

PFC I - Debt ApS

c/o Polaris Management A/S

Malmøgade 3, 2100 København Ø

CVR no. 42 94 64 19

Annual report 2023

Approved at the Company's annual general meeting on 7 March 2024

.....
Søren Fogh

Contents

Statement by the Management	2
Independent auditor's report	3
Management's review	5
Details of the Company	5
Operating review	6
Financial statements 1 January – 31 December 2023	7
Income statement	7
Balance	8
Statement of changes in equity	9
Notes	10
Appendix	
Supplementary report - Periodic disclosure for the financial products ref. to in Art. 8 of Regulation (EU) 2019/2088	12

Statement by the Management

The Executive Board have today discussed and approved the annual report of PFC I - Debt ApS for the financial year 1 January 2023 – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of its operations for the financial year 1 January 2023 – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

Furthermore, the supplementary report on the limited partnerships compliance with sustainability characteristics provides a true and fair view in accordance with Sustainable Finance Disclosure Regulation on periodic disclosure.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 2 February 2024
Executive board

Peter Høltermand

Henrik Bonnerup

Jesper Langmack

Independent auditor's report

To the shareholder of PFC I - Debt ApS

Opinion

We have audited the financial statements of PFC I - Debt ApS for the financial year 1 January – 31 December 2023, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure, and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review and supplementary report in accordance with Sustainable Finance Disclosure Regulation

Management is responsible for the Management's review and the supplementary report on information in accordance with Sustainable Finance Disclosure Regulation, hereinafter referred to as the "supplementary report".

Our opinion on the financial statements does not cover the Management's review and the supplementary report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and the supplementary report and, in doing so, consider whether the Management's review and the supplementary report are materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review and the supplementary report are in accordance with the financial statements and that the Management's review has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review or the supplementary report.

Copenhagen, 2 February 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Steffen Astrup
State Authorised Public Accountant
mne49115

Management's review

Details of the Company

Name	PFC I - Debt ApS
Address, zip code, city	c/o Polaris Management A/S Malmøgade 3 2100 København Ø
Registration no.:	CVR no. 42 94 64 19
Established:	30 November 2021
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Executive Board	Peter Høfterman Henrik Bonnerup Jesper Langmack
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 P.O. Box 250 2000 Frederiksberg Denmark
Depositar	Apex (Denmark) ApS Hørmarken 2 3520 Farum Denmark

Management's review

Operating review

Principal activities

PFC I - Debt ApS, established 30 November 2021, is wholly owned by Polaris Flexible Capital I K/S with the object of participating in business related lending activities.

Polaris Flexible Capital I K/S has a flexible and complementary investment focus investing in junior loans, mezzanine, preferred equity, and minority equity. The companies will be based in the Nordic countries, primarily Denmark, Sweden, and Norway.

On 31 December 2023, Polaris Flexible Capital I K/S had capital commitments totalling DKK 917 million after the completion of the final close in June 2023.

Development in financial matters

Profit for the year

In 2023, PFC I - Debt ApS recorded a loss of DKK -44 thousand (2022: loss of DKK -20 thousand), which is in line with expectations.

Balance sheet and capital structure

At year-end 2023, total equity (net asset value) amounted to DKK 176 thousand (2022: DKK 20 thousand).

Sustainability reporting

PFC I – Debt ApS is currently considered to fall under EU Sustainable Finance Disclosure Regulation (SFDR) - Article 8. Consequently, the fund has prepared its periodical reporting enclosed in these financial statements as an appendix.

Subsequent events

No subsequent events that have a significant effect on the annual report have occurred after the balance sheet date.

Disclosures required by the Alternative Investment Fund Managers Act

PFC I – Debt ApS is subject to the Alternative Investment Fund Managers Act. The limited partnership has appointed Apex (Denmark) ApS, Denmark, as depositary of the limited partnership.

Apart from the information included in this annual report, the General Partner has not identified any material changes in the information listed in Section 62, 64 or 65 of the Alternative Investment Fund Managers Act during 2023, which are to be disclosed to the limited partners.

The total amount of remuneration for 2023, split into fixed and variable remuneration, paid by the management company, Polaris Management A/S to its staff, senior management and significant risk takers as well as the number of recipients, etc., is disclosed in note 4 to the financial statements included in the 2023 annual report of Polaris Management A/S, to which reference is made (available on the website www.polaris-equity.dk).

