PAI Entity Statement 2025 Formue

PAI Entity Statement
Financial market participant
Formue Norge AS

FORMUE

Summary

Formue Norge AS (Legal Entity Identifier 549300KW8UGXZ5QYQS79) 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 Formue Norge AS.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2025.
A Principal Adverse Impact (PAI) is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social concerns, respect for human rights and anti-corruption.

Where data is available, we use quantitative analyses to monitor the portfolio's exposure to adverse impacts. The scope for influence in index funds is limited, but analyses of PAIs are a basis for follow-up of those active asset managers with whom we invest our clients' capital. We prioritize continuous improvement in data access and quality.

Many types of economic activity have the potential to impact sustainability factors, and the indicators area way of measuring this impact. Table 1 of this disclosure shows that our investment decisions cause adverse impacts on sustainability factors. We believe access to data and improvements in data coverage are important in our work to reduce impacts, and we manage the adverse impacts on sustainability factors through engagement with the asset managers with whom we invest our clients' capital. You can read more about the impacts, actions taken to reduce the impacts, policy to address the impacts and engagement strategy in the statement below.

Published 30.06.2026

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
Greenhouse Gas Emissions							
1. GHG Emissions	GHG Emissions - Scope 1	61,619	68.6 %	100,452	69.5 %	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2) weighted by the portfolios' value of investment in a company and by the company's most recently available enterprise value including cash.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	GHG Emissions - Scope 2	14,214	68.7 %	25,225	69.6 %	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2) weighted by the portfolios' value of investment in a company and by the company's most recently available enterprise value including cash.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	GHG Emissions - Scope 3	621,164	68.8 %	1,039,747	70.1 %	Sum of portfolio companies' Carbon Emissions - Estimated Scope 3 (tCO2) weighted by the portfolios' value of investment in a company and by the company's most recently available enterprise value including cash.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	Total GHG Emissions	691,308	68.8 %	1,164,422	69.5 %	Total annual GHG emissions across scope 1, scope 2 and estimated scope 3 assosiated with the market value of the portfolio.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

		2024		2025			
Adverse Sustainability Indicator	Metric	Impact	Coverage	Impact	Coverage	Explanation	Action taken
2. Carbon footprint	Carbon footprint	339	68.8%	369	69.5%	Total annual GHG emissions across scope 1, scope 2 and estimated scope 3 assosiated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash)	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
3. GHG intensity of investee company	GHG Intensity of investee companies	744	77.8%	802	77.0%	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue)	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.8 %	78.3%	5.1 %	77.6%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production	66.8 %	77.8%	62.3%	77.1%	The portfolio's weighted average of issuers' energy consumption and/or production from non- renewable sources as a percentage of total energy used and/or generated.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
6. Energy consumption per high impact sector	NACE Code A (Agriculture, Forestry and Fishing)	0.70	69.9%	0.39	71.3%	The portfolio's weighted average of Energy Consumption Intensity (GwH/ million EUR revenue) for issuers classified within NACE CodeA	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code B (Mining and Quarrying)	1.70	69.9%	0.87	71.3%	The portfolio's weighted average of Energy Consumption Intensity (GwH/ million EUR revenue) for issuers classified within NACE Code B	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code C (Manufacturing)	0.60	69.9%	1.15	71.3%	The portfolio's weighted average of Energy Consumption Intensity (GwH/ million EUR revenue) for issuers classified within NACE Code C	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

		2024		2025			
Adverse Sustainability Indicator	Metric	Impact	Coverage	Impact	Coverage	Explanation	Action taken
	NACE Code D (Electricity, Gas, Steam and Air conditioning supply)	5.5	69.9%	4.4	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code D	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code E (Water Supply, Sew erage, Waste Management and Remediation Activities)	22.6	69.9%	0.9	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code E	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code F (Construction)	0.5	69.9%	0.6	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code F	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code G (Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles)	0.1	69.9%	0.2	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code G	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
	NACE Code H (Transportation and Storage)	1.50	69.9%	1.28	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code H	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
	NACE Code L (Real Estate Activities)	0.60	69.9%	0.59	71.3%	The portfolio's w eighted average of Energy Consumption Intensity (Gw H/ million EUR revenue) for issuers classified w ithin NACE Code L	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies w ith sites/operations located in or near to biodiversity sensitive areas w here activities of those investee companies negatively affect those areas	5.0 %	78.5%	7.3 %	78.0%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies w ith severe or very severe impacts on the environment.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
Water							
8. Emissions to water	Tonnes of emissions to w ater generated by investee companies per million EUR invested, expressed as a w eighted average	278.2	6.9%	151.0	11.6%	The total annual w astew ater discharged (metric tons reported) into surface w aters as a result of industrial or manufacturing activities assosiated w ith 1 million EUR invested in portfolio. Companies' w ater emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
Waste							
9. Hazardous waste ratio	Tonnes of hazardous w aste generated by investee companies per million EUR invested, expressed as a w eighted average	3.30	42.9%	2.35	50.2%	The total annua[hazardous w aste (metric tons reported) associated w ith 1 million EUR invested in the portfolio. Companies' hazardous w aste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash),	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

