

# APPENDIX I: SFDR AND TAXONOMY DISCLOSURES

Pre-contractual disclosure for 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: Ture Credit Fund III SARL SICAV-RAIF      Legal entity identifier: 13800LI5ODYM87UBH65

## Environmental and/or social characteristics

**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, 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.

### 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 80 % 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?**

In regard to social responsibility the Fund strives to always respect and preserve human rights and to forward a society where everyone is treated equal and not discriminated against. Furthermore, the Fund always strives to promote and ensure respect for health, safety, and labour laws and to comply with both international and domestic laws and regulations.

In relation to governance, in regards of the context of its investment activities, the Fund assesses the corporate governance of each investee, pre and post investment. Sound corporate governance is paramount to sustainable investment returns and therefore assessing corporate governance matters is essential in our investment processes.

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

Monitoring and measuring the attainment of the environmental and social characteristics of the Fund is key to the Fund's success. Whilst the Fund's predominant objective is the promotion of social objectives, the Fund also considers certain environmental impacts. The following factors will be assessed when measuring the success of the Fund in promoting environmental and social characteristics:

- Alignment with United Nations Sustainable Development Goal 8 ("UN SDG 8");
- Exposure of portfolio companies directly or indirectly in activities that negatively impact upon the environment in terms of energy consumption, water usage, waste disposal and carbon emissions; and
- Exclusion criteria that includes:
  - **Human rights restriction.** Any investment in any company or corporation, which is in material breach of UN conventions and declarations on human rights, including child labour and labour rights.
  - **Tobacco restriction.** Any investment in any company or corporation that directly, or through entities it controls, produces tobacco or processes tobacco into the final product. This restriction does not involve the production of associated products such as filters and flavourings or the sale of tobacco products.
  - **Cannabis restriction.** Any investment in any company or corporation that directly, or through entities it controls, produces or sell cannabis for non-medical or recreational purposes, which shall include production and sale of end products containing cannabis for the same purposes.
  - **Weapons restriction.** Any investment in any company or corporation that manufactures weapons that in the course of normal intended use would breach fundamental humanitarian principles (e.g. atomic, biological or chemical weapons, cluster bombs or anti-personnel landmines) and any Investment in any company which is

directly involved in the development, production or storage of nuclear weapons, or in the production of components made explicitly for use in nuclear weapons. In addition, any company that contributes to, or is responsible for, sales of weapons to states that are in armed conflicts that use the weapons in ways that represent serious and systematic breaches to international law regarding conflict.

- **Severe environmental degradation restrictions.** Any investment in any company or corporation which is directly engaged in activities resulting in severe and/or systematic breaches of international conventions, norms or protocols regarding environment protection. Such severe and/or systematic breaches must be evidenced by an official source such as the UN, the OECD, governments or other similar bodies, or be admitted by the company or corporation.
- **Coal restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned 5% or more of its revenues from coal-based activities, including, but not limited to, coal extraction in excess of 20 million tons and/or coal-based power generation capacity of more than 10000 MW.
- **Oil sands restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned 5% or more of its revenues from oil sands activities, including, but not limited to, oil sands extraction, or a combination of oil sands and coal activity.
- **Alcohol restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from production of alcohol.
- **Gambling restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from the provision of gambling services.
- **Pornography restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from production of pornography.
- **Corruption restrictions.** Any investment in any company or corporation, which is associated with serious and/or systematic corruption. This includes, but is not limited to, violations of the OECD Anti-Bribery Convention or its relevant implementing legislation. Such serious and/or systematic corruption must be evidenced by an official source such as the UN, the OECD, governments or other similar bodies, or be admitted by the company or corporation itself.
- **Fossil fuel restrictions.** Any investment in any company or corporation that during the most recent reported fiscal year, earned more than 5% of its revenue from fossil fuels.

- **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?**

N/a

- **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?**

N/a

*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

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.



**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.

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

- Yes
- 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 aims to comply with Article 8 of the SFDR as it promotes, social characteristics in its investment strategy on the condition of good corporate governance on the part of the companies in which investments are made. The Fund's investment process also excludes certain industry sectors and carbon intensive activities, to ensure that the product does not cause significant harm. The Fund is therefore suitable for investors with sustainability preferences.

The Fund aims for long-term, risk-adjusted returns for its Investors while combining profitability with environmental considerations and social commitment. Sustainable business is, among other things, about saving one's resources and reducing the negative environmental and social impact.

