



## **RESPONSIBLE INVESTMENT POLICY**

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Dated 2020-11-16 Revised and approved by the Board in Finserve Nordic 10<sup>th</sup> of March 2021

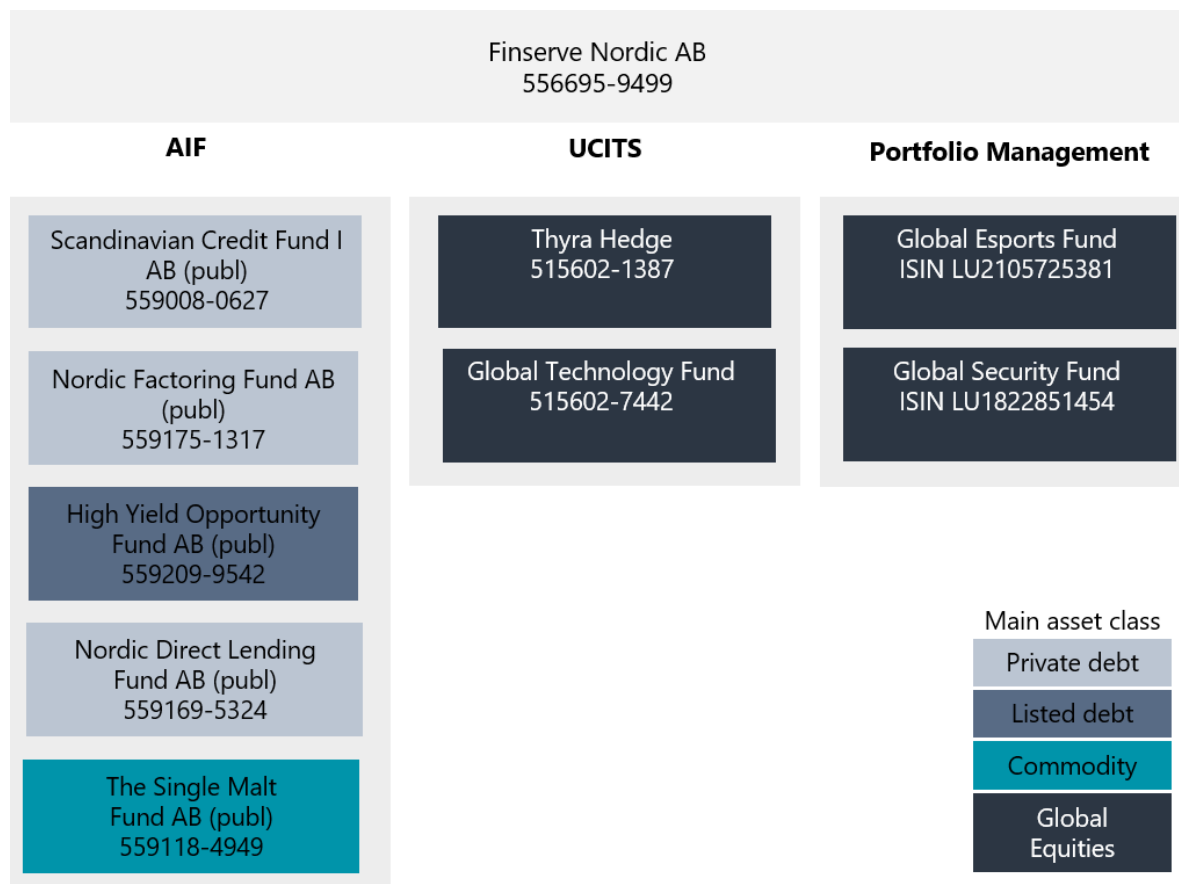
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## 1. INTRODUCTION

Finserve Nordic AB (“**Finserve**”) operates as a regulated manager of AIF and UCITS funds together with Portfolio Management. Finserve manages a total of eight funds within the asset classes: private debt, listed debt, commodity, and global equities. The total AUM of the funds managed is currently EUR 450m. Within the AIFs and in addition to the commodity fund, Finserve serve as a direct lender on the Nordic market and extends or acquires debt to corporate borrowers (each a “**Borrower**”). The UCITS and Discretionary funds invest in global equities with different strategies. Finserve is convinced that it is necessary to consider the total outcome of its lending and investment activities (each an “**Investment**”) including environmental, social and governance (“**ESG**”) implications of the Investment.



