

Fokus Fund Management A/S

Copenhagen · May 2025

FFM – AIFM
Policy

Version 5
14.05.2025

See also Risk Management Policy
Portfolio Management Policy
Investment Process Policy

Joined by Fokus Fund Management

Professional: Head of ESG

Sustainability Policy

Table of contents

1.	Introduction	2
2.	Roles, key functions and responsibilities	2
3.	Strategic and regulatory framework.....	2
4.	Sustainability in portfolio management (decision-making processes)	3
5.	Integration of sustainability risks.....	3
6.	Sustainability at Group level	4
7.	Reporting	4
8.	Education.....	5
9.	Monitoring and reporting on the Policy	5
10.	Updating and following up on the Policy	5
11.	History.....	5
12.	Apendices	7
	UN PRI (UN's Principles for Responsible Investments)	7
	Significant adverse impacts on sustainability factors (SFDR – PAI)	8
	SFDR Article 8: HCF.....	9
	Focus Nordic's ESG and sustainability strategy.....	10

This Policy is relevant to the following features:
where there may be a personal overlap

- Fund Managers
- Asset Managers
- Head of Compliance
- Analysts

Reference is also made to

- Sustainability Due Diligence Procedures for Debt Funds (Investment Process Policy)

This is an English translation. In case of any discrepancies between this version and the original, it is the original Danish version that is applicable.

1. Introduction

- 1.1 The Company's Board of Directors has adopted this Sustainability Policy (the "Policy") and has herein defined and outlined the specific guidelines for Fokus Fund Management A/S (the "Company").
- 1.2 The Company's objective is to contribute to promoting sustainability in the real estate industry. This is done by supporting the sustainability objectives of the managed alternative investment funds ("AIFs") and partly by working with sustainability as an integral part of the management hereof.
- 1.3 The policy shall ensure that the Company integrates environmental, social and governance (ESG) considerations into the investment strategies and decision-making processes of the AIFs under management.
- 1.4 The company's work on responsible corporate governance is based on international standards and initiatives, like those of the rest of the Group, and includes the UN Global Compact's Ten Principles, the OECD's Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN's Six Principles for Responsible Investment (UN PRI).

2. Roles, key functions and responsibilities

- 2.1 The Head of ESG is responsible for this policy and ensures that the policy is reviewed and updated annually.
- 2.2 The company's management is responsible for ensuring that this policy is complied with. The Executive Board has appointed an ESG Steering Committee with a decision-making mandate within the given framework for the AIFs' portfolio management and given by the Company's Board of Directors. The Steering Committee discusses, for example, new or upcoming ESG-related legislation, implementation of new legislation, sustainability strategies for the AIFs, reporting or operational issues, and training needs. The Steering Committee consists of at least the Company's CEO, Head of ESG and Head of Compliance.

3. Strategic and regulatory framework

- 3.1 The company is subject to the Sustainable Finance Disclosure Regulation ("SFDR") and must comply with disclosure requirements at both company and product level. At the company level, the Company must, among other things, disclose how it integrates sustainability risks into investment decisions. At the product level, the funds classified as either an Article 8 or -9 fund must account for how sustainability goals or characteristics are achieved or met, see Appendix 3.
- 3.2 As part of the Disclosure Regulation, the Company has chosen to take into account the principal adverse impacts ("PAI") in accordance with Article 4 of the Sustainable Finance Disclosure Regulation (SFDR). The AIFs are obliged to contribute data to the

reporting through the management agreements between the Company and the AIFs, see Appendix 2.

- 3.3 The Company prepares a sustainability strategy for each AIF based on the AIF's sustainability policy and regulatory requirements such as the Disclosure Regulation, which is approved by the AIF's Board of Directors. The sustainability strategy defines and describes significant sustainability characteristics and, if relevant, attaches quantifiable sustainability indicators (KPIs) and objectives for the indicators.
- 3.4 In addition, Fokus Group Investments (the Company's parent company) has adopted a sustainability strategy with select focus areas, KPIs and objectives, see Appendix 4. The company aims to support this strategy. The strategy is publicly reported on annually in a sustainability report – for the first time in 2023 based on the real estate industry's common framework Real ESG – The Real Estate Reporting Framework.

