DISCLOSURES IN ACCORDANCE WITH REGULATION (EU) 2019/2088 (SUSTAINABLE FINANCE DISCLOSURE REGULATION) ("SFDR")

HEARTCORE CAPITAL A/S (CVR-NO 33858663)

1. INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS (SFDR ART. 3(1))

In accordance with the Sustainable Finance Disclosure Regulation (SFDR), we understand ESG risk to mean an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment. This section fulfills the SFDR art 3 disclosure requirements.

We assess that the ESG risks related to our portfolio companies are mainly related to three factors:

A) Geography and sector a given company operates in

B) Tax questions

C) The maturity of the individual companies in the portfolios

As part of the investment policy for each fund, Heartcore has adopted several investment restrictions targeting high-risk sectors and geographies. The specific restrictions are determined at the fund level to ensure that they are relevant to the specific fund, and that they are thus effective in reducing ESG risks. Depending on the scope of the given fund, the risk picture can be different, and thus the specific sector and geographic restrictions are different. Heartcore assesses that the financial impact of this ESG risk is low-medium.

To mitigate risks related to tax issues, Heartcore has adopted a tax policy to prevent aggressive tax planning and achieve increased transparency in the area of taxation. The tax policy is based on the principles set out in Active Owners Denmark's Responsible Tax Code for Investing Members of Active Owners Denmark. As part of this commitment, Heartcore does not condone aggressive tax planning. Heartcore undertakes to use reasonable efforts not to engage in aggressive tax planning or any tax structuring, which conflicts with applicable tax law or its intentions, including general anti-tax avoidance rules. Heartcore assesses that the financial impact of this ESG risk is low.

Heartcore ensures ongoing management of the above ESG risks by requiring portfolio companies to continuously fulfill the requirements screened for as part of the investment process. This is done through a side letter between the company and Heartcore.

Furthermore, Heartcore assesses that the level of ESG risk is closely aligned with the maturity of portfolio companies that it manages. As a venture capital investment manager, Heartcore at times invests in small start-up companies which initially have limited revenue, few employees, few operations and a small footprint. As a consequence, the ESG risks are generally low for these types of companies and using the principle of a risk-based approach, Heartcore puts in place no additional ESG risk-related measures in the investment decision-making process for this type of companies apart from the above minimum standards.

As portfolio companies grow, their operations become more complex, they get more staff, they have a more complicated set of business relationships, and their overall footprint increases. This results in higher ESG risks for Heartcore as an investment manager. We manage this by ensuring that the Investment Manager responsible for the relationship with a given portfolio company engages with the company regularly on ESG risk-related matters. Furthermore, we conduct periodic trainings with all our Investment Managers to ensure that they are cognizant of potential and actual ESG-related risks and prioritize addressing them. Heartcore assesses that the financial impact of ESG risk to these companies is low-medium.

2. STATEMENT OF NO CONSIDERATION OF ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Heartcore does not consider adverse impacts of investment decisions on sustainability factors (SFDR art. 4(1)(b)).

The reason for this is that Heartcore has decided to focus on the specific ESG risk indicators fit for the Funds' investment profile on technology described above, rather than to consider all of the indicators set out in Table 1-3 of Annex 1 in the Delegated Regulation 2022/1288 supplementing SFDR.

Heartcore will, however, on a continuous basis assess whether to consider more or all of the specific adverse impact indicators set out in Table 1-3 of Annex 1 in its investment decisions.

3. REMUNERATION POLICIES (SFDR ART. 5)

Neither Heartcore board of directors or Heartcore partners (risk takers) receive variable remuneration. This ensures, among other things, that the remuneration policy does not encourage excessive risk-taking with respect to sustainability risks. Dialogues on risk-adjusted performance for material risk-takers occur as part of the ordinary performance assessment.

4. REVISIONS (SFDR ART. 12)

The disclosures related to SFDR art. 3 and 5 have been amended in accordance with a revised understanding of the regulatory requirements and new procedures to identify and mitigate ESG-related risks.

The above amendments have been implemented as of June 2023.