



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: Aeternum Capital ("The Fund")

Legal entity identifier: 5493004OB0JNH98BZR41

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 ___% 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 promote E/S characteristics through a host of environmental, social and governance ("ESG") enhancement initiatives. Specifically, the Fund seek to initiate board discussions in portfolio companies regarding business strategy impact on environment. This involves, among other things, focus on the portfolio companies' management of waste and hazardous waste and implementation of procedures for measurement and reduction of emission (e.g. by encouraging or assist its portfolio companies in the establishment of emission targets and internal guidelines in this regard). For social characteristics, the Fund aim to promote a sound work environment that encourages diverse work styles and human resource development in its portfolio companies.

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

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.



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

On a general level, the Manager has identified the topics below as sustainability indicators for measuring the attainment of the Fund's environmental and social characteristics;

- i. **Energy consumption and efficiency** (Emissions, science based targets)
- ii. **Ethical business conduct** (violations of UNGC and (lack of) processes to monitor and mitigate risks related to this and exposure to controversial weapons)
- iii. **Diversification in management and board composition.** (percentage of female board members and in management)

In order to determine whether the Fund's attainment of its environmental and social characteristics is satisfactory we use the information mentioned in addition to data from ISS ESG research.

● **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 Financial product will not make any sustainable investments.

● **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 Financial product will not make any sustainable investments.

How have the indicators for adverse impacts on sustainability factors been taken into account? N/A

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



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

- Yes
- No

The Fund does not take into account the Principal Adverse Impacts (PAIs) yet, as there is limited information available. Therefore, the Manager believes it's more impactful to focus on a few specific topics to drive change rather than including all possible principle adverse impacts at once. As the relevant ESG framework matures, the Manager will continuously assess whether it will adopt the PAI framework.

Even though the Manager does not consider PAIs, it will initiate several measures in order to mitigate adverse impacts in connection with the sustainability indicators mentioned above, such as working for the portfolio companies to implement energy savings measures, adopting ethical guidelines in line with industry standards, and working for equal opportunities. Aeternum takes sustainability and ESG seriously, and we use our own procedures, policies and metrics to assess the adverse impacts of investment decisions on sustainability factors which do not align with those prescribed under Article 4 of the SFDR. We collect all available information and request missing data from portfolio companies.

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.



What investment strategy does this financial product follow?

The investment objective of the Fund is to primarily invest in assets for the benefit of the Investors in accordance with the investment policy and the responsible investment policy, with the objective to generate long term capital appreciation. The Manager aims to promote sustainable practices and ethical and appropriate ESG standards in the portfolio companies owned, either wholly or partly, by the Fund. In this respect, the Manager will seek to promote the following goals and principles to its portfolio companies through its ownership, and in line with the SFDR:

(i) reduce the adverse sustainability impact that investments by the Fund may cause by using its own procedures, policies and metrics (as further described below), and

(ii) allocate more investments in sustainability opportunities in order to promote positive sustainability impact.

Aeternum has developed policies and procedures to ensure that the companies we invest in meet our expectations of ESG performance and that ESG risk/sustainability risk is managed in all our investment processes.

The Manager intends to achieve the Fund's objective based on research and due diligence skills, portfolio management skills and risk management skills of the Manager. The Manager has developed a structured investment process in order to seek an efficient and fact-based decision making. As part of the investment research process the Manager analyses various ESG factors, including the sustainability indicators described above, such as how Aeternum can reduce its environmental load, coexist with local communities where the Fund invest and operate its assets, contribute to solving social issues and achieve healthy growth. The Manager will consider these ESG factors throughout an asset's lifecycle even after its acquisition or investment decision by analysing how to prioritize, act and monitor the sustainability performance of its assets, including the asset's performance against the sustainability indicators described above, and actively collaborate with its portfolio companies in such matters.

● **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 Fund target a range of sectors, and typical ESG friendly sectors are one of many sectors the Fund may invest in. As previously mentioned the Fund does not have as its objective or strategy to make sustainable investments.

The investment strategy is to create long term capital appreciated. This naturally include the E and S characteristics described above and also an evaluation of the management's ability and will to include these characteristics in company operations and strategy to preserve and create long term shareholder value. Prior to each investment, the Manager performs an analysis of various ESG factors as described above, in order to identify the potential investments' ESG performance and any relevant ESG risk/sustainability risk. For each investment made, the Manager will also actively consider ESG factors throughout the asset's lifecycle, including an annual review of how to prioritize, act and monitor the sustainability performance of its assets, including the asset's performance against the sustainability indicators described above.

For the purpose to mitigate and prevent the adverse impact, and to promote the environmental and social characteristics of this financial product, the Manager has also implemented an exclusion process as a binding element of the investment strategy. The Fund shall not invest in companies on the NBIM exclusion list. In addition, the Manager shall ensure that the Fund exclude investments misaligned with the internal sustainability principles defined by the Manager, both by governing terms and in practice. The exclusion principles are set out in Appendix 2 of the Responsible Investment Policy, and is overseen by the Manager's board of directors.

