

Description of the main negative impacts of investment decisions on sustainability factors

Financial market participant Nordic Equities Kapitalförvaltning AB, 5493009FXP8PJZFEQ18

Executive summary

Nordic Equities Kapitalförvaltning AB, 5493009FXP8PJZFEQ18 ("Nordeq") considers the main negative impacts of its investment decisions on sustainability factors. This statement on the main negative impacts on sustainability factors covers the reference period from January 1, 2024 to December 31, 2024.

In this report, "funds" refers to Nordeq's managed funds: Nordic Equities Strategy, Nordic Equities Sweden, Nordic Equities Select, Nordic Equities Global Stars and Nordic Equities Our World. Furthermore, Nordeq also manages a mandate on a discretionary basis. Nordeq considers the main negative impacts on sustainability factors by measuring and assessing the negative impacts of its investees on sustainable development. The assessment and work on the indicators listed are described in Nordeq's Sustainability Risk Integration / Due Diligence Policy.

Nordeq assesses that there are some limitations to the data collected in light of the lack of relevant sustainability data to report in accordance with Regulation 2019/2088/EU (Disclosure Regulation) and applicable delegated acts. The implementation of the Corporate Sustainability Reporting Directive and accounting standards from the European Financial Reporting Advisory Group is necessary to provide information on reliable quantitative indicators. Moreover, these regulations only affect companies domiciled in the EU/EEA, which is why there may continue to be a lack of data from portfolio companies domiciled outside the EU/EEA.

In addition, Nordeq believes that there are certain limitations in verifying the data that has been collected, as there are currently neither common accounting standards for sustainability reporting nor requirements for sustainability data to be reviewed by a third party. There may also be some data lag, which means that the information on which Nordeq bases its assessments may have changed.

Description of the main negative impacts on sustainability factors

Indicators applicable to investments in investment objects

Indicator of negative impacts on sustainable development	Dimensions	Implications in 2024	Impact in 2023	Explanation	Actions taken, and actions and targets planned for the next reference period
CLIMATE-RELATED INDICATORS AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. greenhouse gas emissions	Scope 1 greenhouse gas emissions	941.15 kilotons of carbon dioxide equivalent	852.42 kilotons of carbon dioxide equivalent	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions.</p> <p>Consideration of the cash</p> <p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies committed to climate-related targets consistent with the 2030 Agenda</p>

				weight has been taken in measuring the indicator.	<p>or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
	Scope 2 greenhouse gas emissions	830.6625 kilotons of carbon dioxide equivalent	961.09 kilotons of carbon dioxide equivalent	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.</p>	<p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies that have committed to climate-related targets consistent with the 2030 Agenda or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
	Scope 3 greenhouse gas emissions	101 194,195 kilotons of carbon dioxide equivalent	84,703.77 kilotons of carbon dioxide equivalent	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered the main negative consequences for the funds' cash positions.</p>	<p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies that have committed to climate-related targets</p>

					<p>The weight of the fund has been taken into account when measuring the indicator.</p>	<p>consistent with the 2030 Agenda or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
		Total greenhouse gas emissions	102,877.115 kilotons of carbon dioxide equivalent	86 314,00 kilotons of carbon dioxide equivalent	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.</p>	<p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies that have committed to climate-related targets consistent with the 2030 Agenda or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
	2. carbon footprint	Carbon footprint	596.32 tons of carbon dioxide equivalent per million euros invested	636.22 tons of carbon dioxide equivalent per million euros invested	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered the main negative consequences for the funds</p>	<p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies that are committed to</p>

					<p>cash positions. The weight of the cash has been taken into account when measuring the indicator.</p>	<p>climate-related objectives consistent with the 2030 Agenda or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
	3. greenhouse gas intensity of the investment object	Greenhouse gas intensity of the investment object	2 141,945 tons carbon dioxide equivalent per million euros invested	1,387.26 tons of carbon dioxide equivalent per million euros invested	<p>Coverage rate: 95.11%</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.</p>	<p>Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies.</p> <p>Nordeq chooses to invest in companies that have committed to climate-related targets consistent with the 2030 Agenda or the Paris Agreement. At least 50% of the investments in Nordeq's funds are made in such companies.</p> <p>As the sector composition of the companies included in Nordeq's funds varies, the companies have different starting points in their journeys towards net-zero emissions, which is why Nordeq does not set quantitative emission targets for the next reference period in tons.</p>
	4. exposure to companies operating in the fossil fuel sector	Share of investments in companies operating in the fossil fuels sector	1,75%	0,88%	<p>Coverage rate: 96.40%</p> <p>Nordeq has not taken into account main negative consequences for</p>	<p>It follows from Nordeq's asset management policy that Nordeq does not make direct investments in companies operating in the fossil fuel sector.</p>