In order to reflect the aim to always act in a socially responsible way, the Fund has adopted a policy related to the investment process for its Investments. Such policy creates a framework for the investment committee to make responsible investments in the markets in which the Fund is active. The Fund will, for example, seek appropriate disclosures on environmental, social and governance ("ESG") issues by the entities in which it invests. Sustainability Risks are integrated throughout the investment decision-making process by the following means:

First, ESG matters are considered in the well-developed screening process where certain sectors are excluded. Only potential Investments which are not excluded following such screening process undergo a deeper analysis.

When carrying out due diligence of a potential Investment, ESG risks and opportunities form a natural part of the overall analysis of the company, along with e.g. considerations of the industry, geographic scope and maturity of the company. Furthermore, the Fund always considers a potential target's alignment with relevant international conventions and standards prior to an Investment.

Secondly, following the due diligence of a potential Investment, a summary report is put together and provided to the investment committee for its consideration and discussion. The investment committee then decides whether additional due diligence should be implemented and, if so, which issues that are central to further elucidate. Such aspects may be environmental or sustainability related and are prioritized depending how material they are to the business and stakeholders.

The Fund is committed to working for actual and sustainable improvements regarding ESG policies and practices in the companies in which it invests. The Fund's ambition is thereby to increase awareness and encourage work for the improvement of material ESG matters by continuous discussions with the companies' boards and senior management.

### ***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 Fund's investment strategy are:

1. Screening every investment against UN SDG8, "Decent work and economic growth", where at least one of the following targets and indicators must be met

in at least 80% of the Fund's private debt instruments:

- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
  - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
  - Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
  - Reduce the proportion of youth not in employment, education or training.
  - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
2. Application of a clear investment due diligence within the investment decision-making process, all of which is subject to rigorous governance and oversight by the Fund's Investment Committee; and
  3. Clear investment exclusions applied by the Investment Advisor:
    - a. **Human rights restriction.** Any investment in any company or corporation, which is in material breach of UN conventions and declarations on human rights, including child labour and labour rights.
    - b. **Tobacco restriction.** Any investment in any company or corporation that directly, or through entities it controls, produces tobacco or processes tobacco into the final product. This restriction does not involve the production of associated products such as filters and flavourings or the sale of tobacco products.
    - c. **Cannabis restriction.** Any investment in any company or corporation that directly, or through entities it controls, produces or sell cannabis for non-medical or recreational purposes, which shall include production and sale of end products containing cannabis for the same purposes.
    - d. **Weapons restriction.** Any investment in any company or corporation that manufactures weapons that in the course of normal intended use would breach fundamental humanitarian principles (e.g. atomic, biological or chemical weapons, cluster bombs or anti-personnel landmines) and any Investment in any company which is directly involved in the development, production or storage of nuclear weapons, or in the production of components made explicitly for use in nuclear weapons. In addition, any company that contributes to, or is responsible for, sales of weapons to i) states that are in armed conflicts that use the weapons in ways that represent serious and systematic breaches to international law regarding conflict or ii) that is covered by the scheme for state bond exemption ("statsobligasjonsunntaket") described in the mandate for the governance of the Norwegian Government Pension Fund Global.
    - e. **Severe environmental degradation restrictions.** Any investment in any company or corporation which is directly engaged in activities resulting in severe and/or systematic breaches of international conventions, norms or protocols regarding environment protection to which Norway is a signatory or of customary international law. Such severe and/or systematic breaches must be evidenced by an official source such as the UN, the OECD, governments or other similar bodies, or be admitted by the company or corporation.
    - f. **Coal restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned 5% or more of its revenues from coal-based activities, including, but not limited to, coal

extraction in excess of 20 million tons and/or coal-based power generation capacity of more than 10000 MW.

- g. **Oil sands restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned 5% or more of its revenues from oil sands activities, including, but not limited to, oil sands extraction, or a combination of oil sands and coal activity.
- h. **Alcohol restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from production of alcohol.
- i. **Gambling restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from the provision of gambling services.
- j. **Pornography restriction.** Any investment in any company or corporation that during the most recent reported fiscal year earned more than 5% of its revenues from production of pornography.
- k. **Corruption restrictions.** Any investment in any company or corporation, which is associated with serious and/or systematic corruption. This includes, but is not limited to, violations of the OECD Anti-Bribery Convention or its relevant implementing legislation. Such serious and/or systematic corruption must be evidenced by an official source such as the UN, the OECD, governments or other similar bodies, or be admitted by the company or corporation itself.
- l. **Fossil fuel restrictions.** Any investment in any company or corporation that during the most recent reported fiscal year, earned more than 5% of its revenue from fossil fuels.

