Sustainability-related website product disclosure: Nordic Alpha Partners Fund II

This document has been made and released in order to comply with Article 10 (1) of Regulation (EU) 2019/2088 on sustainability-related disclosure in the financial services sector ("SFDR"). The disclosure has been prepared based on the legislative guidance currently available in relation to SFDR. It may be subject to changes following the publication of any further legislation, guidance and recommendations concerning the SFDR by the EU Commission or the Danish or EU supervisory authorities.

The financial product to which the disclosures pursuant to Article 10 of the SFDR are applied, refers to Nordic Alpha Partners Fund II K/S, company registration number (CVR no.) 42613983 (the “Fund II”), managed by Nordic Alpha Partners II ApS, company registration number (CVR no.) 42795968 (“NAP”).

Fund II has sustainable investments as its objective and qualifies as an Article 9 product in the classification of the SFDR.

Summary

- Fund II’s objective is to invest in high growth Sustainability Technology companies that contribute to environmentally sustainable objectives.
- Fund II therefore qualifies as an Article 9 product under SFDR.
- Fund II will have a minimum proportion of 100% sustainable investments. Fund II’s sustainable investments will be in
    - economic activities with an environmental objective that qualify as environmentally sustainable under the EU Sustainability Taxonomy (EU Taxonomy).
    - economic activities with an environmental objective that do not qualify as environmentally sustainable under the EU Taxonomy but qualifies as environmentally sustainable under SFDR.
- Fund II takes Principal adverse impacts of investment decisions into account.
- NAP has assessed the sustainability risks likely to have an impact on the returns of the Fund II, and NAP believes there is a low to minimal risk to the returns due to those sustainability risks.

No significant harm to the sustainable investment objective

Fund II has relevant policies and processes (ESG Policy, Investment Policy and Investment Process Manual) in place in order to avoid that Fund II’s investments do any significant harm to the sustainable investment objectives of Fund II. These include the following:

1. The sustainable investment objective of Fund II is integrated in Fund II’s investment process. The objective of doing no significant harm to the sustainable investment objectives are evaluated at relevant points in time during the investment sourcing, evaluation and investment decision.
2. All investments are evaluated against the relevant Do No Significant Harm-criteria in the EU Sustainability Taxonomy (where available) and the SFDR.

3. ESG due diligence is conducted on all investments with a particular focus on how the sustainable investment objective of Fund II can be enhanced and how any harm to the objective can be avoided. The ESG due diligence process includes an assessment of the supply chain.
4. Actions to mitigate risks identified in the ESG due diligence process are integrated in negotiations and pre- and post-closing action plans.
5. The sustainable investment objective of Fund II is to the extent possible reflected in the contracts with all relevant counterparties.
6. Reporting on Fund II's sustainable investment objective is mandatory across all investments.
7. Review of Fund II's sustainable investment objective and other relevant sustainability issues are mandatory on Fund II's board meetings.

The due diligence process will include an assessment of alignment with OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. The company's SFDR alignment will be a pre-condition for all of the investment from Fund II and EU Taxonomy-alignment will also be a pre-condition for minimum 60 % of the investments. If the companies' activities contribute to an environmental objective but is not yet fully EU Taxonomy/SFDR aligned, then Fund II can invest if the company obligates to and, based on NAP's best assessment, has the ability to become EU Taxonomy/SFDR aligned within reasonable time after NAP's investment in the company.

The companies that Fund II invest in are required to comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business & Human Rights. This includes a policy that commits the company to respect human rights, align with the International Labour Organisation's (ILO) eight core conventions and ensure that the company has a human rights due diligence process in place.

Fund II considers Principal Adverse Impact ("PAI") indicators, as they are defined in the European Supervisory Authorities' Regulatory Technical Standards (RTS) for SFDR. PAI indicators are systematically measured, taken into account and followed-up on by NAP. This is done in the following steps:

1. Data on PAI indicators is collected for all investments. Where data is not available or where data quality is assessed to be low a plan is developed for how the relevant data can be procured.
2. All investments by Fund II are assessed against these indicators to ensure no significant harm is done.
3. Performance on PAI-indicators is a part of Fund II's annual reporting.
4. Performance on PAI-indicators is an integrated part of the sustainability review on Fund II's board meetings.

