

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Climentum Capital Fund II K/S (referred to as “the Fund”)

Legal entity identifier: Business Registration Number 45449025

Sustainable investment objective

Does this financial product have a sustainable investment objective?	
●● <input checked="" type="checkbox"/> Yes	●● <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 100% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

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



What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Fund is to reduce carbon emissions.

The investments of the Fund contribute to this objective by delivering solutions that are less carbon-intensive than the leading incumbent solutions, resulting in “avoided emissions”.

While there are no relevant reference benchmarks (incl. No EU Climate Transition Benchmark or EU Paris-Aligned Benchmark) available that can be applied to the Fund, reference solutions are determined for each individual investment to assess the avoided emissions potential in a consistent manner.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The target of the Fund is to achieve annual avoided emissions of at least 1 million tonnes of CO₂ equivalents at portfolio level by the time the Fund ends (earliest 2036 and latest 2039). This number refers to the total impact of the portfolio of Investments without adjusting for ownership share. For a portfolio company to qualify towards the target, at least two of the following criteria must be met:

- The Fund must have invested at least €1 million into the company
- The Fund has held at least 5% ownership of the company
- The Fund has maintained its investment in the company for at least 18 months

The Fund pursues alignment with the Paris Agreement. When the primary economic activities of an Investment are Taxonomy Eligible, the Fund requires prospective Investments to be on track to meeting the relevant Substantial Contribution requirements. When the economic activities are not Taxonomy Eligible, the Fund has developed the following three substantial contribution criteria of which Investments must meet at least one:

1. The solution delivers at least 50% lower carbon emissions vs. the leading incumbent solution
2. The solution has the potential to deliver >100 thousand tonnes of CO₂e avoided emissions by 2036 (earliest possible year for the Fund to end)
3. The solution has the potential to deliver >100 million tonnes of CO₂e avoided emissions at full scale

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sustainability indicator used to measure the attainment of the sustainable investment objective is “avoided emissions”: greenhouse gas emissions avoidance in tonnes of CO₂ equivalents. Avoided emissions (also referred to as “Scope 4”) are calculated via life cycle assessment (LCA), in accordance with the European Commission Recommendation 2013/179/EU(96) and leading standards, including ISO 14040 and 14044, GHG Protocol, and Project Frame.

Avoided emissions are the difference between the life cycle emissions from the Investment’s solution(s) compared to leading incumbent solution(s) available to achieve the same user benefit.

To estimate the expected and potential annual avoided emissions of an Investment (CO₂e/year), the anticipated annual sales (units) is multiplied by the unit impact (CO₂/unit).

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Fund is committed to ensuring that its investments do not cause significant harm to environmental or social objectives in the pursuit of its carbon emissions reduction objective.

To this end, the Fund:

1. Has an extensive Exclusions Policy (available at www.climentum.com), covering issues such as significant negative environmental or social impacts, illegal

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.

activities, oil & gas extraction, human cloning, controversial weapons, tobacco, alcohol, gambling, predatory lending, etc.

2. Incorporates do-no-significant-harm (DNSH) considerations into its due diligence process and shareholder agreements, as well as in its ongoing monitoring of the Investment's performance

To guide this work, the Fund has developed a list of DNSH thresholds and supporting indicators appropriate to the asset class and type of investments made. The criteria are derived from the EU Taxonomy thresholds for environmental harm and Minimum Safeguards aimed at avoiding harm on social and governance factors, while the supporting indicators include, but are not limited to, a selection of the mandatory and voluntary Principal Adverse Impact (PAI) indicators under the SFDR.

The Fund's DNSH thresholds and supporting indicators are applied across the full investment cycle, meaning that all new Investments are assessed against these thresholds prior to inclusion in the Fund as well as during Fund ownership.

The DNSH thresholds will be monitored throughout the ownership cycle via the Fund's annual reporting and regular meetings with the Board of Directors. In cases where the thresholds for significant harm are crossed during ownership, the Fund will immediately engage with the Investment to take appropriate action.

