

## Sustainability-related information

**Product name:** SEB Artificial Intelligence Fund

**Identification code for legal entities:** 529900LE59ZZ9M0Z6545

### Summary

Summary in English:

[https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545\\_EN.pdf](https://seb.se/pow/fmk/SFDR/529900LE59ZZ9M0Z6545_EN.pdf)

Summaries in multiple languages:

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### No sustainable investment objective

The Sub-Fund promotes environmental and social characteristics but does not have a specific sustainable investment goal. When promoting these characteristics, it considers factors such as the environment, climate, human rights, labour rights, and equal treatment.

The Sub-Fund may also make sustainable investments based on the Management Company's assessment methodology.

To ensure that sustainable investments do not significantly harm any environmentally or socially sustainable investment goal, the Sub-Fund applies exclusion criteria defined in the Management Company's sustainability policy. This includes excluding investments in companies that do not follow international norms and standards, are involved in controversial sectors and business models, have exposure to fossil fuels, or do not meet the minimum levels of social safeguards defined in the EU Taxonomy.

The Management Company has developed internal tools and processes to assess and consider negative impact indicators for sustainability factors. These indicators are dependent on data availability. Where reliable data with sufficient coverage is available, the Sub-Fund excludes companies with poor performance on these indicators, such as those with extremely high CO2 emissions relative to their peers.

The Sub-Fund also adheres to the Management Company's exclusion criteria, which exclude companies involved in the fossil fuel sector, those operating in or near biodiversity-sensitive areas where activities risk negatively impacting these areas, companies that do not comply with international norms and standards, companies involved in the manufacture or sale of controversial weapons (such as landmines, cluster bombs, and chemical and biological weapons), and companies whose activities impact endangered species.

The Sub-Fund applies the Management Company's sustainability policy to exclude companies with verified violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Sustainable investments must adhere to good governance practices. This is ensured through external assessments of the company's governance structure, employment relations, tax compliance, and remuneration.

The portfolio manager uses the Management Company's proprietary sustainability model (SIMS-S) to consider adverse impacts on sustainability factors. SIMS-S provides a sustainability score for potential investments, helping to prevent investments in companies with high risks associated with managing negative sustainability consequences. SIMS-S indicators include greenhouse gas emissions, carbon footprint, greenhouse gas intensity, water emissions, hazardous waste emissions, and energy consumption intensity in high-impact sectors.

### Environmental or social characteristics of the financial product

The Sub-Fund promotes several key environmental and social characteristics. Below are the specific characteristics that the Sub-Fund aims to promote:

- Good corporate governance and ethical business practices, by applying exclusion criteria to companies with verified violations of international norms and conventions;
- Long-term work with sustainability risks and opportunities in business models and in daily operations by assessing companies' work in this area using our proprietary sustainability model SIMS-S;
- Sustainable and ethical business models, by applying exclusion criteria for companies in sectors or business areas deemed to have significant ethical or sustainability-related challenges by the Management Company; and
- Transparency, awareness, and action regarding the aforementioned characteristics by exercising active ownership. This is done through corporate engagement, voting, and participation in nomination committees.

### Investment strategy

The Fund is actively managed and invests in equities globally, including emerging markets, in companies that enable the use and/or development of artificial intelligence (AI). The Fund may invest up to 15% of its value in the domestic Chinese market.

The Fund's investment strategy includes sustainability analysis, exclusions, and active ownership.

#### Sustainability Analysis

The fund manager employs the Management Company's proprietary sustainability model, SIMS-S, in investment analysis. SIMS-S assigns companies a sustainability score based on various sustainability aspects to create a comprehensive and unbiased evaluation. The model comprises two main components: sustainability risks and sustainability opportunities.

#### Exclusions

The Fund strictly adheres to the Management Company's exclusion criteria as outlined in its sustainability policy, preventing investments in companies with significant sustainability challenges.

The Management Company applies the following exclusion criteria and excludes companies that:

- are involved in the development of nuclear weapons programs or the production of nuclear weapons;
- produce tobacco or tobacco and nicotine products, or derive more than a limited amount of their revenue from the distribution of tobacco and nicotine product;
- produce cannabis for non-medical purposes;
- derive more than a limited amount of their revenue from alcohol production;
- derive more than a limited amount of their revenue from production, distribution, or services related to commercial gambling;
- are involved in the manufacture, development, or sale of prohibited or controversial weapons (e.g., cluster bombs, land mines, white phosphorus, and chemical and biological weapons);
- derive more than a limited amount of their revenue from production or sale of civilian weapons;
- derive more than a limited amount of their revenue from the manufacture, development, or sale of weapons comprising combat equipment
- are involved in the production of pornography, or derive more than a limited amount of their revenue from the distribution of pornography;
- produce fossil fuels, including unconventional extraction of fossil fuels, such as oil sands, Arctic drilling, thermal coal mining, and fracking;
- produce energy from fossil fuels;
- derive more than a limited amount of their revenue from distribution of fossil fuels;
- derive more than a limited amount of their revenue from distribution linked to coal;
- derive more than a limited amount of their revenue from mining of metallurgical coal;
- have operations in or near biodiversity-sensitive areas where the activities risk negatively impacting these areas; and
- perform activities that affect endangered species.