It is not possible to meaningfully allocate the total remuneration of significant risk takers between the individual investment funds under management of Polaris Management A/S including PFC I – Debt ApS.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2023	30/11-2021 – 31/12 2022
	Other external costs	-38	-26
	Profit/loss for the period before taxes	-38	-26
	Tax for the period	-6	6
	Profit/loss for the period	-44	-20

Profit allocation

Profit/loss for the period	-44	-20
----------------------------	-----	-----

Financial statements 1 January – 31 December

Balance

Note	DKK'000	2023	2022
	ASSETS		
	Current assets		
	Receivables		
	Deferred tax	0	6
	Deposited in lawyer's client account	0	40
		0	46
	Cash at bank and in hand	201	0
	Total current assets	201	46
	TOTAL ASSETS	201	46
	EQUITY AND LIABILITIES		
	Equity		
2	Share capital	41	40
	Retained earnings	135	-20
	Total equity	176	20
	Current liabilities		
	Other payables	25	26
	Total current liabilities	25	26
	Total liabilities	25	26
	TOTAL EQUITY AND LIABILITIES	201	46
1	Accounting policies		
3	Related parties		
4	Employees		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	I alt
Equity 30 November 2022	40	0	40
Retained earnings	0	-20	-20
Equity 1 January 2023	40	-20	20
Capital injection	1	199	200
Profit/loss for the year	0	-44	-44
Equity at 31 December 2023	41	135	176

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of PFC I - Debt ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Income statement

Other external costs

Other external costs include audit fee, depositary fee, etc.

Tax for the year

The entity is assessed to be a collective investment company within the meaning of section 19 of the Danish Share Profit Taxation Act (aktieavancebeskatningsloven) and consequently the entity is tax exempt.

Balance sheet

Receivables

PFC I – Debt ApS has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost. Write-down is recognised for bad debt losses based on an individual assessment of receivables.

Liabilities

PFC I – Debt ApS has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Share capital

The share capital comprises of shares of DKK 0.01 nominal value each.

3 Related parties

The company is a wholly owned subsidiary of Polaris Flexible Capital I K/S, Malmøgade 3, DK-2100 København Ø (registration no. 42 26 76 27).

4 Employees

The company has no employees besides the members of the Executive Board, who did not receive fees in 2023.

ANNEX IV

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

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.

Product name: PFC I Debt ApS ("PFC I Debt", "the Fund")
Legal entity identifier: 549300VS7ZG1MLJHKI39
Period: 1 Jan 2023 – 31 Dec 2023 (the "Period")

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



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

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

Polaris Management A/S ("Polaris") is the fund manager of PFC I Debt ApS ("PFC I Debt" or "The Fund") which is an investment vehicle under Polaris Flexible Capital I K/S ("PFC I"). Polaris has committed to promoting a number of environmental & social characteristics as part of the investment strategy of PFC I and thereby also PFC I Debt. These characteristics were met accordingly:

- **Exclusion criteria:** One investment was made in the Period, Aerfin, and this investment fulfilled the Funds exclusion criteria that the Fund had committed to. We have therefor met this commitment.
- **Management of adverse sustainability impacts:** Polaris has committed to ensuring prevention, mitigation and management of adverse sustainability impacts as defined by the UN Guiding Principles and OECD Guidelines for Multinational Enterprises by implementation of a management system for responsible business conduct as defined by these frameworks during our ownership. This was implemented at G&O Maritime during 2022 but not yet by Aerofin which was only acquired in the Period. We therefor believe that we still meet this commitment.
- **Promotion of climate change mitigation:** Polaris has committed to work with our portfolio companies to measure and reduce their greenhouse gas emissions. G&O Maritime now measure their CO2e emissions on Scope 1,2 and 3 and have an action plan to reduce these emissions. Aerfin does not yet have this in place but it is a new investment. We consequently believe that we are on track to meet this commitment although it has not yet been met.
- **Promotion of gender equality:** Polaris has committed to work with their portfolio companies to improve their gender equality. The gender distribution in the board and management teams of our portfolio companies was 7% and 38% respectively and we did therefor not reach the ambition of at least 40% of each gender. This commitment has therefor not been met.
- **Promotion of improved working environment:** Polaris has committed to work with their portfolio companies to improve the working environment. G&O Maritime and Aerfin work in their ordinary course of business with their working environment and G&O Maritime started to measure their employee-initiated turnover in 2023 for 2022. We therefor believe that we are on track to meet this commitment although we cannot yet claim that it has been met.

