

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The E/S characteristics of this Sub-Fund include:

ESG Strategy

The Sub-Fund's overarching ESG strategy is to invest in listed equities of enablers of the transition towards sustainable transports, industrial processes, buildings, food value chains as well as energy production and systems. Over time this is expected to lead to lower emissions of greenhouse gases for society.

ESG Methodology

The Sub-Fund integrates environmental, social and corporate governance factors (ESG) into the investment process with the help of the investment manager's sustainability screening and selection model, which assesses underlying companies' ability to manage sustainability risks and opportunities. The Sub-Fund primarily promotes environmental characteristics and the ESG analysis is an entirely integrated part of the investment process. Advantages in ESG, especially related to environmental aspects, are vital parts of what makes an investment attractive,

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

together with the traditional financial metrics. Sustainability with regard to social and governance aspects is primarily accomplished through screening and exclusions.

Minimum proportion of sustainable investments

The fund partly invests in sustainable investments, which means companies involved in activities that contribute to an environmental objective together with Do no Significant Harm criteria as defined in SFDR article 2 (17).

Sector- and norm-based exclusions

Exclusion filters are applied in the portfolio construction to restrict investments in companies with significant exposure to certain activities deemed to be detrimental to the environment or the society at large, including weapons, tobacco companies and fossil fuel companies amongst others. Furthermore, the portfolio excludes companies that have confirmed violation against UN Global Compact.

Principal Adverse Impact (PAI)

The negative impact of investments on sustainability factors is taken into consideration as an integrated part of the investment process.

The Sub-Fund does not use a benchmark that is aligned with the Sub-Fund's E/S characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

To measure the attainment of the environmental characteristics, the investment manager will use climate and other environmental indicators to the extent that relevant data is available. The analysis will use many independent sources of information.

The investment manager will work with exclusion criteria based on independent data from a renowned screening provider as a first step to determine the investment universe.

Exclusion of companies with business models and products that negatively affect the climate, society or stakeholders is one important part to promote the sustainability characteristics of the Sub-Fund, alongside the integrated sustainability analysis, which affects investment decisions.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments that the Sub-Fund makes, is to over long-time maintain or increase the investments in line with the SFDR article 2 (17) definition of sustainable investments. Over time this is expected to lead to lower

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

emissions of greenhouse gases for society through promoting businesses that are acting within this field.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments have passed a test determining that they do not significantly harm any other social or environmental objectives (DNSH test). The test is done via an acknowledged external data providers' tool.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principal adverse impacts (PAI) indicators are assessed in the investment managers screening process and the results over time are evaluated as an integrated part of the ESG strategy. Focus is on the PAI indicators related to greenhouse gas emissions, i.e. the first six PAI Indicators, which should not over time increase.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact Principles are tested and assured as a part of the investment process through an internal screening using information from an external data provider for ESG data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?



- X Yes, the investment manager is within the investment process internally assessing primarily the PAI indicators for greenhouse gas emission using quantitative PAI data on company level from an external well-known data provider to find sustainable investments. Furthermore, on portfolio level, the investment manager will track

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

the PAI indicators over time, in order to produce a trend of decreasing or stable risk.

The specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed pursuant to SFDR Article 11(2).

No



What investment strategy does this financial product follow?

The Sub-Fund's overarching strategy is to invest in listed equities of enablers of the transition towards sustainable transports, industrial processes, buildings, food value chains as well as energy production and systems. Over time this is expected to lead to lower emissions of greenhouse gases for society.

The Investment Manager will closely monitor the companies' management of sustainability risks, and strategies concerning climate are analyzed, as well as the sustainability of business models in the form of effects of the companies' products and services on society and the environment.

The analysis will be based on internal and as well as external research and advisers. Exclusion of companies with business models and products that negatively affect the climate, society or stakeholders is one important part to promote the sustainability characteristics of the Sub-Fund, alongside the integrated sustainability analysis, which affects investment decisions.

As a first step, an exclusion criteria will apply for the Sub-Fund to determine the investment universe. The Sub-Fund has restrictions for the following sectors: Alcohol, Tobacco, Gambling, Weapons, Adult entertainment and Fossil fuels (Coal, Oil and Gas have individual restrictions). Further details can be found on the website carnegie.se.

The investments are screened for violation against the UN Global Compact Principles for responsible investments.

The investment manager will screen the investments continuously.

More information on the general investment policy of the fund can be found in the prospectus.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

- Proportion of sustainable investments as calculated by external well known data provider that defines sustainable investments based on E, S and G components together with Do no Significant Harm criteria as of SFDR article 2 (17).

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- Sector-based exclusions prevent investments into activities that are deemed to be inappropriate for the strategy. More information on the exclusion policy is available in the sustainability-related website information in accordance with SFDR article 10.
- The sector-based exclusions include thresholds for exposure to fossil fuel production, distribution, power generation and services. Investments can be made in transition companies if they meet certain criteria related to credible transition targets and transition capex. The investments should not be involved in non-traditional oil exploration or production (e.g. oil sands, shale arctic areas).
- Norm-based screening against violations of UN Global Compact Principles having a negative impact on the environment, human rights, labor rights and business ethics is done. If flaws are suspected in sustainable practices, the investment manager questions further and without sufficient progress preparation is made to exit the investment.
- The investment manager will consider activity/sector specific indicators before, and during the lifespan of the investment, including the current situation as well as communicated targets and commitments. As some of the indicators lack data and quality of the presented data is uncertain, this screening is subject to improvement. More information is available in the sustainability-related information website.
- The investment manager monitors, with best efforts due to lack of data, the EU Taxonomy revenue alignment on portfolio level and ensures that the alignment is stable or increasing over time.
- Also, the investment manager monitors, with best efforts due to lack of data, the PAI indicators for greenhouse gas emission on portfolio level and ensures that the alignment is stable or decreasing over time.

