

**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**

**Product name:** Simplicity Småbolag Global  
**Legal entity identifier:** 549300YWF0S5US0D8149

## Environmental and/or social characteristics

**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 governance practices.

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" 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 <u>10</u> % of sustainable investments <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

The fund promotes environmental and social characteristics partly by excluding companies that are considered not to contribute to a sustainable development and partly by including companies that are considered to contribute positively to a sustainable development. Moreover, the fund should consist of at least 10% sustainable investments.

#### Sustainable Investments

At least 10 % of the fund should be sustainable investments. A sustainable investment should fulfil at least one of the criteria below:

- **Investments fulfilling each of the three criteria below:**
  - **The company has climate targets aligned with the Paris Agreement**  
The Paris Agreement aims to avoid climate change by limiting global warming.

- The company has set a quantitative target for achieving at least one of the 17 UN Sustainable Development Goals (SDG)**  
The UN Sustainable Development Goals aims to create a global development that balance social, economic and environmental sustainability.
- The company is a member of UN Global Compact**  
UN Global Compact consists of ten principles related to human rights, labour, environment and anti-corruption, with the purpose to promote corporate responsibility.
- Investments aligned with the EU Taxonomy for environmentally sustainable economic activities**  
At least 10% of the revenue should be aligned with the EU Taxonomy for environmentally sustainable economic activities.
- Investments in companies with products and services contributing to UN Sustainability Development Goals (SDG) affordable and clean energy (SDG 7) and climate action (SDG 13)**  
At least 10% of the company's revenue / value that is attributable to its activities contributing to the green transition. For example, renewable energy and energy smart technologies.

The fund includes

**Promoting the green transition with lower emissions**

Simplicity has, as a fund company, the target that all investments in Simplicity's funds should have climate targets approved by the Science Based Target Initiative (SBTi) year 2040. For 2025 the target is 50 % and for 2030 the target is 75%. SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emission reduction targets.

**Promoting corporate responsibility**

Simplicity has, as a fund company, the target that all investments in Simplicity's funds should be members of UN Global Compact year 2040. For 2025 the target is 50 % and for 2030 the target is 75%. UN Global Compact consists of ten principles related to human rights, labour, environment and anti-corruption.

The fund excludes

Simplicity has identified several sectors which are ethically controversial or due to other reasons, as we see it, are deemed to have a negative contribution towards a sustainable society. Simplicity has chosen not to invest in the following sectors: weapons, alcohol, tobacco, gambling, pornography, fossil fuels and other companies within the GICS sector 10 classification. We apply certain limits where an accepted percentage of overall revenue is used as a yardstick according to below table:

<b>Sector</b>	<b>Production</b>	<b>Distribution</b>
Tobacco	0%	5%
Cannabis	0%	5%
Alcohol	5%	5%
Pornography	0%	1%
Gambling	5%	5%
Weapons	0%	1%
Munitions	1%	1%
Controversial weapons	0%	0%
Nuclear weapons	0%	0%
Fossil fuels	0%	5%

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

The table below includes the sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by the fund. All indicators are measured using quantitative data. The indicators are considered in investment decisions and are controlled regularly.

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

<b>Sustainability indicators</b>	<b>Description of indicator</b>	<b>How is the indicator used? What do we want to achieve?</b>
<b>Sustainable Investments</b>	A sustainable investment should fulfil at least one of the following: <ul style="list-style-type: none"> <li>The company fulfils one of the following: 1) has climate targets in line with the Paris Agreement, 2) has set a quantitative target for achieving at least one of the 17 UN SDGs and 3) is a member of UN Global Compact</li> <li>The company is aligned with the EU Taxonomy</li> <li>The company contributes to SDG 7 (affordable and clean energy) and SDG 13 (climate action)</li> </ul>	At least 10% of the fund should be sustainable investments.
<b>Companies with non-renewable energy production of &gt;25%</b>	Investments in companies where the share of non-renewable energy production exceeds 25%.	The fund excludes companies with over 25% of the energy production based on fossil fuels.
<b>Exposure to companies active in the fossil fuel sector</b>	Investments in companies with more than 0% of the income from the production or more than 5% of the income from the distribution of fossil fuels.	The fund should have no exposure in companies active in the fossil fuel sector.
<b>Investments in companies producing or distributing tobacco, cannabis, alcohol, pornography, gambling or weapons</b>	Income thresholds for activities in each sector can be found under the title "The fund excludes".	The fund should have no exposure in companies active in the listed sectors.
<b>Existing climate targets</b>	The share of companies with climate targets approved by the Science Based Targets Initiative (SBTi) <sup>1</sup>	Simplicity has, as a fund company, the target that all investments in Simplicity's funds should have climate targets approved by the SBTi year 2040. For 2025 the target is 50 % and for 2030 the target is 75%.
<b>Violations of international conventions and norms related to human rights, the environment labor and anti-corruption</b>	For example, UN Global Compact and OECD Guidelines for Multinational Enterprises	The fund excludes companies that systematically violate international norms and conventions, without showing any progress or will to improve.
<b>UN Global Compact</b>	Companies that are members of UN Global Compact, implying commitment to ten principles related to human rights, labour, environment and anti-corruption.	Simplicity has, as a fund company, the target that all investments in Simplicity's funds should be members of UN Global Compact year 2040. For 2025 the target is 50 % and for 2030 the target is 75%.