4. Sustainability in portfolio management (decision-making processes)

- 4.1 The AIFs follow the Company's general "Portfolio Management Policy", which sets out the overall framework for portfolio management, including the AIF's sustainability strategy.
- 4.2 The AIFs follow the Company's general "Investment Process Policy", which describes the Company's overall investment process on behalf of the AIFs under management, including how sustainability is integrated into it.
- 4.3 For real estate funds, the Company includes an analysis of how the investment supports and contributes to the AIF's sustainability strategy as well as other strategic and regulatory frameworks, cf. section 3. The analysis is carried out internally in connection with the investment analysis and externally in cases where a technical due diligence is prepared in connection with the purchase or sale of real estate.
- 4.4 For debt funds, the Company must include an analysis of how the investment supports and contributes to the AIF's sustainability strategy and other strategic and regulatory frameworks, cf. section 3. The analysis is carried out in connection with the investment recommendation.

5. Integration of sustainability risks

- 5.1 Sustainability risks are defined in Regulation (EU) 2019/2088 as an environmental/climate, social or governance event or circumstance which, if occurring, could have an actual or potential material adverse impact on the value of an investment. These risks are managed in the same way as other risks, e.g. market risks, and are part of the Company's general risk management, see Risk Management Procedures, and are therefore not addressed further in this policy.

6. Sustainability at Group level

- 6.1 The Group has chosen to join the investor network UN Principles for Responsible Investments (UN PRI). Through UN PRI, the Company commits to follow the UN's six Principles for Responsible Investment. See Appendix 1. The Group reports annually on the progress of its practice and aims to improve its score annually.
- 6.2 The Company is covered by Fokus Group Investments' ESG and sustainability strategy, which contains specific objectives, measurement points and action points within the areas E, S and G. As long as it does not conflict with the interests of the AIFs, the Company aims to support the Group strategy, cf. objectives in Annex 4.
- 6.3 Furthermore, it applies to the Company and the AIFs that when entering into service agreements, construction contracts and other supplier agreements, it must be contractually ensured that suppliers and any subcontractors comply with Danish legislation and that their employees are guaranteed wages (including special benefits), working hours and other working conditions that are no less favorable than those that apply to work of the same kind under a collective agreement entered into by the, within the relevant professional area, most representative social partners in Denmark, and which applies to the entire Danish area.
- 6.4 The Company recognizes the importance of effective systems, processes and structures to ensure compliance with standards and applicable legislation, and the Company has implemented a number of key policies and other governance documents to support the governance structure. Particularly ESG-related governance documents, in addition to this policy, include:
- Policy for target figures for the proportion of the underrepresented gender on the Company's Board of Directors
 - Policy for Prevention of Money Laundering and Terrorist Financing
 - Policy for Qualifications and Competencies in the Company's Board of Directors
 - Procedure for whistleblower scheme

7. Reporting

- 7.1 The company reports to UN PRI once a year in July.
- 7.2 The Company has a number of disclosure obligations linked to the Disclosure Regulation, as described in section 3.
- 7.3 Reports related to the Company's disclosure obligations are submitted for approval by the Company's Board of Directors prior to publication. Reports related to the AIFs' disclosure obligations shall be submitted for approval by the AIFs' Board of Directors prior to publication.
- 7.4 The Company will annually, by the 30th of June, publish a PAI statement on the Group's website providing information on the Company's consideration of the

principal adverse impacts on sustainability factors. The Company's PAI statement will be published using the mandatory forms set out in Annex I to the Delegated Regulation to SFDR 2022/1288. Section 8 thereof describes consideration of the main adverse impacts on sustainability factors. Each fund is subject to separate reporting requirements such as Article 6, 8 or 9 funds, see Appendix 4.

7.5 It is the responsibility of the Head of ESG to ensure that the disclosure obligations in question are complied with. The work is done together with the Director, CRO and Head of Compliance.

7.6 The company contributes data to the annual reporting on the Group's sustainability strategy.

8. Education

8.1 All employees of the Company and all relevant employees of the sister companies Fokus Nordic and Heimdal Nordic are continuously trained in sustainability and the content of this Policy. The training is carried out as a minimum by the Head of ESG and takes place continuously, but at least once a year.

