Norvestor

11 July 2022

Website disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: Norvestor SPV II SCSp **Legal identifier:** V00006864_00000000

a) Summary

This financial product ('The Fund') promotes environmental and social characteristics but does not have as its objective sustainable investment. While it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments.

The companies are pre-defined by the Fund and due to Norvestor's previous experience with these companies through ownership in previous funds, they are considered to match the binding elements of the Fund.

The Fund will exercise its fiduciary duty as responsible stewards and aim to improve upon the identified principal adverse impacts for each portfolio company and report on these indicators annually in the Funds periodic reporting. See the list of indicators under the section 'a'.

The following objectives describe the characteristics promoted by the Fund (find details on each objective under section 'c'):

- Reducing carbon footprint
- Reduce climate-related risks and capture opportunities
- Ensure a diverse and inclusive workforce
- Create safe and attractive workplaces
- Reduce non-compliance risk
- Transparency and reporting
- Exclusion policy

The Fund integrates environmental, social and governance (ESG) considerations throughout the ownership period to ensure that the Fund attains its environmental and social characteristics. This is done by conducting (at least) an annual ESG review of the portfolio companies by Norvestor's ESG representatives, supported by an external ESG advisor. The annual review does not only take into consideration the Fund's objectives and the sustainability indicators but also looks at materiality across the following ESG themes: climate and energy; material circularity; ecosystem impact; employee wellbeing; customer impact; corporate citizenship; corporate governance; supply chain management; and business resilience and sustainable principles. No reference benchmark has been designated to attain the environmental or social characteristics promoted by the financial product.

Norvestor conducts a materiality assessment based on the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Data will be collected directly from portfolio companies at least annually and is, where relevant, compared to industry or national averages to assess the portfolio company's relative performance. There are no current limitations to methodology or data gathering that will affect the Fund's promoted environmental and social characteristics.

Due diligence will not be conducted as companies are pre-defined and have been part of an existing Norvestor portfolio. Read more under section 'j'.

All portfolio companies are reviewed on good governance principles at least annually and supported by Norvestor to always align to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

b) No sustainable investment objective

This financial product promotes environmental and social characteristics but does not have as its objective sustainable investment. While it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments. Principal adverse impacts are considered on sustainability factors in due diligence and annual reviews and will be reported on in the Norvestor annual portfolio reporting. The Fund proactively engages with the portfolio companies regarding principal adverse impacts. Through these engagements, the Fund measures and reports relevant information in the context of the principal adverse impacts affecting their businesses. The Fund will exercise its fiduciary duty as responsible stewards and aim to improve upon the identified principal adverse impacts for each portfolio company and report on these indicators annually in the periodic reporting. These indicators include but are not limited to:

Reduce carbon footprint

- Total GHG emissions
- GHG intensity of investee companies
- Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

Reduce climate-related risks and capture opportunities

- Share of investments in companies active in the fossil fuel sector
- Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas

Ensure a diverse and inclusive workforce

- Average ratio of female to male board members in investee companies

Reduction of non-compliance risk

- Share of investments in investee companies that have been involved in violation of the UNGC principles or OECD Guidelines for Multinational Enterprises
- Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles of OECD Guidelines for Multinational Enterprises
- Share of investments in entities without policies on the protection of whistle-blowers

Exclusions

- Share of investments in investee companies involved in the manufacture or selling of controversial weapons

During an annual ESG review, attention is paid to potential violations regarding human rights and other supply chain risks. All portfolio companies are reviewed on good governance principles on an annual basis and supported by Norvestor to always align to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

c) Environmental or social characteristics of the financial product

The following objectives describe the characteristics promoted by the Fund:

- **Reducing carbon footprint:** the Fund aims to reduce the carbon footprint of the investments regardless of whether the companies have a material impact or not
- **Reduce climate-related risks and capture opportunities:** the Fund aims to foster and sponsor initiatives at the portfolio company level with the objective of reducing portfolio companies' climate risk exposure and/or supporting portfolio companies in identifying business opportunities or processes mitigating climate-related risks
- **Ensure a diverse and inclusive workforce:** the Fund is committed to equal opportunities and to ensuring that employees' needs and perspectives are considered
- **Create safe and attractive workplaces:** the Fund aims to ensure the best health, safety, and wellbeing of all employees in the portfolio companies
- **Reduce non-compliance risk:** the Fund aims to ensure well-defined compliance processes and practices.
- **Transparency and reporting:** The Fund support all portfolio companies to foster a culture of transparency and accountability on ESG, notably providing regular reporting on sustainability.
- **Exclusion policy:** the Fund will not make any investments in the following industries:
  - production, trade, and/or distribution of cluster munition
  - production, trade, and/or distribution of tobacco
  - activity of prostitution or procuring of prostitutes
  - production, distribution, or sale of pornography
  - manufacture or marketing of casinos or other gambling activities
  - thermal coal mining and extraction

While the portfolio companies invested in by the Fund are not in conflict with these exclusions, add-on investments will be screened at an early stage. No assets will be further investigated if they conflict with the Funds exclusion list.

