

Sustainable Finance Disclosure Regulation

ARTICLE 10 SUSTAINABLE FINANCE DISCLOSURE REGULATION ("SFDR") – DISCLOSURE FOR AN ARTICLE 8 FUND

PRODUCT LEVEL

CARN Latitude

A. Summary

CARN is committed to integrating relevant financial, operational and sustainability related risks in our investment decision-making processes. As a long-term and active investor, CARN is acutely aware of the potential financial implications of sustainability related risks and opportunities. We are convinced that sustainability and financial goals are broadly aligned, and that investments in companies with strong sustainability profiles will contribute to superior returns in the long term. Similarly, companies who do not adequately address sustainability in their business models and operations will encounter higher costs and competition and will prove to be less attractive investments in the long term.

CARN as an investment manager applies exclusion policy to the Sub-Fund's to promote environmental and social responsibility by avoiding investment in companies that engage in harmful practices. It prohibits investment in companies that produce weapons violating humanitarian principles, contribute to human rights violations, cause severe environmental damage, have high greenhouse gas emissions, or are involved in corruption or unethical practices.

The policy demonstrates a commitment to ethical and sustainable investment.

While it upholds environmental and social characteristics, the Sub-Fund doesn't explicitly pursue a sustainable investment objective. Its investment strategy is tailored predominantly towards European companies, especially those in the Nordic Countries, focusing on uncovering undervalued opportunities for long positions and overvalued ones for short positions, all while aligning with the exclusion criteria.

Governance practices are vigorously upheld, with continuous monitoring to ensure companies' adherence to the policy, drawing guidelines from the OECD's framework for multinational enterprises. A dynamic methodology drives the implementation of the exclusion policy, emphasizing continuous assessment and refinement, allowing for strategy adjustments based on the robustness and relevance of available data.

Due diligence is a cornerstone in evaluating the underlying assets of the financial product, directing investments away from companies associated with harmful, unethical, or unsustainable practices. Notably, the Sub-Fund operates without designating a specific index as a reference benchmark for establishing alignment with the environmental or social characteristics it seeks to promote.

B. No sustainable investment objective

This sub-fund promotes E/S characteristics but will not make any sustainable investments.

Does this financial product have a sustainable investment objective?

Yes

No

C. Environmental or social characteristics of the financial product

What environmental or social characteristics do the financial products promote?

The Sub-Fund's exclusion policy promotes environmental and social responsibility by avoiding investment in companies that engage in harmful practices. It prohibits investment in companies that produce weapons violating humanitarian principles, contribute to human rights violations, cause severe environmental damage, have high greenhouse gas emissions, or are involved in corruption or unethical practices.

The policy demonstrates a commitment to ethical and sustainable investing.

D. Investment strategy

What investment strategy does this financial product follow?

The principles for choosing investments must be in line with our exclusion policy. The Sub-Fund shall not invest in companies which themselves or through entities they control:

1. Develop or produce weapons or key components of weapons that violate fundamental humanitarian principles through their normal use. Such weapons include biological weapons, chemical weapons, nuclear weapons, non-detectable fragments, incendiary weapons, blinding laser weapons, antipersonnel mines, and cluster munitions.
2. Produce tobacco or tobacco-products.
3. Produce cannabis for recreational use.
4. Companies that contributes to serious or systematic human rights violations, serious violations of the rights of individuals in situations of war or conflict, the sale of weapons to states engaged in armed conflict that use the weapons in ways that constitute serious and systematic violations of the international rules on the conduct of hostilities, the sale of weapons or military materiel to states that are subject to investment restrictions on government bonds, severe environmental damage, acts or omissions that on an aggregate company level lead to unacceptable greenhouse gas emissions, gross corruption or other serious financial crime or other particularly serious violations of fundamental ethical norms.

For point 2 and 3, we accept companies with these activities if is constitute less than 5 percent of their income.

