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**RESPONSIBLE INVESTMENT POLICY**

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## 1. INTRODUCTION

Scandinavian Credit Fund I AB (“**SCF I**”) operates as a direct lender on the Nordic market and extends or acquires debt to corporate borrowers (each, a “**Borrower**”). SCF I’s offer constitutes a cost-efficient way for institutional and other investors to indirectly access assets in corporate debt with attractive long-term returns while at the same time offering a sustainable and reliable active financial partner to companies. To do this, SCF I is convinced that it is necessary to consider the environmental, social and governance (“**ESG**”) implications in its investment and lending activities.

The overarching purpose of this policy is to outline SCF I’s approach to responsible investments. SCF I believes that attention to ESG issues is a prerequisite for companies to deliver long-term value creation and to incorporate ESG aspects in the investment process is vital to support SCF I’s overall objectives as an active credit investor and debt provider.

This policy lays the ground for a systematic process pursuant to which assessing and evaluating ESG risks and opportunities is an integrated part in SCF I’s investment and debt providing activities. More specific, this policy aims to provide tools to the investment professionals to support the development of ESG attention, and thereby the long-term value creation, as well as to ensure that SCF I does not extend financing to companies or groups with certain activities identified as not in line with SCF I’s ESG core values. This policy also serves as a tool to communicate to investors and other stakeholders in SCF I how ESG issues are integrated in SCF I’s business model.

## 2. RESPONSIBLE INVESTMENTS

### 2.1 General

SCF I believes that sustainability means taking responsibility for the impact that its activities have on the surroundings, which in turns means that SCF I is committed to be reliable and always act in the best interest of the investors and ethically responsibly towards the society.

ESG risks and opportunities are an integrated part in the investment decision-making, and shall, together with other relevant international principles, always be duly considered when evaluating business risks and opportunities. By doing so, and by ensuring that these issues are properly managed over the lifetime of the investments, SCF I is confident that it creates a more successful and sustainable business over the long-term and generate enhanced value for the investors.

The basis for SCF I’s work with responsible investments are based on internationally recognised principles, such as the United Nations Principles of Responsible Investment (“**UN PRI**”) and the UN Global Compact. SCF I also pays close attention to the development of ESG principles developed by national or international organisations and legislators as well as the industry.

SCF I makes the following commitment to its stakeholders:

1. It is committed to be compliant with the applicable laws and regulations in the jurisdictions in which it operates as well as international humanitarian law, international conventions and standards for sound environmental, social and governance performance.
2. It expects the Borrowers to comply with the laws and regulations in the jurisdictions in which they operate as well as international humanitarian law, international conventions and standards for sound environmental, social and governance performance, and is committed to communicate such expectations to the Borrowers.

3. It strives for long-term improvement on ESG issues.
4. It promotes transparency on ESG issues by, amongst other, providing clear and timely communication to investors and stakeholders in accordance with laws and regulations applicable to its activities.

## **2.2 Environmental**

SCF I recognises the increasing concern related to the climate and environmental matters and is committed to prevent, minimize and mitigate any harmful effects that SCF I's activities may have on the climate or the environment, as well as to contribute to positive effects on the environment and the climate. SCF I shall conduct its lending and investment activities in accordance with international principles promoting and safeguarding the climate and the environment, and aims to promote an appropriate level of climate and environmental awareness.

## **2.3 Social**

SCF I supports and respects the protection of internationally proclaimed human and labour rights and does not compromise on requirements set out in national law or international standards with regard to human rights and labour conditions. SCF I shall conduct its lending and investment activities in accordance with international principles promoting and safeguarding human and labour rights.

## **2.4 Governance**

SCF I believes in a strong corporate governance. SCF I shall, in its investment and lending activities promote sustainable financial policies and ensuring independence and stability with respect to relevant legislation.