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

The analysis of the sustainability indicators is performed for the portfolio companies that were part of the Fund per the end of the Period (31.12.2023) and based on the latest available data which is for the year 2023 when available or for 2022 when the indicators have not yet been reported. We do not require that the indicators provided by our portfolio companies are audited and we have not audited the information that are provided directly by Polaris.

- **Exclusion criteria:** The Exclusion criteria for Polaris Flexible Capital, and the Fund, for new investments are those listed below. We measure the number of investments made in-line with these criteria and target 100%. One new platform investment, Aerfin, was made in the Fund during the Period and this investment fulfilled these criteria. The fulfillment is consequently 100% for the Fund.

- No support to unsustainable sectors: Polaris has committed to not make investments in portfolio companies that are part of, or have an important exposure to, the following sectors: gambling, weapons, tobacco, alcohol, and pornography.
 - No support to sanctioned countries, persons or entities: Polaris has committed to not make investments in portfolio companies with an un-acceptable exposure to countries, persons or entities on the UN Sanctions list.
 - Reasonable risk: By assessing sustainability-related risks, hereunder principal adverse impacts, in potential investments, we have committed to not invest in companies with an unacceptable risks for adverse sustainability impacts, or with unacceptable actual adverse sustainability impacts.
 - Sustainability governance: We have committed to invest in companies with a governance structure which is deemed adequate to manage sustainability and the company's adverse impact.
 - Sustainability process: We have committed to invest in companies that have committed to (i) discussion sustainability at least annually in its board of directors and (ii) report annually to The Fund on the status and work related to sustainability.
- Management of adverse sustainability impacts: We have committed to work to influence our portfolio companies to implement a management system in-line with UN Guiding Principles and OECD guidelines for Multinational Enterprises and sign-up to the UN Global Compact. We follow-up on the implementation rate among our portfolio companies and target 100% adherence for the portfolio companies acquired more than 12 months earlier although we might have limited ability to control this indicator. This was however achieved by G&O Maritime during 2022 but has not been done by Aerfin so fulfillment was 50% for the Fund in the Period.

Management of adverse sustainability impacts – Implementation status per 31.12.2022 (end of Period)				
Investments in the Fund per 31.12.2023 (acquisition date)	Membership of UN Global Compact	Mgmt system implemented 31.12.2022	Mgmt system implemented 31.12.2023	Comment on implementation
G&O Maritime (Jun '22)	Pending	Yes	Yes	Process completed in 2022. UN Global Compact membership pending.
Aerfin (Jul '23)	Yes (Jul '23)	-	No	Company not yet aligned but only acquired in 2023.
The Fund		100% (1 of 1)	50% (1 of 2)	

The data on the indicators related to Polaris' following three focus areas, Climate change, Gender equality and Working environment, are followed up annually at portfolio company level (based on data for the previous year) during the first half of the following year. The Fund is constrained by their governance rights in each investment and the reporting scope, data availability and timeline of each of their companies. Data for the Period might therefor not be available at the time of the publishing of this report or not produced by the company.

- Promotion of climate change mitigation: We have committed to promote that our portfolio companies measure their Greenhouse Gas Emissions according to the GHG Protocol and try to reduce their absolute GHG emissions (tonnes of CO2 equivalent) and/or their GHG intensity (tonnes of CO2 equivalent in relation to turnover or other relevant measure of company output). We have committed to promoting annual reductions and encourage

portfolio companies to support the Paris Agreement and set 'science based' CO2 emissions reduction targets as defined by the Science Based Target Initiative. G&O Maritime started the process to measure their CO2e emissions during 2022 and now publish their emissions Aerfin does not yet do this. Fulfillment was therefor 50%. None of the portfolio companies have yet set a 'Science Based Target' so fulfillment on this indicator is 0%.

Status of CO2 measurements and target setting per 31.12.2023 (end of Period)					
Investments in the Fund per 31.12.2023 (acquisition date)	Measurement of CO2e – Scope 1/2 & 3*		Science Based Target**		Comments
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	
G&O Maritime (Jun '22)	1/2 & 3	1/2 & 3	No	No	
Aerfin (Jul '23)	-	No	-	No	
The Fund	1/2: 100% (1/1) 3: 100% (1/1)	1/2: 50% (1/2) 3: 50% (1/2)	0% (0/1)	0% (0/2)	

* Measured annually according to the Greenhouse Gas Protocol (GHG). Annual measurements for the year finalized by April 30 the following year and published in Polaris Sustainability Report.

