

## *Vinga Corporate Bond*

Sustainability is an integrated part of Vinga's investment philosophy, and our goal is a portfolio of companies that have fully sustainable business models. A responsible and sustainable business model is a necessity to reach value creation and long-term success. Analyzing investments through a sustainability lens, we can broaden our understanding of risks and utilize potential business opportunities to the advantage of Vinga's investors. Moreover, as an asset manager we have a clear social responsibility to contribute as much as we can to make the world sustainable.

### **Approach**

We are working with sustainability in three ways: include, influence, and exclude. Our approach spans from promoting sustainability to excluding companies whose businesses are facing big challenges from a sustainability perspective.

#### **1. Include**

We want to maximize our exposure to sustainability themes without jeopardizing a sound diversification of the portfolio. We are especially looking for companies with different business strategies and technologies which actively contribute to improve the global environment and enhance social responsibility. Equality is another important dimension of sustainability, such as emphasizing sustainable energy for all, decent working conditions and economic growth. A significant sustainability exposure will benefit our investors' interests in the long-term and will contribute to a positive development of our society.

We comply with the following principles:

- Sustainability analysis is an integrated part of our investment analysis and our decision processes
- We actively seek information of sustainability issues ahead of our investment decisions
- Bonds with sustainability label are prioritized
- We encourage acceptance and implementation of sustainability of other investors to together enhance effectiveness

#### **2. Influence**

Many companies in the Nordic high yield market are smaller and have limited resources. We usually meet management, board representatives and main owners ahead of new issues and quarterly updates. If we can identify weaknesses in their sustainability efforts, we will notify the company and require a plan for improvements.

Our sustainability criteria are:

- Environmental issues
- Social aspects
- Business ethics
- Equality aspects

We will demand an answer if a portfolio company fails on any of these criteria. If the company does not take necessary steps to improve on our standards, we will divest the holding.



### 3. Exclude

We exclude companies that are operating in specific sectors or business areas which we assess will meet big sustainability challenges.

Companies that are operating in the following areas are excluded:

- Fossil fuels (oil, gas, and coal)
- Service companies to fossil fuels
- Commercial betting
- Weapons
- Alcohol and tobacco
- Pornography