

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.

FPO8.4 Policy for Responsible Investments - 2024

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 create excess returns by identifying and exploiting the relative value between bond segments. It is a "value" mindset, where understanding of sustainability risks and consideration thereof is an integrated cornerstone. HP Fonds offers management primarily to professional investors through UCITS and investment associations, but also through individual mandates. The total capital under management, Assets under Management, amounts to approximately DKK 7.3 billion at the end of 2023. HP Fonds employs 12 people, of whom 5 are involved in investment decisions, while the remaining employees are responsible for settlement, control, compliance, and reporting.

Legal basis

This policy constitutes HP Fonds' policy for the integration of sustainability risks and policy for 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 the field of sustainability including:

- The Disclosure Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("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.
- The Act on Investment Firms and Investment Services and Activities Law No. 1155 of 08/06-2021 §219, §259, §275 subsection 6, §276 subsection 7, and Annex 4 Article 29 subsection 2.

Purpose of the policy

The purpose of the policy is to ensure that HP Fonds systematically integrates considerations of sustainability risks across its investment practice - bond types, investment strategies, and funds - and that HP Fonds, based on its investment practice, realizes its potential to promote environmental and social characteristics and to set and achieve sustainable investment goals.

HP Fonds' fundamental belief is that efficient bond markets contribute to a sustainable and healthy democratic society; and that bond managers should contribute to this by providing cost-effective investment opportunities for investment clients and by providing risk capital available for countries, private households, and businesses as well as countries that are conscious of their corporate social responsibility and exhibit sustainability considerations.

With this policy, HP Fonds further wishes to formalize that when HP Fonds invests for and with clients, it is with a mutual desire to support sustainable economic growth.

Focus areas

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

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

In addition to contributing to the purpose of the policy, the goal is for the focus areas to support a competent investment practice that ensures clients are not accused of, for example, greenwashing when HP Fonds invests on their behalf.

Positions on themes

Based on HP Fonds' fundamental belief that bond managers should contribute to a sustainable society, HP Fonds has taken specific positions that result in exclusions from HP Fonds' investment practice:

- Exclusion of government bonds issued by countries that grossly and repeatedly violate human rights.
- Exclusion of corporate bonds where the issuer violates international principles for corporate social responsibility. HP Fonds places particular emphasis on equal treatment of gender, religion, and minorities, compliance with workers' rights to organize, and handling of hazardous waste. Additionally, the company is a signatory of the UN Global Compact, UN Guiding Principles, and follows the OECD Guidelines for Multinational Enterprises.
- Exclusion of issuers where revenue comes from the extraction of fossil fuels.
- Exclusion of issuers where revenue comes from the manufacture and sale of controversial weapons.
- Exclusion of issuers where revenue comes from the pornography industry.
- Exclusion of issuers where revenue comes from the tobacco industry.
- Exclusion of issuers where revenue comes from the gambling industry.

HP Fonds' assessments of issuers are based on third-party screenings and publicly available material. Issuers with poor transparency will be excluded.

Implementation and control

The policy's implementation in HP Fonds' investment practice is anchored in the investment department and risk department, which develops a procedure for this. In practice, assessments are made whether bond issuers and bonds fall under the respective investment strategy and HP Fonds' positions and accepted sustainability categories; the assessment is included in the recommendation for the respective 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.



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External reporting and communication

HP Fonds reports externally annually on the activities related to this policy, and annually in connection with the adherence to the UN-supported PRI and UN Global Compact. Furthermore, HP Fonds reports in accordance with regulatory requirements and additionally as agreed with clients.

HP Fonds' reporting is available on the website hpfonds.dk.

Policy governance

The policy is approved at least once annually by HP Fonds' board and thereafter as needed and in urgent circumstances. The policy was last approved on 8 February 2024.

HP Fondsmæglerselskab A/S
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