclusion of the company from SEB Investment Management's investment universe. Less severe controversies, where the company shows little or no credible action, will lead to an exclusion of the company from the investment universe for the sustainable investments. Controversies with a clear link to environmental and/or social objectives will be subject to extensive scrutiny to ensure that no significant harm will be done by the company going forward.

The fund is also screened for misalignment/obstruction towards the UN Sustainable Development Goals (SDGs), where a significant misalignment is researched and can lead to exclusion from the sustainable investments universe, if the company is considered to be at risk of doing significant harm to environmental and/or social objectives. To capture the specific challenges, and the most material risks for significant harm to environmental and/or social objectives across various conditions for business, SEB Investment Management screens PAIs in Table 1, and relevant PAIs in Tables 2 and 3 of Annex I. Geographical location, sector and sub-sector of the company's operations are taken into account.

Apart from the data-driven analysis, the risk for significant harm is an important part of the investment analysis for both fundamental and quantitative strategies that make sustainable investments. For fundamental strategies, this is a core part of the analysis of each investment, and for quantitative strategies, the strategy is designed with long-term sustainability in focus.

PAI 4, 10 and 14 of Table 1 are, via SEB Investment Management, subject to exclusionary screening and thus taken into account by exclusion.

All PAIs in Table 1, and relevant in Tables 2 and 3 of Annex I, are also screened to find underperformance that indicates that there is a risk of significant harm. This is done in relation to where the company is located geographically, and in which sector and sub-sector the company operates within to provide context for the analysis. This tries to capture the specific challenges, and thus the most material risks for significant harm to environmental and/or social objectives across various conditions for business.

SEB Investment Management excludes companies that are verified not to comply with international standards and conventions concerning human rights, the environment, anti-corruption or employment rights, and where the company cannot present clear goals and ongoing measures to address the issue(s). If the identified infringements are confirmed and the company does not show an interest in change, or if the change process is unusually protracted, SEB Investment Management will divest the holdings, in a manner and pace deemed to be beneficial for the unit holders. Sudden divestment may not take place, however, if this is detrimental to the unit holders or SEB Investment Management.

Environmental or social characteristics of the financial product

"The sub-funds promote environmental and social characteristics."

To promote general sustainability characteristics, such as fair business practices, human rights, labour rights, anti-corruption and fair competition, the sub-fund excludes companies that breach international norms and standards where the company cannot present clear goals and ongoing measures to address the issue(s).

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Investment strategy

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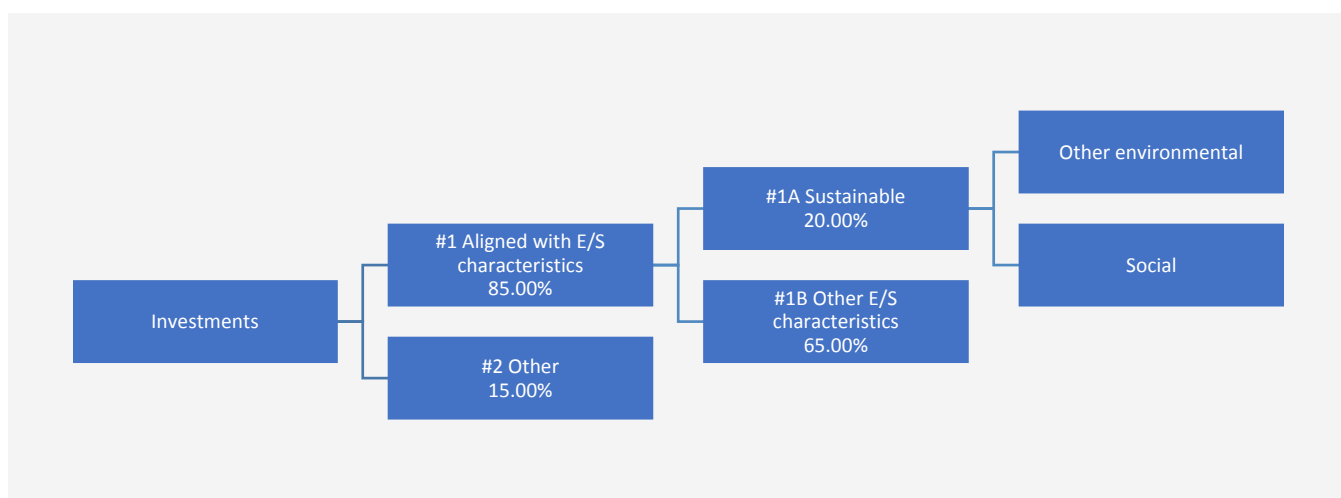
The fund commits to a minimum proportion of sustainable investments of 20%.

