

Sustainability-related disclosures

CB Save Earth Fund

Summary

The fund is focused on the three megatrends: cleantech, renewable energy and water management.

All investments are subject to an ethical and sustainable framework. This framework is upheld by the portfolio managers and used in the screening of potential investments, continuous screening of holdings, and screening of potential divestments. With help from a leading provider of ESG rating, the Fund is screened continuously to detect violations against matters of ESG. The screenings are key in ensuring that the internal investment process at CB Fonder is based on the guidelines and restrictions set in place by the sustainability policy. In situations when a screening comes back positive for a violation, CB Fonder evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, CB Fonder can hold on to the company in anticipation of preventive actions from the affected company. On the other hand, if CB Fonder agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, CB Fonder excludes the company and sells all holdings of the company in its funds.

No significant harm to the sustainable investment objective

Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities for maximizing the long-term risk-adjusted returns.

CB Fonder considers sustainability risks are as part of its broader analysis of potential investments and the factors considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

The fund do not invest in companies active in:

- Production or sales of tobacco, alcohol, and cannabis
- Sales and manufacturing of conventional weapons
- Sales and manufacturing of civilian hand-held weapons
- Gambling
- Pornography
- Mining or refining of coal, natural gas, crude oil, or uranium for fuel
- Companies in the energy sector that extract energy from coal, natural gas, crude oil or uranium, i.e., companies mining/pumping the fuels or generating energy from the fuels
- Production of genetically modified seeds used by others in agriculture.

These restrictions are valid also for companies who supply services/products to/in the above-mentioned industries. Activity in these industries is defined as accounting for 5% or more of the companies reported revenue in the most recent annual report. In the case of energy production from fossil fuels, the production capacity in Gigawatt (GW) must also not exceed 5%. Furthermore, the fund do not invest in companies operating in any capacity in the production or sale of the following controversial weapons:

- Nuclear weapons
- Chemical weapons
- Biological weapons
- Cluster munition
- Landmines
- Depleted uranium
- White phosphorus

The restriction also applies to companies that provide components with the sole purpose of being used in these weapons and refer to those cases where it has been stated in the company's most recently published annual report that they generated sales in some capacity in the abovementioned areas.

In the case of investments in government bonds, in addition to the restrictions defined in the prospectus, investments from the fund may not be made in government bonds issued by:

- Countries which the EU or the UN issued financial sanctions against
- Countries that have not approved the following:
- The UN Convention on Biological Diversity
- The Paris Agreement
- Countries whose ranking in the Transparency International's Corruption Perception Index falls outside of the top 70.

CB Fonder aims to invest in companies which promote human rights and should therefore show diligence in the management of funds with investments that pose a risk of contributing to:

- Harmful forms of child labor and forced labor or unreasonable working environment (defined in the UN Rights of the Child Convention and ILO Conventions nr 29, 87, 98, 105, 138 and 182)
- Deliberate discrimination of employees due to gender, race, or religion (defined in the UN Declaration of Human Rights and ILO Conventions nr 100 and 111)
- Deliberate crimes against central international agreements in the environmental area (defined in the UN Climate Convention and the Kyoto protocol)
- Corruption, extortion and / or bribery (defined in the UN Convention against Corruption) CB Fonder does not invest in companies sanctioned by the European Union, United Nations, or the United States (OFAC).

CB Fonder aims to invest in companies supporting the conservation of biodiversity and to refrain from investing in companies active within deforestation. CB Fonder is a member of UN PRI, the principles regarding socially responsible investments sanctioned by the UN, and SWESIF, Sweden's forum for sustainable investment

CB Fonder supports the Paris Agreement. Further, CB Fonder evaluate and works towards minimizing sustainability risks in accordance with the TCFD framework. CB Fonder provides quarterly updates on all holdings in the funds managed by the company. This is done to ensure access to data and information that investors need to ensure that all investments made by the funds are within the limits of this document.

The sustainability indicators have been determined in the framework of the Investment Manager's internal ESG screening methodology.