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

There is no committed minimum rate, however there is a target to establish relevant ESG toggles linked to a margin ratchet in at least 70% of the debt instruments' loan documentation to incentivize the borrower to improve on material ESG factors.

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

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

Each investor is subject to rigorous due diligence assessing the material social and governance factors, pertinent to the relevant industry. Each borrower at minimum, will be required to implement an ESG policy or its equivalent as determined by the Investment Advisor and will be assessed of the effectiveness of the implementation of that policy.



**What is the asset allocation planned for this financial product?**

First, ESG matters are considered in the well-developed screening process where certain sectors are excluded. Only potential Investments which are not excluded following such screening process undergo a deeper analysis.

Asset allocation describes the share of investments in specific assets.

When carrying out due diligence of a potential Investment, ESG risks and opportunities form a natural part of the overall analysis of the company, along with e.g. considerations of the industry, geographic scope and maturity of the company. Furthermore, the Fund always

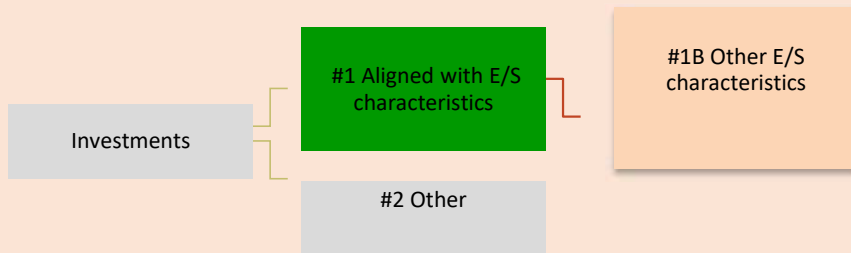
considers a potential target’s alignment with relevant international conventions and standards prior to an Investment.

Secondly, following the due diligence of a potential Investment, a summary report is put together and provided to the investment committee for its consideration and discussion. The investment committee then decides whether additional due diligence should be implemented and, if so, which issues that are central to further elucidate. Such aspects may be environmental or sustainability related and are prioritized depending how material they are to the business and stakeholders.

The Fund is committed to working for actual and sustainable improvements regarding ESG policies and practices in the companies in which it invests. The Fund’s ambition is thereby to increase awareness and encourage work for the improvement of ESG matters by continuous discussions with the companies’ boards and senior management.

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.



**#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.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Fund only utilizes derivatives in relation to hedge possible FX effects. Financial derivative instruments may include any kind of OTC foreign exchange derivatives such as swaps, forwards, or options. The Fund may accept as collateral any kind of assets that a prudent investor in the same situation than the Fund would accept and may apply a haircut to such collateral depending on the risks related to such collateral.

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

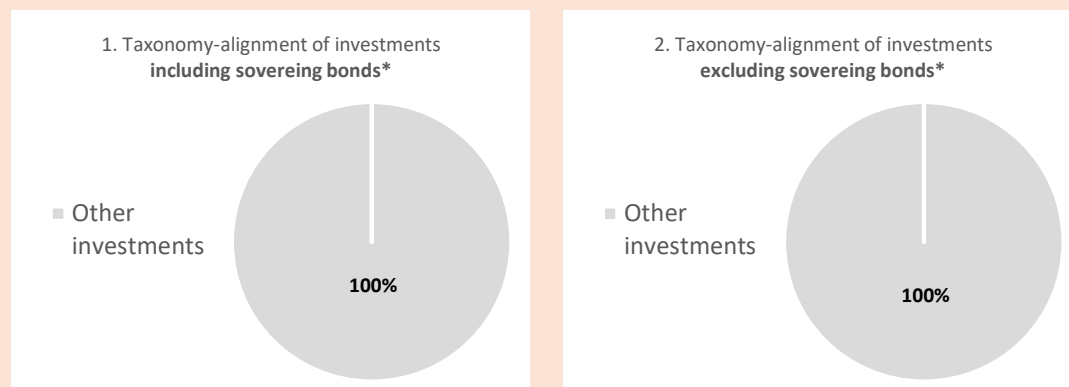
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**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.




N/a

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

 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 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?**

“#2 Other“ refers to investments that do not promote environmental or social characteristics such as cash or derivatives.



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

**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?**

No, given the nature of being a private debt fund, there is a large variability in each investment meaning that a standardized index would not be able to implement across all investments.

- ***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*



**Where can I find more product specific information online?**

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

<https://www.tureinvest.se/responsibleinvestments>