

## Policy on the integration of sustainability risks

### Contents

Introduction.....	2
Definitions.....	2
Integration of sustainability risks.....	3
Transparency of adverse sustainability risk.....	3
Transparency of remuneration policies regarding sustainability risks.....	3
Pre-contractual information.....	4
Publication.....	4
Updating.....	4
History.....	5



## 1. Introduction

- 1.1. The Board of Directors (in Danish: bestyrelsen) of North-East Family Office Fondsmæglerselskab A/S (the "**BoD**" and the "**Company**," respectively) has adopted this Policy on the integration of sustainability risks (the "Policy") and have herein set out guidelines for the integration of sustainability risks in their investment decision-making process in accordance with regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability related disclosures in the financial service sector (hereinafter "**SFDR**").
- 1.2. SFDR aims to reduce information asymmetries in principal-agent relationships with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment, by requiring Financial Market Participants (as defined below) and financial advisers to make pre-contractual and ongoing disclosures to end investors when they act as Financial Market Participants (as defined below) or offer Financial Products (as defined below).
- 1.3. The Company is a Financial Market Participant (as defined below) and offers portfolio management which is seen as a Financial Product (as defined below) hence the Company is obligated to comply with the SFDR and regulation derived hereof.

## 2. Definitions

### 2.1. **Financial Market Participant** means:

- (a) an insurance undertaking which makes an insurance-based investment product (IBIP) available;
- (b) an investment firm which provides portfolio management;
- (c) an institution for occupational retirement provision (IORP);
- (d) a manufacturer of a pension product;
- (e) an alternative investment fund manager (AIFM);
- (f) a pan-European personal pension product (PEPP) provider;
- (g) a manager of a qualifying venture capital fund registered in accordance with Article 14 of Regulation (EU) No 345/2013;
- (h) a manager of a qualifying social entrepreneurship fund registered in accordance with Article 15 of Regulation (EU) No 346/2013;
- (i) a management company of an undertaking for collective investment in transferable securities (UCITS management company); or
- (j) a credit institution which provides portfolio management.

### 2.2. **Financial Product** means:

- (a) Portfolio management as defined in Directive 2014/65/EU ("**MiFID II**")
- (b) an alternative investment fund (AIF);
- (c) an insurance-based investment product;
- (d) a pension product;
- (e) a pension scheme;
- (f) a UCITS; or
- (g) a pan-European Personal Pension Product.

- 2.3. **Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
- 2.4. **Customer** means a person or legal entity that has entered into a portfolio agreement with the Company.

### **3. Integration of sustainability risks**

- 3.1. The Company is aware of the need to include the identification and mitigation of Sustainability Risks in the investment decision-making process and can choose to discard a possible investment because it is not deemed a sustainable business practice or model. However, the Company has not issued specific guidelines regulating when this should be done and the work on the area is therefore solely on a discretionary basis in relation to the identification, assessment of new investment and investment managers.
- 3.2. The primary investment goal for the Company is to make the investments that best fit the investment strategy for each investor. The Company does not see a contradiction between the investment strategy that is best for each Customer and the integration of Sustainability Risks.
- 3.3. The Company does not advertise or in other way market its products as green, sustainable or impact investment, but the Company has a long-term approach to the investment strategy which in its nature must be sustainable in order to accommodate with the trends that are an integrated part of the discretionary portfolio management.

### **4. Transparency of adverse sustainability impacts at entity level**

- 4.1. Currently, the Company does not consider adverse impacts of investment decisions on sustainability factors. The reason for this is, that the Company does not believe that blacklisting, following international standards for due diligence or hiring of external consultant, is the best approach in working with sustainability, but believes that a more holistic approach is needed in order to assess whether a potential investment is attractive and within the investment strategy or can be transformed into an attractive and sustainable investment.
- 4.2. The Company reconsiders this approach each year and possibly on a later date when the area has matured, and the Taxonomy Regulation and delegated acts is finalized.

### **5. Transparency of remuneration policies regarding sustainability risks**

- 5.1. The Company has established a remuneration policy in accordance with MiFID II. In order to accommodate with the duty to include information on how the remuneration policy is consistent with the integration of sustainability risks, the Company has included the following sentence in the remuneration policy:

*"It is the Company's policy that variable remuneration shall never create inducements to make decisions resulting in unwanted sustainability risks"*



## **6. Pre-contractual information**

- 6.1. The Company shall, in respect to section 6.2, include descriptions of the following in the pre-contractual disclosures:
  - (a) the manner, in which sustainability risks are integrated into their investment decisions; and
  - (b) the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.
- 6.2. The Management (in danish: direktionen) of the Company can also choose that sustainability risk is not relevant for the portfolio management contract and can instead of the description in section 6.1 include a statement, that sustainability risk is not relevant together with a clear and concise explanation of the reasons therefor.
- 6.3. No matter if the approach in section 6.1 or 6.2 is chosen the information shall be included in the pre-contractual information as described in article 24 (4) in MiFID II.
- 6.4. The Company shall include a statement that it does not consider the adverse impacts of investment decisions on sustainability factors and the reasons therefor in the pre-contractual information as further described in section 4. If the Company chooses to consider principal adverse impacts of investment decisions on sustainability factors shall make sure to include the information in SFDR article 4 (2) in the pre-contractual information instead.

## **7. Publication**

- 7.1. The Policy shall be published on the Company's website in accordance with the duty to publish information about integration of sustainability risk on the Company's website.
- 7.2. Section 3 in the Policy covers the duty to publish information on the Company's website about policies on the integration of sustainability risks in their investment decision-making process in accordance with SFDR article 3.
- 7.3. Section 4 in the Policy covers the duty to follow or explain the integration of adverse sustainability impact at entity level in accordance with SFDR article 4.
- 7.4. Section 5 in the Policy covers the duty to include information on how the remuneration policy is consistent with the integration of sustainability risks and shall publish that information on the Company's website in accordance with SFDR article 5.
- 7.5. The Company shall keep all published information on the website up to date and amendments shall be followed by a clear explanation. Any amendments will be made directly in the Policy, explained in the section 10 "History" and thereafter uploaded to the website.

## **8. Updating**

- 8.1. The Policy must be reviewed when deemed necessary by the BoD, but at least once a year.

## 9. History

<b>Version</b>	<b>Legal basis</b>	<b>Approved</b>	<b>Changes</b>
1.0	SFDR	23 March 2021	First draft

