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MOMENTUM VENTURE MANAGEMENT AS

RESPONSIBLE INVESTMENT POLICY

1. Introduction

Momentum Venture Management AS (“Momentum”, “the Investment Manager”) has adopted this Responsible Investment Policy (the “Policy”), in relation to inter alia the management of Momentum II AS (“Fund 2”) and Momentum III AS (“Fund 3”), collectively (“the Funds”). The Policy will be reviewed annually, regularly discussed internally by Momentum’s partners and employees, and updated whenever needed. The Policy applies to the management of the Funds and everyone involved in Momentum’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 addresses key elements of EU’s Sustainable Finance Disclosure Directive (SFDR). We also refer to our website for complementary sustainability-related disclosures.

We define “sustainability” as meeting the needs of the present without compromising the ability of future generations to meet their needs. When considering sustainability, we review both the economic, environmental and social pillars of the concept. Many of our investments will also qualify as “sustainable investments” as defined by the EU SFDR regulation, but in general we apply a broader definition as described above.

1.1 Our mission, role and overall goals

The Funds’ role is to invest in and support innovative and ambitious founders, with sustainable development as a core element of their business idea. By bringing funding, expertise and network, we help them reach their full potential and maximize their impact. Great ambitions become reality when you add momentum.

We firmly believe that sustainability and profitability go hand in hand. Only by solving the planet’s pressing challenges related to climate change and unsustainable practices, we can continue enjoying profitable growth and continued job creation. This is true for the world as a whole. In our home market Norway, we mainly link this truth to the massive and necessary transition from an oil-dependent economy to greener industries, of which we are at the very beginning. Our overarching goal is therefore to contribute to creating a world that is optimized for both people and planet. We believe that entrepreneurs building rapidly scalable businesses are an important part of the solution. That is why we use our experience from managing, advising, funding and scaling companies to support the best entrepreneurs we meet.

1.2 Purpose and priorities

The Funds aim at maximizing the financial returns to their investors, while investing solely in sustainability-centered companies. This includes working actively with ESG (environmental, social and governance) issues, which we believe will not only contribute to greater value-creation and decrease investment risks, but also contribute to a more sustainable world.

The Policy describes activities pre- and post-investment, and we focus both on driving positive impact (maximizing ESG upside) and on managing ESG risks/governance (minimizing ESG downside):

- **Pre-investment – doing both positive and negative screening:**
 - Driving positive impact:
 - We invest in tech companies that contribute to one or several of the 17 UN Sustainable Development Goals (“SDGs”), where sustainability is a core and intrinsic part of the business (sustainability opportunities).
 - Managing ESG risk/governance:
 - We avoid investing in sectors defined by our Exclusion policy, as detailed in section 2.5 of this document. Hence, from the core of our investment strategy, we avoid many sustainability- and ESG-related risks.
 - Our ESG due diligence (“ESG DD”) is an integral part of any overall company due diligence, identifying both ESG risks and ESG opportunities, across all three letters. We assess each company’s ESG maturity and reveal how we can support the company in further developing its ESG efforts.
- **Post-investment: exercising our ownership role:**
 - Driving positive impact:
 - We will mostly invest in companies who already have sustainability as a key motivation for existing, but we can often support the teams in measuring and communicating the impact. We believe such efforts will drive value and strengthen the companies’ cultures.
 - Managing ESG risk/governance:
 - We accept the fact that many early-stage companies have not yet fully developed their ESG management and tools. That does not mean we cannot invest in them; we believe it is equally important to influence our investee companies to professionalize these practices after we invest. This includes, to the extent appropriate and possible, increasing the share of activities deemed as “green” by the EU taxonomy through our holding period.



Thus, Momentum has developed this Policy for purposes of ensuring that environmental, social and governance aspects are in focus throughout our investment horizon, spanning from initial due diligence and investment decision, throughout the holding period and our exit strategy.

Scope

The Policy shall be followed throughout the investment process and throughout our ownership cycle.