No reference benchmark has been designated to attain the environmental or social characteristics promoted by the financial product.

d) Investment strategy

The Fund requires each portfolio company to implement steps to mitigate their negative impact(s) while also identifying and pursuing positive impact(s) initiatives. As the companies are pre-defined and Norvestor has experience from these companies through ownership in previous funds, these companies are therefore considered to match the binding elements of the investment strategy: the portfolio companies are regarded as responsible employers caring for their employees, promote diversity, apply sound governance principles, and take actions in limiting their carbon footprint. In this context, all portfolio companies assign responsibility for ESG to a senior member of staff and make sure that relevant ESG issues are considered at the senior management and board level.

Portfolio companies are reviewed annually for their ESG performance and Norvestor helps all companies to issue a company specific ESG report addressing findings and conclusions from these reviews including attainment of the environmental and social characteristics promoted by the Fund.

An assessment of good governance practices, including management structure, employee relations, staff remuneration, and tax compliance, is part of the pre-investment due diligence. Furthermore, Norvestor ensures that all relevant good governance policies are kept up to date while also helping guide action in critical areas such as ESG, anti-corruption, and whistleblowing.

e) Proportion of investments

The Fund 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 50% of sustainable investments. These investments will have direct exposure to privately held companies.

f) Monitoring of environmental or social characteristics

The Fund integrates environmental, social and governance (ESG) considerations throughout the ownership period to ensure that the Fund attains environmental and social characteristics. This is done by conducting (at least) an annual ESG review of the portfolio companies by Norvestor’s ESG representatives, supported by an external ESG advisor. The annual review does not only take into consideration the Fund’s objectives and the sustainability indicators but also looks at materiality across the following ESG themes: climate and energy; material circularity; ecosystem impact; employee wellbeing; customer impact; corporate citizenship; corporate governance; supply chain management; and business resilience and sustainable principles.

g) Methodologies

Data is collected directly from portfolio companies at least annually and is, where relevant, compared to industry or national averages to assess the portfolio company’s relative performance.

Norvestor conducts a materiality assessment based on the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). The SASB framework provides a set of globally applicable industry-specific standards and identifies the minimal set of financially material sustainability topics and their associated metrics for a typical company in that industry. Through these standards, key material themes of a potential investment can be identified. The material themes have been further aligned with reporting standards laid out in the Global Reporting Initiative (GRI). Following the identification of themes, Norvestor monitors portfolio companies along several environmental and social metrics to make sure the promoted characteristics are met.

h) Data sources and processing

Information is obtained directly from portfolio companies (at least) annually using an external ESG data gathering platform. Data is then processed and assessed by an external ESG advisor, validated by each of the portfolio companies and Norvestor's ESG representative. Carbon footprint data includes scopes 1, 2 and 3 (where applicable). Some greenhouse gas emissions are calculated using the Greenhouse Gas Protocol industry-specific calculation tools. Where applicable, company data are measured against benchmark data from established sources e.g., national statistics. Estimations may be used where there is a lack of available data and will aim to reflect the true economic reality as closely as possible.

i) Limitations to methodologies and data

Estimations may be used where there is a lack of available data and will aim to reflect the true economic reality as closely as possible.

j) Due diligence

As companies are pre-defined and have been part of an existing Norvestor portfolio[1], due diligence will not be conducted. However, an annual ESG review is conducted, and a review was latest done in H1 2022 where we analysed the entire value chain to make sure there are no limitations that could affect the characteristics promoted by the Fund in the future.

Norvestor's ESG representatives handle reported information and track the performance of the portfolio companies.

k) Engagement policies

In line with the shareholder agreements, portfolio companies are required to report at least annually on identified principal adverse impact indicators and other KPIs to make sure the characteristics promoted by the Fund are met. This is done through a data-gathering platform and Norvestor works close with an external ESG advisor to analyse the reported information and interact with company management and the board of directors to make sure the portfolio companies are aligned with the portfolio-wide objectives as listed in the section 'Environmental or social characteristics of the financial product' above.

l) Designated reference benchmark

No reference benchmark has been designated to attain the environmental or social characteristics promoted by the financial product.

[1] Norvestor VII LP managed by Norvestor Investment Management