Valid from: 2024-01-01

Pre-contractual disclosure for the financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: Öhman Småbolagsfond

Legal entity identifier: 549300BD2S214JUMTI52

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 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.

Does this financial product have a sustainable investment objective?

● ● ☐ Yes	● ○ X No
☐ It will make a minimum of sustainable investments with an environmental objective:	X 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 35% of sustainable investments.
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	X with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	X with a social objective
☐ It will make a minimum of sustainable investments with a social objective:	☐ It promotes E/S characteristics, but will not make any sustainable investments

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The fund's promotion of environmental and/or social characteristics includes:

Sustainable investments: The fund aims to make sustainable investments whereby the investment contributes to promoting environmental/climate-related and/or social factors.

Exclusion criteria: The fund promotes environmental characteristics by excluding or severely restricting its investments in economic activities that we assess as harmful to the environment and biodiversity by imposing strict limits on investments in extraction of fossil fuels, coal-based energy production, oil- and gas-related products and services, transport or distribution and oil and gas storage.

To promote social characteristics, the fund excludes or severely restricts investments in the production and distribution of alcohol, tobacco, cannabis for recreational purposes, weapons production and controversial weapons, production and distribution of gambling products and services and of pornographic materials in accordance with the E. Öhman J:or Fonder AB´s (Öhman Fonder or the Fund company) Responsible Investment Policy.

SBT: The fund also invests in companies that have set Science Based Targets (SBT). The SBT initiative (SBTi) is an initiative that supports companies in their efforts to set climate targets in alignment with scientific models in order to achieve the objectives of the Paris Agreement. The Paris Agreement is a global climate agreement aimed at limiting global heating by reduce emissions of greenhouse gases.

Good governance practices: All of the fund's investments follow good governance practices in that all fund assets comply with internationally accepted conventions and

guidelines.

Engagements: Öhman Fonder promotes both environmental and social characteristics through active ownership. The fund company's shareholder engagement is aimed at promoting corporate capacity to achieve positive impacts on the environment, climate-related and social characteristics. Öhman Fonder also encourages companies to integrate both risks and opportunities in their operations and decision-making. The engagement also improve Öhman Fonder's management of sustainability risks (environmental, social and governance risks).

Principal Adverse Impacts: Öhman Fonder also ensures that the promotion of environmental or social characteristics does not have adverse impacts on other sustainability factors by working with Principal Adverse Impacts (PAI), which address how operations in a company have adverse impact on external conditions including the environment, working conditions and social conditions. The fund considers relevant PAI indicators in connection with every investment decision, as described in greater detail below.

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

SBT: The fund measures the share of companies that have set Science Based Targets (SBT).

Implied Temperature Rise: The fund also measures the Implied Temperature Rise (ITR). ITR is measured in degrees Celsius and refers to that required to limit global heating to a maximum of 1.5 C by 2100. For all underlying companies, the method considers current emissions and emissions targets in relation to the emission reduction required according to the science in order to project the temperature rise. The calculation method expresses an "undershoot" or "overshoot" of each investee company's carbon emissions budget. The cumulative carbon emissions of all holdings comprise the fund's total carbon emissions, which is restated as a degree of temperature (ITR) using a science-based ratio method (the Transient Climate Response to Cumulative Carbon Emissions, TCRE).

Exclusion criteria: To ensure that the fund limits or excludes investments in businesses assessed as having adverse impact on the environment and/or society, the fund applies the following minimum levels. The levels are measured daily and relate to the share of company turnover.

