

SUSTAINABILITY RELATED DISCLOSURES

FINANCIAL PRODUCT

NORDKINN FIXED INCOME MACRO FUND (USD) G

The financial product in an Alternative Investment Fund, below "the Fund"

ISIN-code: SE0006826038, LEI: 549300XYFLOT3UB41707

For more information, please contact us on 08-473 40 50 or visit www.nordkinn.se.

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SUMMARY

No sustainable investment objective: This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment. (So called article 8 fund).

Environmental or social characteristics of the financial product: Nordkinn's sustainability work must create value for the Fund's unitholders and shall at the same time promote environmental, social, and corporate governance-related characteristics. The sustainability work is focusing on the efforts that are judged to have the greatest potential to promote environmental and social characteristics. By identifying, measuring, and assessing the opportunities and risks that the transition to a sustainable economy entails and weighing these opportunities and risks in asset prices, the conditions are created so that investments can be channelled into impact for more sustainable businesses.

Since 2017, Nordkinn has methodically integrated sustainability into our investment process both to reduce the risk of potentially negative effects on the Fund's return, as well as to limit the main negative consequences for sustainability factors and to promote positive environmental or social characteristics. It includes both identifying, measuring, and assessing sustainability risks and opportunities for choosing the right investment, choosing which businesses we do not want to be exposed to based on these risks, as well as strategies for collaborative dialogue with companies we are exposed to, to promote positive development of these sustainability factors.

Investment strategy: Nordkinn's strategy for value-creating sustainability work is driven on the premise to:

- be integrated in the investment process
- limit certain sustainability risks by excluding relevant sectors
- engagement through company dialogue
- quantify goals that can be measured and followed up
- drive change, adjustment, and management towards the quantified goals
- Nordkinn is signatory of the six principles of UN PRI since 2017

Proportion of investments: Nordkinn's policy for promoting environmental or social characteristics includes both direct exposures in investee entities and all other types of exposures to those entities.

Monitoring of environmental or social characteristics: Nordkinn's Sustainability Committee is the governing body for the implementation of Nordkinn's sustainability work. The Sustainability Committee is responsible for defining and continuously evaluating and overseeing the sustainability process, the exclusion filter and external ESG analysis.

Methodologies: Nordkinn measures and evaluates how the social or environmental characteristics promoted by the Fund are fulfilled by analysing the development towards the investee entities' defined sustainability goals, as well as the development of relevant main negative consequences for sustainability factors for the Fund's investment decisions. The analysis is based on the latest year-end and evaluated over time.

Data sources and processing: A combination of Bloomberg and ESG ISS are used as data sources to achieve each of the environmental or social attributes promoted by the Fund.

Limitations to methodologies and data: The primary limitations are the possibility of setting relevant expectations on the pace of the transition towards the sustainability goals, as the work is in many cases complex and requires both large resources and in some cases new technology.

A limitation is also the quality and thus the reliability of the collected data. Several of the sustainability factors are today difficult and complicated to calculate for the companies and require large resources and as a consequence the proportion of data that is estimated is still high.

Due diligence: The investee entities are reviewed and evaluated (due diligence) through analysis to shed light on environmental, social, and corporate governance issues and how the investment objects relate to these. This is done through questions directly to the companies. Follow-up and evaluation against the underlying assets' goals is also carried out by Nordkinn's Sustainability Committee regularly and at least on an annual basis.

Engagement policies: Nordkinn uses the opportunity to influence companies through bilateral dialogue under its own capacity with companies that we finance through investments in the companies' corporate certificates and/or corporate bonds. The Sustainability Committee is responsible for defining themes for engagement based on where Nordkinn can be judged to have the greatest opportunity to influence sustainability factors in a positive direction. The engagement ensures that these have defined targets for sustainable transition, strategies and resources for transition to the sustainability goals, and that they measure and report their results in a qualitative, transparent and accessible way.

NO SUSTAINABLE INVESTMENT OBJECTIVES

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

ENVIRONMENTAL AND SOCIAL CHARACTERISTICS OF THE FUND

Nordkinn's sustainability work shall create value for the Fund's unitholders and at the same time promote environmental, social, and corporate governance-related characteristics. The sustainability work is focused on the efforts that are judged to have the greatest potential to promote environmental and social characteristics. By identifying, measuring, and pricing the opportunities and risks that the transition to a sustainable economy entails, and weighing these opportunities and risks in interest rates and asset prices, the conditions are created so that investments can be channelled into more sustainable businesses.

