



ACCUNIA
C R E D I T M A N A G E M E N T

ESG APPROACH

We continuously update our ESG approach with the aim to stay relevant for investors and aligned with applicable regulation. This document outlines the principles of Accunias ESG policy and was latest updated in December 2024.

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Overview

Accunia’s approach to sustainability and ESG (environment, social, and governance) factors aims at being simple and transparent. Specifically, Accunia has restrictions in place against the following activities for all investments except for derivatives:

- **Thermal coal** mining or the generation of electricity using coal
- The production of or trade in **controversial weapons**
- The production of or trade in **tobacco**

If an investment does not violate any of these restrictions, then a more in-depth ESG analysis of the investment begins, which further informs whether the investment will be undertaken. Accunia decomposes its investment universe into *direct investments* and *indirect investments*. As outlined below, the ESG analysis differs depending on the type of investment.

All Accunia’s listed funds report under article 8 of EU’s Sustainable Finance Disclosure Regulation (SFDR) as shown in Exhibit 1 below.

Exhibit 1: SFDR Classification

Classification	Name	Type
Article 8	Accunia European IG CLO Fund	Indirect Investments
Article 8	Accunia European Opportunity CLO Fund	Indirect Investments
Article 8	Accunia European AAA/AA CLO Fund	Indirect Investments
Article 8	Accunia European High Yield CLO Fund	Direct Investments

Article 8 is defined by EU as “a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices”. See the section Promotion of Environmental and Social Characteristics for a complete list of Accunia’s article 8 funds.

Direct Investments

Direct investments are made directly to an obligor company or group. A direct investment is for example investments in corporate bonds or loans. Accunia undertakes a fundamental analysis of each direct investment. The ESG analysis is part of the fundamental analysis.

Accunia does not make direct investments in companies where any of the following is true:

- [Restricted activities: 5% or more of revenue from thermal coal mining or electricity generation, controversial weapons, or tobacco](#)
- [Does not sufficiently follow good governance practices](#)
- [Gross and systematic violations of the environment, labour conditions, or human rights](#)
- [Breach of international norms and sanctions](#)
- [Domiciled in an authoritarian country](#)



All direct investments are evaluated according to Accunia’s proprietary ESG system, where the company is analysed on each of the three ESG factors outlined in Exhibit 2.

Exhibit 2: ESG Factors

ESG factor	Description	Examples
Environmental	Effects on the natural environment and systems	<i>GHG emissions, waste management, air/water pollution policies</i>
Social	The wellbeing of employees, people, and communities	<i>Working conditions, diversity and inclusion policies, fair pay</i>
Governance	Practices in the system of rules and processes which govern the companies	<i>Bribery and corruption, financial transparency, internal control</i>

Indirect Investments

Indirect investments are investments where third-party investment managers make the direct investment decisions. An example of an indirect investment could be a CLO note, which forms the majority of Accunia's indirect investments.

Since Accunia is not making the direct investment decisions for indirect investments, a different approach is taken for the ESG analysis. Accunia still analyses the investment itself but expands the analysis by also looking at the investment manager and their investment selection criteria.

For Accunia to make an indirect investment, the investment must have restrictions on investing in companies that derive revenue from thermal coal mining or electricity generation, controversial weapons, or tobacco, and the indirect investment must be characterised by good governance.

When evaluating ESG minimum requirements Accunia has several strategies. Firstly, Accunia assesses whether appropriate restrictions are in place against investing in thermal coal, controversial weapons, and tobacco by considering the overall restrictions of the investment manager. This could, for example, be outlined in the ESG policy of the investment manager. If this is not the case, then Accunia considers the ESG language built into the indirect investment itself. For example, in the case of CLO notes, investment restrictions are more commonly built into the CLO documentation than into the ESG policy of the investment manager.

Secondly, to assess whether the investment manager has sufficient requirements regarding good governance, Accunia utilizes annual questionnaires and/or direct correspondence with the investment manager. Additionally, the governance structure of the investment manager itself is considered as part of the due diligence. In each individual transaction the indirect investment itself must have appropriate governance structures in place. For CLOs, which form the majority of Accunia’s indirect investments, a formalized setup with investment manager, trustee, collateral administrator, and auditor’s setup is in place to ensure appropriate governance. This setup includes a standard of care, where the investment manager commits to invest prudently.



Commitments & Partnerships

Principle for Responsible Investment

Accunia became a signatory to the United Nations' Principle for Responsible Investment (PRI) in February 2018. As a signatory, Accunia has made [the signatories' commitment](#), which includes promotion, implementation, and transparency of ESG issues into investment decisions. Accunia encourages all market participants to sign the PRI.

