Principal Adverse Impact on Sustainability Factors Statement
Table 1
Financial market participant: Coeli Asset Management AB (5493005EHQXZDZVUXS17), Coeli Wealth Management AB (549300HYJ8M4BZGBVY86), Coeli Investment Management AB (549300Q95P7IVB71PU45), Coeli European AB (6367009XHKITZJWMYS39), Coeli Frontier Markets AB (5493002TXDWEII6S5J85) and Coeli Global AB (549300KF5F0XOZQNHP75) hereafter ("Coeli")
Publication date: 2023-06-30
Summary Coeli considers principal adverse impacts (PAI) on its investment on almost all decisions on sustainability factors. PAI are similarly considered for Coeli within the framework of the advisory process. In cases where principal adverse impacts on sustainability factors are not taken into account for individual products or that the integration of sustainability factors at product level goes beyond what is stated in this report, this is shown in the respective fund's information brochure. This statement on principal adverse impacts on sustainability factors covers the reference period from 1st of January 2022 to 31st of December 2022. Coeli Asset management has delegated the investment management functions for the IKC funds to IKC Capital AB (549300KANWUH74ELG813) which will have its own principle adverse impact statement disclosed on its website. Coeli considers principal adverse impact on an entity level by measuring and monitoring the aggregated negative impact on sustainability factors of Coeli's funds' investments. Coeli considers all mandatory indicators defined by the Sustainable Finance Disclosure Regulation ("SFDR") whereas data is available. The information on the impact of Coeli's funds will be published the 30th of June starting 2023 on an annual basis. The information presented the 30th of June each year will cover the period 1st of January until 31st of December the preceding year. For the reporting period 2022 there will be no comparison to the previous year. The comparison will be effective from 30th of June 2024.
Description of the principal adverse impacts on sustainability factors Coeli monitors the mandatory indicators set out by SFDR. The indicators are used to measure and handle the risk for potential negative impact of the investment on sustainability factors. For each of the indicators, Coeli are expected to describe the actions taken and planned actions to avoid these risks or reduce the principal adverse impacts they may have. Coeli seeks to manage the risk connected to potential adverse sustainability impact from our investment in different ways via screening criteria and surveillance of alleged violations of international standards. We monitor and evaluate a range of PAI indicators for investee companies on a regular basis.

Indicators applicable to investments in investee companies

Adverse sustainability indicator			Metric	Impact 2022	Impact 2021	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	427.75	N/A	First reporting period. Coverage ratio for the portfolio: 92.16 % (tCO2eq/EURm)	The company promotes that emissions decrease over time, but there is currently no stated goal for this. Individual funds can promote the reduction of greenhouse gas emissions as an environment-related feature. Individual funds can also exclude companies with significant income from the extraction/production of fossil fuels, but this depends on the investment strategy of the individual fund. The company wishes in the future that the negative consequences for the indicator should decrease during the coming reference period in relation to the development of the managed capital that the company has.
			Scope 2 GHG emissions	99.51	N/A	First reporting period. Coverage ratio for the portfolio: 92.16 % (tCO2eq/EURm)	See comment for indicator number 1
			Scope 3 GHG emissions	3,402.34	N/A	First reporting period. Coverage ratio for the portfolio: 92.16 % (tCO2eq/EURm)	See comment for indicator number 1
			Total GHG emissions	3,929.60	N/A	First reporting period. Coverage ratio for the portfolio: 92.16 % (tCO2eq/EURm)	See comment for indicator number 1
	2.	Carbon footprint	Carbon footprint	372.83	N/A	First reporting period. Coverage ratio for the portfolio: 92.16 % (tCO2eq/EURm)	See comment for indicator number 1

	3.	GHG intensity of investee companies	GHG intensity of investee companies	1,148.46	N/A	First reporting period. Coverage ratio for the portfolio: 92.78 % (tCO2eq/EURm)	See comment for indicator number 1
	4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.91%	N/A	First reporting period. Coverage ratio for the portfolio: 96.90 %	No established policy exists regarding exposure to companies operating in the fossil fuel sector. Individual funds may have exclusions against companies active in the fossil fuel sector. The company has not defined any targets for the upcoming reference period.
	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	Share of non-renewable energy consumption: 77.23% Share of non-renewable energy production: 1.09%	N/A	The indicator is not available as a summed value and therefore the choice has been made to report the parts separately. Coverage rate for non-renewable energy consumption: 20.12 % Coverage rate for non-renewable energy production: 95.88%	During 2022, the company has not taken any special measures regarding the share of non-renewable energy consumption and energy production. The company has not defined any targets for the upcoming reference period.
	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	Manufacturing: 0.38 Electricity, Gas, Steam and Air conditioning supply: 1.02 Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles: 0.02 Transportation and	N/A	First reporting period. Coverage ratio for the portfolio: 12.91%	During 2022, the company has not taken any special measures regarding the share of non-renewable energy consumption and energy production. The company has not defined any targets for the upcoming reference period.