					the funds' cash positions. The weight of the fund has been taken into account in the measurement of the indicator.	
5. share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	51,48% and 18,95%	55.60% and 27.58% respectively	Coverage rate: 55.99% Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.	Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies. Nordeq's ambition is for its portfolio companies to use non-fossil energy sources. Given that Nordeq's portfolio companies do not yet report on the use of fossil and non-fossil energy sources in a satisfactory manner, Nordeq will not set any targets for this indicator for the next reference period.	
6. energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of revenue from investment projects, by sector with high climate impact	Agriculture, forestry and fisheries (GWh/EURm): 0.00 Construction (GWh/EURm): 0.02 Electricity, gas, heating and cooling supply (GWh/EURm): 2.85 Manufacturing (GWh/EURm): 0.09 Extraction of minerals (GWh/EURm): 0.0 Real estate activities (GWh/EURm): 0.15	Agriculture, forestry and fisheries (GWh/EURm): No data Construction (GWh/EURm): 0.00 Electricity, gas, heating and cooling supply (GWh/EURm): 0.07 Manufacturing (GWh/EURm): 0.12 Extraction of minerals (GWh/EURm): No data	Coverage rate: 60.25% Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.	Nordeq's funds promote the reduction of greenhouse gas emissions through their investment strategies. Given the lack of availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator for the next reference period.	

			<p>Transport and storage (GWh/EURm): 0.40</p> <p>Water supply, wastewater treatment, waste management and remediation (GWh/EURm): 0.71</p> <p>Wholesale and retail trade and repair of motor vehicles and motorcycles (GWh/EURm): 0.06</p>	<p>Real estate activities (GWh/EURm): 0.01</p> <p>Transport and storage (GWh/EURm): 0.25</p> <p>Water supply, wastewater treatment, waste management and remediation (GWh/EURm): 0.02</p> <p>Wholesale and retail trade and repair of motor vehicles and motorcycles (GWh/EURm): 0.05</p>		
Biological diversity	7. Activities that adversely affect areas of sensitive biodiversity	Percentage of investments in investee companies with sites/projects located in or near areas of sensitive biodiversity where the investee companies' activities negatively impact these areas	0,60%	0,71%	<p>Coverage rate: 97.06%</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.</p>	<p>Nordeq considers activities that negatively impact areas with sensitive biodiversity.</p> <p>Portfolio companies identified as outliers on one or more indicators may be subject to further analysis and Nordeq may take action in accordance with Nordeq's asset management policy.</p> <p>Given the limited historical availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator in the next reference period. Instead, the company intends to analyze the trend over a longer period of time before setting targets.</p>
water	8. Discharge to water	Tons of emissions to water generated by investment objects per million invested,	0.00 tons per million euros invested	0.06 tons per million euros invested	<p>Coverage rate: 0%.</p> <p>Nordeq has not taken into account the main</p>	Nordeq considers emissions to water.

		expressed as a weighted average			negative impact on the funds' cash positions. The weight of the fund has been taken into account in the measurement of the indicator.	Portfolio companies identified as outliers on one or more indicators may be subject to further analysis and Nordeq may take action in accordance with Nordeq's asset management policy. Given the lack of availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator for the next reference period.
Waste	9. hazardous and radioactive waste	Tonnes of hazardous and radioactive waste generated by investment objects per million euros invested, expressed as a weighted average	0.16 tons per million euros invested	0.22 tons per million euros invested	Coverage rate: 94.00% Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.	Nordeq considers hazardous waste and radioactive waste. Portfolio companies identified as outliers on one or more indicators may be subject to further analysis and Nordeq may take action in accordance with Nordeq's asset management policy. Given the limited historical availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator in the next reference period. Instead, the company intends to analyze the trend over a longer period of time before setting targets.

INDICATORS ON SOCIAL CONDITIONS AND HUMAN RESOURCES, RESPECT FOR HUMAN RIGHTS, AND ANTI-CORRUPTION AND BRIBERY ISSUES

Social conditions and human resources	10. Violations of the UN Global Compact and the OECD	Share of investments in investment objects that have been involved in violations of the UN Global	0%	0%	Coverage rate: 97.06%	The portfolio companies in Nordeq's funds follow good practice governance and thus Nordeq does not invest in
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	guidelines for multinational enterprises	agreement or the OECD Guidelines for Multinational Enterprises			Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.	portfolio companies that violate the UN Global Compact and the OECD Guidelines for Multinational Enterprises.
	11. no processes and compliance mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Percentage of investments in investee companies without strategies to monitor compliance with the UN Global Compact or the OECD Guidelines for Multinational Enterprises or complaint handling mechanisms for violations of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	50,57%	30,96%	<p>Coverage rate: 97.06%.</p> <p>The calculation depends on a strict interpretation of the indicator, where companies must have coverage of all aspects of the UNGC Principles and OECD Guidelines, including grievance mechanisms. Many companies are therefore dropped despite strong policies in certain areas.</p> <p>Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.</p>	<p>Nordeq monitors the development of the underlying data reporting, and evaluates how the portfolio is affected</p> <p>The portfolio companies of Nordeq's funds follow good governance practices and thus Nordeq does not invest in investments that violate the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investment objects	17,7%	4,55%	<p>Coverage ratio: 1.23%</p> <p>Nordeq has not taken into account the main negative</p>	<p>Nordeq takes into account the unadjusted pay gap of its portfolio companies.</p> <p>Portfolio companies identified as outliers with respect to a</p>

