Template pre-contractual disclosure for financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, 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 governance practices.

Product name: SIMPLICITY SICAV – Nordic Sustainable Corporate Bond

Legal entity identifier: 529900QG2JHQFUNAB687

Sustainable investment objective

Does this financial product have a sustainable investment objective?

●● ☒ Yes	●○ ☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective**: 25%	☐ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective: 25%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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.

What is the sustainable investment objective of this financial product?

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The purpose of the Sub-Fund's sustainable investment objectives is to contribute to the achievement of the 2030 Agenda and the Sustainable Development Goals. The Sub-Fund has five sustainable investment objectives, including both environmental and social objectives, targeting the 17 Sustainable Development Goals.

The 2030 Agenda for Sustainable Development was adopted by the UN General assembly in 2015 and is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom to be achieved by 2030.

The 2030 Agenda includes 17 Sustainable Development Goals (SDGs) and 169 targets which aim to stimulate action in areas of critical importance for humanity and the planet.

The SDGs includes both environmental and social goals and the Sub-Fund will contribute to the achievement of these goals by its investments.

The sustainable investment objectives of the Sub-Fund, including the targeted SDGs for each objective, are the following:

- **Climate and environment**

  The Sub-Fund will make investments that, through its products or services, contribute to a reduced impact on the climate, environment or oceans, or contribute to a more sustainable agriculture or forestry. The investment can also offer products and services that enable others to reduce climate and environmental impact.

  This sustainable investment objective targets the following SDGs: 7 *Affordable and clean energy*, 12 *Responsible consumption and production*, 13 *Climate action*, 14 *Life below water* and 15 *Life on land*.

- **Healthy and prosperous society**

  The Sub-Fund will make investments that provide products or services that contribute to a well-functioning society or improvements in people's modern everyday life. The investment can also offer food, services and products in health, medicines or medical aids.

  This sustainable investment objective targets the following SDGs: 1 *No poverty*, 2 *Zero hunger*, 3 *Good health and well-being*, 4 *Quality education*, 5 *Gender equality*, 6 *Clean water and sanitation*, 8 *Decent work and economic growth* and 10 *Reduced inequalities*.

- **Innovative and sustainable solutions**

  The Sub-Fund will make investments that provide innovative services and products that contribute to a sustainable society. The investment can also aim to support others in the transition to sustainable development. The investment can also promote products and services that contribute to resource efficiency and the use of sustainable materials.

  This sustainable investment objective targets the following SDGs: 8 *Decent work and economic growth*, 9 *Industry, innovation and infrastructure*, 12 *Responsible consumption and production* and 13 *Climate action*.

- **Sustainable cities and infrastructure**

  The Sub-Fund will make investments that provide or support infrastructure and properties for the sustainable society. The investment can also offer services and products for sustainable renovation, maintenance and development of properties and infrastructure. The investment can also contribute to mobility.

This sustainable investment objective targets the following SDGs: 7 *Affordable and clean energy*, 9 *Industry, innovation and infrastructure*, 11 *Sustainable cities and infrastructure* and 13 *Climate action*.

- **Sustainable finance**

The Sub-Fund will make investments in sustainable banking, financing or insurance services. The investment can also contribute to sustainable payment solutions and credit services.

This sustainable investment objective targets the following SDGs: *1 No poverty, 8 Decent work and economic growth, 16 Peace, justice and strong institutions* and *17 Partnerships for the goals.*

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

The Sub-Fund excludes investments in companies referred to in Article 12(1)(a) to (g) of Commission Delegated Regulation (EU) 2020/1818, as may be amended from time to time.

