Norvestor

Website product disclosure for financial products referred in Article 8

Norvestor Fund VIII

Product name / legal identifier: Norvestor VIII SCSp

This product:

☒ Promotes environmental or social characteristics but does not have as its objective a sustainable investment.

- ☐ It does not invest in sustainable investments
- ☒ It invests partially in sustainable investments

☐ Has sustainable investment as its objective. 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.

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

- ☐ Yes
- ☒ No

a Summary

Shall contain a summary of the information referred to in that Article that relates to the financial product of a maximum length of two sides of A4-sized paper when printed.

Norvestor VIII SCSp ('Fund VIII' or 'the Fund') promotes environmental and social characteristics. The environmental and social characteristics promoted by the Fund include the following:

- Investments with a good ESG performance are positively screened for
- Investments with a high potential to improve on ESG factors are positively screened for
- Investments that conflict with Norvestor's exclusion policy (which outlines industries/activities that have potentially negative environmental, social or governance characteristics) are excluded
- Investments that are exposed to (unmanageable) sustainability risks are excluded
- Investments that are exposed to (unmanageable) principal adverse impacts are excluded
- Principal adverse impacts on sustainability factors are considered when making investment decisions for Fund VIII
- A proprietary ESG framework is applied on a continuous basis in Fund VIII, supporting all investments in improving their ESG performance

Promoting environmental and social characteristics, ESG is at the core of all investment decisions made in the Fund. Binding elements in the investment decision process include exclusions lists and rigorous ESG due diligence frameworks to ensure investments align with the environmental and social characteristics promoted.

The Fund will seek to invest in growth companies in the Nordic mid-market that have the potential to achieve a leading Nordic or international position, typically through organic growth, through acquisition across fragmented industries or by geographic expansion. The Fund has not formally adopted a target for the proportion of sustainable investments but expects that at least 10-20% of the invested amount may qualify as sustainable investments.

Environmental and social characteristics are continuously monitored throughout the lifecycle of the Fund, as portfolio companies are required to report annually on material ESG themes. Norvestor, supported by an external ESG consultant, analyses data around key sustainability indicators at portfolio company level, and use this insight to monitor progress towards key ESG targets. Engagement is part of the environmental or social investment strategy. Throughout the ownership phase Norvestor challenges and supports portfolio companies to enhance their ESG performance and transparency. This involves some requirements of portfolio companies to identify climate related risks, as well as adopting governance policies in line with those promoted by Norvestor.

More information on the environmental and social characteristics promoted by the Fund, including the binding elements of the investment strategy used to attain those characteristics, sustainability indicators used to measure the attainment of those characteristics, and a graphical breakdown of the Fund's planned asset allocation, can be found in the remainder of this document.

Finally, more information related to Norvestor's implementation of the Sustainable Finance Disclosure Regulation and Norvestor's approach to ESG and Responsible Investment can be found on Norvestor's website.

b No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment. It does invest partially in sustainable investments.

How does the sustainable investment take into account adverse impact indicators?

Norvestor considers principal adverse impacts of its investment decisions on sustainability factors.

These indicators include, but are not limited to, GHG emissions, share of non-renewable energy consumption, gender diversity in the boards. Norvestor has already taken the necessary preparations to integrate the indicators into the data gathering process.

More information on these principal adverse impacts, Norvestor's policies to identify and prioritise them, and engagement policies to address them can be found in the Principal Adverse Impact Statement located in the 'Sustainability-related disclosures' section of our website. Norvestor will monitor and report on the indicators, as set out in Table 1 of Annex I of the Regulatory Technical Standards of the Regulation, by 30 June 2023 at the latest.

When making investment decisions for Fund VIII, Norvestor explicitly screens for principal adverse impacts of investment decisions on sustainability factors. Every investment opportunity Norvestor review will be subject to a high-level ESG audit to determine the most material ESG themes and risks across the entire value chain, including principal adverse impacts.

Norvestor proactively engages with its portfolio companies regarding principal adverse impacts on sustainability factors. Through these engagements, portfolio companies measure and report relevant information on the context of the principal adverse impacts affecting their businesses. Norvestor will exercise its fiduciary duty as responsible stewards and will aim to improve upon the identified principal adverse impacts for each portfolio company.

Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Yes.

c Environmental or social characteristics of the financial product

The Fund promotes the following environmental and social characteristics:

- Investments with a good ESG performance are positively screened for
- Investments with a high potential to improve on ESG factors are positively screened for
- Principal adverse impacts on sustainability factors are considered when making investment decisions for Fund VIII
- Investments that conflict with Norvestor's exclusion policy (which outlines industries/activities that have potentially negative environmental or social characteristics) are excluded
- Investments that are exposed to (unmanageable) sustainability risks are excluded
- Investments that are exposed to (unmanageable) principal adverse impacts are excluded
- A proprietary ESG framework is applied on a continuous basis in Fund VIII, supporting all investments in improving their ESG performance

Norvestor has integrated ESG considerations throughout the investment decision making process and the ownership period to ensure the Fund attains environmental and social characteristics. ESG risks, principal adverse impacts and performance are measured through Norvestor's ESG framework. The framework is used to systematically assess performance on material themes mapped across the following ESG categories: climate and energy; material circularity; ecosystems impact; employee well-being; customer impact; corporate citizenship; corporate governance; supply chain management; and business resilience and ESG.

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?

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

To measure the attainment of the environmental and social characteristics listed above, the Fund uses the following sustainability indicators:

- Principal adverse impact
- ESG/sustainability risk rating (qualitative and quantitative assessment)
- ESG performance rating (qualitative and quantitative assessment)
- Specific environmental sustainability indicators (e.g. carbon footprint)
- Specific social sustainability indicators (e.g. diversity metrics)

Norvestor has taken necessary preparations to measure and monitor principal adverse impacts, as listed in the regulation. Furthermore, both in due diligence, as well as in an annual ESG review cycle, a qualitative and quantitative assessment is made on principal adverse impacts, sustainability risks, and ESG performance. The assessments include specific environmental and social sustainability indicators that are measured for all companies (e.g. carbon footprint and gender pay gap), as well as others that are more company specific, based on materiality.

d Investment strategy

Please describe what binding elements of the investment strategy are used to select the investments to attain each of the environmental or social characteristics promoted by this financial product.

Norvestor uses the following elements to select investments to attain the social and environmental characteristics promoted by the Fund:

- Responsible Investment Policy, including an exclusion policy
- Sustainability Risk Policy
- ESG screening checklist assessing selected sustainability indicators
- ESG due diligence assessing selected sustainability indicators (including an assessment of good governance practices)

Please describe how the strategy is implemented in the investment process on a continuous basis.

Norvestor has integrated ESG considerations throughout the investment decision making process and the ownership period to ensure the Fund attains environmental and social characteristics.

A pre-due diligence screening is carried out on all potential investments. Through the use of an exclusion policy, an investment is rejected if it is currently, or if it is likely to in the future, generate a significant share of its revenue from excluded industries or products.

Next, Norvestor conducts a comprehensive ESG due diligence to determine the sustainability proposition of the target business (taking into consideration the entire value chain of business activities). This involves assessing how the company's industry is aligned with a sustainable future, what the key material ESG themes are, and what the performance of the company is on those themes. By assessing the material ESG risks and opportunities that exist throughout the value chain, Norvestor gains a sense of how these may affect the growth prospects and financial performance of the company, and whether the risks are deemed manageable.

If potential sustainability risks are viewed as low or manageable, the investment may be carried out (depending on the outcome of other due diligence workstreams and/or the final investment decision). For all investments in the Fund, an annual ESG review cycle will take place. Using a four-step approach, Norvestor determines key material themes and assesses each company's performance on them every year. Based on this assessment, Norvestor works together with the portfolio company to create a roadmap, covering both the short- and long-term goals. It is a time-tested formula: a clearly defined set of goals, combined with measurement and regular disclosure drives action.

The roadmap is continuously monitored and reported on in an annual portfolio company Sustainability Report. This is considered to be an important tool to set ambitions targets and drive progress.

Norvestor aggregates the findings from the individual company reports into a Norvestor Portfolio Sustainability Report that is communicated to investors. In 2020, Norvestor has also published a public version of the Sustainability Report available on Norvestor's website. This report highlights aggregated risk exposure, shows the portfolio companies' ESG performance and the progress they make over time and identifies case examples of value creation.

What is the policy to assess good governance practices of the portfolio companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

An assessment of good governance practices, including management structure, employee relations, remuneration of staff and tax compliance, is part of the pre-investment due diligence.

