

Statement on principal adverse impact of investment decisions on sustainability factors

Financial market participant Keel Capital AB, 549300XRW34CJZEXFG78

Summary

Keel Capital AB, 549300XRW34CJZEXFG78 ("Keel") considers principal adverse impact of its investment decisions on sustainability factors.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

This statement on principal adverse impacts on sustainability factors covers Keel's managed funds: Keel Capital S.A., SICAV-SIF – Foghorn 2, Keel Capital S.A., SICAV-SIF - Foghorn Fund and Keel Capital S.A., SICAV-SIF - Longhorn Fund. This statement also covers the mandates managed on a discretionary basis by Keel. Keel considers principal adverse impacts on sustainability by measuring and assessing adverse impact on sustainability of the investee companies. The assessment and performance of the indicators listed below are described in Keel's Sustainability Risk Integration / Due Diligence Policy and in Keel's Shareholder Engagement Principles.

Since this is the first published statement considering principal adverse impact of investment decisions on sustainability factors, it is not possible to compare the results of this reference period with previous years.

Keel recognises that there are some limitations to the data that has been collected given the lack of relevant sustainability data to report in accordance with the Regulation 2019/2088/EU ("SFDR") and applicable delegated acts. The implementation of the Corporate Sustainability Reporting Directive and reporting standards from the European Financial Reporting Advisory Group are necessary to provide information on reliable quantitative indicators. In addition, these regulations only apply to companies based in the EU / EEA, so there may still be a lack of data from investee companies based outside the EU / EEA.

Keel also considers that there are certain limitations to the verification of the data collected, as there are currently no common accounting standards for sustainability reporting or requirements for sustainability data to be audited by a third party. There may also be some data latency, which means that the information on which Keel bases its assessments may have changed.

Description of the principle adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	(tCO2eq): 774.01	(tCO2eq): 440.40	Coverage: 93.51% Keel has not considered principal adverse impact	Keel considers the GHG emissions of the portfolio companies. Any deviancy identified in investee

				<p>on the cash positions of the funds.</p> <p>The balance of the fund has been taken into account when measuring the indicator.</p>	<p>companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>As the composition of sectors varies across Keel's funds and discretionary mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the next reference period in tonnes.</p>
	Scope 2 GHG emissions	(tCO ₂ eq): 565.26	(tCO ₂ eq): 1148.24	<p>Coverage: 93.51%</p> <p>See above for the funds' cash positions.</p>	<p>Keel considers the GHG emissions of the investee companies.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>As the composition of sectors varies</p>

					across Keel's funds and discretionary mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the next reference period in tonnes.
		Scope 3 GHG emissions	(tCO2eq): 89953.94	(tCO2eq): 24976.98	<p>Coverage: 88.68%</p> <p>See above for the funds' cash positions.</p> <p>Keel considers the GHG emissions of the investee companies.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>As the composition of sectors varies across Keel's funds and discretionary mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the</p>

						next reference period in tonnes.
		Total GHG emissions	(tCO2eq): 91374.38	(tCO2eq): 26565.63	Coverage: 88.68% See above for the funds' cash positions.	Keel considers the GHG emissions of the investee companies. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question. As the composition of sectors varies across Keel's funds and discretionary mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the next reference period in tonnes.
2. Carbon footprint		Carbon footprint	(tCO2eq/EURm): 236.97	(tCO2eq/EURm): 89.84	Coverage: 88.68% See above for the funds' cash positions.	Keel considers the GHG emissions of the investee companies. Any deviancy identified in investee companies regarding one or several

						<p>indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>As the composition of sectors varies across Keel's funds and discretionary mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the next reference period in tonnes.</p>
3. GHG intensity of investee companies	GHG intensity of investee companies	(tCO ₂ eq/EURm): 1057.54	89.84	Coverage: 88.03%	See above for the funds' cash positions.	<p>Keel considers the GHG emissions of the investee companies.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>As the composition of sectors varies across Keel's funds and discretionary</p>

						mandates, investee companies have different starting points in their journeys towards net zero emissions and Keel does not set quantitative emission sub-targets for the next reference period in tonnes.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.34 %	0.00 %	Coverage: 87.83% See above for the funds' cash positions.		According to Keel's binding exclusion criteria applicable for the funds and the discretionary mandates, Keel does not invest in the fossil fuel sectors of coal, oil, and gas.
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	Non-Renewable Energy Consumption and Non-Renewable Energy Production (%): 87.88	Non-Renewable Energy Consumption and Non-Renewable Energy Production (%): 40.70	Coverage: 62.55% See above for the funds' cash positions.		Keel considers the non-renewable energy consumption and production of the investee companies. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.