In order to attain the Sub-Fund's sustainable investment objectives, the Sub-Fund invests in companies that the Investment Manager deems to contribute to one of the SDGs targeted by the Sub-Fund's sustainable investment objectives. Furthermore, for an investment to be considered sustainable, such investment may not cause significant harm to any environmental or social sustainable objective and the issuer of the bond must follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the Sub-Fund's investment strategy to attain its sustainable investment objectives, the Sub-Fund intends to make sustainable investments with environmental objectives that do not qualify as environmentally sustainable under the EU Taxonomy. These other environmental objectives include investments in economic activities that is not in scope of the EU Taxonomy or investments that are in scope of the EU Taxonomy but where data is not available. For these investments the Investment Manager conducts an assessment to ensure that the investments contribute to an environmental objective within one of the sustainable investment objectives of the Sub-Fund. These investments offer products or services that promote or enable resource and energy efficiency, innovative raw material use, prevent emissions to air, land or water, or otherwise contribute to a reduced impact on the climate or the environment or benefit biodiversity and ecosystem services.

The Sub-Fund also intends to make sustainable investments with social objectives which contribute to a social perspective or societal benefit. An investment with a social objective contributes to combating inequalities or social cohesion, social integration, enable socially disadvantaged groups, education and the labour market. The investment can also contribute to a more robust, inclusive and accessible society, or aim to promote health or medical development.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?***

  The Sub-Fund will only make sustainable investments attaining the 2030 Agenda. The Sub-Fund's investments are selected for their contribution to the achievement of the 17 SDGs within the 2030 Agenda. Each investment contributes to the achievement of one of the 17 SDGs.

  The Sub-Fund's attainment of the sustainable investment objectives is measured by the investment's allocation between each of the 17 SDGs, weighted according to the investment's value of the total net assets of the Sub-Fund.

  The indicators used to measure the Sub-Fund's attainment of the sustainable investment objectives are the 17 SDGs:

  1. No poverty
  2. Zero hunger
  3. Good health and well-being
  4. Quality education
  5. Gender equality
  6. Clean water and sanitation
  7. Affordable and clean energy
  8. Decent work and economic growth
  9. Industry, innovation and infrastructure
  10. Reduced inequalities
  11. Sustainable cities and infrastructure
  12. Responsible consumption and production
  13. Climate action
  14. Life below water
  15. Life on land
  16. Peace, justice and strong institutions
  17. Partnerships for the goals

  The purpose of using these indicators is to demonstrate the Sub-Fund's contribution to each SDG and the sustainable investment objectives. The allocation between each of the SDGs will vary over time. However, the minimum share of sustainable investments contributing to environmental and social objectives will not be less than 25% each of the Sub-Fund's total net assets.

- ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

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.

As part of the investment process the Investment Manager assess each investment to ensure it does not cause significant harm to any environmental or social sustainable investment objective, including climate, biodiversity, water, human rights, social conditions or employees. This assessment considers the investment's adverse impact on sustainability factors and ensures the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The nature and extent of the adverse impact on sustainability factors can vary depending on sector affiliation, region, business type and financial instrument.

The Investment Manager also evaluates whether the issuer of the bond has identified and manages adverse impacts of the investment. The assessment is made by using qualitative and quantitative information from the investee subject and external data providers.

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

  The assessment of adverse impact on sustainability factors is performed prior to new investments and by annual reviews to follow-up on the investments.

  The Investment Manager considers the following indicators for adverse impact on sustainability factors for the Sub-Fund:

  - GHG emissions
  - Carbon footprint
  - GHG intensity of the investee companies
  - Exposure to companies active in the fossil fuel sector
  - Share of non-renewable energy consumption and production
  - Energy consumption intensity per high impact climate sector
  - Activities negatively affecting biodiversity-sensitive areas
  - Emissions to water
  - Hazardous waste and radioactive waste ratio
  - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
  - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
  - Unadjusted gender pay gap
  - Board gender diversity
  - Exposure to controversial weapons
  - Investments in companies without carbon emission reduction initiatives
  - Lack of anti-corruption and anti-bribery policies

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

  The Investment Manager makes an assessment on each issuer to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work The eight ILO fundamental Conventions *(No. 29 the Forced Labour Convention, No. 105 the Abolition of Forced Labour Convention, No. 87 the Freedom of Association and Protection of the Right to Organise Convention, No. 98 the Right to Organise and Collective Bargaining Convention , No. 100 the Equal Remuneration Convention, No. 111 the Discrimination (Employment and Occupation) Convention, No. 138 the Minimum Age Convention, No. 182 the Worst Forms of Child Labour Convention)* and the International Bill of Human Rights.