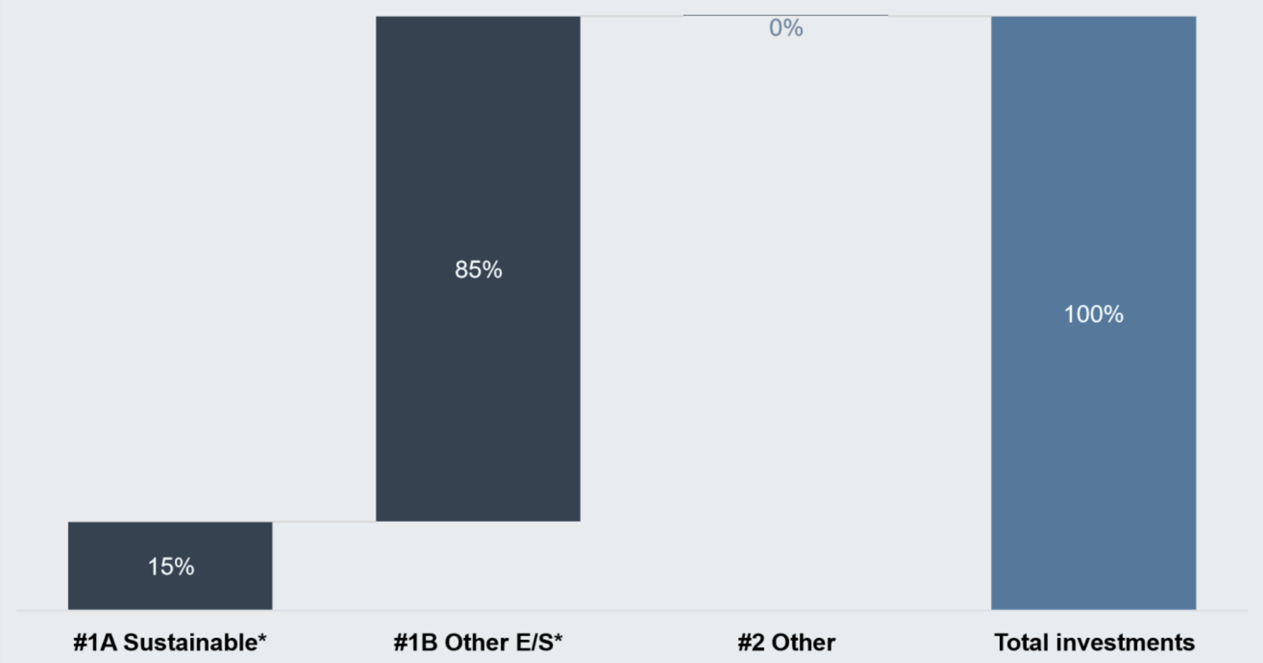
Furthermore, Norvestor has a comprehensive set of governance policies that all portfolio companies must adhere to. These represent Norvestor's expectations and help guide action in critical areas such as anti-corruption and whistleblowing. All portfolio companies assign responsibility for ESG to a senior member of staff and make sure that relevant ESG issues are part of the agenda at board meetings.

Where there is exposure to countries with a high incidence of corruption, or that are under sanctions, extra resources are spent assessing the associated risks.

e Proportion of investments

Norvestor seeks control ownership for the Fund, typically majority positions, in mid-sized companies that can benefit from Norvestor's support to achieve a leading Nordic or international position, typically through operational improvements, organic growth, acquisitions across fragmented industries and/or geographic expansion. Norvestor's focus sectors are Business Services, Technology-Enabled Services, Energy & Marine, Engineering & Industrials and Consumer Services.

For all investment decisions within Fund VIII are made according to the binding elements of the investment strategy used to attain the listed environmental and social characteristics listed in section (d). While the Fund does not have sustainable investment as its objective, it does invest partially in sustainable investments. The Fund has not formally adopted a target for the proportion of sustainable investments but expects that around at least 10-20% of the Fund's investment amount will qualify as sustainable investments. The graph below provides a breakdown of the planned asset allocation for Fund VIII.



***#1A Sustainable** covers investments that qualify as sustainable investments.*

***#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments*

***#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.*

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?
The Fund does not plan to include investments that are neither aligned with the environmental or social characteristics, nor qualify as sustainable investments.