1. Investments in coal, oil and gas extraction (0%)
2. Coal-based energy production (5%)
3. Oil- and gas-related products and services, transport, distribution and storage of oil and gas (25 %)
4. Investments in production and distribution of alcohol (5%)
5. Investments in production and distribution of tobacco (0% production, 5% distribution)
6. Weapons production (0%)
7. Weapons-related products and services (5%)
8. Controversial weapons (0%)
9. Production and distribution of gambling products and services (5%)
10. Investments in production and distribution of pornographic materials (0% production, 5% distribution)
11. Investments in companies involved in the production and distribution of cannabis for recreational purposes (5%)

12. Companies verified as having violated international conventions (0%)

Exceptions from point 2 above: Öhman Fonder has determined that many of the companies with exposure to fossil fuels have the potential to play a key role in the transition from a fossil-based economy to a renewable energy-based economy. We believe these companies are on the brink of a significant, positive journey in which Öhman Fonder wants to participate. We therefore have the option to invest in companies whose share of turnover exceeds five per cent from coal-based energy production when the following three criteria are met:

- The company has set science-based climate targets in accordance with the Paris Agreement, through SBTi for example, or has committed to reducing climate emissions in line with that required under the Paris Agreement.
- The company's investments support a transition to a fossil-free economy.
- The company's operations are not primarily related to fossil fuels and a maximum of 50% of turnover from fossil-related business is permitted.

Good governance practices: Öhman Fonder identifies companies whose activities can be deemed in violation of international conventions and guidelines or which do not fulfil good governance practices. These companies are excluded from Öhman Fonder's investment universe.

Minimum share of sustainable investments: The fund's share of sustainable investments is monitored daily.

Engagements: On behalf of the funds, the fund company measures the number of engagements and monitors outcomes and progress in these dialogues, distributed among environmental, social and/or governance factors and in relation to the 17 UN SDGs.

Principal adverse impacts on sustainability factors (PAI): PAI are considered and documented in connection with all investment decisions. This is discussed in greater detail below in the section on PAI in relation to investment decisions.

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?

For an investment to be considered a sustainable investment, at least 20% of the company's revenue must contribute to one of the UN's 17 global goals, in English: Sustainable Development Goals (SDG) and/or the EU Taxonomy.

To identify the fund's positive contribution, each underlying asset is assessed based on 1) the revenue from the operational activities' products or services and 2) contribution to the UN's 17 global goals and compatibility with the Taxonomy. The EU Taxonomy, also called the EU Green Taxonomy, is a framework for sustainable finance that is intended to serve as a common language and yardstick for classifying which economic activities are environmentally sustainable. In short, the taxonomy should promote comparability between investments when it comes to sustainability and discourage green painting through increased transparency. As of 2023, the companies covered by the EU Taxonomy report the proportion of their operations that met the EU Taxonomy in relation to the share of revenue, capital expenditure and operating expenses, respectively.

For a bond to be considered a sustainable investment, either in the same way as above, at least 20% of the issuer's (company's) revenue can contribute to one of the UN's 17 global goals or to the EU Taxonomy or if the bond is a so-called sustainability label bond.

Examples of sustainability-labeled bonds are green bonds, social bonds, sustainable bonds, and sustainability-linked bonds. All sustainability-marked bonds follow specially set guidelines by ICMA and are reviewed by a third party.

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.

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?

While the sustainable investment must contribute to one global SDG, the investment must also do no significant harm (DNSH) to any other SDG. To ensure that an economic activity does no significant harm, none of the following criteria can be met:

The activity must not:

- Be involved in thermal coal production (max 1% of turnover)
- Produce substantial carbon emissions to the atmosphere (see exception below)
- Be involved in the production of controversial weapons or have an activity linked to controversial weapons
- Be involved in serious ongoing or recent controversies that could lead to violation of the UN Global Compact
- Conflict with Öhman Fonder's exclusion criteria

We have also determined that many of the companies with exposure to fossil fuels could play a key role in the transition from a fossil-based economy to a renewable energy-based economy. For these reasons, companies with high carbon emissions can be considered a sustainable investment if any of the following criteria are met:

- The company has adopted science-based climate targets (SBT) that have been independently reviewed by SBTi or a comparable third party organisation, or have committed to setting science-based climate targets. In these cases, the company is exempted from the carbon emissions limit according to the DNSH assessment above.
- If the company's climate target fulfils an annual reduction in carbon emissions of 7%, as required under the Paris Agreement. In these cases, the company is exempted from the carbon emissions limit according to the DNSH assessment above.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The following indicators are used to assess whether an economic activity does significant harm. An economic activity is assessed as doing significant harm if any of the following criteria are met:

