

ANNEX II

Template pre-contractual disclosure for the 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

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.

Product name: OP-Nordic Countries Index

Legal entity identifier: FI4000027974

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> 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 3 % of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> 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 and social characteristics by taking companies' greenhouse gas emissions into account and using exclusions. The funds track the MSCI ESG Screened index, which targets a reduction of at least 30% in the intensity of greenhouse gas emissions compared to the equivalent general market index and excludes controversial and harmful industries and companies that have violated international standards.

Shareholders' meetings: The Fund votes in shareholders' meetings through a service provider in line with OP Fund Management Company Ltd's shareholder engagement principles that take responsibility aspects into account.

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.

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

The fund does not invest in companies that are associated with the production of controversial weapons, weapons for civilian use or palm oil, or in tobacco companies. The fund also does not invest in companies with more than 5% of their net sales consisting of the production of coal, unconventional oil or gas, coal-based energy, or the production of oil and gas in the Arctic region. The fund also excludes companies that have violated international standards (UN Global Compact) and companies which have committed very severe ESG violations.

The funds track the MSCI ESG Screened index, which targets a reduction of at least 30% in the intensity of carbon emissions compared to the equivalent general market index.

- ***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?***

Those investment options whose business promotes one or more UN Sustainable Development Goals (SDG) without harming other sustainability factors or goals are considered sustainable investments. Sustainable investments are determined using OP Asset Management's analysis model which is based on an external service provider's SDG and sustainability data.

- ***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?***

The OP Asset Management's sustainable investment analysis model is used to ensure that the company we invest in does not have business that is harmful for the environment or society. It is also verified that the company considers material environmental and social factors in its operations at least at satisfactory level. The company we invest in cannot have identified extremely severe environmental or social violations or UN Global Compact violations.

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

Principal adverse impacts (PAI) on sustainability factors are regularly analysed by screening all investments for their PAI indicators. If screening reveals target companies with significant principal adverse impacts on sustainability factors in comparison to its peers and if the said PAI indicator is deemed material for the target company, the target company will be monitored more closely.

As the Fund is a passive index fund, the fund manager cannot make individual exclusion decisions. The fund is based on an index that excludes companies associated with the production of controversial weapons, weapons for civilian use or palm oil, as well as tobacco companies. The fund also does not invest in companies with more than 5% of their net sales consisting of the production of coal, unconventional oil or gas, coal-based energy, or the production of oil and gas in the Arctic region. The fund also excludes companies that have violated international standards (UN Global Compact) and companies which have committed very severe ESG violations.

*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 OP Asset Management's sustainable investment analysis model is used to check whether a company has violated international standards (UN Global Compact and OECD guidelines for multinationals). If a violation is identified, the company cannot be determined as a sustainable investment.

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** Principal adverse impacts (PAI) on sustainability factors are regularly analysed by screening all investments for their PAI indicators. If screening reveals target companies with significant principal adverse impacts on sustainability factors in comparison to its peers and if the said PAI indicator is deemed material for the target company, the target company will be monitored more closely. In the future, information on the PAI factors will be highlighted in the Annual Report, as laid down in Article 11(2) of the Disclosure Regulation (SFDR).



No



What investment strategy does this financial product follow?

The Fund is a passive index fund that invests assets according to the MSCI Nordic Countries ESG Screened Index in the shares of the largest listed companies in Sweden, Denmark, Finland and Norway. This means that the Fund's investments are split between the countries and companies of the benchmark index in the same proportion as in the index. Changes to the portfolio are basically only made in conjunction with index adjustments.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- *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 companies that are associated with the production of controversial weapons, weapons for civilian use or palm oil, or in tobacco companies. The fund also does not invest in companies with more than 5% of their net sales consisting of the production of coal, unconventional oil or gas, coal-based energy, or the production of oil and gas in the Arctic region. The fund also excludes companies that have violated international standards (UN Global Compact) and companies which have committed very severe ESG violations.

The fund tracks the MSCI ESG Screened index, which targets a reduction of at least 30% in the intensity of carbon emissions compared to the equivalent general market index.

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

The Fund does not have a binding minimum amount for reducing the scope of the investments. The investment strategy involves exclusion criteria based on which the investment universe is reduced.

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

The fund is based on the MSCI ESG Screened index, which excludes companies that have violated international standards (UN Global Compact) and companies which have committed very severe ESG violations.

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



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

Asset allocation describes the share of investments in specific assets.

