

5. SUSTAINABILITY RELATED INFORMATION

According to the regulation on sustainability-related information, SFDR, the fund is defined as an Article 8 fund. This is the sustainability-related disclosure for the fund presented in accordance with the Regulation (EU) 2020/852.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes among other characteristics, environmental or social characteristics the environmental goals in accordance with the EU Taxonomy and the Paris Agreement with a focus on climate change mitigation and the protection and restoration of biodiversity and ecosystems.
- The fund also promotes social characteristics with a focus on compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises. This includes unadjusted gender pay gap, board gender diversity, policies for anti-corruption and anti-bribery as well as anti-money laundering and anti-financing of terrorism.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The fund primarily uses the following sustainability indicators.

Share of investee companies:

- with greenhouse gas emissions
- lacking carbon emission reduction initiatives aimed at aligning with the Paris Agreement
- active in the fossil fuel sector
- with non-renewable energy consumption and production
- with activities negatively affecting biodiversity-sensitive areas
- violates UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and that are lacking policies to monitor compliance with those

- with unadjusted gender pay gap
- with low board gender diversity
- involved in the manufacture or selling of controversial weapons
- lacking supplier code of conduct
- lacking anti-corruption and anti-bribery policies
- lacking money laundering and terrorist financing prevention policies

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund promotes environmental and social characteristics and, while it does not have a minimum proportion of sustainable investments, it does not have any objectives for sustainable investments.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

In the case that the fund does do sustainable investments Nordkinn ensures that those investments are issued under green bond or social bond principles.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

Please see above.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Please see above.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Does this financial product consider principal adverse impacts on sustainability factors?

- ✘ Yes, Nordkinn’s sustainability committee is responsible for continuously identifying and prioritising principal adverse impacts (PAI) on sustainability factors, as well as keeping these choices and priorities up to date. The assessment is made of which principal adverse impacts have the greatest risk of occurring or cause a potential material negative impact should it occur. The assessment is also made around which factors are considered to have the greatest negative impact with regard to the initiatives and sustainability goals that Nordkinn supports. The method is based on the principle of proportionality, based on the sectors and companies where investments are made. The following PAI:s are considered:

Annex 1, Table 1 in the Commission Delegated Regulation (EU) 2022/1288

PAI 1-6 Greenhouse gas emissions

PAI 7-9 Activities negatively affecting biodiversity, water and waste

PAI 10 and 11 Violations of, as well as lacking policies to monitor compliance with, UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

PAI 12 and 13 Unadjusted gender pay gap and unequal board gender diversity

PAI 14 Exposure to controversial weapons (

Annex 1, Table 2 in the Commission Delegated Regulation (EU) 2022/1288

PAI 4 Investments in companies without carbon emission reduction initiatives

Annex 1, Table 3 in the Commission Delegated Regulation (EU) 2022/1288

PAI 4 Lack of a supplier code of conduct

PAI 15 Lack of anti-corruption and anti-bribery policies

Other

Lack of money laundering and terrorist financing prevention policies

Exclusion - Nordkinn's sustainability committee has identified a number of activities and products that it believes can cause, contribute to or be directly linked to negative, material or potential principal adverse impact on sustainability factors and in which Nordkinn refrains from investing. These include businesses involved in or linked to;

- Fossil fuels (oil, gas, coal)
- Arctic and deep-sea drilling
- Oil sands
- Cluster bombs, landmines
- Chemical and biological weapons
- Nuclear weapons
- Alcohol
- Tobacco
- Commercial gaming operations
- Pornography
- Cannabis for non-medical use
- Breach of international norms
- Countries that do not meet level on corruption index

Through data collection and analysis of the states, municipalities and companies to which the fund is exposed, possible negative consequences for sustainable development are assessed.

The information on main negative consequences is available in the annual report for the fund under the section "Information on main negative consequences for sustainability factors".

No

What investment strategy does this financial product follow?

The fund has a global macro fixed income strategy with the objective of creating absolute returns with low correlation with traditional asset classes (equities and bonds). The fund's assets are invested in transferable securities, money market instruments, derivatives and in cash accounts with credit institutions. The fund also includes the cash and cash equivalents needed for the fund's management.

The fund invests in financial instruments with a focus on the Nordic capital markets and other OECD markets. At least 50 percent of the fund's assets must at all times be invested in fixed income related financial instruments. The fund's investment focus is otherwise not limited to any particular industry or financial instruments issued by a certain issuer or the like. The allocation between asset classes varies over time.

● What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

Nordkinn's overall objective is to promote environmental and social characteristics and limit sustainability-related risks without causing significant damage at the same time.

