

PAI (Principal Adverse Impact)

Catella Fonder ("Catella") takes PAI into account in selection and holdings of portfolio companies.

All portfolio companies have exposure to sustainability risks of some form and to varying extents. The degree of risk and its potential impact on the financial statements is affected by the portfolio company's sector, where the company conducts its business as well as its ownership structure. Companies active in controversial industries are excluded. Portfolio companies which produce goods and services that are connected to harmful health and environmental effects or are addictive are excluded. Companies that breach international norms and conventions are excluded and companies that breach UN Global Compact's 10 principles and 42 conventions are excluded.

We use external help from Sustainalytics for negative exclusion as well as receiving risk parameters for the portfolio companies as support in conducting follow-up of the individual company's risk exposure in continuous dialogue with portfolio company holdings or at selection and review of new companies.

We follow up the company's carbon dioxide footprint and we exclude companies with production or distribution of fossil fuels in aiming for achieving the goals of the Paris Agreement.

Investments in some cases are made in companies with identified higher sustainability risks where conversion processes are initiated, and we work with active impact.

Our work is guided by:

- Principles for shareholder engagement and sustainability at Catella Fonder
- UN Global Compact
- PRI