

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Carnegie Investment Bank AB, Wealth Management Denmark, LEI 529900BR5NZNQZEVQ417

Summary

Carnegie Investment Bank AB, Wealth Management Denmark, LEI 529900BR5NZNQZEVQ417 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Carnegie Investment Bank AB, Wealth Management Denmark.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. The year 2022 is the first reported year and starting for the reported year 2023, a historical comparison of the data will be possible.

Carnegie Investment Bank AB, Wealth Management Denmark, applies inclusion and exclusion methods to consider principal adverse impacts on sustainability factors. The inclusions and exclusions are used in the investment decision process where the thorough knowledge of the company/issuer and the screening criterias are used to identify companies/issuers which activities are not deemed harmful, non-ethical or non-sustainable to the environment or society.

Only data available from MSCI ESG has been used, and given that data is missing for some holdings, the portfolio coverage for each indicator is indicated under the "Explanation" heading.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	29.592,00	N/A	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: 92,55%	In the majority of the managed equity and fixed income portfolios, mining of thermal coal, oil sands extraction and companies with revenue from fossil fuels are excluded. In the majority of the equity portfolios the aim is for lower GHG emission than the portfolios return benchmark. The global fixed income portfolios aim for a minimum share of sustainable bonds of 10%. Stock/bond selection is based on a thorough bottom-up process.	
		Scope 2 GHG emissions	7.897,22	N/A			Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: 92,55%
		Scope 3 GHG emissions	380.690,60	N/A			Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: 92,55%

Greenhouse gas emissions	1. GHG emissions	Total GHG emissions	418.179,82	N/A	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: 92,55%	In the majority of the managed equity and fixed income portfolios, mining of thermal coal, oil sands extraction and companies with revenue from fossil fuels are excluded. In the majority of the equity portfolios the aim is for lower GHG emission than the portfolios return benchmark. The global fixed income portfolios aim for a minimum share of sustainable bonds of 10%. Stock/bond selection is based on a thorough bottom-up process.
	2. Carbon footprint	Carbon footprint	255,22	N/A	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: 92,55%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	663,97	N/A	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue). Coverage: 92,55%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	5,34%	N/A	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal. Coverage: 96,17%	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	67,68%	N/A	The portfolio's weighted average of issuers' energy consumption and/or production from nonrenewable sources as a percentage of total energy used and/or generated. Coverage: 74,21%	
Greenhouse gas emissions	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE Code: A: N/A B: 0,94 C: 0,58 D: 0,43 E: N/A F: 0,04 G: 0,15 H: 1,20 L: N/A	N/A	The portfolio's weighted average of Energy, Consumption Intensity (GWh/million EUR revenue). Coverage: 79,38%	In the majority of the managed equity and fixed income portfolios, mining of thermal coal, oil sands extraction and companies with revenue from fossil fuels are excluded. In the majority of the equity portfolios the aim is for lower GHG emission than the portfolios return benchmark. The global fixed income portfolios aim for a minimum share of sustainable bonds of 10%. Stock/bond selection is based on a thorough bottom-up process.