## **2.5 Exclusions**

SCF I has defined its position in relation to certain kind of businesses and/or industries which it believes to contravene SCF I's core values. Thus, SCF I shall not invest in or extend debt financing to companies or groups that (the "**Exclusion List**"):

1. generates more than 10 per cent of its annual revenue directly from thermal coal, including thermal coal mining or extraction, transportation of thermal coal material and thermal generation based on thermal coal;
2. is principally engaged in oil sands activities, including the extraction or processing of oil sand, or power or thermal generation based on oil sand;
3. is engaged in the production, servicing or distribution of nuclear weapons, cluster munition, land mines, chemical weapons or biological weapons or components or systems whose primary purpose is to be used in, or in the production of, nuclear weapons, cluster munition, land mines, chemical weapons or biological weapons;
4. systematically violate fundamental human rights, including torture, unlawful imprisonment, forced labour and child labour or any other exploitation of children;
5. is engaged, or is considered (in the opinion of SCF I) to be engaged, in corruption or bribery;
6. is principally engaged in the production of tobacco or tobacco products, such as cigarettes, cigars, pipe tobacco, chewing tobacco and snuff;

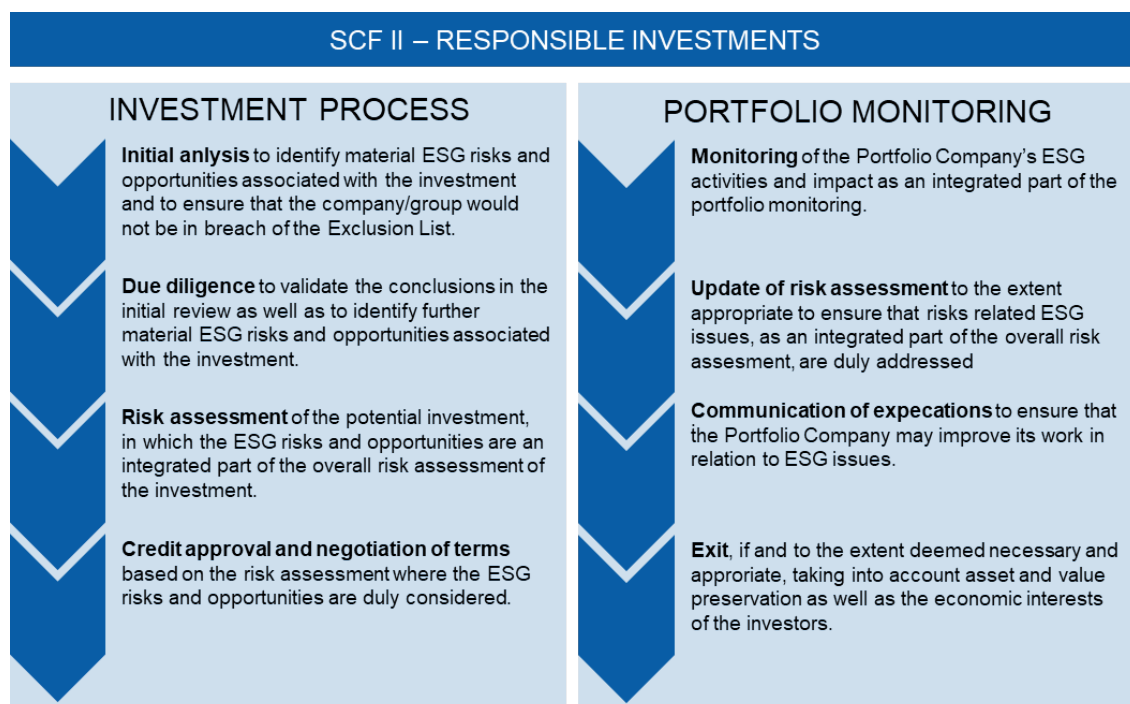
7. is engaged in the production of drugs (such as cannabis) for recreational purposes or generates more than 5 per cent of its annual revenue directly from the distribution of cannabis and other drugs for recreational purposes;
8. generates more than 10 percent of its annual revenue from commercial gambling that is not under supervision of competent regulator within the EEA or within a third country that has similar supervision, including online gambling, casinos, gambling clubs, the production and sale of gambling machines or software for gambling;
9. is principally engaged in the production of pornography; or
10. is principally engaged in the extraction of uranium or storage of uranium materials, or power or thermal generation based on uranium.

### 3. IMPLEMENTATION

#### 3.1 General

SCF I considers ESG issues in each step of the investment process, from the initial analysis throughout the on-going management of the financing to the relevant Borrower. SCF I considers ESG issues both from a risk mitigating perspective as well as a value creation perspective, and the approach employed depends on SCF I's possibility to influence the Borrower. SCF I's alternative investment funds manager, Finserve Nordic AB (the "**Manager**") shall have a dedicated ESG specialist (the "**ESG Specialist**"), which shall assist in implementing ESG aspects in all of SCF I's activities and shall ensure that the ESG aspects are duly considered through the whole chain, from the relevant investment professionals to SCF I's credit committee.