				storage: 1.02			
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	0.00%	N/A	First reporting period. Coverage ratio for the portfolio: 97.94 %	During 2022, the company has not taken any special measures regarding the share of non-renewable energy consumption and energy production. The company has not defined any targets for the upcoming reference period.
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.99	N/A	First reporting period. Coverage ratio for the portfolio: 1.76 %	During 2022, the company has not taken any special measures regarding the share of non-renewable energy consumption and energy production. The company has not defined any targets for the upcoming reference period.
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	118.58	N/A	First reporting period. Coverage ratio for the portfolio: 6.11 %	During 2022, the company has not taken any special measures regarding the share of non-renewable energy consumption and energy production. The company has not defined any targets for the upcoming 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	0.00 %	N/A	First reporting period. Coverage ratio for the portfolio: 97.94 %	Continuous screening of holdings to identify violations of the UN Global Compact and OECD Guidelines for Multinational Enterprises. Impact dialogue is conducted with companies that are involved in verified crimes, alternatively companies may be divested.
	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	24.89 %	N/A	First reporting period. Coverage ratio for the portfolio: 72.37 %	In the event of a violation, an assessment is made of the seriousness and whether the risk of further violation is high. The company has not set any targets regarding indicator 11.
	12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.84 %	N/A	First reporting period. Coverage ratio for the portfolio: 3.01 %	The company promotes principles of equal pay for equal work and wants the pay gap between women and men to be as small as possible.
	13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.99 %	N/A	First reporting period. Coverage ratio for the portfolio: 61.77 %	The company strives for as even a gender distribution as possible (40/60) in any direction.

	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 %	N/A	First reporting period. Coverage ratio for the portfolio: 99.04 %	The company has zero tolerance for controversial weapons. Screening is done on holdings to identify exposure to controversial weapons. In case of violation, exclusion will take place.
Indicators applicable to investments in sovereigns and supranational							
Adverse sustainability indicator			**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Environmental	15.	GHG intensity	GHG intensity of investee countries	360.2	N/A	First reporting period. Coverage ratio for the portfolio: 97.10 %	The company has not undertaken any activities in the area in 2022. The company has not defined any targets for the upcoming reference period
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	94.8 % (23)	N/A	First reporting period. Coverage ratio for the portfolio: 97.10 %	The company has not undertaken any activities in the area in 2022. The company has not defined any targets for the upcoming reference period
Indicators applicable to investments in real estate assets							
Adverse sustainability indicator			**Metric**	**Impact 2022**	**Impact 2021**	**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	N/A	N/A	N/A	N/A
Energy efficiency	18.	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A

Additional indicators						
1.	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	22.44%	N/A	First reporting period. Coverage ratio for the portfolio: 57.97%	During 2022, the company has not undertaken any activities in this area. The company promotes that the investments set up strategies for the prevention of workplace accidents
15.	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0.00%	N/A	First reporting period. Coverage ratio for the portfolio: 97.94 %	The company has not undertaken any activities in the area in 2022. The company sees that the investments continue to take sufficient measures.

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

The SFDR defines the different sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principle of adverse impact is generally considered as the negative impact on investment decision or investment advice on these factors.

In accordance with Coeli's Sustainable Investing Policy, most of the investments made by our investment team are analysed and assessed from a negative impact perspective.

The Sustainable Investing Policy has been adopted by the boards of Coeli in February 2023 and the policy is to be updated at least annually by Coeli's Sustainable Investing Council with input from Compliance, Risk management and other stakeholders and, be approved by the Board of directors.

The policy confirms Coeli's overall guidelines regarding principal adverse impact and that each investment team is responsible for the due diligence procedure and investment processes in order to identify principal adverse impacts of investments decisions and seek to address and mitigate them.

The Methodologies and data used to assess each principal adverse impact are the following:

ESG Safeguards

Coeli's sustainable investing framework comprises a baseline integration of ESG safeguards. The ESG safeguards consist of screening and exclusions, implemented across our product range to ensure the portfolio meets a minimum standard irrespective of the individual portfolio's ESG profile. Further, our product range include additional ESG features specified for each product. Depending on the investment strategy, the portfolio could for example exclude certain sectors, select securities with particular ESG standards, or invest thematically.