More information on exclusion criteria can be found at: [Fondbolagets_Hallbarhetspolicy_feb22_eng_v2.pdf](#) (sebgroup.com)

Proportion of investments

Minimum 85% that promotes E/S characteristics including a minimum proportion of sustainable investments of 20%. Remaining assets are cash and derivatives for liquidity management and efficient portfolio management.

SEB Investment Management does not use derivatives as a way to attain the environmental or social characteristics promoted by the financial product but does use ESG derivatives where possible. In order to decide if it is feasible, total cost of execution is considered. Factors like liquidity, spreads and alignment, along with SEB Investment Management's ESG principles are considered as well.



#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 sustainable investments with environmental or social objectives.

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

Monitoring of environmental or social characteristics

The fund management company's exclusion policy is implemented through an exclusion list of issuers, along with continuous screening for relevant sanction breaches. The fund management company implements pre-trade and post-trade controls for all fund holdings in reference to the exclusion list. Furthermore, the fund's assets are held by a custodian, who ensures that the assets of the fund are in compliance with the fund's rules. The fund management company also publishes an annual report, which includes a list of the fund's holdings, which is audited by an external auditor.

All assets classified as sustainable investments are, in addition, monitored regularly to ensure the fulfilment of the fund management company's criteria for sustainable investments. This includes DNSH criteria on environmental and social targets as well as minimum social safeguards.

Methodologies

The fund management company uses a data-driven method, using data delivered by third party actors, in order to construct an exclusion list, as mentioned above, and to identify issuers based on additional screening criteria. The method is also used for the selection process which defines a credible sustainable investment. The additional screening criteria consists of probable or suspected breaches towards international norms, minimum safeguards as specified in the EU Taxonomy and significant obstruction towards any of the UN Sustainable Development Goals.

Given that an investment passes the tests above, it is checked for contribution based on several factors, namely:

- Taxonomy aligned revenue of a minimum of 10%, based on estimations by third-party data providers.
- SDG aligned revenue of a minimum of 20%, based on estimations by third-party data providers.
- Carbon Key Resource Efficiency, as determined by the threshold of sector-normalized carbon emissions intensity, set by the top 10% of companies within the relevant regional benchmark. This is then applied to all potential companies within the investment universe. This is done in order to remove dependencies and potential resulting skewness in the results due to varying levels of data coverage and distribution of the metrics within the investment universe.
- Equality Performance, as determined by the threshold of a third-party data provider equality scoring, set by the top 25% companies within the relevant regional benchmark. This is then applied to all potential companies within the investment universe. This is done in order to remove dependencies and potential resulting skewness in the results due to varying levels of data coverage and distribution of the metric within the investment universe.

Companies can also be determined to contribute on other grounds if:

- there is a lack of data on the above-mentioned data points, but at least 20% of the revenue can be classified as contributing to Environmental and/or Social objectives;
- there are other data points, apart from the above-mentioned, that prove that the company is contributing to Environmental and/or Social objectives by Key Resource Efficiency;
- there is a fundamental case that is visual through data, that indicates that the company is clearly contributing to Environmental and/or Social objectives.

