

# Statement on principal adverse impacts of investment decisions on sustainability factors

## Financial market participant

Incentive Active Value Long Only Fund

LEI: 635400KRIZMC1N3TGN87

## Summary

The present statement describes how Incentive Active Value Long Only Fund (“Fund”) managed by Incentive AS (“AIFM”) considers principal adverse impacts (PAI) in investment decisions, as required by Article 4 of the EU Regulation 2019/2088.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2025.

The Fund has taken into consideration PAI through the application of its investment strategy and the integration of environmental, social and governance (ESG) factors into the AIFM’s fundamental bottom-up research process for all new investment and throughout the whole holding period.

Sustainability is essential to the AIFM’s investment and portfolio management processes. The AIFM have therefore integrated ESG factors into the investment process by performing an ESG-analysis of all potential investments, in conjunction with and as part of, the AIFM’s financial, thematic, and macro analysis and valuation work. This ensures consideration of all material sustainability matters in advance of investment decisions.

PAIs have been mitigated through exclusion list and the AIFM’s Sustainability Policy, as described in the SFDR precontractual annex that have been applied bindingly at all times by the Fund: 1) including investment in companies with high sustainability standards; 2) undertaking an assessment of the key sustainability characteristics that are material to the company and industry in which the relevant company operates in using the AIFM’s proprietary research and analysis; 3) engaging in direct dialogue with the management of the companies on sustainability and governance issues to encourage companies to mitigate environmental and social risks relevant to their sectors; 4) using proxy voting to drive positive change.

PAI calculation methodologies have been defined as consistently as possible with current regulatory guidelines. Furthermore, reporting on PAIs can be limited mainly due to challenges with regard to both data availability and reliability. PAI definitions and calculation methodologies may still evolve

in the future depending on any additional regulatory guidelines, or due to data evolution with, for instance, data provider's change in methodology, or change in data sets used in order to align different reporting frameworks whenever possible. PAIs are reported based on an average of the impacts at the end of each quarter where data is available.

## Description of the principal adverse impacts on sustainability factors

**Table 1: Indicators applicable to investments in investee companies**

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Greenhouse gas emissions</b>					
<b>1. GHG emissions</b>	Scope 1 GHG emissions	27033.35 (t)	34422.83 (t)	PAI indicators related to GHG emissions are per Mio EUR Enterprise Value Data coverage: 2025: 100%	<u>General approach:</u> The AIFM invests in companies with a responsible approach to the environment. The AIFM considers the full environmental impact of a company across the global value chain, even where the impact is very difficult to quantify rather than just the direct environmental footprint of the company. The AIFM supports companies to reduce their carbon emissions and expects them to have an action plan on how to minimize them.
	Scope 2 GHG emissions	15159.68 (t)	17945.95 (t)		
	Scope 3 GHG emissions	1206849.32 (t)	711755.05 (t)		
	Total GHG emissions	1249042.35 (t)	764123.83 (t)		
<b>2. Carbon footprint</b>	Carbon footprint	998.89 (t/M EUR)	532.84 (t/M EUR)		
<b>3. GHG intensity of investee companies</b>	GHG intensity of investee companies	1905.97 (t/M EUR)	1114.90 (t/M EUR)		

<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	6.41%	9.10%		<p>The AIFM engages with the management of the companies to encourage them to set emission reduction targets through signing the Science-Based Target initiative, which the AIFM believes is a sensible way for corporates to work towards cutting CO2 emissions based on their individual starting points.</p> <p><u>Exclusions:</u> The Fund adheres to the Norges Bank (NBIM) observation and exclusion of companies list (the "Exclusion List"). The AIFM believes that compliance with the Exclusion List prevents investment in companies that breach environmental and/or social minimum standards.</p> <p><u>Action taken:</u></p> <ul style="list-style-type: none"> <li>Engagement with companies on the environmental topic, e.g. committing to SBTi. Recent interactions include suggestions to several portfolio companies to sign up to the Science Based Targets initiative which resulted in joining the initiatives (e.g. Attendo AB) towards the end of 2025.</li> <li>As for the end of 2025, 71% of the portfolio companies have set or formally committed to setting carbon reduction targets approved by the SBTi.</li> </ul>
<b>5. Share of non-renewable energy consumption and production</b>	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	Consumption: 43.27 % Production: 0.00%	Consumption: 40.82% Production: 0.00%	Data Coverage: Consumption: 2025: 64.9% Production: 2025: 93.6%	
<b>6. Energy consumption intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per	Sector A: 0.00 Sector B: 0.00 Sector C: 0.31 Sector D: 0.00 Sector E: 0.00 Sector F: 0.00 Sector G: 0.00	Sector A: 0.00 Sector B: 0.08 Sector C: 0.25 Sector D: 0.00 Sector E: 0.00 Sector F: 0.00 Sector G: 0.00	Data Coverage 2025: Sector A, D- H: 0% Sector B: 0.78% Sector C: 47.63% Sector L: 5.00%	

