

Website sustainability-related product disclosure

Norselab Financial Hybrid

LEI: 635400AFKDDDPFPPF887



Summary

This document aims to provide information on the environmental and social characteristics of Norselab Financial Hybrid (“the fund”), and how these are promoted. The fund promotes environmental and social characteristics that are key to financial institutions’ license to operate and contribute to stability and trust in the financial system. We follow a structured assessment process in line with the fund’s promoted environmental and social characteristics. The fund aligns with the Investment Manager’s Responsible Investment Policy.

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No sustainable investment objective

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

Environmental or social characteristics of the financial product

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

- Responsible business conduct and international norm alignment;
- Avoidance of issuers with severe or persistent ESG controversies;
- Excluding exposure to the production of high-risk, controversial products.

The promoted environmental and social characteristics are key to financial institutions' license to operate, and contribute to stability and trust in the financial system. Issuers in the fund's potential investment universe are screened to identify investments promoting these environmental and social characteristics.

Investment strategy

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 investment decisions.

The fund will aim to achieve its objective by predominantly investing in hybrid capital and supplementary capital securities.

Such Hybrid and Supplementary Capital Securities form the potential investment universe,

which the Investment Manager further assesses to identify investments that promote the environmental and social characteristics defined above.

The fund's binding elements are:

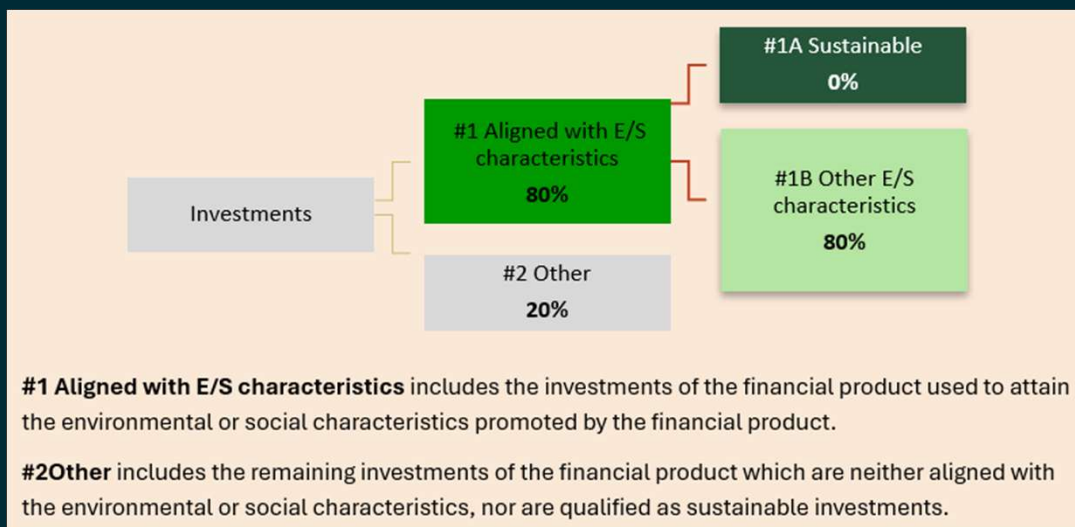
- No occurrence of UN Global Compact or OECD Guidelines for Multinational Enterprises violations in the portfolio;
- No occurrence of investments with a "high" ESG controversies risk assessment outcome, based on the Investment Manager's ESG assessment framework.
- Portfolio alignment with the fund's norms-based and product-based exclusion criteria:

Norms-based exclusions: The Investment Manager excludes companies from its investment universe where there is unacceptable risk that the company actively contributes to or is responsible for:

- Severe or systematic violations of human rights.
- Severe or systematic violations of fundamental labor rights.
- Serious violations of individuals' rights in situations of war or armed conflict.
- Supplying weapons or military materiel where there is significant risk of use in serious breaches of international humanitarian law.
- Severe environmental damage.
- Gross corruption, including systemic bribery or fraud
- Other particularly severe violations of basic ethical or responsible business standards.

