

# Aeternum Management AS

## Sustainability-related disclosures

This website disclosure is made in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (the "SFDR") and the regulatory technical standards set out in Commission Delegated Regulation (EU) 2022/1288 (the "SFDR RTS").

Product name: Aeternum Capital AS

Legal entity identifier: 5493004OB0JNH98BZR41

Aeternum Management AS (the "Manager") considers Aeternum Capital AS (the "Fund") to promote, amongst other characteristics, environmental and social characteristics and that the companies in which investments are made follow good corporate governance practices. Accordingly, the Fund is covered by article 8 of the SFDR and the Manager shall publish and maintain on its website certain sustainability-related disclosures as prescribed by SFDR article 10 and further specified in the SFDR RTS.

### a. Summary<sup>1</sup>

#### No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

#### Environmental or social characteristics of the financial product

The E/S characteristics promoted by the Fund are a host of environmental, social and governance (ESG) enhancement initiatives. The Fund's environmental characteristic is that the Fund seeks to initiate board discussions in portfolio companies regarding business strategy impact on environment. This involves, among other things, focusing 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). The Fund's social characteristic is that the Fund aims to promote a sound work environment that encourages diverse work styles and human resource development in its portfolio companies.

#### Investment strategy

The investment objective of the Fund is to primarily invest in assets for the benefit of the investors in accordance with the Fund's Investment Policy and Responsible Investment Policy, with the objective to generate long term capital appreciation.

The Fund will primarily make investments in portfolio companies that are incorporated in, or substantially managed or controlled from, or having a principal portion of their business interests in Europe with the Nordic countries as focus areas.

#### Proportion of investments

60% of the Fund's investments are aligned with the E/S characteristics promoted by the Fund.

#### Monitoring of environmental or social characteristics

Monitoring of environmental and social characteristics is made on an ongoing and annual basis through documentation, record keeping and reporting.

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<sup>1</sup> Please find a Norwegian translation of section a) Summary in appendix 1 hereto. Translations in other languages can be made available to our investors upon request. Considering that the Fund is a closed-ended fund with mainly professional investors, we have assessed that information in English and Norwegian would be sufficient for our investors.

Methodologies, data sources and processing and limitations to methodologies and data

The Fund measures its environmental and social performance through initial due diligence, quarterly screenings, and annual reviews of sustainability reports. Data is primarily sourced from publicly available information and service providers. While the quality of this data may vary, the Fund uses credible and independently verified sources to ensure accuracy and identify potential risks.

Due diligence

The Manager conducts an initial screening process prior to an investment by the Fund by implementing an ESG scoring system (that also reflect the sustainability risks identified by the Manager). The Manager has prepared an ESG due diligence check list ("**Check List**"), in order to conduct an initial high-level assessment of sustainability risks associated with each planned investment. The pre-investment process covers risks related to the environment, climate, working conditions, human rights, labour rights, corruption, money laundering, and more.

Engagement policies

The Manager intends to promote sound ESG processes at all the companies that the Fund has invested in by either ensuring that relevant topics are discussed at least once a year in the portfolio companies' board meetings, or in direct discussion with management.

Designated reference benchmark

No index has been designated as a reference benchmark.

**b. No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

**c. Environmental or social characteristics of the Fund**

The E/S characteristics promoted by the Fund are a host of environmental, social and governance (ESG) enhancement initiatives. The Fund's environmental characteristic is that the Fund seeks to initiate board discussions in portfolio companies regarding business strategy impact on environment. This involves, among other things, focusing 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). The Fund's social characteristic is that the Fund aims to promote a sound work environment that encourages diverse work styles and human resource development in its portfolio companies.

**d. Investment strategy**

*The investment strategy used to meet the environmental and social characteristics promoted by the Fund*

The investment objective of the Fund is to primarily invest in assets for the benefit of the investors in accordance with the Fund's Investment Policy and the Responsible Investment Policy, with the objective to generate long term capital appreciation.