All holdings are screened in relation to the above-mentioned indicators using data from the companies themselves such as annual reports, as well as from vendors and in some occasions other media such as newspapers. In situations when a screening comes back positive for a violation to exclusion criteria, the investment manager evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, the investment manager can hold off on selling the holding in anticipation of preventive actions from the affected company. On the other hand, if the investment manager agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, the investment manager excludes the company and sells all holdings of the company in its funds. In case of criteria that not in itself result in exclusion, such as non-Taxonomy alignment and high carbon footprint, the investment manager evaluates how this may affect financial performance and financial risks associated with the ESG risks and decides what action to take based on what is believed to result in the best financial outcome for the investors.

Sustainable investment objective of the financial product

It is CB Fonder's belief that that long-term investing is synonymous with investing in sustainability and continued economic development depend on large scale investments in the following key areas: clean tech, renewable energy and water management. Expanding on this notion companies pioneering development of products within these areas provide structural growth and by extension higher profit growth and returns than the stock market average, for a foreseeable future. For CB Fonder it is important that the fund deliver a competitive return within the bounds of social responsibility and sustainability. CB Fonder find matters of ESG very important for a company's possibility of creating and maintaining a stable long-term return.

The fund holds investments mainly in equities represented in selected environmental indices. The geographical exposure is mainly towards Europe and North America. The fund is actively managed with a concentrated portfolio and investments are made on a long-term basis.

As previously mentioned, it is CB Fonder's belief that long-term investing is synonymous with investing in sustainability. The fund management is subject to an ethical framework as well as the UN principles for Responsible Investments, UN PRI.

Additionally, the fund is connected to SWESIF Hållbarhetsprofilen and exclude all controversial products and services mentioned by SWESIF such as weapons, alcohol, uranium, and pornography.

Furthermore, CB Fonder strongly believe that sustainable investments are synonymous with successful investments and demonstrate this by using a non-sustainability-oriented index.

Investment strategy

The fund is focused on the three megatrends: cleantech, renewable energy and water management.

All investments are subject to an ethical and sustainable framework. This framework is upheld by the portfolio managers and used in the screening of potential investments, continuous screening of holdings, and screening of potential divestments. With help from a leading provider of ESG rating, the Fund is screened continuously to detect violations against matters of ESG. The screenings are key in ensuring that the internal investment process at CB Fonder is based on the guidelines and restrictions set in place by the sustainability policy. In situations when a screening comes back positive for a violation, CB Fonder evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, CB Fonder can hold on to the company in anticipation of preventive actions from the affected company. On the other hand, if CB Fonder agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, CB Fonder excludes the company and sells all holdings of the company in its funds.

It is the managers' belief that long-term investing is synonymous with investing in sustainability. The fund management is subject to an ethical framework as well as the UN principles for Responsible Investments, UN PRI. Additionally, the funds are connected to SWESIF Hållbarhetsprofilen and exclude all controversial products and services mentioned by SWESIF such as weapons, alcohol, uranium, and pornography.

Since the Fund is an environmental fund that only invests in environmental leaders with strong management, E and G factors can be seen as the primary factors in the fund's management. Against this background, factors that are generally perceived as worthy of consideration need not necessarily be so from the Fund's perspective.

Proportion of investments

At least 80% of the investments in the fund will be sustainable investments and of these 100% will have environmental objectives. Not sustainable investments will be cash.

Monitoring of sustainable investment objective

Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities for maximizing the long-term risk-adjusted returns.

CB Fonder considers sustainability risks are as part of its broader analysis of potential investments and the factors considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

Methodologies

With help from a leading provider of ESG rating, the fund is screened continuously to detect violations against matters of ESG. The screenings are key in ensuring that the internal investment process at CB Fonder is based on the guidelines and restrictions set in place by the sustainability policy. In situations when a screening comes back positive for a violation, CB Fonder evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, CB Fonder can hold on to the company in anticipation of preventive actions from the affected company. On the other hand, if CB Fonder agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, CB Fonder excludes the company and sells all holdings of the company in its funds.

