

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

**Produktnamn:** Simplicity Småbolag Global  
**Identifieringskod för juridiska personer:** 549300YWF0S5US0D8I49

**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.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments 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

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

**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 20 % of sustainable investments

- with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

The fund promotes environmental and social characteristics by exclusion, inclusion, norm-based screening, and engagement.

In addition, the fund must contain at least 20% sustainable investments. Further details regarding the objectives of the fund's sustainable investments can be found below under "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?"

The fund promotes the following environmental characteristics:

- **Climate action (SDG 13)** by including companies with science-based climate targets and by excluding fossil fuels. Proactive dialogues are conducted with the aim of encouraging companies to set science-based targets verified by the Science Based Targets initiative (SBTi)
- **Affordable and clean energy (SDG 7)** by excluding energy-producing companies where more than 25% of their energy capacity is based on fossil fuels, and electricity distributors where more than 25% of their distribution comes from fossil energy sources.

The fund promotes the following social characteristics:

- **Responsible business conduct** by norm-based screening and selecting companies that are signatories to the UN Global Compact. Proactive dialogues are conducted with the aim of encouraging companies to adopt and join the UN Global Compact.
- **Good health and well-being (SDG 3)** by excluding companies involved in alcohol, tobacco, and cannabis.
- **Reduce violence everywhere (in SDG 16)** by excluding companies that produce or distribute weapons.
- **Social responsibility** by excluding companies that are involved in pornography or commercial gambling.

- **Good governance praxis** by excluding companies that systematically violate international norms and conventions, without showing any progress or will to improve.

No index is designated as a reference benchmark to meet the environmental and social characteristics that are promoted by this fund. Instead, the sustainability indicators described in the section below are used to measure the attainment of the fund's sustainable characteristics. Find more information on how the fund promotes environmental and social characteristics under "What investment strategy does this financial product follow?".

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

● **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 the environmental or social characteristics promoted by the fund. The indicators are considered in investment decisions and are controlled regularly.

Sustainability indicators	Description of indicator	Purpose
<b>Sustainable Investments</b>	The share of investments that fulfill the fund's thresholds of a sustainable investment according to Article 2 (17) in SFDR. Find the definition under "What investment strategy does this financial product follow?".	At least 20 % of the fund should be sustainable investments.
<b>Exclusion</b>	Find the fund's exclusion policy under "What investment strategy does this financial product follow?".	The fund should have no exposure in companies that do not meet the fund's exclusion policy.
<b>Norm-based screening</b>	Exposure to companies that violate international norms and conventions, such as the ILO Conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, or that are involved in other types of incidents.	The fund excludes companies that systematically violate international norms and conventions without demonstrating a willingness to change and/or that have not compensated third parties who have suffered serious harm from a verified violation.
<b>Science Based Targets</b>	Share of fund holdings with climate targets approved by the Science Based Targets Initiative (SBTi).	Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should have climate goals verified by the SBTi.  Simplicity engages with companies to encourage them to set an SBT.
<b>UN Global Compact</b>	Share of companies that are members of the UN Global Compact and thus has committed to ten principles related to human rights, labor, environment, and anti-corruption.	Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should be signatories to the UN Global Compact.  Simplicity engages with companies to encourage them join the UN Global Compact.

● **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?**

A sustainable investment is an investment in an economic activity that contributes to an environmental objective or a social objective, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices. All sustainable investments of the fund are aligned with an environmental or a social objective. The objectives of the fund's sustainable investments are the following:

- **The EU Taxonomy's environmental objectives** by investing in companies that report being taxonomy-aligned, or are estimated to be so.
- **The UN Sustainable Development Goals** by investing in companies whose products and services contribute positively to achieving one or more of the UN's 17 Sustainable Development Goals.
- **The Paris Agreement and the UN Sustainable Development Goals** by investing in companies that have climate targets verified by the Science Based Targets initiative (SBTi) and are also signatories to the UN Global Compact.

No index is designated as a reference benchmark to meet the environmental and social characteristics and the sustainable investment objectives that are promoted by this fund.

**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.

## 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 for sustainable investments to not cause significant harm to any environmental or social sustainable investment objective. More information can be found below.

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

By considering the indicators for adverse impacts on sustainability factors (PAI indicators) stated in the section below "Does this financial product consider principal adverse impacts on sustainability factors?", the criterion of not causing significant harm to any environmental or social investment objective for the fund's sustainable investments is met.

