

Product name: Fortress Capital AS

Legal entity identifier: N/A

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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



No



It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics are the following:

- The fund will make investments in portfolio companies that are conscious of their relationship with scarce resources and realize the importance of minimizing the impact of various risk factors in order to maintain a responsible and sustainable business model.
- ESG topics will be incorporated into investment analysis and decision-making.
- The fund will be an active owner and incorporate ESG topics into active ownership.
- The fund will work to ensure satisfactory disclosure of ESG topics from the portfolio companies in which the fund invests.

- **Exclusion criteria:** When screening for potential Fund investments, the Fund Manager applies an ESG-oriented exclusion list, thereby avoiding that the Fund invests in certain industries that the Fund Manager deems incompatible with the Fund's ESG features. These criteria are non-negotiable, laying the groundwork for every investment decision made. The mechanism consists of both behavior-based and product-based criteria: *Behavior-based exclusion criteria:* The Fund shall not invest in a company if there is an unacceptable risk that the company could contribute to or be responsible for:

a) Serious or systematic violations of human rights, such as murder, torture, deprivation of liberty, forced labor, the worst forms of child labor, and other serious or systematic violations of labor rights;

b) Serious violations of the rights of individuals in situations of war or conflict; sale of weapons to states i) in armed conflicts that use the weapons in ways that represent serious and systematic breaches to international law governing the conflicts, or ii) that is covered by the scheme for state bond exception described in the mandate for the governance of the Norwegian Government Pension Fund Global;

c) Severe environmental damage;

d) Acts or omissions that on an aggregate company level lead to unacceptable levels of greenhouse gas emissions;

e) Gross corruption;

f) Other particularly serious violations of fundamental ethical norms; and/or

g) Other particularly serious violations of business ethics

Product-based exclusion criteria: The Fund shall not invest in companies that:

a) Develop or manufacture weapons or central weapons components that with normal use deviate from basic human rights principles, including biological weapons, chemical weapons, nuclear weapons, non-detectable fragments, incendiary weapons, blinding laser weapons, anti-personnel mines and cluster munitions;

b) Obtain more than 5 percent of their revenues from coal- or oil sand-based activities (oil sand extraction, coal mining, or coal-based power generation), produce more than 10,000 megawatts (MW) of energy from coal power, or extract more than 20 million tons of coal annually. The analysis should be forward-looking and take into consideration factors such as the construction of new capacity, or plans that will reduce the share of

revenues from coal-based activities or increase the share of renewable energy sources; and/or

c) Produce tobacco, alcohol, non-medical cannabis, gambling services or pornography.

- **ESG criterion in investment selection:** In screening and selecting investments for the Fund, the Fund Manager applies an ESG investment criterion alongside other criteria such as the company's potential market size and founder team capabilities. The criterion is integrated into the investment memo drafted by the Fund Manager concerning the potential investment, which feeds into the Fund Manager's decision of whether to invest in the company. The integration of the ESG criterion results in a small but noticeable advantage in the selection process for so-called impact investment cases. The Fund Manager defines impact companies as such when outcomes of their product and/or service lead to a positive environmental or social benefit. This effect should be intentional, demonstrable, quantifiable, and verifiable – within the limitations of what can be achieved with early-stage companies that in many cases have not yet generated revenue. Impact companies may include companies aligned with one or more of the UN Sustainable Development Goals (SDGs). The Fund Manager will monitor the Fund's share of climate or social impact investments but does not commit to achieving a minimum such share.
- **Investment phase:** The Fund Manager aims to include sustainability clauses in contractual frameworks (such as the Startup's Lead Investment Papers (SLIPs), investment agreements, and shareholders' agreements). Such clauses may concern topics such as environmental responsibility, waste reduction, energy efficiency, social equity, ethical labor practices, governance standards, disclosure and reporting requirements, and performance metrics and targets.
- **ESG implementation during the holding period:** The Fund Manager will over the course of the Fund's holding period conduct sustainability indicator tracking as part of its annual portfolio survey and reporting, in which portfolio companies will be required to complete an annual ESG questionnaire. The Fund Manager will throughout the holding period, especially in the early phases, engage with the portfolio companies with the aim of influencing them to adopt socially responsible and environmentally aware operations and improve the companies' results on the ESG questionnaire. The engagement may take many forms, including measures such as educational events and assistance with the drafting and implementation of ESG policies

Due to the unique nature of pre-seed tech investments and the current lack of sustainability benchmarks. The Fund does not utilize a reference benchmark or PIE indicators to attain environmental or social characteristics promoted by the Fund.

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

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators will be decided together with each portfolio company. Considering that the portfolio companies are mainly early-stage start-ups and that the fund will be a minority shareholder, it is assessed that it will be most appropriate to set the indicators in connection with each investment.

In addition, the Fund applies the following sustainability indicators to attain its environmental and social characteristics, as applicable:

- The share of the Fund's invested capital invested in companies adhering to the exclusion list.
- The share of the Fund's invested capital invested in companies that qualify as climate impact companies in the Fund Manager's assesment.
- The share of the Fund's invested capital invested in companies that qualify as social impact companies in the Fund Manager's assessment.
- The Fund's called capital invested in companies that, in the Fund Manager's assessment, align with one or more of the UN Sustainable Development Goals (SDGs), taking into account each portfolio company's (planned) products and/or services and business plan.
- The share of the Fund's called capital invested in companies with environmental initiatives, measured by the presence of documented environmental policies or active initiatives aimed at reducing environmental impact.
- Share of companies with policies related to anti-discrimination, diversity, and equal opportunities, evaluated based on the presence and enforcement of relevant policies.
- The share of investments made by the Fund in which sustainability clauses were included in the contractual framework pertaining to the investment.
- The portfolio companies' improvement on the sustainability indicator tracking performed as part of the Fund Manager's annual portfolio survey and reporting, including the scores on/qualitative responses to the annual ESG questionnaire.

