CLIENS
KAPITALFÖRVALTNING

Executive Summary

Cliens Kapitalförvaltning AB ("Cliens") (LEI: 5493001XOIKH56D1VB49) considers the principal adverse impacts of investment decisions on sustainability factors.

This report on the principal adverse impacts of investment decisions on sustainability factors covers all funds and discretionary mandates managed by Cliens. The report on the principal adverse impacts on sustainability factors covers the reference period from January 1 to December 31, 2023.

In this report, Cliens discloses all mandatory and two optional indicators for principal adverse impacts on sustainability factors. The two optional indicators, Indicator 19. Portfolio companies without climate targets and Indicator 20. No supplier code of conduct, were chosen to reflect our general sustainability focus on the climate and something relevant to the majority of our managed capital invested in small-cap companies. Regarding Indicator 19. Portfolio companies without climate targets, we have set a goal that at least 50% of our capital should be invested in companies with defined climate targets under the Science Based Targets initiative. In 2023, we had more than 20 dialogues with companies on the topic of climate targets, which was a significant increase compared to the previous year. Indicator 20. No supplier code of conduct was chosen because the smaller companies we invest in are often in an international expansion phase where the same institutional and legal frameworks that exist in the companies' home market, Sweden, are often not in place in other markets. Establishing a code of conduct and proactively addressing risks in other markets is thus a way to expand internationally but do so responsibly.

Cliens Kapitalförvaltning's primary intention regarding the indicators for principal adverse impacts is based on two goals. On the one hand, we seek to avoid companies that systematically have significant adverse impacts without a stated strategy to address them. On the other hand, we try to find companies that either through their operational model or their products and services, improve on any of the indicators for principal adverse impacts, for example, a company that emits large amounts of carbon dioxide and successfully reduces this consistently and meaningfully.

We have an internally developed model that distinguishes between companies in different sectors and company sizes to best identify which indicators are most relevant for a specific company from a double materiality perspective. The outcomes on various indicators must fall within certain thresholds for us to invest in a specific company in our funds. When the outcomes on the indicators fall outside our defined thresholds, we analyze the company's strategy to address identified shortcomings. If the company lacks an improvement plan or does not indicate in dialogue with us that it is willing to make improvements, the company gets excluded from our investment universe. We are convinced that our general strategy gives us good conditions to improve our overall sustainability footprint over time, defined by all principal adverse impacts on sustainability factors.

In this year's report, several indicators lack sufficient data for us to conclude whether the outcome is desirable. However, we see that as various regulations come into force in the EU, such as the Corporate Sustainability Reporting Directive (CSRD), data availability will increase significantly, making the results more meaningful. In cases where we lack reported data, we have used estimated data from our data provider.