

Matter

**Portfolio
sustainability
analysis**

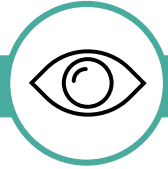
**PP Capital
Stockpick**



WHO WE ARE

Matter is a Danish fintech-startup founded in 2017. We specialise in sustainable investments and have launched a sustainable pension product in Denmark in collaboration with Skandia in October 2018.

Our team consists of people with diverse experience from the United Nations, asset management, management consulting and software development.



PORTFOLIO SUSTAINABILITY ANALYTICS

Drawing upon wisdom-of-the-crowd inspired sustainability information and machine learning, **we have developed automated tools to screen entire investment portfolios of listed assets on a range of sustainability criteria** that can be utilized by pioneering investors wishing to create sustainable and impact-oriented portfolios.

The portfolio sustainability tools enable the qualification of ESG-strategies with concrete allocation targets – with respect to exclusion of controversial companies, reduction of the portfolio's CO2 impact, inclusion of additional beneficial investments and more.

Sustainability metrics constitute a new dimension to traditional financial reporting that is here to stay.

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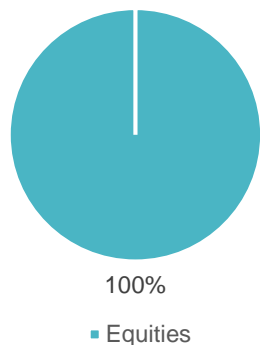
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Analysed portfolio

STOCKPICK (SP)



- The PP Capital Stockpick portfolio holds a limited number of equities (23)
- These equities will be the focus of this report, where they will be compared to a custom benchmark consisting of 85% OMXC25 and 15% MSCI Europe

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Summary

Environmental and social impact



- For most environmental metrics, the Stockpick equities perform better than the selected benchmarks - this goes for carbon emissions, total reserves and waste generation. For water usage, the OMXC25 index perform marginally better, however
- For renewable power generation, the PP Capital Stockpick equity portfolio performs worst as it doesn't carry any generation, while the compared benchmarks generate between 8.5 and 21.0 MWh per m€
- When looking at the portfolios' average share of female executives, the PP Capital Stockpick equities portfolio also performs worst in the comparison

Controversial and beneficial companies

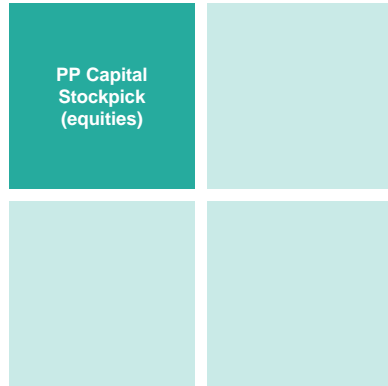


- The PP Capital Stockpick equities portfolio only holds 23 equities and none of these are flagged for any significant controversial topics (weapons, human rights violations, corruption, fossil fuels, tobacco or environmental damage). In comparison, the selected benchmarks hold between 13-27% companies flagged for controversial topics
- Only two companies (6% of the PP Capital Stockpick portfolio) are flagged for any controversial topics; Novo Nordisk for GMO and Danske Bank for ethical norms violations. As a comparison, the benchmarks holds between 48-53% of companies which are flagged for at least one of the topics seen on page 8
- Looking at beneficial topics, the PP Capital Stockpick equity portfolio only holds 2 companies (6%) which are flagged for the beneficial topics "green energy production" and "low ghg emissions", while the benchmarks' shares span between 20-39%

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Benchmarking

Selected portfolios



Selected benchmarks



- This analysis primarily looks into the sustainability profile of PP Capital Stockpick equities and compare this portfolio with three benchmarks; MSCI Europe, OMXC25 and a custom benchmark consisting of 85% OMXC25 and 15% MSCI Europe
- Throughout the report, the equity portfolio is compared to the three benchmarks solely. Note that the presentation contains comparisons only, which is why no numbers should be interpreted as general sustainability ratings

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Included metrics (1/2)



Impact metrics

Portfolio level

Measuring a portfolios impact on various metrics – from carbon emissions to renewable energy generation



Controversial corp. topics

Asset and portfolio level

Companies in the portfolio that are flagged for corruption, fossil fuels, weapons, human rights violations and much more customizable topics.



Controversial sovereign topics

Asset and portfolio level

The controversial sovereigns within the portfolio – e.g. sovereigns flagged for sanctions, corruption and more.



Beneficial corp. topics





Asset and portfolio level

The beneficial companies in the portfolio that are perceived to add cultural value, aim to benefit people and/or benefit the environment.



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Included metrics (2/2)

|  Impact metrics |  Controversial corp. topics |  Beneficial corp. topics |  Controversial sov. topics |
|---|---|---|---|
| <p>Carbon emissions (Scope 1+2)</p> <p>Total reserves CO2 emissions (Oil, coal and gas)</p> <p>Water use (Direct and purchased)</p> <p>Waste generation (Landfill and incineration)</p> <p>Renewable power generation (Wind, solar, hydro, geothermal and wave/tidal)</p> | <p>Adult entertainment Alcohol</p> <p>Business ethics violations Correctional facilities Corruption</p> <p>Defense & weapons</p> <p>Environmental damage & disasters</p> <p>Ethical norms violations Extreme executive pay</p> <p>Fossil fuels Gambling GMO</p> <p>High GHG emissions</p> <p>Human & labor rights violations Israeli settlements</p> <p>Meat production Nuclear Pork</p> <p>Stem cells</p> <p>Tax avoidance Tobacco</p> | <p>Best in class (among peers)</p> <p>Business ethics pioneers</p> <p>Diversity & inclusion pioneers</p> <p>Environmental protection</p> <p>Great work environment</p> <p>Green energy production</p> <p>Health & safety pioneers</p> <p>Human & labor rights pioneers</p> <p>Low GHG emissions</p> | <p>High fossil fuels exports Authoritarian state Child labor Civil liberties</p> <p>Conventional weapons export Corruption</p> <p>Financial secrecy Government effectiveness</p> <p>Low share of women in national parliament Not free state Peace</p> <p>Political rights</p> <p>Political stability - no violence Press freedom Regulatory quality Rule of law Sanctions Slavery Tax haven Voice and accountability</p> |