The overarching purpose of this policy is to outline Finserve’s approach to responsible investments. Finserve believes that attention to ESG issues is a prerequisite for companies to deliver long-term value creation and to incorporate ESG aspects in the investment process is vital to support Finserve’s overall objectives as an active investor and debt provider.

This policy (the “**Policy**”) lays the ground for a systematic process pursuant to which assessing and evaluating ESG risks and opportunities is an integrated part in Finserve’s investment and debt providing activities. More specific, this policy aims to provide tools to the investment professionals to support the development of ESG attention, and thereby the long-term value creation, as well as to ensure that any of the funds managed within Finserve does not extend investment and debt providing activities to companies or groups with certain activities identified as not in line with Finserve’s ESG core values (the “**Exclusion List**”). This policy also serves as a tool to communicate to investors and other stakeholders in Finserve how ESG issues are integrated in Finserve’s business model.

## **2. RESPONSIBLE INVESTMENTS**

### **2.1 Definition**

Finserve defines responsible investing as an activity, which in addition to financial return considerations also consider environmental, social and governance issues to better manage risk and opportunities as well as to improve long term returns and outcomes, further described as Finserve's Responsible Investment Strategy (or the "**Strategy**"). Finserve is confident that by ensuring the implementation of its Strategy to all its investments, it creates a more successful and sustainable business over the long-term and generate enhanced value for the investors.

### **2.2 Scope**

Finserve is a signatory to the United Nations Principles of Responsible Investment ("**UN PRI**") and the basis for Finserve's work with responsible investments shall therefore be in accordance with the UN PRI framework. All funds managed by Finserve are therefore obliged to follow the Strategy as well as its responsible investment process described in this document.

### **2.3 Responsibility for the adoption of the Responsibility Investment Policy**

The board of directors of Finserve's funds is ultimately responsible for ensuring the effective implementation of this policy. Although, each investment professional working with the investment activities within Finserve's funds is responsible for the day-to-day implementation of this policy.

Finserve makes the following commitment to its stakeholders:

1. It is committed to be compliant with the applicable laws and regulations in the jurisdictions in which it operates as well as international humanitarian law, international conventions, and standards for sound environmental, social and governance performance.
2. It expects all Investments to comply with the laws and regulations in the jurisdictions in which they operate as well as international humanitarian law, international conventions and standards for sound environmental, social and governance performance, and is committed to communicate such expectations.
3. It strives for long-term improvement on ESG issues.
4. It promotes transparency on ESG issues by, amongst other, providing clear and timely communication to investors and stakeholders in accordance with laws and regulations applicable to its activities such as the EU Disclosure Regulation.

### **2.4 Documentation**

Finserve's approach for ESG issues related to an Investment, whether a clear dividing line between its contribution to sustainability can be drawn or not, is to promote transparency on how ESG issues related to an Investment are considered. Documentation together with other relevant information linked to an Investment's ESG issues, will to the extent it feasible, and in addition to other relevant documentation, be collected and documented.

## 2.5 Transparency of adverse sustainability impacts at entity level

Limitations in how coming legislation provide guidance of how adverse impacts of investment decisions should be disclosed in a consistent way has in turn limited what commitments Finserve can make for each fund it manages.

All funds managed by Finserve are committed to be compliant with the applicable laws and regulations in the jurisdictions in which it operates.

Those funds managed by Finserve, and in the view of Finserve might reasonably consider principal adverse impacts of investment decisions on sustainability factors, will likely begin to consider principal adverse impacts of investment decisions on sustainability factors during 2021 after the legislator has enacted the proposal for detailed regulations which shall apply to such disclosure.

Hence, and in accordance with the EU Disclosure regulation, Finserve do not make the commitment to consider principal adverse impacts of investment decisions on sustainability factors to any of its managed funds by 10 March 2021. Described as Opt-out and in contrast to Opt-in.

