

IMPACT REPORT 2025

Value for generations



A LETTER FROM OUR CHAIR OF THE BOARD

DEAR STAKEHOLDERS

The financial year 2025 marked a turbulent period for sustainable finance regulation. Over the past decade, regulation had steadily expanded, creating an expectation of continued progress towards greater requirements and transparency. Disclosure requirements were tightening, capital was moving, and the debate had shifted from whether sustainability was financially material to how quickly it should be integrated. In 2025, however, this trajectory began to shift.

In the EU, the Omnibus package substantially narrowed the scope of the Corporate Sustainability Reporting Directive (CSRD) and softened the obligations of the Corporate Sustainability Due Diligence Directive (CSDDD), removing a share of companies from mandatory disclosure altogether, while the Sustainable Finance Disclosure Regulation (SFDR) was placed under separate review. Beyond Europe, political pressure prompted a wave of companies to scale back or withdraw public diversity and inclusion commitments, turning a previously uncontroversial disclosure area into a subject to be avoided. This created tension in the reporting requirements from the EU and the demands from the US administration, which put some of the companies in a difficult position. Against this backdrop, companies in our portfolio are navigating a rapidly changing regulatory environment. As a fund, we are not simply responding to these changes, we continue to apply our own sustainability standards and long-term perspective, using regulation as a baseline.

Amid this, COP30 in Belém, Brazil demonstrated that international cooperation can still deliver, if imperfectly. COP30 established adaptation as a central pillar of global climate action. Dubbed the "COP of Adaptation," Belém proved a turning point: countries agreed for the first time on an integrated package covering global metrics, national planning and financing guidance, together a stronger, more results-oriented framework for international adaptation work¹. The Belém Political Package was adopted by consensus across 195 countries, with agreement to triple adaptation finance by 2035 and to establish a mechanism to drive just transition. An attempt to secure a roadmap for phasing out fossil fuels did not make it into the negotiated text. This was a genuine disappointment, and a reminder that the pace of multilateral progress remains well behind the pace of physical change.

At SDG Invest, our position has not changed. Alongside the Omnibus package the Commission has proposed a separate revision of the SFDR, which would reclassify financial products into three new categories: 'sustainable', for products that contribute to sustainability goals; 'transition', for products channelling investment towards companies on a credible path to becoming sustainable; and 'ESG basics', for products that integrate ESG approaches, but do not meet the criteria of the other categories. On the basis of the SFDR-proposal as it currently stands, we are expecting the portfolio to meet the criteria for the 'sustainable' category, and we will confirm this once the final text and its delegated acts are adopted.

For our investors, this provides confidence that their capital is managed with purpose, rigour and a clear focus on long-term value creation, and that the companies they own are assessed on how they address climate change, biodiversity, inequality and governance. As an Article 9 fund, we recognise the importance of demonstrating measurable sustainability outcomes and embrace this responsibility as an integral part of our investment approach. It reinforces our commitment to generating long-term value while supporting the transition towards a more sustainable, resilient and inclusive economy. What follows in this report is our account of how the portfolio performed against those expectations in 2025.

Looking ahead, we remain committed to investments that contribute to a sustainable, fair, and resilient future. Our ambitious portfolio goals stand, and we will continue to meet our regulatory obligations while pursuing the mission that has guided us since 2017: to invest in companies that lead by example.

I want to sincerely thank our investors, our partners, and the colleagues and companies who engaged with us this year. In a year marked by turmoil, it is more important than ever to be clear about where we stand.

CHARLOTTE STOKKEBYE

Chair of the Board



¹ Source: cop30.br/en/2026-priorities/adaptation

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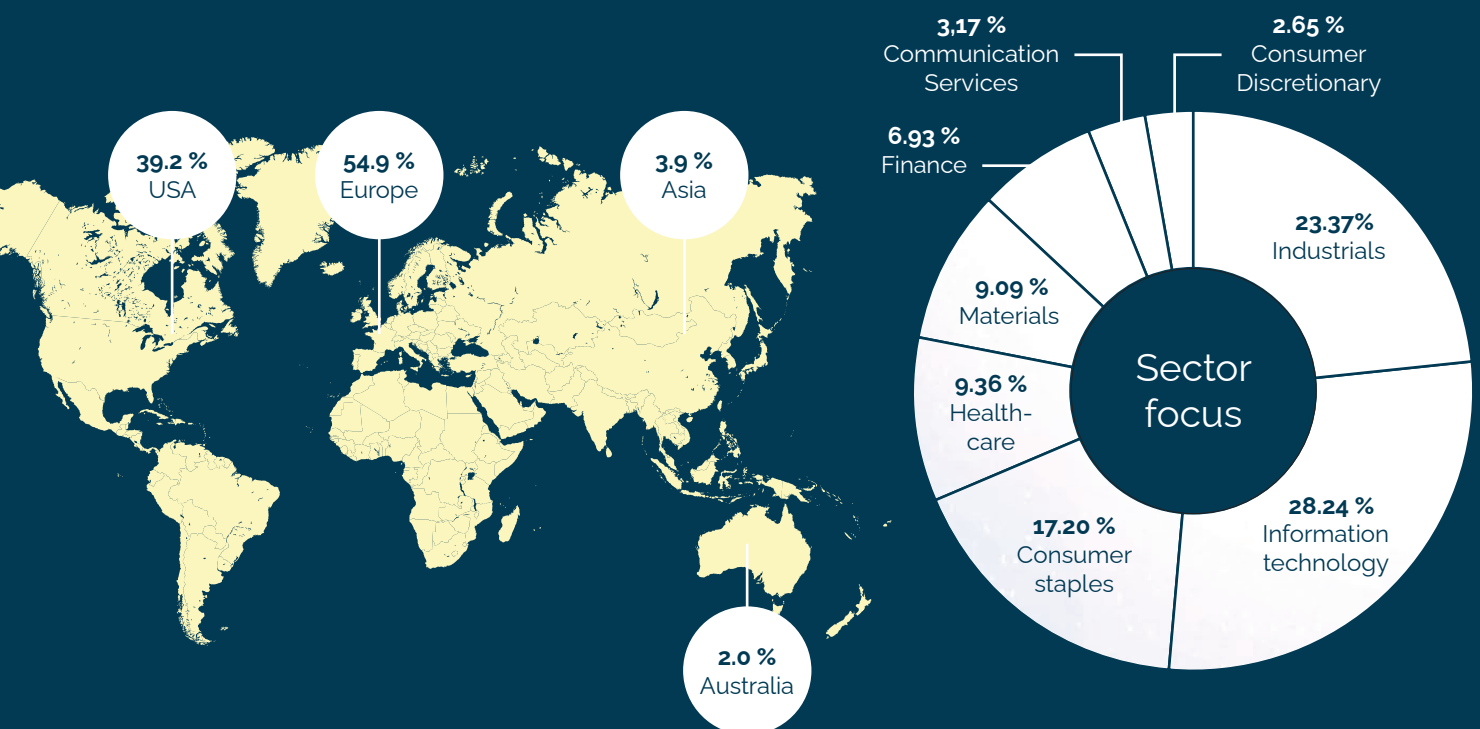
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2025 YEAR IN REVIEW

HIGHLIGHTS



PORTFOLIO OVERVIEW



ENVIRONMENTAL GOALS



SCIENCE-BASED TARGETS

95.7%

of portfolio companies have set Science-Based Targets.
(2024: 92% | 2018: 35%)
Goal to have 90% of portfolio companies with status "committed" on Science-Based targets by 2025 and 100% by 2030.



NET-ZERO TARGETS, SCOPE 1 + 2

90.0%

of portfolio companies have set net-zero targets for scope 1 and 2.
(2024: 82%)
Goal to have 80% of portfolio companies who have set net-zero targets for scope 1 and 2 by 2030 and 100% by 2050.



NET-ZERO TARGETS, SCOPE 3

84.0%

of portfolio companies have set net-zero targets for scope 3
(2024: 80%)
Goal to have 80% of portfolio companies who have set net-zero targets for scope 3 by 2030 and 100% by 2050.

While SBT is a crucial path to reach the Paris-agreement, SDG Invest also measures annual reductions in scope 1, 2 and 3. For scope 1 and 2 our target is to reduce 7% annually on average.

Environmental targets for SDG Invest					
Target and objective	2025	2030	2050	Data source	Status 2025
1 Temperature target	2.0°C	1.5°C	1.5°C	CDP	2.0°C
2 SBT coverage	90 %	100 %	100 %	SBTi	96 %
3 Net-zero targets, scope 1+2	50 %	80 %	100 %	Own measurement	90.0%
4 Net-zero targets, scope 3	50 %	80 %	100 %	Own measurement	84.0%
5 Annual reduction target, scope 1+2	-4.2% vs. company baseline	Total reduction of 42%	Net zero	Own measurement	-15.7%
6 Annual reduction target, scope 3	n/a	-23% vs. 2024 baseline	Net zero	Own measurement	0 %
7 Credibility score	-10 %	-42 %	0 %	Own measurement	-12 %
8 Engagement rate	100 %	100 %	100 %	Own engagement data	100 %

OUR APPROACH TO SUSTAINABLE INVESTING

The UN Sustainable Development Goals have been the foundation of SDG Invest's strategy since 2017.

The SDGs gave a clear, global framework at a time when few existed, built on the recognition that sustainability challenges are interconnected and cannot be solved in isolation. That premise still holds, and it is why the SDGs remain the reference point for how we define our purpose as an investor.

What has changed is the method. Over the past years our approach has developed in response to better data, sharper regulatory definitions and rising expectations of corporate accountability. The SDGs continue to define the *why* behind our strategy. The *how* has become more precise: measurable impact metrics, stricter environmental thresholds, and criteria that ask what a company has done rather than what it has committed to.