The topics are based on more than 50 well renowned sources

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Sources

actiam

AFL-CIO
AMERICA'S UNIONS

AS YOU SOW

Bloomberg

THE CARBON UNDERGROUND

CLEAN200™

Climate Action 100+
Global Investors Driving Business TransitionCHRB
Corporate Human Rights BenchmarkCR
CORPORATE RESPONSIBILITY RANKINGDI
DiversityInc

The Economist INTELLIGENCE UNIT

ENGAGED TRACKING

EQUILAR

ETHISPHERE
WORLD LEADING BUSINESS PERFORMER

Forbes

Freedom House

Business & Human Rights Resource Centre

glassdoor



KNOW THE CHAIN

macroclimate®

WELL-BEING & RELIABLE
SAMVIRKE

NORGES BANK

ITEP
INSTITUTE ON TAXATION AND ECONOMIC POLICY

PGGM

RANKING DIGITAL RIGHTS

EU Sanctions Map

REPORTERS WITHOUT BORDERS
FOR PRESS FREEDOM

S&P Global

SDG INDEX

sipri

skandia

SPP

storebrand

THE NATIONAL PROVISIONER

THE BOYCOTT LIST.ORG

VISION of HUMANITY

THOMSON REUTERS

TRANSPARENCY INTERNATIONAL
the global coalition against corruption

Triodos Bank

TRUOOST

tax justice network

Wespath
BENEFITS | INVESTMENTSWIKIPEDIA
the free encyclopedia

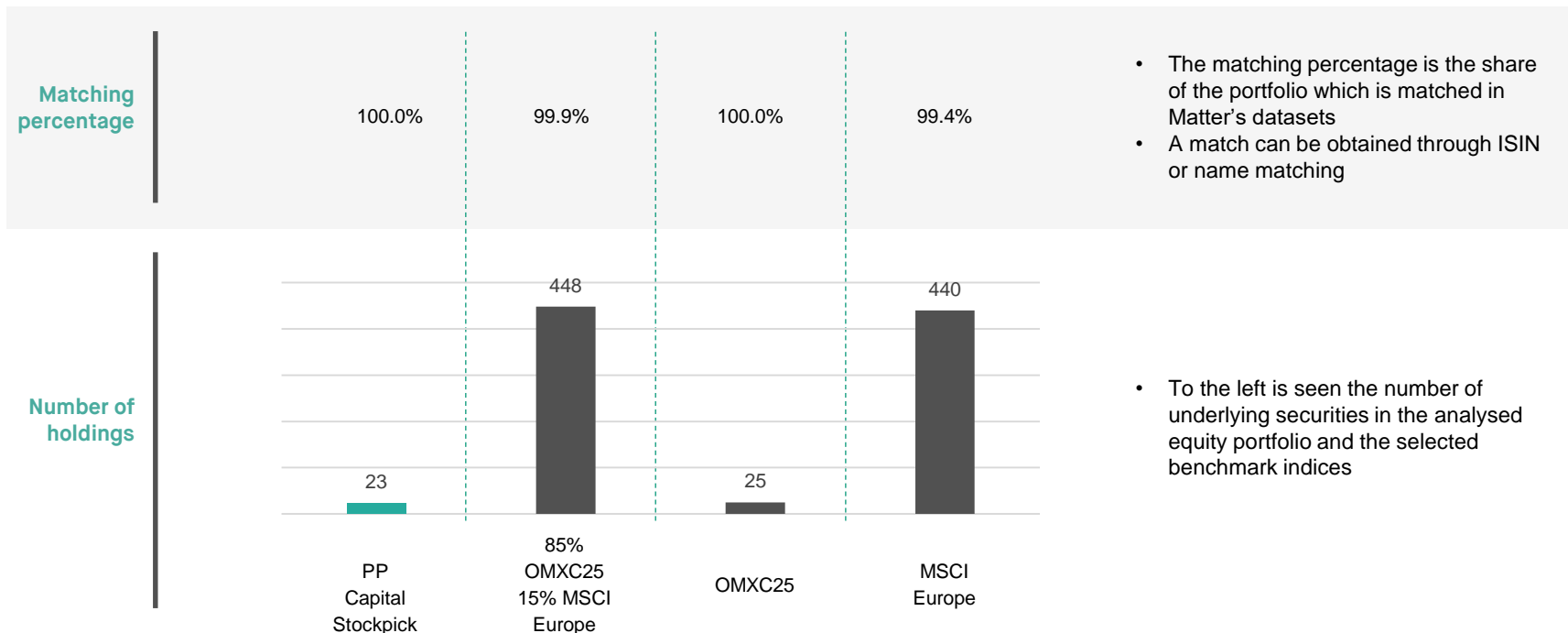
WORLD BANK

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Equities |

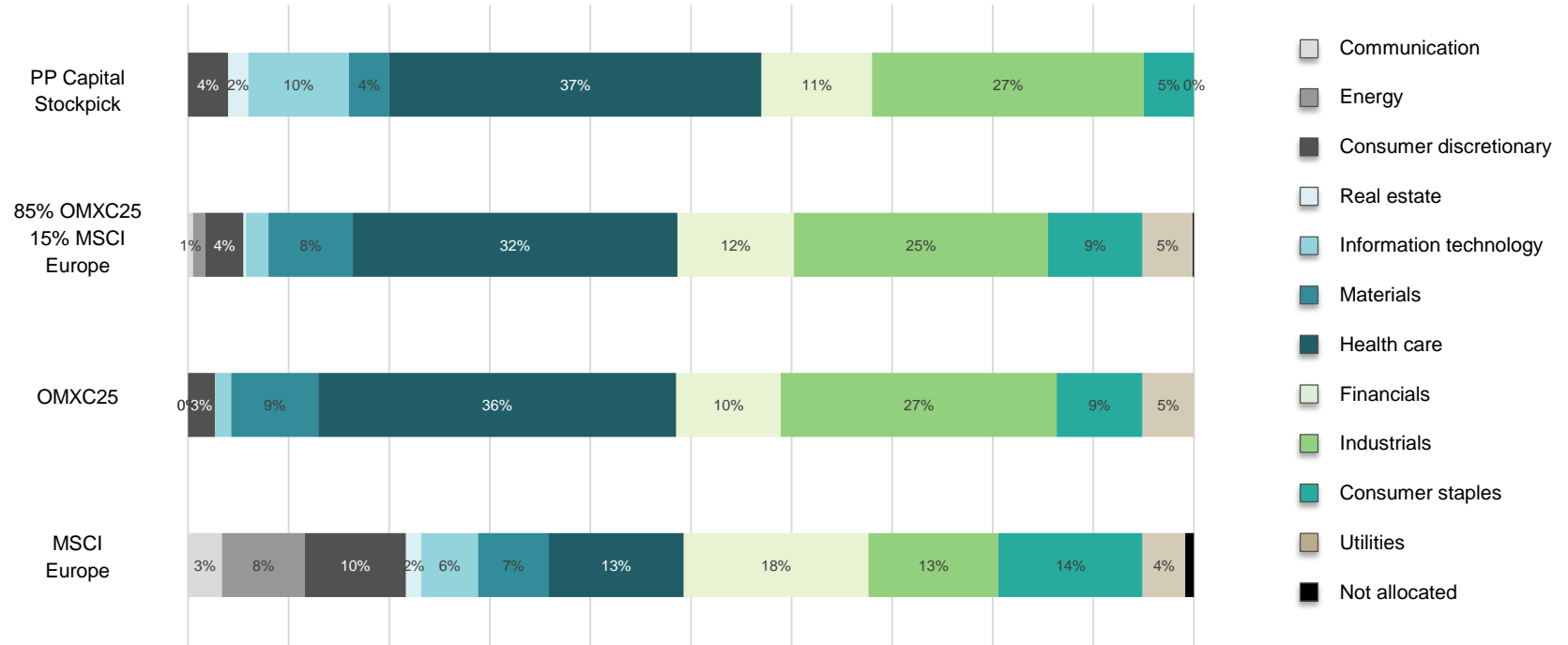
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Number of holdings and matching percentage



