

## **Sustainability-related disclosures for Heimdal Credit Fund K/S**

May 2025

These sustainability-related disclosures are provided in accordance with Article 10 of Regulation 2019/2088 of the European Parliament and the Council of November 27, 2019. The information is based on the applicable legislation, guidelines, facts and knowledge available at the time of publication. The information may be subject to change if legislation, knowledge, recommendations, or other factors necessitate it. In the event of changes, the reasons will be thoroughly explained.

### **Samenvatting**

Heimdal Credit Fund ("Het Fonds") heeft geen duurzame beleggingen als doelstelling. Het Fonds integreert duurzaamheidsrisico's actief in zijn beleggingsbeslissingen. De investeringsstrategie van het Fonds is het verstrekken van leningen voor de bouw van nieuw of de financiering van bestaand kantoor-, woon- en logistiek vastgoed in Denemarken. Het Fonds promoot in totaal drie ecologische en één sociale eigenschap. De doelstellingen van het Fonds zijn dat 70% van alle investeringen in bestaand vastgoed moet voldoen aan de energie-efficiëntienormen en 71% van alle investeringen voor de bouw van nieuw vastgoed moet voldoen aan normen voor duurzaam ontwerp en constructie.

Leningen voor de bouw van nieuwe eigendommen en de financiering van bestaande eigendommen bieden verschillende mogelijkheden om duurzame ontwikkeling te bevorderen. Bij de bouw van nieuw vastgoed richt het Fonds zich op het integreren van relevante duurzaamheidsrisico's in het projectontwerp door vastgoedcertificering of naleving van de EU-taxonomie (cat. 7.1), terwijl ervoor wordt gezorgd dat de eigendommen voorbereid zijn op mogelijke veranderingen in het klimaat. Voor bestaand vastgoed ligt de focus op de energie-efficiëntie ervan, die of economisch haalbare mogelijkheden moeten hebben om het energieprestatiecertificaat te verbeteren tot minstens D, of een actieplan moeten hebben om het energieprestatiecertificaat met minstens twee niveaus te verbeteren. Als de woningen verwarmd worden met olie, moet er een uitfaseringsplan zijn.

Voor alle leningen stelt het Fonds de eisen (uitsluitingscriteria) dat de arbeidsvoorwaarden ten minste gelijk moeten zijn aan de voorwaarden van de collectieve arbeidsovereenkomsten en dat kredietnemers zich niet mogen inlaten met agressieve fiscale planning.

Het Fonds maakt gebruik van interne en externe gegevensbronnen en gegevensverstrekkers om ervoor te zorgen dat de onderliggende activa ecologische en sociale kenmerken alsook de gebruikte duurzaamheidsindicatoren promoten.

Om ervoor te zorgen dat de onderliggende activa de ecologische en sociale kenmerken alsook de gekozen duurzaamheidsindicatoren promoten, maakt het Fonds gebruik van interne en externe gegevensbronnen en gegevensverstrekkers.

### **No sustainable investment objectives**

This financial product promotes environmental sustainability or social characteristics, but does not have sustainable investment as its objective.

## The financial products environmental and/or social characteristics

The Fund promotes environmental and social characteristics, and sets quantifiable objectives to support the Fund's ambition and efforts towards the green transition. The Fund does not consider the principal adverse impacts on sustainability factors. The Fund provides loans to both existing properties and the construction of new properties. There are different options to promote sustainable development for each of the two asset types, which is why the characteristics are not identical for the different property types.

	Asset types	Characteristics	KPI	Data sources	Units of measurement	Target % of total AUM (% of allocated AUM)
Social	All assets	Tax policy and justice	Terms at least equal to collective (bargaining) agreement terms	Borrower guarantees according to the loan agreement	%	100%
			No aggressive tax planning	Borrower guarantees according to the loan agreement	%	100%
Environmental	All assets	Climate change resilience	Climate risk assessment	DinGeo, external advisors, and possibly other relevant sources	%	100%
	Construction of new assets	Sustainable design and construction	Certification or EU Taxonomy aligned (7.1)	DGNB, BREEAM, LEED, or other recognized building certifications or an external verification of compliance with EU Taxonomy	%	19% (75%)
			Life cycle assessment performed and result documented	LCA	%	19% (75%)
			Life cycle costs examined and documented	DGNB, BREEAM, LEED, and other recognized certifications	%	15% (60%)
			Avoid toxic materials	DGNB, BREEAM, LEED, and other recognized certifications or an external verification of compliance with EU Taxonomy	%	19% (75%)
			Standing assets	Energy efficiency	Energy Performance certificate/improvement of Energy Performance certificate	Energy Performance certificate
	Greenhouse gas emissions	Energy Performance certificate			%	53% (70%)
	Actual energy consumption	Borrower reports based on consumption accounts			%	53% (70%)
	Energy supply	Borrower reports or Energy Performance certificate			%	53% (70%)

For loans for the construction of new properties, the Fund promotes the following environmental and social characteristics:

- Resilience to climate change
- Sustainable design and construction
- Tax policy and fairness

When providing loans for the construction of new properties, the Fund incorporates all sustainability criteria and ensures that the property is prepared for relevant climate changes. This is ensured, among other things, by requiring property certifications or compliance with EU Taxonomy (category 7.1), and by focusing on the use of materials, including compliance with relevant thresholds for indoor air pollution.

