

# Sustainability-related disclosures

Product name: Carnegie Investment Fund – Nordic Equity Fund (the “Sub-Fund”)

Legal entity identifier: 549300BNNMKWTF5SD940

Published August 2024

## Summary

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 process, which considers underlying companies’ ability to manage sustainability risks and opportunities. Managing ESG risks is a vital part of what makes an investment attractive, together with the traditional financial metrics. Sustainability with regard to environmental, social and governance aspects is accomplished through screening and exclusions. The Sub-Fund qualifies under Article 8 of SFDR. The Sub-Fund does not have sustainable investments as its objective.

The Sub-Fund invests in Nordic companies with a strong and robust sustainability profile, as well as companies that show consideration for the environment. Therefore, the Sub-Fund aims to achieve a lower CO2 emission level than the return benchmark (VINX Nordic Benchmark Cap Net Index).

Furthermore, the Sub-Fund integrates exclusion filters to restrict investments in companies with significant exposure to activities in conventional and controversial weapons, tobacco, palm oil, pesticides, thermal coal, or oil from oil sands as well as excludes companies that have confirmed violations against UN Global Compact. The activity-based exclusions are based on a maximal percentage of 5% of revenue from the excluded activity at the level of each underlying investment, except from controversial weapons that have a zero tolerance.

Screening on existing holdings is processed on a regular basis and potential investments are screened before initial investment against companies with confirmed violations against the UN Global Compact Principles for responsible investments. Investments that do not comply with the requirements will be divested, in an orderly manner, considering the best interests of the shareholders.

The Sub-Fund has limited resources to engage and usually the Sub-Fund is a small investor in the companies, which both has the consequence that the engagement usually is limited. The Sub-Fund will normally not exercise ownership rights by entering into direct dialogue with companies or by representation on election committees and when voting rights are exercised, it is in the best interest of the Sub-Fund and its shareholders.

The Investment Manager has chosen an external well-known ESG data provider to provide ESG data for the activity and norm-based screenings as well as the on-going monitoring of the holdings. Apart from information from chosen data provider, other external sources for information as well as internal analysis is used to assure that the environmental and social exclusion criteria by the Sub-Fund are met.

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

## No sustainable investment objective

The Sub-Fund promotes environmental or social characteristics but does not have sustainable investments as its objective.

## Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental and social characteristics by investing in companies with a strong and robust sustainability profile, as well as companies that show consideration for the environment.

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Therefore, the strategy aims to achieve a lower CO2 emissions level than the return benchmark (VINX Nordic Benchmark Cap Net Index).

Additionally, the strategy's investments are subject to selection criteria following norm- and activity-based screenings, leading to several exclusions. The norm-based screening ensures that investments align with current conventions and principles, including the UN Global Compact, regarding human rights, labor rights, climate, environment, and anti-corruption.

The activity-based screening aims to exclude companies involved in conventional and controversial weapons, tobacco, palm oil, pesticides, thermal coal, or oil from oil sands.

More details on the activity-based screening can be found in the annex to the Sub-Fund’s schedule contained in the prospectus of Carnegie Investment Fund and information on how the criteria were met will be provided in the annual report of Carnegie Investment Fund. Both documents can be obtained here <https://www.carnegie.dk/carnegie-investment-fund/>

## Investment strategy

The Sub-Fund invests in Nordic equities and has an active investment strategy. The stock selection is based on a fundamental bottom-up process with a strong focus on quality companies with stable profit growth, sound balance sheets and ability to generate free cash flows.

Investments are diversified across companies and sectors that meet the selection criteria.

The analysis will be based on internal as well as external research and advisory services.

The Sub-Fund will apply an activity-based screening to determine the investment universe. The Sub-Fund has restrictions against companies with the following activities: tobacco, conventional and controversial weapons, palm oil, pesticides, thermal coal, or oil from oil sands.

Screening on existing holdings are done on a regular basis and potential investments are screened before initial investment against companies with confirmed violations against the UN Global Compact Principles for responsible investments.

Good governance practices of investee companies are 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 which includes sound management structures, employee relations, remuneration of staff and tax compliance.

## Proportion of investments

The Sub-Fund applies an active selection of Nordic equities that align with the selection criteria as well as the environmental and social characteristics promoted by undergoing screenings and aiming for a lower CO2 emissions compared to the return benchmark. As a result, the strategy's investments will be in line with the environmental and social characteristics, with the exception of any liquid assets held in bank deposits.