— How have the indicators for adverse impacts on sustainability factors been taken into account?

The Principal Adverse Impact (PAI) indicators are deployed by the Fund to identify and avoid any significant adverse impacts by its Investments, and take action as required.

During due diligence, several of the mandatory PAI indicators are used by the Fund to help assess Investment performance against the Fund's DNSH thresholds and Exclusions Policy.

During ownership, the Fund collects and monitors data on all mandatory PAI indicators plus two additional indicators:

- 2.4: Companies without carbon emission reduction initiatives
- 3.1: Investments in companies without workplace accident prevention policies

In cases where an Investment's performance on one or more PAI indicators suggests that there is potential for significant adverse impact (according to the Fund's DNSH thresholds), the Fund will engage with the Investment to identify the causes and take corrective action.

It is important to state that for many Investment companies in the Fund, data availability and preparedness on several PAI indicators will be low at the point of investment. For this purpose, the Fund is committed to supporting its Investment to build adequate data collection, consolidation, and reporting systems & procedures to report on PAI. To this end, the Fund may rely on secondary data sources and estimates and/or have notable omissions in its periodic PAI reporting. In both cases, any such limitations will be communicated with full transparency.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

At the point of investment, all Investments are required to commit to implement a set of Minimum Safeguards to monitor compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The Minimum Safeguards required by the Fund are derived from the Minimum Safeguard requirements in the EU Taxonomy, which includes the following:

- Respect for human rights (incl. labor and consumer rights)
- Anti-corruption
- Responsible taxation
- Fair competition

In line with the recommendations from the EU Platform on Sustainable Finance on Minimum Safeguards, the Fund's requirements to Investments have been tailored to fit micro-enterprises and SMEs, which means that requirements for policies and controls will increase as the company progresses in maturity and size.

Alignment is ensured via the Fund's Good Governance Policy, which is available at www.climentum.com. All Investments are required to report adherence to these requirements at least once per year via the following Principal Adverse Impact (PAI) indicators:

- 1.10: Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- 1.11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles (including UNGPs) and OECD Guidelines for Multinational Enterprises

In case of reported violations and/or critical gaps in ensuring adequate processes and compliance mechanisms, the Fund will immediately engage with the Investment company to take appropriate action.



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



Yes



No

The Fund is committed to considering the Principal Adverse Impact (PAI) of this financial product and takes into account principal adverse impacts on sustainability factors as outlined in the previous sections.

For additional information, please see the Fund's PAI statement, which includes a detailed description of the Fund's methodology and the Fund's periodic disclosures for this financial product (available at www.climentum.com).



What investment strategy does this financial product follow?

The Fund invests in climate technology Companies from Seed to Series B. The geographic focus is Europe, with a primary focus on the Nordics and DACH. Areas of focus are energy security, supply chain stability, and industrial efficiency.

The strategy is implemented in the investment process in the following way to ensure delivery on the sustainable investment objective:

- **Sourcing:** The Fund sources Investment opportunities via multiple channels, including personal networks, investors in the Fund, upstream investment funds, past & potential co-investors, as well as via LinkedIn and the Fund's website. The Fund communicates clearly to all stakeholders and on all channels that the Fund is solely focused on investments with significant climate change mitigation potential.
- **Screening:** For an Investment opportunity to proceed to the due diligence phase, it must 1) have a clear value proposition for climate change mitigation, 2) not have any apparent significant principal adverse impacts, and 3) not violate the Fund's Exclusions Policy (available at www.climentum.com).
- **Due diligence:** In the due diligence phase the Fund 1) conducts an initial life-cycle analysis (LCA) to quantify the climate change mitigation potential of the company, 2) conducts a double materiality assessment, including principal adverse impacts and do-no-significant-harm criteria (both available at www.climentum.com), 3) conducts a good governance assessment (performance and gaps) against the Fund's Good Governance Policy (available at www.climentum.com), and 4) conducts an assessment of Taxonomy Eligibility and Alignment. Insofar as the findings are positive and the Investment opportunity is pursued, this process leads to the development of 1) an agreed sustainability action plan (SAP), which outlines concrete actions for the Investment to take in year one of Fund ownership and 2) an agreed reporting framework (what the Investment is required to report on to the Fund, and when).

