

ESG Annex Article 8

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.

Product name: RAM Equity Long/Short

LEI Code: 529900PIHG762SQD7U78

Environmental and/or social characteristics

Valid from: 2023-01-01

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 promotes environmental characteristics in line with the target of the Paris agreement to limit climate changes which is achieved by reduced Co2 emissions and other greenhouse gases and increased use of renewable energy. The fund actively selects companies that contributes to the funds' promotional characteristics, these companies are referred to as "promotional companies" and are described in further detail in the section regarding investment strategy.

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

The Investment Manager company uses the following sustainability indicators to measure the attainment of each of the environmental or social characteristics promoted by fund:

- Greenhouse gas emissions (scope 1,2 and 3 and total emissions)
- Greenhouse gas emissions of investee companies
- Greenhouse gas intensity of the investee companies
- Share of non-renewable energy consumption and production

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 (“PAI-indicators”) by excluding investments in sectors and businesses that have major negative impact on the established sustainability factors. The fund purchases data from a third-party supplier (MSCI) in order to measure the PAI-indicators. The fund performs an analysis of the PAI-indicators within the framework of the sustainability analysis that is carried out prior to investment (see below under Investment strategy).

Information regarding principal adverse impact on sustainability factors will be disclosed in the Annual report of the fund.

No

What investment strategy does this financial product follow?

The fund is a global long/short equity hedge fund. The fund invests in clearly pre-defined sectors centred around Nordic companies. Typically, more than 50% of the portfolio is invested in the Nordic region. The fund can invest its assets in Swedish and foreign transferable securities, money market instruments, derivative instruments, share of funds and in accounts with credit institutions.

Within the framework of the investment strategy, the funds’ sustainability criteria are applied continuously throughout the investment process. The sustainability criteria are primarily carried out by two methods, inclusion, and exclusion. These methods are described in further detail below.

Prior to investment

ESG screening

The Investment Manager performs an ESG screening prior to position-taking which includes confirming that the investee company is not active within one of the sectors or industries that is excluded by the Investment Manager (these are listed under exclusion criteria below), also a screening against the sanctions lists used by the Investment Manager is also performed (US Office of Foreign Assets Control, EU Sanctions List and UN Sanctions List). The Investment Manager also checks whether the investee company has been included on the exclusion list of the Bank of Norway.

ESG analysis

In addition to the screening described above, the Investment Manager also performs an ESG analysis of the investee company prior to investment. This entails analysing the potential sustainability risks related to the environment, social and governance factors associated with the investee company. For the ESG analysis several data sources is used, among others Bloomberg and MSCI. In addition, the sustainability reporting of the investee company is also studied, including whether the reporting has been verified by a certified public accountant. The potential alignment of the investee company with the EU taxonomy regulation 2020/852/EU is also analysed.

Exclusion criteria

As the fund is actively managed, any exclusion criteria applied will have an automatic impact on composition of the fund. Against this background the Investment Manager has established criteria for the exclusion of certain sectors and industries that the Investment Manager does not deem to be long-term sustainable or beneficial to society. These criteria are described in further detail below and are being applied for the fund.

Inclusion

The fund actively selects companies for inclusion in the fund that contributes to the environmentally related characteristics that the fund intends to promote. This includes, among others, investee companies that have committed to climate-related targets aligned with the Paris agreements’ objective for global warming, with the purpose of reducing the Co2 and other greenhouse gas emissions from the business activities. These investee companies are designated “Promotional companies” by the fund. The Investment Manager have established a framework for the criteria required to be considered a Promotional company. The Fund invests in two different categories of Promotional companies with different criteria, but there is no internal

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.

order of preference for either category of Promotional company.

For an investee company to be classified as the first category of Promotional company the following criteria are applied by the Investment Manager:

1. The investee company must have adopted climate-related targets that are aligned with the targets of the Paris agreement regarding global warming or reduced emissions, alternatively, the investee company must have communicated its intention to adopt such targets.
2. In addition to the first point, it is also being required that the investee company has:
 - a) Had its climate-related targets validated by Science Based Targets Initiative, or that the investee company has submitted an application to Science Based Targets Initiative for validation, or
 - b) That the investee company has received a minimum rating of A- from CDP.
3. The investee company must also comply with RAM's policy for good practices in corporate governance.

For an investee company to be classified as the second category of Promotional company the following criteria are applied by the Investment Manager:

1. The investee company should be involved in so called enabling activities. As enabling activities RAM regards the potential for the investee company to enable other companies to transform their activities into long-term sustainable activities, for instance by aligning them with the climate targets of the Paris Agreement.
2. The investee company must also comply with RAM's policy for good practices in corporate governance.

During investment

Ongoing monitoring of promotional characteristics

The responsible analysts and portfolio managers of the fund monitor the development of the sustainability aspects that are relevant for each investee company. Respective analyst and portfolio manager monitor the development by taking part of the current news flow and similar reporting. In addition, the exclusion list of the Norges Bank Investment Management and certain PAI-indicators are screened on a quarterly basis.

Stewardship/Influence

When meeting with the investee companies, the Investment Manager shall discuss sustainability aspects with the company and if necessary, changes are suggested by the Investment Manager.