** Science Based Target as defined and approved by the Science Based Target Initiative (SBTI)

The process of measuring and validating each company's CO2 emissions is cumbersome and starts in January once the full-year data is available for the Period and is not finalized until around the 30th of April. We therefor base this review on the performance for the previous two years, 2021 and 2022. Since only one of the two companies in the Fund measured their CO2 emissions for 2022 we are not able to provide a complete estimate of the CO2e emissions of the Fund. The total reported CO2e emissions for The Fund in 2022 were estimated to be 15.775 tonnes and the intensity was 40.0 gram CO2e per DKK revenue.

Status of CO2 emissions							
Investments in the Fund per 31.12.2023 (acquisition date)	CO2 emissions – Scope 1/ 2 (tCO2e)		CO2 emissions – Scope 3 (tCO2e)		CO emission intensity – Scope 1/2/3 (gCO2e/DKK revenue)		Comments
	2021	2022	2021	2022	2021	2022	
G&O Maritime (Sep '21)	-	430	-	15.345	-	40.0	First measurement.
Aerfin (Jul '23)	-	-	-	-	-	-	Not yet measuring.
The Fund	-	430	-	15.345	-	40.0	First measurement. Incomplete.

- **Promotion of gender equality:** We have committed to encourage our portfolio companies to measure the gender distribution at the board of director level and management team level and target a distribution of at least 40% of each gender. The reporting of gender distribution is based on year-end data for the Period calculated in the beginning of the following year. Our analysis is therefor based on the previous year, 2022. The gender distribution at board level of 7% was below target while the management team level distribution of 35% Was close to the ambition of 40% for the Fund.

Status on Gender Distribution					
Investments in the Fund per 31.12.2023 (acquisition date)	Gender distribution – Board of directors		Gender distribution - Management		Comments
	2021	2022	2021	2022	
G&O Maritime (Jun '22)	0%	0%	0%	46%	
Aerfin (Jul '23)	-	13%	-	14%	
The Fund	0%	7%	0%	35%	

- Promotion of improved working environment: We have committed to work to encourage our portfolio companies to measure employee initiated employee turnover and to target an annual reduction or a stable development at a low level as suitable for each individual portfolio company. G&O Maritime provided this data for 2022 during 2023 but it was not available for the new investment Aerfin. As the data is incomplete and we lack historic development, we are not yet able to follow-up on this indicator for the Fund.

Status on Working Environment			
Investments in the Fund per 31.12.2023 (acquisition date)	Employee-initiated employee turnover		Comments
	2021	2022	
G&O Maritime (Sep '21)	-	11%	Measured in 2023.
Aerfin (Jul '23)	-	-	Not yet measured.
The Fund	-	11%	

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

- Exclusion criteria: Fulfillment of our exclusion criteria was a 100% for the Period, which also was the case in the previous period.
- Management of adverse sustainability impacts: The implementation rate decreased from 100% to 50% in the Period due to the inclusion of a new portfolio company.
- Promotion of climate change mitigation:
 - Measurement of CO2e emissions: Companies measuring CO2e emissions on Scope 1,2 and 3 decreased from 100% to 50% in the period. This was due to the inclusion of the new investment that have yet not implemented these measurements.
 - Science Based Target: The share of companies with Science Based Targets remains at 0%.
 - CO2 emissions: G&O Maritime did only start to measure their CO2e emissions in 2023 for the year 2022 and Aerfin does not yet provide measurements. For these reasons, we are unable to determine if we have been able to reach our ambition to decrease the emissions of our portfolio companies and the Fund in 2022, which is the latest available measurement available.

- o Promotion of gender equality: The share of women in the boards of fund increased from 0% to 7% and the share of women in the management teams increased from 0% to 35%.
- o Promotion of improved working environment: Since we only have employee-initiated employee turnover for 2022 for one of our portfolio companies, we are not yet able to follow-up on the development of this indicator.

