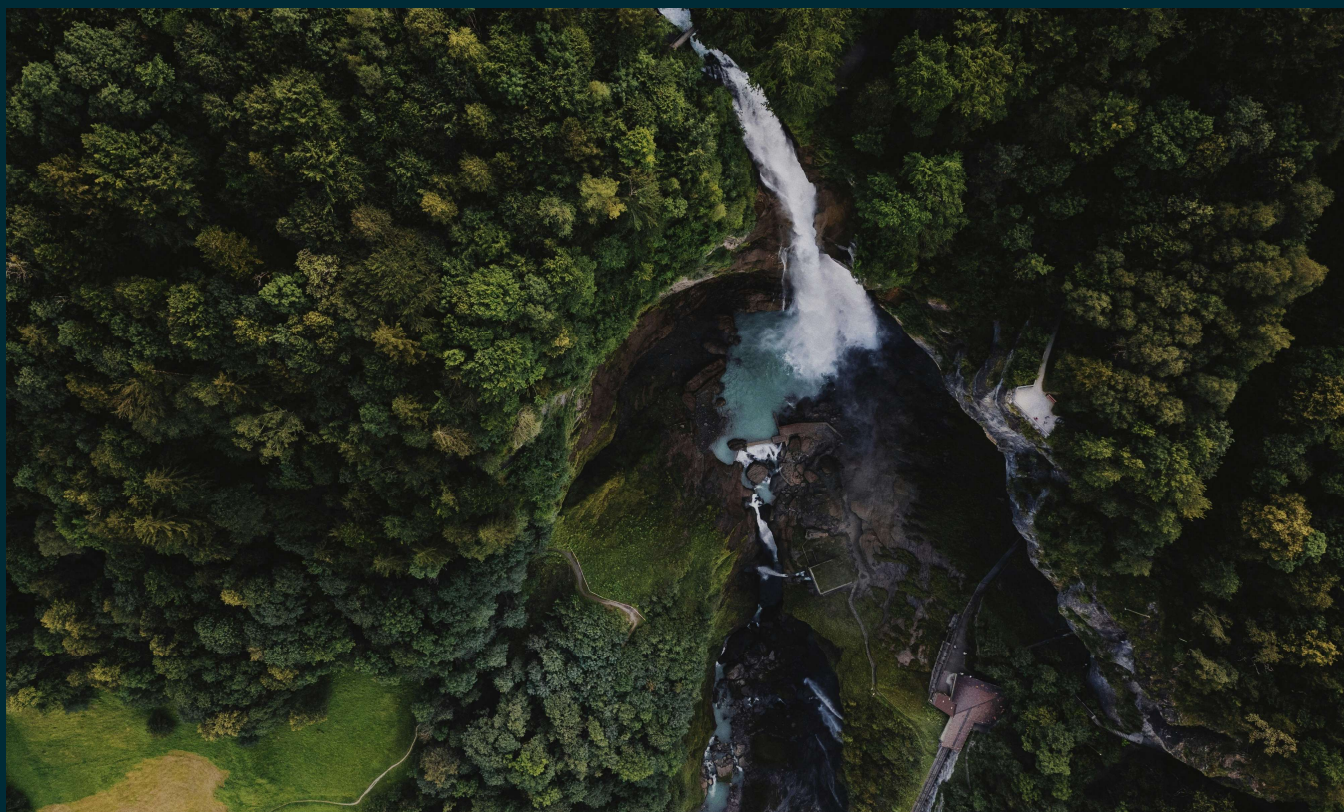


# Website sustainability-related product disclosure

Norselab Sustainable High Yield

LEI: 635400RD8DHSOFJ21W41



## Summary

This document aims to provide information on the sustainable investment objective of Norselab Sustainable High Yield (“the fund”), and how the objective is attained. The fund aims to invest in issuers that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals (the “UN SDGs”). We follow a structured assessment process to define the investment universe in line with the fund’s objectives. The assessment process also seeks to uncover any significant harm to the sustainable investment objective. Furthermore, the fund seeks to engage with companies on sustainability topics to drive progress where possible. The fund aligns with the Investment Manager’s Responsible Investment Policy.