Since 2017, Nordkinn has methodically integrated sustainability into our investment process to reduce the risk

of potentially negative effects on the Fund's return, and to limit the main negative consequences for sustainability factors and to promote positive environmental or social characteristics. It includes both identifying, measuring, and pricing sustainability risks and opportunities for choosing the right investment, choosing which businesses we do not want to be exposed to based on these risks, as well as strategies for collaborative dialogue with companies we are exposed to, to promote positive development of these sustainability factors.

Nordkinn supports the following initiatives and agreements, which are reflected in the management of the Fund: Agenda 2030 and the global goals for sustainable development, the Paris Agreement - Goal to reach net-zero emissions by 2045 in accordance with Sweden's decided goals, Global Compact - the UN's ten principles around human rights, labour law, environment and anti-corruption, OECD guidelines for multinational companies, ILO - International Labour Organization that promotes social justice and internationally recognized human and labour rights, pursuing its founding mission that social justice is essential to universal and lasting peace, as well as the UN's guiding principles for business and human rights.

INVESTMENT STRATEGY

Nordkinn's sustainability work must create value for the Fund's unitholders. The investments must be made in such a way that environmental and social characteristics are promoted and that sustainability-related risks are limited without at the same time causing significant damage.

Nordkinn's Sustainability Committee is responsible for continuously identifying and prioritising negative consequences for sustainability factors, as well as keeping these choices and priorities up to date. The assessment is made of which sustainability factors have the greatest risk of occurring or causing significant damage should it occur. The assessment is also made around which factors are considered to have the greatest negative consequences with regards to the initiatives and sustainability goals that Nordkinn is committed to. The method is based on the principle of proportionality, based on the sectors and companies where investments are made.

Nordkinn's Sustainability Committee has identified several activities and products that it believes can cause, contribute to, or be directly linked to negative, significant, or likely significant consequences for sustainability factors and in which Nordkinn completely distances itself from investing. These include activities that are involved in or linked to any of the following:

- Fossil fuels (oil, gas, coal)
- Arctic and deep-sea drilling,
- Oil sands
- Cluster bombs, landmines
- Chemical and biological weapons and nuclear weapons
- Alcohol
- Tobacco
- Commercial gambling operations
- Pornography
- Cannabis for non-medical use
- Breach of international norms
- Countries that do not meet required level of the Corruption Perceptions Index (CPI)

For the states, municipalities, and companies to which the Fund is exposed, possible negative consequences for sustainable development are assessed through data collection and analysis. Within environmental-related factors, social factors and corporate governance where Nordkinn considers it possible to influence in a positive direction, Nordkinn engage, through direct dialogue, to promote that the states, municipalities and companies that Nordkinn is exposed to have ambitious goals for sustainability transition, strategy and resources for the transition, and that they measure and report their results in a qualitative, transparent and accessible way.

Nordkinn shall assess good governance practices in the investment objects, including sound management

structures, the relationship between employees, employee compensation and compliance with tax regulations. This is done through the due diligence on the investment objects, and which includes, among other things, that relevant data is obtained via the company's external ESG suppliers of sustainability data as well as own analysis and, where applicable, direct communication with the companies. In this case, the company's approach to bribery, corruption, money laundering, payment of tax and compensation to management is covered, among other things.

Nordkinn's strategy for value-creating sustainability work is driven on the premise to :

- be integrated in the investment process
- limit certain sustainability risks by excluding relevant sectors
- engagement through company dialogue
- quantify goals that can be measured and followed up
- drive change, adjustment, and management towards the quantified goals
- Nordkinn is signatory of the six principles of UN PRI since 2017

PROPORTION OF INVESTMENTS

The Fund invests in sovereign bonds, covered bonds, currencies, as well as corporate bonds and commercial paper. Investments are made through direct exposures in investment objects, as well as through other types of exposures such as various types of derivatives. Nordkinn's policy for promoting environmental or social characteristics includes both direct exposures in investee entities and all other types of exposures to those entities.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Nordkinn's Sustainability Committee is the governing body for the implementation and monitoring of Nordkinn's sustainability work. The Sustainability Committee consists of six members, of which three are external members with solid experience in sustainability to bring Nordkinn clear added value in these matters. The Sustainability Committee meets on quarterly basis.

Nordkinn shall strive to limit risks that could cause, contribute to, or be directly linked to main negative, significant or likely significant consequences for the transition. The sustainability work is focused on the efforts that are judged to have the greatest potential to contribute in positive direction based on three sustainability factors: environmental, social and corporate governance.

Through ongoing collection of sustainability data for the investment objects, these are continuously monitored to ensure the fulfilment of the environmental and social characteristics. Screening of sustainability factors is done quarterly and if deviations are detected, the investment object is placed under special surveillance. The monitoring also ensures that the Fund does not invest in excluded industries.