Information as to whether and when respective fund managed by Finserve likely intend or not intend to make the commitment of considering principal adverse impacts of investment decisions on sustainability factors according to legislation is schematically described below. Those funds managed by Finserve that likely not will consider opt-in during 2021 are doing so due to the perceived limitation to attain sufficient information about its investments' adverse impact on sustainability factors as well as in some cases due to the duration the investment.

OPT-OUT BY 10 MARS 2021	LIKELY OPT-IN DURING 2021	
Scandinavian Credit Fund I AB (publ) 559008-0627	Scandinavian Credit Fund I AB (publ) 559008-0627	
Nordic Factoring Fund AB (publ) 559175-1317	Nordic Factoring Fund AB (publ) 559175-1317	
Nordic Direct Lending Fund AB (publ) 559169-5324	Nordic Direct Lending Fund AB (publ) 559169-5324	
High Yield Opportunity Fund AB (publ) 559209-9542		
Thyra Hedge 515602-1387		
Global Technology Fund 515602-7442		
Global Esports Fund ISIN LU2105725381		
Global Security Fund ISIN LU1822851454		
The Single Malt Fund AB (publ) 559118-4949		
		Main asset class
		Private debt
		Listed debt
		Global Equities
		Commodity

## **2.6 Environmental**

Finserve recognises the increasing concern related to the climate and environmental matters and is committed to prevent, minimize and mitigate any harmful effects that Finserve's activities may have on the climate or the environment, as well as to contribute to positive effects on the environment and the climate. Finserve shall conduct its lending and investment activities in accordance with international principles promoting and safeguarding the climate and the environment and aims to promote an appropriate level of climate and environmental awareness.

## **2.7 Social**

Finserve supports and respects the protection of internationally proclaimed human and labour rights and does not compromise on requirements set out in national law or international standards with regards to human rights and labour conditions. Finserve shall conduct its lending and investment activities in accordance with international principles promoting and safeguarding human and labour rights.

## **2.8 Governance**

Finserve believes in a strong corporate governance. Finserve shall, in its investment and lending activities promote sustainable financial policies and ensuring independence and stability with respect to relevant legislation.

## **2.9 Exclusion List**

Finserve has defined its position in relation to certain kind of businesses and/or industries which it believes to contravene Finserve's core values. Thus, Finserve shall not invest in or extend debt financing to companies or groups that:

1. Generates more than 5 per cent of its annual revenue directly from thermal coal, including thermal coal mining or extraction, transportation of thermal coal material and thermal generation based on thermal coal;
2. is principally engaged in oil sands activities, including the extraction or processing of oil sand, or power or thermal generation based on oil sand;
3. is engaged in the production, servicing or distribution of nuclear weapons, cluster munition, land mines, chemical weapons or biological weapons or components or systems whose primary purpose is to be used in, or in the production of, nuclear weapons, cluster munition, land mines, chemical weapons or biological weapons;
4. systematically violate fundamental human rights, including torture, unlawful imprisonment, forced labour and child labour or any other exploration of children;
5. is engaged, or is considered (in the opinion of Finserve) to be engaged, in corruption or bribery;
6. is principally engaged in the production of tobacco or tobacco products, such as cigarettes, cigars, pipe tobacco, chewing tobacco and snuff;
7. is engaged in the production of drugs (such as cannabis) for recreational purposes or generates more than 5 per cent of its annual revenue directly from the distribution of cannabis and other drugs for recreational purposes;

8. generates more than 5 percent of its annual revenue from commercial gambling that is not under supervision of competent regulator within the EEA or within a third country that has similar supervision, including online gambling, casinos, gambling clubs, the production and sale of gambling machines or software for gambling;
9. is principally engaged in the production of pornography; or
10. is principally engaged in the extraction of uranium or storage of uranium materials, or power or thermal generation based on uranium.

## **2.10 Progress in responsible investments, facilitating learning and development**

Finserve's Strategy will not alter but like any other of Finserve's internal processes, its responsible investment processes and activities could well progress out from additional gained knowledge. Both from an internal point of view as well as to prior made investments. Finserve's improvements in its responsible investment processes will resemble in an updated policy described under 5. Disclosure and reporting. In terms of a potential altered or any other deviation from any Investment's ESG compliance see 3.4 ESG Commitment process.