		2024		2025			
Adverse Sustainability Indicator	Metric	Impact	Coverage	Impact	Coverage	Explanation	Action taken
Social and employee matters							
10. Violations of UN Global Compact principles and Organization 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	0.1 %	78.6%	0.1 %	78.1%	The percentage of the portfolio's market value exposed to issuers w ith very severe controversies related to the company's operations and/or products.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
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 w ithout policies to monitor compliance w ith 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	8.2 %	78.1%	1.0 %	77.6%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined w ith manager survey data collected by Formue, are used to engage w ith managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

		2024		2025			
Adverse Sustainability Indicator	Metric	Impact	Coverage	Impact	Coverage	Explanation	Action taken
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.5 %	68.6%	12.8 %	74.5%	The portfolio holding's weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
13. Board gender diversity	Average ratio of female to male board members in investee companies	38.4 %	78.2%	38.3 %	77.6%	The portfolio holding's weighted average of the ratio of female to male board members.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
14. Exposure to controversial weapons (anti-personel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture of seiling of controversial weapons	0.0 %	78.6%	0.0 %	78.1%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, duster munitions, chemical or biological weapons Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONAL

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
Environmental							
15. GHG Intensity	GHG intensity of investee countries	362.00	84.3%	363.15	83.3%	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.
Social							
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	1.25	87.1%	5.75	85.6%	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Principal adverse sustainability impacts statement

ADDITIONAL INDICATORS FOR CLIMATE AND OTHER ENVIRONMENT-RELATED

FORMUE

Adverse Sustainability Indicator	Metric	2024 Impact	2024 Coverage	2025 Impact	2025 Coverage	Explanation	Action taken
Emissions							
4. Investments in companies without carbon emissions reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	28.7 %	77.6%	31.3 %	77.0%	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments

Principal adverse sustainability impacts statement

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

		2024		2025			
Adverse Sustainability Indicator	Metric	Impact	Coverage	Impact	Coverage	Explanation	Action taken
Human rights							
9. Lack of a human rights policy	Share of investments in entities without a human rights policy	3.1 %	78.5%	2.8 %	77.8%	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	For index funds, exclusions are used to reduce exposure to selected principal adverse indicators. For active funds, third-party data on PAIs, combined with manager survey data collected by Formue, are used to engage with managers to generate ESG process improvements. A request for evidence of transition planning, including SBTi, is prioritized in active investments.

Classification: Internal

Principal adverse sustainability impacts statement

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

The identification and prioritization of principal adverse impacts on sustainability factors are described in the sustainability appendix to the firm's investment policy set out by the board of directors to govern the work of the Investment Research Department.

It is included in the role of the Chief Investment Officer to put the investment policy into practice, and hereunder, delegate responsibility for specific investment or functional areas to senior employees of the Investment Management team.

Formue invests client assets exclusively in commingled vehicles (funds and partnerships). In general, several such third-party managed funds or partnerships are grouped together in fund-of-fund portfolios. It is therefore difficult to rely on manager sustainability data alone, as coverage levels and methodologies vary between managers, and Formue instead acquires principal adverse impact sustainability data at the underlying equity and bond level from a recognized third-party vendor. Depending on the level of data coverage, Formue will be able to consider and report on principal adverse impacts on sustainability factors in each public equity and fixed income fund-of-funds portfolio that is made available to clients.

As the third-party data vendor has coverage across all principal adverse impact factors, Formue has in principle been able to consider all factors. Given the mandates that govern public equities and fixed income at Formue, the company has chosen to analyze principal adverse impact factors relative to representative benchmarks for a given investment area. Factors will therefore be highlighted when they show a larger negative impact than a relevant index. Nevertheless, there are at this time lower levels of data coverage for certain factors, which may cause Formue to put less emphasis on such factors until data coverage is deemed to be sufficiently high.