The Sub-Fund will on a regular basis be screened via a leading screening service. The costs of that provider will be borne by the investment manager.

Investments that do not comply with the requirements will be divested, in an orderly manner, considering the interests of the shareholders.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies is addressed in several layers of the security selection process. Governance safeguards are inherent in the norms-based screening both before and during the lifespan of the investment i.e. the investment manager monitors that the investments are in line with the UN Global Compact Principles (where anti corruption and labor law are included as significant elements) .

Furthermore, the investment manager monitors the proportion of sustainable investments and ensures that the proportion is not significantly decreasing over

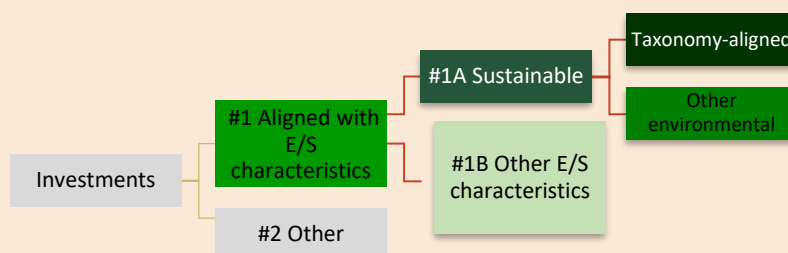
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

time, when doing this the good governance is ensured indirectly through the criteria Do No Significant Harm which is included in that definition.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Explanation of the investments in the Sub-Fund:

#1 Aligned with E/S characteristics The Sub-Fund is expected to dedicate at least 85% of its NAV to investments that are aligned with its E/S characteristics, i.e. meet the criterias for

- invest in listed equities of enablers of the transition towards sustainable transports, industrial processes, buildings, food value chains as well as energy production and systems screened through the activity/sector specific indicators
- norm-based screening
- sector based exclusions including fossil fuel

of the environmental characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the Sub-Fund.

#1A Sustainable The Sub-Fund is expected to dedicate at least 15% of its NAV to sustainable investments with environmental and social objectives, including Do No Significant Harm criteria. This implies that the investment meets all the binding elements in the investment strategy for sustainable investments and that the data provider is reporting the data. As a predominant part of the investments is traded outside the EU, there is likely to be lack of data, explaining the low minimum threshold.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Taxonomy-aligned The Sub-Fund is expected to dedicate at least 5% of the sum of the #1 investments' turnover (including non EU companies) to taxonomy-aligned investments. This implies that the data provider is reporting data. The taxonomy-aligned revenue trend should be stable or increasing over time.

Other environmental Includes investments that are sustainable as of SFDR article 2 (17) with an environmental objective in economic activities that do not necessarily qualify as environmentally sustainable under the EU Taxonomy.

#1B Other E/S characteristics Remaining investments are aligned with the E/S characteristics but do not qualify as sustainable investments.

#2 Other Includes cash, cash equivalents to facilitate the liquidity in the Sub-Fund, and other investments for which there are insufficient data.

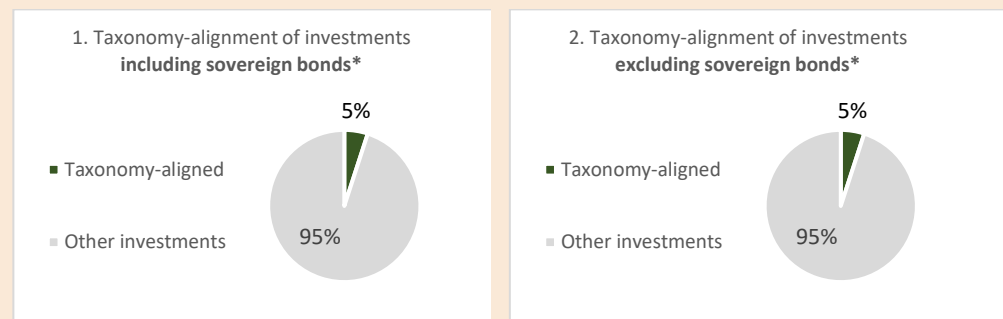
The asset allocation may change over time and percentages should be seen as an minimum average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third party data.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**
Not applicable



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*




* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Sufficiently reliable data on Taxonomy alignment is scarce and the data coverage remains low, which implies a low commitment to a minimum proportion of Taxonomy-aligned investments in this Sub-Fund. Disclosures and reporting on taxonomy alignment will develop as the EU framework evolves and data is made available by companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

The ESG strategy includes investments in enablers of the transition towards sustainable transports, industrial processes, buildings, food value chains as well as energy production and systems. Thus, there is no commitment to a minimum proportion of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities or for which the technical standards are not yet finalised. Company data of EU Taxonomy alignment is not yet widely available from public disclosures by investee companies. However, certain investments may be linked to environmental objectives by virtue of their alignment to criteria as of SFDR article 2 (17).

The minimum share of sustainable investments is 15% of NAV, but the Sub-Fund does not target any minimum proportion for the sub-category in question.



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash may be held as ancillary liquidity or for risk balancing purposes. This category may also include securities for which relevant data is not available.

There are no minimum environmental or social safeguards on these instrument types.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website: www.carnegie.se