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## No significant harm to the sustainable investment objective

Through a structured assessment process, we ensure that the issuers included in the investment universe do not cause significant harm to the sustainable investment objective. This includes assessing that:

- The issuer's products or services do not have a significant negative impact on any of the SDGs.
- The issuers do not cause significant Principal Adverse Impacts. In any event, if significant harm is uncovered in the assessment of the Principal Adverse Impacts indicators of an issuer, the issuer may be excluded from investment.
- Issuers do not have significant ties to industries that have lasting negative impacts on one or more SDGs.
- There are no known compliance issues with the UN Global Compact.
- There are no known good governance issues concerning the issuer.

In rare exceptions, the fund will include issuers driving significant positive change in industries with large negative impacts. This notwithstanding, such issuers, on balance, do not cause significant harm to any environmental or social sustainable investment objective. When targeting such issuers, the fund aims to pursue and demonstrate significant positive contributions compared to industry peers. The Investment Manager's ESG professional will conduct product-level and issuer-level fundamental research for issuers with potential negative impacts on the SDGs.

Furthermore, the fund seeks to conduct constructive engagement with such issuers to drive progress.

## Sustainable investment objective of the financial product

The objective of the fund is to achieve an attractive level of total return (income plus capital appreciation) from the high-yield fixed-income market through investment in issuers that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals. The SDGs are a globally recognized framework for designing a future where economic growth does not compromise the safekeeping of the environment and the well-being of people and societies.

The fund's investment universe is defined through a structured sustainability assessment process. The assessment will, at a minimum, include a screening for:

- **Contribution to SDGs:** Products and/or services of issuers contribute 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.

In addition, an issuer is considered sustainable where it has a limited or neutral product-driven contribution to the SDGs, but still complies with the exclusion factors and passes the Investment Manager's structured process to uncover any significant harm to the sustainable investment objective.

## Investment strategy

The fund will invest predominantly in Nordic, corporate high yield fixed income securities that are sustainable investments. The securities are selected based on the Investment Manager's disciplined investment process which considers the issuer's credit risk, the characteristics of the security itself (eg, whether it is backed by any assets), as well as the industry and the respective issuer's financial prospects. The Investment Manager uses a combination of a global "top-down" analysis of the macroeconomic and interest rate environment and the Investment Manager's "bottom-up" research of corporate debt, from performing debt to stressed and distressed securities.

The fund's binding elements are:

- An issuer has passed the sustainability assessment process that ensures the sustainable investment objective of the fund.
- A predominant proportion of issuers will have products and services that contribute to one or more SDGs at the target level.
- No significant negative impact on any of the SDGs.
- Alignment with the following 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.

There are no set exclusion thresholds at the level of specific activities, as it depends on factors like geography, size, sector etc. Where the EU Paris-aligned Benchmarks, as listed below, overlap with the aforementioned exclusion criteria, the thresholds defined therein apply.

In addition, the fund applies the exclusions for EU Paris-aligned Benchmarks contained in Article 12(1)(a)-(g) of Commission Delegated Regulation (EU) 2020/1818, which includes:

- (a) companies involved in any activities related to controversial weapons;
- (b) companies involved in the cultivation and production of tobacco;
- (c) companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- (d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- (e) companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- (f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- (g) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh.

## Proportion of sustainable investments

The fund intends to make a minimum of 80% sustainable investments (“#1 Sustainable” in the illustration below). Such sustainable investments will be predominantly in issuers that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals or, for a small number of issuers, that have a limited or undifferentiated contribution to the SDGs.

All issuer products and services contribute, at variable intensity, to one or more SDGs at the target level and cannot have a significant negative impact on any of the SDGs. All issuers have passed through the thorough sustainability assessment process.

As an Alternative Investment Fund (AIF), the fund may hold cash and derivatives from time to time. Under the SFDR, cash and derivatives are not considered sustainable investments.

A maximum of 20% of the fund will not be sustainable investments. These are the fund's cash balances and derivatives (“#2 Not sustainable” in the illustration below).