In addition to considering PAI indicators, the fund excludes various sectors and activities that are considered to contribute to negative impacts on environmental and social sustainability, are ethically controversial, or for other reasons, in our view do not contribute positively to a sustainable society. The fund's exclusion criteria are provided under the heading "What investment strategy does this financial product follow?"

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

Simplicity does not invest in companies that systematically violate international norms and conventions without demonstrating a willingness to change, such as the ILO Conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. The guidelines for each principle indicate how global companies should act on issues related to employment, working conditions, human rights, trade union organization, taxation, and promote a corporate culture aimed at combating, among other things, human rights violations, corruption, and bribery. Companies may be placed on a 'watchlist' if these principles are breached.

The fund's compliance with the above norms and conventions is ensured through regular monitoring using data from external data providers. The fund managers are responsible for adhering to the company's responsible investment guidelines when making investment decisions and continuously throughout the holding period. Simplicity has a Sustainability Committee whose function is to assist the managers in fulfilling the funds' sustainability-related commitments. The Sustainability Committee meets regularly. Its role is to discuss relevant issues, violations, and incidents, conduct engagement activities, and provide guidance regarding potential exclusions of individual companies from the funds.

*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. The fund strives to limit the adverse impacts on sustainability factors caused by the fund holdings' activities through two main methods: exclusion and norm-based screening.

As a first step, the company's exclusion criteria are applied, meaning that companies of a particularly negative nature are excluded from the company's funds (see more below under the heading "What investment strategy does this financial product follow?"). The funds exclude fossil fuels (PAI factor 1.4), companies with more than 25% of their energy production based on fossil fuels (PAI factor 1.5), and controversial weapons (PAI factor 1.14). The funds also exclude additional types of activities, but these do not have a direct connection to any PAI factor.

Norm-based screening is used to identify potential violations of international norms, such as the ILO conventions, the UN Global Compact, OECD guidelines for multinational enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs). Simplicity's funds should not invest in companies that systematically violate international norms and conventions without demonstrated willingness to change (PAI factor 1.10).

Other PAI factors are considered based on the likelihood that the negative impact associated with the area will occur and its severity if it does. Investments are analyzed based on data availability, and the analysis and assessment vary depending on the companies' industry, geography, and business model. Very negative impacts related to the other PAI factors may lead

the Company to determine that an investment should not be made, even if the Company has not set specific thresholds for these PAI factors.

Below is a list of all PAI indicators and two optional ones (PAI 2.4, 3.4 and 3.6)

*PAI 1.1* GHG emissions

*PAI 1.2* Carbon footprint

*PAI 1.3* GHG intensity of investee companies

*PAI 1.4* Exposure to companies active in the fossil fuel sector

*PAI 1.5* Share of non-renewable energy consumption and production

*PAI 1.6* Energy consumption intensity per sector with significant climate impact

*PAI 1.7* Activities negatively affecting biodiversity-sensitive areas

*PAI 1.8* Emissions to water

*PAI 1.9* Hazardous waste and radioactive waste

*PAI 1.10* Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

*PAI 1.11* Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

*PAI 1.12* Unadjusted gender pay gap

*PAI 1.13* Board gender diversity

*PAI 1.14* Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

*PAI 2.4* Investments in companies without carbon emission reduction initiatives

*PAI 3.4* Lack of a supplier code of conduct

*PAI 3.6* Insufficient whistleblower protection

More information about the main negative consequences for sustainability factors can be found in the annual report. The annual report (in Swedish) is available at <https://www.simplicity.se/rapport/>.

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?

The fund is an actively managed equity fund that invests in small and mid-sized companies across the world. Sustainability is a central part of the investment process, and the fund follows the company's policy for responsible investments. The fund aims to deliver good risk-adjusted returns while promoting environmental and social characteristics. Sustainability factors are assessed to have a neutral impact on the fund's returns.

The company has established threshold values to assess whether an investment significantly contributes to an environmental or a social objective in accordance with Article 2 (17) of the EU's Disclosure Regulation (SFDR). At least one of the criteria below must be met.

