

Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors

2025



Summary

Norselab Real Estate Credit Opportunities (LEI: 635400FDB7L5HSCKG228) considers the 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 Real Estate Credit Opportunities. This statement on principal adverse impacts on sustainability factors covers the reference period from January 1st to December 31rd 2025.

As part of Norselab's investment process, Norselab Real Estate Credit Opportunities 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 Real Estate Credit Opportunities.

If risks of adverse impacts related to the Principal Adverse Impact indicators, good governance, or other additional environmental and social matters, are identified during screening, issuers may be excluded from consideration. If significant harm is uncovered during monitoring, we will actively engage with the issuer. We expect the company to mitigate the risk as quickly as possible, and we may, in relevant cases, assist the company in doing so.

In the table below under *Description of the principal adverse impacts on sustainability factors*, we have included actions related to Principle Adverse Impacts indicators that we have prioritized to have the most considerable impact

at the fund level. We aim to continuously improve our approach.

Throughout 2025, there were 20 different issuers in the Norselab Real Estate Credit Opportunities portfolio. These issuers are mainly in the construction and real estate sectors.

Company-level indicators are estimated by a third-party data provider due to the unavailability of company-reported data. Significant model enhancements over time can therefore drive discrepancies in the estimated data.

Description of the principal adverse impacts on sustainability factors

About the indicators reported

The indicators have been gathered using various third-party providers. The latest available indicator has been used for each investment. The Enterprise Value is fixed at fiscal year end. We have assessed the fund's share of ownership of the investee companies' PAI indicators using the bonds' book value. 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 ¹	Metric ²	Impact 2025	Impact 2024	Impact 2023	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 tons CO2-eq	280.3	84.1	0.5	Some issuers have high scope 2 and 3 emissions due to their size and industry. SBB and Heimstaden account for around 85% of the portfolio's total emissions in 2025. The fund was launched late in November 2023, leading to low CO2e emissions (in absolute values) at fund level for 2023.	During the reference period, we assessed that new issuers did not drive significant GHG emissions, benchmarked against industry peers, or that these emissions were mitigated through reliable GHG emission reduction initiatives.
		Scope 2 GHG emissions tons CO2-eq	3576.9	475.2	10.9		
		Scope 3 GHG emissions tons CO2-eq	6229.8	924	14.9		
		Total GHG emissions tons CO2-eq	10,086.9	1,483.2	26.3		
	Carbon footprint	Carbon footprint tons CO2-eq/M€ invested	85.5	13.1	0.3		
	GHG intensity of investee companies	GHG intensity of investee companies tons CO2-eq/M€ revenue	285.4	53.4	28.9		

¹ Data source: estimated data from the Upright Project, or, where available, company reported data, collected by the Upright Project. ² ESMA only provides guidance on how to calculate a financial participant's share of ownership of a company's PAI indicator for indicators expressed in absolute terms (e.g., GHG emissions). We have therefore, to the best of our abilities and with the objective of accurately representing the fund's indicator, calculated the indicators expressed as ratios (for instance, "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.")

Adverse sustainability indicator ¹		Metric ²	Impact 2025	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector %	0	0	0	We exclude companies with any tie to industries that have lasting negative impacts on one or more SDGs, including those deriving any revenues from oil sands extraction, and >5% of revenues from oil & gas production.	All investee companies undergo in-depth due diligence to uncover any significant and/or lasting negative impacts. When assessing Principal Adverse Impacts (PAIs) we identify the most relevant indicators for each case and evaluate whether each issuer has effective measures in place to improve their performance on those key indicators.
	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 %	81.4	43.2	17.8	There are large variations in the estimation of each portfolio company's share of non - renewable energy consumption, ranging from 0% to 99%. Industry does not seem to play a role in this variation.	
	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 GWh/€M revenue	0 (A) 0 (C) 0 (D) 0 (F) 0 (H) 0.43 (L)	0.2 (L)	0.1 (L)	We exclude companies with any tie to industries that have lasting negative impacts on one or more SDGs. In 2024, we did not invest in any additional high impact climate sector.	
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	0	0	All investee companies undergo in-depth due diligence to uncover any significant and/or lasting negative impacts, including to biodiversity.	
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average tons/M€ invested	0	0	0	All investee companies undergo in-depth due diligence to uncover any significant and/or lasting negative impacts, including to water.	
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 tons/M€ invested	1.1	0.02	0	All investee companies undergo in-depth due diligence to uncover any significant and/or lasting negative impacts, including through waste.	

