



Statement on principal adverse impacts of investment decisions on sustainability factors

Table 1

Financial market participant	Carnegie Likviditetsfond	LEI 529900ALQS8ALPPBBU78
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Summary

Carnegie Likviditetsfond, LEI 529900ALQS8ALPPBBU78, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Carnegie Likviditetsfond. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Carnegie Fonder works with three general methods for addressing and mitigating ESG risks and principal adverse impacts of investment decisions on sustainability factors. These are positive screening, negative screening and advocacy. Among other things, these factors are considered in CF THOR, our internal ESG analysis tool. Carnegie Fonder also excludes investments in companies whose activities are assessed as harmful to society or the environment. The fund company influences investee companies through active shareholder engagement in relation to matters including increasing transparency, targets and/or further development.

Data have been obtained from Bloomberg on a quarterly basis and a median value was used for each indicator. As 2022 is the first reported period, historical comparison of reported periods with the preceding reported periods will be carried out from 2024 when this data becomes available. Only reported data have been used, and as this data is unavailable for some holdings, portfolio coverage for each indicator is shown in the table under "Explanation".

Description of the principal adverse impacts on sustainability factors

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					
1. GHG emissions	Scope 1 GHG emissions	1131	N/A	First report period. Portfolio coverage reported data: 44%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.
	Scope 2 GHG emissions	1935	N/A	First report period. Portfolio coverage reported data: 42.8%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.

Greenhouse gas emissions

1. GHG emissions	Scope 3 GHG emissions	285773	N/A	First report period. Portfolio coverage reported data: 40.6%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.
	Total GHG emissions	288041	N/A	First report period. Portfolio coverage reported data: 40.6%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.
2. Carbon footprint	Carbon footprint	102	N/A	First report period. Portfolio coverage reported data: 40.6%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.
3. GHG intensity of investee companies	GHG intensity of investee companies	86	N/A	First report period. Portfolio coverage reported data: 77.7%	We want emissions to decrease over time, in line with the Paris Agreement. We analyse the company's emissions historically, but also include forward-looking components in the form of corporate targets, primarily Science Based Targets. Companies that have not set such targets are encouraged to do so.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	N/A	First report period. Portfolio coverage reported data: 100%	For certain funds, we exclude companies that generate more than 5% of turnover from fossil fuels. Funds that do not exclude: Invest from a risk-based perspective with consideration given to the environmental impact of these companies. Over time, the funds shall follow the roadmap stated in Carnegie Fonder's environmental targets.
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	40.4/0	N/A	First report period. Portfolio coverage reported data: 100%	The share of production and consumption of non-renewable energy shall decrease over time.

	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	0.03	N/A	First report period. Portfolio coverage reported data: 47.5% Data presently unavailable to report per sector.	We want to see companies decrease their energy intensity over time, measured against e.g., turnover or other production measurements we find relevant. We also take forward-looking components into account here, such as corporate targets.
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	N/A	First report period. Portfolio coverage reported data: 0.1%. Our data refer only to whether companies have activities in these areas, and not whether they actually have adverse impact.	When companies might engage in these activities, we want to see them decrease over time and eventually cease. However, as there is currently very little company-reported data available, the fund company has chosen not to fully consider this aspect at this stage.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	N/A	First report period. Portfolio coverage reported data: 3.2%	We want to see emissions to water decrease over time. We also take forward-looking components into account here, such as corporate targets.
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	N/A	First report period. Portfolio coverage reported data: 22.8%	We want to the quantity of hazardous waste decrease over time. We also take forward-looking components into account here, such as corporate targets.

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	N/A	First report period. Portfolio coverage reported data: 100%	We have a process and policy for managing incidents including an escalation strategy for advocacy and possible divestment.
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Social and employee matters	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	8.95	N/A	First report period. Portfolio coverage reported data: 51%	We interpret this to mean that the company has signed the UN Global Compact. Influencing companies to sign the UN Global Compact is an important tool.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	32.74	N/A	First report period. Portfolio coverage reported data: 4.7%	We want to see the pay gap in investees decrease over time. We also take forward-looking components into account here, such as corporate targets.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	40.65	N/A	First report period. Portfolio coverage reported data: 4.7%	We want to aim for a 40/60 split either way in gender distribution. We can also promote this by using our voting rights at general meetings (for equities) and in nomination committee work.
	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 report period. Portfolio coverage reported data: 100%	We exclude such companies.