Our methodology is built around evidence: validated emission reduction targets, documented human rights due diligence, disclosed governance structures, and demonstrable progress on decarbonisation. Where a company states an ambition it cannot substantiate, we record it as an ambition, not as a result.

This year we have also reorganised how we report. The eight impact areas used in previous reports have been consolidated into six, reflecting where our assessment criteria now concentrate and where regulation has absorbed what we once measured separately. Biodiversity is reported as its own impact area for the first time.

SUSTAINABLE DEVELOPMENT GOALS



INVESTMENT STRATEGY AND ARTICLE 9 STATUS

Our investment strategy balances financial strength with sustainability leadership. Since 2017 our selection criteria have gone further than regulation required, and 2025 tested that position rather than changed it. As the mandatory regulation changed, the distance between what is required and what we ask of portfolio companies widened. We have kept our own criteria where they were.

SCREENING CRITERIA

We assess companies in both depth and breadth. In practice we screen for:

- Annual emission reductions
- Science-based targets, as a condition for all new portfolio companies
- SFDR screening, covering PAI thresholds, good governance, do no significant harm, minimum safeguards and the EU Taxonomy as required for an article 9 fund

Beyond these, we assess how a company performs against its industry rather than against the minimum.

That assessment is carried out through our leadership scorecard, described later in this section.

ARTICLE 9 AND WHAT COMES AFTER IT

SDG Invest is an Article 9 fund under the SFDR, meaning the fund has sustainable investment as its objective: contributing to the Paris Agreement's 1.5°C target through an investment strategy founded on the UN Sustainable Development Goals. This remains the highest classification available under the current framework, and we continue to meet its requirements in full.

The SFDR review may replace that classification. Under the Commission's proposal the Article 8 and Article 9 categories give way to a three-tier structure, and the terminology our investors have come to recognise would change. Our position is that the label may change and our commitment does not. What defines SDG Invest is the standard applied before a company enters the portfolio, not the category the fund is filed under. We will align our fund classification with the highest applicable category, while maintaining selection criteria that go beyond what regulation requires.

SDG INVEST IS AN ARTICLE 9 FUND

SDG Invest is an Article 9 fund under the Sustainable Finance Disclosure Regulation (SFDR), which means the fund has sustainable investment as its core objective.

Under SFDR 2.0 the categorisation of SDG Invest will likely change into a category called 'sustainable'. The objective of the fund remains the same and our ambitions are unchanged. Our objective is to support the goals of the Paris Agreement by contributing to the transition towards a low-carbon economy and limiting global warming. SDG Invest pursues this objective through a focused investment strategy that identifies and supports companies taking credible action to reduce greenhouse gas emissions.

The strategy is rooted in the UN Sustainable Development Goals (SDGs) and prioritises companies with:

- Documented climate targets, such as science-based emission reduction goals
- Demonstrable progress on emission reduction

- Alignment with sustainability principles across governance, operations, and impact

SDG Invest does not rely on a climate benchmark. Instead, we use proprietary tools and rigorous sustainability criteria to assess, monitor and manage the portfolio's environmental impact. This includes conducting an annual analysis of portfolio CO₂ emissions and applying exclusions to activities associated with significant environmental risks, including fossil fuel production.

Our objective is to deliver measurable positive environmental and social outcomes alongside long-term financial value, ensuring that sustainability considerations remain an integral part of the investment approach.

ARTICLE

9



Investment funds with sustainability as an integral objective of their investment strategy

COMPLIANCE AND REGULATION

2025 was a volatile year for sustainability regulation in the European Union, but it ended with more clarity than it began. The Commission proposed the Omnibus package in February 2025; Parliament and Council agreed to it in December; it was adopted as Directive.

- **The CSRD directive requires companies to publish a sustainability statement in their management report:** Reporting now applies only to organisations with more than 1,000 employees *and* more than €450 million in net turnover, replacing the previous two-out-of-three test. Listed small and medium-sized companies fall out of scope entirely, financial holding companies are exempted, and sector-specific reporting standards have been abandoned. The planned move from limited to reasonable assurance has been dropped. Our portfolio companies are large enough that the narrowed CSRD and CSDDD thresholds do not remove them from scope.

- **The CSDDD has been narrowed and deferred:** The directive requires in-scope companies to run risk-based human rights and environmental due diligence across their operations and chain of activities: identify adverse impacts, prevent or mitigate them, provide remediation, and operate a complaints mechanism. Those obligations now apply only to companies with more than 5,000 employees and more than €1.5 billion in turnover, reducing the number of companies in scope by around 70%. Member States must transpose by 26 July 2028 and apply the rules from 26 July 2029. The requirement to adopt and implement a climate transition plan has been removed, EU-wide civil liability has been replaced by national rules, and companies no longer map their entire value chain, only the parts where risk is highest.

- **The SFDR itself is under review:** The Commission's proposal of 20 November 2025 would replace the Article 8 and Article 9 framework with three product categories: sustainable, transition and ESG basics. In June 2026 the Council adopted its negotiating position, retaining the three-category structure and adding that sustainable and transition products should use at least three Principal Adverse Impact indicators to support their sustainability claims. On 10 September 2026 the European Parliament's Committee on Economic and Monetary Affairs adopted its report and voted to open interinstitutional negotiations. Trilogues are expected in the fourth quarter of 2026, and the final rules are not expected to apply before 2028.

If the trilogues end as suggested, it would change our label from Article 9 to the sustainable category. It would require at least 70% of investments to align with the selected sustainability objective. And it would reduce the list of mandatory PAI indicators from the current 18 to three mandatory and potential other relevant indicators.

Taken together, these changes pull in two directions. The scope of corporate reporting is shrinking at the same time as the evidentiary requirements attached to sustainability claims at product level are tightening. From 27 September 2026, a new EU directive prohibits generic environmental claims and offsetting-based climate neutrality claims across the EU. The separate Green Claims Directive was set aside in June 2025, but the effect is the same for anyone making a sustainability claim: it must be supported by evidence.



RISK MANAGEMENT AND DUE DILIGENCE

Managing sustainability risks is an integral part of our investment process. We recognise that ESG risks can affect a company's resilience, reputation and long-term value creation. We therefore conduct structured due diligence and ongoing assessments to identify, evaluate and manage material sustainability risks across our portfolio.

Our evaluation framework is informed by internationally recognised standards and principles, including:

- the OECD Guidelines for Multinational Enterprises,
- the UN Guiding Principles on Business and Human Rights (UNGPs),
- the International Labour Organization (ILO) standards, and
- the UN Global Compact (UNGC).

Climate-related risks and transition considerations are assessed with reference to relevant science-based approaches, including the Science Based Targets initiative (SBTi).

Our due diligence covers key areas including climate and environmental risks, human rights, labour practices, business ethics and governance and supply-chain risks. Where potential risks or breaches are identified through our due diligence, portfolio monitoring, company disclosures, media coverage, stakeholder information or a lack of progress against agreed objectives, we initiate an engagement process.

Depending on the nature and severity of the issue, this may involve direct dialogue with management, written questions, requests for additional information, or formal meetings to understand the circumstances and agree on appropriate remedial actions.

Breaches of recognised international standards, including the UNGC, UNGP, OECD Guidelines or applicable ILO standards, are treated as material sustainability concerns and are subject to enhanced review and engagement. Where appropriate, we seek evidence of corrective action, clear responsibilities and credible timelines for remediation.

If a company does not respond adequately, fails to implement agreed measures, or does not demonstrate sufficient progress in addressing material sustainability risks, we escalate our engagement. Where significant risks remain unresolved despite engagement, we may ultimately decide to exit our investment.

This approach enables us to integrate sustainability risks into investment decision-making throughout the ownership period, while using our position as an investor to encourage improved practices, transparency and long-term value creation.



ACTIVE OWNERSHIP ENGAGEMENT AND ADVOCACY

At SDG Invest, active ownership is a core part of our strategy. We use our position as shareholders to influence corporate behaviour directly, through annual written engagement with every company in our portfolio, through escalation where progress stalls, and through collective advocacy alongside other investors. Our aim is not only to hold companies to their commitments, but to raise the standard of what is expected of them.

DIRECT DIALOGUE

Each year we write to every company in our portfolio. Each letter sets out where we consider the company to be performing well, where we would like to see improvement, and what specific action we are asking for, drawn from our own analysis of that company's sustainability performance, opportunities and risks. Every letter includes an invitation to meet and discuss the assessment with us.

These exchanges are among the most valuable inputs we have. They give us insight into work that has not yet reached a published report, they surface the practical obstacles companies face in meeting new disclosure requirements, and they tell us how seriously sustainability is taken at the level where decisions are made.

They also let us state plainly what we expect: that portfolio companies align with our commitment to net zero, and that they report on their impacts with the precision our own obligations require.

Alongside the annual letters we write on specific issues as they arise. In 2025 that included a targeted campaign on SFDR-related disclosure and a second on diversity and inclusion, addressing gaps in data we are required to report and companies are best placed to provide.

IN 2025...



46

(all) portfolio companies received an active ownership letter, of which 11 responded



23

companies received letters on diversity and inclusion



16

companies received letters on SFDR-related disclosure



6

companies received exit letters

ESCALATION AND EXIT

Engagement is only credible if it has consequences.

A confirmed breach of our thresholds leads to a recommendation to divest. Where a potential breach is identified, or a company falls short of our emission reduction expectations, it is placed on our internal watchlist, which requires dialogue and intensified monitoring until the matter is resolved. We then engage through written correspondence and meetings to understand the gap and identify a route to alignment.

If meaningful progress is not made within a reasonable period, judged against the materiality and context of the issue, the company may be removed from the portfolio.

