

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 responsible investments

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, sales and reporting.

formaterede: Engelsk (USA)

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).
- The 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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Purpose of the policy

The policy aims to set the framework for the work with investment and decision-making processes in a sustainable and responsible manner, including that ESG considerations are considered. With this policy, HP Fonds wishes to further formalize that when HP Fonds invests for and with its customers, it is with a common desire to support sustainable economic growth.

Sustainability risks are addressed separately in the Sustainability Risk Policy.

HP Fonds' fundamental belief is that efficient bond markets contribute to a sustainable and healthy democratic society by bond managers making cost-effective lending options available to countries, private households and companies. It is a condition for bond investment to be considered as such that a framework is set for which borrowers are lent to and what requirements there are for these borrowers.

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Kommenterede [MR1]: We incorporate ESG considerations.

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Focus

To support the objectives of the policy, HP Fonds has prioritized the following focus areas in its investment practices:

- Systematic analysis of issuers to identify sustainability characteristics and risks.
- Dialogue with issuers to promote sustainable goals.

- Exclusion of issuers from industries and countries that are incompatible with the objectives of the policy.

In addition to contributing to the purpose of the policy, the aim is that the focus areas support competent investment practices that minimize the risk that HP Fonds cannot be accused of greenwashing when HP Fonds invests on behalf of customers and itself.

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Norm- and activity-based screening

Based on HP Fonds' fundamental conviction that bond managers must contribute to a sustainable society, HP Fonds has taken concrete positions that lead to exclusion from HP Fonds' investment practices. This is done by conducting both norm- and activity-based screening

Norm-based screening:

- Exclusion of government bonds issued by countries that grossly and repeatedly violate human rights.
- Exclusion of issuers that do not sign the UN Global Framework, UN Principles for Responsible Banking, UN Guiding Principles or similar standards.

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Activity-based screening:

- Exclusion of issuers where the turnover comes from the extraction of fossil fuels.
- Exclusion of issuers whose revenue comes from the manufacture and sale of controversial weapons.
- Exclusion of issuers where the turnover comes from the industry.
- Exclusion of issuers where the turnover originates from the tobacco industry.
- Exclusion of issuers where the turnover is derived from gambling.

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

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.

External reporting and communication



HP Fonds reports externally annually on the work on the activities related to this policy, and annually in connection with the adherence to the UN PRI and the UN Global Compact. 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.

HP Fondsmæglerselskab A/S
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