  An issuer is considered to be compliant if they can show policies and compliance programs which are acceptable regarding the size and nature of the business. The Investment Manager makes an updated assessment at least annually on each issuer.



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

☒Yes

The Sub-Fund considers principal adverse impacts on sustainability factors. The Investment Manager considers the following principal adverse impact indicators for the Sub-Fund:

- GHG emissions
- Carbon footprint
- GHG intensity of the investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste and radioactive waste ratio
- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons

In addition, the Investment Manager has identified two additional principle adverse impact factors which are considered.

- Investments in companies without carbon emission reduction initiatives

  This additional climate and other environment-related indicator is a material factor with regards to the Investment Managers engagement target to encourage all investments of the Sub-Fund to set scientific climate targets approved by the Science Based Targets initiative.

- Lack of anti-corruption and anti-bribery policies

  This additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters is an important factor to ensure good governance practices in the investee companies.

Information on principal adverse impacts on sustainability factors is available in the annual report of the Sub-Fund.

☐No

What investment strategy does this financial product follow?

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

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

The Sub-Fund's investment objective is to make sustainable investments which contribute to the achievement of the 2030 Agenda and the Sustainable Development Goals, as well as achieve a better return than its benchmark defined as OMRX T-Bill index. In order to generate a meaningful excess return, the Sub-Fund will allocate between different segments of the fixed income market. The Sub-Fund invests its assets primarily in fixed income and money market instruments in the Nordic markets (Sweden, Finland, Norway, Denmark and Iceland).

Sustainable investments are investments that (i) by provision of its products or services contribute to the SDGs and as such one of the Sub-Fund's sustainable investment objectives, (ii) not cause significant harm to any environmental or social sustainable investment objective, and (iii) comply with good governance practices.

For all investments the Investment Manager conducts a qualitative and quantitative assessment of the investment's products, services and governance by using both internal and external data, as well as using the 169 targets supporting the 17 SDGs. In order to determine whether an investment is sustainable the Investment Manager conducts an overall assessment and applies a pass-fail approach. In order to be deemed sustainable (pass) at least 25% of the investee subject's revenue contributes to the 17 SDGs and the sustainable investment objectives of the Sub-Fund.

The Investment Manager also conducts an assessment on all the investment's activities to ensure that the investment does not cause significant harm to the sustainable investment objectives. This assessment considers the specific activity characteristics and the different sustainability risks that the investment is exposed to since the nature and extent of the adverse impact on sustainability factors can vary depending on sector, affiliation, region, business type and financial instrument. The Investment Manager also takes into account how the investment manages its sustainability risks and adverse impacts.

These assessments on each investment are reviewed at least annually.

In order to avoid investments that would risk doing significant harm to the Sub-Fund's sustainable investment objectives, a risk assessment on sustainability factors, including both quantitative and qualitative factors, is included in the investment process. In this assessment the Investment Manager uses both internal and external data on investments as well as on portfolio level.

The Investment Manager applies an active management philosophy in its quest to generate sustainable and economic value creation for the shareholders of the Sub-Fund. The bond ownership strategy is to follow a productive engagement with the issuer of the bond, where a continuous dialogue is maintained. The Investment Manager engages with the issuer, focusing on core holdings in the Sub-Fund, with the aim of influencing the issuer on sustainability and governance matters.

The Investment Manager also uses negative screening of assets by excluding industries from the Sub-Fund's investment universe that the Investment Manager considers to be associated with significantly high sustainability risks and as such by its nature would risk doing significant harm to the Sub-Fund's sustainable investment objectives.

