

NCI Credit Opportunity Fund A/S ("NCIC") is a debt investment company. The company is managed by NCI Advisory I A/S ("NCIA"). NCIC invest in HY bonds issued by companies in Northern Europe.

As debt investors, we have no influence on companies like shareholders have. We can indirectly seek to influence potential and existing investments by enquiring the relevant companies about their ESG policies and inform them about our ESG view, but we have no power to directly impact their ESG policies. During the investment phase, in cases where we have direct negotiations with the borrower, we can through dialogue seek to positively influence the borrower's ESG-related topics. We are typically not a majority investor and, as such, that limits our influence. Our influence is predominantly in connection with the investment decision as we can decide not to invest if potential investments have insufficient focus on ESG. Thereby we signal and inform companies about our view on their ESG policies.

POLICY FOR RESPONSIBLE INVESTMENTS

1. Scope

- 1.1. This policy covers NCIC's policy on responsible investments, ESG-related risks and NCIC's principles in relation to NCIC's activities as debt investor within bonds.
- 1.2. The policy was drawn up in accordance with Regulation 2019/2088/EU of the European Parliament and of the Council of 27 November 2019 on sustainability-related information in the financial services sector (the "Disclosure Regulation").
- 1.3. This policy covers all ESG issues, including sustainability. It applies to NCIC, and NCIA which manages NCIC. The policy has been approved by both NCIC's and NCIA's board of directors.

2. Introduction

- 2.1. We actively work within the UN Global Compact (The Ten Principles) which concerns human rights, the environment and working conditions, as well as the recommendations of the Committee on Corporate Governance.
- 2.2. We are continuously working with a culture of integrity that meets fundamental human rights, and our ambition is to influence to improve society and improve the prospects of our planet.
- 2.3. We stay focused on ESG conditions and engage and influence where we can so that the objectives and principles set out in point 2.1 are pursued.

3. Principles in relation to responsible investment including new investors

- 3.1. Using our investment and monitoring framework outlined in appendix 1, we include ESG in our daily work in connection with assessing each investment decision as well as monitoring existing investments.
- 3.2. NCIC integrates ESG-related data where data is available, and we seek additional data where appropriate.
- 3.3. NCIC refrains from investing in companies that i) use child labour, ii) produce, distribute and/or trade with pornographic content, iii) produce, distribute and/or trade with attack weapons, iv) do not have a practice of free religion, equality thinking or tolerate racist attitude, v) which do not operate within the laws and regulations, and/or vi) which do not exhibit and live up to the right moral and ethical standards.
- 3.4. As long as our principles in 3.3 are observed, NCIC is not categorically prohibited from investing in specific industries. There are several industries that have a significant negative climate footprint and

here it is essential for NCIC that a specific company has a targeted ESG strategy and is actively working on improving the company's climate footprint.

- 3.5. NCIC strives to achieve long-term attractive returns where assessment of ESG conditions is an integral part of each potential investment case.
- 3.6. ESG monitoring is an integral part of our portfolio monitoring. Besides the initial ESG rating done when new investments are made, we track the companies including their track record in relation to ESG. We report on the various metrics in our investment and monitoring framework on an interim basis to the boards of the companies we manage, and as part of our regular reporting to our investors, as well as in our annual report.
- 3.7. When considering new investors into NCIC, we apply a holistic approach where we, in addition to the ESG principles outlined in this policy, also consider any reputation risk for NCIC.

4. Publication, reporting, approval, and review

- 4.1. This policy is publicly available and can be accessed at www.nciadvisory.com.
- 4.2. NCIC will comment in the annual report on this policy as well as developments during the year.
- 4.3. At least once a year, the policy is reviewed and approved by NCIC's Board of Directors.

Date: 30 March 2022

NCI Credit Opportunity Fund A/S

Approved by the Board:

Appendix 1 – Investment and Monitoring Framework for ESG

Covering NCIC and the manager NCIA (together defined as “NCIA”)

Scope

Referring to the Policy for Responsible Investments, the Board of directors of NCIA has approved the following processes for ensuring that the Policy for Responsible Investments is implemented, and that further development will be initiated over time.

Timeline

The investment and monitoring framework outlined in this appendix will take effect from 1 January 2022. It will be applied to all new investment considerations and, during the first half of 2022, be applied to all existing investments, meaning that an ESG rating is calculated on each investment as well as portfolio level. The scoring will also be included in the reporting to the Boards, starting from 1 January 2022.

Application to new potential investments

When presenting new investment proposals to the Board for approval NCIA must, prior to presenting the investment proposal and in addition to the credit, structural and legal analysis, also analyse the ESG profile of a potential investment and give an ESG rating, based on this investment and monitoring framework.

Update intervals and obligation to keep track

An ESG rating will be given to each new potential investment. The ratings for investments will generally be re-assessed once a year except if there are specific circumstances that warrant a re-evaluation.

The portfolio rating will be updated each time the composition of the portfolio changes.

NCIA must keep historic track of the development over time.

Dealing with negative rating trends on investments

NCIA will, in relation to any investment, discuss relevant ESG issues with the management of the investment and potentially also the owner(s).

For any potential investment rated 1, or an existing investment which develops into a rating of 1, more emphasis will be put on ESG to motivate management and/or the owners of a potential investment to seek and improve conditions which would subsequently improve our rating. It will be a key criterion for investing (or not divesting) that the target has a commitment to improve the ESG situation. In case this doesn't happen within a reasonable time, NCICA will discuss with the Board whether the investment should be exited or in case of refinancing whether reinvestment should be undertaken.