Ownership: Once an Investment is in the portfolio, the Fund engages with the Investment to support in executing on the agreed sustainability action plan (SAP) and also report as agreed to the Fund. In the event that a sustainability issue arises (e.g. violation of the Fund's Good Governance Policy or DNSH thresholds), the Fund engages with the Investment to take corrective action. Repeated failure to take action as needed will result in the Fund pursuing a sale of its stake in the Investment.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The following elements of the investment strategy are binding with regard to the sustainable investment objective:

- **Exclusions Policy:** The Fund has an extensive Exclusions Policy (available at www.climentum.com). The Fund will not invest in companies in violation of this policy.
- **Good Governance Policy:** The Fund has a Good Governance Policy (available at www.climentum.com). Fund Investments are required to be in compliance with this policy at all times.
- **DNSH thresholds:** The Fund has determined do-no-significant-harm thresholds (available at www.climentum.com). Fund Investments may not cross these thresholds at any time.
- **Substantial contribution:** The Fund pursues alignment with the Paris Agreement. When the primary economic activities of an Investment are Taxonomy Eligible, the

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

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.

Fund requires prospective Investments to be on track to meeting the relevant Substantial Contribution requirements. When the economic activities are not Taxonomy Eligible, the Fund has developed the following three substantial contribution criteria of which Investments must meet at least one:

1. The solution delivers at least 50% lower carbon emissions vs. the leading incumbent solution
2. The solution has the potential to deliver >100 thousand tonnes of CO2e avoided emissions by 2036 (earliest possible year for the Fund to end)
3. The solution has the potential to deliver >100 million tonnes of CO2e avoided emissions at full scale

In the event that an Investment violates any of these binding elements during the holding period, the Fund will seek to immediately remedy the situation or ultimately exit the Investment.

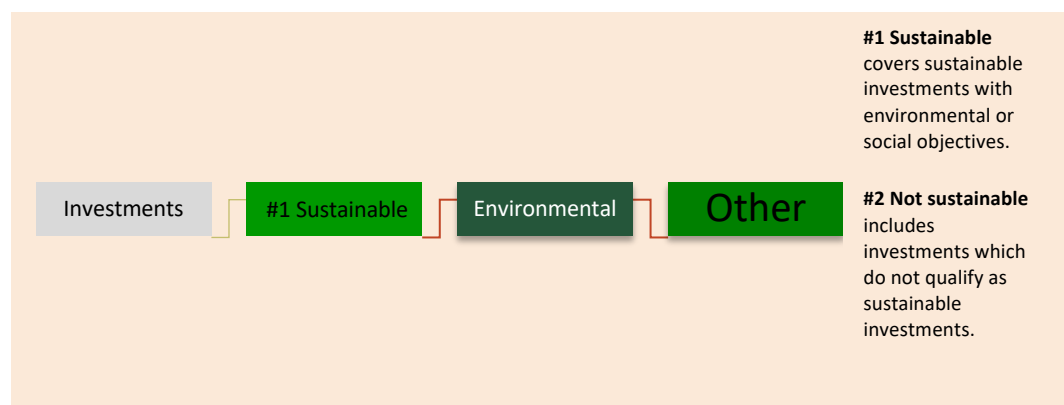
● **What is the policy to assess good governance practices of the investee companies?**

The Fund has committed to ensuring good governance practices among its Investments and this engagement has been solidified through a formalized Good Governance Policy. In addition to the topics outlined in the Minimum Safeguards (c.f. above), the Good Governance Policy includes the following topics:

- Employee relations
- Sound board & management structures
- Remuneration of staff

The Fund’s Good Governance Policy is available at www.climentum.com. It is the responsibility of the Investment to ensure adherence to the Good Governance Policy at all times and address critical gaps. If required, the Fund will support Investments with implementation of the Policy, including access to resources and experts. In addition, the Fund will, at least on an annual basis, require Investments to provide an update on progress against the Good Governance Policy, including any critical gaps.