<p>6. Energy consumption intensity per high impact climate sector</p>	<p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p>	<p>Agriculture, Forestry & Fishing (GWh/EURm): 0</p> <p>Construction (GWh/EURm): 0</p> <p>Electricity, Gas, Steam and Air Conditioning Supply (GWh/EURm): 0</p> <p>Manufacturing (GWh/EURm): 0.07</p> <p>Mining & Quarrying (GWh/EURm): 0</p> <p>Real Estate Activities (GWh/EURm): 0</p> <p>Transportation & Storage (GWh/EURm): 0</p> <p>Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm): 0</p>	<p>Agriculture, Forestry & Fishing (GWh/EURm): 0</p> <p>Construction (GWh/EURm): 0</p> <p>Electricity, Gas, Steam and Air Conditioning Supply (GWh/EURm): 0</p> <p>Manufacturing (GWh/EURm): 0.07</p> <p>Mining & Quarrying (GWh/EURm): 0</p> <p>Real Estate Activities (GWh/EURm): 0</p> <p>Transportation & Storage (GWh/EURm): 0</p> <p>Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm): 0</p>	<p>Coverage: 62.55%</p> <p>See above for the funds' cash positions.</p>	<p>Keel considers the energy consumption intensity of the investee companies.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.</p>
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			Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm): 0	Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm): 0		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with site/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.00 %	0.00 %	Coverage: 17.88% See above for the funds' cash positions.	Keel considers activities negatively affecting biodiversity-sensitive areas. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question. Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	(t/EURm): 0	(t/EURm): 0	Coverage: 18.80% See above for the funds' cash positions.	Keel considers emissions to water. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the

						investee company in question. Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.
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	(t/EURm): 1.28	(t/EURm): 0.47	Coverage: 41.70% See above for the funds' cash positions.	Keel considers hazardous waste and radioactive waste. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question. Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.

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

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	0.00 %	0.00 %	Coverage: 81.46% See above for the funds' cash positions.	Keel considers violations caused by the investee companies regarding UN Global Compact principles and
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						<p>OECD Guidelines for Multinational Enterprises.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.</p>
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	0.00 %	39.39 %	Coverage: 81.46%	See above for the funds' cash positions.	<p>Keel considers violations made by the investee companies regarding UN Global Compact principles and OECD Guidelines for Multinational Enterprises.</p> <p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the</p>

						investee company in question. Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18.72 %	(%): No data	Coverage: 21.59% See above for the funds' cash positions.	Keel considers the unadjusted gender pay gap of investee companies. Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question. Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.	
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	40.99 %	39.93 %	Coverage: 85.67% See above for the funds' cash positions.	Keel considers the ratio of male and female board members in the investee companies.	

						<p>Any deviancy identified in investee companies regarding one or several indicators may be subject to further analysis and Keel may undertake an in-depth analysis of the investee company in question.</p> <p>Considering the limited availability of reliable and relevant data, Keel will not set any quantitative targets for the indicator for the next reference period.</p>
	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 %	0.00 %	Coverage: 81.46% See above for the funds' cash positions.	According to Keel's binding exclusion criteria for the funds and the discretionary mandates, Keel does not invest in companies involved in the manufacture or selling of controversial weapons.

Indicators applicable to investments in sovereigns and supranationals

	Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	0.10	0	Coverage: 96.25%	Keel has not invested in sovereigns or

						supranationals during the reference period.
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 the international treaties and conventions, United Nations principles and, where applicable, national law	0	0	Coverage: 17.88%	Keel has not invested in sovereigns or supranationals during the reference period.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	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%	0%	Coverage: 17.88%	Keel has not invested in real estate assets during the reference period.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%	0%	Coverage: 17.88%	Keel has not invested in real estate assets during the reference period.

Other indicators for principal adverse impacts on sustainability factors

Investments in investee companies without carbon emission reduction initiatives. Impact year 2023: 0.00% [Coverage: 78.93%]

Lack of supplier code of conduct. Impact year 2022: 0.00% [Coverage: 64.63%]

No further indicators other than the mandatory indicators and the two optional above have been used to identify and assess additional principal adverse impact on a sustainability factors.

Description of policies to identify and priorities principal adverse impact on sustainability factors

The Due Diligence on Principal Adverse Impacts on Sustainability Policy of Keel was adopted by the Board of Directors on 07 December 2023.