Product-based exclusions: The Investment Manager does not invest in companies that:

- Develop or produce controversial weapons and their key components. Such controversial weapons include biological and chemical weapons, anti-personnel mines, cluster munitions, and other weapons that violate fundamental humanitarian principles.
- Extract coal or oil sands for energy production, or produce coal-based power, as a significant share of revenue.
- Produce tobacco or cannabis for recreational use.
- Produce pornography.



Proportion of investments

The fund intends to invest minimum 80% of the capital in issuers that promote the environmental and social characteristics mentioned previously.

As an Alternative Investment Fund (AIF), the fund may hold cash and derivatives from time to time. Derivatives will not be used to attain the environmental or social characteristics the fund promotes but will mainly be used for hedging purposes.

Up to 20% of the fund will not align with the environmental and social characteristics promoted by the fund (“#2Other.” in the illustration above). These are the fund’s cash balances and derivatives.

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 and social characteristics that the fund promotes.

Monitoring of environmental or social characteristics

The fund will monitor and report on the following indicators:

- Portfolio compliance rate for UN Global Compact and OECD Guidelines for Multinational Enterprises;
- Share of investments with a “moderate” or “low” ESG controversy risk assessment outcome, based on the Investment Manager’s ESG assessment framework;
- Portfolio compliance rate with product-based exclusion criteria.

All indicators are weighted based on the physical holdings of the fund (cash excluded).

The Investment Manager’s independent Product Governance Committee conducts ex-ante and ex-post reviews of all the fund’s investments to ensure compliance with the fund mandate and Norselab’s policies.

The indicators are regularly monitored using third-party data, as well as through our own continuous assessments and monitoring. We report to investors on some of these indicators on a monthly basis.

Methodologies for environmental or social characteristics

The Investment Manager's ESG Professional will perform a structured analysis of issuers' environmental and social characteristics based on third-party ESG data, or, when such data are unavailable, conduct an assessment based on sector data, company resources, and publicly available information

At a minimum, to be included in the investment universe, issuers must undergo the following analysis:

- Screening for compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises;
- Screening for compliance with the Investment Manager's norms-based and product-based exclusion criteria, as detailed above;
- Screening for severe or persistent ESG controversies; such as predatory lending practices toward vulnerable populations, financing of projects tied to human rights violations, and large-scale fraud.
- Review of issuers' positive and / or negative impacts on social and / or environmental factors;
- Consideration of Do No Significant Harm and good governance criteria.

The investment manager assesses good governance as part of the risk assessment. This includes assessing four good governance areas: issuers' management structures, employee relations, remuneration policies, and tax compliance.

The fund aligns with the Investment Manager's Responsible Investment Policy.

Data sources and processing

The Investment Manager's ESG professional uses multiple data sources through the assessment process.

For good governance and sustainability risks, we use company information and insights, and data from third-party providers.

The financial product does not consider principal adverse impacts on sustainability factors.

The reasons for not considering Principal Adverse Impacts are:

- Lack of reliable ESG/PAI data from many portfolio issuers (especially for smaller issuers such as niche banks) makes it difficult to implement a systematic and decision-useful approach to considering Principal Adverse Impacts.
- The cost and resource requirements for considering Principal Adverse Impacts are disproportionately high for smaller investment managers to secure sufficient quality of such considerations.

Limitations to methodologies and data

An important limitation is the availability of information and data.

Where company-reported or third-party data is incomplete or unavailable, we conduct our own research and make estimates based on reasonable assumptions, including sector data, peer comparisons, and publicly available information.

We will continue to engage with third-party data providers to improve the quality of the estimated data. Our in-house specialists review data provided by third parties. We continuously seek to enhance our data processes and explore automation that may enhance precision and minimize operational risk.

Due diligence

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Engagement policies

Our goal is to influence corporate behavior toward more sustainable business practices.

Norselab Credit Management commits to using its influence and engagement with companies to promote responsible and sustainable practices and contribute to value creation.

If any sustainability-related controversy arises, causing an investee company to fall out of the investible universe, they are no longer approved for new investment. In such events, the Investment Manager's independent Product Governance Committee decides on adequate follow-up.

Where appropriate, we may seek engagement or allow time-bound remediation before exclusion.

We continuously strive to enhance our engagement process.

Designated reference benchmark

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

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