



EUROPEAN  
COMMISSION

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ANNEXES 1 to 4

## **ANNEXES**

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**COMMISSION DELEGATED REGULATION (EU) .../...**

**amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities**



Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **Skagerak Capital III**

Legal entity identifier: **918 019 669**

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?



Yes



It made **sustainable investments with an environmental objective**: \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective**: \_\_\_\_%



No



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 100 % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics, but **did not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

As the fund was raised before the EU taxonomy and SFDR disclosure reporting was finalized, the fund's environmental and social characteristics were not fully defined with specific indicators. However, 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:

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **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.

Considering sustainability, we use the definition set by the UN: "meeting the needs of the present without compromising the ability of future generations to meet their own needs." Further, impact investing to us means seeking to make a measurable net positive environmental or social effect through the portfolio companies, while ESG (environmental, social, and governance) analysis is an approach towards identifying non-financial risks or opportunities that may have a material impact on an asset's value. Skagerak Capital believes that companies with a strong focus on ESG and sustainability have a significant advantage in creating sustainable growth in the future.

During the fundraising for Skagerak Capital III, our focus was on investments aligned with three prominent megatrends: climate change, resource efficiency, and changing demographics. To guide our investment decisions, we identified a set of relevant Sustainable Development Goals (SDGs) for each megatrend. These SDGs played an integral role in our investment analysis process, as we diligently screened and matched companies to their corresponding SDGs. As the fund mostly targets technology companies specializing in SaaS solutions or DeepTech, certain SDGs hold more significance than others.

Our investments primarily act as enablers for resource efficiency, as the fundamental purpose of these companies lies in enhancing process efficiency. As a result, 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 also sought opportunities to invest in companies that align with other SDGs, expanding the scope of our positive impact.

### ● ***How did the sustainability indicators perform?***

During the reference period, the fund complied with its duties as a signatory of the PRI. The fund actively assessed ESG issues and their impact throughout the investment screening process, engaged with portfolio companies in ESG issues, and tracked and worked on improving equality and diversity. Moreover, we ensured that all investee companies

complied with our anti-corruption policies and worked on maintaining good governance through active board participation.

All our investments in the reference period supported three or more Sustainable Development Goals. The investments were focused on companies contributing to greater resource efficiency. Most companies supported Sustainable Development Goals 8, 9, and 12, but SDG 3, 4, 7, and 13 was also matched with one or more companies.

As previously stated, the fund's environmental and social characteristics were not fully defined with specific indicators due to a non-finalized EU taxonomy and SFDR disclosure reporting at fundraising. As we have started reporting on the EU taxonomy, Principal Adverse Indicators, and SFDR disclosures for the full year 2022, we aim to improve our quantitative measurement of sustainability indicators in the future.

● ***...and compared to previous periods?***

A performance comparison will be provided in next year's disclosure covering the period 01.01.2023-31.12.2023 as this report constitutes the first and therefore there is no previous report to compare to.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The sustainable objective of the fund is to invest in companies that generate positive impact and contribute to addressing global challenges, such as climate change and resource scarcity. Skagerak Capital recognizes the importance of resource efficiency as a key driver of sustainable development. We consider resource efficiency as a guiding principle in our investment approach, with SDGs 8, 9, and 12 serving as examples of how our investments contribute to this objective.

SDG 8: Decent Work and Economic Growth highlights the importance of sustainable economic development. Through our investments, we seek out companies that promote resource-efficient practices, such as improving the efficiency of work process and creating more energy-efficient production processes.

SDG 9: Industry, Innovation, and Infrastructure reinforces the need for sustainable and resilient infrastructure. Our fund actively seeks investment opportunities in companies that provide innovative solutions for resource efficiency, sustainable industrialization, and infrastructure development.

SDG 12: Responsible Consumption and Production is a key pillar of our investment strategy. We prioritize investments in companies that prioritize sustainable consumption and production patterns, waste reduction, and efficient resource management.

While we emphasize the importance of resource efficiency in achieving sustainable development, we also recognize that the SDGs are interconnected and mutually reinforcing.

Our investment decisions take into account the broader spectrum of SDGs, including those related to climate action, affordable and clean energy, sustainable cities and communities, and more.

The fund's sector focus was mainly SaaS and DeepTech companies, which inherently contribute to the Sustainable Development Goals (SDGs) as enablers for resource efficiency and emissions reduction. SaaS companies, by nature, have low emissions as their operations center around software development without traditional production processes. For DeepTech companies, we actively engage in reducing emissions to ensure a net positive impact from our sustainable investments. This is accomplished through a comprehensive due diligence process prior to investment and active board participation throughout our engagement. By prioritizing emission reduction strategies and sustainable practices within our portfolio, we strive to maximize the positive impact.