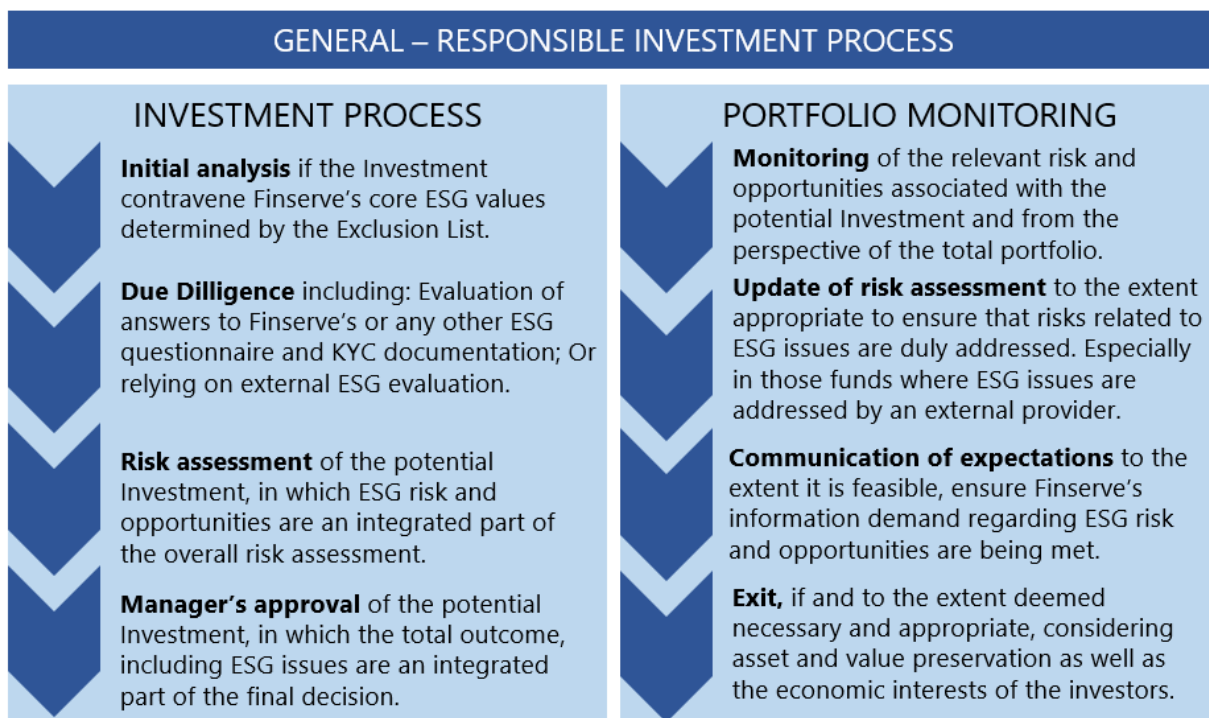
## **3. IMPLEMENTATION**

### **3.1 General**

Finserve considers ESG issues in each step of the managed funds investment process, both from a risk mitigating perspective as well as a value creation perspective. The approach employed depends on each fund's possibility to influence. Finserve shall have a dedicated ESG specialist (the "**ESG Specialist**"), which shall assist in implementing ESG aspects in all Finserve's activities.

Finserve's membership to UN PRI implies that each of the funds managed by Finserve are obliged to follow the policy described in this document. Still the difference in asset classes imply limitations to apply a homogenic investment process to how ESG issues are integrated in the investment processes.

Below is an illustration on how ESG issues in general are integrated in Finserve's investment process to all its lending and investment activities. More detailed information of how Finserve ensure its Responsible Investment Policy being integrated in each fund's investment process are described in more detailed information in the Manager's investment process attached in the Appendix of this document.



### 3.2 Investment process

ESG issues are an integral part of the initial analysis of a potential Investment. This approach enables the investment professionals to identify ESG risks and opportunities at an early stage of the investment process and to design the investment process based on such findings. This approach also ensures that investments in breach of the Exclusion List may be excluded as early as possible in the investment process.