This means that Nordkinn, within environmental-related features, social features and corporate governance where Nordkinn considers it possible to influence in a positive direction, shall, through active dialogue, work to ensure that the states, municipalities and companies that Nordkinn is exposed to, have an ambitious sustainability strategy that promotes the sustainability goals and work to ensure that these include defined targets, strategy and resources for an adaptation to the sustainability goals, and that they measure and report their results in a qualitative, transparent and accessible way.

Regarding the consideration of negative consequences, Nordkinn shall, through data collection and analysis of states, municipalities and companies that Nordkinn is exposed to assess their possible negative consequences for sustainable development.

Nordkinn's strategy for value-creating sustainability work include:

- being integrated in the investment process
- carry out engagement dialogues
- limit sustainability risks by excluding certain sectors

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- quantify targets that can be measured and followed up
- drive change, adjustment and management towards the quantified targets

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The fund's environmental and/or social characteristics as well as the sustainability indicators described above apply to all the fund's investments.

● **What is the policy to assess good governance practices of the investee companies?**

The work to assess good governance practices is covered by Nordkinn's "Policy for due diligence of sustainability risks". This policy includes, among other things, considerations such as the companies' approach to respect to sound management structures, employee relations, remuneration of staff, money laundering and tax compliance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

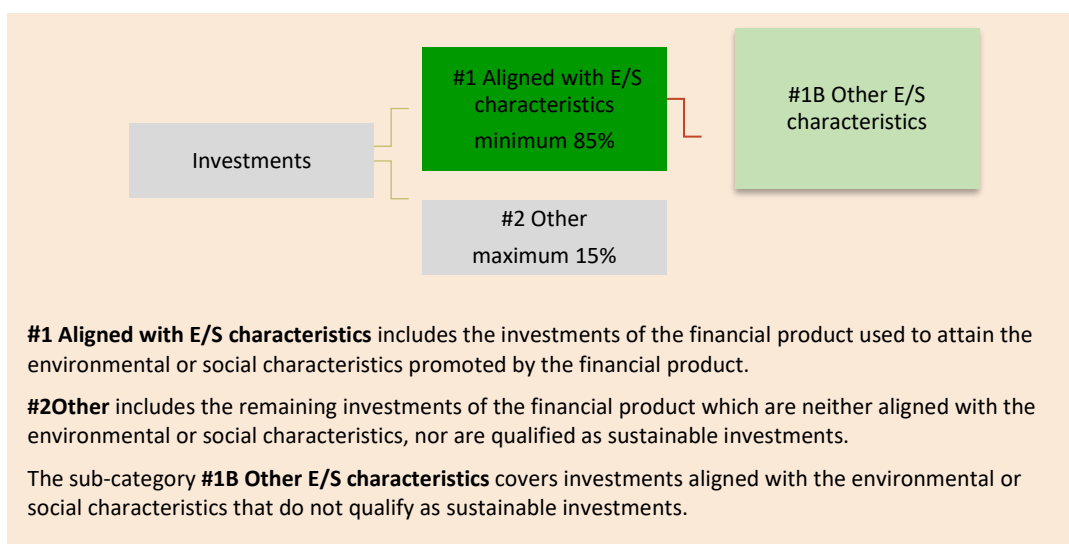
What is the asset allocation planned for this financial product?

The fund invests in sovereigns, covered bonds, currencies, derivatives and corporate bonds and certificates. Except cash all investments made must meet the environmental and social characteristics promoted by the fund in accordance with the binding elements of the investment strategy.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Nordkinn generally believes that the sustainability policy should be applied in the same way regardless of whether the investment is made directly in a state, municipality or company or via a derivative.

● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The fund promotes environmental and social characteristics, at the same time it does not have a minimum share for sustainable investments and therefore does not have a minimum level compatible with the requirements of the EU taxonomy.

Graphs showing the minimum percentage of investments that are aligned with the EU Taxonomy is not applicable for the fund as it does not do sustainable investments.

● **What is the minimum share of investments in transitional and enabling activities?**

The fund does not have a minimum share of investments in conversion activities and enabling activities.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund promotes environmental and social characteristics and while it does not have a minimum proportion of sustainable investments, it does not have a defined minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The fund promotes environmental and social characteristics and while it does not have a minimum proportion of sustainable investments, it does not have a defined minimum share of social sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

For cash management and to meet subscriptions and redemptions a small part of cash might be held in the fund. There are no minimum environmental or social safeguards for this allocation.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No. The fund has an absolute return target and is not managed against a reference benchmark. No specific index has therefore been chosen as a reference benchmark

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Please see above.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Please see above.

- **How does the designated index differ from a relevant broad market index?**

Please see above.

- **Where can the methodology used for the calculation of the designated index be found?**

Please see above.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.nordkinn.se