Momentum is usually a minority shareholder, but as a general rule we have a seat on the board of directors of all investee companies. We strive to exercise this influence by setting sustainability and ESG high on the agenda. The board of directors of each investee company is responsible for defining strategy and policy, and Momentum expects this to include setting sound environmental, social and governance standards and to make sure the standards are complied with. Should Momentum not be represented on the board in an investee company, efforts will still be made to encourage the investee company to drive this development.

The Fund should always consider the extent to which actions of the investee companies, co-investors, business partners, suppliers and potential buyers impact the Fund's ability to achieve its ESG objectives.

2. Our approach to responsible investments

Our focus on sustainability-centered companies enables us to invest in companies where the core product or service generates a positive impact on people and/or planet. In addition, it is Momentum's policy to influence our investee companies to develop their internal operations in a responsible manner.

Momentum commits to working in accordance with the UN Principles for Responsible Investments (PRI) – the "Principles". The six PRIs are as follows:

Principle 1: *We will incorporate ESG issues into investment analysis and decision-making processes.*

Principle 2: *We will be active owners and incorporate ESG issues into our ownership policies and practices.*

Principle 3: *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*

Principle 4: *We will promote acceptance and implementation of the Principles within the investment industry.*

Principle 5: *We will work together to enhance our effectiveness in implementing the Principles.*

Principle 6: *We will each report on our activities and progress towards implementing the Principles.*

2.1 Our business ethics

Momentum's Code of ethics and professional conduct serves as a high-level guidance to our policies and outlines the key rules, expectations, and values that govern our behavior. The principles are based on sound business practice, responsibility and common sense and are intended to encourage a high degree of personal and professional integrity. It includes the investment industry's professional standards as described in Invest Europe's Code of Conduct and is complemented with Momentum's own principles.

2.2 Our Environmental Policy

Momentum will promote environmental awareness and sound practices in our own operations as well as in our investee companies, including:

- Promoting a positive impact on the environment through the core business
- Complying with current environmental conventions and legislation
- Reducing greenhouse gas emissions and pollution (including responsible business traveling)
- Limiting the emissions of harmful substances and harmful waste
- Limiting consumption of environmentally scarce resources
- Sound resource management
- Supporting value creation potential from developing investee companies that are environmentally sound
- Actively working with waste management

2.3 Our Social Policy

Momentum aims to promote sound labor and human rights practices in our own operations as well as in our investee companies, including:

- Promoting awareness and compliance with international human rights standards under e.g. the UN Guiding Principles for Business and Human Rights
- Complying with labor laws and encouraging competitive employee remuneration, safe and healthy workspaces in line with local legislation
- Avoiding discrimination based on e.g. age, race, gender, religion, sexual orientation or disability
- Promoting diversity in teams
- Considering employee working conditions such as minimum wages, working hours, health and safety of work force
- Promoting employees' right to collective bargaining
- Not accepting child labor or possible use of child labor. All measures to prevent child labor shall be implemented taking into account the best interest of the child
- Promoting positive community relations and involvement

2.4 Our Governance Policy

Momentum aims to promote sound governance practices in our own operations as well as in our investee companies, including:

- Having a clear owners' agenda for each investee company with definition of responsibilities between each investee company's owners, board of directors and management
- Promoting transparency and involvement with all stakeholders and society
- Avoiding corruption, money laundering and other unethical business practices
- Complying with applicable antitrust and competition laws
- Supporting the investee companies with developing policies and routines for e.g. compensation, audit and risk management

2.5 Our exclusion policy

The companies we invest in should all strive to make the world a better place. Momentum has thus decided not to make any direct investments in companies active in the following industries:

- Exploration, production, or distribution of fossil fuels, including companies serving this industry as their primary customer segment
- Other businesses with significant adverse impacts on the environment
- Tobacco, alcohol and drugs
- Unlicensed gaming and gambling
- Fur production
- Adult entertainment
- Arms and weapons
- All illegal economic activity

