

## Statement on the principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** Investeringsforeningen Handelsinvest A/S (2138005UHE2ZATLSXG50)

### Summary

Investeringsforeningen Handelsinvest (2138005UHE2ZATLSXG50) considers the principal impacts on sustainability factors in its investment decisions. This statement is the consolidated statement on the principal adverse impacts of investment decisions on sustainability factors from Jyske Bank A/S and its subsidiaries, ie Jyske Invest Fund Management A/S and Handelsinvest Investeringsforvaltningselskab A/S.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. Investment decisions made by Handelsinvest Investeringsforvaltning A/S from 1 December 2022 to 31 December 2022 were made based on advisory services from Jyske Bank. In the period from 1 January 2022 to 30 November 2022, investment decisions were made based on advisory services from Svenska Handelsbanken AB.

The sustainability factors involve environmental, social or employee matters as well as matters regarding respect for human rights, anti-corruption and anti-bribery. In this statement, it is explained how we consider impacts on these factors when making investment decisions. The statement reports on 18 mandatory and 2 voluntary indicators for adverse impacts on sustainability factors (PAI indicators). In addition, it is disclosed which actions have been taken and planned as well as which targets have been set for each specific indicator.

**Description of the principal adverse impacts on sustainability factors**

**Indicators applicable to investments in investee companies**

Indicators for adverse impact on sustainability	Parameter	Impact 2022	Impact 2021	Explanation	Actions taken, actions planned and targets set for the next reference period	
<b>Climate- and other environment-related indicators</b>						
GHG emissions	1. GHG emissions	Scope 1 GHG emissions	57,018	NA	Data coverage = 95%	<p><b>Policy</b> Our adviser Jyske Bank plans to publish a climate position paper in 2023.</p> <p><b>Objective</b> In 2022, Handelsinvest received investment advice from signatories of Net Zero Asset Managers Initiative or Net Zero Banking Alliance. We adjust our assets under management to the climate targets of the Paris Agreement and aim to achieve net zero before 2040.</p> <p><b>Action</b> Handelsinvest exercises active ownership. A key element of our work as an active owner is the active and responsible management in the companies in which our funds have invested. This is done by means of voting at general meetings. The climate</p>
		Scope 2 GHG emissions	20,261	NA	Data coverage = 95%	
		Scope 3 GHG emissions	511,033	NA	Data coverage = 95%	
		GHG emissions in total	588,312	NA		
	2. CO <sub>2</sub> footprint	CO <sub>2</sub> footprint	280.67	NA	Data coverage = 95%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	562.37	NA	Data coverage = 96%	

						has been a focus area in our work with active ownership in 2022.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.64	NA	Data coverage = 96%	Our advisers are members of Climate Action 100+, which is a five-year global collaboration initiative tied to the Paris Agreement. The purpose is to push the companies that release and emit the largest amounts of greenhouse gasses into taking responsibility and leading the transition to clean energy. Investors behind the initiative encourage companies to fight climate change, reduce emissions and increase transparency. Our advisers work with Climate Action 100+.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production of non-renewable energy from non-renewable energy sources of investee companies compared to renewable energy sources, expressed as a percentage of total energy sources	72.11	NA	Data coverage = 62%	During 2022, our advisers, or their business partners, have had dialogues on specific sustainability issues with a large number of companies. The dialogue has pertained to climate, among other things.
	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: 0.24 B: 1.71 C: 0.32 D: 2.20 E: 3.06 F: 0.17 G: 0.03 H: 0.81 L: 0.16 <sup>1</sup>	NA	Data coverage in total = 33% A: 0% B: 0% C: 24% D: 1% E: 0% F: 0% G: 3% H: 3% L: 1%	Handelsinvest excludes companies that generate revenue from fossil fuels. The exclusions pertain to PAI 4.

<sup>1</sup> A = Agriculture, forestry and fishing, B = Raw material extraction, C = Industry, D = Electricity, gas and heating supply, E = Water supply, F = Building and construction, G = Trade and auto repair, H = Transport and storage, L = Real property.

Biodiversity	7. Activities adversely impacting 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 adversely impact those areas	0.00	NA	Data coverage = 96%	Handelsinvest's adviser from 1 January to 30 November 2022 has participated in several international initiatives, including PRI Sustainable Soy and PRI Sustainable Palm Oil.  In 2022, Handelsinvest's adviser in December 2022 exercised, and in 2023 it plans to exercise active ownership as regards biodiversity via two engagement bundles from Sustainalytics under the headlines 'Future food supplies' and 'Sustainable forestry and finance'.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.24	NA	Data coverage = 2%	In 2022, Handelsinvest's adviser in December 2022 exercised, and in 2023 it plans to exercise active ownership as regards water via an engagement bundle from Sustainalytics under the headline 'Managing water resources'.
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	0.83	NA	Data coverage = 25%	In 2022, Handelsinvest's adviser in December 2022 exercised, and in 2023 it plans to exercise active ownership as regards waste via an engagement bundle from Sustainalytics under the headline 'Responsible cleantech'.

**Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Social and employee matters	10. Violations of the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD's) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises	0.28	NA	Data coverage = 96%	<p><b>Policy</b></p> <p>Handelsinvest's policy on active ownership and responsible investments include its branches' direct investments in Danish and international equities as well as corporate bonds. Regarding indirect investments, we aspire to comply with the policy as much as possible. The policy is based on international norms related to environment, climate, human rights, working conditions, corruption and controversial weapons. These norms have been defined in the UN conventions and policies. Handelsinvest's advisers have signed the UN Principals for Responsible Investment (PRI) and recognises the voluntary UN initiative Global Compact.</p> <p><b>Action</b></p> <p>We have exercised our voting right at 114 of 392 possible general meetings, corresponding to approx 29%. Handelsinvest has voted on a total of 1,249 various proposals. In approx 12% of the cases, we decided not to vote for the management's proposal. This has typically involved topics like diversity in the board or company management, a lack of focus on governance, bonus schemes or other ESG matters.</p>
	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	-	NA	Data coverage = 96%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.16	NA	Data coverage = 14%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies,	35.78	NA	Data coverage = 96%	

		expressed as a percentage of all board members				<p>The Handelsinvest investment fund will continue its work with societal responsibility in the future and expects to exercise its voting right at up to 100 general meetings.</p> <p>Handelsinvest excludes companies with activities related to controversial weapons: Anti-personnel mines, cluster weapons and nuclear weapons (where the UN Treaty on the Non-Proliferation of Nuclear Weapons is violated).</p>
	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	0.00	NA	Data coverage = 96%	
<b>Indicators applicable to investments in sovereigns and supranational organisations</b>						
<b>Adverse sustainability factors</b>		<b>Parameter</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions taken in 2022 and actions planned for 2023</b>
Environmental	15. GHG intensity	GHG intensity of investee countries	787	NA	Data coverage = 60%	
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	6	NA	Data coverage = 60%	

		treaties and conventions, United Nations principles and, where applicable, national law				
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**Description of policies for identification and prioritisation of the principal adverse impacts on sustainability factors**

***Prioritisation of the principal adverse impacts***

Prioritisation of focus areas are made based on

- Knowledge from client dialogues regarding requests related to sustainability and investment. In addition, we anticipate systematic knowledge building regarding our clients’ preferences in connection with the mandatory disclosure of clients’ sustainability preferences.
- The sustainability targets that we have defined, which comply with the national and international obligations and voluntary initiatives that we have committed to, among other things.

***Prioritisation of the principal adverse impacts***

Handelsinvest’s adviser arranges for investment portfolios to be monitored on an ongoing basis, with the purpose of reducing the negative impact on prioritised ESG indicators. Handelsinvest regularly screens the companies for violations of international norms and conventions. We often find that dialogue is the most appropriate approach to influence companies in to changing their behaviour. We will therefore typically open a dialogue with the company, and if no progress is made over an extended period of time, we will make a decision regarding exclusion and disposal. In addition, Handelsinvest’s adviser regularly receives CO2 metrics for each company in the investment portfolios. In this connection, employees will assess the portfolio’s CO2 against the CO2 emissions for the relevant reference portfolios. If a company is assessed to have significantly adverse impacts on prioritised ESG factors, the procedures for norm-based screening are followed. Selected indicators are regularly monitored and assessed by means of internal as well as external data.

***Governance***

The statement above has been approved by the board of directors on 28<sup>th</sup> June 2023.

**Methods and data sources**

Handelsinvest uses internal as well as external tools in its assessment of portfolios' impact on sustainability factors. The table below presents data sources and any margin of error for each indicator

<b>Indicator</b>	<b>Data source</b>	<b>Margin of error</b>
GHG emissions (companies and sovereigns)	MSCI	Figures are based on a combination of recorded and estimated data. Scope 3 is based on estimation method that may be flawed
Biodiversity	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Water emissions	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Waste	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Social matters and employee matters	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Exposure to controversial weapons	MSCI and Sustainalytics	Based on assessment that may be flawed
Violation of the UN Global Compact's 10 principles	MSCI and Sustainalytics	Based on assessment that may be flawed
Investee countries subject to social violations	MSCI	Based on assessment that may be flawed
Sustainability data are characterised by a lack of consistent methods. It has been established that various		

<p>data suppliers score and assess companies differently, also as regards controversial conduct.</p> <p>A majority of ESG data from companies are provided on a voluntary basis. Large companies with extensive resources are able to provide more details about sustainability, hereby resulting in bias indicating that large companies have a better score than small companies. Moreover, problems in respect of data quality and data existence are seen across regions and asset classes, especially as regards emerging markets and, to some extent, lower-rated mortgage bonds.</p> <p>As regards CO2e statements, it is assessed that the vast majority of the large companies report on this issue – however, typically under scope 1 and 2.</p>		
<p><b>Policies of active ownership</b></p> <p>Handelsinvest’s work on responsible and sustainable investments, including its focus on active ownership, is described in our policies for sustainable and responsible investments. The policy is available at <a href="http://www.handelsinvest.dk">www.handelsinvest.dk</a></p>		
<p><b>Reference to international standards</b></p> <p>Our consideration for adverse impacts on sustainability factors involves the following international standards:</p> <ul style="list-style-type: none"> <li>- The Paris Agreement</li> <li>- OECD Guidelines for Multinational Companies</li> <li>- UN Global Compact</li> <li>- The ILO labour market conventions</li> <li>- UN Universal Declaration of Human Rights</li> </ul>		
<p><b>Historical comparison</b></p>		

This is the first time the statement is released with data, and so no historical comparison has been made.

**Additional climate- and other environment-related indicators**

Adverse sustainability impact	Adverse impact on sustainability factors	Parameter
Indicators applicable to investments in investee companies		
Climate- and other environment-related indicators		
Indicators applicable to investments in real estate assets		
GHG emissions	18. GHG emissions	Handelsinvest has no property investments

**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	Parameter
Indicators applicable to investments in investee companies		
Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis: 0.00