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## Monitoring of environmental or social characteristics

The binding elements of the investment strategy used to select the investments to attain each of the E/S Characteristics promoted by the Sub-Fund are:

- Activity-based exclusions (based on a maximal percentage of 5% of revenue from the excluded activities at the level of each underlying investment) prevent investments into activities that are inappropriate for the strategy. The activity-based exclusions include thresholds for exposure to controversial and conventional weapons, tobacco, palm oil, pesticides, thermal coal, and oil from oil sand activities.
- Norm-based screening against violations of the UN Global Compact Principles having a negative impact on the environment, human rights, labor rights and business ethics is done. If violations are suspected in relation to sustainable practices, the Investment Manager will analyze the investment further and without sufficient progress preparation is made to exit the investment.

The activity and norm-based screenings are monitored daily through the Investment Managers investment process and portfolio management systems. The Sub-Funds aggregated CO2 emission level is at least calculated quarterly and analyzed on single company level at initial investment.

## Methodologies for environmental or social characteristics

The investment manager have developed policies and procedures to ensure that the companies the Sub-Fund invest in meet the expectations of ESG performance, and that ESG risk is managed in the investment process. This is supported by a norm-based screening process, an activity-based screening and the aim for a lower CO2 emission level than the return benchmark.

Resources independent from the Investment Manager are used in the ESG analysis. The portfolio of the Sub-Fund will, on a regular basis, be screened using a leading screening service. Investments that do not comply with the requirements will be divested, in an orderly manner, considering the best interests of the shareholders.

## Data sources and processing

In the investment decision and in the periodic monitoring, the Investment Manager is using external ESG data from a well-known data provider.

Prior to the data provider being chosen as a supplier, extensive market research has been conducted, and the potential data providers have been assessed on issues such as data quality, coverage, security, methodology, price, reliability and conflict of interest.

Apart from information from selected data provider, qualitative information from other external and internal sources are used as a supplement for analyzing investments.

The activity- and normbased screenings are processed through implementation of the ESG data from the chosen data provider into the investment managers portfolio management systems, with screenings before a trade is processed and ongoing monitoring of existing holdings.

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To analyze the portfolio's aggregated measures the portfolio holdings are uploaded into the data providers platform. This is the process for regular monitoring of the Sub-Fund.

The investment decisions and the monitoring, partly rely on estimated data from the chosen data provider. No estimates are calculated by the Investment Manager itself and the chosen data provider is only estimating where minimum quality is considered secured and to be the only alternative.

## Limitations to methodologies and data

There may be limitations in the data provided by the data supplier. In cases where data on a company is not available from the data provider, the investment can be approved by the investment managers investment committee based on proper documentation. If it's not possible to obtain data for calculating the Sub-Funds's CO2 emissions, the company is excluded from the calculation, and the weights of the remaining companies are normalized.

The information regarding the potential exposure towards investments in excluded sectors and companies that have confirmed violations against UN Global Compact Principles is limited to information provided by chosen data providers through public information about the companies invested in. This means that it is not always possible to confirm the exact exposure towards these sectors. In the cases where information is not publicly available, an estimate by the chosen data provider is done which can result in an underestimate or overestimate compared to reality.

Apart from information from chosen data provider, other external sources for information as well as internal analysis is used to assure that the environmental and social exclusion criteria by the Sub-Fund are met.

## Due diligence

The Sub-Fund's ESG criteria and restrictions are monitored both before the investment and during the life-span of the investments.

Furthermore, the Investment Manager is continuously monitoring the investments to secure the E/S Characteristics of the Sub-Fund, gathering information not only from the chosen data provider but also directly from the companies, from external sources where the fund is subscribing for analysis and information, or from open sources such as news channels.

The data provider has been chosen to provide the Investment Manager with ESG data by multiple requirements but one of the most important was to choose a large reputable data provider to achieve highest possible coverage and quality of data. The information from the external data provider is, where possible, questioned before used. This is to make sure that the information from the ESG data provider is in harmony with other data sources available to the Investment Manager

## Engagement policies

The Sub-Fund has limited resources to engage and usually the Sub-Fund is a small investor in the companies, which both has the consequence that the engagement usually is limited. The Sub-Fund will normally not exercise ownership rights by entering into direct dialogue with companies or by

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representation on election committees and when voting rights are exercised, it’s in the best interest of the Sub-Fund and its shareholders.

The Investment Manager is a signatory of UN Global Compact, and as such engaged in the work towards a more sustainable society.

## Designated reference benchmark

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