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

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

Several of the Fund's investments were made prior to the application of the investment strategy described above, including, inter alia, the ESG due diligence carried out prior to making an investment and mapping of relevant ESG factors and ESG risks/sustainability risks. The Manager intends to review all such investments in light of the described ESG due diligence procedure and identify and map the portfolio companies' ESG performance, including performance in relation to the sustainability indicators, in order to establish investments' alignment with the Fund's environmental and social characteristics. The Fund's exclusion policy is applied to all investments, both investments made prior to and after the application of the investment strategy.

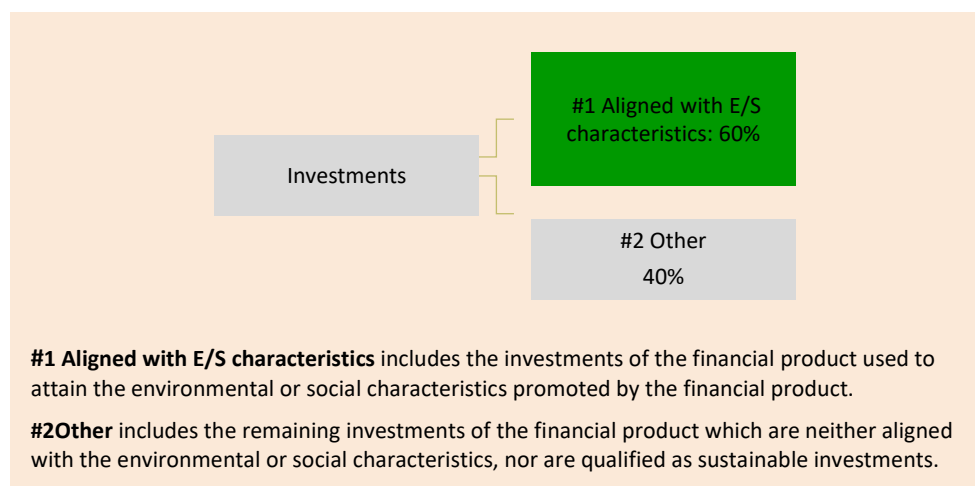
● **What is the policy to assess good governance practices of the investee companies?**

Controlled portfolio companies are expected to follow modern corporate governance standards. Furthermore, portfolio companies are required to comply with applicable laws, rules and regulations in the markets in which they operate, including environmental, labour, anti-corruption and anti-money laundering laws and regulations. Prior to making an investment and as part of the ESG due diligence described above, the Manager will assess whether the underlying company complies with these expectations. When working with the portfolio companies, the Manager intends to actively engage and place responsibility for ESG issues with the companies' boards of directors.

What is the asset allocation planned for this financial product?

The Fund may invest in any (i) financial instruments, (ii) units, interests, parts, stakes or shares in companies, corporations, association, funds or organisations not being financial instruments, and (iii) over-the-counter instruments, although the main focus of the Fund will be to seek equity and equityrelated investments (related to both private and public companies). Further information can be found in the Pre-Disclosure document (AIFMD Article 23) made available to investors in the data room.

As a starting point, 60% of the Fund's investments will be aligned with its environmental and social characteristics, due to the fact that most of the Fund's investments were made prior to the application of the investment strategy described above. However, as the Manager



continues to obtain relevant ESG data in order to review the Fund's investments in light of the now applicable ESG due diligence procedures, ref. the description included above under "What is the committed minimum rate to reduce the scope of the investments considered

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.

prior to the application of that investment strategy?", the Manager expects this percentage to increase. Further, the Manager notes that the Fund's exclusion strategy applies to all investments, irrespective of whether they have been made prior to the application of the investment strategy described above, and that 100% of investments made after the application of the investment strategy will be aligned with the Fund's environmental and social characteristics.

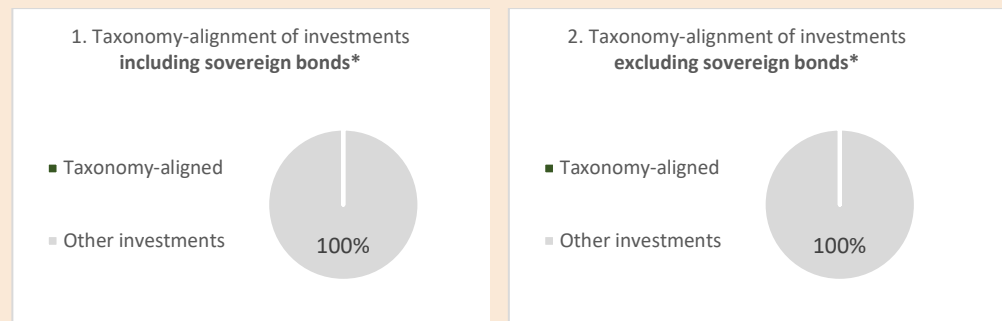
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** N/A



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

The Fund will not make sustainable investments.

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?**

N/A



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

N/A



What is the minimum share of socially sustainable investments?

N/A



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

N/A



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Currently no index has been designated as a reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

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

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



Where can I find more product specific information online?

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

<https://www.aeternumcapital.no/ownership/ESG>