ARCTIC

Sustainable Finance Disclosure Regulation – mandatory web disclosures

Updated 15. April 2024

1. General

The European Union (EU) has adopted The Sustainable Finance Action Plan ("SFAP") as part of its "European Green Deal". The goal is to promote sustainable investment across and beyond the EU. The SFAP will come into effect in several stages. The EU's objective is for the union to be carbon neutral by 2050, and the SFAP is a key part of reaching this goal. For the financial sector the Sustainable Finance Disclosure Regulation ("SFDR") aims to better classify and streamline the sustainability credentials of investment funds, and a new EU Taxonomy for classification of different economic activities.

SFDR requires financial market participants and financial advisers such as Arctic Securities AS ("Arctic") to publish on their website information about their policies on the integration of sustainability risks into their investment decision making and investment advice, including whether and how adverse impacts of investment advice are considered and how remuneration policies are consistent with the integration of sustainability risks in investment decision-making and investment advice. A summary is provided in this document.

For the avoidance of doubt, the information is provided solely for the purpose of compliance with the SFDR and shall not form the basis of any contract and shall not be binding against or create any obligations or commitment on the part of Arctic.

2. Sustainability in Arctic's financial advisory

Article 3 of the SFDR requires financial advisers to publish information about their policies on the integration of sustainability risks into their investment advice.

Sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of investments pursuant to Article 2 (22) of SFDR.

Due to the limited amount of quantitative data from the issuers related to sustainability risks, Arctic does not as such integrate sustainability risks as defined in Article 2 (22) of SFDR into the investment advice.

However, as part of Arctic's client onboarding process, Arctic obtains information regarding the client's sustainability preferences in accordance with the requirements of the EU MiFID II Directive ("MiFID II").

If a client has stated specific sustainability preferences, Arctic will seek to integrate this into our investment advice by considering client preferences for sustainability. Hereunder, Arctic may refer to relevant ESG indices, such as for example the Euronext ESG Index, in our investment advice. Further, classification under the EU Taxonomy and SFDR may be taken into account.

It should be noted that taking specific sustainability preferences into account will narrow the client’s range of investment opportunities and may have an impact regarding the risk and return potential of investments.

Since not all companies that issue or manufacture financial instruments report on sustainability related matters yet, Arctic may not be able to provide specific investment advice within specific sustainability preferences. As sustainability data becomes more available from issuers and manufacturers, Arctic will be able to advise on a wider range of financial instruments.

3. Principal adverse sustainability impacts statement (“PAI”)

Article 4 of the SFDR requires financial advisers to publish information regarding whether or not they consider principle adverse impact of the investment advice on sustainability factors.
Arctic will consider including principal adverse impacts on sustainability factors when there is more information available from issuers of financial instruments within Arctic’s product offering relating to sustainability factors.

PAI statements will be included in specific products to the extent covered by SFDR, such as alternative investment funds, both self managed and managed by Arctic Alternative Investments Management AS.

4. Sustainability in remuneration

Article 5 of the SFDR requires financial advisers to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks.
Integration of ESG is included in Arctic’s remuneration policy. Variable pay must not be structured in a way that encourages non-acceptable risk-taking, including ESG risks. Compliance with Arctic's ESG Policies is the minimum level within all areas. Furthermore, emphasis is placed on the individual team and the individual employee's contribution to further development in terms of improvements to Arctic's standards. This also includes our view covering existing and new products and services.