



NORDKINN

— ASSET MANAGEMENT —

Sustainability Policy



Background

Nordkinn has a vested interest and a responsibility to ensure that the financial system remains sustainable and robust. Nordkinn believes that we most effectively contribute to Agenda 2030 – the Sustainable Development Goals (SDG's)¹ and the Paris Agreement to reach carbon-neutrality by 2050 by specifically advocating for a sustainable financial system.

Based on this belief, Nordkinn's Sustainable Investment (SI) efforts are implemented across;

- the perspective of our investors,
- the perspective of how we invest,
- the perspective of our role in the financial system and the society.

Nordkinn's SI efforts are organised under this *Nordkinn Sustainable Investment Framework*, which include the SI Policy and all SI related processes and steering documents.

This framework describes the SI implementation across the three perspectives and defines the division of sustainability.

1. The SI implementation across three perspectives

1.1. The SI implementation from the perspective of our investors

Nordkinn believes that a sustainable financial system requires that its investors are truly protected. Therefore, Nordkinn ensures solid governance via dedicated Investor Ombudsman and assures that the investment vehicle protects the investor. Also, Nordkinn strives to secure that the investor understands Nordkinn in order to ensure all investors invest for their right reason and with the right expectations. The Sustainability Steering Committee is supportive in finding ways to further develop the protection of investor's interest in Nordkinn from an SI perspective.

¹ <https://sustainabledevelopment.un.org/>

1.2. The SI implementation from the perspective of how we invest

Within all of our investment activities, Nordkinn seeks to integrate sustainability, regardless of investment techniques that we deploy, instruments that we trade or the exposures we hold.

For this reason, we have developed our Sustainability Investment Process. Each step of the process is governed by Nordkinn's Sustainability Steering Committee as described further in section 2 below.



Gross Universe

Given Nordkinn's strategy as a Fixed Income Macro fund with Nordic edge, the *Gross Universe* of potential exposure for Nordkinn is all issuers of relevant instruments in the following categories:

- ca 15 countries
- ca 100 municipalities
- ca 200 companies

Screening

The universe is screened to identify companies or municipalities that might be in conflict with the kind of business, production or how to conduct business that Nordkinn has defined as sustainable and that Nordkinn does not find contributing to the SDGs.

The screening covers both norm-based screening (i.e. evaluating corporate adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption), as well as sector-based screening (i.e. that provides an assessment of companies with business involvement in specific controversial products or services). Please see Appendix 1 for details.

ISS ESG is appointed as external ESG data provider.

Engagement

The Sustainability Steering Committee coordinates and prioritises which engagement activities Nordkinn shall pursue. Often, these engagement activities are related to specific SI themes.

Climate Impact

In order to be able to evaluate, understand, and manage the climate-related risks of our existing or planned investments Nordkinn receives climate impact data from our ESG data provider. The data received provides metrics to evaluate in how far a company is exposed to climate/carbon risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Assessment and Performance

The Sustainability Steering Committee annually self-assess the effects and results of Nordkinn's sustainability efforts as well as its own efforts and results as a steering committee. This self-assessment is further analysed annually by Nordkinn's Board of Directors.

Reporting

Nordkinn reports annually and semi-annually its sustainability efforts in the annual and semi-annual reports of the fund. Further, the efforts are annually reported to UN PRI (incl TCFD reporting) as well as to SBAI.

1.3. The SI implementation from the perspective of our role in the financial system and the society

Liquid and efficient underlying markets are other key prerequisites for a sustainable financial system. As such Nordkinn believes that it plays an important role in the financial system in fostering efficient markets. The Sustainability Steering Committee is supportive in finding ways to further develop Nordkinn's SI efforts in supporting efficient capital markets.

2. Division of responsibilities for the SI Implementation

2.1 Responsibility of the Board of Directors

- The Board of Directors is the ultimate governing body for *Nordkinn Sustainable Investment Framework* and approval thereof.
- The Board of Directors appoints the Sustainability Steering Committee members.
- The Board of Directors shall be informed about the Steering Committee's work on an ongoing basis.