Principle Adverse Impacts monitoring

PAI monitoring is carried out using an expert-data service provider. The issuer's PAI indicator performance is assessed and ranked on their PAI indicator performance, both for individual indicators and overall. The output of the total assessment and ranking results in a flag indicating the performance of each issuer. The issuers flagged for poor performance, either overall or on individual indicators, are then analysed by our investment teams. For a given indicator, multiple data sources may be used. The indicator importance is prioritised according to parameters reviewed and maintained by our investment teams.

Subject to data availability, Coeli monitors the selected PAI indicators for all managed assets, with the exception of asset where data on PAIs is not available on an ongoing basis using expert-data provider services. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators are identified based on data acquired from expert-data providers, and relevant cases will be escalated to our investment teams.

These parameters take into account various aspects, including data quality, data freshness and history, data coverage, aspects of the methodology of the data providers, the materiality of the indicator's subject matter, and divergence of indicator values.

The worst performing issuers, or "negative outliers" will be analysed by our investment teams and where relevant escalated to Coeli's Sustainable Investing Council (SIC), who will agree and decide on the appropriate action. Cases may also be triggered by internal analysis, based on information/data from other sources. The range of possible actions consist of the following:

Engagement: The issuer is identified as a candidate for an engagement case. This can be due to various reasons such as the issuer's PAI performance, either overall or on certain indicators, or low data coverage for the issuer compared to benchmark. The investment team engages with the issuer and tracks performance after the engagement based on relevant PAI-related KPIs.

Exclusion: The issuer is deemed not eligible for investments across our managed portfolios and is excluded.

No action: The PAI indicator level of the issuer is deemed acceptable or judged not to reflect the actual ongoing performance of the company, and no further action is needed at this point. The issuer will continue to be assessed on an ongoing basis in deciding the appropriate action, the investment teams consider, among other things, the severity and scope of individual adverse impacts, and the probability of occurrence and severity of adverse impacts, including their potentially irremediable characteristics.

Margin of error

The measurement for the principle of adverse impact is in general made through a third-party supplier of sustainability data. Coeli uses the sustainability data from ISS ESG and have chosen to do so through a due diligence process.

As ISS ESG is used as the data colleting tool, Coeli in general do not collect sustainability data directly from the companies the funds are investing in. If no data is available, each investment team aim to collect the data from the companies directly.

As of January 2023, ISS ESG cover 7.800 companies, 830 sovereign issues and up to 28.500 controversies. The data quality and coverage for principal adverse impact for each security depends on which type of security it is and the reporting obligation.

At this time, it is hard to estimate the margin of error on the data, but it is most likely that it is severe. As more disclosures are present the data quantity and quality will improve and increase which will make the statements more accurate.

Engagement policies

As active investors and asset managers, our teams are engaged in their investments covering a range of ESG and sustainability aspects that are identified in the due diligence and investment processes. Based on the investment teams' thorough knowledge and understanding, constructive dialogues are initiated with company management, regulators, interest groups, government representatives, or peers, seeking to:

- Promote environmental and/or social factors.
- Address and mitigate sustainability risks and principal adverse impacts, and/or
- Contribute to positive development and change.

Each investment team is responsible for establishing their engagement activities, which may come in the form of meetings, formal correspondence, participation at conferences, and exchange of information. Investment teams that invest in publicly listed companies are also able to exercise their ownership power by voting at general meetings. For more information, please see Principles for shareholder engagement.

References to international standards section

The application of PAI builds on the United Nations Sustainable Development Goals (SDG's) and relevant international conventions and norms, including, but not limited to: United Nations Global Compact; OECD Principles of Corporate Governance; OECD Guidelines for Multinational Enterprises Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights; Children's Rights and Business Principles; ILO conventions on labour standards; Rio Declaration on Environment and Development; UN Convention on Corruption; Convention on Cluster Munitions; Paris Agreement under the United Nations Framework Convention on Climate Change.
In relation to the alignment with the Paris Agreement, the application of PAI includes a requirement for investee companies that are active in the most climate-critical sectors to demonstrate a credible transition strategy that is compatible with the Paris Agreement's climate objectives. This includes assessments of their decarbonization pathways as well as their positive contributions to climate mitigation. As the methodologies for assessing this progressively reach greater maturity for a greater number of sectors, the number of companies subject to this requirement will grow.

Historical comparison

The first historical comparison will be available in June 2024.