Fund II commits to report on following 16 PAI metrics:

- Table 1: The 14 mandatory indicators applicable to investments in investee companies.
- Table 2: #4. Investments in companies without carbon emission reduction initiatives.
- Table 3: #4. Lack of a supplier code of conduct.

Sustainable investment objective of the financial product

Fund II's objective is to invest in high growth Sustainability Technology companies that contribute to environmentally sustainable objectives.

Fund II will invest in companies that make a substantial contribution to the environmental objectives defined by the EU Taxonomy. These objectives are: Climate Change Mitigation; Climate Change Adaptation; Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; Protection and restoration of biodiversity and ecosystems.

Fund II can also invest in environmentally sustainable activities that are not covered by the EU Taxonomy as long as they otherwise qualify as a "sustainable investment" within the meaning of SFDR. This can for example be environmentally sustainable activities not covered by the EU Taxonomy.

No index has been designated as a reference benchmark for Fund II. The environmental objectives are considered to be attained through Fund II investing according to its investment strategy and applying the sustainability indicators listed below.

On portfolio level the following sustainability indicators are used to measure the attainment of the sustainable investment objective of Fund II:

- EU Taxonomy alignment degree
- Estimated $CO2_e$ emissions avoided
- Contribution to Sustainable Development Goals (SGDs)

Investment strategy

Fund II has sustainable investment as its objective and will make investments in high growth Sustainability Technology companies that contribute to environmentally sustainable objectives as defined by the EU Taxonomy. Fund II will invest in Sustainability Technology companies seeking equity finance typically between €10 million and €20 million and with initial enterprise values of less than €50 million. All potential investments will be analyzed against EU Taxonomy criteria as an integrated part of Fund II's investment process. Fund II can also invest in environmentally sustainable activities that are not yet covered by the EU Taxonomy as long as they otherwise qualify as a "sustainable investment" within the meaning of SFDR.

The megatrend of green transformation creates a significant market opportunity for NAP's investment strategy which focuses on businesses at the intersection of Digitalization and Sustainability (the 'Twin Transformers'). NAP targets high growth technology companies utilizing Industry 4.0 & Advanced Tech to enable sustainable applications. These businesses are addressing the significant global demand for clean energy and low carbon processes that will enable economies worldwide to achieve net zero carbon targets over the next three decades and is estimated to require almost €30 trillion of investment by 2050.

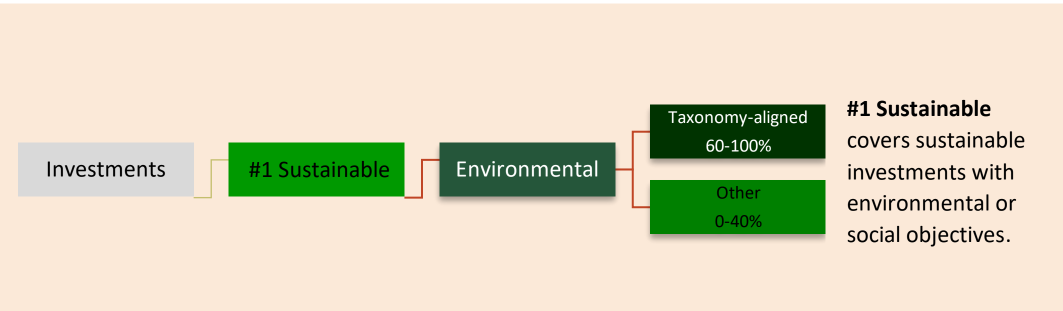
NAP believes that the global leadership in Technology and Sustainability, open economies, stable currencies, innovative business models, strong governance and highly developed private equity and venture capital markets make the Nordic countries and Germany highly attractive regions for NAP's investment strategy. These characteristics, combined with the substantial volume of high-quality companies, present an excellent investment environment for NAP as one of the most experienced growth private equity teams focused on Sustainability Technology.