	high impact climate sector	Sector H: 0.00 Sector L: 0.03	Sector H: 0.00 Sector L: 0.03	A: Agriculture, Forestry and Fishing B: Mining and Quarrying C: Manufacturing D: Electricity, Gas, Steam and Air Conditioning Supply E: Water Supply, Sewerage, Waste management and Remediation Activities F: Construction G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles H: Transportation and Storage L: Real Estate Activities	<u>Action planned:</u> <ul style="list-style-type: none"> <li>Continue to engage with companies on climate issues, following the SBTi targets and plans</li> <li>Continue to implement principle adverse impact assessment and monitor the data quality and coverage, working closely with our data provider and having a direct dialogue with portfolio companies</li> <li>In the coming years, the AIFM expects improvement in data availability. This will allow the AIFM to consider and determine any appropriate additional actions to take to reduce principle adverse impacts for reference period.</li> </ul>
<b>Biodiversity</b>					
<b>7.Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity-	0.00%	0.00%	Data Coverage: 2025: 100%	<u>General approach</u> The AIFM expects companies to be aware of material negative impacts on biodiversity and actively work on finding ways to minimize such impacts.  <u>Action planned:</u>

	sensitive areas where activities of those investee companies negatively affect those areas				<ul style="list-style-type: none"> <li>• Direct dialogue with companies where biodiversity is a material issue</li> <li>• Continue to implement principle adverse impact assessment and monitor the data quality and coverage, working closely with our data provider and having a direct dialogue with portfolio companies</li> <li>• In the coming years, the AIFM expects improvement in data availability. This will allow the AIFM to consider and determine any appropriate additional actions to take to reduce principle adverse impacts for reference period.</li> </ul>
<b>Water</b>					
<b>8.Emissions to water</b>	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.03 (t)	0.05 (t)	Data Coverage: 2025: 7.74%	<p><u>General approach</u> The AIFM expects companies to be aware of material negative impacts on water and actively work on finding ways to minimize such impacts. If the emissions to water are deemed material for a particular company, this will be included in risk assessment alongside other relevant indicators. This is also addressed through dialogue with the management of the company throughout the entire holding period.</p> <p><u>Action planned:</u></p> <ul style="list-style-type: none"> <li>• The AIFM will continue to implement its principal adverse impact analysis and</li> </ul>

					the assessment of the materiality of the available and relevant data. In the coming years, as data quality improves and enables a more effective assessment of impacts, this information will be taken into account to determine any appropriate additional actions or targets necessary to further reduce principal adverse impacts for subsequent reference periods.
<b>Waste</b>					
<b>9. Hazardous waste and radioactive waste ratio</b>	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.16 (t)	0.10 (t)	Data Coverage: 2025: 51.28%	<p><u>General approach</u></p> <p>If the waste-related issues are material for a certain company, this is addressed before investment and throughout the entire holding period through dialogue with the management of the company. Data coverage and the quality of available existence data are currently limited and insufficient. The AIFM remains committed to continuously seeking improved data coverage and enhanced data quality.</p> <p><u>Action planned:</u></p> <ul style="list-style-type: none"> <li>The AIFM will engage with companies on the issues of hazardous waste if this is determined as material to any portfolio companies during the holding period, encourage them to establish a plan to reduce and prevent the negative effect on environment.</li> </ul>