In addition to the applied exclusions criteria referred to in Article 12(1)(a) to (g) of Commission Delegated Regulation (EU) 2020/1818, the Sub-Fund excludes companies within the following industries:

- **Pornography**
  Production: 0 % of turnover
  Distribution: max 5 % of turnover
- **Tobacco**
  Production: 0 % of turnover
  Distribution: max 5 % of turnover
- **Cannabis**
  Production: 0 % of turnover
  Distribution: 0 % of turnover
- **Alcohol production**
  Production: max 5 % of turnover
- **Controversial weapons**
  Production: 0 % of turnover
  Distribution: 0 % of turnover
- **Conventional weapons**
  Production: max 5 % of turnover
  Distribution: max 5 % of turnover
- **Gambling**
  Production: max 5 % of turnover
  Distribution: max 5 % of turnover

- **Oil, gas and coal (fossil fuels)**
  Extraction: max 5 % of turnover

The Sub-Fund also excludes companies that violate international standards and companies with significant risks of corruption and financial crime.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**
  In pursuing the sustainable investment objectives, the Investment Manager uses binding elements when selecting investments for the Sub-Fund.
    - The investment must be compliant with the exclusion criteria applied for the Sub-Fund.
    - The investments must contribute to one of the Sub-Fund's sustainable investment objectives: Climate and environment, Healthy and prosperous society, Innovative and sustainable solutions, Sustainable cities and infrastructures, and Sustainable finance.
      Thus, in attaining the Sub-Fund's sustainable investment objectives, each investment must contribute to, or enable, the achievement of one of the 17 SDGs targeted by each sustainable investment objective.
    - The investment may not cause significant harm to any environmental or social sustainable investment objective, and each bond issuer must follow good governance practices. Each investment is assessed prior and during the holding period.
    - The Investment Manager applies an internal watchlist for its investments, which is used to track and monitor significant sustainability or governances related incidents in investee subjects. The purpose of the watchlist is to prevent the Sub-Fund from making further investments in investee subjects that are placed on the watchlist.

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

The Investment Manager makes assessments to ensure that each issuer follow good governance practices. Prior to investment the Investment Manager evaluate how each issuer follows sound management structures, employee relations, remuneration of staff, tax compliance and anti-corruption practices. Regular screenings, due diligence and annual review is conducted on each investment.

Asset allocation describes the share of investments in specific assets.

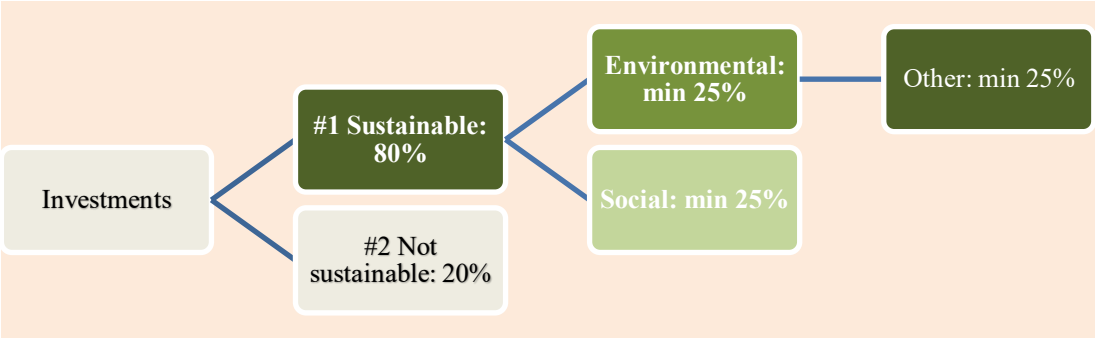
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure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

What is the asset allocation planned for this financial product?

All of the Sub-Fund's investments in bonds will be sustainable investments, which is equivalent to a minimum of 80% of the total net assets of the Sub-Fund. The sustainable investments will contribute to one of the sustainable investment objectives.