Data sources and processing

CB Fonder monitor all holdings daily through:

- MSCI ESG screening reports

- News feeds
- Bloomberg
- Infront
- Relations with other investors
- Contact with brokers
- Ongoing dialogue with companies

These data sources are also used in sustainability analysis, where MSCI provides a significant portion of ESG data through its comprehensive ESG Research platform. Additionally, relevant information is collected from companies' sustainability reports, financial reports, and websites. CB Funder primarily aim to use actual data and secondarily to use estimated data from companies or providers.

Limitations to methodologies and data

A significant portion of the information that forms the basis of sustainability analyses is sourced from the companies themselves or through our data providers mentioned above. Limitations of the collected data may include its lack of actuality and reliance on estimation, as well as variations in calculations between companies.

Due diligence

If a company is not excluded by the fund, a thorough sustainability analysis of the company is carried out.

For a company to be included in the Fund, it must either have a significant share of the business (50% of expected sales or profit) within any of, or a combination of, the areas cleantech, water management and/or renewable energy or a smaller part today that the fund managers believe will grow going forward and by that be a significant driver for the share price. Remaining operations must not be within a controversial sector. In addition, the company must produce pioneering products in environmental technology, water management and/or renewable energy that fund managers judge to be highly innovative, sustainable as well potential market leaders. For all investments the “do no significant harm principle” is considered. Please see the investment process for more information.

Engagement policies

CB Fonder acts in the interests of its investors to promote long-term positive development in its holdings. This can be done through meetings or other communication with management and / or by attending a general meeting and voting. Voting can also be done through a representative. Methods should be chosen based on the expected opportunity to influence relative to the resources required for the effort.

CB Fonder are engaged in several industry initiatives in the form of communications with the management of companies. The communication is partly carried out by us alone, but more often we participate in collaboration with several other asset managers. This communication is not limited to CB Fonder's holdings. The reason for participating in such collaboration rather than engaging ourselves is to join forces and thus get a bigger effect on the companies.

An example of engagements includes a collaboration with multiple companies in the investment industry who has been in contact with manufacturers of domestic and commercial washing machines to fit, as a standard feature, filters to their products to prevent plastic microfibers entering the world's marine ecosystems. Filter technology is currently available and today is not systematically utilised across the industry. The objective is to influence the target companies to commit to having factory fitted plastic microfiber filters fitted as standard in all new machines by the end of 2023. In addition, the engagement aims to influence policy makers to implement legislation prohibiting the sale of new machines without filter mechanisms built in.

Another initiative that CB Fonder is active in is the tackling of conflict mineral content in the semiconductor supply chain. Tantalum, tin, tungsten, gold and cobalt are vital materials and building blocks of the semiconductor industry. Over the last decade there has been a large shift in the sourcing of these minerals to central Africa, where many mines operate with poor labour and environmental standards. This is a newly started and global initiative aimed at individual companies within the industry requesting that they take a leadership position in developing conflict mineral free supply chains.

CB Fonder have also been part of a collaboration with multiple companies in the investment industry who has been in contact with companies regarding a reduction in their use of plastic pellets in manufacturing processes. CB Fonder demanded that no pellets would be used and that a standard for measuring would be constructed. This initiative resulted in an improved dialogue between companies and their suppliers regarding the issue as well as at least one company adding “zero pellet loss” to their sustainability procurement policy.

CB Fonder has also been active in is the reduction of harmful chemicals in food packaging. This is a global initiative focusing on removing PFAS chemicals. This initiative started contacting companies during the second part of 2020 and is still actively having discussions with companies. The scope has widened, and the initiative now contact companies in the whole supply chain of the food industry. So far, this initiative has been quite successful, getting big companies such as McDonald's, Tesco, and Coca Cola to begin a phase out of these chemicals.

Attainment of the sustainable investment objective

The fund is actively managed with a concentrated portfolio and investments are made on a long-term basis. The benchmark of the fund is only used for the calculation of the performance fee and to define the investment countries without constraints on the asset allocation in the portfolio. The benchmark has not been designated for the purpose of attaining the ESG characteristics promoted by the Fund and as a consequence is not aligned with the ESG characteristics promoted by the Fund.