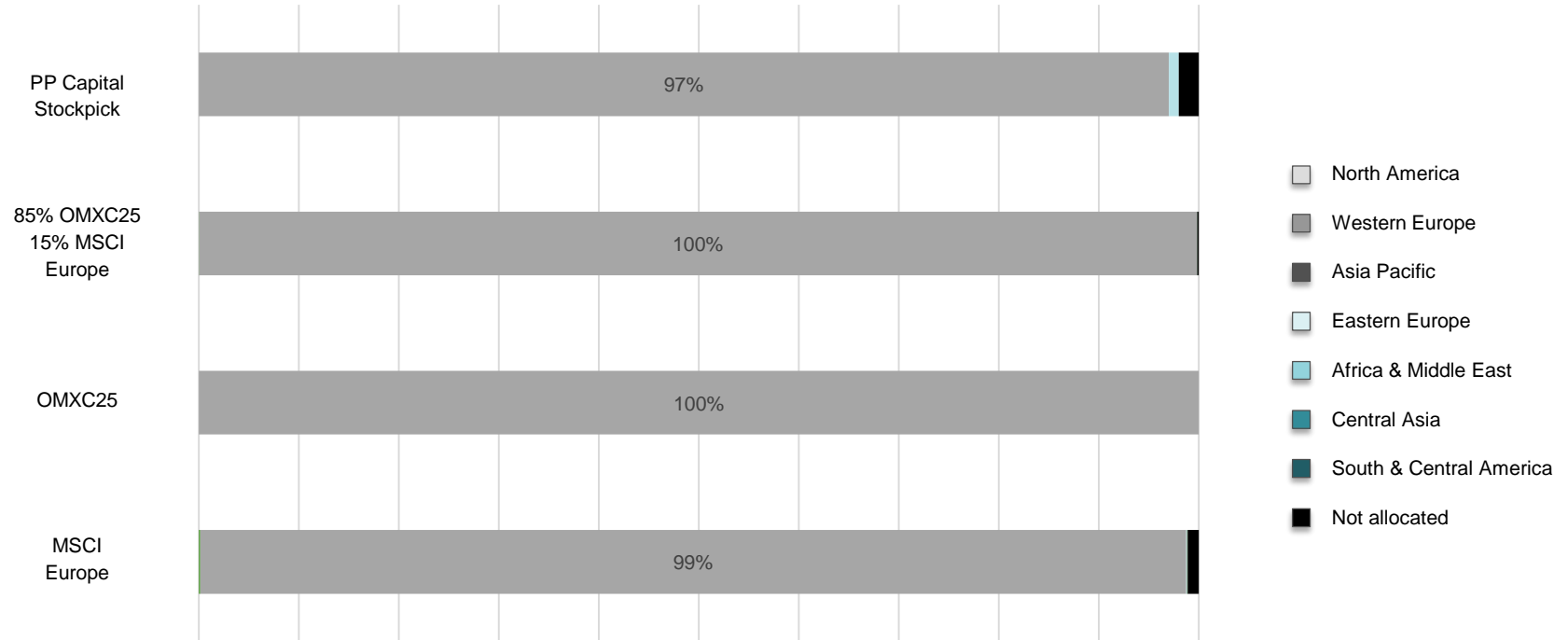
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Sector allocation



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Regional allocation



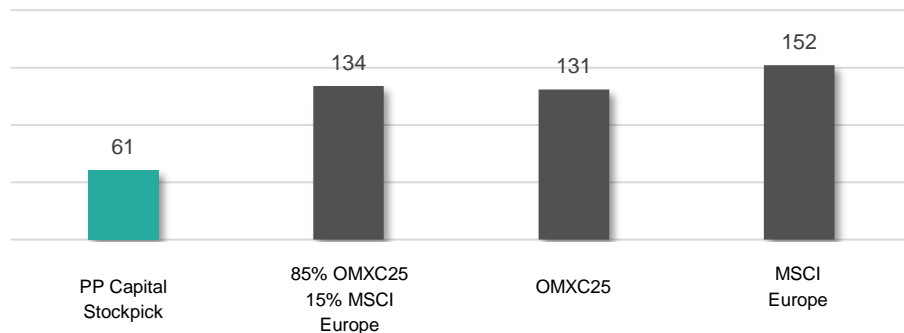
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Carbon scope 1+2 emissions



Portfolio
carbon
emissions

Carbon:
Scope 1 & 2
(tonnes
CO₂e)
per m€



- This graph compares the four equity portfolios' carbon scope 1+2 emissions
- For more information as to the scope of the carbon emissions measurement, please refer to the Appendix

