



Fondbolagens förening

SWEDISH INVESTMENT FUND ASSOCIATION

Guidance on sustainability-related disclosures for funds

Last updated on the 14th December 2021.

[This information standard constitutes non-binding support for fund management companies providing sustainability-related disclosures for the funds they manage. The standard may be used until the delegated acts supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) become applicable.]

Pre-contractual information

Transparency regarding the integration of sustainability risks, the promotion of environmental or social characteristic, and sustainable investments

- The fund has sustainable investments as its objective
- The fund promotes, among other characteristics, environmental or social characteristics
- Sustainability risks are integrated into investment decisions, without the fund promoting environmental or social characteristics or having sustainable investments as its objective
- Sustainability risks are not deemed to be relevant (explanation below)

[If any of the first two options are checked, the fund management company shall also provide the information requested under "Sustainability-related characteristics promoted in the management of the fund, or that are included in the fund's objective" and under "Reference benchmarks". The fund management company can also choose to describe the sustainability work, or how sustainability risks are integrated into investment decisions, by providing the information requested under the heading "Methods used to integrate sustainability risks, promote environmental or social characteristics or to attain a sustainability-related objective". For funds that do not integrate sustainability risks, promote environmental or social characteristics or have sustainable investments as their objective, but where the fund nonetheless, due to its investment policy, is free from certain products and services, information about this can be provided under the heading 'negative screening'. The purpose is to facilitate for consumers wishing to use search functions.]

Fund management company's comments:

[Regardless of which of the four options is checked, it shall be stated here the manner in which sustainability risks are integrated into investment decisions and the results of the assessment of the likely impact of sustainability risks on the fund's returns. Where sustainability risks are deemed not to be relevant, this shall be stated together with a clear and concise explanation of the reasons therefor.]

Sustainability-related characteristics promoted in the management of the fund, or that are included in the fund's objective:

[Under this heading, the following check options shall be shown and the applicable options shall be checked.]

- Environmental characteristics (e.g. the companies' environmental and climate impact).
 - Social characteristics (e.g. human rights, employee rights and equal opportunity).
 - Good governance practices (e.g. shareholders' rights, issues relating to remuneration for senior executives and anti-corruption).
 - Other sustainability-related characteristics.
- [Specify any other sustainability-related characteristics being promoted.]

Fund management company's comments:

[If the option "The fund has sustainable investments as its objective" has been checked under the first question, the fund's objective shall be described here. If the alternative "The fund promotes, among other characteristics, environmental or social characteristics" has been checked, the environmental or social characteristics promoted by the fund shall be specified here. If the fund considers any of the environmental objectives in article 9 of the EU taxonomy, the relevant environmental objective shall be specified. The information shall also include a description of how the fund's objective or, alternatively, the promotion of environmental or social characteristics, shall be attained. The latter requirement can be satisfied by a reference to the information provided under the heading "Methods used to integrate sustainability risks, promote environmental or social characteristics or to attain a sustainability-related objective".]

Reference benchmarks

[Under this heading the following options shall be shown and applicable alternatives shall be checked.]

- The fund has the following index as its benchmark:
[specify which index has been designated]
- No index has been designated as a reference benchmark

Fund management company's comments:

[If the fund is an Article 8 fund with an index designated as a reference benchmark, the fund management company shall disclose here whether and how the index is consistent with the environmental or social characteristics that the fund promotes, and where the methodology used for the calculation of the selected index is available.

If the fund is an Article 9 fund with an index designated as a reference benchmark, the fund management company shall disclose here how the designated index is aligned with the objective of sustainable investments that the fund has, as well as an explanation as to why and how the designated index aligned with that objective differs from a broad market index.

If the fund is an Article 9 fund without an index designated as a reference benchmark, the fund management company shall provide an explanation on how that objective is to be attained. This requirement can be met by referring to the information requested under the heading "Methods used to integrate sustainability risks, promote environmental or social characteristics or to attain a sustainability-related objective".]

Information on the EU taxonomy for environmentally sustainable activities

[This heading shall be included and information provided if the fund belongs to one of the following categories

1. has sustainable investments as its objective (article 9) and invests in economic activities that contribute to an environmental objective as defined in article 2(17) SFDR,
2. promotes environmental characteristics (article 8) and makes sustainable investments in economic activities that contribute to an environmental objective as defined in article 2(17) SFDR, or
3. integrates sustainability risks but does not promote environmental or social characteristics or have sustainable investments as its objective, alternatively deems that sustainability risks are not relevant (neither article 8 nor 9).]

[For all funds above the following information shall be included:]

The EU taxonomy is a classification system that aims to establish common criteria for environmentally sustainable economic activities.

[For category 1 and 2 funds the following information shall be included:]

According to legislation, disclosure of the proportion of a fund's investments that are taxonomy aligned is required.