The Fund will primarily make investments in portfolio companies that are incorporated in, or substantially managed or controlled from, or have a principal portion of their business interests in Europe with the Nordic countries as focus areas. The Fund targets a range of sectors.

The Fund will aim to meet its promoted E/S characteristics through the Manager's engagement in its portfolio companies through board participation and other means, in each case as appropriate taking into account circumstances such as the size of the Fund's ownership stake in the relevant company.

Furthermore, the Manager has 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 excludes investments misaligned with the internal sustainability principles defined by the Manager, both by governing terms and in practice.

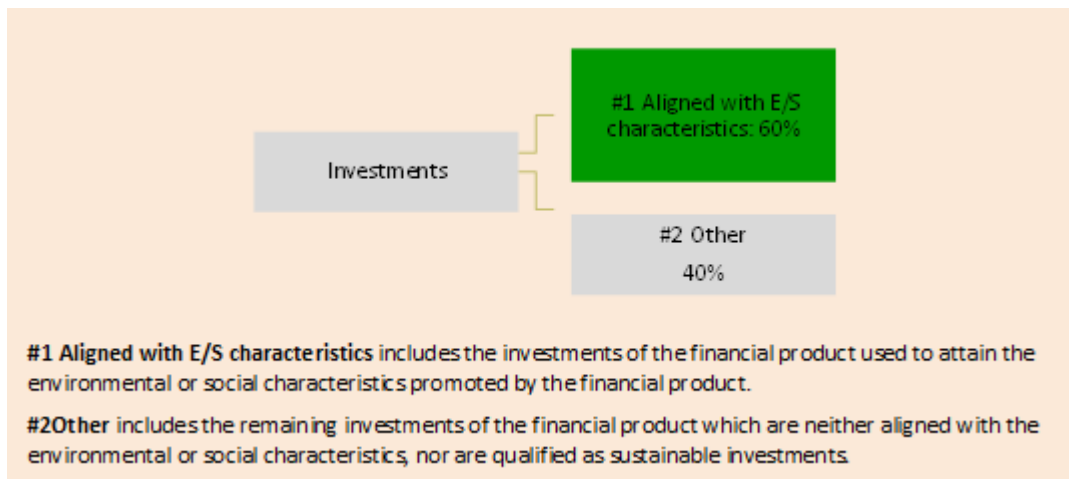
*The policy to assess good governance practices of the investee companies*

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. The Manager will over the course of the holding period of an investment assess the company's ethical business conduct, including with regards to the ten principles of the United Nations Global Impact, and 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.

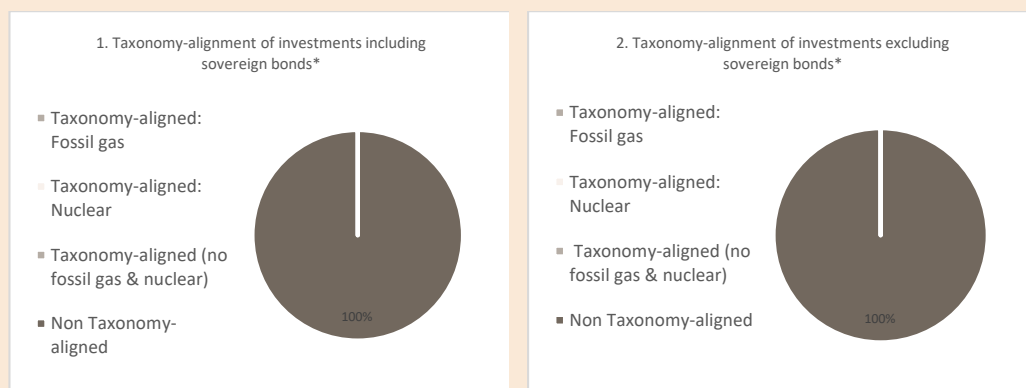
**e. Proportion of investments**

60 % of the Fund's investments are aligned with the E/S characteristics promoted by the Fund.

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



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 not 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.

