



NORDKINN

— ASSET MANAGEMENT —

Nordkinn & Sustainability

Format in accordance to the Sustainable Finance
Disclosure Regulation "SFDR"



SUSTAINABILITY RELATED INFORMATION ¹

In order to meet the requirements of the so-called Sustainable Finance Disclosure Regulation "SFDR" which regulates how managers such as Nordkinn must inform their unit holders and others about how sustainability is handled in the business, the chapter follows the Swedish Investment Fund Association's standard developed for sustainability-related information.

Integration of sustainability risks, the promotion of environmental or social characteristics, and on sustainable investment

- The fund aims for sustainable investment
- The fund promotes, among other things, environmental or social characteristics
- Sustainability risks are integrated into investment decisions, without the fund promoting environmental or social characteristics or having sustainable investment as a goal
- The Fund does not consider sustainability risks

Nordkinn has identified a number of sustainability factors that we believe may have a negative impact and / or counteract a positive development towards the goals in Agenda 2030 and a sustainable transition. Furthermore, we believe that these factors constitute sustainability risks that may have a negative impact on the fund's results over time. By refraining from providing financing to companies involved in unsustainable activities, which partly covers the type of production, distribution or services the company is involved in, and partly if the company is involved in violations of international conventions, laws and agreements, sustainability risks are integrated into investment decisions.

Nordkinn also conducts active dialogue with companies that we finance when we believe that we have an opportunity to influence the company in a positive direction or to get a better understanding of potential sustainability risks and how we should relate to these.

Nordkinn also invests, whenever possible, in companies that contribute to sustainable development such as green transition and the fight against structural poverty.

As the overall risk analysis for individual investment through the above becomes more comprehensive, we believe that the integration of sustainability risks in our investment decisions leads to better risk-adjusted returns.

In addition, in order to promote responsible investment and sustainable societal development, Nordkinn has adhered to a number of initiatives, principles and standards. By signing the UN Principles for Responsible Investment, UN PRI, in 2017, Nordkinn has committed itself to the goal of implementing sustainability aspects in management by following the six principles for responsible investment. See also www.unpri.org. Nordkinn has also been a member of the Standards Board of Alternative Investments (SBAI) since 2017 and thus follows, and reports annually, SBAI's standards for e.g. transparency, compliance, integrity and sound corporate governance. See also www.sbai.org.

Sustainability-related characteristics that are promoted in the management of the fund, or that are included in the fund's objectives:

- Environmental characteristics (eg. companies' impact on the environment and climate).
- Social characteristics (eg. human rights, labor rights and equal treatment)
- Practice for good governance (eg. shareholders' rights, issues of remuneration to senior executives and anti-corruption).
- Other sustainability-related properties.

Nordkinn refrains from investing in operations that have production / services / distribution in sectors with a large negative impact on the environment and climate, such as coal and oil. Where we believe that there is room to influence in a positive direction, we engage in dialogue with companies eg. in order to promote the company's targets for lowering its CO₂ footprint, setting scientific based climate targets in line with the Paris Agreement, and to report its greenhouse gas emissions.

Companies that are involved in violations of international conventions, laws and agreements and that do not show a willingness to change to solve the issue are excluded from our investments. We can also choose to have a dialogue in order to influence the company to solve the problems. This strategy also includes challenges related to companies' work against money laundering and terrorist financing.

As our ambition is to contribute to the goals set in Agenda 2030, we also refrain from investing in activities that we believe counteract these goals. We do not invest in companies active in the tobacco industry, commercial gambling, pornography, alcohol and cannabis.



¹ "Guidance on sustainability-related information for funds" produced by the industry via Swedish Investment Fund Association.

Reference values

- The fund has the following index as reference:
- No index has been selected as the reference value

For reference and as a starting point for evaluating the fund's climate impact, Nordkinn has chosen to use a portfolio consisting of, preferably listed, companies in Sweden and Norway with outstanding corporate bonds and corporate certificates.

These companies constitute an index as a reference value only with regard to our sustainability work. The index is equally weighted, i.e. each company constitutes an equal proportion of the index regardless of the size of the company. The index is compatible with Nordkinn's sustainability work in such a way that it constitutes our investable universe in which we promote sustainability work through company selection.

The index is available at Nordkinn on request.

Methods used to integrate sustainability risks, promote environmental or social characteristics

- Positive selection

The fund does not have explicit criteria for positive selection based on environmental or social characteristics. At the same time, when opportunities arise, the fund selects investments in social or environmental quality such as so-called Sustainability Bonds, Social Bonds and Green Bonds.

- Negative screening

The fund does not invest in companies that are involved in the below products and services. A maximum of five percent of the turnover in the company where the investment takes place may refer to activities that are attributable to the specified product or service.

Products and services

- Cluster bombs, landmines
- Chemical and biological weapons
- Nuclear weapons
- Alcohol
- Tobacco
- Commercial gambling operations
- Pornography
- Fossil fuels
- Cannabis
- Arctic and deep sea drilling
- Oil sand

International norms

- The fund does not invest in companies that do not take measures to remedy identified problems or where the fund deems that the companies will not remedy the problems for a period that the fund company deems reasonable in the individual case.

The Fund avoids investing in companies involved in violations of international norms and conventions (at least the UN Global Compact and OECD guidelines for multinational companies) in relation to the environment, human rights, labour practices, and business ethics.

Companies where the fund does not see a will to change or where the fund assesses that the companies will not be able to rectify the problems during a reasonable time horizon are rejected for investment.

Countries

- For sustainability reasons, the Fund does not invest in companies involved in certain countries/interest-bearing securities issued by certain states.

Nordkinn's comments: Nordkinn does not invest in issues or currencies issued by countries with a corruption index below 50, ranked by Transparency International.

The Fund Manager influences

Nordkinn uses its influence to engage with companies in sustainability-related issues on a bilateral basis.

The fund does not invest in equities but in fixed income securities and currencies. Nordkinn can thus not exercise formal shareholder influence as at general meetings to influence companies. In cases where the fund invests in a corporate bond or

certificate, however, Nordkinn seeks to establish a bilateral dialogue where opportunities for improvement are identified together with the company. We thereby work to influence in a more sustainable direction where it is judged to be able to make a difference. We can also seek contact with companies in order to create a better understanding of companies' objectives in sustainability-related issues, their strategy and priorities for these, and how Nordkinn can monitor over time how well the company achieves its objectives.

The company reports regularly in the fund's annual reports on how our sustainability work develops over time.