When we exit a company for sustainability reasons, we write to explain why. In 2025 we sent six such letters. We regard this as an essential discipline: a divestment the company never hears about changes nothing, whereas a documented explanation gives the board a clear account of why an Article 9 investor withdrew and what would have been required to retain us. Divestment ends our influence over a company, and the letter is the last opportunity to exercise it.

SYSTEMIC ALLIANCES

Some issues are larger than any single shareholder relationship. Where change requires coordinated pressure, we work with institutional investors, asset managers and advocacy organisations to strengthen our influence.

SDG Invest takes part in investor initiatives including Climate Action 100+, the Investor Alliance for Human Rights and the broader ICCR network, KnowTheChain, and the Principles for Responsible Investment.

Through these coalitions we press for more ambitious climate disclosure and emission reduction targets, for greater transparency across supply chains and stronger protection of human rights in multinational operations, and for responsible corporate governance, board diversity and transparency on executive remuneration.

We pursue these objectives through collaborative dialogue, coordinated shareholder action and joint advocacy. This work complements our direct engagement and reflects our view that an Article 9 fund has obligations to the wider market as well as to its own portfolio.



»Where change requires coordinated pressure, we work with institutional investors, asset managers and advocacy organisations to strengthen our influence.«

PROXY VOTING

As an active investor, we see proxy voting as an important extension of our ownership responsibility. Voting gives us a direct opportunity to influence how portfolio companies are governed and how they address material sustainability issues.

We assess resolutions not only against financial considerations, but also against our sustainability principles and the long-term interests of shareholders and stakeholders. Where proposals are inconsistent with these principles, we may vote against management or support shareholder resolutions that promote stronger governance, greater transparency, and meaningful progress on sustainability.

Proxy voting complements our broader engagement approach. It ensures that our ownership is reflected not only in the companies we choose to invest in, but also in how we exercise our rights as shareholders.

We did not use proxy voting in 2025, as no situation made it necessary. We are prepared to vote when relevant matters arise at our portfolio companies' general meetings.

FURTHER READING ON OUR ACTIVE OWNERSHIP WORK

As active owners, we engage with portfolio companies to ensure they rigorous standards and continuously improve their SDG impact strategies.

Read more in our [Policy for Active Ownership](#)



IMPACT AREAS AND REGULATORY COMPLIANCE



This section will characterise six impact areas where we assess the advancements in sustainability across the SDG Invest portfolio.

IMPACT 1 CLIMATE ACTION AND CARBON ACCOUNTABILITY

THIS IMPACT AREA AIMS TO HIGHLIGHT

how SDG Invest portfolio companies address climate change and the environment, and how the portfolio as a whole performs against the climate targets we have set ourselves. This impact area relates to SDG 13 – *Climate Action*.

Climate remains the core of our investment strategy. We select companies that are actively reducing emissions and aligning with a 1.5 °C pathway, and we hold the portfolio to explicit, dated targets rather than to general ambition. The table below sets out those targets and where the portfolio stood at the end of 2025.



Climate action and carbon accountability targets and status				
Parameter	Target	Unit	2024	2025
Total Carbon Emission (Scope 1 + 2)	Annual reduction goal of 7 % calculated as an average annual reduction (baseline 2020)	Tons of CO ₂ /\$M revenue, location-based	3,974.07	1,379.70
		Tons of CO ₂ /\$M revenue, market-based	3,426.65	1,342.24
Total Carbon Emission (Scope 3)	An annual reduction of 23 % from 2030 calculated as an average annual reduction (baseline 2024)	Tons of CO ₂ /\$M revenue	74,107.70	24,277.18
Status as "Target Set" with SBTi	2025 90 % of the portfolio 2030 100 % of the portfolio	Percentage	92 %	95.7 %
Set net-zero emissions goal with SBTi (Scope 1 + 2 + 3)	2025 50 % of the portfolio 2030 80 % of the portfolio 2050 100 % of the portfolio	Percentage	58 %	56.5 %
Temperature measure (CDP method used)	2025 2.0 °C 2030 1.5 °C	°C	n/a	2.0 °C

SCOPE 1, 2 AND 3 EMISSIONS

This measure captures the direct greenhouse gas emissions associated with the portfolio, allocating each company's emissions to investors according to their ownership share in line with the GHG Protocol. It allows us to track how emissions develop over time and shows how portfolio composition contributes to the total. Its limitation is comparability: because market values move independently of emissions, changes in company valuations can affect how the trend reads from one year to the next.

- **Our target** is an average annual reduction of 7% in Scope 1 and 2 emissions, with 2020 as the baseline, set to secure a systematic long-term decline rather than year-to-year fluctuation.
- **At the end of 2025**, the portfolio stood at 1,379.70 tCO₂e per \$M revenue on a location-based basis and 1,342.24 on a market-based basis, against 3,974.07 and 3,426.65 respectively in 2024 for scope 1 and 2.

Scope 3 captures the indirect, value chain emissions associated with the portfolio, and it is where the large majority of any portfolio's climate impact sits.

- **From 2030 we apply a target** of a 23% average annual reduction against a 2024 baseline, set to align value chain emissions with global net-zero pathways.
- **In 2025**, Scope 3 intensity was 24,277.18 tCO₂e per \$M revenue, against 74,107.70 in 2024.

Because the underlying company data relates to the 2024 calendar year, this figure is not yet a measurement against the target, which takes effect from 2030.

It does show the portfolio entering the target period at a substantially lower level than last year, and it reflects a period of continued improvement in data maturity and value chain coverage.

SCIENCE BASED TARGETS

This indicator shows the share of the portfolio with climate targets formally validated by the Science Based Targets initiative. It is our primary measure of whether companies have committed to reduction pathways consistent with the Paris Agreement.

- **Our target** is 90% of the portfolio by 2025 and 100% by 2030.
- **At the end of 2025**, 95.7% of the portfolio held SBTi-validated targets, against a 2025 target of 90%. The 2025 target is met and the portfolio is well positioned for 2030.

NET-ZERO TARGETS

This indicator shows the share of the portfolio with SBTi-validated net-zero targets covering Scope 1, 2 and 3, and therefore measures commitment to long-term reduction strategies that include value chain emissions rather than direct operations alone.

- **Our target** is 50% of the portfolio by 2025, 80% by 2030 and 100% by 2050.
- **At the end of 2025**, 56.5% of the portfolio had validated net-zero targets covering all three scopes. The 2025 target is met, though the figure is down from 58% in 2024.

Closing the gap to the 2030 target of 80% will require both new validations among existing holdings and continued attention to net-zero coverage in selection, and it is a standing topic in our engagement.



TEMPERATURE ALIGNMENT

The temperature indicator expresses the level of global warming the portfolio is consistent with, derived from portfolio companies' reported climate targets and emissions reductions.

- **Our target** is 2.0 °C by 2025 and 1.5 °C by 2030.
- **In 2025**, the portfolio was assessed at 2.0 °C, meeting the 2025 target.

Reaching 1.5 °C by 2030 depends less on portfolio turnover than on the ambition of the targets our existing holdings set, which is where our engagement on this indicator is directed.

LOOKING AHEAD

We have seen significant improvements in collection and reporting of scope 1 and 2 data. As a result, companies are better able to identify their emissions in these scopes and target reductions. The biggest challenge going forward is limiting scope 3 emissions, which are the indirect emissions from the value chain.

In scope 3 we have set a baseline from 2024, which means we will be able to comment on the direction of the portfolio from next year, when we have the complete 2025 data. In the meantime, we continue to work with companies in their job to reduce their emissions in scope 3.

»We have seen significant improvements in collection and reporting of scope 1 and 2 data. As a result, companies are better able to identify their emissions in these scopes and target reductions. «

IMPACT 2

HUMAN RIGHTS, LABOUR RIGHTS AND SUPPLY CHAIN MANAGEMENT

THIS IMPACT AREA AIMS TO HIGHLIGHT

how SDG Invest assesses human rights and labour rights across portfolio companies and their supply chains.

It pertains to SDGs: 1 – *No Poverty*, 8 – *Decent Work and Economic Growth*, and 10 – *Reduced Inequalities*.

Human and labour rights risks often arise beyond a company's own operations, particularly in complex supply chains. We therefore assess whether portfolio companies have the policies and processes needed to identify, prevent and address these risks across their value chains.



HUMAN RIGHTS IN THE SUPPLY CHAIN

The Sustainable Development Goals aim to secure human rights for all individuals, regardless of race, gender, religion, nationality, or any other classification. The most serious human and labour rights risks in a global portfolio are rarely found in a company's own workforce. They sit further down the value chain, at supplier and sub-supplier level, where visibility is lowest and where a company's ability to act depends on the systems it has built to look. Forced labour, child labour, unsafe working conditions and restrictions on union activity are concentrated in the part of a business that the company does not own and cannot directly control.

This is why our assessment centres on the due diligence process rather than on the policy alone. A policy states an intention. A due diligence process is the mechanism through which a company finds out whether that intention holds in its supply chain.

Our investment strategy prioritises companies that can document human rights due diligence in practice. We look for:

- Supply chain due diligence processes aligned with international labour standards
- Grievance mechanisms that allow workers to report abuses safely and anonymously
- Clear policies on forced labour, child labour, and workplace safety

We assess every portfolio company annually against defined criteria for human rights and supply chain management. A human rights policy covering the value chain, a supplier code of conduct and a documented supply chain due diligence process are all required. The policy is the entry requirement. The due diligence process is what we examine.

For due diligence we look for: a policy, an assessment of adverse impacts, a description of the actions taken and the remediation provided, follow-up on implementation and results, communication of the approach, and participation in grievance mechanisms. A company that publishes a policy without these behind it does not meet the threshold.

Companies that do not meet the criteria are subject to further review, engagement or exclusion, depending on the nature of the issue.

100%

of portfolio companies have descriptions of their supply chain due diligence programmes. Out of the 100%, 38,25% have extensive description of their supply chain describing assessments of adverse impacts, audits and remediation and the results hereof.

