



Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Segulah Advisor AB

About this document

Segulah's role is to create long-term return to our investors. When pursuing that mission, it is our outmost belief that a thorough integration of Environmental, Social and Governance (ESG) aspects are crucial to succeed. We are committed to a responsible governance and management of our impacts on people and environment as well as a strong integration of ESG-related risks and opportunities throughout the investment process.

This document covers entity level disclosures in accordance with the *The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")*. This section covers disclosure specified by Article 4 of SFDR regarding the consideration of principal adverse impacts of investment decisions on sustainability factors.

Summary

Segulah considers the principal adverse impacts of investment decisions on sustainability factors as part of the investment process from the early screening phase to the final investment decision. Throughout the investment process principle adverse impacts are managed the same way as other material impacts on the potential investment. Segulah assesses sustainability factors, taking due account the company's nature and scale of its activities, its geographical presence, and its business model.

Any principal adverse sustainability impact identified during the investment process is monitored, and potential related mitigative actions are considered in the relevant business plan for such investment. Adverse sustainability impacts and progress on mitigative actions are annually monitored through the Position Green Platform. Where applicable, any further actions identified during such monitoring will be reflected in the business plan for the following year.

Segulah finances a wide range of economic and business activities that positively and negatively impact environmental, social and governance matters.

Considering Segulah's nature of its activities, the principal adverse sustainability impacts considered in the annual monitoring process include the following:

- Consumption of energy

- Greenhouse gas emission
- Carbon reduction initiatives
- Emissions to water
- Biological diversity
- Hazardous waste
- Adherence to the UNGC principles and/or OECD guidelines
- Gender pay-gap
- Board gender diversity
- Lack of supplier code of conduct

Segulah seeks to mitigate these principal adverse impacts by continuously engaging with the investee companies to drive change within the organization to eliminate or reduce their business's relevant negative sustainability impacts. Segulah's role is to create long-term return to our investors Segulah integrates ESG throughout the investment process, including:

- List of exclusions
- Risk-based approach, per sector, country and company structure
- In-depth ESG due diligence when required due to high-risk indications
- Focus on improved governance structures in portfolio companies during stewardship, (including good governance)

Description of the principal adverse impacts on sustainability factors

Adverse sustainability indicator	Metric	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
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	
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	
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
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average

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
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Adverse sustainability indicator	Metric	
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
	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
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	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

Adverse sustainability indicator	Metric	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
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.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		

Social and employee matters	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
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Engagement policies

As active owners, the main focus of our sustainability engagement process is to improve the governance structures in our portfolio companies and provide guidance to establish solid processes to manage relevant sustainability risks, opportunities and impacts. When onboarding a new company in our portfolio we confirm the company's sustainability profile with the company management and agree on an action plan and follow up measures. Sustainability risks and adverse impacts in our portfolio companies are monitored partly through the separate sustainability section in the monthly report required from portfolio companies, and partly through the annual reporting of PAI indicators and complementary information on company specific sustainability risks and adverse impacts.

Reference to international standards

Segulah's approach to sustainability is based on aligning the business with the Global Goals for Sustainable Development and the Ten Principles of the UN Global Compact, in addition to complying with all relevant national and international legislation. Furthermore, since 2013, Segulah is a signatory to the Principles for Responsible Investment ("PRI") and adheres to the Six Principles for Responsible Investment.

Historical comparison

N/A until second year of publication.