How will sustainable investments contribute to a sustainable investment objective and not significantly harm any other? sustainable investment objective?
To assess the proportion of investments that qualify as sustainable, Norvestor will conduct an assessment according to the EU Taxonomy Regulation. For now, the EU Taxonomy Regulation can only be used to identify environmentally sustainable investment activities, and more specifically, only activities related to climate change mitigation and adaptation (the screening criteria for the other four environmental objectives will only be established by the end of 2021 (and will formally apply per 1 January 2023). As per 1 January 2022, Norvestor will therefore disclose for activities related to climate change mitigation and adaptation in the Fund's annual report. In 2023, Norvestor will disclose for activities related to the other four environmental objectives. For investments that contribute to any of the other four environmental objectives, as well as investments that contribute to a social objective, Norvestor will conduct a qualitative assessment of substantial contribution and no significant harm to any other sustainable investment objective, until technical screening criteria for social investments have also been published. Besides assessing substantial contribution to one of the six environmental objectives, an assessment will be made of compliance with the technical screening criteria for avoiding significant harm to environmental objectives. Furthermore, compliance with minimum safeguards, meaning the standards embedded in the OECD Guidelines on Multinational Enterprises (MNEs) and the UN Guiding Principles on Business and Human Rights, with specific reference to the ILO Core Labour Conventions will also be assessed. *Please refer to Section (b) for detailed information on how the indicators for adverse impacts are considered.*

Note: #1A Range from 10-20% and #1B Other E/S range from 80-90%

f Monitoring of environmental or social characteristics

How are the environmental and social characteristics monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?
Environmental and social characteristics are continuously monitored throughout the lifecycle of the Fund as portfolio companies are required to report annually on any material ESG themes relevant to them. Through this process, specific social and environmental indicators (including principal adverse impact indicators) are reported on and monitored. When conducting the annual ESG review cycles, the portfolio companies and Norvestor are supported by an external ESG consulting firm.

How are the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?
Sustainability indicators are monitored through annual ESG review of the portfolio companies where relevant material themes are in focus. Each portfolio company's progress on those themes and defined targets is analysed. Data is collected, ratings are evaluated/updated and performance on key indicators is reviewed in order to achieve short/mid-/long-term targets set out in each company's ESG action plan.

g Methodologies

Please describe the methodologies used to measure the attainment of the social or environmental characteristics promoted by the financial product using sustainability indicators?
When assessing sustainability risks of investments, Norvestor conducts a materiality assessment which is based on the industry framework developed by 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 an 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 specific to these themes, such as carbon footprint, employee absenteeism-and accident rate. Norvestor uses the Greenhouse Gas Protocol for all carbon footprint calculations. For other metrics, data (where available) are collected directly from portfolio companies and may be compared to industry or national averages where relevant to assess the portfolio company's performance relative to the rest of the country/industry. Finally, Norvestor applies a proprietary ESG framework, developed in cooperation with an ESG consultant, including a five-point performance scale to monitor the performance and progress of portfolio companies on identified ESG themes.

h Data sources and processing

Please describe what data sources were used to attain each of the environmental or social characteristics (including information on how the data is processed, what measures are taken to ensure data quality, and what proportion of data is estimated).
Information is obtained directly from portfolio companies through the use of an external ESG data gathering platform These data are then processed and assessed by an external ESG consultant, validated by each of the portfolio company and Norvestor's ESG coordinator. Carbon footprint data includes scopes 1, 2 and 3 (where applicable), and is obtained directly from portfolio companies. 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

Please describe what limitations surrounded the described methodologies and data sources (including what actions are taken to address such limitations).
Norvestor engages with a third party ESG consultant on an ongoing basis, to ensure that data are accurate, relevant, and benchmarked appropriately. The use of estimations in lieu of observed data may be potentially less reliable than observed data, so extra caution is taken to ensure they portray an accurate picture. Estimations are always clearly indicated to avoid misrepresentation.

j Due diligence

Describe the due diligence process carried out on the underlying assets of the financial product. Please refer to section (d) for a detailed description of the due diligence processes that are carried out on the underlying assets of the Fund.

What internal and external controls were in place on that due diligence?
The investment team works in a collaborative manner, and knowledge sharing between team members is encouraged. Internally, team members will discuss the findings of their due diligence to ensure their findings are interpreted consistently among the team. The main findings of the ESG due diligence is taken into consideration by the Norvestor's Investment Advisory Committee before a final investment recommendation is made. Norvestor has also appointed a third-party ESG consultant to assist with ESG due diligence to ensure it is being carried out according to industry best practice.

k

Engagement policies

Is engagement part of the environmental or social investment strategy?
Yes.

If so, please describe the engagement policies implemented, including any management procedures applicable to sustainability-related controversies in investee companies.
Please refer to section (d) for a detailed description of the engagement policies implemented, including any management procedures applicable to sustainability-related controversies in portfolio companies.