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

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

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

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

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

The Fund gathers information, analyze and report on the Principle Adverse Impacts on Sustainability factors ("PAI indicators") in a publicly available PAI Statement (available on <https://polarisequity.dk/sustainability-related-disclosures/>). PAI indicators are also reviewed as part of the investment process.

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

Implementing the management system according to these guidelines is one of the Funds objectives. At the end of the period, 50% of the investments had implemented the system.

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.

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 Union 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.



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

Polaris has committed to consider principal adverse impacts on sustainability factors (“PAIs”) in the management of the Fund throughout the investment process from acquisition, portfolio management and exit. This was done by considering and addressing the portfolio companies greenhouse gas emission and social and employee matters. This is also integrated into Polaris Sustainability Program. During the Period, we also started to prepare to map the portfolio companies impact on biodiversity, emissions to water and hazardous waste.



What were the top investments of this financial product?

One new platform investment, Aerfin, was made by the Fund in the Period. As of the 31st of December 2023, the Fund had the following investments.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 1-Jan 2023-31 Dec 2023

Investments in the Fund per 31.12.2023	Date of acquisition	Sector	% Assets* per 31.12.2022	% Assets* per 31.12.2023	Country
G&O Maritime	Jun 2022	Industrial goods	100%	38%	Denmark
Aerfin	Jul 2023	Aerospace	-	62%	United Kingdom
The Fund			100%	100%	

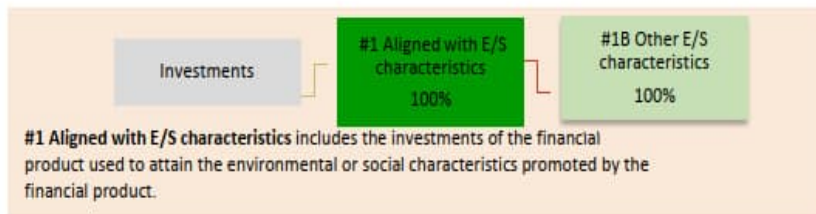
* % of Assets defined as % share of Cost of remaining investments per 31.12.2023.



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



All investments (100%) made by the Fund in the Period, and prior to the Period, fall under category “#1B Other E/S characteristics” as the Fund does not make sustainable investments.

● In which economic sectors were the investments made?

One new investments was made in the period, which constituted 62% of the Fund.

Investments in the Fund per 31.12.2023	Date of acquisition	Sector	% Assets* per 31.12.2023	Country
G&O Maritime	Jun 2022	Industrial goods	38%	Denmark
Aerfin*	Jul 2023	Aerospace	62%	United Kingdom
The Fund			100%	

* % of Assets defined as % share of Cost of remaining investments per 31.12 in year.

** Acquisitions made during the Period



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

The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17) and the investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy. The Fund invests in medium sized companies in the Nordic region that are most often not required to report according to the EU Taxonomy and are often also not in eligible sectors. We are therefore not able to base our investment strategy on the EU Taxonomy. We will however, wherever possible and relevant, use the EU Taxonomy as a reference in the work with our portfolio companies. The portfolio companies of the Fund who report EU Taxonomy eligibility and alignment do so in their annual reports, which for the Period 2023 will be published after this report was completed. We therefore only have EU Taxonomy data for the period ending 31.12.2023 where relevant companies only had to report on their EU Taxonomy eligibility and alignment. For this period, the status of EU Taxonomy reporting for the portfolio companies in the Fund (per 31.12.2022) was the following:

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.

Investments in the Fund per 31.12.2023	Sector	Required to report according to the EU Taxonomy per 31.12.2022	EU Taxonomy Eligibility reported for 2022 (Turnover/Opex/Capex)	EU Taxonomy Alignment reported for 2022 (Turnover/Opex/Capex)	Comments
G&O Maritime	Industrial goods	No	Not applicable	Not applicable	Not PIE company
Aerfin	Aerospace	No	Not applicable	Not applicable	Not a EU PIE company.
The Fund			0% / 0% / 0%	0% / 0% / 0%	