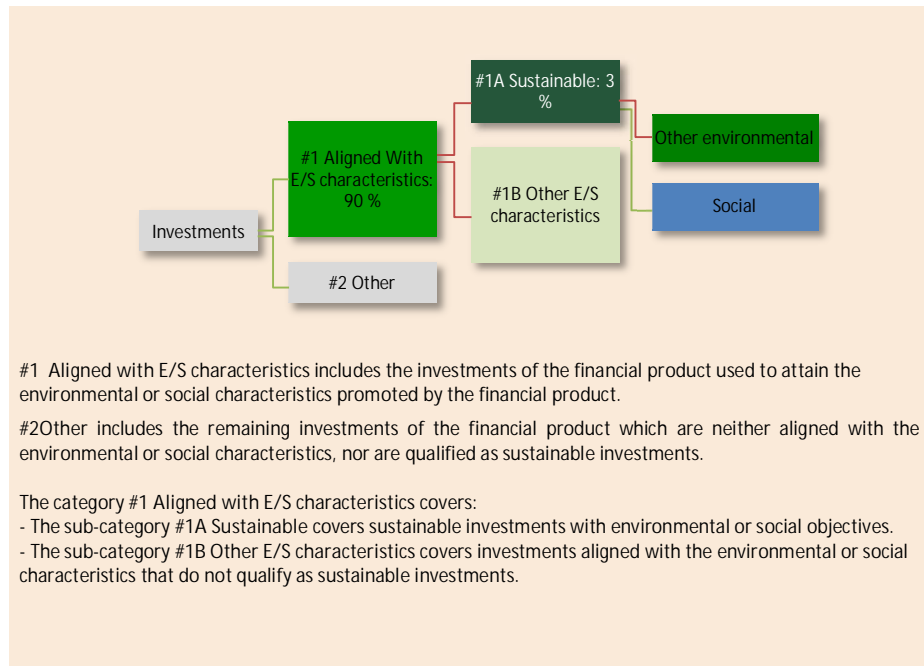
Taxonomy-aligned activities are expressed as a share of:

- 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.

The Fund promotes environmental and social characteristics by using exclusion, considering ESG factors as part of the investment process and setting a fund-specific minimum allocation for sustainable investments. At least 90% of the Fund's investments promote ESG factors. In addition, the Fund reserves the right to invest in cash, derivatives and other investments for which sustainability data is not necessarily available ("#2 Other"). Such investments are used to manage the Fund's liquidity and market risks, among other purposes. For investments in category "#2 Other", we cannot guarantee that ESG factors have been considered in the same manner as for category "#1" investments.

The Fund has a 3% minimum allocation to sustainable investments. Sustainable investments are defined using the sustainable investment model by OP Asset Management.

The minimum allocation to environmental and social characteristics, as well as the minimum allocation to sustainable investments, is calculated as average proportions of the Fund's net asset value.



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

The aim of using derivatives is not to promote environmental or social characteristics.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to fully 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?

The Fund might include investment options which are in line with the EU Taxonomy, but the Fund does not commit to a certain minimum number of investments in line with the EU Taxonomy.

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

Yes:

In fossil gas                       In nuclear energy

No

Investment targets will only start reporting in compliance with the EU classification system from 2023. The percentages of the funds' investments according to the EU classification system have not yet been calculated, as the reported data has not been available. For this reason, we cannot yet know whether the possible gas or nuclear energy investments of the financial products are in accordance with the EU classification system.

● What is the minimum share of investments in transitional and enabling activities?

The Fund does not commit to a minimum share.

<sup>1</sup> 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.



are environmentally sustainable investments 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 might include investment options which are in line with the EU Taxonomy, but the Fund does not commit to a certain minimum number of investments in line with the EU Taxonomy. Currently, only few investment options in line with the EU Taxonomy are available, and there is a limited amount of reported information on compliance with the EU Taxonomy. The Fund makes sustainable investments that might have an environmental or a social goal. No minimum shares are set for these goals.



**What is the minimum share of socially sustainable investments?**

The Fund makes sustainable investments that might have an environmental or a social goal. No minimum shares are set for these goals.



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

The Fund's investments are mainly direct equity investments. The Fund may also invest its assets in exchange traded derivatives and OTC derivative contracts in order to hedge against the risk of adverse market movements, to replace direct investments and to otherwise promote effective portfolio management. Sustainability data might not be available for possible derivatives.



**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

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

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Fund is a passive index fund the assets of which are invested in accordance with the index. This means that the Fund's investments are split between the countries and companies of the benchmark index in the same proportion as in the index. The investment strategy corresponds to the benchmark index on an ongoing basis.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund is a passive index fund the assets of which are invested in accordance with the index. This means that the Fund's investments are split between the countries and companies of the benchmark index in the same proportion as in the index. The investment strategy corresponds to the benchmark index on an ongoing basis.

- ***How does the designated index differ from a relevant broad market index?***

The benchmark index differs from the equivalent market index in that it takes the intensity of companies' greenhouse gas emissions into account by maintaining the index level's greenhouse gas emission intensity at least 30% lower than in the equivalent general market index. The index also excludes companies and industries based on the criteria presented above.

*Where can the methodology used for the calculation of the designated index be found?*

● [www.msci.com/index-methodology](http://www.msci.com/index-methodology)



Where can I find more product specific information online?

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

[www.op.fi/private-customers/savings-and-investments/funds/supplementary-sustainability-data](http://www.op.fi/private-customers/savings-and-investments/funds/supplementary-sustainability-data)