

Statement on principal adverse impacts of investment decisions on sustainability factors



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Financial market participant name: WA3RM Fund Management AB

Legal entity identifier: 559304-2053

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Summary

WA3RM Fund Management AB (the “Manager”) considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. This statement is the consolidated statement on principal adverse impacts on sustainability factors of WA3RM Regenergy Development Fund I AB.

This statement on principal adverse impacts of investment decisions on sustainability factors covers the reference period of February 24th 2022 (registration date of the fund) to December 31st 2022 (the end of the calendar year).

WA3RM Fund Management AB considers principal adverse impacts on an entity level for our fund’s investments by identifying relevant sustainability indicators, measuring the negative impact on such sustainability indicators, and monitoring such data regularly. WA3RM Fund Management AB considers the mandatory principal adverse impact indicators defined by the Sustainable Finance Disclosure Regulation (SFDR) prior to investment decisions. This consideration is based on reasonable data availability, quality, or otherwise ability to form reliable estimations.

This statement on principal adverse impacts of investment decisions on sustainability factors is a preliminary version, which contains text information about the actions taken, planned actions, and targets related to the sustainability indicators. A finalized version of this statement containing more detailed data for the reference period of February 24th 2022 to December 31st 2022 will be published by latest June 30th 2023. The finalized version of this statement is subject to data availability and quality limitations.

Description of the principal adverse impacts on sustainability factors

The full library of adverse sustainability indicators defined and described by the EU SFDR are listed in the table below. These indicators are considered prior to, during, and after investment decisions to ensure that adverse impacts on key sustainability factors are assessed thoroughly and in all stages of the investment process.

For each of the below indicators, WA3RM Fund Management AB provides information to describe the actions taken, planned actions, and targets set to avoid or minimize the principal adverse impacts identified.

Data related to the impact of our fund's investments on these indicators will be published by latest June 30th 2023, and continuously on an annual frequency thereafter. This information published by latest June 30th 2023 will cover the period of February 24th 2022 to December 31st 2022. Each future annual publication will include data from the most recent reporting year, and the year directly prior to that most recent reporting year. This first statement released by latest June 30th 2023 will only include data from the year 2022, since the fund and fund manager were not active in any years prior to 2022.

Table 1

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, 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	N/A	N/A	N/A	WA3RM Fund Management AB has the objective to create net abatement of greenhouse gas emissions via use of industrial waste heat, and potentially additional other types of waste. Such impacts will be created by investments in the design and construction of facilities which will utilize waste heat and other waste types for production of food, fuel, fertilizer, or possibly other resources. Unlike standard manufacturing companies which have objectives to reduce GHG emissions, our objective is to abate GHG emissions. Monitoring of scope 1, 2, and 3 GHG emissions will begin in
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	

	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	N/A	N/A	N/A	<p>2023, or otherwise with the launch of first project in Frövi Sweden if this occurs after 2023. Additionally, abated GHG emissions will also be monitored, often referred to as scope 4 GHG emissions or avoided GHG emissions.</p> <p>After our investments have resulted in projects with ongoing resource production, carbon footprint and GHG emission intensity will both be calculated and monitored.</p> <p>No investments will be made in companies in the fossil fuel sector, which derive revenue from exploration, mining, extraction, production, processing, storage, refining, distribution, storage or trade of solid fuels, natural gas, or oil. However, industry partners who provide waste heat or other waste may be active in the fossil fuel sector, since it is our objective to contribute to the mitigation of climate change as much as possible despite the industry partner.</p>
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	

						Although our fund will not invest in projects which produce renewable energy, the projects will consume predominantly waste heat as the heating source and predominantly renewable electricity as the electricity source. No investments will be made in companies in high impact sectors.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	<p>We commit to take potential negative impacts on biodiversity into consideration in investment decisions.</p> <p>To ensure no investments negatively impact biodiversity-sensitive areas or otherwise protected areas, all projects which receive funding shall perform independent biodiversity project assessments in cooperation with the local Swedish authorities (or equivalent authorities in other countries if the project is located outside Sweden).</p>
Water	8. Emissions to water	Tonnes of emissions to water generated	N/A	N/A	N/A	We consider emissions to water generated by investee companies using data collection

		by investee companies per million EUR invested, expressed as a weighted average				and monitoring of wastewater at project facilities, once they are operational. To ensure no investments negatively impact nearby water sources, all projects which receive funding shall perform project assessments and obtain necessary permits in cooperation with the local Swedish authorities (or equivalent authorities in other countries if the project is located outside Sweden).
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	N/A	N/A	N/A	No hazardous waste or radioactive waste will be generated from the investments made in projects.
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	Share of investments in investee companies that	N/A	N/A	N/A	No investments shall be made in projects which include industry partners, suppliers, or tenant operators which fail to

	Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				uphold the UN Global Compact Ten Principles, the OECD Guidelines for Multinational Enterprises, or our Code of Conduct.
	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	N/A	N/A	N/A	<p>We align our project investments with the UN Global Compact Ten Principles and the OECD Guidelines for Multinational Enterprises, and our Code of Conduct is based on these frameworks among others.</p> <p>Prior to investment decisions, all potential industry partners, suppliers, and tenant operators shall be subjected to screening to ensure they uphold the UN Global Compact Ten Principles, the OECD Guidelines for Multinational Enterprises, and our Code of Conduct.</p> <p>The Fund Manager reserves the right to perform additional off-site or on-site audits at locations of its industry</p>