The remaining share of the Sub-Fund is not considered sustainable and is used for liquidity purposes. This share contains ancillary liquidity and exposure to sovereign bonds. The Sub-Fund may also use financial derivative instruments to hedge its foreign currency exposure.

The actual share of environmental and social objectives may vary over time. However, the minimum share of environmental and social objectives will not be less than 25% each of the Sub-Fund's total net assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

- **How does the use of derivatives attain the sustainable investment objective?**

The Sub-Fund's use of derivatives is not intended to attain the sustainable investment objective.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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?

The Investment Manager uses a best effort approach to integrate a consideration of environmentally sustainable economic activities (as prescribed by the EU Taxonomy) into the investment process for the Sub-Fund. However, it is currently not possible to determine how and to what extent the Sub-Fund's underlying investments take into account the EU criteria for environmentally sustainable economic activities. In those circumstances, the minimum share of underlying investment aligned with the EU Taxonomy is equal to zero.

The Sub-Fund may have up to 20% exposure to sovereign bonds.

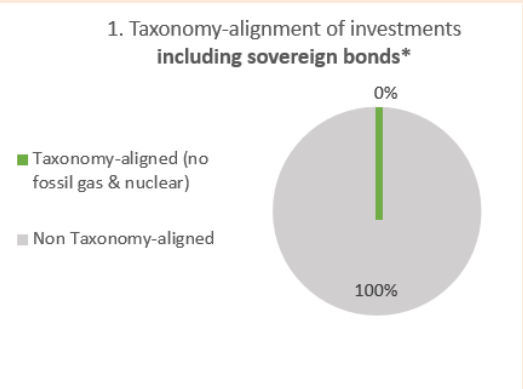
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

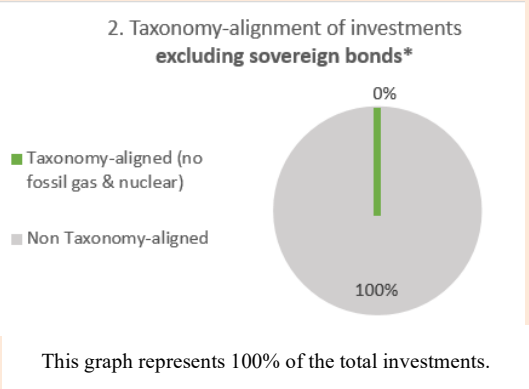
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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.*





This graph represents 100% of the total investments.

** 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?**

Based on the above, since the minimum share of investments aligned with the EU Taxonomy is equal to zero the minimum share of investments in transitional and enabling activities is also equal to zero.

[1] 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 not 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.

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

25% of the total net assets of the Sub-Fund.

The Sub-Fund will invest in sectors and economic activities that are not in scope of the EU Taxonomy. These investments contribute to other environmental objectives in accordance with the Sub-Fund's sustainable investment objectives.

These investments offer products or services that enable resource efficiency, innovative raw material use, prevent emissions to air, land or water, or otherwise contribute to a reduced impact on the climate or the environment or benefit biodiversity and ecosystem services.

Other environmental objectives may also include investments that are in scope of the EU Taxonomy but where reliable data on the EU criteria for environmentally sustainable economic activities is not available, and as such may not be considered Taxonomy aligned.

For investment with other environmental objectives the Investment Manager conducts an assessment to ensure that the investments contribute to an environmental objective within one of the sustainable investment objectives of the Sub-Fund.

What is the minimum share of socially sustainable investments?

25% of the total net assets of the Sub-Fund.

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

The share of the Sub-Fund which is not considered sustainable is used for liquidity purposes. This share contains ancillary liquidity and exposure to sovereign bonds. The Sub-Fund may also use financial derivative instruments to hedge its foreign currency exposure.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

Is a specific index designated as a reference benchmark to meet the sustainability objective?

No

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

  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 website:
www.simplicity.se/en/fond/nordic-sustainable-corporate-bond /