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 exclusion policy outlined above provides 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 policy defines the types of companies that the Sub-Fund is prohibited from investing in, including those that produce weapons violating humanitarian principles, contribute to serious human rights violations, cause severe environmental damage, have high greenhouse gas emissions, or are involved in

corruption or unethical practices. These restrictions provide clear criteria for selecting investments and ensure that the Sub-Fund only invests in companies that align with the environmental or social characteristics promoted by the financial product.

In this way, the exclusion policy acts as a framework for the investment strategy, providing a set of binding rules that guide the selection of investments. By following these restrictions, the investment strategy is able to promote the environmental and social characteristics that are important.

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

CARN will monitor that companies are not making moves to engage in activities on the exclusion list. CARN will also check that companies in our portfolio is not breach with OECDs guidelines for multinational enterprises.

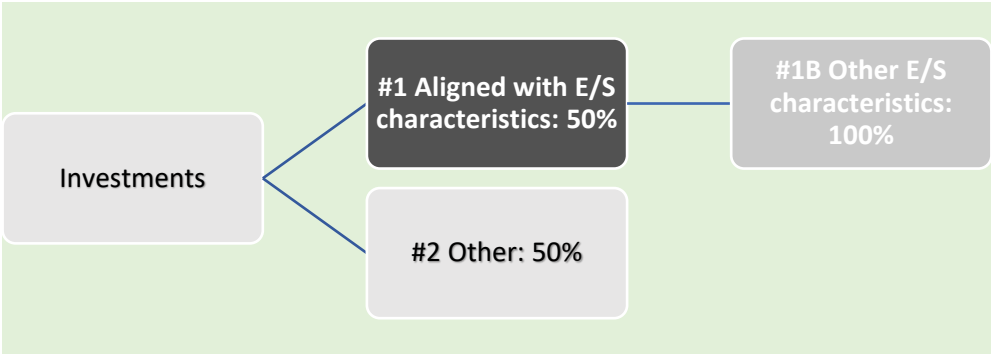
If companies are violating the principles above, the Sub-Fund will confront the companies. If the companies does not change to the desired course, the Sub-Fund will sell the shares in the company after 3 months.

E. Proportion of investments

What is the asset allocation planned for this financial product?

The Sub-Fund aims to achieve maximum capital appreciation by investing in European companies, mainly those in the Nordic Countries, through a combination of long and short positions on equities that are listed on regulated markets. The Investment Manager seeks to identify undervalued or mispriced companies for long exposure and overvalued companies for short positions.

The exclusion policy outlined above provides for 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 policy defines the types of companies that the Sub-Fund is prohibited from investing in, including those that produce weapons violating humanitarian principles, contribute to serious human rights violations, cause severe environmental damage, have high greenhouse gas emissions, or are involved in corruption or unethical practices. These restrictions provide clear criteria for selecting investments and ensure that the Sub-Fund only invests in companies that align with the environmental or social characteristics promoted by the financial product.



#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 #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

F. Monitoring of environmental or social characteristics

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

CARN will monitor that companies are not making moves to engage in activities on the exclusion list. CARN will also check that companies in our portfolio is not breach with OECDs guidelines for multinational enterprises. If companies are violating the principles above, the Sub-Fund will confront the companies. If the companies does not change to the desired course, the Sub-Fund will sell the shares in the company after 3 months.

The exclusion policy considers principal adverse impacts on sustainability factors by prohibiting investment in companies that engage in practices that have negative impacts on the environment or society. By excluding companies that contribute to severe environmental damage, have unacceptable levels of greenhouse gas emissions, or are involved in serious human rights violations, the exclusion policy takes into account the principal adverse impacts that these practices have on sustainability factors.

G. Methodologies

Negative screening is a method used to reduce the investment universe and create a portfolio of investments that align with certain criteria or principles. The exclusion policy provides the binding elements that are used to select investments in a way that supports the environmental and social objectives of the financial product.

By following this investment strategy, the Sub-Fund can promote sustainability and responsible investment practices and align its investments with its values and objectives.

Sub-funds' investment strategy will reduce scope of the investment with 5%, according to Sub-funds estimates.