The due diligence preceding an investment decision is primarily carried out by the investment professionals and shall include an analysis of opportunities, risks, relevant legal, tax, financial or other value affecting factors, human, technical and material resources and appropriate strategies, including exit strategies as well as *inter alia* industry and business specific aspects as well as ESG risks and opportunities. However, it should be noted that the level of due diligence will vary with several factors, such as any of the funds managed by Finserve’s position in the relevant company’s/group’s capital structure.

Based on the findings in the due diligence, a risk assessment is carried out in respect of the potential Investment, to ensure that the investment is in line with the objectives, the Strategy and, where applicable, the risk limits and the investment mandate of Finserve. ESG issues are an integral part of the overall risk assessment and the risk assessment shall at least identify any ESG risks and opportunities.

The risk assessment is documented and forms part of the basis on which the credit or investment approval will be taken. ESG risks, as well as other risks identified with the potential Investment may, to the extent deemed commercially reasonable, be addressed in the reporting or other obligations, in the pricing model or otherwise through communication of Finserve’s expectations to the relevant Investment.



### **3.3 Portfolio monitoring**

Finserve monitors ESG risks and opportunities in relation to each Investment as an integrated part of the overall portfolio monitoring.

Based on the monitoring of the relevant Investment, the risk assessment will be duly updated to address increased or decreased ESG risks or opportunities as well as other risks and opportunities associated with the Investment. Although access to management will vary between both separate investments as well as between Finserve's different funds. Finserve aims to be an active lender and, to the extent feasible and as part of the ongoing portfolio monitoring, and in the case there exists, maintain an ongoing dialogue with the Borrowers in respect of their ESG risks and opportunities as well as ESG development.

Should any issue arise to the effect that an Investment no longer is compliant with the Exclusion List or Finserve otherwise deems the ESG risks to be too high, Finserve shall make its reasonable best efforts to influence the Investment to make necessary and appropriate amendments to its business and or structure. If, in the reasonable opinion of Finserve, the Investment does not show any sign on improvement Finserve shall, if deemed commercially reasonable, dispose of the Investment, always taking asset value and the economic interests of the investors into account.

### **3.4 ESG Commitment process**

Finserve believes that sustainability means taking responsibility for the impact that its activities have on the surroundings. Finserve express this view by being a signatory to UN PRI and by that commits to conduct its responsible investing in accordance with the UN PRI framework.

To be engaged or to engage in an Investment not regarded compliant out from this Policy will not automatically disqualify the Investment, last described in 3.3 Portfolio monitoring. Any potential validation of such evasion could be done given the long-term goals with such an Investment still would align with Finserve's Responsible Investment Strategy. Finserve will however have the full responsibility for defending such an Investment to its stakeholders.

## **4. GOVERNANCE AND OVERSIGHT**

The board of directors of Finserve's funds, Finserve Nordic AB (the "**Manager**"), is ultimately responsible for ensuring the effective implementation of this policy and this policy shall be reviewed annually by the board of directors of the Manager.

Each investment professional working with the investment activities of Finserve's funds is responsible for the day-to-day implementation of this policy.

The board of directors of the Manager shall appoint the ESG Specialist to oversee the promotion, support, and integration of responsible and sustainable business practices, including ESG issues, in the Investments. The ESG Specialist shall further ensure that the investment professionals working with Finserve's investment activities have the required understanding to effectively assess and monitor risks and opportunities related to ESG issues, and shall monitor the wider ESG landscape to identify new and emerging issues and ensure that due action is taken to implement ESG related legislation and industry initiatives, as appropriate taking into account Finserve's size and activities.

**5. DISCLOSURE AND REPORTING**

The Manager shall, at the times and to the extent deemed appropriate, report on its approach on responsible investment as well as Finserve’s ESG risks, opportunities and development (i) as an integrated part of the reporting to investors under the terms and conditions for Finserve or (ii) in a separate sustainability report.

