Executive Summary

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

This report on the principal adverse impacts of investment decisions on sustainability factors covers all funds and discretionary mandates managed by Cliens. The report on the principal adverse impacts on sustainability factors covers the reference period from January 1 to December 31, 2025.

In this report, Cliens discloses all mandatory and two optional indicators for principal adverse impacts on sustainability factors. The two optional indicators, Indicator 19. Portfolio companies without climate targets and Indicator 20. No supplier code of conduct, was chosen to reflect our general sustainability focus on the climate and something relevant to most of our managed capital invested in small-cap companies. Regarding Indicator 19. Portfolio companies without climate targets, we have set a goal that at least 50% of our capital should be invested in companies with defined climate targets under the Science Based Targets initiative. We reached this target already in 2024, with 51 % of companies we invest in either having received validation of their targets or awaiting validation. This continued to increase in 2025 to 56 %. During coming years we will aim at ensuring that companies perform in accordance with set targets. During the year, we had approximately 20 dialogues with companies on the topic of climate targets, which was in line with the previous year. Indicator 20. No supplier code of conduct was chosen because the smaller companies we invest in are often in an international expansion phase where the same institutional and legal frameworks that exist in the companies' home market, Sweden, are often lacking other markets. Establishing a code of conduct and proactively addressing risks in growth markets is thus a way to expand internationally but do so responsibly. This year we have made further progress with expanding the number of companies with a supplier code of conduct and accompanying processes to ensure oversight.

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

We have an internally developed model that distinguishes between companies in different sectors and company sizes to best identify which indicators are most relevant for a specific company from a double materiality perspective. The outcomes on various indicators must fall within certain thresholds for us to invest in a specific company in our funds. When the outcomes on the indicators fall outside our defined thresholds, we analyze the company's strategy to address identified shortcomings. If the company lacks an improvement plan or does not indicate in dialogue with us that it is willing to make improvements, the company gets excluded from our investment universe. We are convinced that our general strategy gives us good conditions to improve our overall sustainability footprint over time, defined by all principal adverse impacts on sustainability factors. In this year's report, we note that, again, several indicators lack sufficient data for us to conclude whether the outcome is desirable. However, we are already seeing that regulations in the EU, such as the Corporate Sustainability Reporting Directive (CSRD), have expanded the data availability meaningfully, setting up improvements of our own reporting in the future. In cases where we lack reported data, we have used estimated data from our data provider when applicable.