



RESPONSIBLE INVESTMENT POLICY



STORM CAPITAL MANAGEMENT AS

Introduction

Storm Capital Management AS (“SCM”) is a signatory to the United Nations Principles of Responsible Investment (“UNPRI”). This document sets out SCM’s Responsible Investment Policy (the “**Responsible Investment Policy**”) which applies to SCM, including the portfolio management of Storm Bond Fund (“**the Fund**”).

The Fund invests in the Nordic High Yield market. The market has matured and developed significantly during the last decade. In 2009, more than 50% of the outstanding high yield bonds were related to oil and gas while this exposure represents 15% of the market in 2021. Today the market is well diversified among Nordic countries, various industries, and issuers. Furthermore, the market has grown by approximately 14% annually for the last 10 years.

SCM believes that companies that recognize and apply sustainability as part of their business strategy, will outperform and therefore demonstrate better credit quality over the longer-term compared to other companies. Sustainability can therefore be a key driver affecting risk and return of credit investments made by the Fund. SCM believes that a responsible approach to investing, including due consideration of sustainability aspects, can have an impact on and improve risk / reward of the Fund’s investments and thus further the Fund’s Investment Objectives. Therefore, the Responsible Investment Policy forms an integral part of the Investment Policy in order to meet the Investment Objective of the Fund.

Additionally, SCM believes that it can play an important role in the company's efforts in meeting their sustainability goals. Importantly, this includes financing businesses to facilitate for examples the Energy Transition, directly and indirectly, thereby making a sustainability impact.

The Responsible Investment Policy has been developed by the Team based on observation of policy measures and industry standards affecting the Nordic High Yield market, interaction with market participants and major financing institutions in the region, and the Team’s investing experience in the market, forming the understanding and opinion of how sustainability developments may impact the Fund’s investment performance. The Responsible Investment Policy will be reviewed at least annually. To the extent SCM will manage funds with strategies different from that of the Fund, the Responsible Investment Policy will be updated accordingly and implemented in further detail.

This Responsible Investment Policy is integrated as a part of the Fund’s investment process.

SCM Responsible Investment Policy includes and supports the understanding that we need to limit global warming: Measures which much be taken is:

1. A large and rapid reduction in CO2 emissions.
2. A reduction in other greenhouse gases (non-CO2).
3. Focus on strategies that can remove CO2 from the air.

This as 196 countries agreed in The Paris Agreement from 2015.

Responsible Investment Guidelines

SCM's Responsible Investment Policy sets out guidelines for the implementation of the Fund's Investment Process, relating to sustainability issues. These guidelines serve to identify, consider, and assess concerns related to ESG Factors that may have an impact on the Fund's investments, and set out objectives that mitigate these concerns ("**ESG Objectives**") and thus promote the Fund's ability to reach its Investment Objectives.

ESG Factors

The ESG Factors can be divided into Environmental, Social and Governance. The key concerns related to these ESG Factors include the following:

ENVIRONMENTAL CONCERNS:

EMISSIONS AND ENERGY REDUCTION. The main concern is greenhouse gas (GHG) emissions and the Industries' adaptation to stricter regulations and end-user requirements, but also concern over local air pollution emission from Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Particulate Matter (PM) etc.

SOCIAL CONCERNS:

HEALTH, SAFETY AND SECURITY. The main concern is workers' health and safety. This includes accident and fatality rates, security concerns related to threats against assets or labour force and health and safety issues related to production processes.

LABOUR AND HUMAN RIGHTS. The main concern is possible non-compliance with general labour and human rights standards, particularly related to the use of short-term contracts and temporary employment through manning agencies, which may weaken worker's rights.

GOVERNANCE CONCERNS:

ANTI-CORRUPTION. All industries are vulnerable to corruption and the demand for facilitation payments, a vulnerability that increases with the widespread use of agents, brokers and intermediaries in the industries.

ACCOUNTABILITY AND TRANSPARENCY. The focus is on how the company's governance structure safeguards compliance with legal requirements, potential sanctions and industry standards, and how the company ensures accountability and transparency in its operations.