The companies we invest in facilitate greater resource efficiency and lower emissions, implying that financial growth leads to greater efficiency and thereby greater impact. This alignment ensures that our investments deliver not only financial returns but also positive ESG impact, which we consider imperative for sustainable investing.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

 ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

In Skagerak Capital we have a holistic approach towards sustainability, ESG and impact, whereas all dimensions are included in our investment process, monitoring and in developing the portfolio companies. Through our investment scope we aim to include companies in our portfolio with a net positive impact on people and the planet. To comply with the scope, we consider all three elements, whereas we conduct impact related workshops, as well as UN SDG mapping. In addition, we have integrated means to disclose ESG-related threats and opportunities in our active investment strategies. We work through a third party to identify companies that may pose a risk to ESG related elements. If we consider the risks to be too great, we refrain from investing in these companies.

Throughout the lifetime of the funds, we closely monitor the performance of the portfolio companies and we have dedicated employees to secure the company's alignment to our investment strategy. Previously, we used our self-developed ESG-scorecard system to track, benchmark and improve the performance of the portfolio companies, but have now transitioned to using the EU taxonomy and Principal Adverse Impact indicators. Additionally, we work closely with the management, seeking to enhance their performance within ESG. To ensure "no significant harm" from our sustainable investments we focus on ensuring portfolio companies' compliance with anti-corruption policies, track diversity metrics, and actively discuss ESG issues through board participation.

— — — ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The reporting for the year 2022 marks the first time Skagerak Capital has tracked the indicators for adverse impacts on sustainability factors as part of our commitment to transparency and accountability. While this initial report provides valuable insights, we acknowledge that it is the beginning of an ongoing process that will become an integral part of our investment approach.

Skagerak Capital has indirectly addressed several PAIs through our existing exclusion policy, which among others prohibits investments in companies involved in weapons, coal, and oil production. This policy aligns with our commitment to sustainable investing and ensures that we avoid investments with adverse impacts in these areas. Additionally, we have recognized the importance of diversity as a sustainable factor and have focused on promoting diversity through active engagement with the boards of our portfolio companies.

Moving forward, we are committed to continuously improving our reporting and follow-up of these indicators. We recognize the importance of robust data collection, analysis, and disclosure to assess the sustainability performance of our portfolio companies accurately. By enhancing our reporting framework, we aim to deepen our understanding of the potential adverse impacts associated with our investments and take necessary actions to mitigate them effectively.

**We have gathered data for the following PAI indicators:**

- **PAI 1, table 1** was considered for scope 1, 2 and 3 Green House Gas emissions through active engagement with portfolio companies. Additionally, our investment mandate does not allow for investments in activities with highly negative climate impacts (e.g., thermal coal, oil sand, and arctic drilling).
- **PAI 2, table 1** was considered for scope 1 and 2 carbon footprint through active engagement with portfolio companies. Additionally, our investment mandate does not allow for investments in activities with highly negative climate impacts (e.g., thermal coal, oil sand, and arctic drilling).
- **PAI 3, table 1** was considered for scope 1 and 2 Green House Gas intensity of investee companies through active engagement with portfolio companies. Additionally, our investment mandate does not allow for investments in activities with highly negative climate impacts (e.g., thermal coal, oil sand, and arctic drilling).
- **PAI 4, table 1** regarding the exposure to companies in the fossil fuel sector was considered through active engagement with portfolio companies. Additionally, our investment mandate does not allow for investments in activities with highly negative climate impacts (e.g., thermal coal, oil sand, and arctic drilling).
- **PAI 5, table 1** regarding the share of energy consumption from non-renewable sources was considered via active engagement with portfolio companies. Skagerak Capital is committed to contributing to the goals of the Paris Agreement and engages with portfolio companies to ensure sustainable energy use.
- **PAI 6, table 1** regarding Energy consumption per High Impact Climate sector was considered via active engagement with portfolio companies. Skagerak Capital is committed to contributing to the goals of the Paris Agreement and engages with portfolio companies to ensure sustainable energy use.

