

## ANNEX II

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of 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

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental

**Product name:** Norselab Financial Hybrid (the “fund”)  
**Legal entity identifier:** 635400AFKDDDPFPPF887

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<div><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</div> <div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div> <div><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</div>	<div><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments.</div> <div><div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div> <div><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></div>



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

The fund promotes the following environmental and social characteristics as part of the investment strategy:

- Transitioning away from products and services causing harm to the UN Sustainable Development Goals (the 'UN SDGs');
- Climate change mitigation in issuers' operations;
- Achieving an overall net positive impact from the investment strategy.

The promoted environmental and social characteristics contribute to enhancing understanding and awareness of the imperative to transition away from products and services that harm the UN SDGs, while continuing to emphasize that sufficient and credible measures to improve social and environmental sustainability in operations are expected.

The fund invests in issuers whose products and services, at a minimum, do not cause significant harm to the UN SDGs. Issuers may, at the same time, have some positive contributions to the UN SDGs through their products and services and/or their operational sustainability efforts. Positive contributions to the UN SDGs from issuers' products and services are expected to be limited for a predominant share of investments in the fund.

Issuers in the fund's potential investment universe are screened and assessed to identify investments promoting environmental and social characteristics and in particular, issuers that qualify at a minimum as "Neutral" in the Investment Manager's proprietary impact assessment framework. A limited number of issuers may also demonstrate more substantial positive contributions to the UN SDGs, in line with the "Impact Aligned" category in the aforementioned framework.

The fund aligns with Norselab's governing policy on sustainability across investment activities, the "Meaningfulness Policy" (which is available on the Investment Managers' website <https://norselab.com/meaningfulness-policy>). The policy describes Norselab's 10 principles for meaningful investments, including using the UN SDGs as a strategic framework, integrating impact assessments as part of the investment process, adopting long-term investment perspectives, refraining from investments with negative impact on the SDGs, and committing issuers to comply with all applicable laws and regulations as well as the ethical principles of the UN Global Compact.

At a minimum, issuers in the Investment Universe must meet the following selection criteria:

- Core products and services *do not* cause significant harm to the UN SDGs. Some issuers may additionally have a positive contribution to the UN SDGs through their products and services, but such contributions are expected to be of limited significance.

**Sustainability indicators**  
measure how the environmental or social characteristics promoted by the financial product

- Demonstrate sufficient and credible mitigating efforts on material sustainability topics in operations, if applicable.
- Pass the Investment Manager's systematic Do No Significant Harm and good governance screening and assessment.

The Investment Manager's dedicated impact team will perform the analysis of issuers' environmental and social characteristics in a structured manner. The analysis consists of:

- Screening issuers on UN Global Compact compliance and alignment with exclusion criteria. The criteria include less than 5% exposure to weapons, tobacco or gambling.
- Reviewing the issuers' products and services to identify potential positive contributions and potential significant harm to the UN SDGs. The assessment pays particular attention to issuers' potential financed harm to the SDGs.
- Modeling the issuer's net impact with assistance from a third-party data provider.
- Considering Do No Significant Harm and good governance criteria.
- Evaluating the issuers' efforts to improve operational sustainability.

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

The fund will report on the following indicators:

1. Share of investments with a score of 3/5 ("neutral impact") or above, as defined in the Investment Manager's proprietary impact assessment framework and scorecard.
2. Occurrence of significant harm to the UN SDGs from investments in the applicable period.
3. Share of portfolio with Science-Based Targets covering Scopes 1, 2, and 3.
4. Fund-level net impact score, as modeled by a third-party data provider. This score expresses the fund's positive impacts, net of negative impacts, aggregating the score of the issuers in its portfolio.

● **What are the objectives of the sustainable investments that the financial product**

*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 not 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.

***partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A. The fund does not intend to make any 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?***

N/A. The fund does not intend to make any sustainable investments.

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

N/A. The fund does not intend to make any sustainable investments.

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

N/A. The fund does not intend to make any sustainable investments.

