EXPLORE
EQUITY

Sustainability-related disclosures

Financial market participant: Explore Equity AS

Date: 1 January 2023

Integration of sustainability risk in investment decisions

Explore integrates sustainability risk in its investment decision-making process. Sustainability risks include environmental, social or governance events or conditions that could cause an actual or a potential material negative impact on the value of the investment.

The process of identifying and assessing sustainability risk in investment decisions is integrated into Explore's internal policies and procedures, including the Sustainable Investment and Ownership Policy (available here).

Explore conducts a comprehensive ESG due diligence to identify sustainability risks and determine the sustainability proposition of the target business including taking into consideration the entire value chain of business activities. Explore also seeks to identify and assess how sustainability risk may have a direct or indirect impact on an organization's ability to create, preserve or erode environmental and social value for itself, its stakeholders and society at large.

By assessing the material sustainability risks and opportunities that exist throughout the value chain, Explore gains a sense of how these may affect the growth prospects and financial performance of the company, and whether the risks are deemed manageable.

Explore will seek to mitigate potential sustainability risks by avoiding investments in companies that have significant political risk and operating in industries highly dependent on exogenous factors, to avoid risks related to an unfavourable shift in industry or competitive dynamics. Further, Explore will not make investments in businesses that are not providing healthy, societal and/or environmentally supportive products or services.

More details on Explore's process to integrate sustainability risk in all phases of its investment decisions is included in Explore's Sustainable Investment and Ownership Policy.