

Sustainability-related disclosure

Date of publication: 19 June 2024

Version: 1

This website disclosure is made in accordance with the EU Regulation (EU) 2019/2088 regarding sustainability-related disclosures in the financial sector (the “**SFDR**”) and the Delegated Regulation (EU) 2022/1288 with regard to regulatory technical standards.

This sustainability-related disclosure relates to (i) the internally managed alternative investment fund, Fairpoint Capital AB, Reg. No. 559162-3243 (“**Fund I**”) and (ii) the externally managed alternative investment fund, Fairpoint Capital Fund II AB, Reg. No. 559378-6618 (“**Fund II**”, collectively with Fund I hereinafter referred to as the “**Funds**”) managed by Fairpoint Partners AB, Reg. No. 559408-9384 (the “**Manager**”, together with the Funds hereinafter referred to as “**Fairpoint**”). The Funds are financial products that promote environmental or social characteristics, but do not have sustainable investment as their objective. Consequently, the Funds have been classified as Article 8 products under the SFDR.

1. Summary

No sustainable investment objective

The Funds promote environmental or social characteristics, but do not have sustainable investments as their objective.

Environmental or social characteristics of the financial products

The environmental and social characteristics promoted by the Funds are:

- gender balance within board and management (% women/men); and
- limitation of greenhouse gas (GHG) emissions (scope 1 and 2). Fairpoint encourages “no increase” year over year on portfolio company level in relation to number of employees.

Additionally, the Funds employ certain exclusion criteria and shall not make any direct investments in a set of restricted sectors in accordance with Fairpoint’s ESG Policy.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Funds.

Investment strategy

The Funds make minority investments in high-tech companies mainly within the Nordic region. The Funds’ investments have been and will be made by the Funds acquiring a minor share of the shares in the portfolio company.

Good governance practices are encouraged in all portfolio companies and include, in particular, sound management structures, employee relations, remuneration of staff and legal and tax

compliance. The portfolio companies' governance practices and structures are assessed as part of the due diligence and is managed continuously during the investment management.

Proportion of investments

The Funds are expected to invest at least ninety percent (90%) of their NAV in assets that are aligned with one or several of the environmental and/or social characteristics promoted by the Funds. However, up to ten percent (10%) of the Funds' NAV may at any time be invested in liquidity investments.

The Funds do not commit to invest in any "sustainable investment" within the meaning of the SFDR or in any "environmentally sustainable investments" as per the EU Taxonomy (as defined below) (*i.e.*, taxonomy-aligned investments).

Monitoring of environmental or social characteristics

The Funds consider ESG ethics, risks and opportunities at many stages of the investment lifecycle: the sourcing stage, the screening and evaluation process, the ownership phase and in the eventual exit of the company. During the ownership phase, the Funds monitor their portfolio companies' risk profiles, including ESG risks, through continuous discussions with the companies' board and senior management. The Funds also measure the attainment of their promoted environmental and social characteristics by the use of the key sustainability indicators.

Methodologies

The Funds monitor, measure and assess impacts on the promoted characteristics by being active owners in their portfolio companies and by ensuring good governance. The Funds communicate sustainability related targets and expectations to the boards of the portfolio companies. Fairpoint monitors the ongoing progress on sustainability performance with support from the relevant key sustainability indicators in Fairpoint's ESG policy.

Data sources and processing

The Funds' portfolio companies provide data relating to governance, environmental impact and social impact. Data is collected directly from portfolio companies and processed internally by Fairpoint. Data on sustainability performance (progress, key achievements, and material incidents) and a set of key sustainability factors are reported to Fairpoint on a regular basis.

Limitations to methodologies and data

The primary limitation that Fairpoint has identified with its methodologies for monitoring environmental and social characteristics and data collection is that this is based on self-reported figures collected directly from the portfolio companies. However, Fairpoint works closely as active owners with its portfolio companies and will communicate sustainability-related targets and expectations to the boards of the portfolio companies. The data collected from portfolio companies is processed by Fairpoint before publication.

Due diligence

In the screening and evaluation process, the investment restrictions included in Fairpoint's ESG policy ensure that companies within certain sectors are not considered for investments. Fairpoint evaluates the potential investment to identify and understand potential sustainability risks and opportunities. Any material sustainability risks or opportunities identified are assessed with

respect to level of risk, potential mitigation measures and potential business opportunities. Furthermore, the portfolio companies' alignment with international conventions and standards, ESG risks and opportunities as well as how the portfolio company is positioned to contribute to the promoted environmental and social characteristics are assessed as a part of the due diligence. The findings from the due diligence are included in the final investment memorandum and considered in the final investment decision.