In addition, for Fund 3, the following more specific restrictions are defined:

The Fund (Momentum III AS) shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

- a) whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes; or
- b) which substantially focus on:

- the production of and trade in tobacco and distilled alcoholic beverages and related products;
- the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
- casinos and equivalent enterprises;
- the research, development or technical applications relating to electronic data programs or solutions, which
 - aim specifically at:
 - supporting any activity referred to under items (i) to (iv) above;
 - internet gambling and online casinos; or
 - pornography,
 - or
 - are intended to enable to illegally:
 - enter into electronic data networks; or
 - download electronic data;
- fossil fuel-based energy production and related activities, as follows:
 - a) Coal mining, processing, transport and storage;
 - b) Oil exploration & production, refining, transport, distribution and storage;
 - c) Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
 - d) Electric power generation exceeding the Emissions Performance Standard (i.e. 250 grams of CO₂e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs.
- energy-intensive and/or high CO₂-emitting industries, as follows:
 - a) Manufacture of organic and other inorganic basic chemicals (NACE 20.13)
 - b) Manufacture of other organic basic chemicals (NACE 20.14)
 - c) Manufacture of fertilisers and nitrogen compounds (NACE 20.15)
 - d) Manufacture of plastics in primary forms (NACE 20.16)
 - e) Manufacture of cement (NACE 23.51)
 - f) Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
 - g) Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20)

- h) Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
- i) Aluminium production (NACE 24.42)
- j) Manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30)
- k) Conventionally-fuelled Air transport and, airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).

Notwithstanding the above, investments in sectors mentioned in section (vi) items a) – k) included, shall be allowed if the Investment Manager confirms that the specific final recipient transaction either (i) qualifies as environmentally sustainable investments as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under EIF’s Climate Action & Environmental Sustainability (CA&ES) criteria for green financing.

In addition, when providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (“GMOs”), the Investment Manager shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

2.6 Supporting frameworks

To support the ESG principles mentioned above, Momentum strives to operate in accordance with the UN Sustainable Development Goals, UN Principles for Responsible Investments, Invest Europe’s Code of Conduct, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles for Business and Human Rights.

More information about these supporting frameworks can be found here:

- UN Sustainable Development Goals: <https://sustainabledevelopment.un.org/>
- UN Principles for Responsible Investments : <https://sustainabledevelopment.un.org/>
- Invest Europe’s Code of Conduct: <https://investeurope.eu/media/2626/ie-code-of-conduct.pdf>
- OECD Guidelines for Multinational Enterprises: <http://mneguidelines.oecd.org/guidelines/>
- UN Guiding Principles for Business and Human Rights: https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf

- EIF's Climate Action & Environmental Sustainability (CA&ES) criteria for green financing: https://www.eif.org/news_centre/publications/climate-action-sustainability-criteria.htm

3. Implementation Approach

Momentum will seek to actively integrate ESG principles and sustainability risk assessments through the investment cycle of the funds under management:

3.1 Pre-investment

Momentum considers ESG matters early in the screening process to understand the ESG implications of an investment and consider risks and opportunities thereof. The ESG factors in the pre-investment process are implemented through:

- Understanding and documenting the way the potential investee company moves the world in a more sustainable direction (see impact assessment template below).
- Reviewing our ESG checklist during the due diligence, documenting ESG concerns and opportunities, including sustainability risks.
- Including the summary of the ESG DD in the investment memos.

