

Sustainability-related disclosures

Norselab Real Estate Credit Opportunities

LEI: 635400FDB7L5HSCKG228



Summary

This document aims to provide information on the sustainable investment objective of Norselab Real Estate Credit Opportunities (“the fund”), and how the objective is attained. The fund aims to invest in issuers whose revenue-generating products or services that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals (the “UN SDGs”). The fund aligns with Norselab’s proprietary impact philosophy, “Meaningfulness”, as well as Norselab’s “Meaningfulness policy”. We use 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 to drive progress where possible.

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No significant harm to the sustainable investment objective

Through a structured assessment process, issuers are assessed against several factors to 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 issuer *does not* cause significant Principal Adverse Impacts benchmarked against industry peers. In any event, if significant harm is uncovered in the assessment of the Principal Adverse Impacts indicators of an issuer, the issuer is excluded from investment.
- Issuers *do not* have ties to industries that have lasting negative impacts on one or more SDGs and there are no known non-compliance issues with the UN Global Compact.
- There are *no* known good governance issues concerning the issuer.

As part of the due diligence process, the Investment Manager's impact team conducts product-level and issuer-level assessments based on peer-reviewed and industry research for issuers with potential negative impacts on the SDGs. Issuers that do not demonstrate a net positive contribution to the UN SDGs through their products and services may be excluded from consideration.

However, if, through engagement, such issuers document a credible ambition to transform their core products and services to the point of a net positive contribution to the UN SDGs, they may still be considered for investment provided that a robust follow-up plan to drive such transformation is developed and they nonetheless, on balance, contribute positively to a sustainability objective and comply with the other sustainability assessments described in this section. In such events, the Investment Manager will engage with the issuer to favor progress toward the defined plan within the preset timeline.

All potential investments are screened based on Principal Adverse Impact indicators. The screening includes benchmarking against industry peers' 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 is excluded from investment.

As part of the assessment process to define the fund's investment universe, compliance with the UN Global Compact is assessed. Issuers with non-compliance issues with the UN Global Compact may be excluded from the investment universe. UN Global Compact Principle 1 is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We will also use the Principal Adverse Impact indicators to assess compliance with the OECD Guidelines for Multinational Enterprises.

The Investment Manager's impact team monitors issuers in the fund and tracks their Principal Adverse Impact indicators quarterly. The data on indicators is provided by a third-party data provider. The third-party data provider has been chosen based on a data provider due diligence. Our use of third-party data providers is assessed regularly.

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) predominantly from the high yield fixed income market through investment in issuers directly or indirectly exposed to the real estate sector that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals.

The fund aligns with Norselab's proprietary impact philosophy, "Meaningfulness", as well as Norselab's "Meaningfulness policy". The policy

describes Norselab's principles for meaningful investments. This includes using the SDGs as a strategic framework to create a net positive impact, adopting long-term investment perspectives, taking active ownership through engagement with issuers, and requiring issuers to comply with all applicable laws and regulations as well as the ethical principles of the UN Global Compact.

Meaningfulness is built on three core pillars that describe the characteristics of the issuers the fund will invest in:

- **Product-driven impact:** creating positive impacts through their revenue-generating products and services.
- **Net-positive impact:** accounting both for the negative and the positive effects of an issuer.
- **Impact where it matters:** backing issuers that accelerate the sustainable transition of their industries.

Investment strategy

The investment policy is to invest predominantly in Nordic, corporate high yield fixed income securities directly or indirectly exposed to the real estate sector, and that are sustainable investments. The securities are selected using the Investment Manager's disciplined investment process, which considers the issuer's credit risk, the characteristics of the security itself (e.g., whether it is backed by any assets), as well as the real estate industry's characteristics, 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 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 Investment Manager uses data provided by a third party to assess these four good governance areas and compare the data to the issuer’s peers. The third-party data provider has been chosen based on a data provider review. More thorough research is conducted when assessing issuers with potential negative impacts on the SDGs.

