

**POLICY ON THE INTEGRATION OF SUSTAINABILITY RISKS (SFDR ARTICLE 3, 4 and 6)**

KIRK KAPITAL FONDSMÆGLERSELSKAB A/S

## 1 Policy on the integration of sustainability risks

The aim of this policy is to describe the integration of sustainability risk into the investment decision-making and investment advice at Kirk Kapital Fondsmæglerselskab A/S (“Kirk Kapital”).

This policy will be available on our webpage <https://kirkkapital.dk>.

## 2 Definitions

The EU’s Sustainable Finance Disclosure Regulation (2019/2088) (“SFDR”) requires financial market participants and financial advisers to publish on their websites information about their policies on the integration of sustainability risks into their investment decision-making and investment advice.

Sustainability risks are defined in Article 2 (22) of the SFDR as an environmental, social or governance (“ESG”) event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

At Kirk Kapital, we believe environmental events such as the consequences of climate change including but not limited to air pollution, rising sea levels, and loss of biodiversity could have a material negative impact on the value of our clients’ investments. Further, social events such as human rights violations, the use of child labor, inequality, and discrimination and governance events such as corruption, conflicts of interests, and tax matters could also have a material negative impact on the value of our clients’ investments. We will seek to identify and mitigate these sustainability risks throughout the investment process as outlined below.

## 3 Integration of sustainability risks

Kirk Kapital will integrate sustainability risks into our investment process as outlined in our Responsible Investment Policy. It is important to note that the Responsible Investment Policy is applied as a lower bound across all clients, while specific client demands will be integrated in accordance with the prepared documentation on sustainability preferences.

Applying our ESG Compass as outlined in our Responsible Investment Policy, we will integrate sustainability risks through the investment process as follows:

- **Screening:** We aim to mitigate potential material negative impacts from sustainability risks through the implementation of our **ESG Flags List**. The list flags potential sustainability risks relating to certain activities or conditions that could be perceived to be problematic or controversial.
- **ESG Integration & Alignment:** We ask our external managers to identify material ESG factors applying recognized and relevant ESG frameworks and standards. Based on the scope of investments, we will not directly be able to identify and mitigate potential sustainability risks, but we will ask our external managers to perform this task. Before investing, we will ensure that our external managers apply materiality in their ESG assessment, which we view as an important tool to identify ESG factors with a potential material negative impact on financial performance of investments.
- **Active Ownership & Engagement:** We aim to be an active owner and engage on critical and material ESG matters through quarterly calls with our managers and ongoing monitoring of their non-financial performance. In addition, we conduct an annual review applying our **ESG Evaluation Framework**, which allow us to assess the ability of our external managers to align with our RI Policy and engage where deemed necessary.

Kirk Kapital will apply the Responsible Investment Policy to all investments and will always be able to provide information on the perceived sustainability risks of investments to clients upon request. We focus on integrating sustainability risks through pre-investment, due diligence, and post-investment.

## 4 Controls

It is the responsibility of the executive management and investment team that:

- The policy is implemented and adhered to

## 5 Reporting

The board of directors will regularly and at least once yearly receive reporting relating to Kirk Kapital's adherence to the Policy on Sustainability Risks.

The board of directors at Kirk Kapital will be informed about breaches of the policy. The chairman of the board is committed to discussing such breaches at the next board meeting with the other board members.

## 6 Changes

It is the board of directors alone who has the authorisation to approve changes to the Policy on Sustainability Risk.

## 7 Adoption

The Policy on Sustainability Risks has been adopted at the board meeting on April 29<sup>th</sup> 2024.

The board of directors will review the Policy on Sustainability Risks when deemed relevant and at least once per year.

## 8 History

Version	Legal basis	Approved	Changes
v1	Sustainable Finance Disclosure Regulation (2019/2088)	By the Board of Directors on 24 <sup>th</sup> April 2023	New policy
v2	Sustainable Finance Disclosure Regulation (2019/2088)	By the Board of Directors on 29 <sup>th</sup> April 2024	Changes to the policy