Keel considers the principal adverse impacts of sustainability factors within fund management by excluding sectors and industries that Keel identifies as having a high impact on environmental, social and governance factors. Within the framework for sustainability analysis undertaken by Keel prior to a potential position, the manager collects data from third-party supplier. Using the collected data, the investment manager then determines whether to invest in a company or not.

Keel has chosen to consider the indicator "Investments in companies without carbon emission reduction initiatives" and "Lack of supplier code of conduct". In the selection process of these two indicators, Keel has carried out a probability and impact assessment based on its business activities. Keel has chosen to report on the indicator "Investments in companies without carbon emission reduction initiatives" as Keel considers the negative consequences of climate-related factors to be particularly critical from a probability aspect for the risks associated with the climate-related factors to materialise.

Furthermore, Keel's funds reports as Article 8 funds under the SFDR and therefore the investee companies in the funds are required to comply with good governance. Keel consider that the fact that a company has a code of conduct that also covers its suppliers is a factor in assessing whether a investee company follows good governance practices. Furthermore, Keel integrates sustainability risks into its investment decision-making process. Keel assesses the fact that a company has a long chain of subcontractors as a sustainability risk. Against this background, the indicator becomes a relevant metric for Keel.

Keel is dependent on the availability and quality of data in its work with reporting and consider principal adverse impact on sustainability factors. Keel collects data regarding principal adverse impact on sustainability factors from third-party suppliers. Keel has noted that the availability of information regarding the impact of indirect investments through, for example, derivatives is somewhat more limited.

Engagement policies

Keel has adopted Shareholder Engagement Principles that set out the purpose, approach and general principles of Keel's corporate governance and shareholder engagement activities. The principles state that Keel acts exclusively in the common interest of the fund's unitholders. The objective of the management is to achieve the highest possible return considering the funds' investment policy and risk. Given this, and the nature of the funds, Keel does not generally intend to take an active ownership role. Should there be occasions where Keel considers it to be in the common interest of the unitholders, Keel may choose to participate in nomination committees and board work. Keel has historically only participated in nomination committees for investee companies.

In addition to Keel's principles and strategies for shareholder engagement, Keel's efforts to influence sustainability issues are also described in Keel's Sustainability Risk Integration / Due Diligence Policy. The policy states that Keel seeks to influence its investee companies on issues relating to human rights, climate, and the environment. Keel takes every opportunity to vote in various corporate events related to its investee companies.

The principles described above cover all the indicators for principal adverse impacts on sustainability factors that Keel has reported on as described above.

Reference to international standards

Keel is a signatory to the Principles for Responsible Investments ("PRI") and follows the PRI's Principles for Responsible Investments.

Below, Keel lists of several indicators relating to the principal adverse impacts on sustainability factors that Keel uses to measure compliance with international codes of conduct, as set out in Annex I of Delegated Regulation 2022/1288/EU.

- UNGC principles (table 1 indicator 10 and 11)
- OECD Guidelines for Multinational Enterprises (table 1 indicator 10 and 11)
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights (table 1 indicator 12)

Keel collects data from an external data provider regarding the above codes of conduct. As the quality of the data available is not yet reliable and complete, estimated data is used.

Climate scenario analyses are widely used by financial institutions to assess climate-related risks from a forward-looking perspective such as in climate-related stress tests. Guidance issued by the European Central Bank ("ECB") in November 2020 states that the ECB expects climate-related scenario analyses to be used in the risk management of those institutions that are exposed to significant climate-related and environmental risks. Keel is a hedge fund manager and, due to its investment strategy, is less exposed to physical climate-related risks than a regular equity fund as Keel invests in derivatives and takes short positions through its funds, which increases the risk diversification of its funds. Against this background, Keel does not perform any climate scenario analysis.

Historical comparison

The first time Keel reported data on principle adverse impacts on sustainability factors was for the reference period 2022. Comparing 2022 to 2023, we can observe both positive and negative developments. The most significant change is the increased coverage on the reported data for the different Adverse sustainability indicators.

Compared to previous year, all else equal, some of the indicators such as for example the GHG emissions (especially in scope 3), carbon footprint, and GHG intensity of investee companies may have increased from the previous year. It cannot be ruled out that the higher figures are due to some portfolio companies actually increasing their emissions; indeed, this may well be the case. However, Keel's assessment is that a large part of the increase is due to more extensive and reliable data compared to previous years.

Keel still believes that data for some indicators is inadequate and that comparisons with historical reference periods will become more reliable as more data becomes available.