					<ul style="list-style-type: none"> <li>In the coming years, as data quality improves and enables a more effective assessment of impacts, this information will be taken into account to determine any appropriate additional actions or targets necessary to further reduce principal adverse impacts for subsequent reference periods.</li> </ul>
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Social and employee matters</b>					
<b>10. Violations of UN Global Compact principles and</b>	Share of investments in investee companies that have been involved in violations	0.00%	0.00%	Data Coverage: 2025: 100%	<u>General approach</u> The AIFM's sustainability analysis approach considers widely recognized principles such as UN Global Compact (UNGP) principles,

<b>Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</b>	of the UNGC principles or OECD Guidelines for Multinational Enterprises				the OECD Guidelines for Multinational Enterprises, the International Labor Organization (ILO) core conventions and the UN Guiding Principles on Business and Human Rights. The AIFM has created a proprietary framework to identify, assess risks related to sustainability, including social and employee matters, and engage with companies on this. By looking at the geographical footprint of the companies we invest in, the AIFM analyzes the risks and challenges pertaining to those markets also with regards to human and labor rights.
<b>11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</b>	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	5.03%	15.5%	Data Coverage: 2025: 100.00%	We expect our companies to adhere to local laws and regulations, but where these are lacking or underdeveloped, we expect our companies to have a higher standard of conduct in line with international law. The AIFM expects companies to have relevant policies in place and work in line with these policies to minimize the risk of human and labor rights violations. Please see below a more detailed description of how this is integrated into the investment process.
<b>12.Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies	4.85%	2.51%	Data Coverage: 2025: 52.17%	Should the investment team become aware of a specific instance in which the company is acting in contravention of these expectations, the team shall assess whether to initiate an active engagement aimed at promoting positive change or, if deemed
<b>13.Board gender diversity</b>	Average ratio of female to male board members in investee	40.44%	38.46%	Data Coverage: 2025: 100.00%	

	<p>companies, expressed as a percentage of all board members</p>				<p>ineffective or inappropriate, whether divestment should be considered.</p> <p>Social indicators present challenges for reporting due to insufficient data coverage and quality. Disclosures often consist merely of the existence of a human rights policy on the company’s website, providing minimal insights into the implementation or effectiveness of such policies. The AIFM concerns the adequacy of current data on human rights and advocates for a more holistic and meaningful approach. This includes alignment with internationally recognized standards such as the UNGPs and the OECD Guidelines for Multinational Enterprises, which emphasize due diligence, impact assessment, and remedy mechanisms beyond policy disclosure alone. That is why, on the Sector Asset Management has been engaged with an investor initiative on human rights data. The purpose is to engage with ESG data providers on their approach to evaluating corporate human rights performance.</p> <p><u>Action planned:</u></p> <ul style="list-style-type: none"> <li>• The AIFM will continue to engage with companies on improving disclosure and transparency around human and labor rights in their own operations and value chain.</li> </ul>
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					<ul style="list-style-type: none"> <li>Continue engaging on the topic within relevant industry and stakeholder groups</li> </ul>
<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.00%	Data Coverage: 2025: 100.00%	Controversial weapons are excluded from the AIFM's investment universe.

#### Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Environmental</b>					
<b>10. GHG intensity</b>	GHG intensity of investee countries	N/A	N/A	Incentive AS does not make this type of investment	N/A
<b>Social</b>					
<b>16. Investee countries subject to social violations</b>	Number of investee countries subject to social violations (absolute number and relative number divided by all investee)	N/A	N/A	Incentive AS does not make this type of investment	N/A

	countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law				
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#### Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Fossil fuels</b>					
<b>17. Exposure to fossil fuels through real estate assets</b>	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Incentive AS does not make this type of investment	N/A
<b>Energy efficiency</b>					
<b>18. Exposure to energy-inefficient real estate assets</b>	Share of investments in energy-inefficient real estate assets	N/A	N/A	Incentive AS does not make this type of investment	N/A