- **Contribution to the environmental objectives of the EU Taxonomy.** Refers to investments in companies where at least 10 % of the company's revenue is reported or estimated as environmentally sustainable according to the EU taxonomy regulation.
- **Contribution to the SDGs.** Refers to investments in companies where at least 10 % of the company's turnover must be linked to activities that are deemed to contribute to fulfilling one or more of the SDGs.
- **Contribution to the Paris Agreement and the UN Global Compact.** Refers to investments in companies that have climate targets verified by the Science Based Targets initiative (SBTi) and that are also connected to the UN Global Compact. These investments contribute to UN Goal 13 (combating climate change) and meeting the climate goals of the Paris Agreement, while promoting responsible business.

The fund applies both inclusions and exclusions strategies in the investment process to promote social and environmental characteristics.

**Including.** The fund includes:

- Companies that are members of UN Global Compact to promote responsible business conduct. Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should be signatories to the UN Global Compact.
- Companies with carbon emission reduction efforts and commitments to promote SDG 13 (Climate action) and the Paris Agreement. Simplicity has, as a fund company, established targets and interim targets for the share of investments in its funds that should have climate goals verified by the SBTi.

**Exclusions criteria.** The fund excludes companies that produce or distribute tobacco, cannabis, alcohol, pornography, commercial gaming, weapons, or fossil fuels, as well as other companies within sector 10 according to the GICS classification. The table below shows the thresholds, as a share of revenue, for exclusion:

Sector	Production	Distribution
Tobacco	0%	5%
Cannabis	0%	5%
Alcohol	5%	5%
Pornography	0%	1%
Commercial gambling	5%	5%
Conventional weapons	0%	1%
Military Equipment & technical assistance	1%	1%
Controversial & nuclear weapons	0%	0%
Fossil fuels	0%	5%

The fund is also excluding companies:

- With more than 25 % of their energy production based on fossil fuels.
- With more than 25% of its electricity distribution coming from fossil fuels.
- With more than 5% of revenue from electricity generation through the combustion of thermal coal.
- That are investment companies and majority owners of companies that extract fossil fuels or any other company within sector 10 according to the GICS classification.
- Companies from other sectors with more than 25 % revenue derived serving fossil fuel companies or other companies within GICS sector 10.
- That produce or distribute electricity where more than 25% of the generated energy comes from nuclear power.
- Norm-based exclusions of companies that are subject to current EU or UN sanctions.

The investment strategies are continuously checked. Holdings that no longer meet the fund's sustainability requirements will be discussed in the Sustainability Committee, which may lead to initiating a dialogue or that the holding will be excluded.

● **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:

- The share of sustainable investments should be at least 20 % of the fund.
- Simplicity's policy for responsible investments, including exclusion, inclusion, norm-based screening, and engagement.

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

To manage sustainability risks, it is crucial that the companies in which Simplicity invests through its funds conduct their operations in a responsible manner. The company employs norm-based screening to ensure compliance with good governance practices. At a minimum, Simplicity expects these companies to adhere to laws and international norms and conventions, such as the ILO conventions, UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD guidelines for multinational enterprises. All holdings in Simplicity's funds undergo regular screening to verify that no violations have occurred. The norm-based screening is conducted by a third party.

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



**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.

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

All equity investments.