Across our sustainability work, Formue has chosen to place greatest emphasis on GHG emission reductions. This will be seen in our reporting on improvement over time in the following Principal Adverse Impact indicators related to GHG emissions:

- GHG emissions (Scope 1, 2, 3 and total)
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Country GHG intensity of sovereign issuers"

Principal adverse sustainability impacts statement

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

Other areas of focus for reporting on principal adverse impact sustainability factors include: corporate governance, human rights, diversity, and controversial weapons.

Formue believes a process of engagement with our active fund managers may result in incremental positive change. As a basis for the engagement dialogue, Formue uses, inter alia, data on principal adverse sustainability impacts.

We use MSCI's EU Sustainable Finance Module which covers the principal and additional adverse sustainability impact indicators for over 10,000 corporate equity and fixed income issuers in addition to over 175 sovereign issuers or countries. Data sources include company direct and indirect disclosures, as well as direct communication with companies. In cases where company disclosure is unavailable, estimated metrics based on other MSCI ESG Research datasets are suggested. Data quality is ensured through various quality checks, including dual vendor validation and keyword scans. Data processing involves multiple layers of validation and governance committees provide oversight. Ongoing monitoring and updates to the dataset are based on source updates and the standard review cycle of MSCI ESG Research proprietary datasets. Company communication allows issuers to review data, provide feedback, and engage with MSCI ESG Research.

The calculations that result in the aggregated portfolio PAI values for each indicator are based on the MSCI SFDR Adverse Impact Metrics Calculation Guide.

The identified margins of error that can affect our above described methodology are related to:

- Low coverage – the part of portfolio covered results in aggregated PAI value that is not representative for the total portfolio.
- Error in received PAI data – the data received from MSCI is incorrect and therefore results in wrong aggregated PAI values.
- Error in received holdings data – the holdings data received from Bloomberg is incorrect and therefore results in wrong aggregated PAI values.
- Misinterpretation of methodology – our interpretation of the methodology is incorrect resulting in incorrect aggregated PAI values.
- Changes in fund allocations – where a material change in funds comprising the investment product make year-on-year comparisons of combined data meaningless

Principal adverse sustainability impacts statement

REFERENCES TO INTERNATIONAL STANDARDS

Formue has, as one of its principal objectives, alignment with the Paris Agreement across its operations and investments. In addition to the Sustainable Finance Disclosure Regulation (SFDR) we have an approved short-term target with the SBTi and report according to the internationally recognised standard for reporting emissions and climate risks - the Taskforce for Climate Related Financial Disclosures.

Within investments, as described above, the key characteristic we target is reduction in GHG emissions, and the associated PAIs. In addition, we will report on the share of portfolio companies with approved Science Based Targets (SBTi) and the share of portfolio companies with carbon emission reduction plans. The data source for the above is MSCI, initially just for liquid assets (equities and bonds excluding sovereign debt). (Please see section 2 above for more information about MSCI sources). We have access to a range of data relevant to other asset classes (EDCI for Private Equity, GRESB for Real Estate) but it generally lacks consistency for reporting on the above KPIs at this stage.

We do not use a forward-looking climate scenarios to drive our investment decisions, but TCFD reports from 2023 to 2025 illustrate how improving data availability is gradually allowing us to understand future risks, which may influence allocations. Our commitment to the SBTi means we aim to have 100% coverage of the portfolio with Paris-aligned Net Zero targets (to 2050) by 2040 (compared with 23% coverage for the assets in scope at end 2022). Given limited data for unlisted assets, notably hedge funds, these scenarios would have limited use as an indicator for a client's entire portfolio.

Principal adverse sustainability impacts statement

ENGAGEMENT POLICIES

Formue does not invest directly in companies but instead exclusively through funds or partnerships managed by third-party asset managers. Directive 2007/36/EC (as amended in 2022) as it applies to institutional investors or asset managers is not directly relevant.

Formue does nevertheless engage with those active fund managers that have been selected and has developed guidelines for this engagement work. These guidelines are referenced in the Investment Policy governing the work of the Investment Research Department at Formue.

Below is set out a brief summary of the manager engagement process:

- Sustainability risk and opportunity factors are integrated into the investment process, and are therefore the responsibility of each asset class team together with the evaluation, analysis and follow-up generally
- A sustainability summary including a ranking of the manager is presented to the investment committee, together with areas identified as having potential for improvement
- Asset class teams will cover areas of improvement with managers in the on-going follow-up, monitoring and engagement process