<sup>1</sup> Science Based Target Initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set science-based emission reduction targets.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

All sustainable investments are aligned with an environmental objective. The environmental objectives of the sustainable investments are the following:

- The sustainable investments in companies aligned with the EU taxonomy contribute to the environmental objectives of the EU taxonomy (Climate change mitigation and Climate change adaptation).
- The sustainable investments in companies with climate targets in line with the Paris Agreement contribute to reduce emissions. (These investments also need to have a quantitative target for achieving at least one the 17 UN SDGs and be a member of UN Global Compact.
- The sustainable investments in companies with products and services related to the green transition, for example renewable energy and energy smart technologies, contribute to UN Sustainability Development Goals (SDG) affordable and clean energy (SDG 7) and climate action (SDG 13)

● ***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?***

The fund considers principle adverse impacts of sustainability factors in investment decisions to control that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective.

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

By excluding companies active in the fossil fuel sector, companies with large fossil reserves and companies with more than 25% of the energy production based on fossil fuels, the fund's investments do not cause significant harm to environmental objectives. The fund also excludes investments in tobacco, cannabis, alcohol, pornography, gambling and weapon, which could cause significant harm to social sustainability objectives.

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

The holdings in Simplicity's funds must, as a minimum, comply with laws, international norms and conventions such as the UN Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

All holdings are screened on a regular basis to check that no violations have occurred. The norm-based screening is carried out by a third party. The screening also serves as a base to assess good governance practices for the fund's holdings.

Violation of the UN's Global Compact is used to identify companies that have been involved in violations of laws, international norms and conventions. The ten principles of the UN Global Compact relate to human rights, labor, environment and anti-corruption. Companies can end up on a "watchlist" if any of the ten principles are violated. Simplicity does not invest in companies that systematically violate international norms and conventions without a demonstrated willingness to change.

The fund managers are responsible for fulfilling the company's policy for responsible investments when making investment decisions as well as during the holding period. Simplicity has a sustainability committee whose function is to monitor and assist the fund managers' commitment to the sustainability policy. The sustainability committee meets every month and consists of at least one representative from the equity and the fixed income administration and the company's risk manager. The task of the sustainability committee is to discuss eventual issues and incidents, carry out company dialogues and to decide on eventual exclusions of individual companies from the funds.

**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-corruption and anti-bribery matters.

*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 no 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.*



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

- Yes, the fund considers principal adverse impacts on sustainability factors in investment decisions to control that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective.

The indicators are considered before investing to assess whether the company cause principal adverse impacts on sustainability factors. The indicators are measured and reported quarterly. Negative changes may lead to reducing or excluding holdings. The indicators are considered based on data availability.

Climate-related indicators that are considered relate to greenhouse gas emissions, such as greenhouse gas intensity, exposure to fossil fuels, share of non-renewable energy production and lack of initiatives to reduce emissions. Social indicators considered include violations of the UN Global Compact and OECD Guidelines for Multinational Enterprises, exposure to controversial weapons and supplier code of conduct.

- No

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



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

Sustainability is a central part of Simplicity's management process. The fund follows Simplicity's policy for responsible investments as well as certain sustainability criteria. The sustainability analysis is considered to have a neutral effect on the fund's return.

- ***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 binding elements of the investment strategy are:

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

**Asset allocation** describes the share of investments in specific assets.

- The fund makes at least 10% sustainable investments. All investments should promote environmental or social characteristics.
- Complying with Simplicity’s policy for exclusions and responsible investments.
- Excluding companies that systematically violates international norms and conventions, without showing any progress or will to improve.

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

The fund has currently no plan to reduce the scope of investments with a committed minimum rate.

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

The holdings in Simplicity’s funds must, as a minimum, comply with laws, international norms and conventions such as the UN Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. All holdings are screened on a regular basis to check that no violations have occurred. The norm-based screening is carried out by a third party. The screening serves as a base to assess good governance practices for the fund’s holdings.