Exceptions to the exclusion criteria may be made on a case-by-case basis, particularly for companies transitioning to more sustainable practices. To qualify as a transition company, it must demonstrate:

- a strategic plan: a clear plan for managing climate-related risks and opportunities;
- the 1.5°C target: an ability to achieve the 1.5°C target according to the Paris Agreement within established timeframes; and
- actual investments: tangible work and investments towards achieving the 1.5°C target.

#### Active Ownership and Corporate Engagement

The Management Company exercises active ownership by voting at shareholder meetings and through proxy voting, supporting or opposing specific proposals based on its principles for shareholder engagement. Outside the Nordic region, the Management Company collaborates with other investors through, for example, The Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI) Collaboration Platform, Access to Medicine, and Global Child Forum. The Management Company also engages in direct dialogues with companies outside the Nordic region.

The Management Company collaborates with Sustainalytics and Institutional Shareholder Services (ISS), two international leaders in corporate dialogues. By working together with other asset managers, under the guidance of Sustainalytics and ISS, the Management Company can be more successful in dialogues with companies outside the Nordic region, where the Management Company's ownership share is typically relatively small.

## **Proportion of investments**

The Sub-Fund promotes environmental and social characteristics, but will not make any sustainable investments.

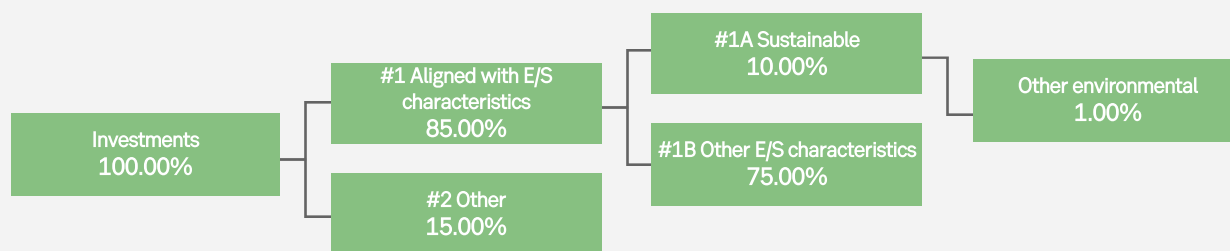
#### Promotion of Environmental and Social Characteristics

At least 85.00% of the Sub-Fund's investments promote environmental or social characteristics. Even though the Sub-Fund does not specifically aim for sustainable investments, it actively promotes environmental and social characteristics through its investment strategy.

The remaining assets include cash and/or cash equivalents and derivatives, which are used for hedging, liquidity, and efficient portfolio management.

#### Sustainable Investments

At least 10.00% of the investments are specifically designated as sustainable investments. These sustainable investments may or may not align with the EU Taxonomy.



**#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 Sub-Fund employs rigorous processes to monitor and measure its environmental and social performance. These processes ensure that the environmental and social characteristics are actively promoted throughout the financial product's lifecycle, incorporating internal and external controls.

### Sustainability Indicators

The Sub-Fund uses the following sustainability indicators to measure the achievement of its promoted environmental and social characteristics:

- Good corporate governance and ethical business practices: measured by the volume-weighted proportion of excluded companies in the Sub-Fund's comparison benchmark or universe of comparable companies.
- Integration of sustainability in ongoing business model and strategy: measured by the Sub-Fund's volume-weighted average score according to the Management Company's proprietary sustainability model, SIMS-S, compared to the weighted sustainability score of the Sub-Fund's investment universe.
- Promotion of long-term sustainability: measured by the number of dialogues including sustainability aspects conducted during the year, and the volume-weighted proportion of the Sub-Fund's holdings where dialogue including sustainability aspects has been conducted.
- Transparency, awareness, and action through active ownership: measured by the volume-weighted proportion of holdings with which corporate engagement has been conducted, the volume-weighted proportion of holdings the Sub-Fund voted in at company meetings, and the volume-weighted proportion of the Sub-Fund where the Management Company has served on nomination committees during the reference period.

The Management Company's sustainability team monitors daily compliance with the Sub-Fund's sustainability indicators. This is done by checking the minimum proportions of sustainable investments specified in the sustainability-related information annex in the Sub-Fund's prospectus. The Sustainability Oversight Committee (SOC) reviews the proportion of sustainable investments with a delegated mandate from management to monitor each fund.

The Sub-Fund's sustainable investments are monitored and controlled to ensure that they meet the Management Company's criteria for sustainable investments, including the requirement to do no significant harm to environmental or social objectives and meet minimum safeguards in line with existing exclusion criteria. The Management Company's investment restrictions function also ensures that the Sub-Fund adheres to its rules on company exclusions.

