

General information

Date: August 22 2023

Investinor Skog AS ("**Investinor Skog**") is registered as manager of alternative investment funds ("**AIFs**") under Section 1-4 (2) of the Norwegian Act on Managers of Alternative Investments Funds and follows procedures for integrating ESG in its investment management activities as further commented on below.

Disclosures under SFDR by Investinor Skog as manager of AIFs

Investinor Skog is as manager of AIFs committed to comply with legally binding measures on sustainable finance and disclosures adopted by the EU. Two of these measures are the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**") and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**"). The SFDR and the Taxonomy Regulation set out disclosure and reporting obligations for managers like Investinor Skog, and are implemented into Norwegian law.

The below paragraphs provide specific information required under the SFDR, including our policies on integration of sustainability risks, whether principal adverse impacts of our investment decisions are considered and information on our remuneration policies' consistency with the integration of sustainability risks.

Transparency of sustainability risk policies (SFDR Article 3)

SFDR Article 3 requires fund managers such as Investinor Skog to publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

Sustainability risks are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

Investinor Skog integrates sustainability risks in the AIF's active investment strategy as part of the overall assessment of all potential investee companies, and sustainability risks are thereby part of Investinor Skog's investment analysis in the same manner as financial risk. In this process we also assess potential investee companies' ability and willingness to identify, address and handle sustainability risks relevant to the companies.

We do not invest in companies which business models we assess to carry too great of a sustainability risk, or that prove unwilling to address such risk.

No consideration of adverse impacts of investment decisions on sustainability factors

SFDR article requires fund managers such as Investinor Skog to publish on their websites information regarding whether the manager considers adverse sustainability impacts of its investment decisions on sustainability factors, i.e., environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. If the manager does not consider adverse sustainability impacts of its investment decisions on such factors, the statement shall be accompanied by clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts.

Investinor Skog does at this time not consider adverse sustainability impacts of its investment decisions on sustainability factors. The reason for this is that we deem the data relevant to our investment areas to not yet be available to an extent sufficient for us to meaningfully report on such impacts. We therefore expect significant challenges in obtaining the required information from potential portfolio companies. We believe our positive impact on our selected sectors, both financially and environmentally, will be greater if we seek to allocate as much of our resources as possible towards active engagement with our portfolio companies, including assessing and focusing on the specific material impacts for each portfolio company.

We will, however, especially in parallel with the scaling of the companies' activities, consider our approach regularly.

SFDR article 5 requires fund managers such as Investinor Skog to publish on their websites information on how their remuneration policies are consistent with the integration of sustainability risks.

Investinor Skog is a state-owned investment company and is therefore subject to general remuneration policies developed by Norwegian authorities. Sustainability risks are included in all risk references in our remuneration guidelines. This is to reflect that sustainability risks are integrated in the overall risk assessment of our investment products and ensures that our remuneration policies are consistent with how we integrate sustainability risks in our investment decisions. This is supported by the guidelines, principles and structure for remuneration partly being based in achievements within Investinor AS's strategic main goals of creating value and sustainable businesses. This way, executive remuneration is linked to both investment strategy and results.

Our remuneration policy is available .

*Investinor Skog AS ("**Investinor Skog**" or the "**Manager**") is the alternative investment fund manager of 3K6 Skoginvest AS (the "**Fund**"). It is Investinor Skog's assessment that the Fund promotes environmental characteristics and that companies in which investments will be made follow good governance practices within the meaning of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**"). Therefore, Investinor Skog is required to include a sustainability-related product disclosure section on its website, pursuant to Article 10 SFDR. More detailed rules are set out in the regulatory technical standards in Commission Delegated Regulation (EU) 2022/1288 (the "**SFDR RTS**"). The below paragraphs provide the information-required.*

a) Summary

The Fund promotes environmental characteristics. Namely, ESG is one of several criteria in the Fund's investment process for all potential investments of the Fund, and the Manager will build and maintain a portfolio consisting partly of investments in investee companies whose activities (i.e., products or services) aim to increase the amount of greenhouse gas emissions avoided (so-called "scope 4 emissions") by customers of the investee companies, compared to if those customers purchased alternative products or services regularly used on the relevant market.

100% of the Fund's investments will be used to meet some of the environmental or social characteristics promoted by the Fund as all potential and completed investments will be subject to an ESG analysis. Not all investments will be in companies whose activities aim to reduce scope 4 emissions. The Fund does not have sustainable investment as its objective.

All investee companies of the Fund must follow good governance practices and the Manager will assess the investee companies' governance practices in relation to matters such as management structures, employee relations, remuneration of staff and tax compliance.

The ESG analysis for each potential investment is made by personnel in Investinor Skog. The assessment will be based on information obtained by the potential investee company, and by using analysis from external software providers. The ESG analysis will be subject to monitoring regularly. Data may be estimated, and there are certain limitations to methodologies and data used to measure and monitor the attainment of the environmental characteristics promoted by the Fund. However, it is the Manager's assessment that these limitations do not affect the characteristics promoted in any meaningful way.

The Manager will perform due diligence of every potential investment, certain parts of which will be conducted by using external software solutions and external advisors when needed.