POTENTIAL BREACHES OF HUMAN RIGHTS

We assess companies not solely based on whether they have policies in place, but also how they maintain them. We weekly monitor the companies in our portfolio to ensure that they do not breach the UNGC or the OECD guidelines.

In the instance where unconfirmed breaches arise, we engage our active ownership with the company to seek more information and clarity. In the few cases where we do not receive a response within the timeframe, we will have to exclude the company from our portfolio. This is also the case for confirmed breaches of the UNGC, UNGP or the OECD Guidelines, which leads to exclusion.

LOOKING AHEAD

The Omnibus package narrowed the scope of CSDDD, as set out earlier in this report. The CSDDD requires large companies to identify and address human rights and environmental harm in their own operations and in their value chains. Far fewer companies are now in scope, the obligation to adopt a climate transition plan has been removed, the EU-wide civil liability regime has been replaced by national rules, and companies no longer have to map their entire value chain, only the areas where risk is highest.

Compliance is required from 26 July 2029.

Our thresholds are anchored in the UNGP, UNGC, the OECD Guidelines and the ILO core conventions rather than in the directive. Those standards did not change in 2026, so our criteria did not change either. What changed is the number of companies whose due diligence a supervisory authority will examine.

»We assess companies not solely based on whether they have policies in place, but also how they maintain them.«

IMPACT 3

DIVERSITY, INCLUSION AND ETHICAL EMPLOYMENT

THIS IMPACT AREA AIMS TO HIGHLIGHT

how SDG Invest portfolio companies approach diversity and inclusion. We expect inclusion to apply to current and future employees alike, regardless of gender, ethnicity, religion, sexuality, disability or age, and to be evidenced in hiring, promotion and pay practices rather than stated as intent.

This impact area relates to SDGs: 5 – *Gender Equality*, and 10 – *Reduced Inequalities*.

At SDG Invest, we consider inclusive work environments, equitable pay structures, and diverse leadership teams essential to sustainable value creation. Under the SFDR, Article 2(17) defines good governance to include sound employee relations and fair remuneration. We look for clear commitments to equitable pay, inclusive hiring, and workplace policies that support diversity at every organisational level, in line with SFDR Article 2(17), the EU Pay Transparency Directive, and international labour standards such as the ILO.

This makes it a condition of investment rather than a preference. Two of the mandatory Principal Adverse Impact indicators cover this area directly: the unadjusted gender pay gap and board gender diversity. What follows is what those criteria measure and what the 2025 portfolio shows.

2) Source: [conference-board.org/press/corporate-diversity-disclosure-2025](https://www.conference-board.org/press/corporate-diversity-disclosure-2025)

With the retreat of DEI in the US, companies responded by publishing less. Studies have shown a decrease of S&P 500 companies disclosing the gender of individual board members by 22%. In addition, S&P 500 companies have also dialed back on using diversity terms in their major filings. The use of DEI declined 68% from 2024 to 2025. The term racial declined by 56% and gender by 35% over the same period². These findings suggest the US administration's anti-DEI initiatives have had a significant impact on companies. Despite this, we continue to measure the same indicators and engage with companies who have retreated their DEI targets. In 2025 we wrote 23 active ownership letters to the relevant companies. Through these letters we gained insights into their continuous work with DEI behind the scenes and many were still actively engaged with DEI, but faced a challenging environment in the US.



GENDER BALANCE IN LEADERSHIP

Despite significant progress, women and underrepresented groups remain disproportionately absent from executive leadership and boardrooms worldwide. Board composition is the one part that we can measure directly and consistently across the whole portfolio.

At SDG Invest, we engage with portfolio companies by raising diversity in leadership as a formal topic in our dialogues, reviewing executive and board composition, and encouraging measurable progress toward balanced representation. We expect companies to take meaningful steps on gender and broader diversity in leadership.

Our expectations include:

- Taking meaningful steps to increase female representation in board positions
- Integrating diversity metrics into corporate governance strategies
- Promoting inclusive recruitment and advancement practices

These expectations are consistent with the SFDR, under which we must ensure that the companies we invest in follow good governance practices, sound management structures, employee relations, staff remuneration and tax compliance. SDG Invest builds these factors into its investment assessments, with particular attention to diversity, inclusion and equality at leadership level.

DIVERSITY AND PAY EQUITY

Workforce diversity extends beyond gender. It encompasses race, ethnicity, age, disability, sexual orientation, and socioeconomic background.

The ILO core conventions provide the global framework for fair employment practices, and we expect all portfolio companies to uphold its principles. Pay transparency regulation in the EU is now creating firmer expectations for wage equity, ensuring that employees are compensated fairly regardless of gender or background.

By 2030, all companies in the portfolio must acknowledge the existence of gender-based pay gaps and commit to addressing them through transparent reporting and corrective measures.

3) Source: Eurostat, Gender pay gap statistics. Unadjusted gender pay gap in gross hourly earnings: ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics

39.4%

women on average across SDG Invest
portfolio company boards

COMPLIANCE AND REGULATION

Diversity and ethical employment are no longer voluntary initiatives but regulatory priorities. Under the SFDR, gender equality is addressed directly through mandatory Principal Adverse Impact indicators covering the unadjusted gender pay gap and board gender diversity.

• ILO Conventions:

Establish the principles of equal remuneration for work of equal value and of non-discrimination in employment and occupation, covering hiring, promotion and pay.

• EU Pay Transparency Directive:

Strengthens the principle of equal pay by requiring greater transparency on pay before and during employment, gender pay gap reporting for larger employers, and corrective action where unjustified disparities persist. Women in the EU earned on average 11.1 % less per hour than men in 2024, the most recent year for which Eurostat has published figures³.

These regulations set a baseline for fair employment practices.

LOOKING AHEAD

Diversity and inclusion are evolving areas of both regulation and corporate disclosure. In Europe, requirements around transparency continue to develop. The Pay Transparency Directive will introduce new gender pay gap reporting requirements for large employers from 2027, while the Principal Adverse Impact indicators currently include board composition and gender pay gap information. The future of these indicators remains subject to the ongoing revision of SFDR. We support continued progress towards greater equality and inclusion.

IMPACT 4

SUSTAINABILITY STRATEGY AND REPORTING

THIS IMPACT AREA AIMS TO HIGHLIGHT

the extent to which SDG Invest portfolio companies report credibly on their sustainability strategies and performance, and how we establish whether what they report has been independently checked.

This impact area covers SDGs: 12 – *Responsible Consumption and Production*, and 13 – *Climate Action*.

Transparent and reliable sustainability reporting is central to sustainable investing. Reporting is where a company's sustainability ambitions become visible to everyone outside it.

The act of reporting obliges companies to examine their own objectives, and investors depend on that same material to judge how serious those objectives are. The quality of a company's sustainability reporting therefore serves, in itself, as a measure of its commitment.

That quality rests on credibility and accuracy. Where disclosure is partial, unstandardised, or unverified, it becomes difficult to distinguish genuine progress from careful presentation, and it is precisely in that gap that greenwashing takes hold. Standardised frameworks and independent assurance are what close it, which is why we treat both as fundamental requirements rather than as refinements.



CORPORATE SUSTAINABILITY DISCLOSURES

Over the years corporate sustainability reporting moved from voluntary commitment to legal requirement over the past decade. The trajectory of increasing reporting was halted in 2025, where the scope CSRD was narrowed down. The CSRD is an EU directive on what companies are required to disclose with their work on sustainability. The aim of CSRD is to standardise sustainability reporting. The revision of CSRD narrowed the scope of those who are required to disclose, as set out earlier in this report, so fewer companies must report and fewer must have what they report independently checked. And it removed the planned move from limited to reasonable assurance, so limited assurance is now the only level the CSRD requires⁴.

At SDG Invest, verification of sustainability disclosures is important to ensure accurate assessment of a company's progress. An unchecked figure can still be read, but it cannot be relied on like an audited one. Our assurance criterion, set out on the next page, is how we handle that.

To ensure high-quality sustainability reporting, we evaluate whether portfolio companies:

- Provide clear, verifiable data on carbon emissions, resource usage, and climate impact.
- Obtain third-party assurance on their sustainability reporting, and state what the assurance statement covers.

100%

of the companies in the SDG Invest portfolio obtain third-party limited assurance on their sustainability reporting

⁴ Source: Directive (EU) 2026/470 of the European Parliament. Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760: eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL_202600470

»At SDG Invest, verification of sustainability disclosures is important to ensure accurate assessment of a company's progress. An unchecked figure can still be read, but it cannot be relied on like an audited one.«

WHAT ASSURANCE IS WORTH

Independent assurance strengthens the credibility and reliability of sustainability reporting. It provides external verification that reported information is supported by appropriate processes, methodologies and data, and gives investors greater confidence in the information used to assess a company's sustainability performance.

Obtaining assurance also requires companies to strengthen the processes behind their sustainability reporting. Assurance requires a company to be able to show a third party where each reported figure comes from and how it has been calculated.

We treat the presence of an assurance statement as evidence that this documentation exists.

At SDG Invest, limited assurance forms part of our assessment of portfolio companies. We review whether sustainability reporting has been independently assured and what information is covered by the assurance statement. Our criterion is simple. A company with third-party limited assurance on its reporting meets the threshold.



STRENGTHENING CLIMATE AND ESG RISK REPORTING

ESG reporting is essential to understanding how companies manage long-term financial and sustainability risks. A company's climate reporting is our main source for judging whether it manages climate risk or only describes it. Where the reporting is thin, we cannot tell the two apart.

