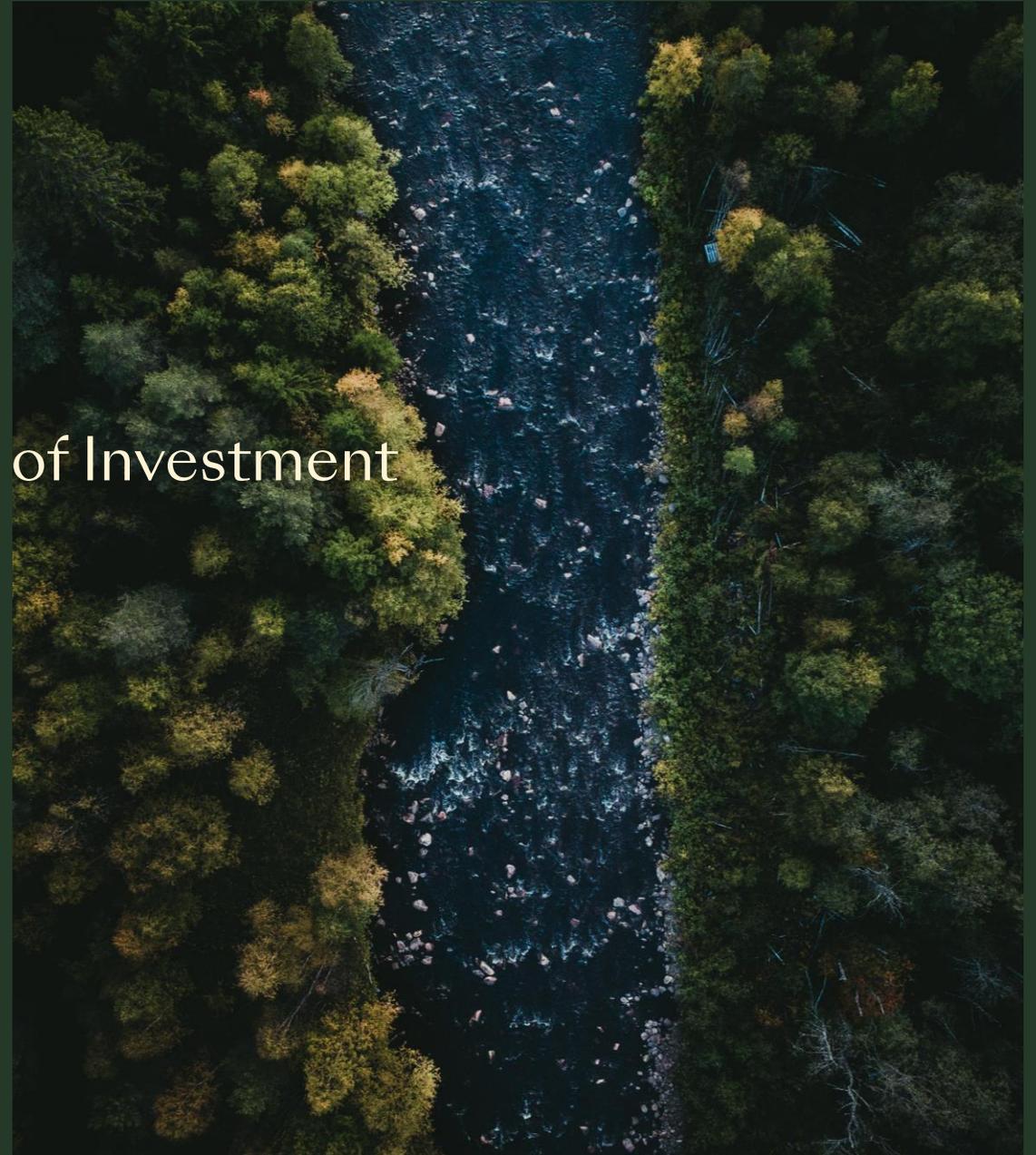


# Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors

2022



# Summary

Norselab Meaningful Impact High Yield (LEI: 635400RD8DHSOFJ21W41) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Norselab Meaningful Impact High Yield. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 December to 31 December 2022.

As part of Norselab's investment process and regular reporting from companies, Norselab Meaningful Impact High Yield considers the 16 mandatory Principle Adverse Impact indicators set out by SFDR (Sustainable Finance Disclosure Regulation). The mandatory indicators for investments in sovereigns and supranationals, as well as real estate assets do not apply to Norselab Meaningful Impact High Yield.

If risks of adverse impacts related to the Principal Adverse Impact indicators, good governance, or other additional environmental and social matters, are identified, we include concrete improvements to be implemented and followed up through active engagement with portfolio companies. We expect the company to mitigate the risk as quickly as possible, and we may, in many cases, assist the company in doing so.

In the table below under *Description of the principal adverse impacts on sustainability factors*, we've included actions related to Principle Adverse Impacts indicators that we have prioritized to have the most considerable impact at the fund level. We will continue to improve our approach.

At the end of 2022, there were 19 issuers in the Norselab Meaningful Impact High Yield portfolio. These issuers are mainly in the financial & insurance activities and

real estate activities sector. The indicators reflect this: Norselab Meaningful Impact High Yield's PAI indicators for 2022 are low relative to a portfolio with high climate impact sectors (transportation, manufacturing, etc.). This also explains why the fund indicators for water and hazardous waste emissions were 0 in 2022.

We note that most of the indicators are estimated by a third-party data provider because the bottom-up data are unavailable.