Engagement policies

Fairpoint monitors, measures and assesses impacts on the promoted characteristics by being active owners in its portfolio companies and by ensuring good governance. Fairpoint communicates sustainability related targets and expectations to the boards of the portfolio companies. The boards of the portfolio companies address sustainability regularly, and continuously follow up on sustainability performance and progress. Fairpoint assesses whether portfolio companies have policies in place related to work environment such as a code of conduct and a personnel handbook. In the absence of such policies, Fairpoint will encourage portfolio companies to implement such policies.

2. No sustainable investment objective

The Funds promote environmental or social characteristics, but do not have sustainable investments as their objective.

3. Environmental or social characteristics of the financial product

Fairpoint's mission is to support the development of its portfolio companies to build long term value and generate superior returns for its investors. As a minority investor, Fairpoint has a responsibility towards society to influence the Funds' portfolio companies to act in a socially responsible manner. Fairpoint further believes that the best interests of its investors are aligned with those of the Funds' portfolio companies, their customers, their employees and the communities in which they operate, and Fairpoint's aim is to act in a sustainable way and promote environmental and social characteristics.

More specifically, the environmental and/or social characteristics promoted by the Funds are:

- gender balance within board and management (% women/men); and
- limitation of greenhouse gas (GHG) emissions (scope 1 and 2). Fairpoint encourages "no increase" year over year on portfolio company level in relation to number of employees.

Additionally, the Funds employ certain exclusion criteria and shall not make any direct investments in the following set of restricted sectors in accordance with Fairpoint's ESG Policy:

- controversial weapons including nuclear;
- thermal coal production;
- tobacco;
- cannabis;

- alcoholic beverages;
- pornography; or
- fossil fuels.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Funds. Furthermore, the Funds do not consider principal adverse impact on sustainability factors.

4. Investment strategy

Investment strategy

The Funds make minority investments in high-tech companies mainly within the Nordic region. The Funds' investments have been and will be made by the Funds acquiring a minor share of the shares in the portfolio company.

The Funds' investment strategy towards meeting the environmental and social characteristics promoted by the Funds include:

- applying an exclusionary list as set out above and in Fairpoint's ESG Policy; and
- investing with the ambition to uplift sustainability standards in the portfolio companies with a specific focus on the environmental and social characteristics promoted by the Funds (as further described above).

The two investment agreements governing the Funds as entered into between a) Fund I and the investors of Fund I, and b) the Manager, Fund II and the investors of Fund II (the "**Investment Agreements**") include contractual obligations for Fairpoint to follow the investment policy. Thus, Fairpoint's strategy to invest in high-tech companies mainly in the Nordic Region will be implemented by way of such contractual obligations.

The binding elements of the investment strategy used to select the investments

As outlined above, the Funds focus on promoting the following environmental and social characteristics:

- gender balance within board and management (% women/men); and
- limitation in GHG emissions (scope 1 and 2).

The Investment Agreements do not include any explicit contractual provisions relating to the promoted environmental and social characteristics, but Fairpoint applies the selection criteria and procedures set out in its ESG Policy in relation to all investments. Fairpoint will also conduct due diligence on all investments prior to investing in any prospective portfolio company enabling Fairpoint to analyse whether each particular investment promotes the Funds' promoted environmental and social characteristics.

The committed minimum rate to reduce the scope of the investments

As outlined above and in Fairpoint's ESG policy, the Funds have not and will not make any direct investments in the following set of restricted sectors:

- controversial weapons including nuclear;
- thermal coal production;
- tobacco;
- cannabis;
- alcoholic beverages;
- pornography; or
- fossil fuels.

Good governance

Good governance practices are encouraged in all portfolio companies and include, in particular, sound management structures, employee relations, remuneration of staff and legal and tax compliance. The portfolio companies' governance practices and structures are assessed as part of the due diligence and is managed continuously during the investment management. As part of the due diligence, Fairpoint will consider the portfolio company's alignment and compliance with relevant international conventions and standards such as the UN Global Compact.

