

Annex – Information related to SFDR and Taxonomy Regulation

PART I – INTRODUCTION

Momentum Venture Management AS (the "**Investment Manager**") is registered with the Norwegian Financial Supervisory Authority ("**NFSA**") as an alternative investment manager ("**AIFM**") under the Norwegian Act on the Management of Alternative Investment Funds ("**AIFM Act**") Section 1-4 (2). The Investment Manager is appointed as AIFM for the alternative investment fund ("**AIF**") Momentum Capital III AS (the "**Fund**").

The EU and Norway has adopted legally binding measures on sustainable finance applicable to financial market participants such as the Investment Manager, in particular:

- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**") and the supplementary regulatory technical standards set out in Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (the "**SFDR RTS**"), and
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**").

The SFDR and the Taxonomy Regulation, as well as the SFDR RTS, require AIFMs such as the Investment Manager to provide certain pre-contractual information to potential investors in the Fund on different sustainability-related topics:

- (i) The integration of sustainability risks in the AIFM's investment decisions and the results of the assessment of the likely impacts of sustainability risks on the return of AIFs under management (article 6 (1) of the SFDR),
- (ii) the consideration of adverse sustainability impacts of AIFs under management (article 7 of the SFDR), and
- (iii) certain further sustainability related information pertaining to AIFs under management depending on the sustainability characteristics of the AIF (i.e., depending on whether the relevant AIF is subject to article 8 or 9 of the SFDR).

Part II and III of this Annex have been prepared by the Investment Manager to provide pre-contractual and product-related disclosure obligations under the SFDR and the Taxonomy Regulation.

PART II – INFORMATION RELEVANT TO ARTICLES 6, 7 AND 8 of the SFDR

Introductory information on the Investment Manager's and the Fund's approach to ESG

The Investment Manager believes that venture capital is a necessity for society's green transition and that making an impact does not need to involve compromising on financial returns. The Investment Manager therefore invests in companies with climate impact at the heart of their business and that aim to contribute to reaching net zero emissions and/or to other environmental objectives.

Three distinct investment themes have been chosen for the Fund – each theme being a theme within which the Investment Manager believes there to be great potential to make an impact for the climate. These themes are sustainable agriculture and food systems; clean and efficient energy production and usage; and decarbonized industrial production and processes. Within these themes, the Investment Manager seeks out large markets and impact opportunities, across technologies, and aims to partner with ambitious teams ready to scale. In addition, the Investment Manager seeks investment opportunities within climate adaptation and increased resilience to physical climate risks.

In order to seek out, leverage and develop investments that have the potential to contribute toward the Investment Managers environmental ambitions, climate-related impact is an integrated part of the Investment Manager's screening, due diligence and investment decisions for the Fund.

Any potential investment's potential to reduce GHG emissions and/or contribute to other environmental objectives is part of the Investment Manager's deal flow filter, and the Investment Manager conducts an ESG due diligence prior to any investment. During the ownership period, the Investment Manager supports its portfolio companies in maximizing their impact and professionalizing ESG by promoting the ESG agenda through providing them with relevant tools, templates and advisors.

In the exit process, the Investment Manager will target new owners with the right mindset and resources to further scale the impact of the portfolio companies.

The Investment Manager has also adopted a responsible investment policy (the "**Responsible Investment Policy**" or the "**Policy**"), which applies to the management of funds under management (including the Fund) and everyone involved in the Investment Manager's operations (including members of the board of directors, partners, employees as well as, to the extent possible and appropriate, advisory and business partners). The Policy is subject to annual review and is regularly discussed internally by the Investment Manager's partners and employees and updated whenever needed.

