SUSTAINABILITY-RELATED DISCLOSURES

Kraft High Yield

SFDR Article 10 website disclosure for a financial product promoting environmental and/or social characteristics

Product identification and general fund information

Product name	Kraft High Yield
Product type	Actively managed UCITS fixed income
SFDR classification	Article 8
Investment objective	To achieve long-term capital growth through the selection of fixed-income instruments, with a focus on the Norwegian and Nordic markets.

1. Summary

The Sub-Fund is an actively managed high-yield fixed-income fund focused on Norway and the Nordic region. It seeks long-term capital growth and is not managed against a benchmark for investment strategy or marketing purposes.

The fund promotes environmental and social characteristics through binding negative screening. It excludes companies on the exclusion list of the Norwegian Government Pension Fund Global (GPFG) on product-based or conduct-based grounds. It does not commit to any additional environmental or social characteristics and does not have sustainable investment as its objective.

The only disclosed sustainability indicator is the proportion of portfolio holdings consistent with the GPFG exclusion list. The commitment **is 0% exposure to issuers on that list**. Screening is performed before new investments are made and on an ongoing basis for existing holdings. The Chief Investment Officer is responsible for keeping a list of the companies that have been excluded. This list can be made available to investors in the funds upon request. The exclusion list is reviewed quarterly. An identified breach results in divestment within a reasonable timeframe, taking account of market liquidity and the best interests of shareholders.

At least 80% of the fund's investments are intended to be aligned with the promoted environmental and social characteristics and the **negative screening criteria is binding for these investments.** Up to 20% of the fund may be classified as “other investments”, which may comprise of cash, cash equivalents, money-market instruments and derivatives used for hedging or efficient portfolio management. **The negative screening criteria do not apply to these investments.**

The fund follows the principles of Good Governance as defined by Norwegian Corporate Governance Committee (NUES). The principles may be found here NUES Governance Principles.

Good governance is assessed as part of the Fund Manager's fundamental credit analysis, including review of management structures, financial-reporting quality and regulatory compliance. Where material concerns arise, the Fund Manager may engage through bondholder mechanisms.

The fund does not consider principal adverse impacts (PAI) because of limitations in the availability and quality of sustainability data in the Nordic fixed-income universe, particularly for unrated and privately placed issuers. No index is designated as a reference benchmark for the promoted environmental and social characteristics.

Environmental and social alignment commitment	**Minimum 80%**
#2 Other	Up to 20%
Sustainable investments	No minimum level
EU Taxonomy alignment	No minimum level
Sustainability indicator	**0% exposure to issuers on the GPFG exclusion list**

2. No sustainable investment objective

Mandatory statement
This financial product promotes environmental or social characteristics, but does not have sustainable investment as its objective.

The fund does not commit to making sustainable investments.

There is no minimum share of sustainable investments or investments aligned with the EU Taxonomy.

The fund does not consider principal adverse impacts of investment decisions on sustainability factors. This is due to limited availability and quality of sustainability data in the Nordic fixed-income universe, particularly for unrated and privately placed issuers. This position may be reconsidered as data quality improves.

3. Environmental or social characteristics of the financial product

The fund promotes environmental and social characteristics through the exclusion of companies that are excluded from the investment universe of the Norwegian Government Pension Fund Global (GPFG) These companies are excluded on product-based or conduct-based grounds. Use of the GPFG exclusion list **provides a continual safeguard against companies that are poor performers on environmental and social issues**. The exclusion criteria used by GPFG may be broken down into two categories

- **Product-based exclusions:** Companies that produce tobacco, cannabis, coal, and weapons such as biological weapons, chemical weapons, nuclear weapons, cluster munitions and anti-personnel mines
- **Conduct-based exclusions:** Companies that are involved in systematic human rights violations, serious environmental damage, corruption or financial crime or other fundamental violations of ethical norms

The full ethical guidelines and criteria may be found here GPFG ethical guidelines

The only sustainability indicator reported by this fund is compliance with the GPFG exclusion list. Compliance is expressed as **0% exposure to issuers on the exclusion list.**

4. Investment strategy

Strategy used to attain the environmental and social characteristics

The fund does not invest in companies on the GPFG exclusion list. See chapter 6. Monitoring of environmental and social characteristics for a detailed description of how the strategy is implemented and monitored.

