

Principle Adverse Impacts

Enforced as of 30th of December 2022

Grünfin AS considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures.

The process is being reviewed by the Investment Committee on a regular basis who is also responsible for its implementation. The process is applied to Grünfin portfolio management product.

The publication of this statement on principal adverse impacts on sustainability factors coincides with the first reference period of 1 January 2022 to 31 December 2022. Reporting over that reference period on the mandatory indicators for adverse impacts of Annex I of the SFDR Delegated Act will take place in 2023. A summary of mandatory Principal Adverse Indicators is provided below.

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
Biodiversity	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	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
	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
	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
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average

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
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
	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
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	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
Adverse sustainability indicator		Metric
Environmental	15. GHG intensity	GHG intensity of investee countries
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
Adverse sustainability indicator		Metric
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
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets

Data sources and possible margin of error

Data processing takes place in different forms, the preference is always to have data acquisition directly from funds asset managers. It is currently complex to report sufficiently accurate yet broad numbers on the proportion of data that is estimated. Evaluating the proportion of sourced data that is estimated remains a challenge due to insufficient metadata.

The primary limitation is the lack of corporate disclosure. Grünfin, while providing portfolio management services, uses index funds provided by some of the well-known asset managers. Like asset managers, Grünfin has difficulties to find adequate information on the principal adverse indicators. We have noticed that different data providers have their own methodologies and processes, respective strengths and weaknesses, especially concerning modelled data. There are strong indications that corporate reporting might not improve until 2025. However, we are keeping contact with our funds' asset managers.

References to engagement policies and international standards

The investments in Grünfin portfolio are index funds, this means that no direct voting rights are given to Grünfin or its customers. However, indirectly, via cooperation with ShareAction or similar organisations engaging in Investor Activism in the future, Grünfin has participated and will continue to participate (when and where relevant and possible) in meetings and have dialogues with the top management of companies included in our investments in order to promote environmental and social aspects in conduct of such companies. Indirectly we also promote sustainability by exclusively selecting sustainable funds of asset managers that are signatories of the UN Principles for Responsible Investment and Climate Action +100.

One of the key objectives of Grünfin Climate portfolios aims to align with the objectives of the Paris Agreement.