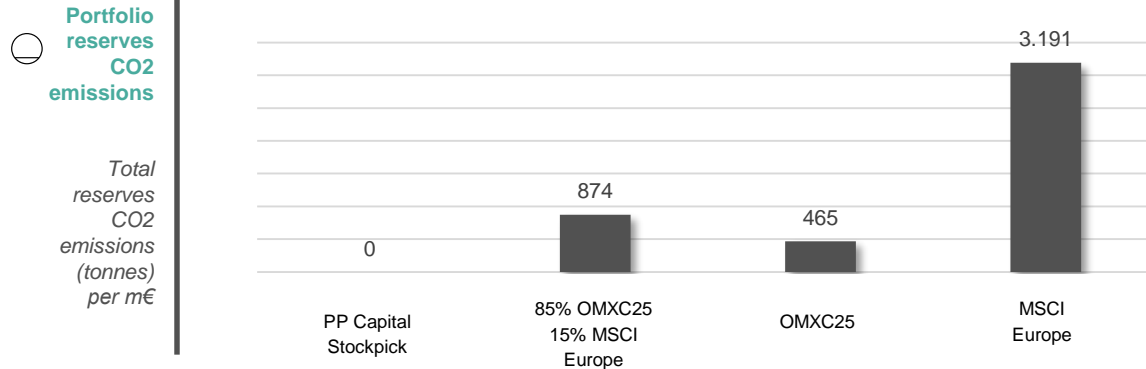
Companies
with largest
carbon
emission
impact per
portfolio
(portfolio
weight)

| | | | |
|-------------------------|------------------------------|------------------------------|------------------------------|
| DSV A/S (5%) | AP Moller - Maersk AS (5.6%) | AP Moller - Maersk AS (6.6%) | ArcelorMittal Inc (0.2%) |
| DFDS AS (4%) | DSV A/S (7.0%) | DSV A/S (8.2%) | RWE AG (0.2%) |
| Schouw & Co (5%) | Orsted (4.4%) | Orsted (5.1%) | LafargeHolcim Ltd (0.3%) |
| Fraport AG (5%) | Rockwool Intl AS (0.8%) | Rockwool Intl AS (1.0%) | Royal Dutch Shell PLC (3.0%) |
| Flughafen Wien AG (10%) | Carlsberg AS (5.8%) | Carlsberg AS (6.8%) | Engie (0.3%) |

- There is usually large differences between carbon emissions of portfolio companies
- To the left the top 5 companies with highest carbon emission impact on the portfolio are listed
- A company's portfolio impact depends both on i) the total emissions of the company, ii) the size of the company and iii) the portfolio's weight of that company
- This is useful when determining how to change a portfolio's environmental profile; obtaining lower portfolio CO₂ emissions can, for example, be done through less ownership of the companies with highest emission impact

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Oil, coal and gas reserves CO2 emissions



- Reserves CO2 emissions represents the amount of potential or future CO2 emissions owned through the portfolio
- To the left is seen an overview of the reserves CO2 emissions of the portfolio and the selected benchmark indices

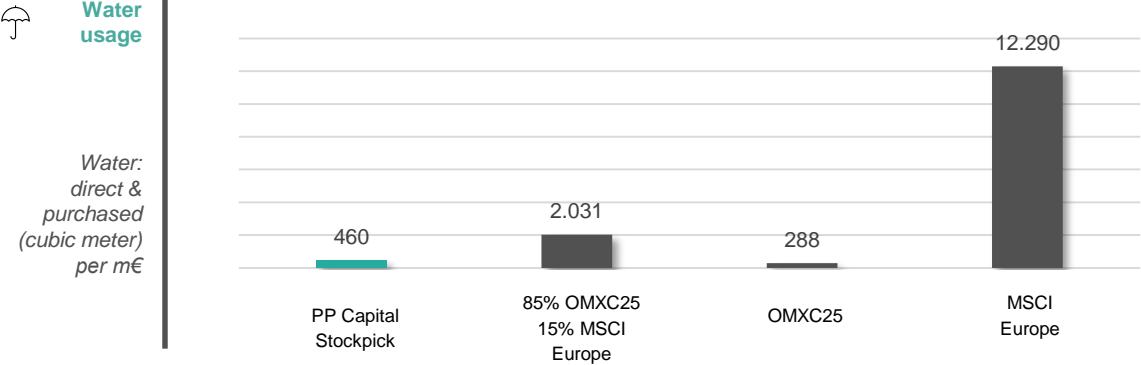
Companies with largest reserves CO2 emission impact per portfolio (portfolio weight)

| | |
|------------------------------|------------------------------|
| AP Moller - Maersk AS (5.6%) | Glencore Plc (0.5%) |
| Glencore Plc (0.1%) | BP (1.7%) |
| BP (0.3%) | Royal Dutch Shell PLC (3.0%) |
| Royal Dutch Shell PLC (0.4%) | Total S.A. (1.6%) |
| Total S.A. (0.2%) | Anglo American Plc (0.3%) |
| AP Moller - Maersk AS (6.6%) | |

- Only relatively few portfolio companies usually own oil, coal and/or gas reserves
- To the left the top 5 companies with highest reserves emission impact on the portfolio are listed
- A company's portfolio impact depends both on i) the total emissions of the company, ii) the size of the company and iii) the portfolio's weight of that company
- This is useful when determining how to change a portfolio's environmental profile; obtaining lower portfolio reserves CO2 emissions can, for example, be done through less ownership of the companies with highest emission impact

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Water usage



- This graph compares the four equity portfolios' water usage

Companies with largest water usage impact per portfolio (portfolio weight)

| | | | |
|---------------------------|-----------------------------------|-------------------------|-----------------------------------|
| Schouw & Co (5%) | Enel SpA (0.1%) | Carlsberg AS (6.8%) | Enel SpA (0.6%) |
| DFDS AS (4%) | Scottish & Southern Energy (0.0%) | DSV A/S (8.2%) | Scottish & Southern Energy (0.2%) |
| GN Store Nord AS (10%) | Engie (0.0%) | Novozymes AS B (4.8%) | Engie (0.3%) |
| William Demant Hldg (10%) | Veolia Environnement (0.0%) | Royal Unibrew AS (1.7%) | Veolia Environnement (0.1%) |
| DSV A/S (5%) | Carlsberg AS (5.8%) | Orsted (5.1%) | Electricite de France (0.1%) |

- There is usually large differences between water usage of portfolio companies
- To the left the top 5 companies with highest water usage impact on the portfolio are listed
- A company's portfolio impact depends both on i) the total water use of the company, ii) the size of the company and iii) the portfolio's weight of that company
- This is useful when determining how to change a portfolios environmental profile; obtaining lower portfolio water usage can, for example, be done through less ownership of the companies with highest water usage impact

