



CARNEGIE INVESTMENT BANK

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Carnegie Investment Bank AB (Private Banking SE), LEI 529900BR5NZNQZEVQ417

Summary

Carnegie Investment Bank AB (Private Banking SE), LEI 529900BR5NZNQZEVQ417 considers principal adverse impacts of its investment decisions on sustainability factors. We screen investments and external fund managers against excluded sectors and use data from MSCI ESG. We continuously work to integrate sustainability risks into the investment decisions made in the bank's managed funds, portfolio management and advisory management through, among other things, by integrating the UN Global Compact (UNGC), in the screening of potential investments and by working on diversification. Carnegie Investment Bank conducts engagement activities on behalf of its clients to safeguard good returns on its investments and sound practices in investee companies. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Carnegie Private Banking.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. The results of the indicators are based on data from an external data provider MSCI ESG. The degree of coverage and whether the data is or is partially based on estimates is stated under the heading Explanation.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies								
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	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	65,931.58	61,780.22	91.20%	85.21%	6%	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.
		Scope 2 GHG emissions	19,741.89	15,504.91	91.20%	84.17%	7.04%	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.
		Scope 3 GHG emissions	793,197.99	600,011.93	91.14%	0.00%	91.14%	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.
		Total GHG emissions	878,826.98	677,297.08	91.14%	0.00%	91.14%	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).
								Actions taken: We screen all of our investments against several criteria's including companies that have 5% or more of their revenue from production or distribution of coal, gas and/or oil. In our portfolios where we directly own shares, we exclude these companies. We launched a sub-fund that focuses on the green transition and on reducing greenhouse gas emissions. Actions planned: In our Swedish and global stockpicking portfolios we will continue to exclude companies that have 5% or more of their revenue from production or distribution of coal, gas and/or oil. Our Nordic stockpicking portfolio strives for lower CO ₂ emissions than the benchmark. Target: In our article 8 portfolios we strive for lower CO ₂ emissions than the benchmark.
	2. Carbon footprint	Carbon footprint	422.11	358.82	91.14%	0.00%	91.14%	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).
	3. GHG intensity of investee companies	GHG intensity of investee companies	832.15	879.00	93.83%	0.00%	93.83%	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions EUR/million revenue).



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Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6.31%	6.29%	94.33%	94.33%	0.00%	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.	Actions taken: We screen all of our investments against several criteria's including companies that have 5% or more of their revenue from production or distribution of coal, gas and/or oil. In our portfolios where we directly own shares, we exclude these companies. We launched a sub-fund that focuses on the green transition and on reducing greenhouse gas emissions. Actions planned: In our Swedish and global stockpicking portfolios we will continue to exclude companies that have 5% or more of their revenue from production or distribution of coal, gas and/or oil. Our Nordic stockpicking portfolio strives for lower CO2 emissions than the benchmark. Target: In our article 8 portfolios we strive for lower CO2 emissions than the benchmark.
	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	63.35%	61.24%	71.67%	71.67%	0.00%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy use generated.	
	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	A: 3.55 B: 1.17 C: 0.39 D: 2.35 E: 2.34 F: 0.07 G: 0.2 H: 1.21 L: 0.46	A: 0.23 B: 0.81 C: 0.70 D: 1.87 E: 0.57 F: 0.05 G: 0.09 H: 0.75 L: 2.35	A: 84.48% B: 84.48% C: 84.48% D: 84.48% E: 84.48% F: 84.48% G: 84.48% H: 84.48% L: 84.48%	A: 84.48% B: 84.48% C: 84.48% D: 84.48% E: 84.48% F: 84.48% G: 84.48% H: 84.48% L: 84.48%	0.00%	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue).	
Biodiversity	7. Activities negatively affecting bio diversity-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	5.94%	0.04%	95.02%	0.00%	95.02%	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.	Actions: We screen all of our investments for alignment with the United Nations Global Compact principles (including Principle 7 Businesses should support a precautionary approach to environmental challenges) based on MSCI ESG Research. Targets: Due to the fact that the reported data is so insufficient, it is difficult to make any analyses. Our focus will be to continue monitoring the area to see how we can minimize our footprint.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.06	12.35	2.01%	2.01%	0.00%	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).	Actions: We screen all of our investments for alignment with the United Nations Global Compact principles (including Principle 7 Businesses should support a precautionary approach to environmental challenges) based on MSCI ESG Research. Target: Due to the fact that the reported data is so insufficient, it is difficult to make any analyses. Our focus will be to continue monitoring the area to see how we can minimize our footprint.
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	7.53	23.15	39.67%	39.67%	0.00%	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned	Actions: We screen all of our investments for alignment with the United Nations Global Compact principles (including Principle 7 Businesses should support a precautionary approach to environmental challenges)