ESG Objectives

SCM shall seek to reduce negative impacts on the ESG Factors by having the following objectives:

TOPIC	ESG FACTOR	ESG OBJECTIVE
ENVIRONMENTAL	EMISSIONS AND ENERGY REDUCTION	<ul style="list-style-type: none"> > Target companies/issuers that already reports on subject or, have initiated to do so in the near future. > Target businesses that make us able to fulfill obligations in line with Regulation (EU) 2020/852 (Taxonomy), > Target companies that are compliant with the IMO 2020 regulation, putting a cap on SO_x emissions, at least in line with Paris Agreement from 2015
SOCIAL	HEALTH, SAFETY AND SECURITY	<ul style="list-style-type: none"> > Target companies that have proper policies and procedures in place for handling, tracking, and preventing incidents and accidents that may lead to injuries or illnesses to the Clients' workers
	LABOUR AND HUMAN RIGHTS	<ul style="list-style-type: none"> > Target companies that are in compliance with International Labour Conventions > Target companies that have proper policies and procedures in place ensuring freedom of organisation and collective bargaining agreements
GOVERNANCE	ANTI-CORRUPTION	<ul style="list-style-type: none"> > Target companies that have in place proper anti-corruption policies and practices
	ACCOUNTABILITY AND TRANSPARENCY	<ul style="list-style-type: none"> > Target companies that demonstrate compliance with sanctions imposed by the EU, Norway, U.K., or the U.S. > Target companies that have properly assessed and implemented a holistic strategy and policies for the various ESG Factors

In addition, all companies have to follow SCM ethical guidelines, and the guidelines adopted from Norwegian Government Pension Fund Abroad (NBIM).

Responsible Investment Procedures

The responsible investment guidelines form the basis for the responsible investment procedures set out below. The responsible investment procedures are integrated in the Fund's Investment Process.

The responsible investment procedures aim to identify and assess an investment based on the ESG Factors and ESG Objectives. The procedures are carried out throughout the investment process with the objective of clarifying whether the investment will contribute to SCM achieving its ESG Objectives, and hence its Investment Objectives.

The Responsible Investment Procedures include four key stages:

- > Initial credit selection: Negative screening
- > Pre-investment due diligence, resulting in further credit selection.
- > Investment approval meeting
- > Post-investment monitoring

Initial credit selection: Negative Screening

The initial credit selection stage seeks to negatively screen for credits that are not compatible with the Fund's Investment Objectives. The Initial credit selection employs among others the following exclusion lists:

- > NBIM's exclusion list
- > Gambling companies
- > Thermal coal companies

Pre-investment Due Diligence

In this process, the Team will assess the relevant ESG Factors for the investment and determine whether they are consistent with the Fund's ESG Objectives, or alternatively whether the company can be reasonably expected to address concerns related to the ESG Factors in such a way that the investment becomes consistent with the Fund's ESG Objectives.

Investment approval meeting

Prior to a new investment being made, the Fund's internal Compliance Committee will determine whether the investment is in compliance with this Responsible Investment Policy, the Investment Process, and whether the investment is compliant with the Investment Objective of the Fund.

Post Investment Monitoring

The documentation for the Fund's investments will include certain information undertakings and reporting obligations on part of the companies relating to the ESG Factors.

These undertakings and reporting obligations enable the Team the following:

- > Tracking the investment's development relative to the ESG Objectives
- > Enabling reporting at Fund level of the investments on an aggregate basis.
- > Continue producing annually Carbon Footprint analyses of the portfolio.

Commensurate with market practice, reporting of certain events by the company may, if not remedied, give rise to sell the investment. Other reported information may be used by the Team to assess the company's progress over time relating to the ESG Objectives.

ESG Integration

The assessment of the ESG Factors and ESG Objectives relating to a specific investment is integrated into the overall investment process. The assessment takes place in the four key stages described above.

Since the ESG Factors and ESG Objectives for an integral part of the Investment Process, their assessment will be made for all investments of the Fund. As for any aspects of an investment, for any unresolved issues, the Team is given delegated authority to address these issues prior to concluding the investment.

Reporting

The Fund will follow reporting obligations in the investment documentation relating to the ESG Factors and ESG Objectives in lines with Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Certain reporting relating to the ESG Factors is available on an annual basis only.

Version	Release Date	Description	Amended by	Reviewed by	Approved by the Board on
V1	03/2021	Initial policy	TA	MSM	