Fairpoint also assesses whether the portfolio companies have policies in place related to work environment such as a code of conduct and a personnel handbook, and in the absence of such policies, Fairpoint will, following an investment, encourage portfolio companies to implement such policies.

Fairpoint conducts monitoring of the good governance practices in its portfolio companies via ESG questionnaires on a regular basis. The ESG questionnaire includes, inter alia, whether the portfolio companies have a code of conduct, and questions relating to business ethics and anti-corruption. If Fairpoint becomes aware of governance issues, it will investigate them and work with the company at hand to find an appropriate solution.

5. Proportion of investments

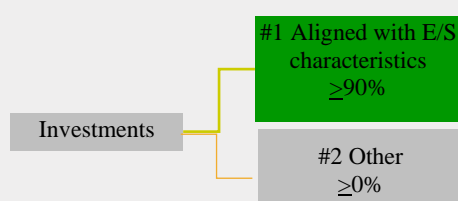
The Funds are expected to invest at least ninety percent (90%) of their NAV in assets that are aligned with one or several of the environmental and/or social characteristics promoted by the Funds (#1 Aligned with E/S characteristics). However, up to ten percent (10%) of the Funds' NAV may at any time be invested in liquidity investments (i.e. investments kept for liquidity and/or hedging purposes such as cash, cash equivalents, and/or hedging instruments) (#2 Other).

Fund II will not make any indirect investments in portfolio companies through other funds or derivatives. Fund II will thus only have direct exposures in its portfolio company. Fund I may invest up to 10% of the aggregate commitments in other funds (indirect investments), but will not make indirect investments through derivatives. Fund I may therefore have both direct and indirect exposures in its portfolio companies.

The Funds do not commit to invest in any “sustainable investment” within the meaning of the SFDR or in any “environmentally sustainable investments” as per Regulation (EU) 2020/852 (the “**EU Taxonomy**”) (*i.e.*, taxonomy-aligned investments). Accordingly, the minimum share of taxonomy-aligned investments and investments in transitional and enabling activities is 0%. The reason that the Funds do not commit to making taxonomy-aligned investments is that the Funds are not exclusively focused on promoting environmental objectives, and neither eligibility nor alignment with the EU Taxonomy is a binding criterion for investment.

The Funds do not invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

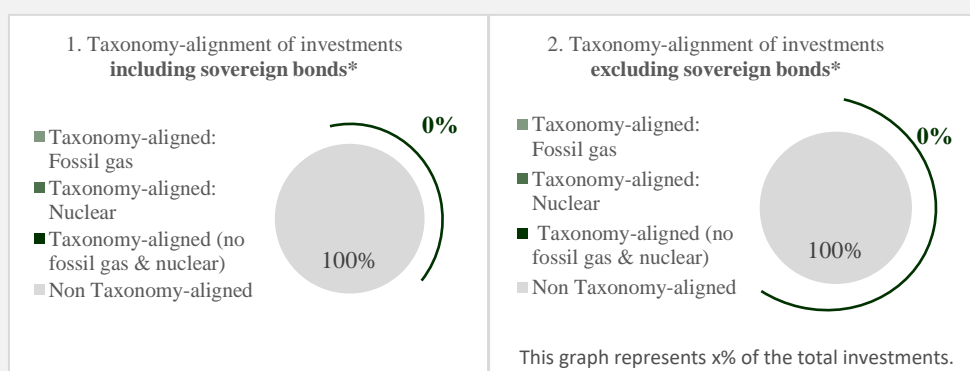
Asset allocation



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

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

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 products including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial products other than sovereign bonds.*



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

6. Monitoring of environmental or social characteristics

As mentioned above, and pursuant to Fairpoint's ESG policy, the Funds consider ESG ethics, risks and opportunities at many stages of the investment lifecycle: the sourcing stage, the screening and evaluation process, the ownership phase and in the eventual exit of the company. During the ownership phase, the Funds monitor their portfolio companies' risk profiles, including ESG risks, through continuous discussions with the companies' board and senior management. The Funds also measure the attainment of their promoted environmental and social characteristics by the use of the following key sustainability indicators:

- gender balance within board and management (% women/men); and
- limitation in GHG emissions (scope 1 and 2). Fairpoint encourages "no increase" year over year on portfolio company level in relation to number of employees.