## Monitoring of the sustainable investment objective

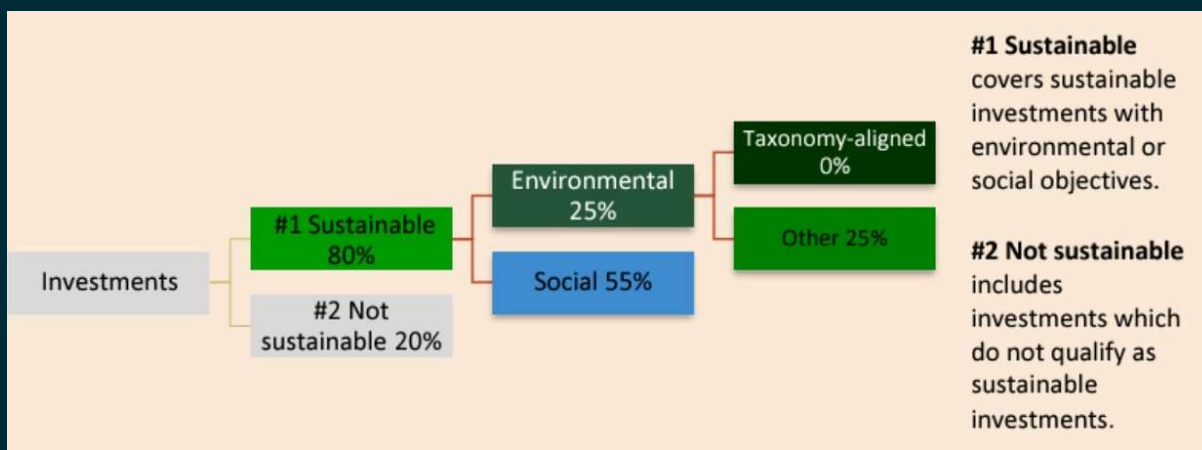
The fund will monitor and report on the following indicators:

- % contributing to the SDGs
- % Taxonomy aligned
- Share of investments with a substantial SDG contribution (as defined in the Investment Manager's ESG framework)
- Share of investments with a supporting SDG contribution (as defined in the Investment Manager's ESG framework)

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 Norselabs policies.

The indicators are regularly monitored using third-party data, as well as through our own continuous assessments. These are based on company publications, events, and engagement with the company's management. We report to investors on some of these indicators on a monthly basis.



## Methodologies

The Investment Manager's ESG professional will conduct product-level and issuer-level fundamental research for issuers with potential negative impacts on the SDGs. This includes assessing the indicators for Principal Adverse Impacts. Inferior performance compared to industry peers may lead to engagement with the issuer or exclusion from the investment universe. In any event, if significant harm is uncovered in the assessment of the Principal Adverse Impacts indicators of an issuer, the issuer may be excluded from investment.

The assessment will, at a minimum, include a screening for:

- **Contribution to SDGs:** Products and/or services of issuers contribute 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.

In addition, an issuer is considered sustainable where it has a limited or neutral product-driven contribution to the SDGs, but still complies with the exclusion factors and passes the Investment Manager's structured process to uncover any significant harm to the sustainable investment objective.

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

- To carry out fundamental research and assess contribution to the SDGs, we use peer-reviewed and/or industry research, as well as external sources on the products and services' impacts. We also use company information and insights when carrying out due diligence on issuers potentially exposed to significant negative impacts.
- For good governance, sustainability risks, and Principal Adverse Impact indicators, we use company information and insights, and data from third-party data providers.

## Limitations to methodologies and data

An important limitation is the availability of information and data. Most issuers provide limited public information on their sustainability impacts, and estimations are not always available. However, when carrying out due diligence on issuers, we deploy significant efforts to engage with them and encourage them to share more information and data with us.

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

The fund's investment universe is defined through a structured sustainability assessment process.

The assessment will, at a minimum, include a screening for:

- **Contribution to SDGs:** Products and/or services of issuers contribute 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.

In addition, an issuer is considered sustainable where it has a limited or neutral product-driven contribution to the SDGs, but still complies with the exclusion factors and passes the Investment Manager's structured process to uncover any significant harm to the sustainable investment objective.

This due diligence is carried out by the Investment Manager's ESG professional.

## 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.

As we perform our sustainability due diligence, we might identify possible areas where the company could increase its positive contribution to UN SDGs, as well as mitigate potential negative impacts.

As part of the investment process, companies may receive our recommendations for policies, strategies, and processes to implement in the field of sustainability.

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.

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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