NAPs fund strategy and investment process incorporate five inter-related phases, which NAP considers to be the fundamental drivers of returns, representing the logical steps in the value chain for private equity investments. Based on this framework, NAP has developed a systematic approach with detailed programs, processes, and tools, as well as a clear functional ownership structure within the senior partner team, ensuring clear responsibilities, daily execution consistency, performance review and continued improvement to the fund strategy and investment process model.

Good governance practices are an integrated part of Fund II's ESG due diligence process, where the companies are screened on a number of parameters incl. anti-corruption, tax violations and incidents related to business ethics.

Companies that Fund II invests in must develop a Code of Conduct that specifies governance and conduct requirements to employees, partners and suppliers. Fund II works to ensure good governance of each investment through our ownership role. Fund II monitors the good governance practices as active owners and at board meetings.

Proportion of investments



Fund II will have a minimum proportion of 100% sustainable investments. Fund II's sustainable investments will be in:

- economic activities that qualify as environmentally sustainable under the EU Taxonomy.
- economic activities that are not covered by the EU Taxonomy but qualify as environmentally sustainable under the SFDR.

Fund II will not use derivatives. Fund II will not invest in sovereign bonds.

Fund II will not invest in fossil fuels (incl. gas). Fund II may invest in EU Taxonomy aligned nuclear energy.

When Fund II is fully invested the minimum share of investments with an environmental objective that is aligned with the EU Taxonomy will be 60%. The share of investments that are not covered by the EU Taxonomy but qualify as environmentally sustainable under SFDR will be up to 40%.

Fund II does not target investments with a social objective, although the companies Fund II invests in may also have social characteristics. The minimum share of investments with a social objective is therefore 0%.

Monitoring of sustainable investment objective

The sustainable investment objectives are monitored throughout the lifetime of the investments.

Initially, the sustainability indicators (EU Taxonomy alignment degree, estimated $CO2_e$ emissions avoided as well as contribution to Sustainable Development Goals (SGDs)) are analysed in the due diligence phase through an ESG due diligence.

During the lifetime of the investments the sustainability indicators are monitored on an ongoing basis through quarterly reporting. Fund II's reporting is based on data provided by the investee companies. Data reporting from the companies is subject to data checks.

The attainment of the sustainable investment objective is monitored and followed-up on as a part of Fund II's active ownership role in the individual investee companies.

Methodologies

The methodology applied to calculating the EU Taxonomy alignment degree includes an initial screening of a potential investment case to assess EU Taxonomy eligibility. The initial screening is conducted "outside-in" and consists of a mapping of a company's activities against the EU Taxonomy to identify if the activities are covered. If the activity is not covered by the EU Taxonomy it is assessed if it can constitute a sustainable investment within the definition of SFDR.

Subsequently, a full EU Taxonomy alignment analysis will be conducted in the final due diligence phase. The EU Taxonomy alignment analysis consists of three parts: 1) Analysis of a company's performance against Substantial Contribution criteria; 2) Analysis of a company's performance against Do No Significant Harm criteria; 3) Analysis of a company's performance against Minimum Social Safeguard criteria. For activities not covered by the EU Taxonomy an alignment analysis is conducted to establish if the activity is aligned with the definition of sustainable investments under SFDR.

Fund II will report to investors on an on-going basis as required under SFDR, incl. EU Taxonomy alignment.

Compliance of the investments with the SFDR is subject to a review by a specialized ESG consulting firm.

Fund II can invest in both transitional and enabling activities under the EU Taxonomy depending on the investment opportunities. The minimum share of transitional and enabling activities, respectively, are thus 0%. The actual EU Taxonomy alignment and share of investments in transitional and enabling activities will be reported in the periodic reporting of Fund II.