- **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 does not invest in investee companies that are involved in the following product or services: cluster munitions, anti-personnel mines, chemical and biological weapons, nuclear weapon, tobacco, hard liquor, commercial gambling, pornography and the extraction of coal and uranium. The Investment Manager also excludes investee companies related to countries or interest-bearing securities issued by states which are included on the Financial Action Task Forces' list over countries that are not participating in the global fight against money laundering and the financing of terrorism.

According to the sustainability policy of the Investment Manager, no investments can be made in investee companies within the excluded sectors and industries. Additionally, investments in so called Promotional companies (see above for definition of Promotional company) will at least make up 50% of the Funds' invested capital.

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

The Investment Manager has adopted a policy to assess the praxis for good governance in the investee companies of the fund. The Investment Manager's policy for assessing the praxis for good governance includes an obligation for the Investment Manager to investigate whether the investee company has a sound management structure and a sound relationship with its employees. The Investment manager also investigates the remuneration structures and the adherence to tax regulations.

Prior to an investment in a new investee company, the Investment Manager analyses the management structure of the investee company, among others its code of conduct and whether it is compliant with the OECD guidelines for multi-national corporations and the principles of the UN's Global Compact. This analysis is partly carried out with data received from MSCI.

What is the asset allocation planned for this financial product?

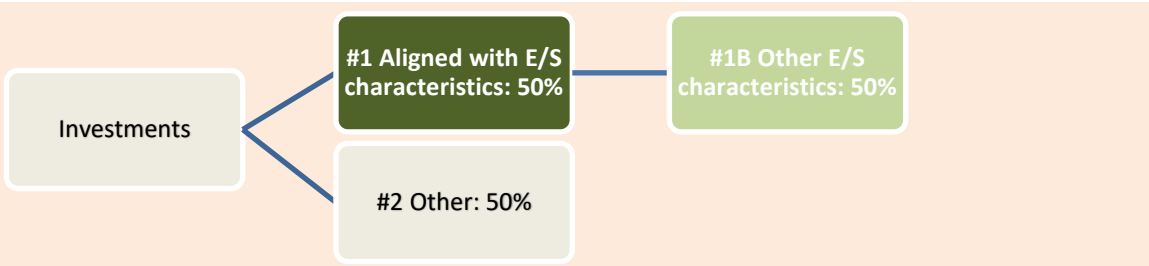
Asset allocation describes the share of investments in specific assets.

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.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. This contains investments in companies deemed to be Promotional Companies according to the Investment Manager's definition. These companies have committed to clear climate related targets that are aligned with the Paris agreement's goal for global warming. At least 50% of the funds investments will be made in companies within this sub-category. The calculation of the fund's investments is based on the sum of net long delta adjusted exposure per issuer, including cash. Net short exposure per issuer is excluded.

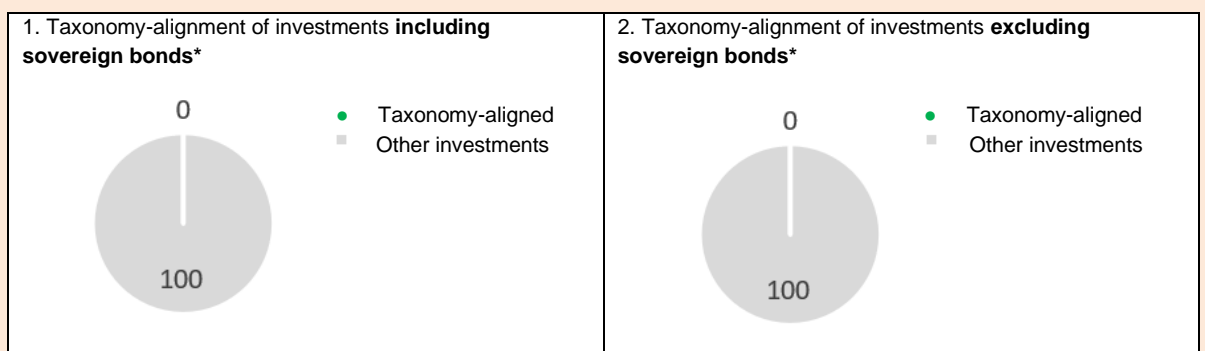
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**
Company-specific derivatives are covered by the same detailed sustainability analysis as the fund's other investments as described above. For index positions used for hedging purposes no sustainability analysis is performed. These index positions are included in category 2 in the asset allocation above.



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

The access to sufficiently reliable information regarding taxonomy alignment is currently limited, as such, no meaningful commitment regarding a minimum level of taxonomy-aligned investments in the fund can be made. It cannot be excluded that certain of the fund's investments will be classified as taxonomy-aligned 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?**
0%.

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?

0%.



What is the minimum share of socially sustainable investments?

0%.



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

In “#2 Other” all investments not defined as Promotional Companies are included (see above under Investment Strategy for definition). In addition, cash and liquid assets and temporary long index positions for hedging purposes are also included under “#2 Other”. All investee companies in the fund follow practice for good governance and as a consequence thereof also certain ethical and social minimum safeguards.

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? ¹

The fund is actively managed and indices are not used to determine whether the fund meets the environmental and social characteristics the fund promotes.

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:

[Hållbarhetsrelaterade upplysningar - RAM Rational Asset Management](#)

Monitoring of environmental or social characteristics

[Hållbarhetsrelaterade upplysningar - RAM Rational Asset Management](#)