These other cases need to be approved by the sustainability team, and a full written justification is required.

An issued bond is classified as sustainable if the instrument is either green (climate related), blue (water related) or socially sustainable.

Other management companies may use another approach and other criteria to classify sustainable investments. Therefore, the definition of a sustainable investment may differ between different fund management companies.

Data sources and processing

Sustainability data is retrieved from external data providers, which provide data on company level. This includes emissions and other environmental indicators, as well as assessments of social and governance indicators. The data provider(s) collects data either directly from the companies' annual or sustainability reports, or by estimating the data themselves.

The sustainability data is processed at SEB in a central data hub, where it is governed and quality-assured, in close collaboration with the data providers. Having multiple data providers for the same datapoints enables cross-checking and more opportunities for data quality assessment.

The estimated data that is being used is essentially the emissions data, mostly indirect Scope 3 emissions, and the proportion of estimated data depends on the specific financial product. A high degree of estimated data is present for approximately 70% of the total number of issuers mapped by the data providers, but companies with a high degree of reported data comprise a much larger part of the fund's portfolio weight and share of issuers present in the fund's portfolio. This will probably decrease as reported data becomes more readily available.

Data for exclusions and screening of sustainable investments is obtained from ISS, Sustainalytics, Equileap and RBICS.

Limitations to methodologies and data

The main limitation of the data sources is lack of data in general for those datapoints that are not estimated but gathered from annual- and sustainability reports. In the cases where the environmental or social characteristics of the product are related to those datapoints, measures are taken to increase coverage through continuous dialogue with our data provider(s) or directly with the affected companies. If relevant data points are missing, similar variables from another data provider can be used. Secondly, relevant proxy variables or analyses of peer groups can be used. Thirdly, a fundamental analysis can be made in order to ensure that limitations in data availability or data quality do not affect the environmental or social characteristics of the financial product.

Due diligence

Internal due diligence for sustainability aspects of the fund's investments is carried out via the fund management company's exclusions, along with screening processes, in order to ensure that all investment meets DNSH criteria, minimum social safeguard criteria and practice good governance. The fund management company ensures pre-trade rules and restrictions on the portfolio management and trading systems. Sustainable investments are monitored by the sustainability team at the fund management company, which also monitors the reported indicators for the fund.

These processes are also monitored externally by the fund management company's custodian, who monitors that the fund's assets are in compliance with the fund rules. The fund also publishes a yearly report which is audited by an external auditor.

Engagement policies

The fund management company's strategies for engagements apply for all the fund's assets. The fund management company's engagement with the companies can be via direct dialogues, participation at general meetings, participation in election committees, dialogues through collaborative initiatives and investor collectives, and both proactive and reactive dialogues, either through partners or directly.

Proactive dialogues mean to influence companies to, on the one hand, improve the general sustainability work, and also to work proactively with companies based on specific topics. Through ownership dialogues, the fund seeks to influence companies through the methods mentioned above.

Reactive company dialogues are carried out in response to situations where the fund management company has a credible assessment of breaches towards international guidelines and norms. Through dialogue, the fund management company examines the facts, and any mitigating or corrective actions planned by the company. The target of each dialogue is to ensure that routines and frameworks are in place in order to avoid future breaches, and that the company adheres to all relevant frameworks and international norms. All investments are regularly screened in order to identify holdings in breach of the fund management company's policies and values on human rights, environment, labour rights and anti-corruption. The assessment can be made through the mediation of a third party. For these purposes, the fund management company makes a detailed assessment of the nature and severity of the charges. If an identified breach is verified and the issuer refuses to mitigate or remediate the issue, or if the change process is stalling for too long, the fund will divest the holding.

2023-06-29

Past performance is not indicative of future results. The value of investments and income derived from investments may rise as well as fall. Future returns are not guaranteed, and a loss of principal may occur. Key information documents and prospectuses are available on www.sebgroup.lu