What is the asset allocation and the minimum share of sustainable investments?



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 fully 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.

The Fund invests in climate technology companies from Seed to Series B. The geographic focus is Europe, with a primary focus on the Nordics and DACH. Sectors in focus are energy security, supply chain stability, and industrial efficiency.

As indicated in the illustration below, all Investments (100%) of the Fund must meet the sustainable investment objective in accordance with the binding elements of the investment strategy as outlined in previous sections.

● **How does the use of derivatives attain the sustainable investment objective?**

The Fund does not use derivatives to attain its sustainable investment objective.



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

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**



Yes:



In fossil gas



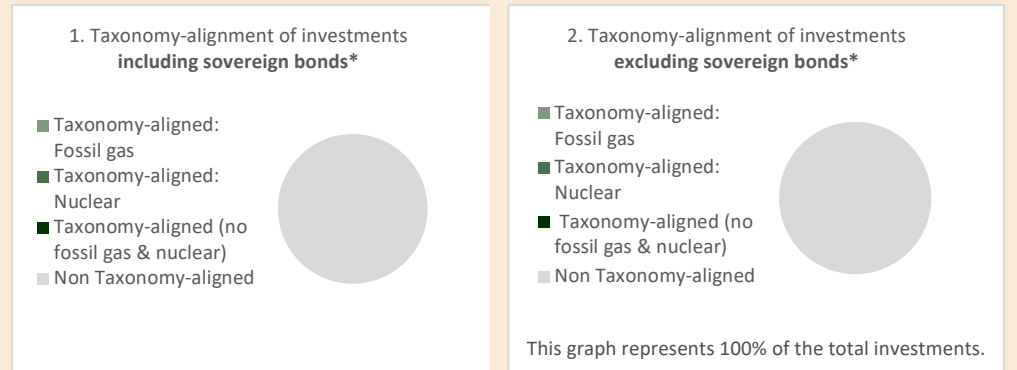
In nuclear energy



No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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.

As indicated in the illustration above, the minimum extent of sustainable investments with an environmental objective aligned with the EU taxonomy is 0% for the Fund. This reflects the early-stage nature of the Investments of the Fund. At the point of investment (e.g. Seed stage), Investments are seldom mature enough to meet the full requirements of the Taxonomy.

When the economic activities of Investments are Taxonomy Eligible, the Fund supports the Investments in becoming Taxonomy Aligned as they grow.

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

While the minimum share of investments in transitional and enabling activities is 0%, many of the Fund's investments are expected to be "enabling activities" and some might be "transitional".



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

The Fund will at most have 100% of Investments be sustainable investments that are not aligned with the EU Taxonomy. This is a reflection of the maturity of the Investments at the point where the Fund becomes a shareholder. At the Seed and Series A stages of company's life cycle, it is highly unlikely to be able to meet the technical requirements for Taxonomy Alignment, even if it has a product/solution that enables significant GHG emissions reductions. Also, the Taxonomy has yet to cover all relevant economic activities. As such, there are points at which the Fund might have 0% Taxonomy Alignment, including in the early days of the Fund, where it might only have a handful of still-immature portfolio Investments.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

The Fund does not have a social impact objective, so the minimum share of sustainable investments with a social objective is 0%.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund only makes sustainable investments.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

There is no specific index designated as a reference benchmark to determine whether this financial product meets its sustainable objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

This question is not applicable, given that a benchmark has not been designated.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

This question is not applicable, given that a benchmark has not been designated.

- ***How does the designated index differ from a relevant broad market index?***

This question is not applicable, given that a benchmark has not been designated.

- ***Where can the methodology used for the calculation of the designated index be found?***

This question is not applicable, given that a benchmark has not been designated.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.climentum.com