Disclosures under SFDR and the Taxonomy Regulation

The Fund's approach to ESG as described above is relevant to the pre-contractual disclosure requirements in SFDR and the Taxonomy Regulation. The remaining part of Part II and Part III of this Annex pertains to the mandatory disclosures under SFDR and the Taxonomy Regulation, as well as the SFDR RTS:

SFDR Reference	Description of disclosure obligation	Disclosure
Article 6 - Integration of sustainability risks	The Investment Manager is required to disclose the manner in which sustainability risks are integrated into the Investment Manager's investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available. Article 2 (22) of the SFDR defines sustainability risk as "<i>an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment</i>".	The Investment Manager identifies sustainability risks as part of its investment strategy for the Fund. In the screening process, the Investment Manager conducts a due diligence process where the potential investee companies' vulnerability to sustainability risks is assessed. The Investment Manager accepts the fact that many early-stage companies have not yet fully developed their ESG management, and aims to influence its portfolio companies to professionalize their ESG practices as an integral part of the Investment Manager's strategy. However, if ESG vulnerabilities are identified and are deemed unmanageable by the Investment Manager, the Fund will not invest in the company. The Investment Manager has made an assessment of the likely impacts of sustainability risks on the returns of the Fund. The Investment Manager is of the opinion that all investment to a certain degree is exposed to sustainability risks, and that this risk cannot be mitigated completely. In light of the Investment Manager's approach to identification and management of sustainability risks, including an active approach towards improving ESG practices and risk management in portfolio companies, and based on the nature of the intended investments of the Fund (being start-up companies aiming to contribute to society's green transition), the

SFDR Reference	Description of disclosure obligation	Disclosure
		Investment Manager does not find it likely that environmental, social or governance events or conditions will cause an actual or a potential material negative impact on the value of the investment. It is noted, however, that as the Investment Manager has at the time of the assessment not identified all investments to be made, there is uncertainty associated with the conclusion of this assessment.
Article 7 – Consideration of principal adverse impacts	To date the Manager has chosen not to voluntarily disclose under point (a) of article 4 (1) of SFDR. Thereby, the Manager is under article 7 (2) of the SFDR required to provide a statement that it does not consider the adverse impacts of investment decisions on sustainability factors and the reasons therefore.	The Investment Manager does not consider adverse impacts of investment decisions on sustainability factors. The reason for this is that the Investment Manager manages investments in young and small companies with limited resources to retrieve and quality-assure all the data required to create the annual adverse sustainability impact statements as defined by the SFDR, in particular pre-investment. The Investment Manager will rather select some relevant PAIs and support the investee companies in the data collection and reporting of these. The Investment Manager will consider its approach regularly during the lifetime of the Fund. This statement is made in accordance with article 7 (2) SFDR.
Article 8/9 – Fund classification and related disclosures	As noted above in Part I of this Annex, the Investment Manager has to determine if the Fund is subject to article 8 or 9 of the SFDR and make related mandatory sustainability disclosures.	On the basis of the Investment Manager's and the Fund's approach to ESG as described above, the Investment Manager is of the view that the Fund holds environmental characteristics. These features of the Fund are, herein and otherwise, promoted by the

SFDR Reference	Description of disclosure obligation	Disclosure
		Investment Manager to potential investors in the Fund. Moreover, the Investment Manager intends that companies in which the Fund will invest, will follow good governance practices. Therefore, the Fund is subject to article 8 of the SFDR. This triggers specific pre-contractual disclosure obligations under said article and the SFDR RTS, as well as article 6 of the Taxonomy Regulation. The relevant disclosures are included in Part III of this Annex by way of the mandatory disclosure format under the SFDR RTS. The Fund does not commit to making a minimum proportion of sustainable investments as defined in SFDR article 2 (17). However, the Investment Manager will regularly monitor its investments and, on the basis of reasonably attainable and reliable data, assess whether the investments qualify as sustainable so that additional disclosure requirements are triggered.

ANNEX II

Pre-contractual disclosure for a financial product as 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

Product name: Momentum III AS (the "Fund")

Legal entity identifier: N/A

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%

☐ **It 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 ____% of sustainable investments

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It will make a minimum of **sustainable investments with a social objective**: ____%

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager focuses on ESG throughout the investment process for the Fund, including the holding period and exit process.

This focus entails that the Fund will invest in companies that have climate and environmental impact as an integral component of their operational ethos, and may also invest in climate adaptation activities. The Fund may invest across sectors but will have a particular interest in the following themes:

- A. sustainable agriculture and food systems;
- B. clean and efficient energy production and usage; and
- C. decarbonized industrial production and processes.