9. Monitoring and reporting on the Policy

9.1 The Head of ESG monitors compliance with this Policy and reports thereon to the Company's Executive Board.

9.2 Any breach of the Policy, discovered in a control or in the day-to-day operations, must be reported to the Company's Board of Directors no later than at the next board meeting.

10. Updating and following up on the Policy

10.1 This Policy shall be reviewed by the Head of ESG when they deems it necessary, but at least once a year. The date of the latest annual review is stated in the Annual Cycle for Management Documents, maintained by Compliance.

11. History

Legal basis	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "Disclosure Regulation") and ÅRL 99a - Statement on corporate social responsibility.	
Version	Approved	Changes
1	23.05.2023	New
2	21.12.2023	Significant changes and adjustments have been made to the policy, so that it now includes several AIFs and relates to the fact that they are Article 8 funds. In addition, PAI indicators and objectives are added.

3	01.12.2024	Thorough audit with restructuring of content and adjustments to incoming and outgoing AIFs.
4	01.03.2025	Updated Appendix 3 – SFDR Article 8: HCF. The section on UN PRI has been moved to section 6. Sustainability at Group level.
5	14.05.2025	Update of Annex 3 – SFDR Article 8: HCF. In addition, the addition of international standards and initiatives as a starting point for the work on responsible corporate governance in section 1.4.

Thus adopted by the Board.

Tonny Nielsen

Morten Madsen

Michael Rønnelund

12. Apendices

Appendix 1

UN PRI (UN's Principles for Responsible Investments)

The six UN principles for responsible investment

The six principles of responsible investment are:

1. We will integrate ESG issues into the investment analysis and decision-making process
2. We will exercise active ownership and integrate ESG issues into ownership policies and in the operational management of investments
3. We will seek to achieve transparency on ESG issues at the entities we invest in
4. We will promote acceptance and implementation of the principles in the investment industry
5. We will work together to increase the effectiveness of the implementation of the principles
6. We will report on our activities and progress in implementing the principles



Appendix 2

Significant adverse impacts on sustainability factors (SFDR – PAI)

FFM has **identified** the following negative sustainability factors as the most important:

Mandatory indicators for real estate investment:

- Indicator 17: Exposure to fossil fuels via real estate
- Indicator 18: Exposure to energy-inefficient real estate (energy label C or worse)

Voluntary indicators for real estate investment:

- Indicator 18: Greenhouse gas emissions
- Indicator 19: Energy intensity
- Indicator 20: In-service waste generation

FFM's **objectives** for the identified sustainability factors are:

Objectives for mandatory indicators:

- Indicator 17: No exposure to fossil fuels via real estate.
- Indicator 18: Exposure to energy-inefficient real estate is capped at 40% by 2030

Objectives for voluntary indicators:

- Indicator 18: Reduction of greenhouse gas emissions by 10% per year (year-on-year)
- Indicator 19: Reduction of energy intensity by 5% per year (year-on-year)
- Indicator 20: All properties have facilities to handle waste generation during operation