We require companies to meet minimum climate risk reporting criteria, screening for alignment with the GHG Protocol across Scope 1, 2, and 3 as a prerequisite for inclusion. We then assess whether companies:

- Have science-based targets
- Reduce their scope 1+2 CO₂ emissions with 7% annually on average

COMPLIANCE AND REGULATION

The CSRD establishes standardised sustainability reporting requirements, including external assurance of sustainability information and the disclosure of material sustainability-related impacts, risks and opportunities within corporate reporting. Following the 2026 amendments, the scope has been narrowed to companies exceeding both 1,000 employees and €450 million in net annual turnover. Member States must transpose the amendments by 19 March 2027.

Standardised reporting frameworks play an important role in making sustainability data more consistent, transparent and comparable across companies:

- **Corporate Sustainability Reporting Directive (CSRD):**
Establishes standardised sustainability disclosure requirements and assurance, providing a common framework for reporting on a company's sustainability-related impacts, risks and opportunities. The 2026 amendments significantly narrow its scope and simplify the reporting requirements.
- **Greenhouse Gas Protocol (GHG Protocol):**
Provides a globally recognised framework for measuring and reporting corporate greenhouse gas emissions, supporting consistent and transparent carbon accounting.

These frameworks make it easier to compare sustainability data across companies and assess progress over time. As fewer companies come within the scope of mandatory reporting and fewer datapoints are required, market-wide comparability is likely to become more limited. This makes our own Sustainability Scorecard and direct engagement increasingly important for understanding sustainability performance beyond what is captured through mandatory reporting.

LOOKING AHEAD

Last year we wrote that sustainability reporting would be shaped by stricter legal enforcement and rising data scrutiny. Only half of that proved right. Data scrutiny has intensified, but regulation on sustainability disclosures was narrowed down, so fewer companies will be required to report on CSRD. The expectations for European reporting requirements were substantially narrowed, the volume of mandatory disclosure was cut by more than half, sector-specific standards were abandoned, and a lot of companies once expected to report will no longer be required to. In short, the trajectory we anticipated did not materialise. However, the narrowed scope will not affect our portfolio due to the size of the companies.

We will continue to follow the diffusion of international reporting baseline across jurisdictions and the integration of nature-related disclosure into it, both of which offer a convergence point that no longer depends on European rulemaking. We will also track how portfolio companies apply the revised European Sustainability Reporting Standards (ESRS). The ESRS, which set out what companies reporting under the CSRD must actually disclose, were rewritten in 2026 and apply from the 2027 financial year, with companies permitted to adopt them a year early. The revision reduces the number of required disclosures substantially, so we will track which portfolio companies adopt early and whether they use the flexibility to disclose less than before.

IMPACT 5

GOVERNANCE, ETHICS AND CORPORATE RESPONSIBILITY

THIS IMPACT AREA AIMS TO HIGHLIGHT

how we assess governance in portfolio companies. Six of our screening criteria are covered here, in this order. Board independence, ethics and anti-corruption, whistleblower protection, responsible tax practices, executive remuneration, and controversy screening. This impact area relates to SDG 16 – *Peace, Justice and Strong Institutions*.

As an Article 9 fund, SDG Invest assesses whether investee companies meet the good governance requirements in SFDR Article 2(17), which are sound management structures, employee relations, remuneration of staff and tax compliance⁵.

The regulation covers staff generally. Our own remuneration threshold is narrower and applies to senior management and key personnel, where pay is linked to performance and an incentive structure can be assessed.

These requirements form the regulatory basis for our governance assessment. We translate them into defined thresholds and assess companies using corporate reporting, data and our own screening.



BOARD INDEPENDENCE

Independent directors strengthen the board's ability to assess management performance and exercise judgement where interests may conflict. This is particularly important in areas such as executive remuneration, related party transactions, major acquisitions, succession planning and the integrity of financial reporting. OECD guidelines identify these as areas where independent judgement can play an important role in protecting shareholder interests⁶.

ETHICS AND ANTI CORRUPTION

Clear ethical standards are an important starting point, but effective governance also depends on how those standards are implemented. Our assessment therefore considers both the policies companies publish and the controls, responsibilities and training behind them. We expect portfolio companies to maintain a publicly available code of ethics covering integrity, corruption, conflicts of interest, and gifts and hospitality, or an anti corruption and anti bribery policy that addresses employee training.

Our criteria requires programmes covering both the general workforce and senior management, and covering anti-corruption, the code of conduct and the supplier code of conduct. The two groups are exposed differently. Employees need to recognise a problem and know how to report it. Senior management sets the standard and approves the exceptions.

WHISTLEBLOWER PROTECTION

A whistleblower mechanism is an essential part of ensuring good governance structures where employees or other stakeholders can report concerns without fear of reprisal. We require a publicly accessible mechanism through which concerns can be raised confidentially and without fear of retaliation. A company without one is a red flag. We look for access for third parties too, because misconduct in a supply chain is often first visible to a supplier's workforce or a contractor, and neither has an internal channel to use.

5) Source: Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, Article 2(17): eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02019R2088-20260702

6) Source: OECD, Methodology for Assessing the Implementation of the G20/OECD Principles of Corporate Governance 2025: oecd.org/en/publications/methodology-for-assessing-the-implementation-of-the-g20-oecd-principles-of-corporate-governance-2025_80996ea9-en.html

RESPONSIBLE TAX PRACTICES

Responsible taxation means complying with applicable tax legislation, avoiding aggressive tax planning. Tax is a governance issue. OECD guidelines note that boards are increasingly expected to oversee tax planning and identify legal and reputational risks associated with aggressive tax strategies that are not in the company's long term interests.

Our threshold requires a publicly available tax policy or equivalent statement committing the company not to pursue aggressive tax planning. Public disclosure is important because it gives investors a stated position against which subsequent corporate conduct can be assessed. We also encourage companies to report on country by country taxation which provides a more detailed basis for further transparency.

Country-by-country reporting is the disclosure of tax paid in every country a company operates in, and it is an effective way to ensure money is not being moved into tax havens.

In 2023, the UN General Assembly adopted a resolution for negotiations on a new UN Tax Convention. The negotiations began in early 2025 and are expected to continue through 2027.

Public Reporting of Country-by-Country Contribution

EXECUTIVE REMUNERATION

Remuneration is where a company's stated priorities become financially consequential for the people who set them. Our criterion is about structure rather than level, meaning whether sustainability performance is something management is actually paid to deliver.

OECD guidance identifies the link between board and executive remuneration and the company's long term performance, sustainability and resilience as particularly relevant to shareholders. It also highlights the importance of disclosed remuneration policies and measurable performance criteria.

We assess whether companies publish a remuneration policy and whether ESG or sustainability performance indicators are incorporated into incentive structures for senior management and key personnel. Our screening looks for disclosure of both the remuneration structure and its ESG components in annual or sustainability reporting.

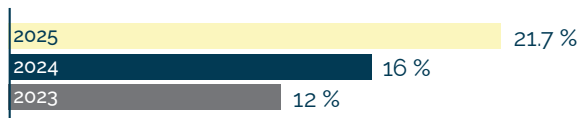
The inclusion of a sustainability metric is only the starting point. We also consider whether the target is specific and measurable and whether the company explains how performance affects remuneration.

100%

of the SDG Invest portfolio companies publish a responsible tax policy that meets our threshold.

Two initial protocols are being negotiated alongside the main convention, covering the taxation of cross-border services and the prevention and resolution of tax disputes. The Convention seeks to reform the global tax system, aiming to make international tax more inclusive and transparent. Together, these instruments seek to create a more equitable framework for international tax cooperation.

100% of portfolio companies publish a responsible tax policy that meets our threshold. We have therefore achieved our 2030 goal of ensuring that all companies in the portfolio have a responsible tax policy ahead of schedule.



Shareholders should be able to understand what management is expected to deliver and how meeting or missing those objectives changes the resulting reward.

CONTROVERSY SCREENING AND ESCALATION

Governance assessment continues for as long as we hold an investment. We ensure all the companies we invest in have robust governance policies, but we also screen for any breaches to international standards before we invest in a company and continue to monitor weekly for any potential new breaches.

We monitor portfolio companies for documented breaches of the thresholds in our screening, assessed against the international standards those thresholds are built on. A documented breach means the company has been formally convicted within the previous two years. In cases where more information is needed, we contact the company for an explanation, place it on our watch-list and open a three month window for documented improvement. Without satisfactory improvement within a predefined window, we may find it necessary to divest from the company.

»Shareholders should be able to understand what management is expected to deliver and how meeting or missing those objectives changes the resulting reward.«

LOOKING AHEAD

The Commission's proposed revision of SFDR, published on 20 November 2025 would change the current structure of good governance. The Commission's reasoning is that these concepts proved difficult to apply consistently and are better placed within the eligibility criteria for the proposed product categories than as free-standing requirements.

In the proposed structure, governance is being evaluated through mandatory exclusions, principally the exclusion of companies in violation of the UNGC or the OECD Guidelines. The European Parliament's ECON committee, in the position it adopted on 10 September 2026, would add an exclusion

applying across all categories for companies found in violation of the OECD Guidelines and the UNGP in respect of severe human rights and humanitarian law abuses that have not been effectively addressed and, where appropriate, remediated.

The revision is a proposal, and not yet implemented into law. The EU Parliament and Council have both agreed on their position and what follows next is the trilogue negotiations. The final text is not expected to apply before 2028. We will continue to assess governance irrespective of the outcome, and will report on any change to that approach if and when the final text requires one.



IMPACT 6 BIODIVERSITY

THIS IMPACT AREA AIMS TO HIGHLIGHT

the significance of protecting and investing in biodiversity and ecosystems. Companies need to recognise their dependence on nature and act in ways that support the protection and restoration of biodiversity.

We analyse the current data and the work needed to ensure the maintenance and protection of our biodiversity and ecosystems.

This impact area is related to SDG 15 – *Life on land*.



