

The  
**21**  
List

If you answer  
We can invest

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Get in touch with us!

Early 2021, we started asking all Nordic High Yield issuers to disclose material aspects regarding their sustainability work to emphasize the importance we place on the topic. We are thrilled with the outcome and want to express our gratitude to all involved parties.

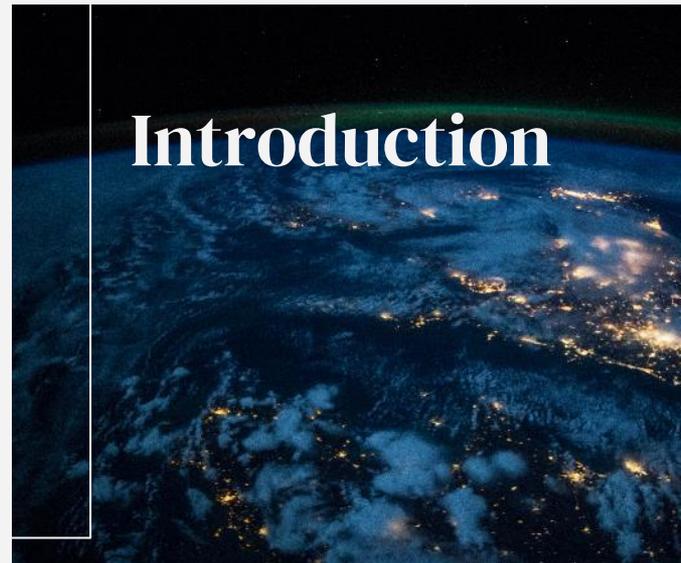
We keep raising our ambition. Continuously striving to improve, we have updated the 21 questions.

Furthermore, we have included a Best Practice section to encourage issuers to set targets and report on emissions which we believe might soon become a minimum requirement. This would also help us in reporting on the funds' CO2 footprint.

We are impressed that so many have chosen to join this initiative and encourage further engagement to support its development going forward.

With continuous high hopes for a more sustainable credit market,

*Carnegie Fonder and Spiltan Fonder*





# Background

Why investors demand sustainability and transparency of all bond issuers

## Our aim

The introduction of bonds featuring a sustainability label, for example Green bonds, has increased transparency and sustainability awareness amongst issuers and investors alike. However, we believe that there is even more to do to ensure a faster transition to a sustainable society.

Bond issuers are ideally positioned to have a positive impact. We aim to inspire them to use this opportunity by asking questions that we strongly believe will benefit all stakeholders. By integrating these topics in roadshow material circulated before a transaction, regardless of label, we hope to ignite a spark and a way of thought.

*Together, we represent SEK 40 billion of high yield credits under management. Our pledge to you, the market and the future inhabitants of this earth is to do our part to secure a sustainable future.*

## Our demand

All Nordic High Yield issuers answer a standardized set of sustainability related questions in the presentation material preceding a bond issuance

## Our promise

To not accept presentation material lacking transparent answers to the questions and parameters stated in the remainder of this presentation and its appendix

## Effective as of

January 1<sup>st</sup>, 2021

# Founders

## Carnegie Fonder

- Founded in 1988
- Investment philosophy: Focused value investing with bottom-up approach – focusing on fundamental company analysis
- Managing SEK 100bn (65% equities and 35% credits)
- AuM in Nordic High Yield, SEK 18bn



Niklas Edman,  
fund manager



Maria Andersson,  
fund manager



Mona Stenmark,  
fund manager



Mikael Engvall,  
fund manager



Daniel Gustafsson,  
fund manager



Gustav Ekhagen,  
fund manager

## Spiltan Fonder

- Founded in 2002
- Investment philosophy: Bottom-up approach with a focus on cash flow generating companies with a stable and predictable business model, without taking more than marginal interest rate risk
- Managing 90bn SEK (68% equities and 32% credits)
- AuM in Nordic High Yield, SEK 8,5bn