- It is exposed to fossil fuels in contravention of Öhman Fonder's exclusion criteria (see our exclusion criteria 1–3 above)
- It has high emissions of greenhouse gases
- It is in violation of any of the Ten Principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises, or
- It is exposed to controversial weapons (anti-personnel mines, cluster ammunition, chemical and biological weapons).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund does not invest in companies that are in violation of the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights. The OECD Guidelines and the UN Guiding Principles govern how multinational enterprises should conduct themselves as regards employment, working conditions, human rights, union organisation, taxation and culture, intended to combat, among else, violations of human rights, corruption and bribery.

The fund's compliance with the agreement and the guidelines is ensured by means of daily monitoring.

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?

X **Yes,** The fund considers the following PAI indicators in connection with all investment decisions. The fund considers the following indicators:

Climate- and environment-related indicators:

- Greenhousegases emissions/carbon footprint
- Exposure to companies doing business in fossil fuels
- Share of non-renewable energy consumption and production
- Energy consumption intensity for sectors with a high climate impact
- Activities adversely affecting areas of sensitive biological diversity
- Hazardous waste and radioactive waste
- Companies that do not have carbon emissions targets
- Companies without policies to address deforestation

Social indicators:

- Violation of any of the Ten Principles of the UN Global Compact or the
  OECD Guidelines for Multinational Enterprises

- Processes for monitoring compliance with the OECD Guidelines, such as complaint management
- Board gender diversity
- Controversial weapons (anti-personnel mines, cluster ammunition, chemical and biological weapons)
- Companies that do not have human rights policies
- Companies without human resources complaint mechanisms

No

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.

What investment strategy does this financial product follow?

The fund's investment process begins with the gathering of information, where fund managers access their information channels, such as company-specific analysis and information databases, augmented with information from conferences, analyst meetings and corporate meetings. This information is used to analyse a company based on the positive and negative criteria that are significant to the company and its sector and which may have impact on the individual company's long-term financial performance. This involves factors including the company's valuation, cash flow, balance sheet, sales and sustainability programme. In the investment process, the fund managers maintain high awareness of the risks they are taking, the risks they are willing to accept and the risks they do not want to bear.

When fund managers assess risk, it is imperative that they also look at how a company affects people and the external environment and to give special consideration to any adverse impacts to which the company's activities may give rise. Hereby, the managers make better and more well-founded investment decisions that can improve returns and mitigate risk over time.

Sustainability risks may encompass numerous factors and the portfolio manager will, in its sustainability analysis, identify and focus on material sustainability risks such as environmental, social or governance events or condition that, if it occurs, could actually have impact on the individual company's financial performance (i.e. could have a potential material negative impact of the value of the investment).

As expressed previously in the document, Öhman Fonder refrains from investments in companies according to the exclusion criteria specified above.

Investment opportunities where the company's products and services contribute in one way or another to overcoming current sustainability challenges while contributing to the company's long-term and short-term financial progress are particularly attractive. This may, for example, involve companies that contribute through their products and services to renewable energy, cleaner water, health technology, or access to medicine, or which contribute through their operating activities to less harmful emissions or greater equality.

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 the fund's exclusion criteria, by which the fund limits or refrains from investments in economic activities that Öhman Fonder has assessed as harmful to the environment and society in general. The fund is also committed to the specified share of investments adapted to environmental or social

characteristics and to investing the specified minimum share in sustainable investments. The binding elements are monitored daily.

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

  The fund had no minimum rate before the investment strategy was applied.

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

  The fund's investments policy as regards good governance practices is monitored by assessing whether a business is operated in accordance with generally accepted conventions and guidelines. These include the Ten Principles of the UN Global Compact, primarily Principle two, "Businesses should make sure that they are not complicit in human rights abuses", Principle four, "Elimination of all forms of forced and compulsory labour", Principle six, "Elimination of discrimination in respect of employment and occupation" and Principle ten, "Businesses should work against corruption in all its forms, including extortion and bribery".