7. Methodologies for environmental or social characteristics

The Funds monitor, measure and assess impacts on the promoted characteristics by being active owners in their portfolio companies and by ensuring good governance. The Funds communicate sustainability related targets and expectations to the boards of the portfolio companies. Fairpoint monitors the ongoing progress on sustainability performance with support from the relevant key sustainability indicators set out above and in Fairpoint's ESG policy.

The Funds make use of ESG questionnaires in order for the Funds and the portfolio companies to be able to identify any sustainability risks, which in turn can impact the Funds' promoted characteristics. Following such collection of information on sustainability risks, the Funds ensure that sustainability risk mitigation processes are in place. Any significant sustainability related risks arising in the Funds which may impact the promoted characteristics are e.g., addressed by Fairpoint and evaluated by the board of directors of the relevant portfolio company.

The Funds will conduct monitoring of the good governance practices in their portfolio companies via ESG questionnaires on a regular basis.

8. Data sources and processing

The Funds' portfolio companies provide data relating to governance, environmental impact and social impact.

Data is collected directly from portfolio companies and processed internally by Fairpoint. Data on sustainability performance (progress, key achievements, and material incidents) and a set of key sustainability factors are reported to Fairpoint on a regular basis. The sustainability information included in the annual financial report will be processed by Fairpoint before publication and included in the financial report.

The data relating to the environmental and/or social characteristics promoted by the Funds will be collected directly from the portfolio companies as described above, and Fairpoint anticipates that it will not be necessary to base data on estimates.

9. Limitations to methodologies and data

The primary limitation that Fairpoint has identified with its methodologies for monitoring environmental and social characteristics and data collection is that this is based on self-reported figures collected directly from the portfolio companies, and if the portfolio companies do not provide the requested data or the data provided is insufficient, this could affect Fairpoint's possibilities to monitor the attainment of the environmental and/or social characteristics promoted by the Funds. However, Fairpoint works closely as active owners with its portfolio companies and will communicate sustainability-related targets and expectations to the boards of the portfolio companies.

The data collected is processed by Fairpoint before publication.

10. Due diligence

In the screening and evaluation process (the “**due diligence process**”), Fairpoint evaluates the potential investment according to a systematic process using *e.g.*, industry-specific and geographical parameters to identify and assess a potential portfolio company's alignment with international conventions and standards, ESG risks and opportunities as well as how the portfolio company is positioned to contribute to the promoted environmental and social characteristics. As mentioned above, Fairpoint's ESG policy includes certain investment restrictions which ensure that companies within certain sectors are not considered for investments.

During the due diligence process, Fairpoint conducts an evaluation of potential risks and opportunities in a contemplated investment. Sustainability considerations form a natural part of this analysis. A materiality assessment is always conducted as part of the due diligence for each contemplated investment. The assessment is conducted by way of an ESG self-assessment questionnaire and considers, *inter alia*:

- potential breaches against international conventions and norms such as UN Global Compact's 10 Principles;
- ESG-related risks and opportunities that may affect the value of the investment; and
- how well the company is already aligned with Fairpoint's aim to promote environmental and social characteristics.

Any material sustainability risks or opportunities identified are assessed with respect to level of risk, potential mitigation measures and potential business opportunities. The sustainability risks are evaluated in the investment decision-making process. This systematic methodology enables Fairpoint to identify sustainability risk and opportunities related to specific areas of sustainability or how the portfolio company is positioned to contribute to the promoted environmental and social characteristics.

The findings and key conclusions from the due diligence are included in the final investment memorandum and considered in the final investment decision by the investment committee. Should the due diligence process result in sustainability-related findings, this may result in the conclusion that Fairpoint will refrain from pursuing an investment in the company. Such findings may however also result in the conclusion that the sustainability risk can be mitigated and that an

investment would be a positive opportunity for Fairpoint to improve the sustainability performance of a potential target.

11. Engagement policies

The Funds will generally hold minority interest in the portfolio companies; however, Fairpoint monitors, measures and assesses impacts on the promoted characteristics by being active owners in its portfolio companies and by ensuring good governance. Fairpoint communicates sustainability-related targets and expectations to the boards of the portfolio companies. The boards of the portfolio companies address sustainability strategy regularly, and continuously follow up on sustainability performance and progress. Fairpoint assesses whether portfolio companies have policies in place related to work environment such as a code of conduct and a personnel handbook. In the absence of such policies, Fairpoint will encourage portfolio companies to implement such policies.