### 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.

### #1A Sustainable: > 20%

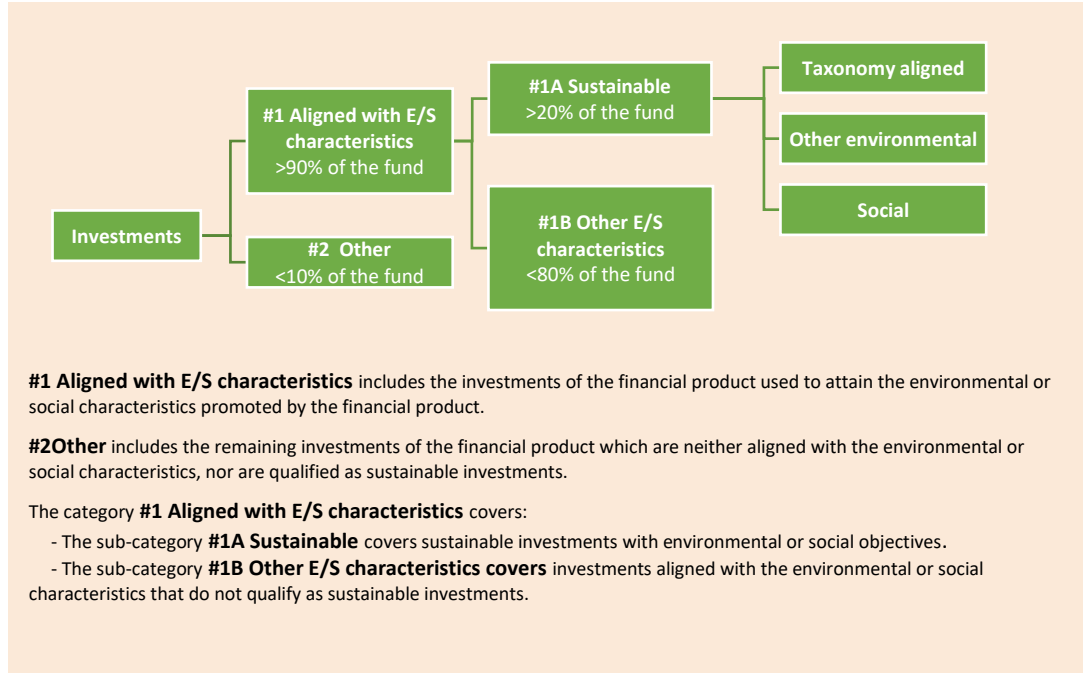
Investments that fulfil binding parts of the fund's investment strategy described in more detail above under the question "What investment strategy does this financial product follow?". These investments are divided between taxonomy compatible investments and other investments with environmental or social objectives.

### #1B Other E/S characteristics: < 80%

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

### #2 Other: < 10%

Cash for liquidity management.



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

The fund has no commitments to make a minimum share of sustainable investments with an environmental objective aligned with the requirements of the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

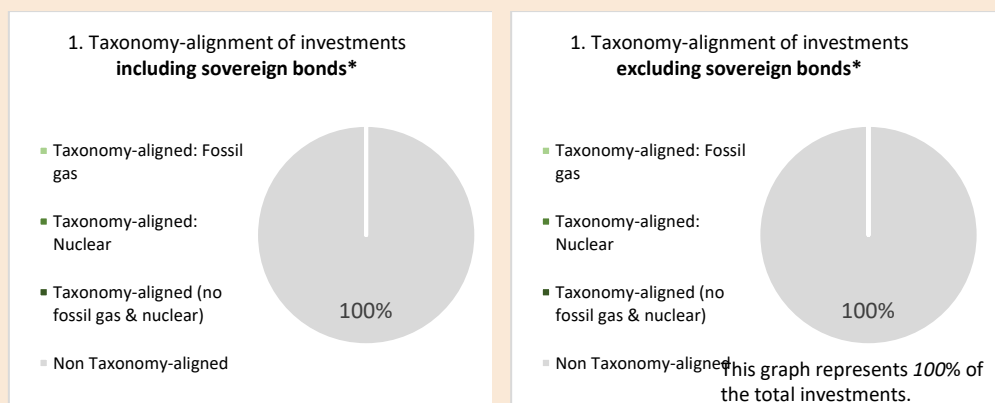
Yes,

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.*



\* 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?**

The fund has no commitments to make a minimum share of investments in transition activities or enabling activities.

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?**

The fund can invest in economic activities that are not considered as environmentally sustainable economic activities according to the EU taxonomy. The fund's investments that may belong to this group are, for example, green bonds, bonds issued by companies with science-based climate targets or bonds issued by companies whose products and services contribute to meeting one or more of the environmental-related SDGs. The fund has no commitments to make a minimum share of sustainable investments with an environmental objective that is not aligned with the requirements of the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

All sustainable investments in the fund are compatible with a social or environmental objective. The fund has not committed to make a minimum proportion of sustainable investments with a social objective. However, the fund can make sustainable investments in financial products that are deemed to contribute to a social objective. The fund makes socially sustainable investments by investing in social bonds or in companies that contribute to fulfilling one or more of the social SDGs. The fund has no commitments to make a minimum share of sustainable investments with a social objective.

<sup>1</sup> 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 objectives – see explanatory noter 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 the Commission Delegated Regulation (EU) 2022/1214.



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

The following are included in “#2 Other”:

- **Cash.** According to the fund terms, the fund may have cash held as liquidity up to 10% of the fund.

The fund company has made the assessment that cash held for liquidity does not 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/norden-eng/>