The taxonomy is under development and the criteria for all environmental objectives are not yet complete. Also, there is no established methodology for the calculation of the proportion of a fund's investments that are taxonomy aligned. The companies in which the fund invests have not yet started reporting the extent to which their activities are aligned with the EU taxonomy. For these reasons, it is the assessment of the fund management company that it is presently not possible to disclose reliable information on the proportion of the fund's investments that are aligned with the taxonomy.

[For category 2 funds the following information shall also be included.]

The legislation includes a "do no significant harm" principle which requires that investments that contribute to a sustainable objective, do not simultaneously significantly harm any of the other sustainable objectives. The "do no significant harm" principle is only applicable to the proportion of the fund that consists of investments that are deemed sustainable either according to the regulation on sustainability-related disclosures or the EU taxonomy. The remaining proportion of this fund has underlying investments that do not take into account the EU criteria for environmentally sustainable economic activities.

[For category 3 funds the following information shall be included.]

This fund's underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Methods used to integrate sustainability risks, promote environmental or social characteristics or to attain a sustainability-related objective:

Positive screening

[If this option is checked, the specific and explicit criteria the fund management company uses for positive screening of investments based on environmental or social characteristics, or on the fund's sustainable investments objective, should be summarized in the comment below.]

The fund management company's comments:

[Specify the method for positive screening used for the fund]

Negative screening

[If this method is used, only applicable check options shall be shown.]

The fund does not invest in companies that are involved in the following products and services. A maximum of 5% of the turnover in the company in which the investment is made may be derived from the specified product or service.

Products and services

The following check options can also be used by funds that do not promote environmental or social characteristics or have sustainability objectives but where certain products and services are not included in the fund as a result of its investment policy.

Cluster bombs, anti-personnel mines

Fund management company's comments:

Chemical and biological weapons

Fund management company's comments:

Nuclear weapons

Fund management company's comments:

Weapons and/or munitions

Fund management company's comments:

Alcohol

Fund management company's comments:

Tobacco

Fund management company's comments:

Commercial gambling operations

Fund management company's comments:

Pornography

Fund management company's comments:

Fossil fuels (oil, gas, coal)

Fund management company's comments:

Coal

Fund management company's comments:

[This option refers to funds that exclude coal, but not other fossil fuels.]

Uranium

Fund management company's comments:

Genetically modified organisms (GMO)

Fund management company's comments:

Other

Fund management company's comments:

[Specify any other products or services excluded.]

International norms

International norms refer to international conventions, laws and agreements such as the UN Global Compact and OECD guidelines for multinational companies that relate to issues concerning the environment, human rights, labour practices, and business ethics.

[This option refers to funds that apply reactive sustainability analysis and exclude companies because they violate international norms. Select one of the two options below, depending on how comprehensive the exclusions made due to violations of international norms are. Merely a review with regard to norm violations – but where the violations do not result in exclusions – are insufficient grounds for checking either of these options.]

The fund does not invest in companies that violate international norms. The assessment is carried out either by the fund management company or a third party.

[If the fund also excludes companies suspected of and investigated with regard to breaches, this should be specified in a separate comment.]

Fund management company's comments:

The fund does not invest in companies which do not address identified problems or where the fund makes the assessment that the company will not address the problems within a time frame deemed reasonable in that specific case.

This option refers to funds that draw up an action plan for questionable companies which are excluded if the specified conditions are not met within a specified period of time.

Fund management company's comments:

Countries

For sustainability reasons, the fund does not invest in companies involved in certain countries/interest-bearing securities issued by certain states.

This option refers to funds that carry out a country-specific sustainability analysis that results in the exclusion of companies involved in certain countries or of interest-bearing securities issued by certain states. [Specify which countries are excluded and the reasons for the decision. Please note that this option refers solely to sustainability-related country analysis against explicit sustainability criteria. Geographic restrictions applied for other reasons, such as the fund's investment objective, do not constitute grounds for checking this option.]

Fund management company's comments:

Other

Other

Fund management company's comments:

[Specify any other exclusionary criteria.]

The fund management company influences

[If this method is used, only applicable check options shall be shown.]

The fund management company exercises its investor influence to influence companies on sustainability-related issues.

[Note that if the fund management company is to check this option, the exertion of influence must be relevant to the fund in question.]

The fund management company engages with companies with a view to influencing them to adopt a more sustainable approach.

In-house investor influence

Fund management company's comments:

Investor influence in cooperation with other investors

Fund management company's comments:

Investor influence through external suppliers/consultants

Fund management company's comments:

Voting at General Meetings

Fund management company's comments:

Participation in nomination procedures in order to influence the composition of the Board

Fund management company's comments:

Other forms of investor influence

Fund management company's comments:

[Specify]

Follow up

[The follow-up of the sustainability work shall be disclosed in the annual report for

- a fund that has sustainable investments as its objective (article 9) and
- a fund that promotes environmental or social characteristics (article 8).