- **PAI 7, table 1** regarding activities negatively affecting biodiversity sensitive areas was considered via the investment mandate and engagement. Most of the fund's investments are in SaaS companies, so the biodiversity risk is comparatively low. However, we ensure that all our investee companies comply with biodiversity policies through our board participation and ESG framework.
- **PAI 8, table 1** regarding Water was considered via the investment mandate and engagement. Most of the fund's investments are in SaaS companies, so the water risk is comparatively low. However, we ensure that all our investee companies comply with water policies through our board participation and ESG framework.
- **PAI 9, table 1** regarding hazardous waste and radioactive waste ratio was considered via the investment mandate and exclusion policy. Through our ESG screening pre-investment, we ensure that we do not invest in companies with hazardous and radioactive waste.
- **PAI 10, table 1** regarding violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises was considered via engagement and exclusions. Skagerak Capital adheres to internationally recognized standards and assesses company behavior based on these standards, both pre- and post-investment. For example, we do an anti-corruption assessment as part of our due diligence and either demand that companies meet anti-corruption requirements pre-investment or make it a top priority immediately after investment.
- **PAI 11, table 1**, regarding the lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, was considered via engagement. Skagerak Capital adheres to internationally recognized standards and assesses company behavior based on these standards, both pre- and post-investment. We engage with portfolio companies through board participation to ensure that the companies are compliant with human rights frameworks and anti-corruption policies.
- **PAI 12, table 1** regarding the unadjusted gender pay-gap was considered via engagement. Skagerak Capital is committed to promoting gender diversity and equality within its portfolio companies. Through our engagement efforts, we encourage portfolio companies to implement practices that foster diversity, equality, and fair compensation for all genders.
- **PAI 13, table 1** regarding board gender diversity was considered via engagement. Skagerak Capital is committed to promoting gender diversity and equality within its portfolio companies. Through our engagement efforts, we encourage portfolio companies to implement practices that foster diversity, equality, and fair compensation for all genders.
- **PAI 14, table 1** regarding exposure to controversial weapons was considered via exclusions. Skagerak Capital has a strict exclusion policy regarding investments with exposure to controversial weapons. We categorically exclude any investments in companies involved in the production, distribution, or trade of controversial weapons, as defined by internationally recognized conventions and regulations. This includes but is not limited to nuclear weapons, cluster munitions, anti-personnel mines, biological and chemical weapons.
- **PAI 4, table 2** regarding investments in companies without carbon emission reduction initiatives was considered via engagement. We work with the portfolio companies through board participation to discuss possible implementations of carbon emission reduction initiatives.

- **PAI 10, table 3** regarding due diligence processes for identifying, preventing, mitigating, and addressing adverse human rights impacts was considered via engagement and exclusion. Skagerak Capital assesses adverse human rights impacts during the investment screening and excludes companies with significant adverse impacts. Additionally, we actively engage with the company to address the lack of processes for due diligence of adverse human rights impacts.

— — — Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via both Skagerak Capital's Exclusion Policy and our ESG Framework. The ESG framework is based on the Sustainable Development Goals and screens for breaches on these principles. Skagerak Capital screens for any controversies that the company has been involved in and any breaches will exclude the company from being ranked as a sustainable investment. We also ensure that companies follow human rights framework and our anti-corruption policy. Further we exclude investments in companies involved in the production of controversial weapons as well as investments in companies directly involved in the production of fossil fuels.

*The EU taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria. The "do no significant harm" principle applies only to those investments underlying financial products that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities. Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

Skagerak Capital utilized the PAIs as part of the evaluation of the "do not significant harm" principle to be able to classify investments as sustainable. As the full year 2022 reporting is the first time we track the PAIs, we only evaluated the PAI indicators retroactively. However, some of the indicators were indirectly considered pre-investment through our SDG mapping and exclusion policy. In the future we aim to use the PAI indicators as part of our ESG screening pre-investment and as a framework for improving the portfolio's sustainability performance continuously through active engagement.

**Below, we report the PAIs for 2022. Please note that the data is self-reported by the portfolio companies. Skagerak Capital cannot guarantee the accuracy of the data.**

- **PAI 1, table 1, GHG emissions:**

- Scope 1 GHG emissions were 0 tco2e
- Scope 2 GHG emissions were 8.611 tco2e
- Scope 3 GHG emissions were 160.3401 tco2e
- **PAI 2, table 1:** The carbon footprint was 0.8522 tCO2e/€M
- **PAI 3, table 1:** The GHG intensity of the investee companies was 122.3501 tCO2e/€M
- **PAI 4, table 1:** The share of investments in companies active in the fossil fuel sector was 0%
- **PAI 5, table 1**
  - The share of and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources was 0%
  - The share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources was 4.736%
- **PAI 6, table 1:** The energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector was 0.0422 GWh/€M
- **PAI 7, table 1:** The share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas was 0%
- **PAI 8, table 1:** The Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average was 0 t/€M
- **PAI 9, table 1:** The Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average was 0 t/€M
- **PAI 10, table 1:** The share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises was 0%
- **PAI 11, table 1:** The share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises was 31.4436%
- **PAI 12, table 1:** The average unadjusted gender pay gap of investee companies was 7.4867%
- **PAI 13, table 1:** The average ratio of female to male board members in investee companies was 10.0413%