**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-



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

X

Yes, this financial product considers principal adverse impacts on sustainability factors.

The Investment Manager considers Principal Adverse Impact indicators as part of the structured assessment process described above. If unmitigated harm is uncovered in the

assessment of an issuer's Principal Adverse Impacts indicators, the issuer may be excluded from investment.

The Investment Manager monitors investee companies in the fund and tracks their Principal Adverse Impact indicators regularly, at least annually. The relevant data is retrieved from a third-party data provider. The data consists partly of company-reported data and partly of modeled data; modeled data is applied where no company-reported data is available. The third-party data provider has been chosen based on due diligence and use of third-party data providers is reviewed regularly by the Investment Manager.

The Investment Manager publishes a Principal Adverse Impact statement for the financial product by June 30th of every year. The statement includes a weighted average of the quarterly Principal Adverse Impact indicators provided by the aforementioned third-party data provider.

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No.

### What investment strategy does this financial product follow?

The fund's investment objective is to achieve an attractive level of total return (income plus capital appreciation) through investments in bonds classified as supplementary capital or hybrid capital, issued primarily by banks, insurance companies, and financial institutions, integrating impact and sustainability considerations into its investment decisions.

The fund will aim to achieve its objective by predominantly investing in hybrid capital ("Additional Tier 1" for bank issuers, henceforth "AT1", and "Restricted Tier 1" for insurance issuers – henceforth "RT1") and supplementary capital (subordinated "Tier 2" – AT1, RT1 and Tier 2 are, together, "Hybrid and Supplementary Capital Securities"). Such Hybrid and Supplementary Capital Securities are issued predominantly by Nordic banks, insurance companies, and financial institutions, though the Investment Manager intends to include investments in a limited number of international issues.



While the fund will invest predominantly in Hybrid and Supplementary Capital Securities, the Investment Manager takes a holistic view and may, at times, also invest in other parts of the relevant issuers' capital structures, including, but not limited to, covered bonds, senior preferred unsecured bonds, senior non-preferred unsecured bonds, deposits, and shares/equity certificates. Hybrid and Supplementary Capital Securities can be rated or unrated. The Investment Manager will perform its own credit analysis based on industry best practices and banks' issuer ratings. Most issuers in the investment universe will obtain a rating equivalent to "investment grade," while Hybrid and Supplementary Capital Security issue ratings generally correspond to "investment grade" or "high yield."

Such Hybrid and Supplementary Capital Securities form the potential investment universe, which the Investment Manager further assesses to identify investments that promote the environmental

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

and social characteristics defined above, namely where issuers qualify, at a minimum, as “Neutral” in the Investment Manager’s proprietary impact assessment framework.

Such issuers:

- *Do not* cause significant harm, through their core products and services, to the **UN SDGs**. Some issuers may additionally have a positive contribution to the UN SDGs through their products and services, but such contributions are expected to be of limited significance.
- Demonstrate satisfactory measures to improve sustainability in operations. Efforts should focus on the issuer’s most material topics.
- Pass the Investment Manager’s systematic Do No Significant Harm and good governance assessments.

● ***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?***

The fund’s binding elements are:

- Issuers qualify, at a minimum, as “Neutral” in the Investment Manager’s proprietary impact assessment framework and scorecard (as described above).
- No significant harm to any of the SDGs from any investment. A fund-level net positive impact score, as measured by a third-party data provider. The score expresses the fund’s positive impacts, net of negative impacts, aggregating the score of the issuers in its portfolio.

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

N/A. There is no commitment to reduce the scope of investments considered prior to the application of the investment strategy.