Policy to assess good governance practices

Good governance is assessed as part of the fund manager's fundamental credit analysis of each issuer. This includes management structures, financial-reporting quality and regulatory compliance. Where material concerns arise, the fund manager may engage with issuers through bondholder mechanisms.

5. Proportion of investments

The fund’s asset allocation is as follows:

#1 Aligned with environmental & social characteristics	**Minimum 80%**
#2 Other	**Up to 20%**

Investments classified as #2 Other are made up of cash, cash equivalents, money-market instruments and derivatives used for hedging or efficient portfolio management**. These exposures are not subject to negative screening**, and the fund does not apply sustainability selection criteria to them.

Direct and other exposures

The fund strategy is principally implemented through fixed-income securities and may also use derivatives and invest in other UCITS or UCIs.

6. Monitoring of environmental or social characteristics

The promoted environmental and social characteristics are monitored through the binding exclusion screen and the related compliance indicator.

- The exclusion list is reviewed quarterly in line with its publication schedule.
- Screening is performed before new positions are acquired and on an ongoing basis for existing holdings.
- The Chief Investment Officer is responsible for keeping a list of the companies that have been excluded. This list can be made available to investors in the funds upon request.
- Compliance checks are performed to ensure **0% exposure to issuers on the GPFG exclusion list** for investments classified as aligned with the promoted environmental and social characteristics.
- An identified breach results in divestment within a reasonable timeframe, taking into account market liquidity and the best interests of shareholders.

Kraft Finans' sustainability policy allocates ultimate responsibility for implementation and compliance to the CEO. The Board approves and reviews the policy at least annually, and the investment director and fund managers are responsible for integrating it into analysis, investment decisions and ownership activities. FundRock Management Company S.A. has general oversight responsibility for delegated investment management and monitors delegates on an ongoing basis under the prospectus.

7. Methodologies

The fund uses a negative-screening methodology linked to the GPFG exclusion list. Each in-scope portfolio holding is checked against the current exclusion list. The environmental & social characteristic is attained where the portfolio has no exposure to excluded issuers, corresponding to the disclosed indicator target of **0% exposure to excluded issuers for 80% of the fund's holdings by market value.**

The list is reviewed quarterly, while screening is performed pre-trade and on an ongoing basis. The methodology does not include an additional ESG score, positive-selection model or committed minimum reduction of the investment universe.

8. Data sources and processing

The sustainability data source is the exclusion list of the Norwegian Government Pension Fund Global used by the Sub-Fund and published by Norges Bank Investment Management. The list is publically available and may be accessed here GPFG exclusion list.

9. Limitations to methodologies and data

The exclusion list of the Norwegian Government Pension Fund Global covers issuers outside Norway only. This means that the GPFG exclusion list does not in itself cover Norwegian issuers. For Norwegian issuers, this limitation is addressed through the Fund Manager's fundamental credit analysis and ongoing due diligence, including assessment of governance, regulatory compliance, management quality, business conduct and material sustainability risks where relevant.

10. Due diligence

Investment due diligence is based on the Fund Manager's fundamental credit analysis. Fundamental company and macro analysis considers earnings prospects, debt-servicing ability, cost and competitive position, market supply and demand, credit metrics and the business model. Company visits and assessments of management teams are important. The process also considers corporate governance, liquidity, treatment of bondholders and related-party matters.

Sustainability-related due diligence includes pre-trade and ongoing screening of issuers against the GPFG exclusion list. Good governance is assessed through the fundamental analysis described under the investment strategy. An identified exclusion breach is to result in divestment within a reasonable timeframe, taking account of liquidity and shareholder interests.

11. Engagement policies

The fund seeks to improve relevant environmental and social characteristics in the companies in which it is invested, where this is possible given its ownership position. This is achieved through dialogue with the companies and focus on the management of significant sustainability risks and opportunities. This engagement policy may be seen as a discretionary risk management tool rather than a binding element of the fund's environmental & social characteristics.

12. Designated reference benchmark

No index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental or social characteristics it promotes.