Lars Lönnquist,  
fund manager



Nicklas Segerdahl,  
fund manager



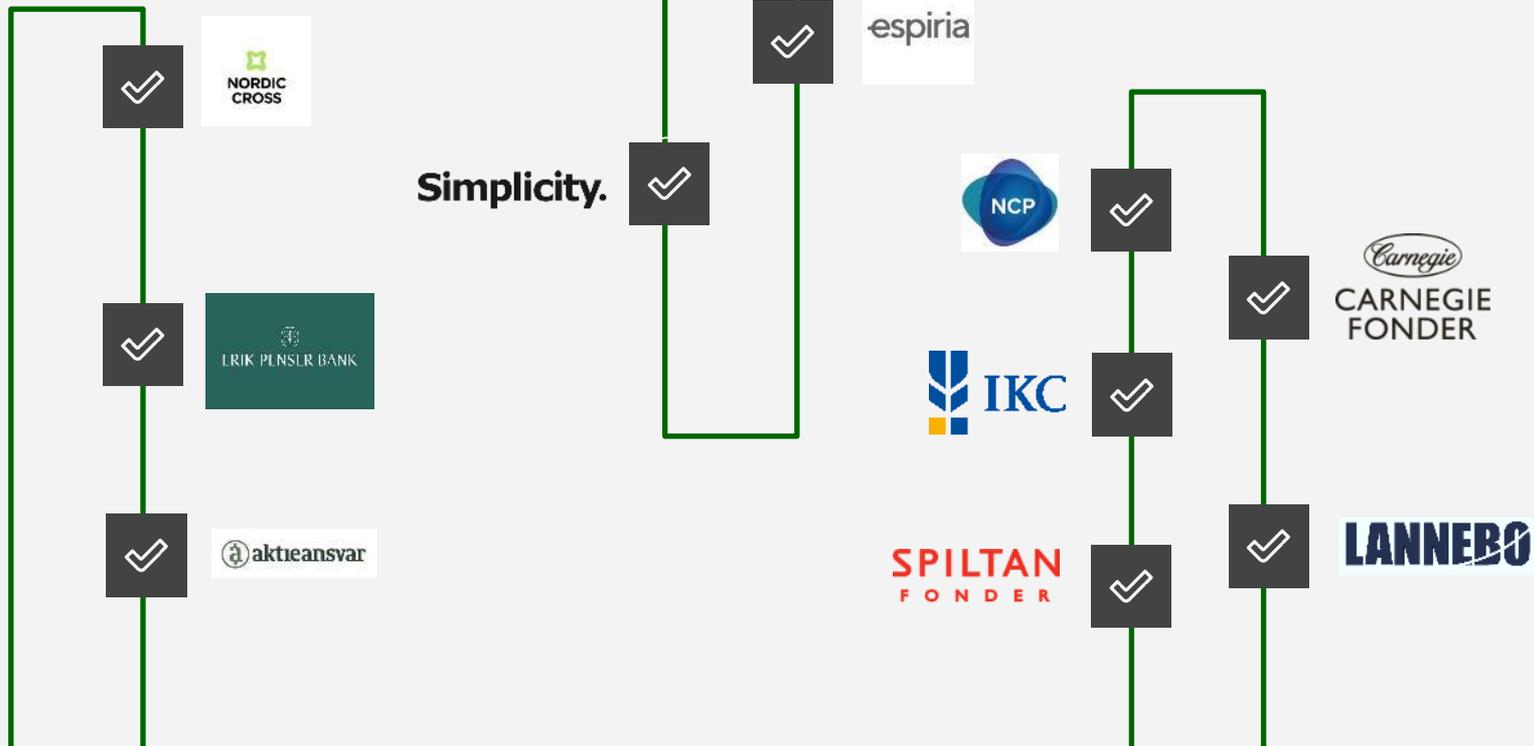
Sofie Areskoug,  
analyst



Rebecka Dahlin,  
analyst

# Signatories

We represent ~ SEK 40 bn



# Questions

Answers we expect to find in the presentation material preceding a bond issuance, regardless of label

## General Industry

- Please list the industry's three biggest sustainability (ESG)-related challenges and briefly describe the process for identifying these challenges
- Does the company have a Science Based Target, report to the CDP or engage in any similar sustainability initiatives?
- Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

## E

## Environment

- Please list the firm's three primary risks related to climate change and if any, the firm's climate-related opportunities
- Does the firm anticipate any climate-related investments, and if so to what extent?
- Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?
- Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?
- Please disclose your Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?
- Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?
- Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

# Questions

Answers we expect to find in the presentation material preceding a bond issuance, regardless of label

## S

### Social

- Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?
- If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team
- Does the company conduct any other community engagement activities aside from those directly connected to the business?
- How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?

## G

### Governance

- Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?
- Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen
- How many independent members sits on the Board of Directors?
- Please state if and to what extent, the company has transactions with related parties
- Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?
- Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken
- Have you signed a Union agreement?

# Other requests

## Reporting and transparency

- We want to emphasize the importance of the firm's quarterly and annual reports being as detailed (include full P/L, balance sheet and cash flow per business unit and comments by the CEO/CFO) as in the applicable investor presentation circulated prior to the transaction
- Continuous (at least once a year) reporting on outcome for set ESG targets
- We expect the issuer to prepare the answers to the 21 questions, rather than the bookrunner(s), to promote discussion and development within the company. Please ensure that your answers to the 21 questions are as brief, to-the-point and relevant as possible
- We expect the answers to the 21 questions to be distributed to the market at the same time as investor presentation and other documentation are circulated

## Best Practice

- We strongly encourage issuers of Nordic HY bonds to strive for and set targets within the following areas. (In addition to potentially being included into the bond documentation)
- Independent board members (at least one independent representative)
- Gender balance in management and the Board
- Cultural diversity in management and the Board
- Set a Science Based Target
- Disclose Scope 1, 2 and 3 emissions (at least Scope 1 and 2)
- Sign the UN Global Compact
- Publish the answers to the 21 questions on the company's webpage
- Provide a yearly update of the company's answers to the 21 questions
- Engage the service of a third-party assessor to validate ESG targets and KPIs

# Other requests

## Pricing and Liquidity

- Although directed to the bookrunners of the transaction, we would like to emphasize the importance of continuously updated/daily pricing of the bonds
- We encourage multiple banks in transactions in order to ensure the liquidity of every single bond

# Contact

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