

For clarity and legal certainty, in the event of any discrepancies or doubts arising from the interpretation of this document, the Danish version shall be considered the definitive and binding text.

Policy for the integration of sustainability risks

HP Fondsmæglerselskab (HP Fonds) is a specialist manager of Danish government and mortgage bonds as well as European green bonds. Our investment philosophy is to generate excess returns by identifying and exploiting the relative value between bond segments. It is a "value" mindset where understanding sustainability risks and taking them into account is an integrated cornerstone. HP Fonds offers management primarily to professional investors through UCITS and private equity funds, but also through individual mandates. HP Fonds employs 13 employees, of which 6 are engaged in investment decisions, while the remaining employees are responsible for liquidation, control, compliance and reporting.

Legal basis

This policy constitutes HP Fonds' policy for the integration of sustainability risks and the policy for dialogue (engagement) with the issuers of the bonds in which HP Fonds invests. The policy provides the framework for HP Fonds' compliance with relevant regulations in sustainability, including:

- The Disclosure Regulation (EU) 2019/2088 of 27 November 2019 regarding information on sustainability in investments ("Sustainable Finance Disclosure Regulation", SFDR).
- Taxonomy Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.
- Act No. 1155 of 08/06-2021 §219, §259, §275 (6), §276 (7) and Appendix 4 Article 29 (2).
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General information about sustainability in HP Fonds

The Company's overall approach to responsible investment is expressed through the PRI (Principles for Responsible Investment) membership, and the annual reporting accordingly, as well as the Company's policy for responsible investment.

As a company, HP Fonds addresses sustainability risks to the extent that such risks could affect the company's financial stability if not properly managed.

HP Fonds only manages funds with a sustainability classification (Funds in accordance with Article 8 or 9 of the Disclosure Regulation). The managed funds are all subject to responsible investment policies and sustainability risk integration.

In addition, HP Fonds wants to be a workplace that takes sustainability into account and that takes social responsibility seriously.

Purpose of the policy

The purpose of the policy is to describe HP Fond's approach to integrating sustainability risks into investment processes in the company. At HP Fonds, the identification and management of sustainability risks can occur both at the corporate level in certain investment processes and during the ongoing monitoring of

investments. HP Fonds is a manager of Investment Funds and Alternative Investment Funds with several different strategies. The possibilities for integrating sustainability risks into investment processes therefore depend primarily on the individual investment strategy.

In practice, this means that the company systematically integrates sustainability risk considerations across its investment practices – bond types, investment strategies and funds – and that HP Fonds realizes its potential to promote environmental and social characteristics and to set and meet sustainable investment goals based on its investment practices.

Sustainability risks

Sustainability risks, according to the SFDR, are ESG events or circumstances that, if they occur, could have an actual or potential material adverse impact on the value of an investment.

Climate and environmental risks

Climate and environmental risks include financial risks arising from exposure to an investment that may be affected by climate change or other forms of environmental degradation, as well as the transition to a carbon-neutral economy. A distinction is made between physical risks and transition risks.

Physical risks relate to more frequent and extreme weather events, and may be, for example, business activities that are particularly vulnerable to these extreme weather events.

Transition risks include the financial risks that companies may face because of the shift to a carbon-neutral economy. This can be investments in a sector with high CO₂ emissions, where the underlying assets are set aside, resulting in a loss of value and lack of profitability.

Social risks

Social risks include the financial risks that the investor may face because of social or societal aspects, and include, among other things, social and working conditions, human capital, diversity and inclusion.

Governance risks

Managerial risks refer to the potential challenges and threats that a company may face because of ineffective or incompetent management. These risks can impact the company's ability to achieve its goals, maintain its reputation, and maintain good governance and operations, which can negatively impact the value of an investment overall.

Sustainability risks and investment advice

HP Fonds has an ongoing focus on integrating sustainability risks into the investment and advisory processes with a desire to contribute positively to a more sustainable and environmentally friendly development of society. The company therefore has an ongoing focus on being able to offer its customers and partners investments that support this and will continuously develop its processes with a view to this, among other things.

HP Fonds must make sure to know the customer's preference for sustainability in its investments. The customer must be given an opportunity to choose his or her own sustainability preferences, including the

importance of how much weight sustainability should have in the choice of investment solution. HP Fonds must ensure that this is documented.

The most sustainable funds Article 9 are also expected to be those that work most with sustainability risks and actively exclude some sectors, industries, companies on the grounds that the companies pose too great a sustainability risk.

Integration of sustainability risks in managed funds

In the management of funds, the actual integration of sustainability risks takes place in the investment decisions of the fund itself. This is done by:

ESG analysis: HP Fonds integrates ESG data and analysis into the investment process. This is done by the responsible portfolio manager including ESG analyses in the investment decision, and companies with a strong ESG profile will thus be given high priority, of course considering other financial fundamentals and risks, including pricing, operating and liquidity conditions. The specific method depends on the investment objective of the respective fund, as well as the given market and the article in question. This approach is described in more detail in the policy for responsible investment.

Implementation and control

The implementation of the policy in HP Fonds' investment practice is anchored in the investment department and the risk department, which prepares a procedure for this. In practice, an assessment is made as to whether bond issuers and bonds fall under the investment strategy in question and HP Fonds' positions and accepted sustainability categories; the assessment is included in the recommendation for the investment in question.

The compliance function overlooks that implementation is sufficiently robust and that the policy's focus areas and any incidents are reported quarterly to the board.

Sustainability risks will be part of the risk manager's ongoing reporting to management.

External reporting and communication

HP Fonds reports externally annually on the work on the activities related to this policy. In addition, HP Fonds reports in accordance with regulatory requirements and in agreement with customers.

HP Fond's reporting is available on the hpfonds.dk website.

Governance of politics

The policy is approved at least once a year by the Board of Directors of HP Fonds and thereafter as needed and in urgent circumstances.