Sustainability Risk Disclosures:

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.

Petersen & Partners Investment Management A/S fund:

Investin Sustainable World

1.0 Scope

Per introductory paragraph 18 of *(EU) 2019/2088*, taking due account of our small size, the nature and scale of our activities and the types of financial products we make available, this document provides an answer to all disclosure requirements for our sustainable fund: 'Petersen & Partners Investin Sustainable World. Please refer to our (EU) 2019/2088 disclosure: Green Bonds fund and (EU) 2019/2088 disclosure: non-sustainable funds for our other funds.

All pre-contractual disclosure documents and policies referred to in (EU) 2019/2088, refer to this document by way of a website link located in the relevant documents.

2.0 Activities covered by this disclosure

The following disclosures relate to our 'Investin Sustainable World' fund only. This fund is managed by Petersen & Partners Investment Management A/S as a financial market participant per *article 2 (1) and (11) of (EU) 2019/2088*.

3.0 Transparency of sustainability risk policies *(Article 3 of (EU) 2019/2088)*

In accordance with article 3 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, Petersen & Partners has published a policy on sustainability risks. Please refer to the Company Information on our website. This policy communicates Petersen & Partners' commitment to sustainability risks and an understanding of the responsibilities Petersen & Partners have on the matter.

Our 'Investin Sustainable World' fund is a sustainable investment and considers ESG risks as part of the investment process. Our policies on the integration of sustainability risks and how they are integrated into our investment decision-making process are described below.

4.0 Transparency of adverse sustainability impacts at entity level

- **Article 4 -1. (a): Publishment and maintenance of principle adverse impacts on website**
  Petersen & Partners publish a yearly report on principle adverse impacts (PAI) of investment decisions on sustainability factors concerning our 'Investin Sustainable World' fund. Please refer to the PAI report: Sustainable World on our website.

- **Article 4 -2. (a): Identification and prioritization of adverse impacts and indicators**
  For a description of how we identify adverse impacts and indicators within ESG, please see our response to article 6-1 (a). Companies with adverse impacts, which we define as companies with strong controversies and low ESG standards, are not eligible for our portfolio and are therefore excluded.

- **Article 4 -2. (b): Principal impacts of taken and planned actions**
  Companies with adverse impacts, which we define as companies with strong controversies and low ESG standards, are not eligible for our portfolio and are therefore excluded (see more details on our investment approach in Article 6-1 (a)). If a company that is already in our portfolio experiences a controversy, our planned action is to sell the bond within three months. However, if the company has a clear plan for solving the controversy in the nearest future, then the company is permitted to stay in the portfolio. Under these circumstances, the company's progress is monitored. If the company does not improve then any investment in the bond will be sold.

- **Article 4 -2. (c): Summaries of engagement policies**
  Companies with controversies and low ESG standards are not eligible for our portfolio and are therefore excluded (see more details on our investment approach in Article 6-1 (a)). Consequently, we do not find it relevant to engage with these companies. If a company in our portfolio suddenly does not meet our ESG standards we will sell the bond unless they quickly adjust their procedures back into alignment with our standards.

- **Article 4 -2. (d): Adherence to business conduct codes and standards and Paris Agreement**
  Our portfolio does not invest in companies with strong controversies. Therefore, if a company breaks international human rights or damages the environment, the company will not be included in our portfolio. Furthermore, we are a signatory of the UN Principles for Responsible Investment, and therefore also meet these standards.

5.0 Transparency of remuneration policies in relation to the integration of sustainability risks *(Article 5 of (EU) 2019/2088)*

Our remuneration policies can be reviewed here and are consistent with our statement in paragraph 3.0 of this document. No remuneration or bonus is given that violates *(EU) 2019/2088.*

6.0 Transparency of the integration of sustainability risks *(Article 6 of (EU) 2019/2088)*

Our pre-contractual disclosures include the following:

- **Article 6-1. (a): Integration of sustainability risks into our investment decisions**
  Our strategy focuses, by design, on sustainability and ESG considerations are also taken into account. As such, in order for companies to be included in the portfolio we require that they meet certain ESG thresholds and avoid severe controversies. Specifically, we require that companies are rated at BB or above per MSCI's ESG data, which results in an exclusion of companies scoring B and C (the two lowest scoring categories out of a total of seven categories in MSCI's' ESG framework).

  We also require that all companies that pass our ESG screenings also comply with international norms and conventions. Companies with *'very severe'* or *'severe'* controversies (as defined by MSCI's controversy methodology) will be excluded from the fund.

  The requirements described above are our minimum thresholds within the area of ESG and controversies in order for companies to be eligible for the portfolio. This ensures that we only invest in companies with prudent ESG characteristics, thereby mitigating the ESG risks that could lead to a negative impact on our portfolio returns.

With reference **to Article 8-1 (a)** of *(EU) 2019/2088*: **How characteristics are met:**

We believe that investing in companies that focus on environmental and social activities, has a positive impact on society. As such, our strategy focuses on sustainability by design, as we believe that sustainability is a super trend and a return driver going forward.

The first step of the investment process is to screen for companies that gain a significant portion of their revenue from SDGs, i.e., green energy, green buildings, energy efficiency, affordable housing, and sustainable water spaces etc. In order for a company to be even considered for the portfolio, we require that at least 20% of the revenue is derived from one or more of the SDGs. In general, the overall portfolio will have revenues from these sustainable products of more than 50% of total revenues.

With reference to **Article 8-1 (b)** of *(EU) 2019/2088:* **Index benchmark and whether consistent with characteristics:**

Our Investin Sustainable World fund uses the MSCI ACWI as a reference benchmark index for our goal of creating a return that are higher than global indexes. This index cannot, on the whole, be categorized as consistent with environmental or social characteristics.

With reference to **Article 8-2** of *(EU) 2019/2088*: **Where index and its methodology is found:**

This index can be found on the MSCI website.

- **Article 6 -1. (b): The likely impacts of the risks on the returns**
  This fund excludes all companies with low ESG standards that potentially could have a negative impact on returns from the fund. It is therefore not relevant to try to estimate any impact on returns.

7.0 Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites *(Article 10 of (EU) 2019/2088)*

- **Article 10 -1. (a): Our Sustainable investment objective**

  The overall sustainability impact of this product can be found on our webpage here; (Sustainable World | Petersen & Partners (ppim.dk))

We believe that investing in companies that focus on environmental and social activities has a positive impact on society. As such, our investment strategy is, by design, focused on sustainability since we believe it is a super trend and a return driver going forward.

The first step in our investment process is to screen for companies that earn a significant portion of their revenue from SDGs: i.e., green energy, green buildings, energy efficiency, affordable housing and sustainable water spaces etc. In order for a company to be included in the portfolio, we require that at least 20% of the revenue are derived from one or more of the SDGs. In general, the overall portfolio has revenues from these sustainable products of more than 50% of total revenues.

- **Article 10 -1. (b): Methodologies used**

  We use MSCI as our data provider on sustainability measures. This data is used for screening, measuring and monitoring sustainability within the portfolio. For a thorough insight into the methodology of MSCI, please see MSCI's Sustainable Impact approach on MSCI's webpage. Our investment methodology is explained in article 10-1 (a).

Please refer also to our disclosures on our Green Bond fund and our non-sustainable funds.