The Fund shall invest minimum a certain amount (equal to two times the amount drawn down by the Fund for investment purposes from the European Investment Fund ("EIF")'s Blue Economy mandate) in the **"Blue Economy"** as defined by the EIF), meaning sustainable activities that take place in the marine environment or that use sea resources (other than oil and gas) as an input, as well as economic activities outside the marine environment that are involved in the production of goods or the provision of services that will contribute to those activities, including but not limited to:

- (i) water and seabed pollution prevention and remediation,
- (ii) management, conservation, restoration and monitoring of marine biodiversity and nature-based solutions, including social innovations,
- (iii) clean technologies, renewable marine energy, reducing the climate change impact of marine activities,
- (iv) sustainable aquaculture or less invasive fishing techniques and gears,
- (v) land-based activities such as, micro-algae production and processing, land-based aquaculture, or similar,
- (vi) ocean observation, and/or
- (vii) eco-friendly tourism.

The commitment to invest in the Blue Economy is not a commitment to make "sustainable investments" as such term is defined in the SFDR.

The Fund will also aim to invest an amount at least equal to 80 % of the Fund's aggregate invested amounts in portfolio companies classified as contributing to Climate Action & Environmental Sustainability ("**CA&ES**") objectives in accordance with the latest criteria published in the EIF's website (https://www.eif.org/news_centre/publications/climate-action-sustainability-criteria.htm).

In its process for selecting investments within these themes, the Investment Manager applies its Responsible Investment Policy (the "**Policy**"). For the pre-investment phase, the Policy sets out screening and exclusion criteria for the selection of portfolio companies, as well as procedures for ESG and impact due diligence. For the post-investment phase, the Policy sets out guidelines for how the Investment Manager aims to exercise its management role in the portfolio companies, including by driving positive impact, managing ESG risk and supporting governance. Furthermore, the Investment Manager has reporting and compliance routines, including guidelines for defining and tracking progress on impact KPIs in accordance with EIF's impact performance measurement methodology.

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

The Investment Manager will measure the attainment of each of the environmental characteristics promoted by Fund by way of the following methods and indicators:

- (i) For the pre-investment phase, the attainment of the promoted characteristics will be measured in terms of the Investment Manager's adherence to the exclusion criteria, whether the Investment Manager conducted an impact assessment and an ESG due diligence, and whether the targeted ratio of investments are conducted in accordance with the CA&ES criteria and the Blue Economy definition as described above
- (ii) For the post-investment phase, the attainment of the promoted characteristics will be measured as follows:
 - a. measuring the number of portfolio companies that develop and adopt certain key ESG policies and routines, using the EU Taxonomy's "minimum social safeguards" as a guide

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

- b. measuring the progress on each company's impact KPI in accordance with the EIF's impact performance measurement methodology, as well as the portfolio's aggregated performance on impact KPIs

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A. The Fund does not commit to making sustainable investments as defined in the SFDR.

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 EU 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.



Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes, _____

☒ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund has been established as a venture capital fund. The purpose of the Fund is to invest in companies that prioritise climate impact as an integral component of their operational ethos. The Fund will predominantly invest in companies at the seed stage and follow up in subsequent funding rounds, focusing on sectors such as sustainable agriculture and food systems, clean and efficient energy generation and consumption, and initiatives aimed at pioneering decarbonisation of industrial methodologies and outputs. The Fund may also invest in companies contributing to climate adaptation.

The Investment Manager will adhere to its Responsible Investment Policy in the management of the Fund.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The commitment to invest a certain amount in the Blue Economy, the aim to make a certain share of investments in portfolio companies classified as contributing to CA&ES objectives, and adherence to the Responsible Investment Policy will apply in the Investment Managers investment process for the Fund, as determined in the shareholders' agreement.

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

Asset allocation describes the share of investments in specific assets.



