

Website product disclosure for financial products that promote environmental or social characteristics

Website product disclosure for financial products that promote environmental or social characteristics referred to in Article 24 of Regulation (EU) 2022/1288.

Product name: First Seed

Legal entity identifier: 822 028 012

Summary

English

First Seed promotes environmental and social characteristics but does not have a sustainable investment objective.

Skagerak Capital embraces the UN's sustainability definition, focusing on meeting present needs without compromising future generations. Through impact investing and ESG analysis, we aim to generate positive environmental and social outcomes while identifying non-financial risks and opportunities. We strongly believe that companies committed to ESG and sustainability hold a competitive advantage for sustainable growth. Aligning with our investment philosophy, we strive for investments that contribute to the UN's Sustainable Development Goals, with specific emphasis on SDGs 8, 9, and 12. As signatories of the Principles for Responsible Investment, we integrate ESG issues into our decision-making, engage with investee companies, and promote industry acceptance and implementation.

Skagerak Capital has made significant progress in advancing environmental and social characteristics within our investment approach, aligning with the UN's Sustainable Development Goals (SDGs) and fostering ESG awareness across our company and portfolio companies. We actively seek input from stakeholders to continuously improve our ESG practices and address emerging challenges. Our portfolio companies are expected to comply with our ESG requirements, which are reflected in reporting, term sheets, and shareholder agreements. We prioritize active board engagement in ESG matters to deepen understanding and drive positive change in our decision-making processes.

Norsk

First Seed fremmer miljømessige og sosiale egenskaper, men har ikke et bærekraftig investeringsmål.

Skagerak Capital benytter FNs definisjon av bærekraftig utvikling: «en utvikling som imøtekommer dagens behov uten å ødelegge mulighetene for at kommende generasjoner skal få dekket sine behov». Gjennom ESG analyser av potensielle investeringer har vi som mål å generere positive miljømessige og sosiale resultater samtidig som vi identifiserer ikke-finansielle risikoer og muligheter. Vi tror sterkt på at selskaper som forplikter seg til ESG og bærekraft har en konkurransefordel. I tråd

med vår investeringsfilosofi streber vi etter investeringer som bidrar til FNs bærekraftsmål, med hovedvekt på SDG 8, 9 og 12. Som undertegnere av *Principles for Responsible Investment* integrerer vi ESG-tematikk i beslutningsprosessen vår, setter bærekraft på dagsorden hos våre porteføljeselskaper, og fremmer aksept og implementering i bransjen.

Skagerak Capital er opptatt av å fremme miljømessige og sosiale egenskaper i vår investeringsstrategi, og har økt bevisstheten om ESG i vårt selskap og porteføljeselskaper. Vi søker aktivt innspill fra interessenter for å kontinuerlig forbedre våre ESG-praksiser og håndtere nye utfordringer. Våre porteføljeselskaper forventes å etterleve våre ESG-krav, som gjenspeiles i rapportering, term sheets og aksjonæravtaler. Vi prioriterer aktiv deltakelse fra styret i ESG-saker for å øke forståelsen og drive positiv endring i våre beslutningsprosesser.

No sustainable investment objective:

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The fund considers sustainability using the definition set by the UN: "meeting the needs of the present without compromising the ability of future generations to meet their own needs." We view impact investing as an avenue for generating measurable positive environmental or social outcomes through our portfolio companies. Additionally, our ESG analysis enables us to identify non-financial risks and opportunities that can significantly impact an asset's value. We firmly believe that companies with a strong commitment to ESG and sustainability possess a competitive edge in driving sustainable growth for the future.

Aligned with our investment philosophy, Skagerak Capital aims to ensure that every investment contributes to the achievement of the UN's Sustainable Development Goals (SDGs). Our rigorous investment analysis process involves meticulous screening and alignment of companies with their corresponding SDGs. As the majority of Skagerak Capital's investments are in technology companies specializing in B2B SaaS solutions or DeepTech, specific SDGs hold particular importance. Our investments primarily serve as enablers for resource efficiency, as the core purpose of these companies revolves around enhancing process efficiency. Therefore, we consider Sustainable Development Goals 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure), and 12 (Responsible consumption and production) as the most relevant and impactful goals. Nonetheless, whenever feasible, we actively seek opportunities to invest in companies that align with other SDGs, broadening the scope of our positive impact.