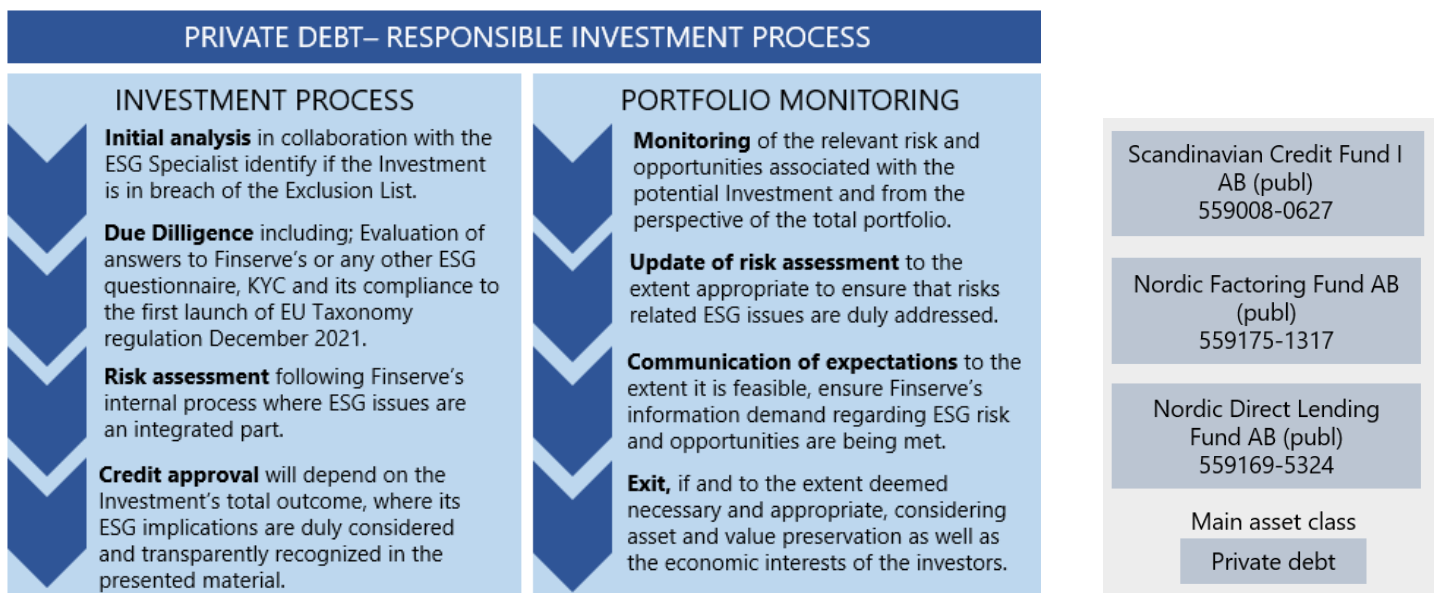
As a signatory of the UN PRI, Finserve shall report on ESG issues in accordance with the UN PRI framework, explaining how the six Principles for Responsible Investments are implemented: (I) We will incorporate ESG issues into investment analysis and decision-making processes (II) We will be active owners and incorporate ESG issues into our ownership policies and practices (III) We will seek appropriate disclosure on ESG issues by the entities in which we invest (IV) We will promote acceptance and implementation of the Principles within the investment industry (V) We will work together to enhance our effectiveness in implementing the Principles (VI) We will each report on our activities and progress towards implementing the Principles. The most recent transparency report of Finserve will be found on the UN PRI website [www.unpri.org](http://www.unpri.org).

This policy and other relevant sustainability information shall be published on Finserve’s website in accordance with applicable laws and regulations.

**6. APPENDIX**

**7. MANAGER’S INVESTMENT PROCESS**

**7.1 AIFs**



**LISTED DEBT– RESPONSIBLE INVESTMENT PROCESS**

**INVESTMENT PROCESS**

**Initial analysis** in collaboration with the ESG Specialist identify if the Investment is in breach of the Exclusion List.

**Due Dilligence** including; Evaluation of answers to Finserve’s or any other ESG questionnaire.

**Risk assessment** following Finserve’s internal process where ESG issues are an integrated part.

**Credit approval** will depend on the Investment’s total outcome, where its ESG implications are duly considered and transparently recognized in the presented material.

**PORTFOLIO MONITORING**

**Monitoring** of the relevant risk and opportunities associated with the potential Investment and from the perspective of the total portfolio.

