

Sustainability-related disclosure

Sensor Röntefond

Maj 2024

Summary

The foundation of the Sensor Röntefond is that responsible investments and returns to shareholders are closely linked. The fund reports in accordance with Article 8 of the SFDR (EU's Disclosure Regulation), and 50 percent of the fund's value must consist of investments that align with environmental or social characteristics. The fund commits to ensuring that at least 15 percent of its total volume comprises sustainable investments. Sensor Fonder AB (the Fund Company) has developed policies and processes to ensure that the investment objects meet the fund's current sustainable investment goals. A sustainable investment, as defined by the SFDR, is an investment in an economic activity that contributes to an environmental or social goal, provided that the investments do not cause significant harm to any other environmental or social goal and that the investment objects follow good governance practices.

The Fund Company measures contributions to sustainability goals against the UN's 17 Global Goals, the EU Taxonomy, and bonds assessed by third parties as green and/or social bonds to determine what constitutes a sustainable investment. The fund considers an investment to be promoted if it:

- Is involved in activities that contribute to an environmental or social goal according to the UN's Global Goals for Sustainable Development.
- Has established goals in line with the Paris Agreement (e.g., where the business has set a climate goal validated by the Science Based Targets Initiative).
- Has explicit sustainability themes (e.g., if it is assessed by third parties as green or social bonds).

The fund follows four methods in its investment strategy to integrate sustainability into its management:

Method 1: Thorough Sustainability Analysis

The fund invests in companies that are pre-analyzed and continuously rated in the fund company's internal sustainability matrix.

Method 2: Exclusion

As part of the goal to make sustainable investments and reduce the fund's sustainability risks and negative impacts on sustainability factors, the fund applies an exclusion strategy. This means excluding investment objects that, for example, violate the UN Global Compact, OECD Guidelines for Multinational Enterprises, or have activities not in line with the fund company's exclusion list.

Method 3: Active Ownership

Fund managers, on behalf of their shareholders, engage in dialogue with both existing portfolio companies and potential investment objects to improve their ESG practices.

Method 4: Sustainability Assessment

To classify a holding as sustainable, the investment must align with the fund company's framework for sustainable investments or investments adapted to the fund's promoting characteristics. In the sustainability assessment, no sustainable investments should cause significant harm to other sustainable investment goals. This is measured by ensuring investments pass the fund company's so-called do-no-significant-harm test and that the investment object follows good governance practices.

The fund company considers an investment to contribute to a sustainable investment goal if:

- At least 20% of the turnover contributes to one or more of the UN's Global Goals (focusing on goals 3, 5, 11, 12, and 13).
- At least 20% of the turnover, capital expenditures, or operating expenses in the investment object are taxonomy-aligned.
- The object constitutes a green or social bond (verified by a third party).

Negative impacts of investments on sustainability factors are considered an integral part of the fund's investment process. Investments are checked to ensure they do not cause significant harm in relation to relevant and selected sustainability factors (PAI indicators). Managers always strive to have as complete and reliable information as possible about the investments in the funds. Data for the sustainability analysis is obtained from investment objects' reports, direct contact with the objects, and external data sources. When choosing an external provider for ESG data, market alternatives were evaluated based on functionality, the number of sustainability analysts, methodology, price, and data quality. The evaluation of sustainability providers is ongoing. However, it cannot be guaranteed that the information obtained is always complete and accurate.

The fund company exercises, in cases where ownership influence can be assumed to have a real impact, advocacy work by engaging in the companies in which the funds invest in accordance with our shareholder engagement policy. The fund company publishes an annual sustainability report covering the advocacy work carried out during the previous year.