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,42%	N/A	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment. Coverage: 96,17%	In order to limit the exposure to sites/operations negatively affecting the biodiversity the majority of managed portfolios exclude companies with revenue from production in palm oil and biocides.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	N/A	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: 2,93%	Actions will be planned on an ongoing basis as data becomes available.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	4,08	N/A	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: 25,55%	Targets have not yet been set for the next reference period.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,14%	N/A	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products. Coverage: 96,17%	As a participant in the UN Global Compact (UNGC), Carnegie Investment Bank commits to the ten corporate sustainability principles in the areas of environment, labor conditions and anti-corruption. In the investment decision-making process, all managed portfolios are screened for compliance with these principles. The aim is to avoid investments in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	33,85%	N/A	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact. Coverage: 96,17%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14,84%	N/A	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. Coverage: 14,41%	Actions will be planned on an ongoing basis as data becomes available.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35,86%	N/A	The portfolio holdings' weighted average of the ratio of female to male board members. Coverage: 95,34%	Targets have not yet been set for the next reference period.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00%	N/A	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products. Coverage: 96,17%	All companies with revenues from distribution or production of controversial weapons are excluded from portfolios.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	282,26	N/A	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP). Coverage: 100%	Targets have not yet been set for the next reference period.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	N/A	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports. Coverage: 100%	Continued target at 0.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A		
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A		
Other indicators for principal adverse impacts on sustainability factors						
Additional climate and other environment-related indicators						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	30,08%	N/A	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.. Coverage: 96,52%	Targets have not yet been set for the next reference period.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	11,22%	N/A	The percentage of the portfolio's market value exposed to issuers without a whistleblower protection policy. Coverage: 96,17%	Targets have not yet been set for the next reference period.
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	8,44%	N/A	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy. Coverage: 96,17%	Targets have not yet been set for the next reference period.
Description of policies to identify and prioritise principal adverse impacts on sustainability factors						
<p>We consider a wide range of ESG-related data, including the Principal Adverse Impacts (PAI) identified by the EU for which structured data is available. . Prioritization of and actions related to sustainability indicators are based on our Policy for Responsible Investment.</p> <p>We work with positive screening and negative screening for managing principal adverse impacts of investment decisions on sustainability factors.</p> <p>Positive screening</p> <ul style="list-style-type: none"> • ESG screening using MSCI • Meetings between portfolio managers and company management • Investments in instruments directly linked to ESG measures and targets <p>Negative screening</p> <p>We exclude investments in companies whose activities are assessed as harmful to society or the environment. We do not invest in companies that have been proven in a serious or systematic way to violate international conventions and norms concerning labor law, human rights, the environment and corruption, and that have not been judged as showing sufficient willingness to change to address the problems. Norms that are given special consideration are the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</p> <p>This includes companies that have either been identified as “non-compliant” in the screening, or companies that have otherwise been brought to the attention of Carnegie. An ongoing screening of all investee companies is carried out.</p> <p>The screening for article 8 products also identifies companies with operations (generating more than 5 percent of turnover) within selected sectors that are perceived as non-ethical or non-sustainable.</p> <p>The methods described are dependent upon the supply and quality of data provided directly by investee companies as well as third-party data.</p> <p>Data sources used</p> <p>MSCI</p>						

Engagement policies

Carnegie conducts engagement activities on behalf of its clients to safeguard good returns on its investments and sound practices in investee companies. Engagement activities consist primarily of monitoring and dialogues with management in investee companies. Carnegie may decide to abstain from investing if target companies don't meet our requirements. Also, Carnegie may divest existing holdings for the same reason. Meeting investee companies management on a regular basis is an integral part of the investment process so dialogues are an ongoing subject.

References to international standards

Carnegie is a member of the UN's Global Compact initiative. We thereby support and follow ten principles regarding human rights, the environment, labor law and anti-corruption.

We have also signed the Principles for Responsible Investments (PRI) initiative founded by the UN. This means that we operate in accordance with the following six principles:

- We incorporate sustainability issues into our investment analysis and into our decision-making processes.
- We must be active owners and include sustainability issues in our ownership policy.
- We will ask the objects we invest in for relevant information regarding sustainability.
- We will work for these principles to be implemented and accepted within our industry.
- We will work with others to improve the implementation of these principles.
- We will report on our activities and our progress regarding the implementation of these principles.

Historical comparison

A historical comparison of the reported period with the preceding reported period will be carried out from 2024 when this data will become available.

NACE Code explanation:

A - Agriculture, forestry and fishing

B - Mining and quarrying

C - Manufacturing

D - Electricity, gas, steam and air conditioning supply

E - Water supply, sewerage, waste management and remediation supply

F - Construction

G - Wholesale and retail trade, repair of motor vehicles and motorcycles

H - Transportation and storage

L - Real estate activities