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Adverse sustainability indicator ¹	Metric ²	Impact 2025	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
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 %	0.0	0.0	0.0	We only invest in companies with policies to monitor compliance or companies where there are no indication of non-compliance with good governance criteria.	
	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 %	87.5	89	70.8	We only invest in companies with policies to monitor compliance or companies where there are no indication of non-compliance with good governance criteria.	
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies %	19.6	12.9	8.4	-	We use a third-party data provider to identify companies that fail to comply with the UN Global Compact. When assessing Principal Adverse Impacts (PAIs) we identify the most relevant indicators for each case and evaluate whether each issuer has effective measures in place to improve their performance on those key indicators.
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members %	29.3	28.4	25.3	We assess board gender diversity as a component of good governance. There are significant variations between countries.	
	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 %	0.0	0.0	0.0	We exclude any company with ties to civilian, conventional and controversial weapons.	

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Adverse sustainability indicator ¹		Metric ²	Impact 2025	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS							
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 %	26.1	50	60	Companies with carbon reduction initiatives are assessed through the SBTi Tracker.	During the reference period, we assessed that new issuers did not drive significant GHG emissions, benchmarked against industry peers.
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	0	0	There has been no cases of severe human rights issues reported among the funds investee companies.	-

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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

Norselab's Meaningfulness Policy describes our overarching impact approach and outlines the guiding principles for all investment activity at Norselab, hereunder the commitment to refrain from investing in companies with a significant negative impact on any of the SDGs (latest edition: January 2025, 4th edition).

Norselab's impact and sustainability due diligence in the investment process is fully reflective of the principles in the policy. A team of sustainability professionals (within the Investment Manager but independent of the portfolio management team) conducts a structured and thorough due diligence assessment on all potential investments following our policy and method. Additionally, the Investment Manager's independent Product Governance Committee conducts reviews of all the fund's investments to ensure compliance with the fund's mandate and sustainability-related commitments.

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, and/or issuers 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 of the fund.
- Controversies, incidents, investees' non-compliance with the UN Global Compact or involvement in excluded industries.
- Changes in the SDG alignment of issuers' product portfolio.

We selected the additional principal adverse indicators that are most relevant to our strategy, and for which we have available data to base decisions on. 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.

Data sources

We mainly use estimated data from the Upright Project, MSCI and Bloomberg. When available, we use company-reported data collected by those third-party providers.

Engagement policies

Engagement with issuers is a key pillar for the fund

By adopting an activist mindset and engaging directly with issuers, we can help them identify and address their most material impact issues. Investing in large corporations can make it difficult to instigate process changes, and our influence is sometimes limited. However, even small changes in these companies can lead to significant positive impacts due to their scale. Most of the time, we manage to achieve additionality by carefully selecting companies with a clear potential for impact and leadership that is more open to dialogue on sustainability initiatives. This approach allows us to drive meaningful improvements and contribute to positive outcomes in the high-yield space

In cases where issuers drive 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). Norselab Group AS, as well as its subsidiaries, is a certified B Corp.

Historical comparison

This is the third PAI statement for Norselab Real Estate Credit Opportunities, as the fund launched on November 20th, 2023. A historical comparison with the previous reporting periods is available in the section above "Description of the principal adverse impacts on sustainability factors".

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