Impact assessment template:

Momentum impact assessment before investment





UN SDGs ALIGNMENT



IMPACT SCORING

Goal	Target
 2 ZERO HUNGER	2.X [specify which sub-target under the relevant SDG the company contributes to]
Way of contribution: [describe how this company contributes to obtaining the SDG(s)]	
 15 LIFE ON LAND	15.X [specify which sub-target under the relevant SDG the company contributes to]
Way of contribution: [describe how this company contributes to obtaining the SDG(s)]	

Impact	
Indirect	Direct
Contribution	
Low	High
Volume	
For few	For many
Geography	
Local	Global
Time to effect	
Slow	Quick
Duration of effect	
Short	Lasting

3.2 Post-investment

As a general rule, Momentum exercises our influence at the Board of Directors level and promote the inclusion of ESG related topics in the management of the company to the extent possible, for example by:

- Adding ESG topics regularly to the agenda of the Board of Directors.
- Engaging with management to encourage that ESG opportunities and risks (including sustainability risks) are embedded in business planning and strategy.
- Asking all investee companies to develop their own ESG policy and Code of Conduct (CoC), looking to the minimum social safeguards as defined by the EU Taxonomy regulation. The policies should also be aligned with Momentum's standards and reviewed on a yearly basis.
- Asking all investee companies to establish a whistleblowing channel, so that any ESG issues requiring immediate attention can be communicated and dealt with.
- Making sure all investee companies define at least one impact KPI (measuring positive environmental impact of their core business) as well as key ESG metrics (main focus on eliminating/reducing negative impact) and 1-3 ESG risks. We will support the investee companies in defining these KPIs and risks. These KPIs should be reported to us on a quarterly basis. We also standardize a few ESG metrics across all investee companies in order to benchmark and track the Funds' overall ESG performance.
- Further, we have implemented Celsia – a digital platform to support reporting on ESG-related regulations, and tracking of Momentum-specific ESG / sustainability performance across the portfolios.
- We write an annual impact and ESG report covering each investee company and the portfolios in more detail, providing deeper insight to our LPs and other stakeholders.

3.3 Exit

The Funds' investee companies will during the time of the Funds' holding periods accumulate a sustainability / ESG performance track record. This will allow Momentum to actively promote the sustainability value in the exit process, in addition to the traditional financial performance track record of the investment that is up for sale. Any IPO of investee companies should in prospects, IMs and marketing material be focused on the sustainability / ESG related aspects of the company in combination with other relevant information.

4. Governance structure and reporting

4.1 Organization and management

The managing partners of Momentum have an overall responsibility for this policy and ultimate ownership for integration of ESG considerations into the investment decisions.

All Momentum employees shall nevertheless make sure that the ESG factors are implemented across due diligence, investment decisions, investee company initiatives and through exits.

The compliance officer is responsible for checking and controlling the team's adherence to this policy.

4.2 Annual review of the Policy

This Policy shall be reviewed at least annually by the managing partners and Momentum's Board of Directors to align with changes in the firm's growth and investment strategy, operations, external best practices and relevant local and global regulations.

4.3 Reporting

Momentum commits to reporting on sustainability and ESG KPIs on a quarterly basis to the investors in the Funds. Each Momentum employee is responsible for collecting and reviewing ESG related performance data received from the investee companies they follow up.

Material compliance issues with this Policy should be escalated to the managing partners of Momentum, logged and dealt with immediately.

This policy has been approved by the board of directors of Momentum. Any subsequent updates or revisions of the Policy shall be made available to all employees of Momentum, the Funds and the investors in the Funds.

APPENDIX 1 – SCHEDULE OF CONTROLS

PORTFOLIO	CONTROL DOCUMENTS
All investments done each year have a clear connection with at least one UN Sustainable Development Goal (SDG) and at least one specific sub-target of the SDG(s)	Investment memos
All investee companies have reported on their sustainability and ESG KPIs on a quarterly basis	Quarterly reports from the portfolio
All investee companies have developed their own ESG policy and Code of Conduct, looking to the minimum social safeguards as defined by the EU Taxonomy regulation	ESG policies and Codes of conduct

FUND	CONTROL DOCUMENTS
ESG assessments have been incorporated in the DD process	DD check lists, Investment memos
ESG-related risks and opportunities are included in the investment memos	Investment memos
Momentum's Responsible investment policy is reviewed on a yearly basis	Responsible investment policy, BoD minutes