Proportion of sustainable investments

As stated in the Supplement to the Prospectus for the fund, the fund intends to make a minimum of 80% sustainable investments (“#1 Sustainable” in the illustration below). The fund seeks to invest in issuers that generate a net positive contribution, through their core products and services, to the UN Sustainable Development Goals. Specifically, the investee company’s product and services must contribute 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 impact assessment process. The fund does not invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

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 minimum of 20% of the fund is cash balances or derivatives and is therefore not intended for sustainable investments (“#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
- Aggregated SDG-based net impact (based on data modeled by the Upright project)
- % Taxonomy-aligned
- % impact-generating (as defined by Norselab’s proprietary impact framework)
- % impact-aligned (as defined by Norselab’s proprietary impact framework)

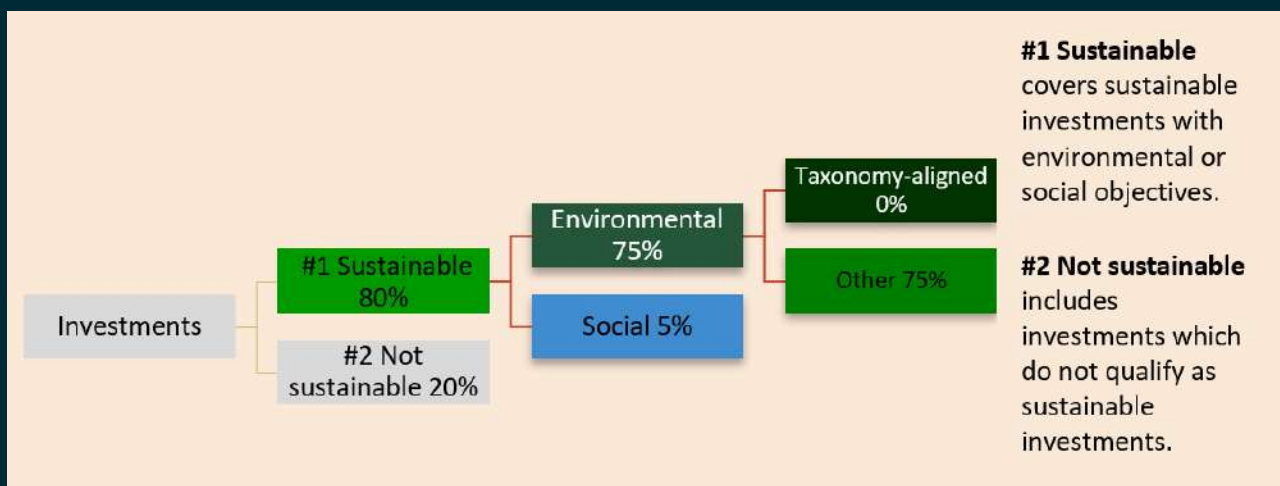
All indicators are weighted based on the physical holdings of the fund (derivatives and cash excluded).

The indicators are monitored using third-party data, as well as company publications and events. We continuously seek to enhance our monitoring process.

Methodologies

Norselab’s Meaningfulness Policy describes our overarching impact philosophy and approach. This provides guidance on how Norselab identifies and measures impacts and risks.

We define positive impact as a significant contribution to achieving the SDGs. The SDGs provide a comprehensive map of risk and opportunity – and are thus a solid strategic prism through which we can meaningfully and



successfully invest in new, growing, and established companies through Norselab's various funds.

To ensure a solid foundation for investment decisions, our approach aims to build the most complete picture of a company's potential positive and negative impacts. This means using multiple lenses in our assessments of companies. To date, our approach consists of the following lenses, including the SDGs:

- **Fundamental research**
Our team of sustainability specialists perform fundamental research based on available peer reviewed academic and industry research to document the impact thesis of assessed companies.
- **SDGs**
The contributions of companies' products and services are mapped to the underlying targets and indicators of the SDGs. We consider both positive and negative contributions. For positive impact, only concrete and substantial contributions are taken into account.
- **Net impact quantification**
We quantify both positive and negative impacts of companies' products and services and produce a net impact score.
- **EU regulatory assessments**
We screen and assess companies based on the Principal Adverse Impact indicators defined by the SFDR and perform assessments for potential eligibility and alignment with the EU Taxonomy.
- **Operational risk assessments**
We seek to uncover operational risks and strengths, to ensure that companies operate responsibly and sustainably. This includes mapping potential gaps to fill.