For the financing of existing properties, the Fund promotes the following environmental and social characteristics:

- Resilience to climate change
- Energy efficiency
- Tax policy and fairness

The Fund's objective is that 100% of its investments undergo a sustainability analysis to document resilience to climate change.

The Fund's objective is to have at least 70% of its investments in existing properties complying with the energy efficiency objective, including all the underlying KPIs. This implies that the energy efficiency of existing properties must be improved, either by ensuring that all properties, based on their current energy label, have economically viable opportunities to improve the label to at least D, or alternatively, a plan to improve the label by at least two levels above the current one. Properties heated with oil must have a phase-out plan for the Fund to finance them.

The Fund's objective is to have at least 71% of its investments for the construction of new properties complying with the requirement for sustainable design and construction including the underlying KPIs. This is ensured through a requirement that the property is either certified or complies with the EU Taxonomy (category 7.1), thereby addressing relevant sustainability aspects.

The Fund's objective is that 100% of the Fund's investments in loans for existing properties and the construction of new properties ensure that workers are offered satisfactory working conditions. Therefore, borrowers must guarantee that work is carried out under conditions that are at least equivalent to collective agreements. Borrowers are expected to contribute to society by fulfilling their tax obligations in accordance with applicable tax laws and the spirit of those laws. The Fund strictly issues loans to borrowers who do not engage in aggressive tax planning. Borrowers must ensure that they are taxable in Denmark, and that they or their (indirect) capital owners pay corporate tax in Denmark. If a potential borrower is assessed to be engaging in aggressive tax planning, the Fund will not issue a loan to them.

The Fund will report on the individual achievement of all underlying KPIs. The Fund's goal is to influence borrowers towards more sustainable behavior, including through the KPIs the Fund has chosen, to the greatest extent possible. Some KPIs may be difficult to fulfill, for example reporting GHG-emissions, but through dialogue with borrowers the intention is to raise their awareness of the importance of sustainable initiatives so that requirements can be increased over time. Since it is expected to be difficult to obtain figures for actual GHG-emissions, an estimated emission figure will also be calculated based on the property's energy label. This estimated emission figure can supplement knowledge in cases where data on actual emissions are absent.

The Fund will collect data for the underlying KPIs on a quarterly basis, and this reporting will be included as part of the Fund's periodic reporting, in accordance with SFDR Article 11, paragraph 2.

### **Investment strategy**

The Fund invests in senior and junior loans for office, retail, residential and logistics properties in Denmark, including the construction of such. A maximum of 25% of AuM are to be invested in the construction of new properties and/or junior loans. There are no investment restrictions for senior loans to existing properties. The property types logistics (35%) and retail (15%) are limited to the specified percentages. A maximum of 50% of AuM may be invested outside the capital region. The Fund creates added value through a constant presence in the market, and the ability to act fast on the opportunities that emerge. The Fund approaches the market with a flexibility and agility that is appreciated by the borrowers, as very few lenders can operate in the same way.

The Fund is aware of the legislative work that has taken place – and continues to take place – in both the EU and in Denmark, concerning the improvement of energy efficiency in properties. The Fund considers this legislative work to be an important part of the transition into a more sustainable society, as well as an attractive business opportunity. Therefore, the Fund will continuously assess whether changes in legislation create opportunities and the need to support specific sustainability objectives.

The Fund Manager must be able to demonstrate, measure, manage and monitor the risks that the Fund is exposed to based on investment strategy. As part of the overall due diligence process, it is assessed whether the investment aligns with the characteristics and KPIs selected by the Fund, in accordance with the Investment Process Policy, which is conducted prior to investments (lending). If the investment is not assessed to sufficiently promote the sustainability characteristics, the investment will not be made. There will be no exceptions to the requirement that the employees must be paid at least under conditions equivalent to collective agreements, and that aggressive tax planning is not permitted – i.e., loans will not be granted if the borrower does not comply with these requirements.

Good governance is defined in the Fund's sustainability policy. Potential borrower's governance practices are assessed, with a particular focus on business ethics as an integral part of the due diligence that is conducted before the Fund makes an investment.

### **Monitoring of environmental and social characteristics**

The Fund will collect data for the underlying KPIs continuously throughout the year, primarily on a quarterly basis, and annually in cases where quarterly reporting is not feasible. This reporting will be included as part of the periodic reporting for the Fund, in accordance with SFDR article 11, paragraph 2. The collected data forms the basis for the Fund's ongoing ability to report and monitor compliance with the Fund's objectives.