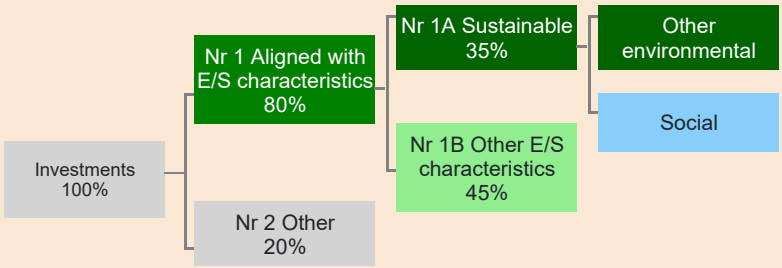
  In addition to the Ten Principles of the UN Global Compact, Öhman Fonder also complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP) and their underlying conventions. In order to assess good governance practices, Öhman Fonder also considers whether a company is engaged in producing, marketing or other activity related to controversial weapons.

  Öhman Fonder identifies economic activities that can be deemed in violation of international conventions and guidelines or which do not fulfil good governance practices. These companies are excluded from the fund's investment universe.

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.



Nr 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.

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

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

The use of derivatives is unrelated to promoting the funds' environmental or social characteristics.

To comply with the EU Taxonomy, the criteria for **fossil gas include** fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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

Development of the EU Taxonomy remains in progress. As companies begin to report data, the fund will increasingly report the level of environmentally sustainable investments according to the EU Taxonomy. Initially, the lowest level according to the EU Taxonomy is therefore 0% because the EU Taxonomy covers only certain companies within the EU, and they started to report data first in 2023, but also due to the fact that data is only available for two of the the six environmental objectives of the EU Taxonomy. The remaining four environmental objectives have not yet entered into force. The fund also invests in companies outside the EU where the EU Taxonomy is not applied.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy1?Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]

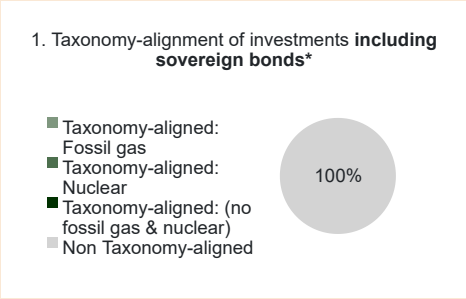
☐ **Yes:**

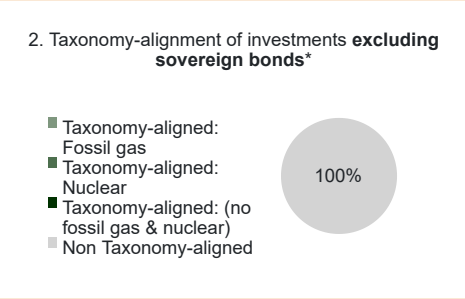
☐ **In fossil gas** ☐ **In nuclear energy**

☒ **No**

[1]Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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?

The fund does not have minimum commitments related to transitional and enabling activities, even though the fund is able to invests in companies that are in transition.

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?

The fund does not have minimum commitments related to environmental objectives, but will make sustainable investments with environmental objectives that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The fund does not have minimum commitments related to socially sustainable investments. The fund may nevertheless select investee companies based on their assessment as socially sustainable investments.

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

The fund’s liquid assets are used as a complement and/or to balance risk and may vary over time. A certain share of liquid assets is required to manage unitholders’ daily purchases and sales of fund units. The share that refers to liquid assets held by institutions complies with Öhman Fonder’s standards of good governance practices. Derivatives may be used as an aspect of the investment strategy and to improve management efficiency.

Where can I find more product specific information online?

More product-specific information can be found on the website: https://www.ohman.se/fonder/fond/ohman-smabolagsfond