Finans Danmark Recommendations Regarding Sustainability Management

Accunia is a member of the Danish financial industry organisation *Finans Danmark* (Finance Denmark) and actively contributes to the ESG agenda of Finance Denmark. Accunia has implemented the below initiatives laid out in the [industry minimum recommendations regarding sustainability management](#) from Finance Denmark:

- Policy for social responsibility
- ESG integration and signing of the UNPRI
- Screening investments for violations of international norms
- Screening investments for restricted activities
- Transparency in communication and reporting of sustainability actions

The recommendations aim to promote and contribute to the Paris agreement and the SDGs.

Diversity and Inclusion Policy

Accunia is committed to ensuring that no employee, past, present, or future, is harassed, discriminated against, or treated unfairly based on race, color, religion, sex (including pregnancy, sexual orientation, or gender identity), national origin, disability, age, or genetic traits. Believing in diversity as a driver of innovation and inspiration, Accunia prioritizes a diverse and inclusive workplace, particularly in recruitment. Recognizing the financial sector's historical gender bias, Accunia actively works to reduce it while fostering cultural diversity, with a significant proportion of non-Danish employees, a strength the company aims to preserve and expand.

Other Disclosures

Restricted Activities

Accunia does not invest in companies and entities that violate the restrictions against thermal coal mining or electricity generation from coal, controversial weapons, or tobacco. Controversial weapons are defined as weapons prohibited under applicable international treaties or conventions: nuclear, chemical, or biological weapons, cluster munitions, anti-personnel mines or inhumane conventional weapons restricted under the Inhuman Weapons Convention. Tobacco is defined using the Directive 2014/40/EO of the European Parliament and of the Council of 3 April 2014. This is considered as the manufacture, presentations and sale of tobacco and related products.

Good Governance

Accunia does not invest in companies that do not follow good governance practices as outlined in the EU's Sustainable Finance Disclosure Regulation. This includes sound management structures, employee relations, remuneration of staff and tax compliance.



Gross and Systematic Violations of the Environment, Labour Conditions or Human Rights

Accunia does not invest in companies and entities where there are gross and systematic violations of the environment, labour conditions, or human rights.

International Norms and Sanctions

Accunia does not invest in companies and entities that breach international norms and sanctions. This includes but is not limited to: EU, UN, and OFAC sanctions list.

Exclusion Against Authoritarian Regimes

Accunia does not invest with companies domiciled in the following authoritarian countries: Afghanistan, Algeria, Angola, Azerbaijan, Bahrain, Belarus, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, China, Comoros, Cuba, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Guinea, Guinea-Bissau, Haiti, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Lebanon, Libya, Mali, Mozambique, Myanmar, Nicaragua, Niger, North Korea, Oman, Palestine, Qatar, Republic of the Congo, Russia, Rwanda, Saudi Arabia, Sudan, Syria, Tajikistan, Togo, Turkmenistan, United Arab Emirates, Uzbekistan, Venezuela, Vietnam, or Zimbabwe.

Promotion of Environmental and Social Characteristics

Accunia seeks to promote environmental and social characteristics in our direct investments and indirect investments by adhering to the standards and restrictions set out in our ESG approach. Accunia uses all information available to assess the investments relative to the ESG policy, including but not limited to offering documents and prospectuses, company webpages, public registrars and regulator websites, and third-party data providers vetted by Accunia.

The following Accunia's investment funds disclose under EU's Sustainable Finance Disclosure Regulation (SFDR), article 8:

- Accunia European IG CLO Fund
- Accunia European Opportunity CLO Fund
- Accunia European AAA/AA CLO Fund
- Accunia European High Yield Fund
- Stable Income Series
- High Dividend Series
- Accunia Alpha Credit Fund
- Accunia King's Garden Fund
- Accunia ACM Hybrid Fund
- Accunia Absolute Return
- Accunia US CLO Investment Grade

Sustainability Risk

Sustainability risk is the risk to the economic return of the investment which is related to ESG factors. Accunia takes sustainability risk into account as part of its general investment due diligence. Accunia has policies in place to integrate sustainability risk explicitly into its investment decision making process.



It is not part of Accunia's investment strategy to take undue sustainability risk or aim to explicitly avoid sustainability risks. Sustainability risk, like any other type of identifiable risk, should be reflected in the risk premium of the investment. Hence, we do not expect sustainability risks to affect returns.

For direct investments, Accunia considers sustainability risk as part of the fundamental credit risk analysis of each investment. For indirect investments, Accunia considers the sustainability risk policies of the investment manager and may screen the underlying portfolios from time to time as well.

Accunia informs potential clients about our investment due diligence, including the way in which we consider sustainability risk as a part of our investment decision making process. Accunia's remuneration policy seeks to incentivize long-term value creation for Accunia clients and investors. Accunia does not reward taking undue sustainability risk.

Principal Adverse Impact & EU Taxonomy

Accunia does not currently consider the EU defined *principal adverse impacts* of investment decisions on sustainability. Our ESG policy aims to reduce adverse sustainability impacts through the different restrictions outlined. Further, Accunia does not consider the EU criteria for environmentally sustainable economic activities. Accunia follows the development in applicable regulation and market standards closely and updates our ESG policy accordingly.