Moreover, Skagerak Capital is a signatory of the Principles for Responsible Investment (PRI). As a PRI signatory, we adhered to six core principles that guided our decision-making and engagement with investee companies:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Investment strategy

Over the past year, Skagerak Capital and our portfolio companies have taken significant actions to advance environmental and social characteristics in our investment approach. We have placed a strong emphasis on aligning our activities with the UN's 17 Sustainable Development Goals (SDGs), ensuring that our investments contribute positively to these global sustainability targets. To promote ESG awareness and knowledge, we have fostered a culture where all employees in Skagerak Capital and portfolio companies are well-versed in the SDGs and understand the specific goals our company and portfolio companies are working towards. This shared understanding enables us to align our efforts and drive meaningful impact.

ESG has become a core part of our operations, and we have actively encouraged valuable input from all stakeholders for continuous improvement in ESG practices. We recognize that ongoing enhancement is essential to address evolving environmental and social challenges effectively. Our portfolio companies have been instrumental in advancing ESG goals. They are expected to be well-informed about and adhere to Skagerak Capital's ESG requirements, which are demonstrated through regular reporting. By tracking key metrics and performance indicators, we can effectively monitor progress and identify areas for improvement. We also require companies to work with ESG and place this in the Term sheet and subsequent shareholder agreements to ensure that the companies are required to comply with this. All findings that emerge in the investment processes, both ESG-related and others, that are identified in internal analysis and during due diligence, are logged with associated actions, graded by severity and entered into the 100-day plan that we work closely with the company after the investment.

We have also emphasized the importance of active board engagement in ESG matters. ESG considerations are integrated into board meetings, ensuring that discussions around environmental and social topics take place regularly. This engagement fosters a deeper understanding of ESG issues and enables us to make informed decisions that drive positive change.

Proportion of investments

The fund promotes Environmental/Social (E/S) characteristics, and while the fund does not have as its objective a sustainable investment, the fund expects that most of its investments will qualify as sustainable investments. Currently, 100% of the fund's investments qualify as sustainable investments.

Monitoring of environmental or social characteristics

Post-investment, the ESG performance of the portfolio companies is monitored continuously by Skagerak Capital's investment team. This is achieved through active board participation, key environmental and social metrics tracking, and discussion with company management.

Methodologies

Skagerak Capital annually gathers data on the portfolio companies' principal adverse impact indicators and their performance on the EU taxonomy. Additionally, key data on themes like diversity is gathered quarterly. The investment team utilizes this data to assess the portfolio companies' performance and identify ESG issues and performance gaps to engage with the portfolio companies on.

Data sources and processing

The fund employs Celsia, an EU taxonomy reporting system, to collect data on our portfolio companies' principal adverse impact indicators and the EU taxonomy. The investment team reviews the reported data meticulously to uphold data quality standards. It is important to note that certain data points are estimated by portfolio companies due to the unavailability of precise data. The extent of estimated data may vary over time, depending on the companies' progress in their ESG journey.

Limitations to methodologies and data

Most of the utilized data is self-reported by the companies and hence there may exist miscalculations in the data. Additionally, the extent of estimated data varies. However, our investment team conducts thorough data reviews to address significant discrepancies between reported and actual data, thereby ensuring the adequacy of data quality for evaluating the environmental and social characteristics of the fund.

Due diligence

Skagerak Capital conducts comprehensive ESG due diligence before investing. We have integrated mechanisms to disclose ESG-related threats and opportunities in our investment strategies. Additionally, we work with a third party to identify companies that pose ESG risks, and if we find the risks too significant, we refrain from investing in them.

Engagement policies

See section *Investment strategy*.

Designated reference benchmark

A reference benchmark has not been defined for this product.