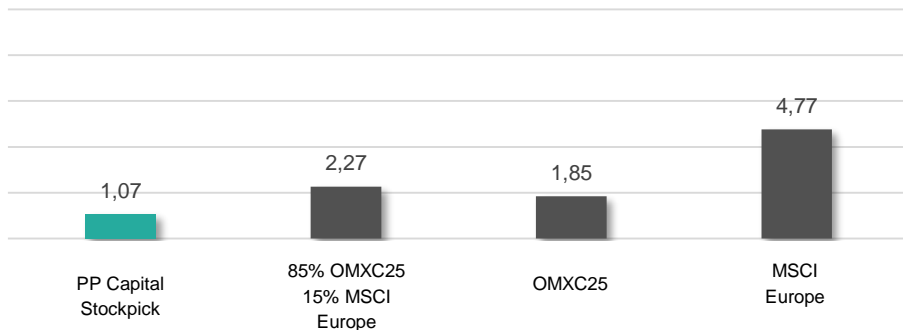
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Waste generation



Waste generation

Waste: landfill & incineration (tonnes) per m€



- This graph compares the four equity portfolios' waste (landfill & incineration) generation

Companies with largest waste generation impact per portfolio (portfolio weight)

| | | | |
|---------------------------|-------------------------------|-------------------------------|------------------------------|
| Schouw & Co (5%) | AP Moller - Maersk AS (5.6%) | AP Moller - Maersk AS (6.6%) | RWE AG (0.2%) |
| GN Store Nord AS (10%) | Rockwool Intl AS (0.8%) | Rockwool Intl AS (1.0%) | Veolia Environnement (0.1%) |
| DSV A/S (5%) | Carlsberg AS (5.8%) | Carlsberg AS (6.8%) | Royal Dutch Shell PLC (3.0%) |
| DFDS AS (4%) | Vestas Wind Systems AS (7.4%) | Vestas Wind Systems AS (8.6%) | Stora Enso OYJ (0.1%) |
| William Demant Hldg (10%) | DSV A/S (7.0%) | DSV A/S (8.2%) | BASF SE (0.8%) |

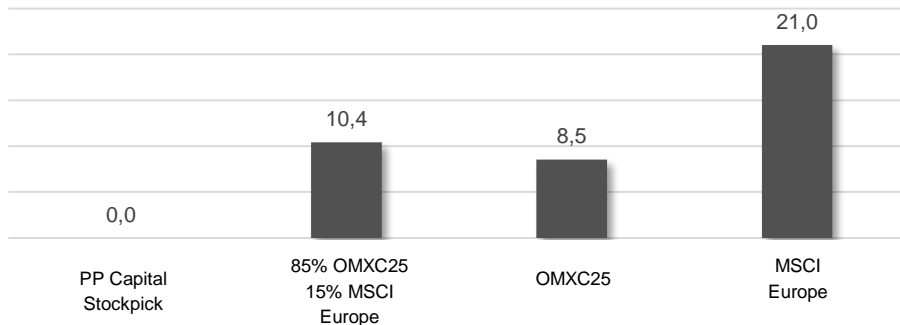
- There is usually large differences between waste generation of portfolio companies
- To the left the top 5 companies with highest waste generation impact on the portfolio are listed
- A company's portfolio impact depends both on i) the total waste generation of the company, ii) the size of the company and iii) the portfolio's weight of that company
- This is useful when determining how to change a portfolios environmental profile; obtaining lower portfolio waste generation can, for example, be done through less ownership of the companies with highest waste generation impact

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Renewable energy generation

Renewable energy generation

Renewable energy generation: wind, solar, hydroelectric, geothermal, wave & tidal (MWh) per m€



- The renewable energy category contains wind, solar, geothermal, hydroelectric and wave & tidal

Companies with largest renewable energy generation impact per portfolio weight (portfolio weight)

| | |
|---------------------|--------------------------------|
| Orsted (4.4%) | Enel SpA (0.6%) |
| Enel SpA (0.1%) | Iberdrola SA (0.6%) |
| Iberdrola SA (0.1%) | Orsted (5.1%) |
| Engie (0.0%) | Engie (0.3%) |
| RWE AG (0.0%) | RWE AG (0.2%) |
| | Energias de Portugal SA (0.1%) |

- Usually, only relatively few portfolio companies have renewable energy generation
- To the left the top 5 companies with highest renewable energy generation impact on the portfolio are listed
- A company's portfolio impact depends both on i) the total renewable energy generation of the company, ii) the size of the company and iii) the portfolio's weight of that company
- This is useful when determining how to change a portfolio's environmental profile; obtaining higher portfolio renewable energy generation can, for example, be done through increased ownership of the companies with highest renewable energy generation impact

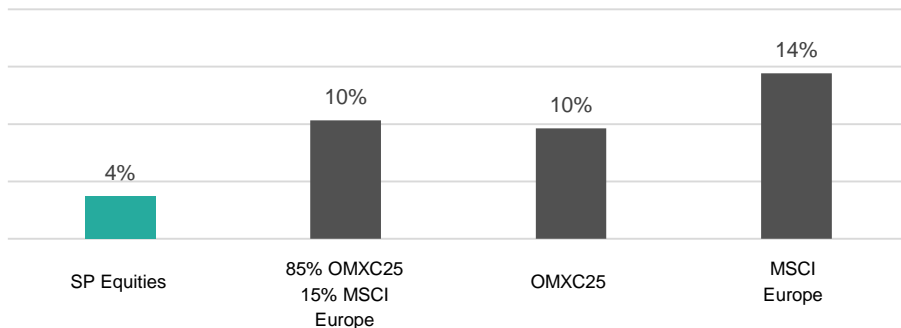
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Female executives



Female executives

Female executives in the average portfolio company



- This figure shows the portfolios' average company's share of female executives

Companies with highest female executive impact (portfolio weight)