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

The Investment Manager assesses issuers’ compliance with good governance principles as part of our assessment process and credit risk assessment. This includes assessing the following four good governance areas, at a minimum:

- Management structures;
- Employee relations ;

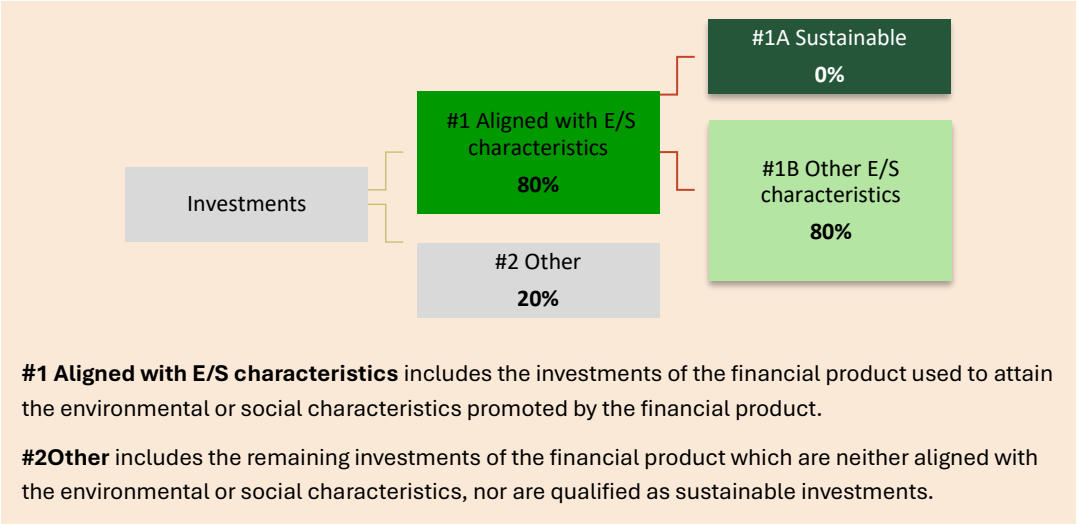
**Good governance**  
practices include  
sound management  
structures,  
employee relations,  
remuneration of staff  
and tax compliance

- Remuneration policies; and
- Tax compliance.

The Investment Manager uses company-reported data and data provided by third parties to assess these four good governance areas and compare the data to the issuer’s peers. Third-party data providers have been chosen based on a data provider due diligence. Our use of third-party data providers is assessed regularly.

Issuers may be excluded from investment if significant risks related to good governance are identified.

### What is the asset allocation planned for this financial product?



A minimum of 80% will be invested in issuers that promote environmental and social characteristics. Up to 20% of the fund will not align with the environmental or social characteristics promoted by the fund hereunder referred to as “#2 Other.” These are the fund’s cash balances and derivatives.

The fund does not expect to make any sustainable investments with environmental or social objectives.

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

Derivatives will not be used to attain the environmental or social characteristics that the fund promotes.

Derivatives will mainly be used for hedging purposes. For hedging purposes, the fund has a policy of hedging back all foreign currency investments to the base currency. Such hedging derivatives may be traded with the Investment Manager's Nordic counterparty banks and custodian bank.

In rare exceptions, the fund may use derivatives for portfolio exposure. In such cases, the same thorough assessment process described above applies to attain the environmental or social characteristics that the fund promotes.



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

N/A. The fund does not intend to make any sustainable investments.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐

Yes:

☐

In

fossil

☐

gas

In nuclear energy

☒

No

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<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

The fund does not commit to a minimum share of investments that are designated for transitional and enabling activities under the EU Taxonomy.



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

N/A. The fund does not intend to make any sustainable investments.



**What is the minimum share of socially sustainable investments?**

N/A. The fund does not intend to make any sustainable investments.



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

The fund may hold cash balances as part of its investment strategy. The fund does not have any daily liquidity or diversification requirements and hence, does not aim to hold significant cash beyond planned net withdrawals and margin calls on derivatives contracts. Cash may be held in periods where the Investment Manager has a market view that asset prices are about to fall in order to protect the fund's value.

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



**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?**

The fund does not intend to use a designated index as a reference benchmark for its investments.

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

N/A.

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

N/A.

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

N/A.

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

N/A.



**Where can I find more product specific information online?**

More product-specific information can be found on the Investment Manager's website:  
<https://norselab.com/sfdr>