● ***What are the objectives of the sustainability investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A. While the fund may make sustainable investments, the Fund does not commit to making a minimum share of such investments.

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 do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?**

N/A. While the fund may make sustainable investments, the Fund does not commit to making a minimum share of such investments.

- **How have the indicators for adverse impact on sustainability factors been taken into account?**

N/A.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

N/A.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?



- ☐ Yes
- ☒ No

What investment strategy does this financial product follow?

The fund invests in start-up companies. The majority of the portfolio companies must meet the following criteria:

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- Technology-based
- Significant growth potential
- Scalability
- Ambitious team of entrepreneurs

The Fund Manager follows an early-stage equity capital investment strategy, where a relatively large number of investments are made in early-stage companies from pre-seed to Series A. A certain share of these companies is expected to achieve significant commercial success, resulting in a profitable sale of the Fund's shareholdings and attractive returns for the Fund's investors.

The companies invested in are selected from a large number of potential investments ("deal flow") based on a set of investment criteria and a due diligence process aimed at discovering the alignment between the potential investment and said criteria.

The Fund invests with a long-term perspective, and the Fund Manager expects to hold the shareholding achieved through the Fund's investments over several years. During the holding period, the Fund Manager assists the portfolio companies both proactively and upon request.

Furthermore, the Fund Manager's investment strategy is consciously aligned with ESG objectives. ESG considerations are incorporated at various stages of the investment process, starting from deal sourcing all the way to exit. The criteria for selecting investments include not just commercial viability but also the potential for positive social and environmental impact. In the due diligence process, the Fund Manager evaluates the ESG policies and practices of potential investee companies to ensure they align with the Fund Manager's sustainability goals. This adds an additional layer of risk mitigation and aligns the Fund's strategy with long-term sustainable development. The Fund's ESG strategy is further detailed in the ESG Investment Policy.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund Manager shall, pursuant to the Fund's shareholders' agreement, adhere to the ESG Investment Policy in its management of the Fund. The ESG Investment Policy sets out the ESG strategies and characteristics described above, including, inter alia, the exclusion mechanism and the ESG investment selection criterion.

Investments will be made in portfolio companies that are conscious of their relationship with scarce resources and realize the importance of minimizing the impact of various risk factors in order to maintain a responsible and sustainable business model.

- ***What is the policy to assess good governance practices of the investee companies?***
Ensure that portfolio companies follow good governance practices in the

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. share of investments in specific assets.

areas of sound management structures, employee relations, remuneration, and tax compliance. This is mainly done in the due diligence process of the portfolio companies, where the fund’s legal advisors or investment team report on any issues relating to applied management structures, employee remunerations, and tax compliance. In addition, this will be monitored on an ongoing basis during the holding period of each portfolio company.



What is the asset allocation planned for this financial product?

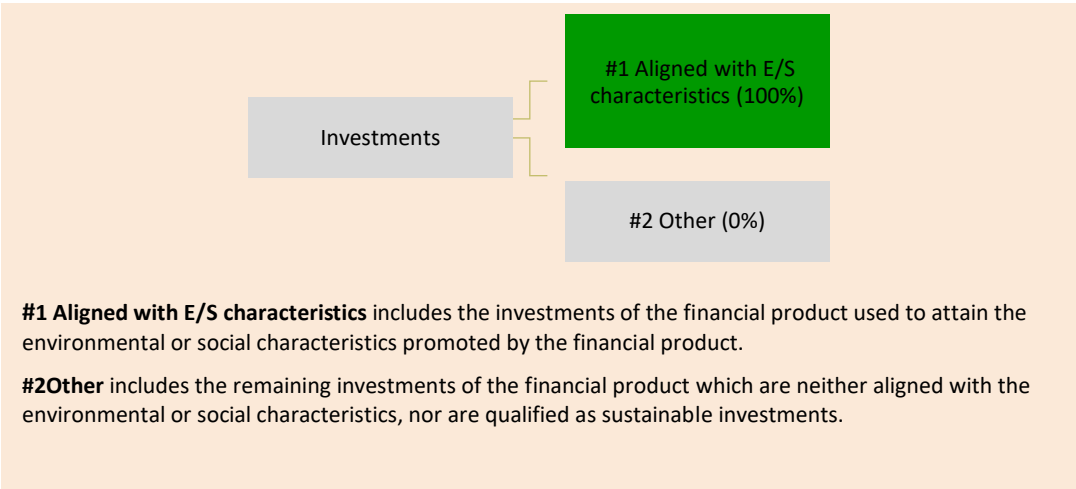
The fund’s investments are intended to be invested 100% in portfolio companies that are in line with the social and environmental characteristics that the fund promotes, by fulfilling the binding elements of the investment strategy while following good governance practices.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a certain minimum sustainable investments aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



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.

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

¹ 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.

- **What is the minimum share of investments in transitional and enabling activities?**
The fund does not commit to making a certain minimum share of investments in transitional and enabling activities.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

There are no such investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A. There is no designated index.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A. There is no designated index.

- **How does the designated index differ from a relevant broad market index?**

N/A. There is no designated index.

- **Where can the methodology used for the calculation of the designated index be found?**

N/A. There is no designated index.

Where can I find more product specific information online?



More product-specific information can be found on the website: *[include a hyperlink to the website referred to in Article 23 of this Regulation]*