As the investments are in debt and NCIA is not owners of the investment, NCIA can only raise ESG issues and come with its evaluation and recommendations, but we are not involved in any decision taking.

We use MSCI's ratings methodology to pick what matters – but we ultimately assign the investment ratings

The ESG analysis will be based on the MSCI framework. MSCI splits ESG into E, S and G, further subdivided into 10 themes, which are again further subdivided into a range of issues.

The three pillars will thus be applied to each investment, but which themes and issues deemed relevant for each industry (MSCI ESG Industry Materiality Map), and therefore also for a company, and what weights should be given to each issue, will be based on the MSCI ratings methodology.

Which rating given under each component, is subjectively assessed by NCIA.

NCIA has defined its own rating system for each subcomponent in the MSCI framework.

The possible ratings are as follows:

- 4: Management and company is genuinely committed to ESG.
- 3: Management and company has taken steps to integrate ESG.

- 2: Management and company demonstrates a little commitment to ESG.
- 1: Management and company demonstrates very limited or no commitment to ESG.

Calculation of ratings

Individual investment rating

For each theme selected by MSCI for a relevant industry, in which a given potential investment operates, a rating of 1 to 4 will be applied, multiplied by the percentage weight given to it by MSCI. The sum of all the weighted ratings is the investment rating in accordance with our investment and monitoring framework under ESG.

Portfolio rating

The simple average of each investment's rating in the portfolio.

Appendix 2 – Example of rating using NCIA’s Investment and Monitoring Framework for ESG

This is an example of a company in the healthcare industry, where MSCI provides the relevant ESG issues in relation to the industry, the individual weights of the issues, and where NCIA rates the industry as well as the specific company in relation to the industry, ultimately resulting in a rating of 3.00 for this company.

Health Care

Health Care Facilities

Clear

Environmental

Issue	Average Weight	Rating
Carbon Emissions	5%	3
Biodiversity & Land Use		
Raw Material Sourcing		
Product Carbon Footprint		
Climate Change Vulnerability		
Water Stress		
Financing Environmental Impact		
Packaging Material & Waste		
Electronic Waste		
Opportunities in Renewable Energy		
Toxic Emissions & Waste		
Opportunities in Green Building		
Opportunities in Clean Tech		

Social

Issue	Average Weight	Rating
Labor Management	20.1%	3
Product Safety & Quality	20.1%	3
Privacy & Data Security	19.7%	2
Human Capital Development		
Community Relations		
Consumer Financial Protection		
Supply Chain Labor Standards		
Insuring Health & Demographic Risk		
Controversial Sourcing		
Access to Communications		
Access to Finance		
Access to Health Care		
Opportunities in Nutrition & Health		
Chemical Safety		
Responsible Investment		
Health & Safety		

Governance

Issue	Average Weight	Rating
Governance	35.1%	2
Ownership & Control		
Board		
Pay		
Accounting		
Business Ethics		
Tax Transparency		

Pillar	Issue	MSCI weight	NCICA		MSCI weight *	
			Industry Rating	Company Rating	Industry Rating	Company Rating
E	Carbon Emissions	5.0%	3	3	0.15	0.15
S	Labor Management	20.1%	3	3	0.60	0.60
S	Product Safety & Quality	20.1%	3	3	0.60	0.60
S	Privacy & Data Security	19.7%	2	3	0.39	0.59
G	Governance	35.1%	2	3	0.70	1.05
		100.0%			2.45	3.00

Appendix 3 – ESG self-assessment

Financials
Asset Management & Custody Banks

Search for a sub-industry

Clear

Environmental

Issue	Average Weight
Carbon Emissions	5%
Opportunities in Green Building	0.2%
Toxic Emissions & Waste	0.2%
Product Carbon Footprint	
Climate Change Vulnerability	
Water Stress	
Biodiversity & Land Use	
Raw Material Sourcing	
Financing Environmental Impact	
Packaging Material & Waste	
Electronic Waste	
Opportunities in Clean Tech	
Opportunities in Renewable Energy	

Social

Issue	Average Weight
Human Capital Development	23.4%
Responsible Investment	17.1%
Privacy & Data Security	11.8%
Insuring Health & Demographic Risk	0.1%
Labor Management	
Health & Safety	
Supply Chain Labor Standards	
Product Safety & Quality	
Chemical Safety	
Consumer Financial Protection	
Community Relations	
Controversial Sourcing	
Access to Communications	
Access to Finance	
Access to Health Care	
Opportunities in Nutrition & Health	

Governance

Issue	Average Weight
Governance	42.2%
Ownership & Control	
Board	
Pay	
Accounting	
Business Ethics	
Tax Transparency	

Pillar	Issue	MSCI weight	MSCI weight *		MSCI weight *	
			NCICA Industry Rating	NCICA Industry Rating	NCICA Company Rating	NCICA Company rating
E	Carbon Emissions	5.0%	3	0.15	2	0.10
E	Opportunities in Green Building	0.2%	3	0.01	2	0.00
E	Toxic Emissions & Waste	0.2%	3	0.01	3	0.01
S	Human Capital Development	23.4%	3	0.70	3	0.70
S	Responsible Investment	17.1%	3	0.51	3	0.51
S	Privacy & Data Security	11.8%	3	0.35	3	0.35
S	Insuring Health & Demographic Risk	0.1%	3	0.00	3	0.00
G	Governance	42.2%	3	1.27	3	1.27
		100.0%		3.00		2.95