**Update of risk assessment** to the extent appropriate to ensure that risks related ESG issues are duly addressed.

**Communication of expectations** to the extent it is feasible, ensure Finserve’s information demand regarding ESG risk and opportunities are being met.

**Exit**, if and to the extent deemed necessary and appropriate, considering asset and value preservation as well as the economic interests of the investors.

High Yield Opportunity Fund AB (publ)  
559209-9542

Main asset class

Listed debt

**COMMODITY– RESPONSIBLE INVESTMENT PROCESS**

**INVESTMENT PROCESS**

**Initial analysis** identify if the Investment is in breach of the Exclusion List.

**Due Dilligence** including; Evaluation of answers to Finserve’s or any other ESG questionnaire.

**Risk assessment** of the potential investment, in which ESG risk and opportunities are an integrated part of the overall risk assessment of the Investment.

**Manager’s approval** based on the risk assessment where the ESG risk and opportunities are duly considered.

**PORTFOLIO MONITORING**

**Monitoring** of the relevant risk and opportunities associated with the potential Investment and from the perspective of the total portfolio.

**Update of risk assessment** to the extent appropriate to ensure that risks related ESG issues are duly addressed.

**Communication of expectations** to the extent it is feasible, ensure Finserve’s information demand regarding ESG risk and opportunities being met.

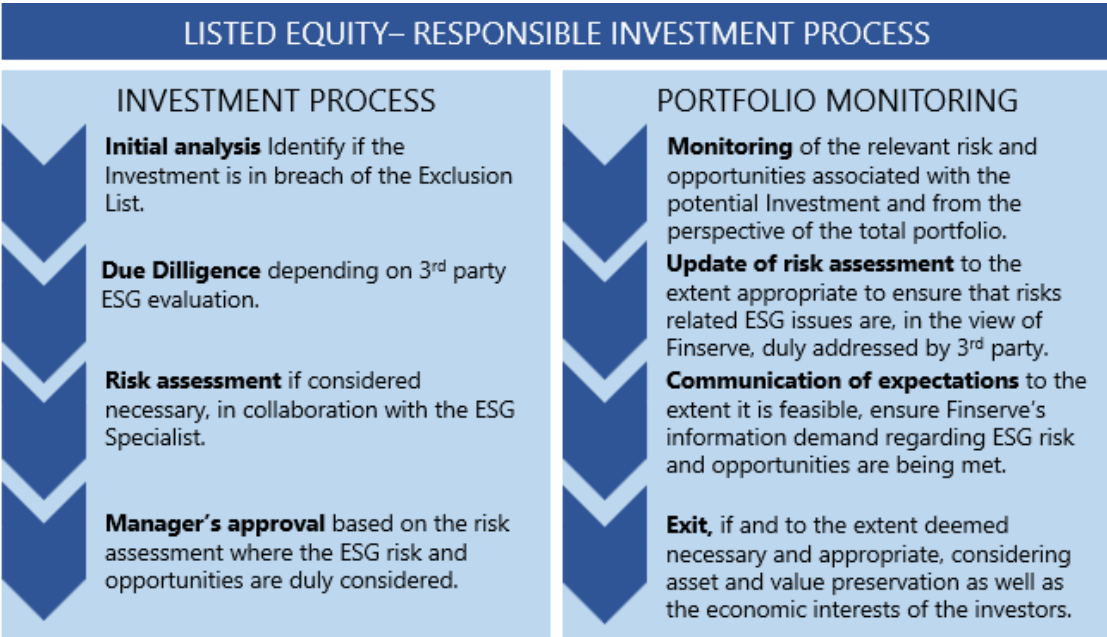
**Exit**, if and to the extent deemed necessary and appropriate, considering asset and value preservation as well as the economic interests of the investors.

The Single Malt Fund AB (publ)  
559118-4949

Main asset class

Commodity

7.2 UCITS AND PORTFOLIO MANAGEMENT



- Thyra Hedge  
515602-1387
- Global Technology Fund  
515602-7442
- Global Esports Fund  
ISIN LU2105725381
- Global Security Fund  
ISIN LU1822851454
- Main asset class  
Global Equities