

Nordic Investment Opportunities A/S – ESG Policy

1. Purpose

This document sets Nordic Investment Opportunities A/S (“**NIO**”) approach to the management of investments, including the principles of sustainability (ESG) integration when sourcing, selecting and monitoring investments. The ESG policy is applicable to all NIO funds and their respective investment processes.

2. Principles

2.1 *ESG Principles*

We believe that a focused effort to integrate ESG into investments is a prerequisite for long-term, healthy earnings – and thus for the preservation of the real value of investments.

The aim of NIO’s ESG Policy is to protect the value of NIO’s investments and to contribute to ensuring that the portfolio companies have the lowest possible capital costs through focus on and acting responsibly. NIO is a signatory and adheres to the UN Principles for Responsible Investments (UN PRI).

2.1.1 *Environmental*

Relevant environmental issues of an investment shall be identified and assessed. Compliance obligations regarding the assessment and identification of environmental consequences and issues related to an investment, set out by relevant law or regulations, shall be properly observed.

The environmental consequences related to the construction process for infrastructure assets owned, specifically in relation to the use of hazardous materials and construction work in general as well as ongoing operations, shall be minimized in accordance with good industry practice.

2.1.2 *Social*

Relevant social and human rights issues of an investment shall be identified and assessed.

No investment shall be engaged in the manufacture of weapons, which during normal intended use would breach fundamental humanitarian principles (e.g., atomic, biological or chemical weapons, cluster bombs or anti-personnel landmines), be involved in the development, production or storage of nuclear weapons, or in the production of components made explicitly for use in nuclear weapons.

Fundamental labour rights shall be acknowledged and observed by the investment project, including significant suppliers.

2.1.3 *Governance*

No corruption and/or bribery shall take place or be carried out directly or indirectly by any of the parties involved in an Investment.

Voting rights shall be exercised to promote the active ownership of an Investment.

Governmental and community relations shall be promoted to the extent relevant.

Appropriate disclosure on environmental, social and governance issues shall be promoted.

Effective risk management shall be promoted.

Laws and regulations regarding, e.g. environmental, human rights and labour rights set out by relevant authorities, shall be complied with by all parties, including by significant suppliers, involved in an Investment.

NIO does not directly or indirectly invest in companies that intentionally and repeatedly violate rules laid down by national authorities on the markets in which the company operates or by central international organisations endorsed by the relevant country.

3. Assumptions

NIO's work on sustainability in investments must be characterised by consistency, predictability, seriousness, and openness as well as based on facts rather than subjective assessments.

4. Application

4.1 *Screening and due diligence*

Sustainability is included as one of NIO's investment underwriting criteria when evaluating potential investments. The initial part of the screening process constitutes desk research and assessment of the manager's response to NIO's ESG due diligence questionnaire. The detailed assessment comprises NIO's own screening tool, which takes into account the manager's ESG management and the fund's ESG exposure from a market perspective. The market risks are identified through an assessment of the underlying funds' exposure to geographies and industry sectors. The fund manager is assessed based on the fund's policies and processes, implementation of its policies, in-house resources available, and the level, quality, and frequency of the manager's ESG reporting and monitoring of investments. The key ESG risks identified from both assessments are presented to the Investment Committee and integrated into the final investment decision.

4.2 *Legal agreements*

NIO will seek the relevant adherence to NIO's ESG Policy (including reporting requirements) to the extent possible as per the fund LPA, which should cover:

- (i) UN Global Compact
- (ii) OECD MNEs Guidelines
- (iii) UN Guiding Principles on Business and Human Rights
- (iv) Declaration on Fundamental Rights and Principles at Work of the International Labour Organisation (ILO)
- (v) The eight ILO core conventions
- (vi) The International Bill of Human Rights

In lieu of full adherence NIO will take a balanced view and also consider other options such as establish legal obligations through a side letter including, but not limited to, "excuse investment participation provisions".

4.3 *Monitoring*

NIO monitors ESG factors and actively engages with managers through regular dialogue and follow-up on identified key risks. Identified ESG risks are promptly escalated and the Investment Committee shall, if deemed appropriate and relevant, be informed on the matter. NIO will also seek to encourage investment funds and companies, based on the business they conduct, to address relevant sustainability issues, to have in place fit-for-purpose guidelines, and to apply control and follow-up systems to enable the business to operate responsibly.

4.4 *Principal adverse impacts on sustainability (ESG) factors*

NIO supports in full the steps taken by the European Commission to achieve its sustainability targets and promote sustainable development in the financial industry. In the room of our activities, the scope of our current investments does not consider adverse impacts of investment decisions on sustainability factors. Our activities develop with the increase of our growth and maturity of sustainable finance in the market. And in response to this we will continuously evaluate and progress our stand on adverse impacts and disclosures.

5. **General**

NIO will stay up to date with the evolution of ESG practices in the international community through internal training and discussions among our peers and partners to helps us become better investors on behalf of our clients.

6. Remuneration policy consistency with ESG risks

NIO has adopted a remuneration policy which promotes sound and effective risk management with respect to sustainability risks and other relevant risks. The performance criteria are linked to compliance adherence, risk management policies, and compliance with internal and external rules and ESG principles. The remuneration policy does not encourage excessive risk taking with respect to ESG risks or other relevant risks.

7. Responsible

The Chief Investment Officer (CIO) is responsible for overseeing NIO's ESG policy with the support of the Chief Operating Officer (COO)

8. Approval

This Policy was approved by the Board of Directors on 29 April 2020, 25 February 2021 and 12 March 2021.

9. Approval history

Version:	Effective from:	Changes:	Performed by:
1	20 October 2020	Approved 29 April 2020 by the Board of Directors in connection with application to convert investment firm license to an AIFM license. This policy shall apply following receipt of AIFM license from the Danish FSA.	Board of Directors
2	25 February 2021	Sustainability integration	Board of Directors
3	12 March 2021	Sustainability amendments	Board of Directors