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Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	Explanation	Actions taken, and actions planned, and targets 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.	0.12%	0.21%	94.52%	0.00%	94.52%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operation products.	Actions: We screen all of our investments for alignment in MSCI Global Norms Screening. Target: Zero exposure against companies that has violations against UN Global Compact principles and Organisation for Economic Cooperation and Development (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	0.61%	33.75%	93.92%	93.92%	0.00%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact	Actions: Our aim is to avoid investments in companies without policies to monitor compliance with the UNGC principles , OECD, ILO and UNGP. Target: Increase the share of companies that has policies and compliance mechanisms to monitor compliance with UN Global Compact principle. We will also start screening for violations against OECD Guidelines for Multinational Enterprises.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.31%	9.50%	27.18%	27.18%	0.00%	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.	Actions: We screen all of our investments for alignment with the United Nations Global Compact principles (including Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation) based on MSCI ESG Research. Target: Due to the fact that the reported data is so insufficient, it is difficult to make any analyses. Our focus will be to continue monitoring the area and set a quantitative target once the reported data has improved.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.61%	28.62%	93.73%	93.73%	0.00%	The portfolio holdings' weighted average of the percentage of board member female.	Actions: Our aim is to avoid investments in companies that is not aligned with the United Nations Global Compact principles (including Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation) based on MSCI ESG Research. Target: We strive for a distribution between 40/60 either way in gender diversity.
	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	0.07%	0.06%	94.53%	94.53%	0.00%	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.	Actions: We screen all of our investments against involvement in the manufacture or selling of controversial weapons. Target: Zero exposure against controversial weapons



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Indicators applicable to investments in sovereigns and supranationals									
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	237.18	264.10	90.92%	90.92%	0.00%	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP).	Action: Our government bond investment is mainly in Sweden, US and Europe which all have commitments towards net zero. Target: Strive to only invest in countries that has climate commitments.
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	Absolute: 2 Relative: 2.63%	Absolute: 0.01 Relative: 0.00%	90.92%	90.92%	0.00%	Absolute: The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports. Relative: The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) imports and exports.	Actions: Our exposure here is related to one hedge fund position in emerging markets in our liquid alternative's portfolio. Since the reference period the position has been deinvested and we will closely monitor this going forward. Target: Zero exposure against countries subject to social violations.
Indicators applicable to investments in real estate assets									
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	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	No data available	No data available	0.00%	0.00%	0.00%	Not currently available.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	No data available	No data available	0.00%	0.00%	0.00%	Not currently available.	N/A

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Coverage	Estimated	Reported	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Indicators applicable to investments in investee companies									
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS									
	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	36.89%	35.17%	93.54%	0.00%	93.54%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	Group

Table 3

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 2023	Impact 2022	Coverage	Estimated	Reported	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	1.64%	5.20%	94.34%	94.34%	0.00%	The percentage of the portfolio's market value exposed to issuers without a whistleblower protection policy.	Group
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	5.18%	8.89%	94.02%	94.02%	0.00%	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	Group

Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Carnegie Private Banking's governing body decided on the ESG strategies on 2022-11-21. Carnegie considers negative consequences for sustainability factors in our discretionary portfolio management. We screen investments and external fund managers against excluded sectors and use data from MSCI ESG. We continuously work to integrate sustainability risks into the investment decisions made in the bank's managed funds, portfolio management and advisory management through, among other things, by integrating the UN Global Compact (UNGC), in the screening of potential investments and by working on diversification. Find out more on <https://www.carnegie.se/en/approach-to-sustainability/>
Data source used: MSCI

Engagement policies

Carnegie Investment Bank 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, where we screen our investments on regular basis against excluded sectors, violations against UN Global Compact and sanction lists. It also includes conducting dialogues with management in investee companies and voting at shareholders meeting. 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. Voting is typically done via proxy voting.

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

We strive to reduce our negative impact across all areas. Due to changes in method, calculation, and the gathering of data it is however challenging to make a direct comparison to the previous report for certain areas. Especially those where the companies don't report enough data and estimates need to be used. We will continue to monitor our impact within all ESG areas as the reported data improves and with that the ability to make the most informed decisions as possible.