The Sustainability Committee is responsible for continuously monitoring the definition of the exclusion filter and for continuously analysing the results of the filtering and approving companies for exclusion. The Sustainability Committee is also responsible for defining themes where Nordkinn can have the greatest impact on sustainability issues, identifying cases for company dialogues and optimal approaches, and identifying other sustainability activities that support Nordkinn's efforts from the perspective of investors and society.

METHODOLOGIES

Nordkinn measures and evaluates how the social or environmental characteristics promoted by the fund are fulfilled by analysing the development towards the defined sustainability goals of the investment objects, and the development of relevant main negative consequences for sustainability factors for the fund's investment decisions. The analysis is based on the latest year-end and evaluated over time.

Nordkinn conducts follow-ups with the investee entities, in cases where it is deemed relevant, to understand what

the underlying cause is in cases where there is no positive development towards the sustainability goals or reduction of the negative consequences for sustainability factors during more than one reporting period and assess whether the explanation is acceptable or not, and if it is not acceptable decide on relevant measures.

DATA SOURCES AND PROCESSING

A combination of Bloomberg and ESG ISS are used as data sources to achieve each of the environmental or social attributes promoted by the financial product.

To ensure data quality, Nordkinn carries out its own checks of the data received by checking against the investment objects' reported data, such as in annual and sustainability reports, and when deemed relevant directly from the company or from other external sources.

The data is analysed by Nordkinn's Sustainability Committee and evaluated against goals defined by Nordkinn and the companies, such as the Paris Agreement. Deviations are evaluated over time.

The proportion of estimated data is still high for several sustainability factors, such as, for example, emissions of greenhouse gases. Nordkinn believes that the proportion of estimated data will decrease over time.

LIMITATIONS TO METHODOLOGIES AND DATA

The primary limitations are the ability to set relevant expectations on the pace of change towards the goals as the work is in many cases complex and requires both large resources and in some cases new technology.

Another limitation is quality and thus the reliability of the collected data. Several of the sustainability factors are today difficult and complex to calculate for companies and require large resources, which is why the challenge is greater for companies with fewer resources.

By following up with the companies and analysing explanations for possible deviations in the development towards the goals, decisions can be taken on measures to reduce the risks that the restrictions do not affect how the characteristics are met.

To minimise the risk of incorrect data being used, checks are carried out against company data in the form of a comparison with data where such is reported in annual reports or sustainability reports or against other available sources.

DUE DILIGENCE

The investment objects are reviewed and evaluated (due diligence) through analysis to shed light on environmental, social and corporate governance issues and how the investment objects relate to these. This is done through questions directly to the companies and can, within environmental issues, cover limitation of and adaptation to climate change, protection and restoration of biological diversity, prevention and limitation of pollution, transition to a circular economy, and sustainable development and protection of water and marine resources. Social issues cover e.g., issues of employment conditions, diversity, and fundamental human rights, and within corporate governance issues of corporate governance, for example, approaches to bribery, corruption, money laundering, payment of taxes and compensation for management. In addition, to review and evaluate progress of the transition work in the investment objects, ongoing information on sustainability factors is collected via Nordkinn's external ESG consultants.

Review and evaluation are then done against targets for the sustainability factors. Based on the results, Nordkinn's Sustainability Committee decides on possible action if the outcome of the review and evaluation is not acceptable or in line with Nordkinn's expectations.

ENGAGEMENT POLICIES

Nordkinn does not invest in any equities and thus cannot influence companies by voting on various issues at general meetings nor participate in election committees to influence the composition of the board. Nordkinn instead uses the opportunity to influence companies through dialogue under its own auspices with companies that the Fund has exposure to through investments in the companies' corporate certificates and corporate bonds. The Sustainability Committee is responsible for defining themes for engagement based on where Nordkinn can be judged to have the greatest opportunity to influence sustainability factors in a positive direction.

Where we consider it possible to influence environmental, social and corporate governance characteristics in a positive direction, Nordkinn initiates dialogue with the investment objects to ensure that they have defined ambitious goals for a sustainable transition, have a strategy and resources for adaptation to these goals, and that they measure and report their results in a qualitative, transparent and accessible way.

In cases where sustainability-related controversies are identified, or if sustainability-related controversies are suspected and investigated in the investment objects, Nordkinn can choose to initiate dialogue directly with the company if we judge that a dialogue could affect the company in a positive direction. We can also choose to sell the asset if the investment object does not take measures to deal with identified problems or where Nordkinn's Sustainability Committee judges that the companies will not deal with the problems during a time that we deem reasonable in the individual case. The progress of our sustainability work is reported in detail as part of our annual reports.