Below is an illustration on how ESG issues are integrated in SCF I's investment process. More detailed information on SCF I's investment process is set out in the Manager's investment and other policies applicable to SCF I and this section only outlines how ESG issues are integrated in the investment process.



### **3.2 Investment process**

ESG issues is an integral part of the initial analysis of a potential investment. This approach enables the investment professionals to identify ESG risks and opportunities at an early stage of the investment process and to design the investment process based on such findings. This approach also ensure that investments in breach of the Exclusion List may be excluded as early as possible in the investment process.

The due diligence preceding an investment decision is primarily carried out by the investment professionals and shall include an analysis of opportunities, risks, relevant legal, tax, financial or other value affecting factors, human, technical and material resources and appropriate strategies, including exit strategies as well as *inter alia* industry and business specific aspects as well as ESG risks and opportunities. However, it should be noted that the level of due diligence will vary with several factors, such as SCF I's position in the relevant company's/group's capital structure.

Based on the findings in the due diligence, a risk assessment is carried out in respect of the potential investment, to ensure that the investment is in line with the objectives, the investment strategy and, where applicable, the risk limits and the investment mandate of SCF I. ESG issues are an integral part of the overall risk assessment and the risk assessment shall at least identify any ESG risks and opportunities.

The risk assessment is documented and forms part of the basis on which the credit or investment approval will be taken. ESG risks, as well as other risks identified with the potential investment may, to the extent deemed commercially reasonable, be addressed in the reporting or other obligations, in the pricing model or otherwise through communication of SCF I's expectations to the relevant Borrower.

### **3.3 Portfolio monitoring**

SCF I monitors ESG risks and opportunities in relation to each Borrower as an integrated part of the overall portfolio monitoring.

Based on the monitoring of the relevant Borrower, the risk assessment will be duly updated to address increased or decreased ESG risks or opportunities as well as other risks and opportunities associated with the Borrower. Although access to management will vary as between the various Borrowers, SCF I aims to be an active lender and, to the extent feasible and as part of the ongoing portfolio monitoring, maintain an ongoing dialogue with the Borrowers in respect of their ESG risks and opportunities as well as ESG development.

Should any issue arise to the effect that a Borrower no longer is compliant with the Exclusion List or SCF I otherwise deems the ESG risks to be too high, SCF I shall make its reasonable best efforts to influence the Borrower to make necessary and appropriate amendments to its business and or structure. If, in the reasonable opinion of SCF I, the Borrower does not show any sign on improvement SCF I shall, if deemed commercially reasonable, dispose of the investment, always taking asset value and the economic interests of the investors into account.

## **4. GOVERNANCE AND OVERSIGHT**

The board of directors of the Manager is ultimately responsible for ensuring the effective implementation of this policy and this policy shall be reviewed annually by the board of directors of the Manager.

Each investment professional working with the investment activities of SCF I is responsible for the day-to-day implementation of this policy.

The board of directors of the Manager shall appoint the ESG Specialist to oversee the promotion, support and integration of responsible and sustainable business practices, including ESG issues, in SCF I's investment and lending activities. The ESG Specialist shall further ensure that the investment professionals working with SCF I's investment activities have the required understanding to effectively assess and monitor risks and opportunities related to ESG issues, and shall monitor the wider ESG landscape to identify new and emerging issues and ensure that due action is taken to implement ESG related legislation and industry initiatives, as appropriate taking into account SCF I's size and activities.

## **5. DISCLOSURE AND REPORTING**

The Manager shall, at the times and to the extent deemed appropriate, report on its approach on responsible investment as well as SCF I's ESG risks, opportunities and development (i) as an integrated part of the reporting to investors under the terms and conditions for SCF I or (ii) in a separate sustainability report.

As a signatory of the UN PRI, the Manager shall report on ESG issues in accordance with the UN PRI framework, explaining how the six Principles for Responsible Investments are implemented. The most recent transparency report of the Manager will be found on the UN PRI website [www.unpri.org](http://www.unpri.org).

This policy and other relevant sustainability information shall be published on SCF I's website in accordance with applicable laws and regulations.