- **PAI 14, table 1:** The share of investments in investee companies involved in the manufacture or selling of controversial weapons was 0%
- **PAI 4, table 2:** The share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement was 91.5777%
- **PAI 10, table 3:** The share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts was 19.1719%

Overall, the majority of our investee companies demonstrate compliance with most of the principal adversary impact indicators, exhibiting low emissions, no use of fossil fuels, and adherence to human rights policies. However, one concerning indicator is PAI 13, which reflects the average ratio of female to male board members in our investee companies, currently standing at 10.0413% for our fund. Skagerak Capital acknowledges this disparity and commits to addressing it through future engagements with investee companies, focusing on increasing the representation of women on corporate boards. We do not consider this to do “significant harm” as the companies are currently early-stage with founder and owner-heavy boards, but continuously work towards recruiting female board members.

Additionally, PAI 11 indicates that only 68.5564% of our portfolio companies have sufficient policies in place to effectively monitor compliance with the United Nations Global Compact (UNGC) principles or the OECD Guidelines for Multinational Enterprises. It's important to note that this low percentage is primarily attributed to the size and early-stage nature of our portfolio companies, which may not have yet developed formal written policies in this regard. We do not consider the lack of sufficient policies as doing “significant harm” due to our commitment to ensure compliance with anti-corruption and human rights policies by incorporating them into the term sheet and subsequent shareholder agreements, thus safeguarding adherence to these important principles. Future work will be undertaken to ensure that the companies implement the sufficient policies and procedures.

Moreover, PAI 4, table 2 shows that 91.5777% of our portfolio companies lack carbon emissions reduction initiatives. This is primarily due to the nature of these companies, which predominantly develop software with inherently low carbon emissions. Instead, these companies focus on enhancing their software solutions to enable greater resource efficiency for their customers, thereby making a substantial contribution to reducing carbon emissions indirectly. Nonetheless, we acknowledge the importance of having concrete carbon emissions reduction initiatives in place for all companies. Moving forward, we are committed to engaging with our portfolio companies to develop and implement such initiatives to further enhance their sustainability efforts.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01.02.2022-31.12.2023

Largest investments	Sector	% Assets	Country
<i>Decisions</i>	<i>IT</i>	<i>35%</i>	<i>Norway</i>
<i>Tunable</i>	<i>Nanotechnology</i>	<i>22%</i>	<i>Norway</i>
<i>Inline</i>	<i>IT</i>	<i>14%</i>	<i>Norway</i>
<i>Kairos</i>	<i>IT</i>	<i>6%</i>	<i>Norway</i>
<i>Vixel</i>	<i>IT</i>	<i>6%</i>	<i>Norway</i>
<i>Fonn</i>	<i>IT</i>	<i>5%</i>	<i>Norway</i>
<i>Skandia Energi</i>	<i>Energy</i>	<i>5%</i>	<i>Norway</i>
<i>Sharebox</i>	<i>IT</i>	<i>5%</i>	<i>Norway</i>
<i>Vesselman</i>	<i>IT</i>	<i>2%</i>	<i>Norway</i>
<i>Intelecy</i>	<i>IT</i>	<i>1%</i>	<i>Norway</i>