Indicators applicable to investments in sovereigns and supranationals

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	0.00	N/A	First report period.	The fund company's funds only invest in government bonds issued by the Swedish state.
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	N/A	N/A	Investments only in bonds issued by the Swedish state.	The fund company's funds only invest in government bonds issued by the Swedish state.

Other indicators for principal adverse impacts on sustainability factors

Table 2

Additional climate and other environment-related indicators

Adverse sustainability indicator	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

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	80.75	N/A	First report period.	The fund company and the funds follow the roadmap laid out according to the fund company's climate target, which has been approved by Science Based Target initiative.
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Table 3

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 indicator	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	55.18	N/A	First report period.	Defined as companies that lack a whistleblower protection policy. The strategy is for the share of companies that lack such a policy to decrease over time.
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Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The fund company's governing body adopted the following strategies on 15 July 2022.

Responsibility and methods for implementing these strategies

ESG factors can directly or indirectly affect a company's revenue and/or costs and thus have a large positive or negative impact on its financial performance and value, and thus value growth in the funds. Carnegie Fonder shall therefore and to the greatest possible extent seek to understand how the ESG factors that are considered the most material for the specific investee company could affect its future business model, competitiveness and financial position. These might involve, for example, environmental factors such as climate, emissions, resource and energy efficiency and water and waste management, or social factors such as human rights, working conditions, equality and diversity, the working environment and a responsible supply chain, or good business ethics and prevention of bribery and corruption ("anti-corruption"). We consider a wide range of ESG-related data at Carnegie Fonder, including the Principal Adverse Impacts (PAI) identified by the EU for which structured data is available. Indicators, our targets, tools and the strategies we apply to each indicator are shown on the table below. At present, the specific factors for sovereign bonds are not analysed because the only state in which the funds invest is the Swedish state and the usefulness of a separate tool for this purpose is thus extremely limited. Individual issues of sovereign bonds are analysed, however, and matters including any green frameworks for example are considered. Prioritisation of and actions related to sustainability indicators are based on our Policy for Responsible Investment and Shareholder Engagement.

Carnegie Fonder works with three general methods for managing and limiting ESG risks and principal adverse impacts of investment decisions on sustainability factors. These are positive screening, negative screening and advocacy (engagement).

Positive screening

Three main methods are applied in the investment screening and selection process.

- ESG analysis using CF THOR
- Meetings between fund managers and company management
- Investments in bonds linked to ESG investments

CF THOR creates structure in the analysis process and ensures that managers consider material ESG aspects, including identification and assessment of principal adverse impacts on sustainable development. This also involves identifying business opportunities, and not only the risks. The tool is based on long-established and accepted sustainability frameworks and initiatives, such as GRI, CDP and the 17 UN SDGs, and also considers future developments in, for example, the EU Taxonomy and the Task Force for Climate Related Financial Disclosures (TCFD). The tool covers more than 100 data points related to environmental, social and governance factors, as well as about 30 qualitative questions to capture the full breadth of ESG factors.

Negative screening

Carnegie Fonder excludes investments in companies whose activities are assessed as harmful to society or the environment. Carnegie Fonder therefore does not invest in companies that have been proven in a serious or systematic way to violate international conventions and norms concerning labour law, human rights, the environment and corruption, and that have not been judged as showing sufficient willingness to change to address the problems. Norms that are given special consideration are the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

This includes companies that have either been identified as "non-compliant" in the Sustainalytics Global Standards Screening, or companies that have otherwise been brought to the attention of Carnegie Fonder. A systematic review of all investee companies is carried out twice a year.

