

Product name: SKAGEN m2 Lux Legal entity identifier: 5493001OPG6JSLI45437

Environmental and/or social characteristics

Sustainable investment:

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective**: __ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective**: __ %

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __ % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and/or social characteristic promoted by this Sub-Fund is the application of an ESG integration strategy.

The Investment Manager's ESG integration strategy consists of four pillars to execute the investment selection process and exercise of ownership rights. The first pillar of the strategy is negative screening and control of potential investments, the second is an enhanced due diligence of companies in high emitting industries, the third is ESG integration through dedicated factsheets, whilst the fourth and final pillar is active ownership.

The ESG Integration strategy is an entirely incorporated process within the Sub-Funds investments. Throughout the year, all of the four binding elements of the strategy are followed and further developed. As a result, the environmental and social characteristics promoted by this product were fully met.

How did the sustainability indicators perform?

The sustainability indicators of the Sub-Fund are all of the four pillars of binding elements in the ESG integration strategy. The sustainability indicators performed as following:

Pillar 1- Exclusion criterias and negative screening

As of 31 December 2023, 337 companies are on the exclusion list, and hence not investable for the Investment Manager.

During 2023, the Sub-fund performed pre investment screening on 2 potential investments.

The Sub-Fund is also subject to quarterly controls to ensure alignment with the exclusion criterias. Controls have been performed for Q1, Q2, Q3 and Q4 2023.

All current investments have been individually screened, analyzed and cleared to be in line with SKAGEN's sustainable investment policy.

Pillar 2- Enhanced due diligence of high-emitting companies.

During 2023, **all** of the investees that operate within high-emitting sectors where subject to enhanced due diligence. For the Sub-Fund, enhanced due diligence was performed for 2 companies during 2023. The enhanced due diligence is enshrined in the ESG factsheet documentation.

Pillar 3- ESG Factsheets

As of 31 December 2023, ESG factsheets have been completed for 32/32 investees in the Sub-fund, and traffic lights assigned.

Traffic light distribution for completed ESG factsheets:

Dark green: 1 number of companies

Light green: 28 number of companies

Grey: 0 number of companies

Amber: 3 number of companies

Red: 0 number of companies

Black: 0 number of companies

Pillar 4- Active ownership

Engagement activities pertaining to the Sub-fund in 2023 consisted of 5 unique company engagements covering 5 unique engagement cases.

There were 34 voteable meetings in the Sub-Funds companies in 2023, with 515 voteable items on the agenda. The Sub-Fund voted on 84.27%* of these items. Votes were cast in line with management recommendations 95.85% of the time, while 4.15% of votes were against management recommendations on one or more items on the agenda.

*Portfolio Managers voted for 100% of the items on the agenda. Due to technical error, some casted votes were not registered within cut-off date. Resulting in a lower share of eligible meetings voted.

- **...and compared to previous periods?**

SKAGEN have continued to implement and scale the ESG factsheets and the traffic light solution. During 2023, we have reached 100% coverage of ESG factsheet and traffic light assessments for the holdings of the Sub-Fund.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

| This product does not have a sustainable investment objective.

|

- **How were the indicators for adverse impacts on sustainability factors taken into account?**

| This product does not have a sustainable investment objective.

|

- **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

| This product does not have a sustainable investment objective.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments

underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Throughout all pillars of the ESG integration strategy, company specific analysis is performed on the holdings of the Sub-Fund. Exclusion criteria screen away the most principled adverse impacts that are uninvestable for the Sub-Fund. Furthermore, material principal adverse indicators for every single investment case are analysed and assessed, and constitute an important contribution to the overall investment analysis. Subject to data availability and data quality, all principal adverse indicators considered material are tracked to identify positive and negative developments at security level, and can inform measures to manage and mitigate by the Sub-Fund.



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2023-12-31.

What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Catena AB	Real Estate	6.39%	SE
DigitalBridge Group Inc	Real Estate	5.14%	US
Shurgard Self Storage SA	Real Estate	4.86%	BE
American Tower Corp (REIT)	Real Estate	4.86%	US
Grainger PLC	Real Estate	4.62%	GB
Equinix Inc (REIT)	Real Estate	4.58%	US
Prologis Inc (REIT)	Real Estate	4.50%	US
CBRE Group Inc	Real Estate	4.18%	US
CTP BV	Real Estate	4.18%	NL
Independence Realty Trust Inc	Real Estate	3.87%	US
Castellum	Real Estate	3.62%	SE
Sun Communities Inc	Real Estate	3.56%	US
Cellnex Telecom SA	Communication Services	3.48%	ES
Aedifica SA	Real Estate	3.41%	BE
LOG Commercial Properties e Participacoes SA	Real Estate	3.40%	BR



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g.

What was the proportion of sustainability-related investments?

0%. This product does not have a sustainable investment objective.

In which economic sectors were the investments made?

Sector/Industry code	Sector/Industry name	Sum
25	Consumer Discretionary	0.45%
252010	Household Durables	0.45%
50	Communication Services	6.11%
501010	Diversified Telecommunication Services	3.57%
502020	Entertainment	2.54%
60	Real Estate	91.06%
601025	Industrial REITs	7.51%
601040	Office REITs	1.96%
601050	Health Care REITs	3.41%

for a transition to a green economy.