As of today, these lenses provide satisfactory insights into a company's positive and negative impacts. We are, however, constantly considering adding new data layers that could enhance our approach and hence our understanding of companies' impacts from various perspectives.

Data sources and processing

The Investment Manager's impact team uses multiple data sources through the assessment process (the assessment process for the fund is described below under "Due Diligence"):

- To document SDG contributions and in due diligence on issuers driving significant positive change but that are potentially exposed to significant negative impacts, issuer information and insights, peer-reviewed and industry research, as well as external sources on the products and services' impacts, are used.
- For the SDG-based net-positive impact, data is modeled by the Upright Project, a third-party impact data provider. The Upright Project quantifies the net impact of products and services, considering their upstream and downstream value chains.
- For good governance, Principal Adverse Impact indicators, and exclusion indicators, data provided by other third-party data providers are used.

Data provided by third parties are reviewed by our in-house specialists. We download and store the data regularly to track developments over time. We continuously seek to enhance our data processes, and explore automation that may enhance precision and minimize operational risk.

Most of the data provided by third parties are estimates, except where the issuer has reported data itself. Based on our multi-lens approach, we aim to build the most complete picture of a company's positive and negative impacts. This gives us a better understanding of the quality of the estimated data and of the data reported by the issuer itself.

All third-party data providers, including the Upright Project, have been chosen based on a data provider review. We carry out reviews of our third-party data providers regularly. Key quality criteria we look at in our reviews include data coverage, transparency of data source (e.g., how an estimation has been calculated, company-reported data), and data metrics provided.

Limitations to methodologies and data

An important limitation is the availability of information and data. Most issuers provide limited information on their sustainability impacts, and estimations are not always available. The quality of estimates varies greatly. To date, the Investment Manager's impact team is not satisfied with the quality of data available and will continue to engage with issuers and third-party data providers on this challenge.

As with most data sources, the data modeled by the Upright Project have some inherent limitations. Due to the limited availability of underlying information and the nature of the indicators, the produced information intrinsically includes some inaccuracy. Upright Project 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 Project 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 provided in our reporting is reproduced with permission from Upright Project, and may not be redistributed without permission from Upright Project.

To mitigate the limitations of data, we use a multi-lens approach to our investment decisions, as described under "Methodologies". In addition to using third-party data providers, our in-house specialists map products and services to the SDGs at the target level as our starting point. Only issuers offering products and services with a positive contribution can be considered for the investment universe. 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.

Due diligence

The fund's investment universe is defined by a structured and thorough assessment process, applying a multi-lens approach. The assessment will, at a minimum, include screening for:

- **Contribution to SDGs**

The issuers' products and/or services must contribute at a substantial and concrete level to the achievement of at least one 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.

The Investments Manager's impact team conducts product-level and issuer-level assessments based on peer-reviewed and industry research on issuers with potential negative impacts on the SDGs. Issuers that do not demonstrate a net positive contribution to the UN SDGs through their products and services may be excluded from consideration.

However, if, through engagement, such issuers document a credible ambition to transform their core products and services to the point of a net positive contribution to the UN SDGs, they may still be considered for investment provided that a robust follow-up plan to drive such transformation is developed and they nonetheless, on balance, contribute positively to a sustainability objective and comply with the other sustainability assessments described in this section. In such events, the Investment Manager will engage with the issuer to favor progress toward the defined plan within the preset timeline.

Engagement policies

Engagement with issuers is a key pillar for the fund. The goal is to increase the positive contribution of an issuer's products or services to the SDGs. More thorough research is conducted when assessing issuers with potential negative impacts on the SDGs. The review includes key topics for engagement, such as improved reporting and transparency. We continuously enhance our engagement process.

Attainment of the sustainable investment objective

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

Norselab 

Let's create a meaningful
future for all!