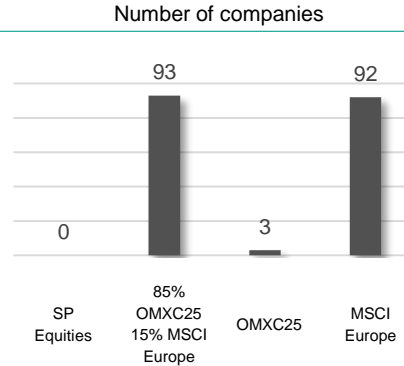
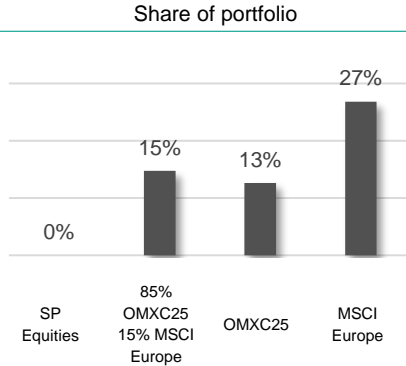
| | | | |
|-------------------------------------|-------------------------------|-------------------------------|------------------------------|
| Simcorp AS (10%) | Genmab AS (4.5%) | Genmab AS (5.2%) | Diageo Plc (1.2%) |
| Deutsche Boerse AG (4%) | Novo Nordisk AS (13.0%) | Novo Nordisk AS (15.1%) | AstraZeneca Plc (1.2%) |
| Novo Nordisk AS (5%) | Vestas Wind Systems AS (7.4%) | Vestas Wind Systems AS (8.6%) | Roche Hldgs AG Br (1.2%) |
| Teva Pharmaceutical Industries (1%) | Novozymes AS B (4.1%) | Novozymes AS B (4.8%) | Royal Dutch Shell PLC (3.0%) |
| | Orsted (4.4%) | Orsted (5.1%) | SAP SE (1.3%) |

- There can be large differences between portfolio companies with respect to share of female executives
- To the left the top 5 companies with highest female executive impact on the portfolio are listed
- A company's portfolio impact depends both on i) the share of female executives of the company and ii) the portfolios weight of that company

Aggregated statistics of controversial corporate flags

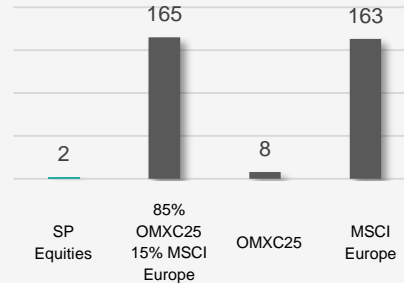
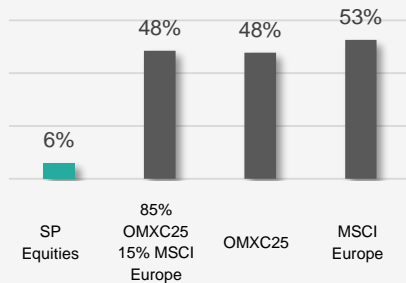


Significant controversial corporate flags



- The statistics to the left capture all companies in the portfolios which are flagged with one or more of the following topics: defense & weapons, fossil fuels, environmental damage, tobacco, human/labor rights violations and corruption

All controversial corporate flags

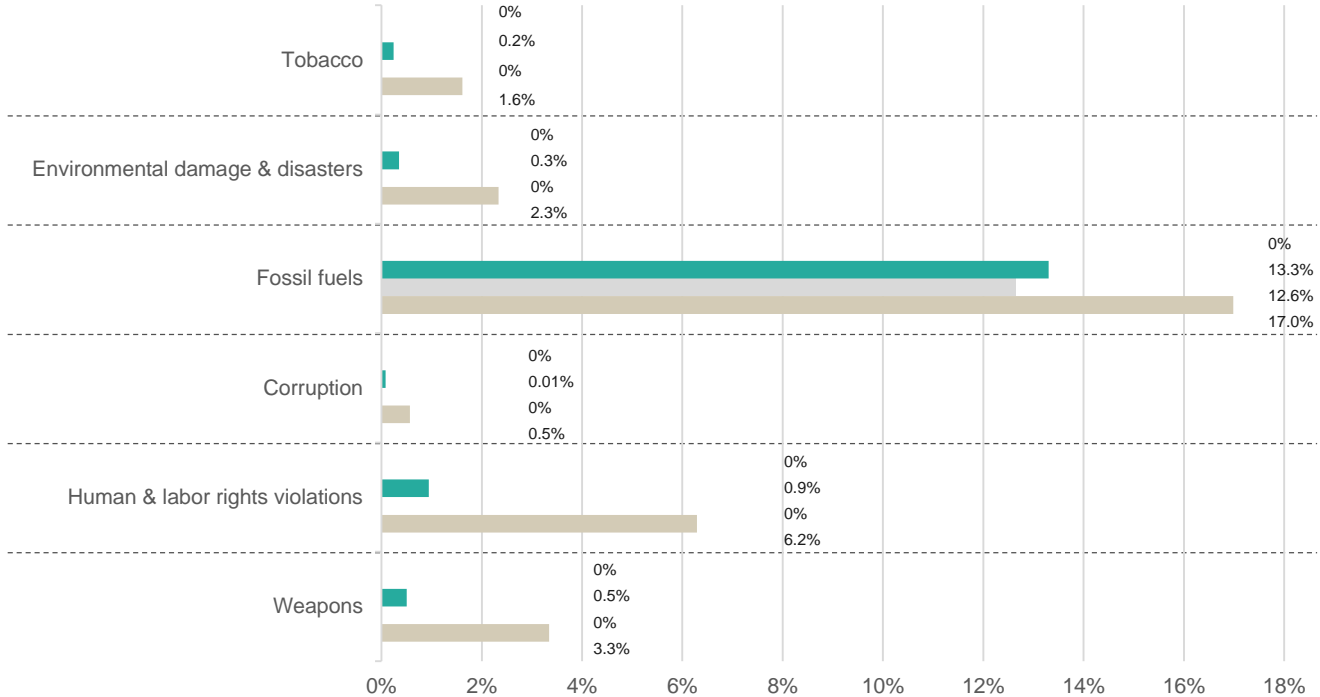


- The statistics to the left capture all companies in the portfolios which are flagged with any controversial corporate flag; these can all be seen on page 8

Portfolio shares per significant controversial corporate flag



Share of portfolio



- The graph shows the portfolio's and benchmarks' shares of companies flagged for significant controversial corporate topics
- The SP equity portfolio doesn't have any significant controversial flags

- PP Capital Stockpick
- 85% OMXC25 15% MSCI Europe
- OMXC25
- MSCI Europe

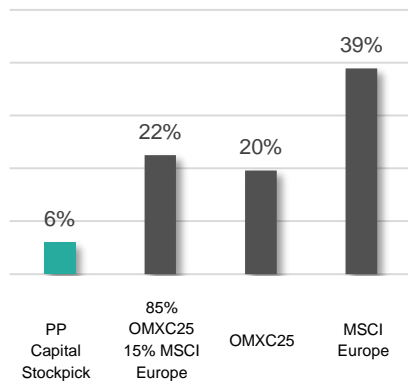


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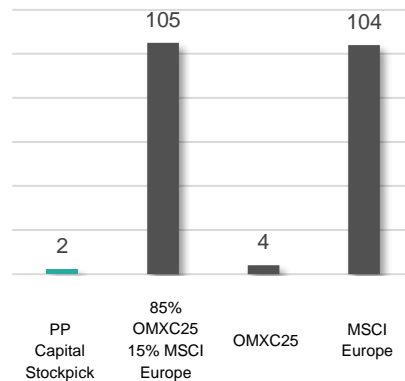
Aggregated statistics of beneficial corporate flags