– operational expenditure (OpEx) reflecting green operational activities of investee companies.

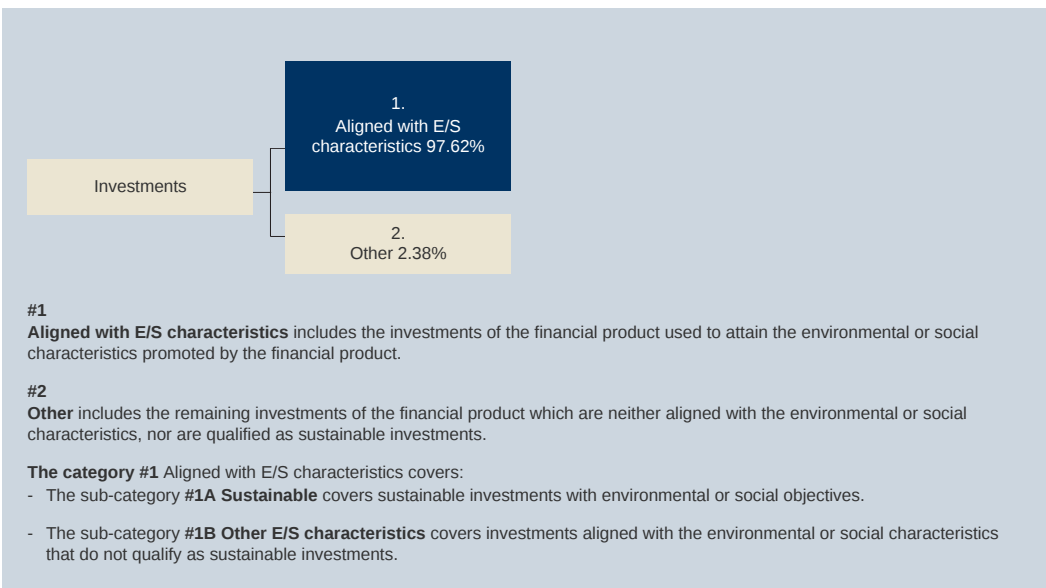
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601060	Residential REITs	12.07%
601080	Specialized REITs	14.83%
602010	Real Estate Management & Development	51.28%

• **What was the asset allocation?**

In theory, all of the Sub-Fund's assets under management should be aligned with E/S characteristics as all companies that are selected and invested in by the Sub-Fund are subject to the ESG integration strategy. Residual capital in the Sub-Fund can however de-facto be categorized as 'other' due to cash position of the Sub-Fund. As of 31 December 2023, the asset allocation in the Sub-Fund was as following

#1 Aligned with E/S characteristics: :97.62%
 #2 Other :2.38%



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not have any intentions to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case due to unintended and residual reasons. The estimated Taxonomy alignment of this Sub-Fund's investments is as of 31 December 2023:

Turnover: 8.49%
 CapEx: 6.42%
 OpEx: 4.99%

*The Sub-Fund does not include sovereign bonds.

• **Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes
 - in fossil gas in nuclear energy
- No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective — see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

low-carbon alternatives are not yet available and among other have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

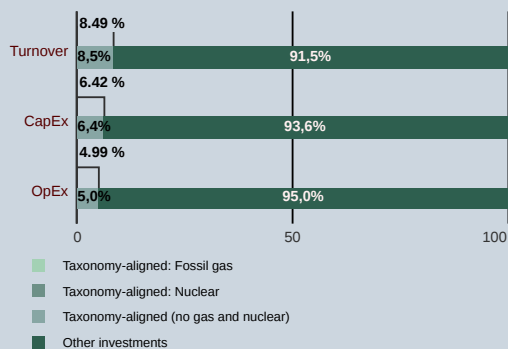
– **turnover**, reflects the “greenness” of investee companies today.

- **capital expenditure (CapEx)**, shows the green investments made by investee companies, relevant for a transition to a green economy.

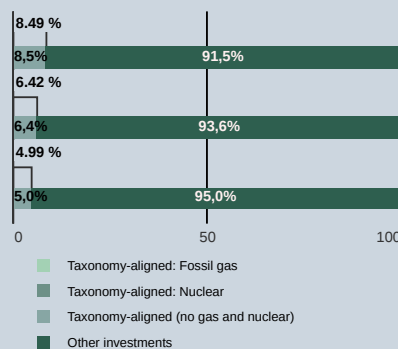
– **operational expenditure (OpEx)**, reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments, including sovereign bonds*



2. Taxonomy alignment of investments, excluding sovereign bonds*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

• **Does the financial product invest in fossil gas and/or nuclear energy-related activities that meet the EU taxonomy1?**

No

• **What was the share of investments made in transitional and enabling activities?**

Transitional activities: 0.05%

Enabling activities: 0.00%

• **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The Sub-Fund does not have any intentions to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case due to unintended and residual reasons.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

This product does not have a sustainable investment objective.



What was the share of socially sustainable investments?

This product does not have a sustainable investment objective.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Residual capital in the Sub-Fund categorized as 'other' is due to cash position of the Sub-Fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?



- Screening and quarterly controls
- Enhanced due diligence of all companies operating within "high-emitting" sectors.
- Factsheet development
- Completed factsheets for 100% of the Sub-Funds investees during 2023.
- Voting and engagement dialogues
- Training and development