					consequences for the funds' cash positions. The weight of the fund has been taken into account in the measurement of the indicator.	indicator(s) may be subject to further analysis and Nordeq may take action in accordance with Nordeq's asset management policy. Given the lack of availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator for the next reference period.
	13. Improving gender balance on boards	Average male and female representation among directors of investee companies, expressed as a percentage of all directors	36,09%	35,11%	Coverage rate: 95.45% Nordeq has not considered major negative impacts on the funds' cash positions. The weight of the fund has been taken into account when measuring the indicator.	Nordeq takes into account the ratio of men and women on the boards of the companies in which the funds invest. Portfolio companies identified as outliers on one or more indicators may be subject to further analysis and Nordeq may take action in accordance with Nordeq's asset management policy. Given the limited historical availability of reliable and relevant data, Nordeq will not set quantitative targets for the indicator in the next reference period. Instead, the company intends to analyze the trend over a longer period of time before setting targets.
	14. exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investees involved in the production or sale of controversial weapons	0%	0%	Coverage rate: 97.06% Nordeq has not taken into account main negative consequences for	Nordeq's asset management policy states that Nordeq does not invest in companies involved in the manufacture or sale of controversial weapons.

					the funds' cash positions. The weight of the fund has been taken into account in the measurement of the indicator.	
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Indicators applicable to investments in central government and supranational entities

Indicator of negative impacts on sustainable development		Dimensions	Consequences in 2024	Impact in 2023	Explanation	Actions taken, and actions and targets planned for the next reference period
Environment	15. Greenhouse gas intensity	Greenhouse gas intensity of investment objects	0	0	N/A	During the reference period, Nordeq has not made any investments in state or supranational entities.
Social aspects	16. location of investments where there is a lack of social responsibility	Number of investee countries where there is a lack of social responsibility (in absolute and relative terms, divided by all investee countries), according to international treaties and conventions, United Nations principles and, where applicable, national legislation.	0	0	N/A	During the reference period, Nordeq has not made any investments in state or supranational entities.

Indicators applicable to real estate investments

Indicator of negative impacts on sustainable development		Dimensions	Implications in 2024	Impact in 2022	Explanation	Actions taken, and actions and targets planned for the next reference period
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Fossil fuels	17. exposure to fossil fuels through real estate	Share of investments in real estate involved in the extraction, storage, transportation or production of fossil fuels	0%	0%	N/A	Nordeq has not made any investments in real estate during the reference period.
Energy efficiency	18. exposure to energy efficient buildings	Share of investments in energy-efficient buildings	0%	0%	N/A	Nordeq has not made any investments in real estate during the reference period.

Other indicators of main negative impacts on sustainability factors

Investments in companies without carbon reduction initiatives: 25.24%

No code of conduct for suppliers: 3.12%

No indicators other than the mandatory and the two optional ones above have been used to identify and assess additional main negative impacts on sustainability factors.

Description of strategies to identify and prioritize the main negative impacts on sustainability factors

Nordeq's due diligence policy on the main negative impacts of sustainability factors was updated in February 2024 and last adopted by Nordeq's Board of Directors in February 2025.

Nordeq considers the main negative impacts of sustainability factors in its fund management by excluding sectors and industries that Nordeq considers to have a high impact on environmental, social and governance factors. As part of the ESG analysis that Nordeq conducts prior to taking a position, Nordeq's managers collect data from Nordeq's third-party provider. Based on the data collection, Nordeq's Investment Advisory Board then decides whether or not to invest in a portfolio company.

Nordeq has chosen to consider the indicator "Investments in companies without carbon reduction initiatives" and "No code of conduct for suppliers". In the selection process of the two indicators, Nordeq has carried out a probability and impact assessment based on the activities carried out by Nordeq. The indicator "Investments in companies without carbon reduction initiatives" is a relevant metric for Nordeq as Nordeq, according to its asset management policy and what Nordeq refers to as the "Framework for Promoting Companies", considers a company to be promoting environmental characteristics if the company is working to reduce its carbon emissions.