All beneficial corporate flags

Share of portfolio



Number of companies



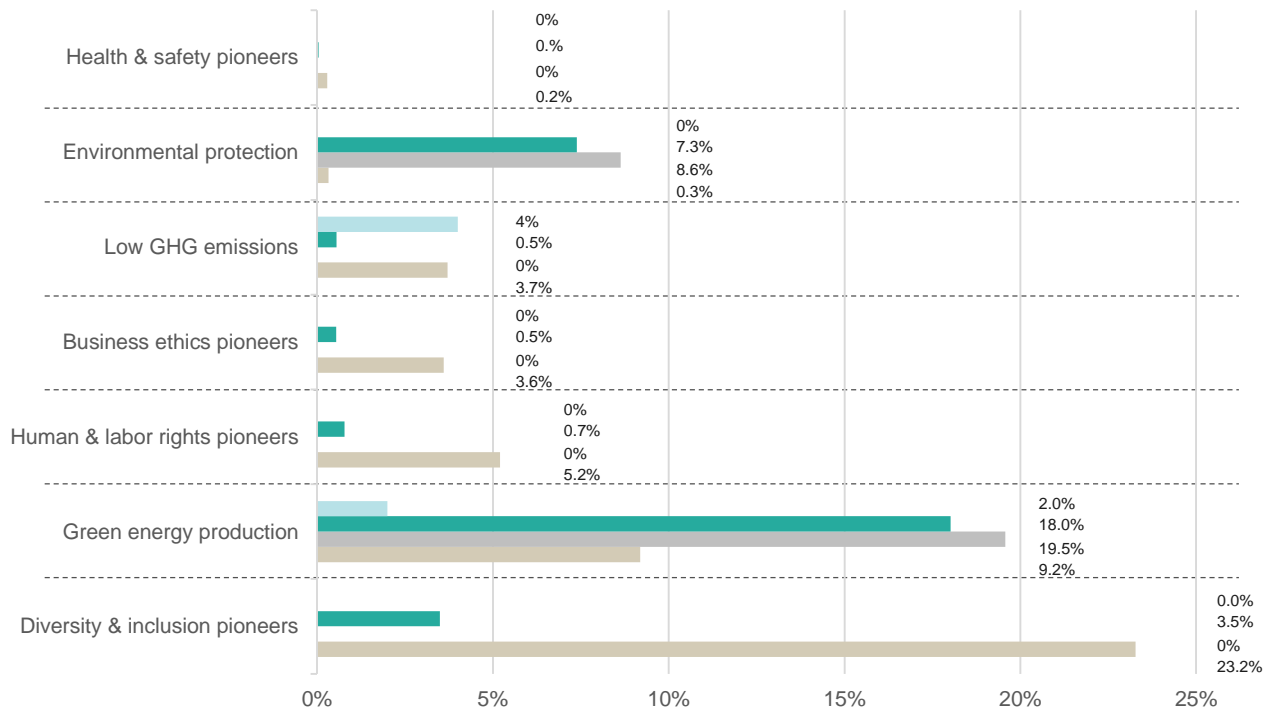
- The statistics to the left capture all companies in the portfolios which are flagged with any controversial corporate flag; these can all be seen on page 8



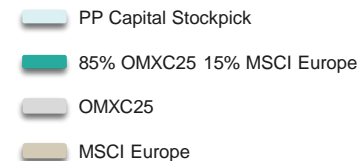
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Portfolio shares per beneficial corporate flag

Share of portfolio



- The graph shows the portfolios and benchmarks' shares of companies flagged for beneficial corporate topics

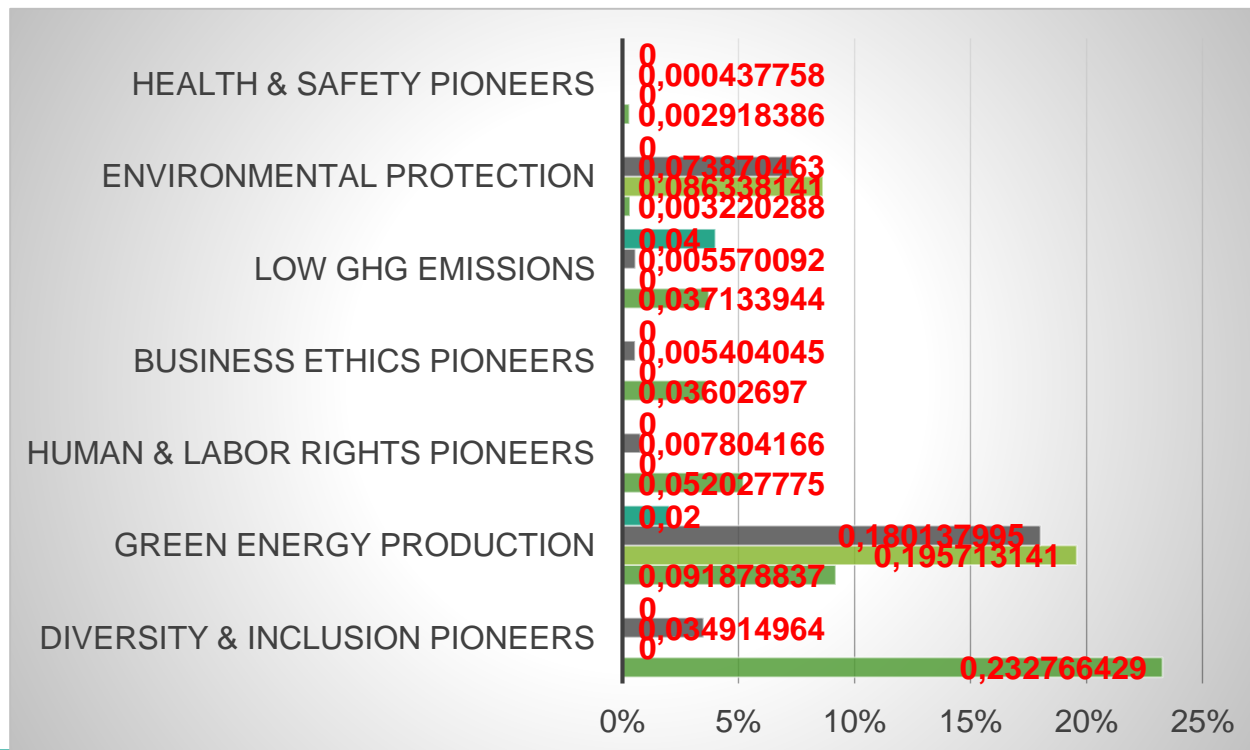




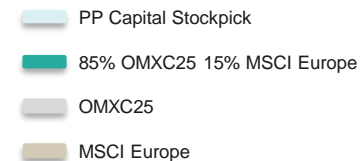
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Portfolio shares per beneficial corporate flag

