

#### FPO8.4 Policy for Responsible Investments

HP Fondsmæglerselskab (HP Fonds) is a specialized 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 relative value between bond segments. This is a “value” approach, where an understanding of sustainability risks and consideration thereof is a fundamental cornerstone. HP Fonds offers asset management primarily to professional investors through UCITS and investment funds, but also through individual mandates. HP Fonds employs 13 staff members, of whom 6 are involved in investment decisions, while the remaining staff are responsible for settlements, control, compliance, sales, and reporting.

##### Legal Basis

This policy constitutes HP Fonds’ policy for the integration of sustainability risks and the engagement policy with the issuers of the bonds in which HP Fonds invests. The policy forms the framework for HP Fonds’ compliance with relevant sustainability-related regulations, including:

- Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (“Sustainable Finance Disclosure Regulation”, SFDR).
- Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“Taxonomy Regulation”).
- The Danish Act on Investment Firms and Investment Services and Activities, Act No. 1155 of 8 June 2021, sections 219, 259, 275(6), 276(7), and Annex 4, Article 29(2)

##### Purpose of the Policy

The purpose of this policy is to establish the framework for investment and decision-making processes from a sustainable and responsible perspective, including the consideration of ESG factors. With this policy, HP Fonds also seeks to formalize that, when investing on behalf of and together with clients, it is with a shared objective of supporting sustainable economic growth.

Sustainability risks are addressed separately in the Policy on Sustainability Risks.

HP Fonds’ fundamental belief is that efficient bond markets contribute to a sustainable and sound democratic society by enabling bond managers to provide cost-effective financing opportunities to countries, private households, and companies. For bond investments to be considered as such, it is a prerequisite that a framework is established defining which borrowers may be financed and what requirements are imposed on such borrowers.

##### Areas of Focus

To support the purpose of this policy, HP Fonds has prioritised the following areas of focus in its investment practices:

- Systematic analysis of issuers to identify sustainability characteristics and risks.
- Engagement with issuers to promote sustainable objectives.
- Exclusion of issuers from industries and countries that are not compatible with the purpose of the policy.

In addition to contributing to the purpose of the policy, the objective of these focus areas is to support a competent investment practice that minimises the risk of HP Fonds being accused of greenwashing when investing on behalf of clients and on its own behalf.

### **Norm-Based and Activity-Based Screening**

Based on HP Fonds' fundamental belief that bond managers should contribute to a sustainable society, HP Fonds has adopted specific positions that result in exclusions from its investment practices. This is done through both norm-based and activity-based screening.

Norm-based screening:

- Exclusion of government bonds issued by countries that seriously and repeatedly violate human rights.
- Exclusion of issuers that do not endorse the UN Global Compact, the UN Principles for Responsible Banking, the UN Guiding Principles, or similar standards, or that have not implemented policies in relevant areas to ensure alignment with such standards.

Activity-based screening:

- Exclusion of issuers whose revenue is derived from the extraction of fossil fuels.
- Exclusion of issuers whose revenue is derived from the production and sale of controversial weapons.
- Exclusion of issuers whose revenue is derived from the pornography industry.
- Exclusion of issuers whose revenue is derived from the tobacco industry.
- Exclusion of issuers whose revenue is derived from gambling.

HP Fonds' assessments of issuers are based on third-party screening and publicly available information.

### **Implementation and Control**

The implementation of the policy in HP Fonds' investment practices is anchored in the investment department and the risk department, which are responsible for establishing corresponding internal procedures. In practice, an assessment is made of whether bond issuers and bonds fall within the relevant investment strategy and HP Fonds' positions and accepted sustainability categories; this assessment forms part of the recommendation for the specific investment.

The compliance function oversees that the implementation is sufficiently robust and that the policy's focus areas and any incidents are reported quarterly to the Board of Directors.

**External Reporting and Communication**

HP Fonds reports externally on an annual basis regarding its activities related to this policy, and annually in connection with its adherence to the UN PRI and the UN Global Compact. In addition, HP Fonds reports in accordance with regulatory requirements and as agreed with its clients.

HP Fonds' reports are available on the website [hpfonds.dk](http://hpfonds.dk).

**Governance of the Policy**

The policy is approved by HP Fonds' Board of Directors at least once annually, and additionally as needed and in response to material circumstances.

HP Fondsmæglerselskab A/S  
June 2025

Vedtaget af bestyrelsen den . juni 2025

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