Furthermore, Nordeq's funds report as Article 8 funds under the Disclosure Regulation and therefore the holdings in the funds are required to comply with good governance practices. Nordeq considers that the fact that a company has a code of conduct that also covers its suppliers is a criterion for compliance with good governance practices. Furthermore, Nordeq integrates sustainability risks into its investment decision-making process. Nordeq considers the fact that a company has a long chain of subcontractors as a sustainability risk. Against this background, the indicator becomes a relevant metric for Nordeq.

Nordeq relies on the availability of data and the quality of data to report and consider the main negative impacts of sustainability factors. Nordeq collects data on the main negative impacts of sustainability factors from third-party providers. Nordeq has noted that the availability of information regarding the impact of indirect investments through, for example, index futures is somewhat more limited.

Strategies for engagement

Nordeq has established Shareholder Engagement Principles which set out the purpose, approach and general principles for Nordeq's corporate governance work and shareholder engagement. The principles for shareholder engagement state that Nordeq monitors relevant issues regarding the respective portfolio companies by taking note of available information in news feeds, annual and interim reports, press releases etc. Furthermore, as a starting point, Nordeq does not exercise any voting rights or other rights linked to the shareholding as Nordeq is typically not among the largest shareholders. Nordeq maintains close and regular contact with its portfolio companies and thereby seeks to influence their sustainability performance by expressing Nordeq's position on relevant issues, asking questions and confronting any controversies. Furthermore, due to Nordeq's size, it has been decided that Nordeq does not participate in general meetings.

In addition to Nordeq's Principles for Shareholder Engagement, Nordeq's engagement on sustainability issues is also described in Nordeq's Sustainability Risk Integration / Due Diligence Policy. It follows from the policy that Nordeq engages in advocacy by engaging with the investee companies in which Nordeq's funds invest. As part of this work, Nordeq seeks to influence the investees on human rights, climate and environmental issues.

The principles described above cover all indicators for the main negative impacts on sustainability factors that Nordeq has reported on above.

References to international standards

Nordeq is a signatory to the Principles for Responsible Investments ("PRI") and adheres to the PRI Principles for Responsible Investment.

Nordeq takes into account the United Nations ("UN") Sustainable Development Goals through its management. Below, Nordeq lists a number of indicators relating to the main negative impacts of sustainability factors that Nordeq uses to measure compliance with international codes of conduct, as set out in Annex I of Delegated Regulation 2022/1288/EU.

- UN Global Compact (Table 1 indicators 10 and 11)
- OECD Guidelines for Multinational Enterprises (Table 1 indicators 10 and 11)
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights (Table 1, indicator 12)

Nordeq collects data from external data providers and from the portfolio companies themselves regarding the codes of conduct above. As the quality of the data available is not yet reliable and complete, estimated data is used to some extent.

Nordeq selects portfolio companies in its funds that have committed to reduce carbon emissions in line with the Paris Agreement targets. In addition to these portfolio companies having communicated a commitment to reduce carbon emissions, Nordeq also checks whether these targets are also scientifically feasible, by having the portfolio company's emission targets validated by the Science based Targets Initiative.

Climate scenario analyses are widely used by financial institutions to assess climate-related risks from a forward-looking perspective, such as in climate-related stress tests. Guidance issued by the European Central Bank (ECB) in November 2020 states that the ECB expects climate-related scenario analyses to be used in the risk management of institutions exposed to material climate-related and environmental risks. Nordeq invests extensively in portfolio companies established and operating in Sweden, the Nordics, the rest of Europe and North America. Although some of these portfolio companies have factories and suppliers established around the world, Nordeq does not believe that this contributes to an increase in exposure to climate-related and environmental risks as the factories and suppliers are interchangeable. Against this background, Nordeq does not yet perform a climate scenario analysis.

Historical comparison

The fund company notes that the results for the indicators have both improved and deteriorated compared to 2023. At the same time, the changes in the indicators should be interpreted with caution, as improved data coverage and changed reporting procedures among the portfolio companies may have affected the outcome. For example, the fund company notes that the carbon footprint has decreased despite increased absolute emissions, which may indicate an increased investment weight in companies with more efficient operations in terms of capital input.

Indicators have also improved in areas such as biodiversity and water impact, while the indicator on hazardous waste shows a slight decrease. However, some social indicators, such as pay gaps and the absence of monitoring mechanisms for global agreements, point to the need for increased transparency and continued dialogue with portfolio companies.

The fund company also notes that no investments have been made in companies that are involved in controversial weapons or that violate UN and OECD guidelines. This is a result of Nordeq's management policy and an expression of a consistent approach to sustainability.

Overall, the outcome of the indicators reflects a combination of actual changes in the portfolios, developments in the portfolio companies' operations, and improved data reporting. The fund management company welcomes this development and continues to work towards increased transparency and sustainability in investments.