The estimated $CO2_e$ emissions avoided is calculated based on an Avoided Emissions Model that is used to analyse avoided GHG emissions per invested DKK million is calculated for new investments for NAP's Fund II and compare with relevant benchmarks. The estimated $CO2_e$ emissions avoided will be monitored and reported upon on an ongoing basis in the periodic reporting of Fund II.

The SDG contribution is analyzed as part of the ESG due diligence phase and continuously followed up on as part of the periodic reporting of Fund II.

Data sources and processing

The data sources used to attain the sustainable investment objective of the financial product is primarily based on data reporting from the companies as well as a Q&A process and dialogue during the ESG due diligence and asset management phase.

The data provided by the companies is subject to checks by a specialized third party consultant.

The data is processed by NAP through the use of data sheets and a structured data collection and reporting framework.

It is expected that a part of the data will be estimated. The amount of data that will be estimated is expected to vary significantly between the companies. During the investment period it is NAP's expectation that the proportion of reported data will increase for the companies.

Limitations to methodologies and data

The primary limitation to assessing the sustainability performance of Fund II's investments will be data availability from the investee companies and ensuring the quality of the data provided by the investee companies. NAP intends to address this limitation through an active dialogue with the companies and by including data reporting obligations in the individual investment agreements. Investments will be conditional upon access to sufficient data and insights in order to be able to conduct and conclude on the analysis described in the section "Methodologies". The data reported to NAP will be stored in a dedicated data management structure designed to facilitate correct and timely ESG reporting. Given these measures the limitations mentioned above will not affect the attainment of the sustainable investment objective.

Due diligence

NAP carries out thorough due diligence on every investment it makes, incl. ESG due diligence. The ESG due diligence will in particular focus on Fund II's sustainability indicators. The ESG due diligence process will consist of data collection via questionnaires, Q&A with management as well as independent research.

An ESG and EU Taxonomy/SFDR alignment analysis will be conducted in the full due diligence phase. This comprises detailed questionnaire and company assessment to analyse sustainability impact and alignment with EU Taxonomy or SFDR's definition of sustainable investments. The EU Taxonomy alignment analysis consists of three parts: 1) Analysis of a company's performance against Substantial Contribution criteria; 2) Analysis of a company's performance against Do No Significant Harm criteria; 3) Analysis of a Company's performance against Minimum Social Safeguard criteria. The SFDR alignment analysis consists of three parts: 1) Analysis of a company's performance against environmental contribution criteria; 2) Analysis of the company's performance against the SFDR's DNSH test; 3) Analysis of the company's performance against the SFDR's good governance criteria.

NAP will in its due diligence consider the principal adverse impacts of its investment decision on sustainability factors by taking into account the mandatory and selected optional indicators listed in the Regulatory Technical Standards (RTS).

The estimated $CO2_e$ emissions avoided is calculated based on an Avoided Emissions Model that is used to analyse avoided GHG emissions per invested DKK million is calculated for new investments for NAP's Fund II and compared with relevant benchmarks.

The SDG contribution is analyzed as part of the ESG due diligence phase.

The ESG due diligence is performed by an external third party consultant in collaboration with the NAP investment team.

Engagement policies

NAP believes that the key to managing risk at a portfolio level is to develop a plan with management that is measurable and achievable. NAP typically has a board seat in investee companies. NAP maintains constant dialogue with management to ensure the plan is being implemented and amended if and when needed. NAP has a structured portfolio management monitoring process using issue tracking protocols, weekly internal status reporting, key performance indicators ("KPIs") and monthly reporting meetings in addition to ordinary board meeting. This means that NAP can respond rapidly if any portfolio issues or opportunities arise.

Attainment of the sustainable investment objective

Fund II does not follow an index to meet the sustainable investment objective of the Fund II. The sustainable investment objective is achieved based on the investment strategy and the elements described in this disclosure, incl. the listed sustainability indicators.