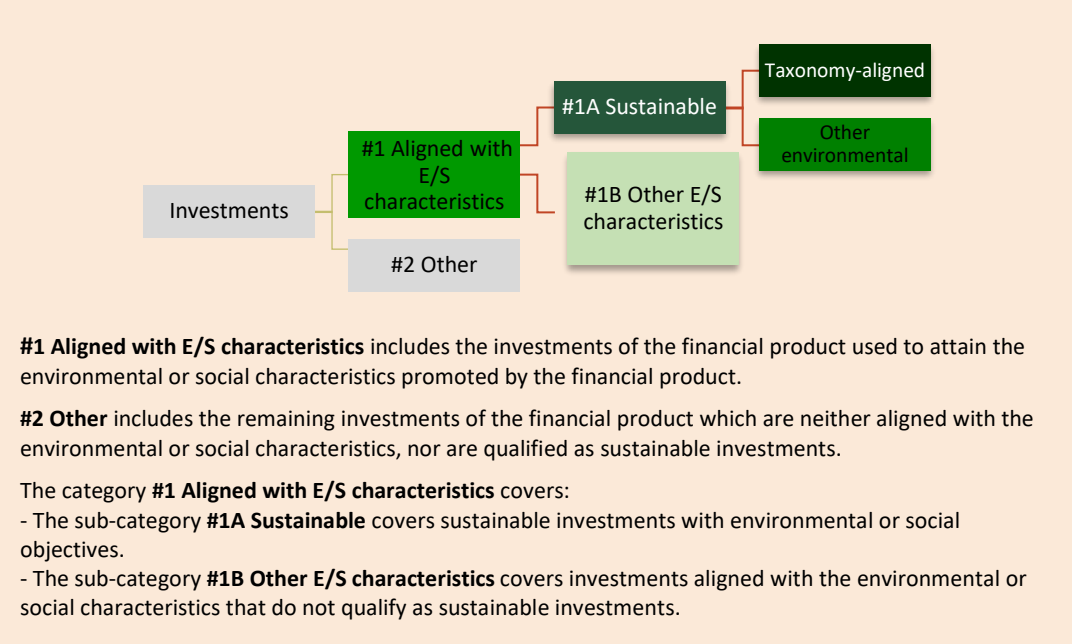


**What is the asset allocation planned for this financial product?**

The asset allocation has the following split as described below. The shares may vary depending on market movements throughout the year.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics: 90-100%**

All investments in equities.

**#1A Sustainable: at least 10%**

Direct investments in equities. All sustainable investments are related to an environmental objective. The share is split between sustainable investments with an environmental objective aligned with the EU Taxonomy and sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

**#1B Other E/S characteristics: 0-90%**

Investments that promote environmental or social characteristics but do not qualify as sustainable investments.

## #2 Other

This “#2 Other” share is only for cash held as liquidity. According to the fund terms, the fund may have cash held as liquidity up to 10% of the fund.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

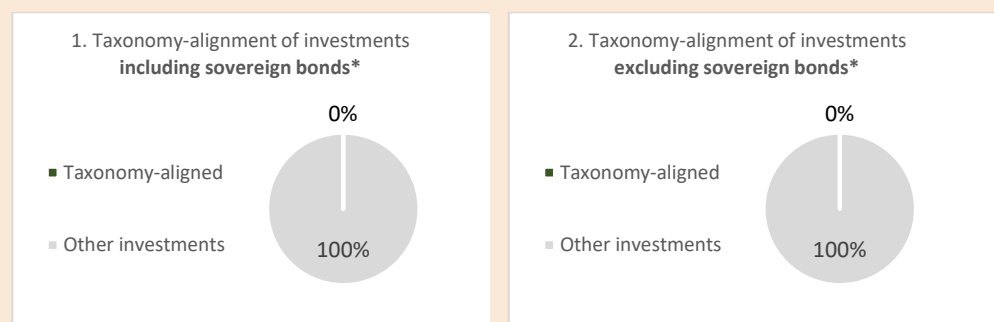


## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

All sustainable investments are aligned with an environmental objective. The fund has, however, no explicit determined minimum percentage for sustainable investments with an environmental objective aligned with the EU Taxonomy. Moreover, companies have not fully started to report on their alignment with the EU Taxonomy.

As the EU Taxonomy is further developed, a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy may be determined.

*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?

Currently, the fund has not determined on a minimum share of investments in transitional and enabling activities.



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

All sustainable investments are aligned with an environmental objective. Investments with an environmental objective that are not aligned with the EU Taxonomy could be a sustainable investment, but the fund has not set a minimum percentage for sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.

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



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

According to the fund terms, the fund may have cash held as liquidity up to 10% of the fund. Thus, the “#2 Other” share is only for cash held as liquidity. The fund company has made the assessment that the cash held for liquidity neither represent environmental nor social risks.



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

**More product-specific information can be found on the website:**

<https://www.simplicity.se/en/fond/smabolag-global-2/>