The Manager, both as part of the investment process and **by way of ongoing engagement**, will assess the investee companies' governance practices. The ESG analysis will be subject to monitoring regularly during the engagement period.

b) No sustainable investment objective

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

c) Environmental or social characteristics of the financial product

The Fund promotes the following environmental characteristics:

- (i) Environmental elements are included in the Fund's investment process for all potential investments of the Fund, including an assessment of (i) sustainability risks; (ii) significant negative externalities related to the investment; (iii) contribution to one or more ESG challenges in the relevant industry; and (iv) potential competitive advantages within ESG, including potential development of the business model in order to create growth and/or business opportunities related to ESG. The ESG score will be included in the overall scorecard for the potential investee company. As such, the outcome of this ESG assessment alone will not necessarily be decisive for the Manager's investment decision.
- (ii) Further to the above, the Manager will build and maintain a portfolio consisting partly investments in investee companies whose activities (i.e., products or services) aim to increase the amount of greenhouse gas emissions avoided (so-called "scope 4 emissions") by customers of the investee companies, compared to if those customers purchased alternative products or services regularly used on the relevant market.

d) Investment strategy

The manager of the Fund applies an active investment strategy, whereas all potential investments in the Fund are assessed based on different pre-defined criteria, resulting in an overall scorecard for the investment. One of these pre-defined criteria relates to ESG and includes an assessment of the following

four different ESG elements as described above under "Environmental or social characteristics of the financial product".

All investee companies of the Fund must follow good governance practices, and the Manager, both as part of the investment process and by way of ongoing engagement, will assess the investee companies' governance practices in relation to matters such as management structures, employee relations, remuneration of staff and tax compliance.

To that end, the Manager will apply indicators such as the investee companies' compliance with international standards and conventions (i.e., the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights), accurate reporting to markets and the public, taxation and accounting practices, and respect of shareholder rights.

e) Proportion of investments

The ESG assessment forming part of all potential investee companies' overall scorecard, is applicable to all potential investments of the Fund. The ESG criteria included in the assessment are described above.

f) Monitoring of environmental or social characteristics

Investinor Skog measures the attainment of the environmental characteristics in the investment decision making process, based on the ESG analysis process that all potential investee companies are subject to. The ESG assessment in the investment analysis is as mentioned above based on an assessment of (i) sustainability risks; (ii) significant negative externalities related to the investment; (iii) contribution to one or more ESG challenges in the relevant industry; and (iv) potential competitive advantages within ESG, including potential development of the business model in order to create growth and/or business opportunities related to ESG.

Further to the above, the Manager will build and maintain a portfolio consisting partly of investments in investee companies whose activities (i.e., products or services) aims to increase the amount of greenhouse gas emissions avoided (so-called "scope 4 emissions") by customers of the investee companies, compared to if those customers purchased alternative products or services regularly used in the relevant market.

The ESG analysis for investee companies will be subject to monitoring regularly for the purpose of assessing, inter alia, whether any new sustainability risks have emerged or whether the investee companies have improved their score. The assessment and underlying documentation will be documented for each potential investment in Investinor Skog's internal systems.

g) Methodologies

The ESG analysis for each potential investment is made by personnel in Investinor Skog. The assessment will be based on information obtained by the potential investee company, and by using analysis from external software providers.

h) Data sources and processing

- *The ESG assessment forming part of the overall investment analysis will be based on information obtained by the potential investee company and by using analysis from external software providers.*
- *The information is processed by personnel from Investinor Skog with the relevant competence to assess data quality, and will seek external advice if deemed necessary.*
- *Data may be estimated, e.g., in relation to avoided GHG emissions, but there is no set proportion of estimated data.*

i) Limitations to methodologies and data

The methodologies and data described above have limitations, including that the methodologies rely on data collection from portfolio companies, both in the form of documents and interviews. Such information may be flawed or incomplete due to, e.g., limited access to data, dishonesty or withholding of information among management or staff at the companies assessed or insufficient knowledge and/or experience in relation to the data collected among team Investinor Skog personnel and/or the companies. Observable data will as a starting point not be verified by external third party sources. Furthermore, estimations, which are less reliable than observable data, may be used.

In the view of the Manager, such limitations do not affect the environmental characteristics of the Fund. The ESG assessment process as described herein will be integrated in the investment process with respect to any potential investments and the Fund will partly make investments aimed at increasing avoided emissions based on the findings in the investment process and based on the ongoing monitoring of investee companies. As these are the environmental characteristics promoted by the Fund, these limitations do not affect the characteristics promoted.

j) Due diligence

For every potential investment, Investinor Skog will perform an assessment process of the company that integrates an ESG analysis as described above. The ESG assessment will be performed by Investinor Skog internally and by using external software solutions and external advisors when needed. The analysis process is subject to monitoring and review by the Fund's investment committee.

k) Engagement policies

The Manager, both as part of the investment process and by way of ongoing engagement, will assess the investee companies' governance practices. The ESG analysis will be subject to monitoring regularly during the engagement period. The ESG analysis for investee companies will be subject to monitoring regularly for the purpose of assessing, inter alia, whether any new sustainability risks have emerged or whether the investee companies have improved their score.

Date	Amendment
August 2023	Initial publication