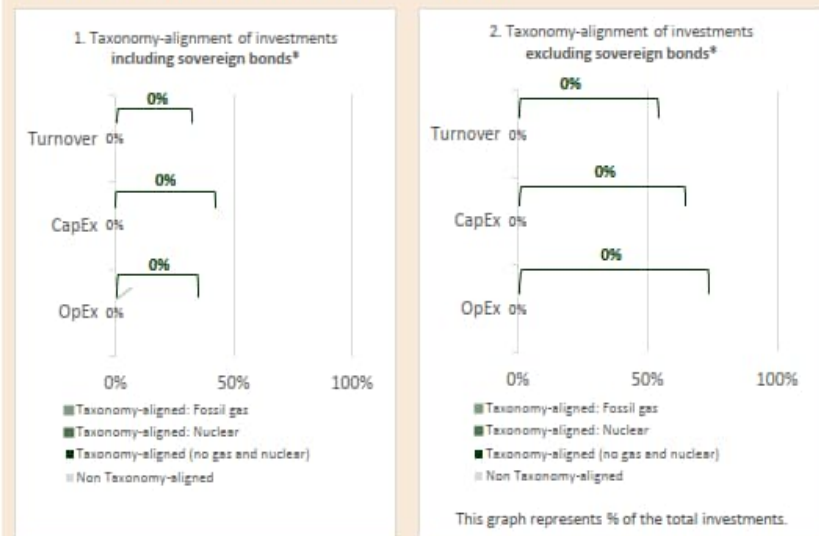
Taxonomy-aligned activities are expressed as a share of:

- **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.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

- Yes:
- In fossil gas In nuclear energy
- No


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.


The EU taxonomy reporting provided by the portfolio companies that are required to report on EU Taxonomy eligibility and alignment has been taken from their latest annual reports and has consequently been audited. Our summary reporting on EU taxonomy eligibility and alignment has not been audited.

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.

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


The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17). The investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy.

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


The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17). The investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy.

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

The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17). The investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy.

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

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

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

Not applicable as no investments were made in the category “Other” by the Fund.



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

During the Period, we engaged with all portfolio companies of the Fund in-line with our governance rights to request that the Funds environmental and social characteristics were addressed. We ask that all companies discuss these questions in the board of directors at least annually and report their progress to us at least annually. For portfolio companies that are also part of our Private Equity strategy, like G&O Maritime, the Polaris board representative is also the lead for sustainability-related questions. In addition, we gather the sustainability leads in each portfolio company regularly in Polaris Sustainability Group to discuss sustainability-matters, share experiences, communicate Polaris requirements and inform about new developments and regulations. Polaris also organized a digital workshop for the board members, CEOs and CFOs of the portfolio companies in the Fund to discuss sustainability and clarify Polaris’ minimum requirements for each company on sustainability. Since Q3 2022, we also follow-up quarterly on any adverse sustainability impacts in the private equity portfolio companies in the past quarter.



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

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

Not applicable as we have not designated a specific index as a reference benchmark for this product.

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

Not applicable as we have not designated a specific index as a reference benchmark 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 we have not designated a specific index as a reference benchmark for this product.

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

Not applicable as we have not designated a specific index as a reference benchmark for this product.

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

Not applicable as we have not designated a specific index as a reference benchmark for this product.

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

“By my signature I confirm all dates and content in this document.”

Henrik Bonnerup

Executive Board

On behalf of: PFC I - Debt ApS

Serial number: 035d243e-52f6-4034-916e-9028107efac0

IP: 188.120.xxx.xxx

2024-02-05 10:24:10 UTC



Jesper Langmack

Executive Board

On behalf of: PFC I - Debt ApS

Serial number: fc57714a-39c7-46ad-bdbd-efb0fa11655c

IP: 109.56.xxx.xxx

2024-02-05 11:32:54 UTC



Peter Høltermand

Executive Board

On behalf of: PFC I - Debt ApS

Serial number: 86368728-4979-4640-bb3b-56844686032e

IP: 217.61.xxx.xxx

2024-02-06 15:29:12 UTC



Steffen Astrup

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 716cab07-428c-4948-a9b0-54f423eee73a

IP: 165.225.xxx.xxx

2024-02-06 19:00:53 UTC



Jens Thordahl Nøhr

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: c1e8a2a1-ddd5-4d62-bf0c-551b3baecb85

IP: 165.225.xxx.xxx

2024-02-07 22:27:00 UTC



Søren Fogh

Chairman

On behalf of: PFC I - Debt ApS

Serial number: 04da236a-7dc9-4efd-87a2-94858ba5875d

IP: 185.58.xxx.xxx

2024-03-07 07:34:50 UTC



This document is digitally signed using **Penneo.com**. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validator>