»Humanity's demands on nature exceed its capacity to regenerate. The issue is that the economic value of nature is often neither recognised nor reflected in decision-making, making its degradation easier to overlook.«

BIODIVERSITY AS AN ASSET

For decades, biodiversity and the value of nature have been largely absent from conventional economic accounting and investment. In 2021 The UK Treasury published *The Economics of Biodiversity: The Dasgupta Review* which brought the valuation of biodiversity into sharper focus, highlighting that nature is an economic asset and that its systematic exclusion from economic decision-making has contributed to its degradation.

Traditional measures of economic activity capture the production of goods and services, but do not account for the depletion of natural capital. A forest cleared for development, for example, may contribute to measured economic activity while the loss of the ecosystem services and biodiversity it provided remains unaccounted for. As a result, economic activity can continue to grow even as the natural assets underpinning long-term prosperity are degraded. The Dasgupta Review (2021) describes this as an "Impact Inequality": humanity's demands on nature exceed its capacity to regenerate. The issue is that the economic value of nature is often neither recognised nor reflected in decision-making, making its degradation easier to overlook. What is not measured is often not adequately managed, allowing the continued depletion of natural capital⁷.

COMPLIANCE AND REGULATION

Biodiversity is becoming an increasingly relevant consideration in sustainable investing and regulatory reporting. Measuring biodiversity impact is an important step toward understanding dependencies, identifying risks and protecting long-term value. Under the SFDR, investors are required to report on Principal Adverse Impacts (PAIs), including PAI 7, activities negatively affecting biodiversity-sensitive areas. We also assess, under do no significant harm, whether a company causes significant negative impacts on biodiversity.

Since the introduction of PAI reporting, data availability for this indicator has remained limited. In 2025, only 4.35% of our portfolio reported data for PAI 7. In addition, companies are evaluated on where they do no significant harm to biodiversity and ecosystems. Due to the little data available on PAI 7, we take a data-first approach. Where reliable and relevant biodiversity data is available, we use it to assess exposure and impact. Where it is not, we report the limitation rather than using unsupported estimates. Currently, biodiversity disclosure remains significantly less mature than climate disclosure, both in terms of coverage and consistency.

⁷ Source: Dasgupta, P. (2021), *The Economics of Biodiversity: The Dasgupta Review*: assets.publishing.service.gov.uk/media/602e92b2e90e07660f807b47/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf



Regulatory and sustainability frameworks include:

- **EU Deforestation Regulation (EUDR):**
The EUDR establishes requirements to ensure that certain commodities and products placed on or exported from the EU market are not associated with deforestation or forest degradation. For relevant portfolio companies, we assess exposure to the regulation and the extent to which appropriate traceability and due-diligence systems are in place.
- **ESRS E4 – Biodiversity and Ecosystems:**
ESRS E4 provides a framework for companies to identify and disclose material impacts, dependencies, risks and opportunities relating to biodiversity and ecosystems. As the European sustainability reporting framework evolves, the emphasis remains on decision-useful information supported by robust, traceable evidence.
- **Do No Significant Harm (DNSH):**
Under the EU Taxonomy, we assess whether relevant investments meet the applicable DNSH criteria relating to the protection and restoration of biodiversity and ecosystems. This forms part of our assessment of whether investments can be considered environmentally sustainable under the Taxonomy framework.

LOOKING AHEAD

The measurement of biodiversity impact still has a long way to go. Currently, only a few companies in our portfolio report on PAI 7 which is currently a mandatory indicator. It is still uncertain whether that will be the case under SFDR 2.0 in 2027, but it is likely that the DNSH will look different in the future. We view transparency and reporting as an important path to protecting biodiversity. What cannot yet be measured should not be presented as if it were known. At the same time, the absence of data is not a reason for inaction. Continued improvement in biodiversity measurement, data quality and company-level disclosure is essential if biodiversity risks are to be properly understood, managed and ultimately protected. We continue to engage with our portfolio with their work on protecting biodiversity. For us, the principle is simple: we have to measure biodiversity to protect it.

LEADERSHIP

While the current sustainability regulation covers a plethora of subjects, there are still areas outside the current regulatory scope that we continue to measure and wish to highlight. These areas are covered by our leadership scorecard, which we will report on from 2026.

The leadership scorecard is designed to identify companies that go beyond what regulation requires. Some of the topics we will focus on are community engagement and unconscious bias among others.

We have picked two companies from our portfolio who demonstrate leadership in these areas and we hope they can inspire other companies to follow their lead.

COMMUNITY ENGAGEMENT

CISCO: EDUCATION AS A PATH TO OPPORTUNITY

The first focus area is community engagement where Cisco has made a significant impact on local communities to further education. Community engagement benefits both the company and the local community and thus furthers the local economy. As a result, we urge our portfolio companies to invest and engage in the communities in which they operate.

Education is an investment in people, but also in the long term resilience of companies and economies. For corporate leadership, this means looking beyond the skills required within a company's own workforce and considering how access to education can strengthen the communities and labour markets around it. Cisco's Networking Academy is a strong example of this approach.

Since 1997, Cisco has developed Networking Academy into a global education programme that provides digital skills through schools, universities, nonprofit organisations and online learning. In fiscal year 2025 alone, the programme reached 5.3 million learners through 12,200 academies and more than 31,000 instructors. Its curriculum covers areas such as networking, cybersecurity, data science, Python and artificial intelligence, connecting education directly to skills that are increasingly important in the labour market. Cisco also reports that 97% of students completing its certification aligned courses in fiscal year 2025 said the programme helped them obtain a career or further education opportunity⁸.

What makes the programme an example of leadership is the connection between education and economic opportunity. Cisco is not only investing in skills that benefit its own industry. It is using its technological expertise and educational infrastructure to widen access to skills that can improve people's employment prospects and participation in the digital economy. Foundational Networking Academy courses are free and require no previous qualifications, making the programme accessible to people at different stages of their education and careers⁹.

This reflects a broader principle behind SDG Invest's approach to education. Education creates value at several levels: it can increase individual earning potential, strengthen workforce productivity and support wider economic and social development. Companies that invest meaningfully in education can therefore create value beyond their immediate operations, while strengthening the talent base on which their own long term success depends.

5.3M

learners participated in Cisco Networking Academy in the fiscal year 2025⁸.

⁸) Source: cisco.com/c/m/en_us/about/purpose/reporting-hub/community-resilience/digital-skills.html

⁹) Source: blogs.cisco.com/learning/international-day-of-learning-2026

UNCONSCIOUS BIAS

UNILEVER: ADDRESSING UNCONSCIOUS BIAS IN RECRUITMENT

The second focus area we dive into is unconscious bias. Regulation covers board diversity and the gender pay gap. It does not reach the decisions behind them: who is shortlisted, who is considered for promotion, and how candidates are assessed. That is why unconscious bias sits in our leadership scorecard.

Diversity targets and gender pay-gap reporting can show the outcome of an organisation's workforce practices, but they do not necessarily explain how those outcomes arise. Looking at the processes behind recruitment, promotion and succession can provide an additional perspective on whether companies are actively addressing barriers to equal opportunity. Diversity in leadership is influenced not only by formal policies and targets, but also by the decisions made throughout the recruitment and promotion process. Even where organisations are committed to equal opportunity, unconscious biases can influence how candidates are assessed, which individuals are considered for opportunities and ultimately who progresses into leadership positions. Addressing these biases therefore requires companies to look beyond outcomes and consider the processes through which leadership decisions are made.

Unilever provides an example of how this can be incorporated into recruitment practices. In its 2025 *UK Gender Pay Report*,

Unilever states that its UK hiring managers receive unconscious bias training covering best-practice approaches to inclusive and effective recruitment. The company also reports that it works to ensure hiring managers receive a thorough shortlist of candidates before making a final decision and reviews job adverts, descriptions and other recruitment materials to make them as accessible and inclusive as possible.

These measures are relevant because bias can enter recruitment at several different stages. The language used in a job description can influence who feels encouraged to apply, the composition of a shortlist can affect the range of candidates considered, and individual judgement can influence how qualifications and potential are interpreted. Creating more structured and inclusive processes can help companies identify and address these points of potential bias rather than relying solely on individual awareness.

Unilever has also previously described broader efforts to address bias in appointments and promotions. Its gender equality materials highlight the use of measures such as the Gender Appointment Ratio to give senior leaders visibility of their appointment patterns, alongside requirements for balanced candidate slates. These initiatives illustrate a broader approach: using data, accountability and structured processes alongside awareness and training to support more consistent decision-making.

Unilever's 2025 UK Gender Pay Report identifies unconscious bias training, shortlist practices and inclusive recruitment materials as measures used in its UK recruitment process.



THE FUTURE OF SUSTAINABILITY AND COMPLIANCE

Each year, SDG Invest offers insights into the evolving trends of sustainability that we anticipate will influence the future agenda.

The sustainable investment landscape continues to evolve, driven by regulatory developments, increasing demands for transparency and accountability, and a growing focus on the credibility and measurability of sustainability claims. As expectations around ESG data, due diligence and corporate responsibility continue to develop, companies and investors must adapt to a more demanding and increasingly data-driven environment.

At SDG Invest, we remain committed to continuously strengthening our approach to sustainability and compliance. We monitor regulatory developments closely and seek to ensure that our investment processes and portfolio companies remain aligned with evolving requirements and internationally recognised sustainability principles. Robust data, transparent methodologies and consistent monitoring will remain central to how we assess sustainability performance and manage related risks.



Looking ahead, we expect greater emphasis on sustainability due diligence, the quality and reliability of ESG data, and measures designed to prevent greenwashing. Technological developments, including the increasing use of AI and advanced data tools, may also enhance the ability of investors to monitor sustainability indicators, identify emerging risks and assess regulatory developments more efficiently.