## What was the proportion of sustainability-related investments?

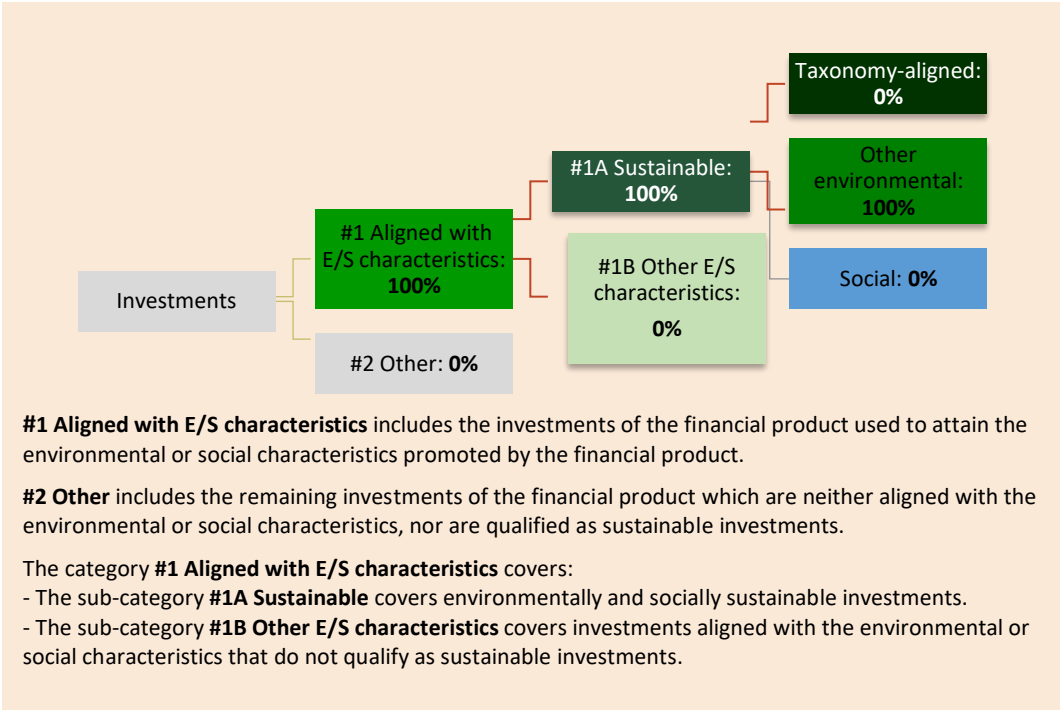
● *What was the asset allocation?*

**Asset allocation** describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**In which economic sectors were the investments made?**

The fund made 73% of its investments within the IT sector, 22% in the nanotechnology sector, and 5% in the energy industry.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

☐
 Yes:
 

☐ In fossil gas
 ☐ In nuclear energy

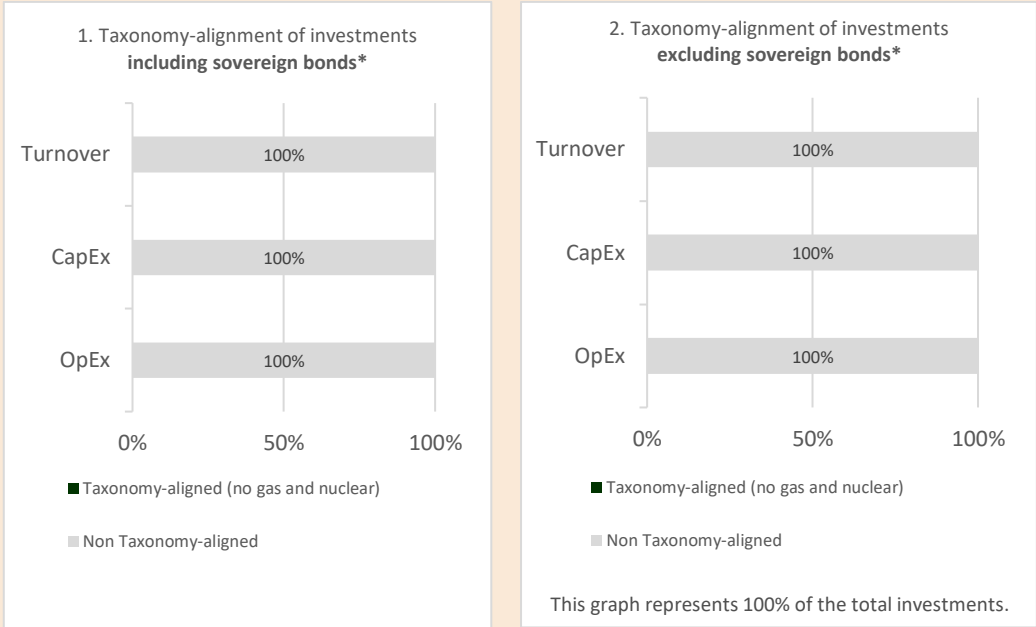
☒
 No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

None of the investments (0%) are aligned with the EU taxonomy criteria for transitional or enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

A performance comparison will be provided in next year’s disclosure covering the period 01.01.2023-31.12.2023 as this report constitutes the first and therefore there is no previous report to compared to.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective not aligned with the EU taxonomy was 100%.



**What was the share of socially sustainable investments?**

The share of socially sustainable investments was 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

No investments are included under “other”.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

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.



## How did this financial product perform compared to the reference benchmark?

A reference benchmark has not been defined for this product.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable as a reference benchmark has not been defined for this product.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable as a reference benchmark has not been defined for this product.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable as a reference benchmark has not been defined for this product.

- ***How did this financial product perform compared with the broad market index?***

Not applicable as a reference benchmark has not been defined for this product.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