H. Data sources and processing

The exclusion policy outlined above provides for 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 policy defines the types of companies that the Sub-Fund is prohibited from investing in, including those that produce weapons violating humanitarian principles, contribute to serious human rights violations, cause severe environmental damage, have high greenhouse gas emissions, or are involved in corruption or unethical practices. These restrictions provide clear criteria for selecting investments and

ensure that the Sub-Fund only invests in companies that align with the environmental or social characteristics promoted by the financial product.

In this way, the exclusion policy acts as a framework for the investment strategy, providing a set of binding rules that guide the selection of investments. By following these restrictions, the investment strategy is able to promote the environmental and social characteristics that are important.

I. Limitations to methodologies and data

The implementation of the exclusion policy is guided by the availability of robust and relevant data. Continuous assessments are made to determine the adequacy and accuracy of this data. Any data gap or uncertainties will lead to strategy adjustments. This is a dynamic approach and the Sub-fund plan to continuous refinement, aiming to progressively strengthen the effectiveness of this approach in the subsequent years.

J. Due diligence

In conducting due diligence on the underlying assets of the financial product, the Sub-Fund applies an exclusion policy. This policy guides the Sub-Fund away from investments in companies that engage in harmful, unethical, or unsustainable practices. This approach reflects commitment to ethical and sustainable investing. For further details on this process, please refer to Section D above.

K. Engagement policies

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?

Yes

No

L. Where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product, 'Designated reference benchmark'.

Not applicable.

Norwegian translation

Bærekraftig finansavsløringsforordning (SFDR)

PRODUKTNIVÅ

CARN Latitude

A. Sammendrag

CARN er dedikert til å integrere alle relevante finansielle, operasjonelle og bærekraftrelaterte risikoer i våre investeringsbeslutningsprosesser. Som en langsiktig og aktiv investor med en interesse for bærekraft, er CARN sterkt klar over de potensielle finansielle implikasjonene av bærekraftrelaterte risikoer og muligheter. Vi er overbevist om at bærekraft og finansielle mål er bredt justert, og at investeringer i selskaper med sterke bærekraftprofiler vil bidra til overlegne avkastninger på lang sikt. Tilsvarende vil selskaper som ikke tilstrekkelig adresserer bærekraft i sine forretningsmodeller og operasjoner, møte høyere kostnader og konkurranse, og vil vise seg å være mindre attraktive investeringer på lang sikt.

CARN som en investeringsforvalter anvender ekskluderingspolicy til Sub-Fondet for å fremme miljømessig og sosialt ansvar ved å unngå investering i selskaper som engasjerer seg i skadelige praksiser. Det forbyr investering i selskaper som produserer våpen som bryter med humanitære prinsipper, bidrar til menneskerettighetsbrudd, forårsaker alvorlig miljøskade, har høye utslipp av drivhusgasser, eller er involvert i korrupsjon eller uetiske praksiser.

Policyen demonstrerer et engasjement for etisk og bærekraftig investering.

Selv om den opprettholder miljømessige og sosiale karakteristika, forfølger ikke Sub-Fondet eksplisitt et bærekraftig investeringsmål. Investeringsstrategien er i stor grad skreddersydd mot europeiske selskaper, spesielt de i de nordiske landene, med fokus på å avdekke undervurderte muligheter for lange posisjoner og overvurderte for korte posisjoner, alt mens den er justert med ekskluderingskriteriene.

Styringspraksis blir strengt overholdt, med kontinuerlig overvåking for å sikre selskapenes overholdelse av retningslinjene, med veiledning fra OECDs rammeverk for multinasjonale selskaper. En dynamisk metodikk driver implementeringen av ekskluderingspolicyen, med vekt på kontinuerlig vurdering og forfining, som tillater strategijustering basert på robustheten og relevansen av tilgjengelige data.

Due diligence er en hjørnestein i vurderingen av de underliggende eiendelene i det finansielle produktet, og styrer investeringer bort fra selskaper assosiert med skadelig, uetisk eller ikke-bærekraftig praksis. Merkbar, opererer Sub-Fondet uten å utpeke et spesifikt indeks som en referansebenchmark for etablering av justering med de miljømessige eller sosiale karakteristika det søker å fremme.