We believe investors have an important role to play in this transition. Through active ownership, ongoing engagement and the allocation of capital, investors can encourage companies to strengthen their sustainability practices and improve transparency. At SDG Invest, we will continue to integrate sustainability and compliance considerations into our investment approach, with the objective of supporting credible, measurable and long-term progress towards a more sustainable economy.

REGULATORY TRENDS IN 2026

Three regulatory developments will shape the sustainable finance landscape in 2026:

- **Revision of the Sustainable Finance Disclosure Regulation (SFDR):** In November 2025 the European Commission published proposals to replace the existing Article 6, 8 and 9 product classifications with a new set of categories defined by investment approach rather than disclosure regime. The legislative process is expected to continue through 2026 and 2027, with application not anticipated before 2028. The current framework remains fully in force throughout this period, and SDG Invest continues to report as an Article 9 fund. The direction of the review is nonetheless significant for the market: how sustainable products are labelled, and what evidence is required to support those labels, will be redefined over the coming two years.
- **Corporate Sustainability Due Diligence Directive (CSDDD):** The Omnibus I Directive (EU) 2026/470, published in the Official Journal on 26 February 2026 and in force from 18 March 2026, substantially amended the CSDDD: scope thresholds were raised, the climate transition plan obligation was deleted, the EU harmonised civil liability regime was removed, and the due diligence process was recalibrated around a risk-based scoping exercise rather than entity-by-entity mapping of the value chain.

The revised thresholds reduce the number of directly in-scope companies. Member States must transpose the amended directive by 26 July 2028 and apply it from 26 July 2029, with the reporting provisions covering financial years starting on or after 1 January 2030. Commission guidelines to support compliance are required by 26 July 2027. In practical terms, mandatory human rights and environmental due diligence has moved from a near-term obligation to a medium-term one, and for a large share of companies previously expected to fall within scope, it will not become mandatory at all.

- **Empowering Consumers for the Green Transition Directive (EmpCo):** The separate Green Claims Directive proposal was set aside in June 2025, but Directive (EU) 2024/825 is already adopted and unaffected by that decision. Member States were required to transpose it by 27 March 2026, and 27 September 2026 is the application date. From that date, generic environmental claims and product-level "climate neutral" or "CO₂ neutral" claims based on offsetting are prohibited across the EU. Enforcement is post-market, carried out by national consumer protection authorities, rather than the pre-publication verification the Green Claims proposal would have introduced.

»At SDG Invest, we will continue to integrate sustainability and compliance considerations into our investment approach, with the objective of supporting credible, measurable and long-term progress towards a more sustainable economy.«

CONCLUSION AND CALL TO ACTION

It has never been more important to bring sustainability into investment decisions. The world is on a path toward roughly 2.6°C of warming by the end of the century, and Europe, the fastest-warming continent, has already lost €822 billion to extreme weather since 1980, a quarter of it in the last four years alone.

As climate and geopolitical shocks increasingly arrive together, hitting energy, water, food and supply chains at once, resilience has become a core test of long term value. That is why we work so hard at SDG Invest to reduce CO₂ emissions, and why we look for companies that are secure in their resource use, honest about physical risk and building the solutions Europe will need. Through disciplined screening, active engagement and clear accountability, we back businesses that deliver measurable impact. We invite investors to do the same.

A CALL TO ACTION

The sustainability challenges facing the global economy call for coordinated action across companies, investors, regulators and other stakeholders. Climate change, social inequality, biodiversity loss and weak governance cannot be solved through isolated initiatives. Sustainability must be embedded in business strategy, capital allocation and decision making across the financial system.

To companies, we encourage you to strengthen your sustainability strategies, improve transparency and make sure your ambitions are backed by credible implementation.

Alignment with the Paris Agreement remains essential, and companies should set science based targets through the SBTi where they are not yet in place. This requires a clear view of emissions across all relevant scopes and concrete, measurable plans to reduce them. We also ask you to take physical climate risk seriously, from energy dependence to supply chain choke-points, and to build resilience into your operations before the next shock arrives. Leadership is defined not by the commitments a company makes, but by its ability to show progress against them.

To other institutional investors, we encourage you to use your influence and your capital to raise expectations of the companies you hold. Active ownership, engagement and responsible capital allocation strengthen corporate standards and direct capital toward companies prepared for a changing climate, regulatory and economic environment. By integrating sustainability into investment decisions and consistently holding companies accountable, capital markets can contribute to sustainable development and greater climate resilience.

Looking ahead, SDG Invest will keep working hard to reduce CO₂ emissions, applying rigorous ESG criteria, responding to evolving regulation and using active ownership to promote accountability. We will continue to assess and engage with companies on the quality of their strategies, the credibility of their targets and the progress they make in practice.

»Climate change, social inequality, biodiversity loss and weak governance cannot be solved through isolated initiatives. Sustainability must be embedded in business strategy, capital allocation and decision making across the financial system.«

PRINCIPAL ADVERSE IMPACT STATEMENT

Financial Market Participant
Name: StockRate Forvaltning A/S
LEI code: 549300H6RZT8HQHgML17

SUMMARY

Each year we report on the Principal Adverse Impacts (PAI) as a part of the Sustainable Finance Disclosure Regulation (SFDR). The PAI report consists of mandatory and voluntary indicators that measure adverse impacts caused by companies that financial market participants invest in.

The core indicators cover GHG emissions, biodiversity, water, waste, human rights violations and anti-corruption policies. The goal of the PAI statement is to make financial markets more transparent and to help investors understand and compare how portfolios affect people and the planet.

The PAI report consists of 18 mandatory and 4 voluntary indicators and covers the period from 1 January to 31 December 2025.

Indicators applicable to investments in investee companies						
Climate and other environment related indicators						
Adverse Sustainability Indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
GHG Emissions	1. GHG emissions	Scope 1 GHG emissions	876.46 ton (100 %)	2,069.52 ton	For PAI 1, 2 and 3, the data show that the majority of emissions in the investee companies fall under Scope 3, amounting to 21.450.73 tonnes CO ₂ e in the latest reporting year. There has been a significant reduction across all scopes compared with the reference year, when total emissions amounted to 91.324.48 tonnes CO ₂ e, against 22.667.35 tonnes in the current period. The decrease in reported emissions reflects the companies' active efforts to reduce their climate impact. The fact that all companies report their CO ₂ emissions across all three scopes shows that they are aware of their climate impact and prepared to implement targeted reduction measures.	SDG Invest's sustainable investment objective is to construct a portfolio aligned with the Paris Agreement and thereby contribute to the reduction of CO ₂ emissions. A central part of this strategy is active ownership, both through direct dialogue with companies and through collaboration with other investors. For example, SDG Invest participates on an ongoing basis in the Science Based Targets campaign, which works to strengthen companies' reporting and the setting of climate targets.
		Scope 2 GHG emissions	340.16 ton (100 %)	722.36 ton		
		Scope 3 GHG emissions	21.450.73 ton (100 %)	88,533.46 ton		
		Total GHG emissions	22.667.35 ton (100 %)	91.324.48 ton		
		2. Carbon footprint	Carbon footprint	509.68 t/€M (100 %)	1,126.86 t/€M	In our activities, we encourage companies to develop strategies to reduce their CO ₂ emissions and to set targets validated by the Science Based Targets initiative. SDG Invest's ambition was for 100% of the companies in the portfolio to have Science Based Targets by the end of 2025. At the end of 2025, 92% of the portfolio had Science Based Targets. The few companies without targets are reducing their Scope 1 and 2 emissions, which means they remain aligned with the Paris Agreement.
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,366.46 t/€M (100 %)	3,363.05 t/€M		
	4. Exposure to companies active in the fossil fuel sector	Exposure to companies active in the fossil fuel sector	0.00 % (94.1 %)	0.00 %	SDG Invest operates a zero-tolerance policy towards companies active in the fossil fuel sector, including any company deriving revenue from the extraction or production of fossil fuels.	SDG Invest has adopted minimum sustainability standards. These include an exclusion list of sectors that may not form part of the SDG Invest portfolio, among them fossil fuels. All potential candidates for the portfolio are screened against these standards.

Indicators applicable to investments in investee companies						
Climate and other environment related indicators						
Adverse Sustainability Indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
GHG Emissions (contd.)	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	51.58 % (80.8 %)	61.39 %	Reducing this remains a continued focus, and a central priority in our active ownership work.	SDG Invest sends active ownership letters annually to the companies in our portfolios. Their CO ₂ emissions, including their consumption and production of renewable energy, are a central topic in this correspondence.
	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	Industry: 0.0017 Construction: 0.00 Transport and storage: 0.00000908 GWh/€M	Industry: 0.0022 Construction: 0.00 Transport and storage: 0.000014 GWh/€M	SDG Invest has very limited exposure across its portfolios to the three sectors identified above, which the EU has defined as having a high climate impact. SDG Invest has no exposure to the remaining high impact climate sectors.	n/a
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/establishments located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	6.52 % (5.3 %)	Lacking data	Data availability remains limited, as almost no companies have published information in this area. For 2025, only 5.3% of companies report on whether they have activities that negatively affect biodiversity. The figure indicates the number of sites or activities that portfolio companies have in or near environmentally sensitive areas.	Through active ownership, SDG Invest encourages our companies to increase their focus on biodiversity, to report on how they affect biodiversity-sensitive areas, and to develop biodiversity strategies.
Water	8. Water discharge	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0171 t/€M (6.6 %)	0.0054 t/€M	The methodology and data used to measure emissions to water have improved, which accordingly results in an increase in PAI 8 compared with last year. It should be noted that the calculated indicator is based on limited data. As data availability increases and the CSRD is implemented, the indicator can be expected to rise further in the coming years.	Through active ownership, SDG Invest encourages its portfolio companies to report in this area. However, data has improved compared to last year, and therefore we have set 2023 as the baseline for measuring water-related indicators.
Hazardous 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	29.24 t/€M (66.6 %)	0.022 t/€M	The methodology and data used to measure hazardous and radioactive waste have been improved, resulting in an increase in PAI 9 compared with last year. The increase from 2024 to 2025 is primarily attributable to one company with high waste generation. The exposure has since been reduced, which is expected to be reflected in the indicator in the next reference period.	SDG Invest has collaborated with other market participants to improve data quality in this area. As the metric forms part of CSRD reporting, data quality is expected to improve significantly in the coming years.