**Table 2 and 3: Additional indicators**

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Emissions</b>					
<b>4. Investments in companies without carbon emission reduction initiatives</b>	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	29%	35%	Data Coverage: 2025: 100%	<p><u>General approach</u> The AIFM encourages companies to sign up to the Science Based Targets initiative, which the AIFM believes is a sensible way for corporates to work towards cutting CO2 emissions based on their individual starting points.</p> <p><u>Action taken:</u></p> <ul style="list-style-type: none"> <li>• Engagement with companies on the environmental topic, e.g. committing to SBTi.</li> <li>• Recent interactions include suggestions to several portfolio companies to sign up to the Science Based Targets initiative which resulted in joining the initiatives (e.g. Attendo AB) towards the end of 2025.</li> </ul> <p>As for the end of 2025, 71% of the portfolio companies have set or formally committed to setting carbon reduction targets approved by the SBTi.</p>

					<u>Action planned:</u> <ul style="list-style-type: none"> <li>Continue engaging with companies on climate-related matters, promoting alignment with SBTi targets and transition plans</li> </ul>
<b>Anti-corruption and anti-bribery</b>					
<b>16.Cases of insufficient action taken to address breaches of standards of anti-corruption and antibribery</b>	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0.00%	0.00%	Data Coverage: 2025: 100%	<u>General approach</u> The AIFM expects companies to have relevant policies in place and work in line with these policies to minimize the risk of corruption and bribery.  Should the investment team become aware of a specific instance in which the company is acting in contravention of these expectations, it should assess whether to initiate an active engagement aimed at promoting positive change or, if deemed ineffective or inappropriate, whether divestment should be considered.

## Description of policies to identify and prioritize principal adverse sustainability impacts

Sustainability is essential to the AIFM’s investment and portfolio management processes. The AIFM has therefore integrated ESG factors into the investment process by performing an ESG analysis of all potential investments, in conjunction with and as part of, its financial, thematic, and macro analysis and valuation work. This ensures consideration of all material sustainability matters in advance of investment decisions.

To start with the AIFM looks at Sanctions’ risk by doing research for the company and key individuals in the LSEG WorldCheck database. If the AIFM finds breaches in this search, they put the opportunity aside (i.e. a red flag). Furthermore, the team focuses on inherent risks and challenges based on the geographies and industry the company in question operates within. In terms of geographical risks, the team look at political stability (Fragile State Index), Human Rights and Labor Rights (International Trade Union Confederation’s Global Rights index), Corruption (Corruption Perceptions Index),

Climate risks (The German Watch Climate Change Performance Index), Environmental risks (The Environmental Performance Index) in the market where the company operates. In terms of Industry specific inherent risks, the AIFM base these on the SASB Materiality Map. Using a matrix, the AIFM ranks the company in question low-, medium or high risk and performs an overall Industry and Geographical risk assessment. The team tailor due diligence questions for management based on our understanding of the company and where medium and high risks are evident. The team zoom in on political risks and supply chain risks and do an assessment of relevant key third parties. Based on this analysis the AIFM forms a view of the total inherent risk for the company. The next part of the analysis looks at the sustainability governance of the company. The AIFM believes proper sustainability governance can mitigate inherent risks.

Key questions the AIFM's research include:

Do the governing documents integrate ESG issues (Code of Conduct, Supplier Code of Conduct, company sustainability strategy and the like)? Does the company perform a materiality assessment – i.e., are they aware of their own inherent risks? Does the company risk assessment also include elements of ESG. Is sustainability integrated into corporate strategy? Governance structure (ESG specific KPIs, ESG specific targets, corrective target activities).

The team focus on these ESG topics, and its own company specific questions derived from earlier analysis, in meetings with management or the person responsible for sustainability within the company. The AIFM expects to see ESG responsibility high up in the organization and high up on the agenda (board and management need to have real engagement on the topic). The team assesses how the sustainability governance of the company helps mitigate the inherent sustainability risks and reach a residual risk matrix. The residual risk matrix is an important variable in discussing the attractiveness and risks surrounding the company leading up to an ultimate investment decision. It is important for the team to have a view on how the company can reduce the residual risks further by making improvements to their sustainability governance framework and they engage with the companies to share their views. The AIFM also tries to identify opportunities for the company (i.e., not all risks and challenges), often the company has a sector leading in certain areas or might be able to improve by implementing new procedures which might improve the overall valuation of the company through lower sustainability risks, better cost position and better growth prospects.