		Multinational Enterprises				<p>partners, suppliers, and tenant operators to further monitor compliance.</p> <p>Reference to such frameworks and guidelines shall also be included in contracts with industry partners, suppliers, and tenant operators.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	We will consider average unadjusted gender pay gaps of our investments, and we will formulate our internal target and monitoring method for this in 2023.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	We will consider average ratio of female to male board members in our investments, expressed as a percentage of all board members of our investments. This will be monitored on a regular basis.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and	Share of investments in investee companies involved in the manufacture or selling of	N/A	N/A	N/A	No investments shall be made in companies which are involved in the manufacture or selling of any weapons, controversial or non-controversial.

	biological weapons)	controversial weapons					
Indicators applicable to investments in sovereigns and supranationals							
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	Not applicable due to the nature of our investments.	
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 international treaties and conventions, United Nations principles and, where	N/A	N/A	N/A	Not applicable due to the nature of our investments.	

		applicable, national law					
Indicators applicable to investments in real estate assets							
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	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	N/A	N/A	N/A	Not applicable due to the nature of our investments.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Not applicable due to the nature of our investments.	

Other indicators for principal adverse impacts on sustainability factors

In addition to the set of mandatory EU SFDR sustainability indicators listed above in Table 1, the fund manager reserves the right to consider additional sustainability indicators from Table 2 and Table 3 of the EU SFDR Annex 1 in the finalized version of this statement which will be released by latest June 30th 2023. Such additional indicators and their respective data would also be subject to data availability and quality.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The fund manager uses several frameworks to identify and prioritize principal adverse impacts on sustainability factors. These include but are not limited to the UN SDGs, the UN Global Compact ten principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the EU Taxonomy, the Swedish environmental objectives, and the Greenhouse Gas Protocol scope 1, 2, and 3 guidelines.

In 2023 the fund manager will release a Code of Conduct, a Sustainability Policy, and various screening and assessment mechanisms. These mechanisms will be used to identify, prioritize, and manage principal adverse impacts on sustainability factors in key areas such as human rights, business ethics, GHG emissions, energy, water, waste, biodiversity, employee diversity, health and safety, and other areas.

The EU SFDR provides a list of specific sustainability indicators which the fund manager will use to identify, measure, prioritize, and manage negative impacts on sustainability factors. To enable this identification and prioritization of the principal adverse impacts of investments, the fund manager will launch various mechanisms during 2023. These mechanisms will include but are not limited to a Code of Conduct, project partner screenings, project application screenings, general project impact screenings, project partner contracts, project partner audits, and regular reporting of sustainability data from projects.

The fund manager will apply the mechanisms described above prior to the project investment decision phase, but also during the project development and asset management phases. The fund manager aims to apply thorough screening of all potential investments and aims to focus its investments into projects which have substantial positive impact on sustainability factors and which do not significantly harm or inhibit any sustainability factors.

Engagement policies

The fund manager maintains a high level of engagement with relevant stakeholders involved in all investments. These stakeholders include, but are not limited to the company developing the investment projects, industry partners, suppliers, operator clients, and governmental agencies. This engagement can be via direct in-person contact, direct digital contact, shared group meetings, and email and other forms of contact.

The fund manager takes a highly proactive approach to its engagement with investment stakeholders. Prior, during, and after investment decisions relevant stakeholders are engaged regularly and regarding various topics, to ensure strong alignment of investment projects with the overall sustainable investment objectives of the fund manager. After investment decisions have been made, ongoing engagement with relevant stakeholders is continuously carried out in order to maintain a high focus on the overall sustainable investment objectives and ensure constant monitoring of investments in the areas of human rights, environmental responsibility, fair labor and wages, business ethics, and health and safety. The fund manager reserves the right to perform off-site and on-site audits at its project investment sites, supplier sites, and operator client sites.

The main objectives of the fund manager's engagement strategy are to: screen all potential investments thoroughly prior to investment decisions; build strong relationships with suppliers, operators, and other investment partners; and ensure that all necessary routines, processes, and frameworks are in place so investments and relevant stakeholders uphold international, national, and local laws and our Code of Conduct. Furthermore, the engagement strategies described serve as a safeguard which will support the identification of any potential breaches to laws, norms, or the Code of Conduct. The Fund reserves the right to request remediation of any identified breaches to laws, norms, or the Code of Conduct and the right to divest the holding.

References to international standards

The fund manager considers principal adverse impacts on sustainability factors related to all investments and with reference to various international standards. The fund manager refers to international standards including but not limited to:

- UN Global Compact Ten Principles
- UN Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights

- Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- EU Taxonomy
- Swedish environmental objectives

The fund manager additionally requires that all investments are made in projects which comply with international, national, regional, and municipal laws and norms. Project partners with contracts or agreements related to the investment are also expected to comply with such laws and norms.

Historical comparison

A historical comparisons will begin being reported in 2024, when data from 2023 and 2022 have become available. Data in this preliminary statement and the finalized statement to be released by latest June 30th 2023 will only focus on the year 2022 which was the first year the fund manager the the fund existed.