# Description of the principal adverse impacts on sustainability factors

## About the indicators reported

The indicators have been gathered using different sources that are listed in the table below. The latest available indicator as of fiscal year end has been used for each investment. The value of Enterprise Value is fixed at fiscal year end, when available. Enterprise Value is proxied by Total assets fixed at year end, when missing. For Green Bonds, there is no PAI disclosure.

## Notice from The Upright Project

This report contains impact-related and sustainability-related indicators that are based on data produced by Upright Oy (Upright). Due to the limited availability of underlying information and the nature of the indicators, the produced information intrinsically includes some inaccuracy. Upright continuously seeks to improve the accuracy of its indicators by using the best available information and the best available statistical methods for integrating information from different sources. Upright does not warrant the accuracy of the information, and shall not be liable for any direct or indirect damages related to the information it provides. The information in this report is reproduced by permission from Upright, and may not be redistributed without permission from Upright.

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions	1563,0 tons CO2-eq	N/A	<b>Data source:</b> estimated data from the Upright Project. Or, where available, company reported data, collected by the Upright Project.	We are continuing the work to identify GHG emissions data providers with the goal of improving the precision of our reporting and providing us with more accurate data that we can act on. In 2022, we assessed several providers and narrowed down a list of final contenders.
		Scope 2 GHG emissions	841,4 tons CO2-eq	N/A		
		Scope 3 GHG emissions	10 179,6 tons CO2-eq	N/A		
		Total GHG emissions	12 584,1 tons CO2-eq	N/A		
	Carbon footprint	Carbon footprint	45,2 tons CO2-eq/M€ invested	N/A		
	GHG intensity of investee companies	GHG intensity of investee companies	50,5 tons CO2-eq/M€ revenue	N/A		With more precise data in place, we aim to establish a framework for a net-zero portfolio.

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	<b>Data source:</b> estimated data from the Upright Project. Or, where available, company reported data, collected by the Upright Project.	
	Share of non - renewable energy consumption and production	Share of non -renewable energy consumption and non - renewable energy production of investee companies from non - renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	62,5%	N/A		
	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sectors listed in section L: 0,2 GWh/€M revenue	N/A		
Biodiversity	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A		
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tons/M€ revenue	N/A		
Waste	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0 tons/M€ revenue	N/A		

Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	<b>Data source:</b> estimated data from the Upright Project. Or, where available, company reported data, collected by the Upright Project.	
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	89,1%	N/A		
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	21,1%	N/A		
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31,0%	N/A		
	Exposure to controversial weapons (anti -personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A		

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS</b>						
Climate/environment	Investments in companies without carbon emission reduction initiative	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	63,1%	N/A	<b>Data source:</b> estimated data from Bloomberg. Or, where available, company reported data, collected by Bloomberg.	We are continuing the work to identify GHG emissions data providers with the goal of improving the precision of our reporting and providing us with more accurate data that we can act on. In 2022, we assessed several providers and narrowed down a list of final contenders.  With more precise data in place, we aim to establish a framework for a net-zero portfolio.
Social	Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0	N/A		

# Description of policies to identify and prioritize principal adverse impacts on sustainability factors

We integrate principal adverse impacts on sustainability factors in our investment decisions and monitoring

## Pre-investment

The fund's investment universe is defined by a structured and thorough assessment process, applying a multi-lens approach to understand positive and negative impacts. The assessment includes screening for:

- **Contribution to SDGs:** Products and/or services of issuers must contribute at a substantial and concrete level to the achievement of at least one UN Sustainable Development Goal (SDG), as defined at the target level of the SDGs.
- **Exclusion factors:** Issuers that do not demonstrate a net positive contribution to the UN SDGs through their products and services may be excluded from consideration. This includes potential exclusions of issuers with ties to industries that have lasting negative impacts on one or more SDGs, issuers and/or that do not comply with the UN Global Compact, and issuers that significantly harm Principal Adverse Impact indicators.

## Monitoring

We monitor several aspects on a continuous basis:

- the aggregated SDG-based net impact
- controversies, incidents, non-compliance with the UN Global Compact or involvement in excluded industries
- the issuer's product portfolio for changes in the SDG alignment

Our experience is that these aspects are in general closely linked to PAI indicators. If an issuer falls short of our thresholds for being allowed into our investment universe, we will divest as soon as possible. We continuously enhance our monitoring process and how best to integrate the PAI indicators.

# Engagement policies

Engagement with issuers is a key pillar for the fund

Our goal is to set a new standard for impact activism through engagement in the high yield market. As a proactive and large credit investor, it's our responsibility to initiate, lead and take immediate action when there is a specific need, such as non-compliance. Furthermore, we will seek to use our position to deepen impact for issuers that drive significant positive change in industries with large negative impacts and increase the positive contribution of an issuer's products or services to the SDGs.

Where we conduct further assessments on issuers driving significant positive change in industries with large negative impacts, we conduct a more thorough review of the issuer. The review includes key topics for engagement, such as improved reporting and transparency. We continuously enhance our engagement process.

# References to international standards

We define impact as a significant contribution to the achievement of the focus areas set forth in the UN Sustainable Development Goals (SDGs). We adhere to the ethical principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We also subscribe to the UN's Principles on Responsible Investment (PRI).

## Historical comparison

This is the first PAI statement for Norselab Meaningful Impact High Yield. Norselab Meaningful Impact High Yield launched on November 31<sup>st</sup>, 2022.

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