### **Methods**

In selecting KPIs, the Fund has based its approach on the recognized reporting frameworks of the Global Real Estate Sustainability Benchmark (GRESB) and the German Sustainable Building Council (DGNB). Where necessary, the KPIs have been adapted to fit the Fund's structure and business model, ensuring that the KPIs and their reporting are meaningful. Since social characteristics are not part of the GRESB or DGNB frameworks, the Fund has defined these independently. As the Fund builds on its experience and gains a deeper understanding of how to promote sustainability goals, the chosen characteristics and KPIs can be adjusted.

Several KPIs used for the construction of new properties are only required to be fulfilled upon completion of the construction. Compliance with these requirements are assessed on an ongoing basis; for example, the Fund's project monitor regularly checks that the conditions for property certification are being met.

### **Data sources and data processing**

#### **a) Data sources used to fulfill the environmental and social characteristics promoted by the financial product**

The Fund uses a variety of data sources, including information from borrowers, external data providers (e.g., DinGeo), life cycle assessments, and the property's energy label, to report on the underlying sustainability indicators used to promote the selected characteristics.

#### **b) Measures to ensure data quality**

The collection and aggregation of data for ESG reporting is delegated to Heimdal Nordic. Heimdal Nordic delivers the collected and aggregated data to the Fund Manager, who, in collaboration with the ESG officer at FFM, reviews the material.

### **c) Data processing**

The Fund's reporting is based on data received from borrowers, external data providers, or retrieved from publicly available systems. It is always assessed whether the data used for reporting appears to be reliable. When data is received from borrowers, they must vouch for the accuracy of the information provided.

### **d) Share of estimated data**

Currently, the Fund's data foundation is primarily based on estimated data sources, including energy labels, projections, life cycle assessments, and expected certifications, as well as compliance with the EU Taxonomy (category 7.1) for the construction of new properties, which are only finalized once construction is completed. Estimated data may carry a certain margin of error, which is a risk the Fund takes into account. It is the Fund's ambition to use the most reliable and available data sources, including actual consumption data, to ensure the necessary data quality for investors going forward. The Fund must however accept that not all borrowers can provide the desired data, as they may depend on information from tenants or be unable to deliver data for other reasons. The Fund will actively work to increase the proportion of actual data.

## **Limitations regarding methods and data**

### **a) Are there limitations to the methods and data sources used?**

Some of the data the Fund works with is based on estimates from energy labels and projections, which can be considered a limitation of the data sources used. Estimated data does not necessarily reflect the actual ESG results, or the risks associated with the underlying assets.

### **b) Why do these limitations not affect how the environmental or social characteristics promoted by the financial product are fulfilled?**

The Fund Manager continuously assesses the quality of both internal and external data sources, while also evaluating whether other data providers could improve the Fund's data foundation. The goal is to promote the use of actual data and reduce reliance on estimated data.

## **Due diligence**

The Fund Manager will comply with the guidelines of the Prudent Person Principles, including the ability to demonstrate, measure, manage, and monitor the risks to which the Fund may be exposed, based on the investment strategy and objectives—including sustainability risks.

As part of the due diligence conducted prior to investments, an assessment of sustainability risks for the Fund is included. The identified sustainability risks are also incorporated into the investment recommendation, which forms the basis for the final investment decision. The due diligence may rely on data obtained from external data providers, the potential borrower, external reports, and other relevant sources. Both individual sustainability factors and the overall profile of the investment are evaluated.

As with other risks, the basis and conclusions regarding sustainability risks are reviewed by the credit department before the investment recommendation is submitted to the Fund Manager and investment committee for final approval.

## **Sustainability risks**

There are sustainability risks associated with lending for the financing of properties. These risks can lead to a decrease in the value of the property or reduce refinancing opportunities. Therefore, prior to granting a loan

for a given property, it is important to identify and mitigate the sustainability risks associated with the investment. Mitigation may involve refraining from issuing a loan for a particular property or making the loan conditional on measures that can address or eliminate the identified sustainability risks.

The primary sustainability risks identified in connection with lending to specific properties are:

**Climate change**

There may be increased rainfall and/or rising water levels, which can affect properties in vulnerable areas.

**Environmental pollution**

Properties may be affected by pollution from previous uses of the property, the property's own activities, or activities in the surrounding area—such as industrial production or traffic. Pollution may stem from soil, air, or noise pollution. There may also be pollution resulting from the materials used in the property.

Even if the effects are not directly noticeable on the property, the emission of GHG during the construction and ongoing operation of properties constitutes pollution with significant direct consequences for the environment on aggregate.

**Social risks**

Violations of workers' rights may lead to strikes, blockades, or similar actions.

The sustainability DD conducted prior to investment (lending) will identify the above sustainability risks. If significant sustainability risks are identified, mitigating measures must be in place to address them; otherwise, the investment (loan) will not be made. Sustainability risks are expected to be addressed prior to the investment, which is why they are assessed as low.

**Active ownership**

The Fund does not own the underlying real estate assets and therefore cannot exercise active ownership directly. However, it is the Fund's intention to influence borrowers indirectly. This is done partly through dialogue with the borrowers, and partly through the conditions set in the loan documentation. The purpose of the Fund's dialogue with clients is not only to increase their understanding of ESG-related issues, but also to enhance its employees' knowledge of ESG matters.