### **Data source and processing**

As part of the investment process, the AIFM uses a range of both quantitative and qualitative sustainability indicators to determine the environmental and social impact of each investment within the Fund. The AIFM draws information on investee companies from publicly available corporate information and company meetings, reports from industry and research organizations, think tanks, legislation, consultants, and academics. The AIFM is continuously monitoring and comparing multiple data sources to ensure quality of the information.

For the purpose of this statement, principle adverse impact indicators were collected and mapped in the tables above using data from our third-party provider, ISS Governance. Impacts have been calculated as the average of the quarters of 2025.

It is important to notice that reporting on certain PAI indicators may be limited due to lack of data availability. Not all companies currently report on all sustainability factors. And the report relies on the data available at the moment and its accuracy and completeness depend on the quality of the data provided by our data provider. The figures reported reflect our best efforts to ensure precision based on the available information. The AIFM may change third-party provider at any time and at its own discretion, which may also result in changes to the data and/methodologies used for the same investments in future reports.

### **Limitations to methodologies and data**

It is usually very difficult to assign a monetary value or meaningful number to various ESG issues and to integrate them into financial models. ESG-related disclosures by companies may be limited, unverified and non-standardized. Many ESG data providers' scores reflect only differing disclosures and thus the data is backward looking. The AIFM prefers to exercise its own judgment from a holistic analysis of the business and its interaction with the world around it.

## **Engagement policies**

Engagement is a fundamental part of the investment process. The AIFM engages with the management teams, board members and other stakeholders of its underlying portfolio companies when it believes that such engagement can positively influence any processes aimed at enhancing the value of an investment. The AIFM votes at General Meetings and makes sure its voting aligns with the Sustainability Policy. The AIFM part-take in nomination committees in the Nordic region whenever there is the opportunity and through this work ensure that the board of directors is optimally composed and constructed.

## **References to international standards**

The AIFM has been a UN PRI signatory since 2019. Signing up six years ago was a natural extension of the team's work on sustainability. The six main principles resonate well with how the AIFM works as investors and how they can make a positive impact on the world around us.

The AIFM expects portfolio companies to comply with all applicable local laws and regulations. In jurisdictions where such frameworks are lacking and underdeveloped, the AIFM expects companies to uphold higher standards of conduct aligned with international law. Furthermore, the AIFM expects all companies to operate in accordance with the principles of the UN Global Compact and OECDs Guidelines for Multinational Enterprises.

## Historical comparison

The 2024 reporting period represents the first year of data collection in this format for SFDR purposes. As such, this is the first report that enables a comparison with a subsequent reporting period (2025).

Carbon emissions data coverage across portfolio companies is generally strong, with a high proportion of companies now disclosing emissions as part of their annual reporting. Scope 1 and Scope 2 emissions are reported more consistently than other categories, supported by regulatory requirements, more standardized reporting frameworks, and improved access to primary operational data.

The AIFM actively engages with portfolio company management to promote the adoption of emission reduction targets, including through participation in the Science Based Targets initiative (SBTi). This approach is considered an effective way of reducing CO<sub>2</sub> emissions in line with companies' individual starting points. Recent engagement efforts have included encouraging several portfolio companies to commit to the SBTi, which has led to new signatories, such as Attendo AB, toward the end of 2025. As of year-end 2025, 71% of portfolio companies have either set, or formally committed to setting, carbon reduction targets approved by the SBTi.

Social and employee-related indicators remain challenging to assess due to limited data coverage and inconsistent data quality, reflecting an early stage in the development of more structured and comparable disclosures. At the same time, a positive trend is observed, with gradual improvements in both disclosure quality and overall data coverage across portfolio companies. However, gaps remain, including a lack of robust processes and compliance mechanisms to monitor adherence to the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The AIFM continues to monitor these indicators closely and seeks to avoid exposure to companies involved in serious or systemic violations. Further details on how these considerations are integrated into the investment process are outlined above.

Exposure to companies involved in controversial weapons remained at zero, in line with the exclusion criteria.

Overall, the AIFM remains committed to enhancing the quality and reliability of its sustainability data. The AIFM continues to monitor regulatory developments, including ongoing reviews of SFDR and the implementation of CSRD. Recent reductions in the scope of CSRD may limit the number of companies subject to mandatory reporting, increasing the risk of continued gaps in data availability.