**f. Monitoring of environmental or social characteristics**

Monitoring of environmental and social characteristics is made on an ongoing and annual basis. The main aspects of the Fund's applied monitoring routines are:

- The Manager will document and keep record of ESG assessments, check lists and decisions made by the Manager, both during the initial screening process, due diligence process, and during the holding period of an investment.
- The Manager will also keep record of investment exclusions or investment decisions, including information on how sustainability factors were considered in each individual case and the sustainability risk assessment conducted.
- The Manager will report on ESG related matters to the board of directors of the Manager and the Fund on an ongoing basis.

**g. Methodologies**

The Manager uses the following methodologies to measure how the environmental and social characteristics promoted by the Fund are met:

- Initial screening of portfolio companies in the due diligence phase.
- Quarterly screenings of portfolio companies and reporting that data to the Fund's board.
- Annual review of portfolio companies' sustainability reports and information from external sources.

**h. Data sources and processing**

The main source of data is publicly available data from the Fund's portfolio companies, as well as data available from service providers. The data is collected and reviewed by the Manager, and the Fund uses credible and independently verified sources.

**i. Limitations to methodologies and data**

The methodologies and data used to achieve the promoted environmental and social characteristics rely on the quality of data from portfolio companies, which may not be entirely complete or accurate. The Fund aims to use only credible, widely-used, and independently quality-checked external data sources. On the basis of the Fund's choice of data sources, the Manager is of the view that the limitations to methodologies and data described above do not affect how the environmental or social characteristics promoted by the Fund are met.

**j. Due diligence**

Sustainability factors are integrated into the due diligence process as set out below.

The Manager will conduct an initial screening process prior to an investment by the Fund by implementing an ESG scoring system (that also reflects the sustainability risks identified by the Manager). The Manager has prepared an ESG due diligence check list ("**Check List**"), in order to conduct an initial high-level assessment of sustainability risks associated with each planned investment. The pre-investment process covers risks related to the environment, climate, working conditions, human rights, labour rights, corruption, money laundering, and more.

The Manager will assess whether the potential investment falls within the ambit of the Fund's investment mandate, including assessing whether the potential acquisition is compatible with the environmental and social characteristics promoted by the Fund.

If deemed necessary, based on the nature, art and scope of a potential investment, the Manager may consider external ESG due diligence support on a base-by-case basis.

For the purpose to mitigate and prevent the adverse impact, the Manager will exclude companies on the NBIM exclusion list, and exclude investments misaligned with the internal sustainability principles defined by the Manager, both by governing terms and in practice. The exclusion principles are overseen by the Manager's board of directors. The Manager will, on a yearly basis, assess whether any changes or amendments should be made to the Check List.

Any observed discrepancies may lead to the investment opportunity being aborted or tasks and targets to be defined with relevant mitigative actions to rectify and improve the area of observed weakness.

**k. Engagement policies**

The Manager will use the Check List referred to above to identify areas where the Manager can influence internal ESG processes of the portfolio companies.

The Manager will, from time to time, be a substantial owner in several companies. As a long-term active owner, the Manager will seek to exercise its influence by voting for changes with positive ESG impact at annual and extraordinary general meetings. The Manager may employ ISS Proxy Voting Services, or a similar service provider, to assist in this respect.

Further, the Manager intends to promote sound ESG processes at all the companies that the Fund has invested in by either ensuring that relevant topics are discussed at least once a year in the portfolio companies' board meetings, or in direct discussion with management. The Manager has in place management procedures applicable to sustainability-related controversies in investee companies. In the rare event that a portfolio company would be subject to a material sustainability incident, the Manager may consider to conduct an impact dialogue with the company, provided that the Manager, in its sole discretion, consider that its involvement will have a significant and material impact to solve the situation.

**l. Designated reference benchmark**

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

Versions published of this website disclosure

<b>Version</b>	<b>Date of publication</b>	<b>Amendment made</b>
1	2024-07-17	Initial website disclosure.