Core Sustainability Fund I K/S - Sustainability Information Document

Core Sustainability Fund I K/S (the "**Fund**") promotes environmental and social characteristics. This includes investments in assets and activities which are carried out to generate a positive, measurable societal and environmental effect in relation to sustainability. The Fund focuses on profitable companies with positive cash flows at the growth stages in which capital is needed to scale, and infrastructure needs to be expanded. The Fund shall primarily make investments in companies located in, or which conduct a substantial proportion of their business in terms of either sales or profits in, the Nordic countries. The investment strategy to create competitive returns for investments promoting environmental and social characteristics are primarily based on three elements: Long-term risk-based strategic allocation, exposure to particularly attractive sources of financial return and effective collaboration with strategic partners. In addition to making investments promoting environmental and social characteristics, the Fund shall also make a minimum of 60% of sustainable investments as defined in article 2(17) in the regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (the "**Disclosure Regulation**"). The Fund is classified as an Article 8 financial product in accordance with the Disclosure Regulation.

The information below is disclosed in accordance with Article 6 of the Disclosure Regulation. Enclosed with this document is information about the environmental and social characteristics which the Fund promotes and information about whether the Fund considers principal adverse impacts on sustainability factors which is made available in accordance with Articles 7 and 8 of the Disclosure Regulation.

The information is given subject to later amendments due to e.g. changes in the Fund's portfolio of investments or further guidance from the EU Commission, the European Supervisory Authorities or the Danish Financial Supervisory Authority.

You can read more about Core Sustainability Capital A/S's ("**CS Capital**" or the "**Manager**") policy for responsible investments (the "**Responsible Investment Policy**") on the Manager's website: www.cscapital.dk.

The Manager is focused on sustainability and invests in companies that are involved in technologies and services that focus on (a) renewable energy and energy efficiency, (b) resource optimization and/or (c) societal health. An integrated part of this is to work in a responsible and ethical way and consider environmental and social sustainability as well as good corporate governance in all aspects of the daily operations, including during the investment processes and in the communication and reporting with the Fund's and the Manager's stakeholders.

Integration of sustainability risks

The Manager integrates ESG in all investment cases as well as in the Fund's investment decisions. Sustainability risks are thus assessed and monitored throughout the whole investment process. A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Like other risks, sustainability risks are identified, assessed, and monitored throughout the whole investment process. This is done with relevant and specific modifications based on the circumstances of each investment case and the data available to the Manager.

As the Fund invests in impact assets involved in technologies and services that focus on either renewable energy and energy efficiency, resource optimization or societal health within the main sectors of: (i) energy and utilities, (ii) transport and logistics, (iii) telecommunications, (iv) building and construction, (v) production facilities and (vi) social infrastructure, the identified sustainability risk factors of the Fund are assessed to be the following:

Environmental

Environmental sustainability risks may include (but are not limited to):

- Climate change vulnerability, natural resource scarcity and depletion, biodiversity and habitat/ecosystem degradation, water scarcity and quality, air pollution (including greenhouse gas emissions), non-air pollution and contamination, waste management, environmental accidents and disasters, regulatory and policy risks, supply chain risks, etc.

Social

Socially sustainability risks may include (but are not limited to):

- (Compliance with) recognized labor rights and standards, (compliance with) employment safety and health protection, working conditions, diversity, equity and inclusion (DEI), employee wellbeing, employee retention and turnover rates, stakeholder engagement and community relations, supply chain transparency, product safety, consumer/customer protection/welfare, data privacy and cyber security, community health and safety, local economic development, etc.

Governance

Governance sustainability may include risks (but are not limited to):

- Board composition and independence, remuneration and incentives, shareholder rights, stakeholder engagement, anti-corruption and bribery, risk management and internal controls, business continuity management, legal and regulatory compliance, ethics and corporate culture, data privacy and cybersecurity, transparency and disclosure practices (including ESG policies and risks), related-party transactions, etc.

The Manager focuses on, wherever possible, mitigating sustainability risks in order to protect the Funds' financial return. The Manager proactively mitigates sustainability risks by utilizing a combination of strategies and approaches. These include, but are not limited to:

- *Engaging in robust due diligence*. The Manager conducts a rigorous, comprehensive, and systematic due diligence process on all potential investments to assess their sustainability performance, identify any (immediate) potential risks, and ensure alignment with the Manager's sustainability agenda prior to accepting an investment.

- *Clear investment criteria*. The Manager utilizes a clear set of pre-defined criteria and indicators to ensure that potential investments do not display excessive sustainability risks. For example, to ensure that investments Do No Significant Harm ("**DNSH**") to alternative non-primary sustainability objectives pursuant to Article 2(17) of the Disclosure Regulation, the Manager refers to DNSH thresholds defined by the Manager to ensure initial and ongoing compliance with this requirement.

- *Exercising active ownership and portfolio management.* The Manager engages in active portfolio management with Investee Companies through the holding period of the investment lifecycle until exit to encourage sustainable practice, ensure compliance with good governance procedures, and mitigate risks. Through active engagement the Manager can share best practices and provide support for portfolio companies to achieve ESG improvements and corrective measures when/where necessary.

- *Monitoring and tracking of key performance indicators* ("**KPIs**"). The Manager requests data from Investee Companies on pre-established KPIs to monitor Investee Companies' sustainability performance, track progress over time, and identify any emerging risks to address. The Manager also utilizes data collection to evaluate and ensure Investee Companies demonstrate the necessary procedures and mechanisms to comply with the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises.

- *Escalation and exit strategies*. The Manager has established clear escalation procedures to address Investee Companies' failure to adequately mitigate unacceptable sustainability risks and/or to address Investee Companies' persistent violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises.

In addition, the Manager aims to continuously assess all possible sustainability risks that could have a relevant significant negative impact on the financial return of the Fund. Thus, the Manager carefully assesses each individual investment in relation to whether such investment could place the Fund in an environmental, social or ethical dilemma or violation of any of the Fund's investment criteria or policies. If, based on the ESG due diligence performed, a potential or existing investment is assessed to have significant sustainability risks without a clear and realistic plan to mitigate such potential risks, the Fund shall refrain from making such investment or consider taking appropriate measures to divest such.

Given the Fund's extensive ESG focus and due diligence process, it is the Manager's assessment that the impacts of sustainability risks on financial returns will be limited for the Fund.