Share of portfolio



- The graph shows the portfolios and benchmarks' shares of companies flagged for beneficial corporate topics



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Appendix |

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Definitions (1/2)

Trucost data and estimates

Calculations are based on Trucost Eboard data. The data samples employed are either reported by portfolio companies or estimated based on either prior emissions data or industry and peer performance. We calculate the carbon footprint for both equities and corporate bonds, but do not have data available on government bonds.

Carbon Scope 1 (tonnes CO₂e)

Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company (reference: GHG Protocol).

Carbon Scope 2 (tonnes CO₂e)

Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company (reference: GHG Protocol).

Carbon Scope 3 (tonnes CO₂e)

Other indirect Greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (in line with GHG Protocol standards) (reference: GHG Protocol).

CO₂ Equivalent (CO₂e)

Each greenhouse gas differs in its ability to absorb heat in the atmosphere. Calculations of greenhouse gas emissions are presented in units of millions of metric tons of carbon equivalents (MMTCE), which weights each gas by its GWP value, or Global Warming Potential. The Global Warming Potentials used in this analysis are:

| Greenhouse gas | CO ₂ equivalent |
|------------------------|----------------------------|
| • Carbon Dioxide | 1 |
| • Methane | 25 |
| • Sulphur Hexafluoride | 22,8 |
| • Nitrus Oxide | 298 |
| • Per Fluoro Carbons | 7850 |
| • Hydro Fluoro Carbons | 2400 |

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Definitions (2/2)

Total Reserves CO2 emissions (tonnes)

The calculations of total reserves for the portfolio is based on the list of companies in the portfolio that disclose fossil fuel reserves. These reserves have been converted into CO2 emissions to express amount of potential/future CO2 emissions owned by the portfolio.

Water Direct + Purchased (m³)

The volume of water that is directly abstracted or purchased from utility companies

Waste generation (tonnes)

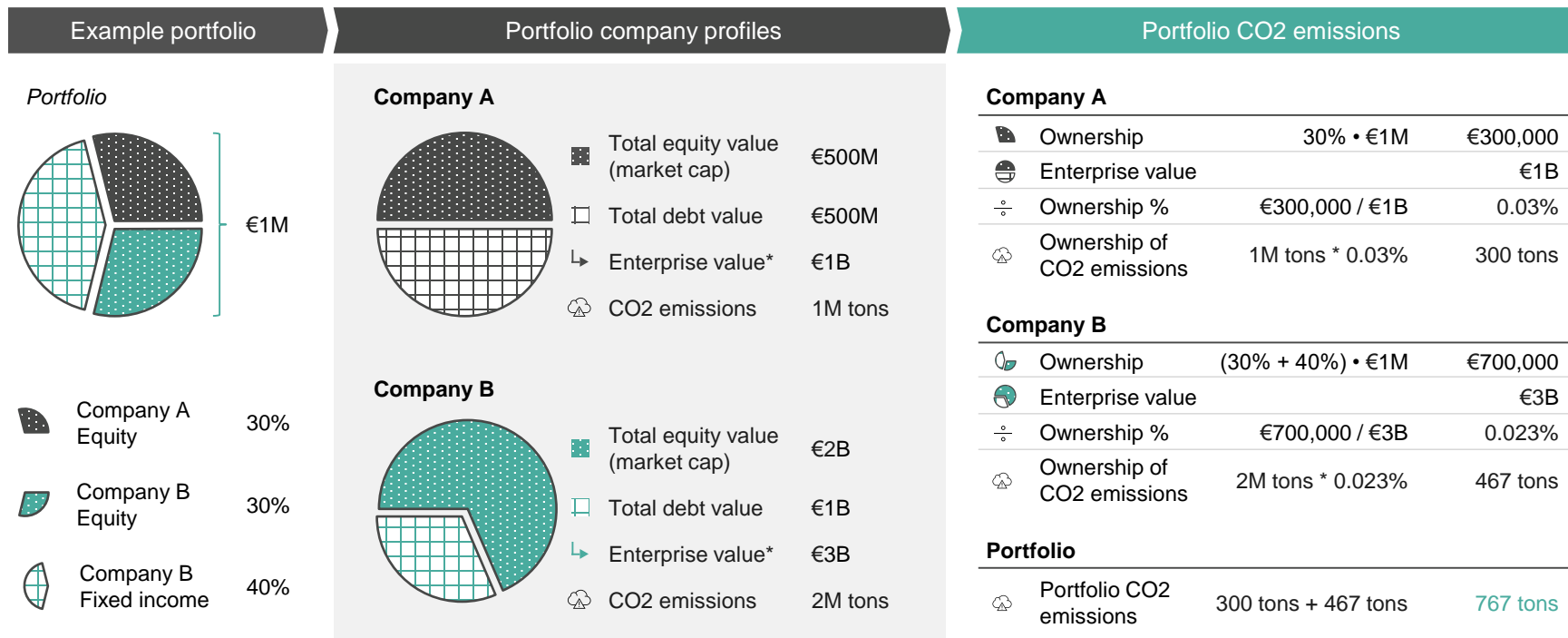
Quantity of waste that is generated by the company and incinerated or disposed to landfill

Renewable energy generation (MWh)

MWh energy produced through renewable energy sources (hydro, solar, wind, geothermal, wave & tidal)

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Methodology: Environmental metrics



- This example portfolio carries CO2 emissions of 767 tons per €1M invested
- The metrics are typically reported per €1M invested, but it is simple to adjust to other portfolio sizes: for a €100,000 portfolio, the CO2 emissions would be 76,7 tons