• **What is the policy to assess good governance practices of the investee companies?**

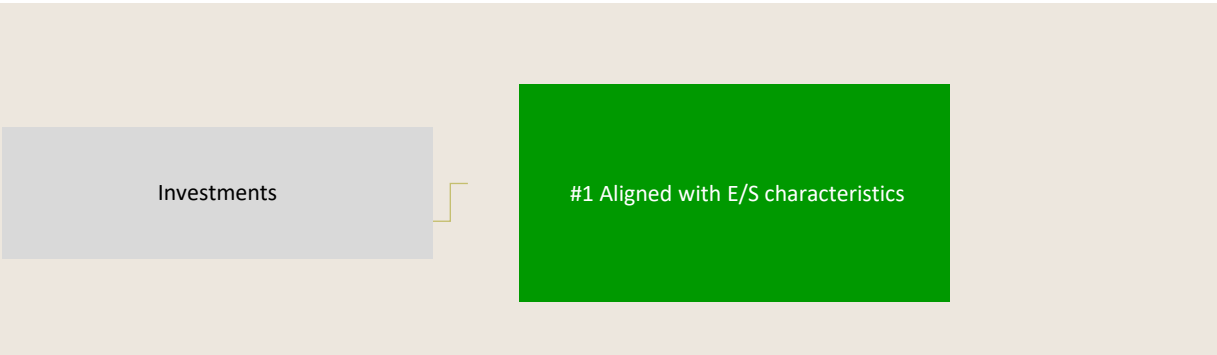
All investee companies of the Fund must follow good governance practices, and the Investment Manager, both as part of the investment process and by way of ongoing engagement, will assess the investee companies' governance practices in relation to matters such as management structures, employee relations, remuneration of staff and tax compliance.

To that end, the Investment Manager will apply indicators such as the investee companies' compliance with international standards and conventions (i.e., the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights), accurate reporting to markets and the public, taxation and accounting practices, and respect of shareholder rights.

What is the asset allocation planned for this financial product?

The Fund will acquire an equity interest in the chosen portfolio companies or invest in quasi-equity instruments issued by such companies.

All investments will be made in accordance with the investment strategy outlined above, where ESG is integrated into every stage of the investment process, including the exclusion and inclusion criteria applied at the screening stage. As such, 100% of the invested portfolio (i.e., except for any cash holding), will consist of investments used to meet the environmental or social characteristics promoted by the Fund in accordance with the binding elements of the investment strategy.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#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.



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

N/A. The Fund does not commit to making sustainable investments as defined in SFDR.

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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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.

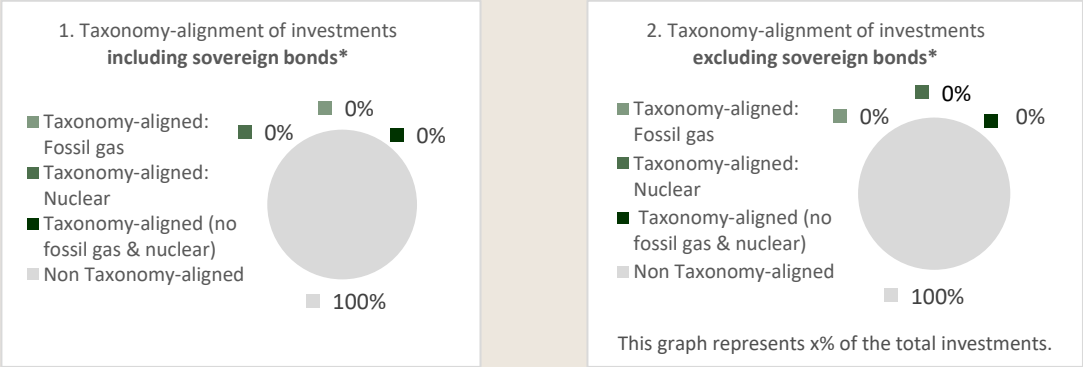
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are 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

- **What is the minimum share of investments in transitional and enabling activities?**

0%. The Fund does not commit to making sustainable investments.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0%. The Fund does not commit to making sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

N/A. No investments are included under "#2 Other".



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://momentumpartners.no/>