Sustainalytics Global Standards Screening also identifies companies with operations (generating more than 5 percent of turnover) within selected sectors. Precise definitions of each excluded sector and the procedures followed when companies are shown to violate the screened international norms can be found in the document called "Sector Definitions", which is available on Carnegie Fonder's website.

Margins of error in the selected methods

The methods described are dependent upon the supply and quality of data provided directly by investee companies as well as third-party data. By nature, the following indicators contain an assessment component and are provided by third-party providers.

1.10 Violations of UN Global Compact and the OECD Guidelines for Multinational Enterprises

1.14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Data sources used

Bloomberg, Sustainalytics, Science Based Target initiative

Engagement policies

Carnegie Fonder exerts influence on investee companies by means of active shareholder engagement. Policies for shareholder engagement and voting have been established for this purpose. These policies apply to Carnegie Fonder's shareholder engagement in companies that have issued shares admitted to trading on a regulated market in Sweden or the equivalent abroad, and are applied to both equity and bond holdings or other debt instruments. The express purpose of shareholder engagement at Carnegie Fonder is to safeguard or increase return on the funds' investments. Shareholders, boards of directors and company management have different roles and it is important that there is a balance between these roles.

Shareholder engagement is the influence of shareholders on, and their monitoring of, the work performed by company boards and management. Carnegie Fonder's shareholder engagement takes place mainly on three levels: dialogues with representatives of investee companies, voting at general meetings and our work on nomination committees. Carnegie Fonder is not part of any fixed shareholder group, but may collaborate with other shareholders concerning certain issues if it improves the opportunities for active and effective shareholder engagement. To avoid restricting the freedom of Carnegie Fonder to trade in securities in listed companies, employees of Carnegie Fonder are not allowed to serve on the boards of directors of listed companies.

References to international standards

Carnegie Fonder signed the UN Global Compact in 2017 and committed to its principles for how companies should act in matters related to human rights, labour, environment and anti-corruption - the same principles that we require our holdings to adhere to. Holdings in all funds managed by Carnegie Fonder are assessed against the OECD Guidelines for Multinational Enterprises to ensure that an investee company's activities are not in breach of the same. These international standards are incorporated in the fund company's exclusion policy and Carnegie Fonder thus verifies on a daily basis that all fund holdings are in compliance with the standards. This is accomplished using data obtained from Sustainalytics and is checked in Bloomberg. Any non-compliance is flagged for Middle Office, which then reports to the fund company's Head of Sustainability as well as the Risk Manager. The primary PAI indicators that measure the compliance of investee companies with the aforementioned international standards are:

- 1.10. Share of investments that violate international norms and standards (e.g. UNGC)
- 1.11. Share of investments that lack policies to monitor compliance with international norms and standards

There are several initiatives that are all aimed at promoting compliance and support for the Paris Agreement. As a result of the scientific basis and gravitas of SBT (Science Based Targets), the initiative is increasingly becoming a standard for businesses committed to promoting the climate transition through the power of their actions, including the financial industry. SBTi, formed in 2015, is an initiative that involves a forward-looking climate scenario. In 2021, Carnegie Fonder became the first Swedish fund company to join the Science Based Targets initiative, SBTi. At that point, about 25 percent of assets under management at Carnegie Fonder had joined SBTi and that target is for 100 percent to have an SBT by 2040. The commitment will be evaluated every five years, and thus holdings corresponding to 46 percent of assets under management must have set an SBT by the end of 2026. Data obtained from Bloomberg and Science Based Targets initiative are used to measure commitments by investee companies. These data are included in the mandatory ESG analysis performed prior to investment.

The primary PAI indicators that measure the compliance of investee companies with or their adaptation to the Paris Agreement are:

- 2.4 Investments in companies that do not have initiatives to reduce carbon emissions
 - 1.1 Emissions of greenhouse gases
 - 1.2 Carbon footprint
 - 1.3 Greenhouse gas intensity of the investment target
 - 1.4 Exposure to companies operating in the fossil fuels sector

Historical comparison

A historical comparison of the reported period with the preceding reported period will be carried out from 2024 when this data will become available.