2.1.1. Appointment of Sustainability Steering Committee Members

The Sustainability Steering Committee should have six members, split equally between internal and external members. Internal members should include at least one Investment Manager and the chairperson shall be internal. External members must have a proven, relevant and complimentary track record/experience from the SI industry in order to add concrete value to Nordkinn's SI efforts.

Background of external members of Nordkinn Sustainability Steering Committee:

Emma Ihre

Ms. Ihre has been involved in sustainability issues in the financial market since 1998. As Head of Sustainability at Mannheimer Swartling Advokatbyrå AB Ms. Ihre works with adding value in the firm's service offering to clients and in developing the firm's sustainability initiatives. Before joining Mannheimer Swartling Ms. Ihre served as Head of Sustainable Business at the Swedish Ministry of Finance and was sustainable for integrating sustainability and business ethics into the governance of state-owned companies as well as Head of Engagement at Ethix SRI Advisors.

Emma Sjöström

Ms. Sjöström has been involved in sustainability from an academic perspective since early 2000's. Ms. Sjöström holds an PhD in "Shareholder Influence on Corporate Social Sustainability" since 2009. Being the manager of the research platform Sustainable Finance within Misum, she is coordinating research and working with outreach activities. She is also conducting research in a Vinnova-funded project on investor engagement with utility companies on phasing out coal, as well as writing teaching cases, primarily on sustainable investment.

Christine Tørklep

Ms. Tørklep's has been involved in the SI industry since early 2000's. Her core competences are business development, strategy and leadership for sustainability and circular economy within Environmental Engineering and Environmental Strategy, including 14 years in asset management and sustainable investments. She holds an MBA in Management Control, and has also worked in consulting within waste management/recycling. Experience also includes business development, portfolio management, ESG analysis, active ownership and quality systems.

Nordkinn internal members

Katarina Carlbring, COO and chair
Alexander Melsom, Investment Manager
Erik Eidolf, CEO

2.2. Responsibility of the Sustainability Steering Committee

The Steering Committee is the steering body in the implementation of the *Nordkinn Sustainable Investment Framework* and meets on a quarterly basis. Nordkinn staff is sustainable to ensure that the framework is put to practice in the day-to-day activities.

Ongoing tasks

Steering of SI Policy Implementation

- Ongoing implementation of the SI Policy Framework.

Oversee the ESG filtering process

- Define and Monitor ESG filter definitions
- Analyse filtering results and approve final ESG filtered universe on a running basis.

Opportunistically search for SDG impact

- Define themes where Nordkinn has the most impact towards the SDGs.
- Identify engagement cases and optimal approach.
- Identify other SI activities that support Nordkinn's efforts from the investor and societal perspectives.

Annual assessment

- Annually assess the Framework
- Annually assess the ESG screening consultant

Appendix 1 Binary Exclusion Filter

NORDKINN BINARY EXCLUSION FILTER

Exposure	Type of involvement	Revenue threshold
Norm-based research		incidents reported to NK
Sector-based research: Controversial weapons *	P	0 %
	D	0 %
	S	0 %
Sector-based research: Alcohol	P	5 %
	D	5 %
	S	5 %
Sector-based research: Tobacco	P	0 %
	D	5 %
	S	5 %
Sector-based research: Commercial Gambling	P	5 %
	D	5 %
	S	5 %
Sector-based research: Pornography	P	0 %
	D	5 %
	S	n.a.
Sector-based research: Coal mining	P	5 %
	D	5 %
	S	5 %
Sector-based research: Fossil fuel	P	5 %
	D	10 %
	S	10 %
Sector-based research: Arctic and deep-sea drilling	P	0 %
	D	0 %
	S	0 %
Sector-based research: Oil sand	P	0 %
	D	0 %
	S	0 %

*) Controversial Weapons Screening

- Anti-Personnel mines
- Cluster munitions
- Nuclear weapons outside the NPT
- Nuclear weapons inside the NPT
- Biological weapons
- Chemical weapons

P = Production
D = Distribution
S = Services

*) Norm-Based Screening evaluates corporate adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption.

**) Weapons that are illegal as defined by production and use prohibited by international legal instruments or deemed particularly controversial because of indiscriminate effects and disproportionate harm caused by their use.