This involves monitoring industries and specific companies that are excluded due to their potential to counteract sustainable development. Additionally, the investment restrictions function ensures that the companies in which the Sub-Fund invests do not violate international norms, conventions, or sanctions.

The list of excluded companies and financial instruments is implemented through pre- and post-purchase controls in relevant technical systems, making it impossible to trade or own blocked companies and financial instruments.

The Sub-Funds also publish an annual report (including holdings) reviewed by an external auditor. For further information, see the section titled Methodologies below.

## Methodologies

The Sub-Fund employs a combination of methods to measure how investments align with the promoted environmental and social characteristics. If applicable, this includes analysis of excluded companies and comparisons with the Sub-Fund's benchmark, evaluation of the Sub-Fund's holdings, and results from the Management Company's proprietary sustainability model, SIMS-S. It also encompasses outcomes from engagement dialogues with the Sub-Fund's holdings and results from voting at the general meetings of the Sub-Fund's holdings.

SIMS-S assigns sustainability scores to companies that the Sub-Fund can invest in, based on several aspects of sustainability to create a comprehensive and impartial view. The model consists of two main components: sustainability risks\* and sustainability opportunities and is continuously updated. This allows fund managers to assess current and future sustainability factors that may affect risk and return.

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

In case the Sub-Fund makes sustainable investments, the Management Company monitors the proportion of sustainable investments daily and follows up quarterly via the SOC.

## Data sources and processing

Sustainability data is sourced from data providers who deliver company-level data. This includes emissions, other environmental indicators, and assessments of social factors and corporate governance. Data providers collect data directly from companies' annual and sustainability reports or through estimates.

Data from data providers is used for exclusions, engagement dialogues, assessment of sustainable investments, and the Management Company's proprietary sustainability model, SIMS-S. Data providers and examples of included data points are as follows:

- Controversies linked to the UN Sustainability Development Goals, "Key Issue Score", carbon emissions, the business's link to the UN Sustainability Development Goals, the EU Taxonomy, and science-based targets from ISS ESG
- ESG risk classification, carbon emissions, the business's link to the UN Sustainability Development Goals, the EU Taxonomy, and science-based targets from Sustainalytics
- Real-time monitoring and analysis of sentiment data from Truvalue Labs
- Assessment of climate-related and physical risks for businesses from S&P
- Diversity data (gender balance, non-discriminatory pay, etc.) from Equileap

Sustainability data is mainly managed through a central database at SEB, where quality control is carried out in close collaboration with data providers. Using multiple data providers for the same or similar data points allows for cross-checking and quality assurance of data points to a higher degree than for individual data providers.

The proportion of estimated data varies depending on how the holdings are distributed and which data points are involved. For example, the general proportion of estimated Taxonomy data is 21% for large European companies (those previously reporting following the Non-Financial Reporting Directive, NFRD) for one data provider. For direct carbon emissions (Scopes 1 and 2), the proportion of estimated data is 36%; for indirect carbon emissions (Scope 3), it is 58% for another data provider. The Management Company maintains a continuous dialogue with all data providers to increase the proportion of reported data. The proportion of reported data is expected to increase over time.

## Limitations to methodologies and data

The main limitations of data sources are the lack of company specific data, including data which can not be estimated, and methodological differences between data providers. In cases where relevant data is missing, the Management Company can take measures to improve coverage, such as through dialogues with data providers or relevant companies. If relevant data points are missing for an investment, the corresponding data points can be obtained from another one of the Management Company's data providers. Alternatively, credible proxy variables or peer group analysis can be used. As a third option, a manual analysis can be conducted to ensure that limitations in data availability or quality do not affect the product's environmental or social characteristics. In the case of methodological differences, the Management Company usually makes a conservative assessment to determine which data source should be used first.

## Due diligence

Due diligence for sustainability-related aspects of investments is conducted through the Management Company's exclusion and screening processes to ensure that investments follow the Management Company's sustainability policy, including consideration of sustainability risks and principal adverse impacts (PAI) on sustainability factors. The Management Company ensures pre- and post-trade rules enabled the portfolio management and order management systems. The investment restrictions function monitors sustainable investments and reports sustainability indicators, and this is followed up by the Management Company's Sustainability team via the SOC.

These processes are overseen and audited annually by an external auditor.

## **Engagement policies**

The Management Company's Principles for Shareholder Engagement policy/document apply to all the Sub-Fund's assets. Engagement can take place through direct dialogues, participation in general meetings, nomination committee work, collective initiatives, and investor collaborations. Proactive dialogues aim to improve companies' overall sustainability efforts, while reactive dialogues are initiated when there is suspicion of violations of international guidelines and norms.

## **Designated reference benchmark**

Sub-Fund does not use a specific reference benchmark to achieve its sustainable investment objectives.