Appendix 3

SFDR Article 8: HCF

Selected environmental and social characteristics


Asset types	Characteristics	KPI	KPI description	Data sources	Units of measurement	Indicator/Evaluation criterion	Target % of total AUM (% of allocated AUM)
Social	Tax policy and justice	Terms at least equal to collective (bargaining) agreement terms	Share of AUM where the borrower has committed to ensuring that all work is performed under collective (bargaining) agreement-like terms or better	Borrower guarantees according to the loan agreement	%	Yes / No	100%
		No aggressive tax planning	Share of AUM where the borrower has committed not to use aggressive tax planning	Borrower guarantees according to the loan agreement	%	Yes / No	100%
		Climate risk assessment	Share of AUM where a climate risk assessment has been conducted	Di/Ceo, external advisors, and possibly other relevant sources	%	Yes / No	100%
Construction of new assets	Climate change resilience	Certification or EU Taxonomy aligned (7.1)	Share of AUM for newly constructed properties that have a building certification or comply with EU Taxonomy (cat. 7.1)	DGNB, BREEAM, LEED, or other recognized building certifications or an external verification of compliance with EU Taxonomy	%	Number of properties with building certification or compliance with EU Taxonomy	19% (75%)
		Life cycle assessment performed and result documented	Share of AUM for newly constructed properties where the LCA result is 5% lower than the building regulation (when obtaining building permit)	LCA	%	Number of properties with an LCA where the result is 5% lower than the building regulation + kg CO2 equivalents per m ² per year	19% (75%)
		Life cycle costs examined and documented	Share of AUM for newly constructed properties for which life cycle costs (LCC) have been calculated	DGNB, BREEAM, LEED, and other recognized certifications	%	Number of properties with an LCC + DKk/m ² BFA	15% (60%)
		Avoid toxic materials	Share of AUM for newly constructed properties where relevant indoor air pollution limits (volatile organic compounds) are met when obtaining occupation permit	DGNB, BREEAM, LEED, and other recognized certifications or an external verification of compliance with EU Taxonomy	%	Number of properties with certification or compliance with EU Taxonomy + µg/m ³	19% (75%)
Standing assets	Energy efficiency	Energy Performance certificate/improvement of Energy Performance certificate	Share of AUM for existing properties with economically feasible opportunities to improve the Energy Performance certificate at least D, or an action plan to improve the Energy Performance certificate by at least two levels	Energy Performance certificate	%	Number of properties with documented feasible investments to improve the existing level by at least 2 levels	53% (70%)
		Greenhouse gas emissions	Share of AUM for existing properties where CO2 emissions have been reported	Energy Performance certificate	%	Number of properties with available calculated CO2 emissions + kgCO2eq (entries till kgCO2 pr. m2)	53% (70%)
		Actual energy consumption	Share of AUM for existing properties where actual consumption has been reported, to increase the borrowers awareness of own energy consumption	Borrower reports based on consumption accounts	%	Number of properties with reported actual consumption + kWh	53% (70%)
		Energy supply	Share of AUM for existing properties supplied entirely or partially by self-produced renewable energy (e.g., solar panels), district heating, heat pump or gas. If the heating source is oil, there must be a phase-out plan	Borrower reports or Energy Performance certificate	%	Number of properties with renewable energy or have a plan for transition to renewable energy supply + %	53% (70%)

*AUM is calculated as the size of the loan in relation to the fund's total lending, both including committed but not yet disbursed amounts.

Appendix 4

Focus Nordic's ESG and sustainability strategy

(Adopted October 2023)

<h3>Energy consumption and climate</h3>  <p>We aim to reduce energy consumption and minimize climate impact by:</p> <ul style="list-style-type: none"> • Reducing climate impacts from properties and own operations • Lowering energy consumption in properties through optimizations and energy efficiency • Prioritizing renewable energy sources • Protecting properties from climate change and reduce climate risks 	<h3>Materials and resources</h3>  <p>We aim to use resources efficiently, increase recycling, and minimize waste by:</p> <ul style="list-style-type: none"> • Constructing and renovating with low environmental impact • Increasing proportion of reuse and recycling • Establishing sustainable construction sites with waste sorting and low environmental impact • Ensuring responsible procurement from suppliers and partners 	<h3>Health and well-being</h3>  <p>We aim to create high-quality rental properties and be an attractive workplace by:</p> <ul style="list-style-type: none"> • Supporting the development of healthy and safe living and working environments • Contributing to the development of vibrant local areas with space for communities and biodiversity • Engaging in dialogues and partnerships with tenants on climate solutions • Work diligently to ensure a safe and attractive workplace with room for development and diversity
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Focus Nordic DK's objectives are:

- Annual reduction of 10% towards a total of 55% reduction in 2030 compared to 2022
- Annual energy reduction of 5% towards 35% reduction in 2030 compared to 2022
- Full phase-out of oil and natural gas and all self-controlled electricity consumption is covered by self-production or certificates by 2030
- Climate risk assessments and climate adaptation plans for all properties in 2030
- Build new to the low-emission class (BR18) and renovate to a maximum of 2 kg CO₂e/m²/year
- 70% of waste sorted for reuse and recycling
- Measured tenant satisfaction of > 80%
- Measured employee satisfaction of > 80%