Indicators applicable to investments in investee companies						
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Adverse Sustainability Indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	8.17 % (90.8)	6.80 %	SDG Invest continuously monitors cases involving portfolio companies that may indicate sustainability risks. It is important to SDG Invest that companies act transparently when such cases arise, respond to enquiries from authorities, media and investors, and implement measures or initiatives that directly address the weaknesses that gave rise to the case. The reported figure includes both ongoing cases under monitoring on a watchlist and concluded cases where appropriate measures have subsequently been taken.	SDG Invest has an established process for handling such cases. This process means that SDG Invest will often approach the company directly to gain a deeper understanding of how the case has been handled and what actions have been taken to prevent similar cases from recurring. This is a central element of SDG Invest's active ownership. The process can result in divestment, which was the case during the period under review.
	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	26.39 % compliance score (93.4%)	0.00 % compliance score	This indicator shows the share of investments in investee companies without policies and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. For 2025, the share of investments without such monitoring policies is 26.39 %, based on Bloomberg data. The methodology has changed from the previous year, as Bloomberg data is used in 2025 instead of internal assessments. The new methodology was chosen to ensure greater transparency and better comparability across years and portfolios. The periods are therefore not directly comparable.	Responsible conduct, including adherence to key international standards, forms a central part of the annual analysis carried out across the SDG Invest portfolios. SDG Invest does not invest in companies with significant sustainability risks unless they have compliance mechanisms in place.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2.24 % (22.5 %)	Lacking data	Data in this area has been, and remains, limited. Only around 23 % of companies report on it. Based on the available data, the average unadjusted gender pay gap is 2.24% for the investee companies reporting on the indicator. The indicator expresses an average difference in pay between men and women and is not adjusted for factors such as job level, seniority or job function. Data coverage remains limited, and the figure is therefore not necessarily representative of the portfolio as a whole.	Through active ownership, SDG Invest encourages our companies to report in this area.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35.83 % (96.7 %)	39.20 %	For 2025, the data basis for this indicator is based exclusively on Bloomberg data, which may explain the decrease compared with 2024. The change may therefore be partly methodological and does not necessarily reflect a corresponding development in the companies' actual board composition. On average, women make up 35.83 % of the boards of the companies in SDG Invest's portfolios. We expect this figure to improve in the next reporting year, as we have divested some of the companies that pulled the average down.	Through active ownership, SDG Invest encourages our companies to set targets for diversity on the board and at other management levels. We recommend a target of at least 40 % representation of the under-represented gender.
	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 % (90.8 %)	0.00 %	SDG Invest has adopted minimum sustainability standards. These include an exclusion list of sectors that may not form part of the SDG Invest portfolio, among them weapons. All potential candidates for the portfolio are screened against these standards.	Through active ownership, SDG Invest encourages its portfolio companies to set targets for diversity at the board level and across other management layers. We recommend a target of at least 40% representation of the under-represented gender.

Indicators applicable to investments in Sovereigns and Supranationals					
Adverse Sustainability Indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environment 15. GHG intensity	GHG intensity of investee countries	0.00 %	0.00 %	Investeringsforeningen SDG Invest holds no investments in sovereigns or supranationals.	n/a
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	0.00 %	0.00 %	Investeringsforeningen SDG Invest holds no investments in sovereigns or supranationals.	n/a

Indicators applicable to investments in real estate assets					
Adverse Sustainability Indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	0.00 %	0.00 %	SDG Invest does not invest in real estate assets.	n/a
Energy efficiency 18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0.00 %	0.00 %	SDG Invest does not invest in real estate assets.	n/a

Additional climate and other environment-related indicators					
Indicators applicable to investments in investee companies					
Adverse Sustainability Indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	0 % (85.2 %)	0.00 %	All companies in the SDG Invest portfolios share the sustainable investment objective of reducing CO ₂ emissions. Our portfolios consist of companies that support SDG Invest's objective of alignment with the Paris Agreement.	In SDG Invest's active ownership activities, we encourage companies to develop strategies to reduce CO ₂ emissions and to set targets verified by the Science-Based Targets Network. It is a goal for SDG Invest that 100% of the companies in the portfolio have Science-Based Targets by the end of 2030.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	2.1 % (83.9 %)	0.00 %	This indicator is based on Bloomberg data. One company in the portfolio is recorded in the data source as not having a formal supplier code of conduct. However, the company has implemented risk management processes in this area and reports on supply chain risks. Based on SDG Invest's own criteria for assessing sustainable investments, the company is considered to have equivalent processes or documents addressing supplier relations. The indicator may therefore overstate the actual absence of supplier codes of conduct.	A supplier code of conduct is an essential tool in a company's responsible supply chain management and helps uphold human and labour rights. SDG Invest therefore expects all companies to have a supplier code of conduct, particularly where risks are present in the supply chain.
	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	0 % (85.2 %)	0.00 %	All companies in the SDG Invest portfolios have a human rights policy, either as a standalone document or integrated into a broader sustainability policy.	A human rights policy is essential, as it demonstrates that a company has considered its potential adverse impacts. Where human rights risks are present and a company has no human rights policy, SDG Invest will not invest in that company.
Human rights	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	38.25 % (69.8 %)	18.00 %	As part of SDG Invest's company review, an assessment is made of whether companies have due diligence procedures in place to identify, prevent, mitigate and address adverse human rights impacts. For 2025, the indicator is based on Bloomberg data, which differs from last year, when data collected in-house was also included. The new methodology was chosen to ensure greater transparency and better comparability across years and portfolios. Bloomberg data is based on publicly available information, which may cause companies with limited disclosure to appear to lack due diligence procedures. However, in SDG Invest's own screening, the companies flagged by the indicator are considered to meet SDG Invest's criteria for assessing sustainable investments, as they have due diligence processes in place, even though the public description of these procedures is limited in some cases.	Due diligence processes are a central part of the analysis SDG Invest carries out on all potential and existing portfolio companies. This analysis covers whether due diligence processes are in place, the quality of those processes, and how transparent companies are about the steps they take and the outcomes those processes produce.
	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0.00 % (89.3 %)	0.00 %	All companies in the SDG Invest portfolios have an anti-corruption and anti-bribery policy, either as a standalone document or integrated into a code of conduct.	An anti-corruption and anti-bribery policy is fundamental to an ethically responsible company. SDG Invest always analyses companies' ethics, responsibility and governance before making an investment.
Anti-Corruption and Bribery						

REFERENCES TO INTERNATIONAL STANDARDS

SDG Invest's approach to sustainable investment is grounded in internationally recognised standards and principles for responsible investing. Our strategy for managing principal adverse impacts (PAIs) builds on these standards, and we align continuously with best practice in sustainable finance and active ownership.

We apply international standards in line with the requirements under SFDR Article 9 and RTS Annex I, Table 1, and disclose the following:

STANDARDS AND FRAMEWORKS

We adhere to, or assess alignment with, the following international standards and initiatives:

- UN Global Compact (UNGC) – ten principles on human rights, labour rights, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights (UNGPR)
- OECD Guidelines for Multinational Enterprises
- ILO Core Conventions
- United Nations Convention against Corruption (UNCAC), addressed through Principle 10 of the UNGC
- Paris Agreement, with a commitment to the 1.5 °C climate target
- Science Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Sustainable Development Goals (SDGs)

INDICATORS AND ALIGNMENT WITH STANDARDS

We use the following indicators to assess companies' alignment with international standards and the Paris Agreement:

- **PAI 1–6** (greenhouse gas emissions, fossil fuel exposure): Paris Agreement, SBTi, TCFD
- **PAI 7–9** (biodiversity, water, waste): OECD Guidelines, SDGs 6, 12, 14 and 15
- **PAI 10–14** (human rights, governance): UNGC, ILO Conventions, UNGP, OECD

Opt-in indicators:

- **3.1** (supplier code of conduct): UNGC, UNGP
- **3.2** (human rights policy): UNGP
- **3.3** (due diligence procedures): UNGP, OECD
- **4.1** (anti-corruption): UNGC (Principle 10), UNCAC

METHODS AND DATA SOURCES

We apply a consistent method across the portfolio to assess companies' compliance with international standards.

Methodology:

To maximise transparency in both method and results, we take available Bloomberg data as our starting point. A single data source and a single method give a stronger basis for comparison across years and across portfolios. The trade-off is that coverage on some indicators is lower than it would be if several sources were combined, which is why we report coverage for each indicator this year. In previous years we supplemented external data with internal analysis and company dialogue. That approach can give a more nuanced picture of individual indicators, but the consistent single-source approach delivers better transparency and comparability.

Data Sources:

- Bloomberg
- The companies' own annual reports, used for emissions data

CLIMATE SCENARIO DISCLOSURE

SDG Invest does not currently apply forward-looking climate scenarios in its methodology. The present investment strategy does not depend on scenario modelling, which we consider too speculative as a basis for investment decisions. We continue to assess the relevance of such tools as our strategy develops and regulatory expectations evolve.

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FEEDBACK

We are looking forward to your feedback.
Please provide us with your feedback
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RESPONSIBLE
INVESTMENT

20 YEARS OF PROGRESS



KNOW THE CHAIN

Methodology/disclaimer

Data is derived from the companies' publicly available material, unless otherwise specified. The analysis is based on company reports from FY 2024 and FY 2025.