Follow-up for other funds shall be disclosed in the annual report (or in a separate report) submitted before the 1 January 2023.¹

The follow-up shall be presented in the following manner:]

Follow-up of sustainability work

[Follow-up information according to both the Swedish legislative requirement and the SFDR can be disclosed here. Under this heading the following information shall be disclosed:

If the fund has sustainable investments as its objective (article 9) the following shall be disclosed

- the fund's objective,
- the fund's overall sustainability-related impact by means of relevant sustainability indicators or where an index has been designated as a reference benchmark, a comparison between the fund's overall sustainability-related impact and the impacts of the designated index and of a broad market index through sustainability indicators, and
- if the fund contributes to any of the environmental objectives of article 9 in the EU taxonomy.

If the fund promotes, amongst other characteristics, environmental or social characteristics (article 8) the following shall be disclosed

- the characteristics promoted,
- the extent to which environmental or social characteristics are met, and

¹ According to the repealed Swedish legislative requirement on sustainability-related information for funds. For these funds follow-up information is not required according to the SFDR.

- if the fund contributes to any of the environmental objectives of article 9 of the EU taxonomy.

For other funds the following information shall be disclosed

- which sustainability aspects that have been considered in the management of the fund,
- how the specified methods have been applied during the year to consider these aspects, and
- if possible, the effect that the work has resulted in.

The follow-up should, wherever possible, be representative for the entire previous year. Any changes to the fund's sustainability work that have been made during the year should be noted in the follow-up.]

Information on the EU taxonomy for environmentally sustainable activities

[This heading shall be included and information provided if the fund belongs to one of the following categories

1. has sustainable investments as its objective (article 9) and invests in economic activities that contribute to an environmental objective as defined in article 2(17) SFDR,
2. promotes environmental characteristics (article 8) and makes sustainable investments in economic activities that contribute to an environmental objective as defined in article 2(17) SFDR,
3. integrates sustainability risks but does not promote environmental or social characteristics or have sustainable investments as its objective, alternatively deems that sustainability risks are not relevant (neither article 8 nor 9).]

[For all funds above the following information shall be included:]

The EU taxonomy is a classification system that aims to establish common criteria for environmentally sustainable economic activities.

[For category 1 and 2 funds the following information shall be included:]

According to legislation, disclosure of the proportion of a fund's investments that are taxonomy aligned is required.

The taxonomy is under development and the criteria for all environmental objectives are not yet complete. Also, there is no established methodology for the calculation of the proportion of a fund's investments that are taxonomy aligned. The companies in which the fund invests have not yet started reporting the extent to which their activities are aligned with the EU taxonomy. For these reasons, it is the assessment of the fund management company that it is presently not possible to disclose reliable information on the proportion of the fund's investments that are aligned with the taxonomy.

[For category 2 funds the following information shall also be included.]

The legislation includes a "do no significant harm" principle which requires that investments that contribute to a sustainable objective, do not simultaneously significantly harm any of the other sustainable objectives. The "do no significant harm" principle is only applicable to the proportion of the fund that consists of investments that are deemed sustainable either

according to the regulation on sustainability-related disclosures or the EU taxonomy. The remaining proportion of this fund has underlying investments that do not take into account the EU criteria for environmentally sustainable economic activities.

[For category 3 funds the following information shall be included.]

This fund's underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Methods that have been used to integrate sustainability risks, promote environmental or social characteristics or to achieve a sustainability objective:

The fund has used positive screening

[This section may contain details of the following:

- activities carried out in connection with positive screening, e.g. companies selected on the basis of proactive work and positive results with regard to environmental, social, and/or corporate governance issues;
- examples of the direct, demonstrable effects of the fund's sustainability work with regard to the use of positive screening;
- comments on how the activities carried out in connection with positive screening have corresponded to what was stated in the pre-contractual information on the fund's sustainability work.]

The fund has used negative screening

[This section may contain details of the following:

- activities carried out in connection with negative screening, e.g. companies excluded on the basis of the fund's exclusion criteria, or the result of reviews of the fund's holdings;
- examples of the direct, demonstrable effects of the fund's sustainability work with regard to the use of negative screening;
- comments on how the activities carried out in connection with negative screening have corresponded to what was stated in the pre-contractual information on the fund's sustainability work.]

The fund management company has influenced

[This section may contain details of the following:

- activities carried out by the fund management company on behalf of the fund in connection with exercising investor influence, e.g. dialogues held, participation in nomination committees, or voting at General Meetings;
- examples of the direct, demonstrable effects of the fund management company's exercising of investor influence, such as decisions in which the fund management company has been involved on behalf of the fund;
- comments on how the activities carried out in connection with exercising of investor influence have corresponded to what was stated in the pre-contractual information on the fund's sustainability work.]

Overall comments on the sustainability work

[Overall events related to the sustainability work at fund level, e.g. amendments to the fund's sustainability policy, events that have induced changes in attitudes towards certain asset classes, etc.]