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ANNEX 2

ANNEX II

to the

COMMISSION DELEGATED REGULATION (EU) 2022/1288.

amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities

pre-contractual disclosure for the financial products 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

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.

Product name: NFT.VC Fund II Ky, Alternative Investment Fund (the "Fund")

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments 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

It will make a minimum of **sustainable investments with a social 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 40 % of sustainable investments

- with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

The Fund promotes biodiversity, reduction of climate emissions, animal health and animal rights in addition to human well-being and health through better nutrition and new technologies that reduce the cost of lifestyle diseases caused by aging populations. Particular attention will be paid to the impact of investment on climate change, human health, gender equality, soil and water protection, and animal rights.

The Fund has excluded investments to companies that do not contribute to human health, and companies included in e.g. alcohol, tobacco and coal mining are strictly excluded investment targets. However, many other investments that could potentially have negative impact on environment or human health are excluded due to the thematic investment strategy of the Fund that is solely focused on food related technology.

Information based on latest scientific research will be used as a reference benchmark for these characteristics, and the Fund has co-operation with universities and research institutions. Other references used by the Fund are the UN's sustainable development goals and LCA assesment in relation to carbon footprint.

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

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

The indicators used to measure the attainment of all the environmental and social characteristics are the latest scientific research, and UN's sustainable development goals.

A specific indicator is used for carbon footprint assessment and it is the LCA assessment. With relation to assessment of health impacts of food products and technologies, the most recent Nordic nutrition recommendations are applied.

● ***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?***

The objectives of the sustainable investment that the Fund partially intends to make are;

- (a) climate change mitigation;
- (b) climate change adaptation;
- (c) the sustainable use and protection of water and marine resources;
- (d) the transition to a circular economy;
- (e) pollution prevention and control;
- (f) the protection and restoration of biodiversity and ecosystems.

The climate change related objectives are contributed through technologies that aim to reduce the land use of food industry, promote carbon sequestration, and reduce animal production. The objectives relating to sustainable use of water are targeted by food production technologies that reduce the use of water and utilize the effluents collected from water. With regard to circular economy, the Fund aims to invest in companies that support circular economy by utilizing sidestreams of food and agricultural industries, reducing the use of virgin materials and improving resource efficiency. Pollution prevention and protection of biodiversity are contributed through investments that aim to reduce food industry's use of land and reduction of the use of chemical pesticides.



● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments that the Fund partly intends to make will not cause significant harm to the sustainable development objectives of the environment or society. This will be taken into account in the investment decision-making process by applying the exclusions and general assessment of investments, including ESG-assessment, in relation to above mentioned sustainability factors. For investments classified as sustainable investments, the fund and its fund manager monitor and review

holdings on an ongoing basis with respect to these aspects. The Fund will also support the investments with relation to responsible and sustainable factors.

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.

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

The adverse impacts on sustainability factors are assessed prior to investment decisions and if a potential investment has clear adverse impacts, the Fund refrains from investing. If an assessed investment has some possible adverse impacts, with potential to positive impacts, the possibility to minimize risk of adverse impacts in all stages of investment lifecycle is assessed prior to investment, and if necessary the Fund will refrain from investment. The Fund does due diligence prior to each investments and adverse impacts on sustainability are taken into account in that process.

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

As the Fund is focused on investments in food technology, the investments will aim to accelerate solving the hard underlying environmental problems in food and farming with new technology built on scientific discovery by reducing emissions. These factors align with OECD guidelines and UN guiding principles on business and human rights. Also, the potential portfolio companies of the Fund shall respect human rights and therefore avoid any infringement of human rights (and if any would be identified, address their impacts). The due diligence process of the Fund before investments include also review of the human rights to identify any possible human rights issues and their impacts.

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

Yes, The principal adverse impacts are considered in accordance with the principles stated in this form and, the information is available in annual report of the fund manager, and the Fund has committed to such reporting in the LPA.

No

What investment strategy does this financial product follow?

The Fund is engaged in thematic investing to early-stage companies with dedicated teams and excellent technological capabilities aiming to radically renew the food system – from the soil to the orbit and from new sources of protein to better ways of eating.

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

The regards to the environmental and social aspects of the strategy, the Fund will allways conduct due diligence and asses the potential positive and negative inpcats of the investment environmental and social aspects in the light of most recent scientific research. The Fund will only make investments to companies where it sees potential for positive impacts. After investment decision these impact are assessed on an on-going basis and the Fund will aim to promote these factors in the decision making of the companies it invests in.

- **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 binding elements of the strategy are found in the LPA, reporting obligations, ESG reporting and assesments prior to investments. The Fund is dedicated to make 100% of investments to companies that promotes environmental and social characteristics. Therefore the Fund will exclude companies that have adverse social impacts, engage in unethical and controversial activities and produce significant negative climate impacts.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund invests only in companies that are committed to promoting the environmental and/or social features of the Fund. The amount of reduction will vary according to multiple factors, and the Fund is not committed to certain reduction rate for investment targets, although many potential investments will not be made, due to lack of unity with investment strategy.

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

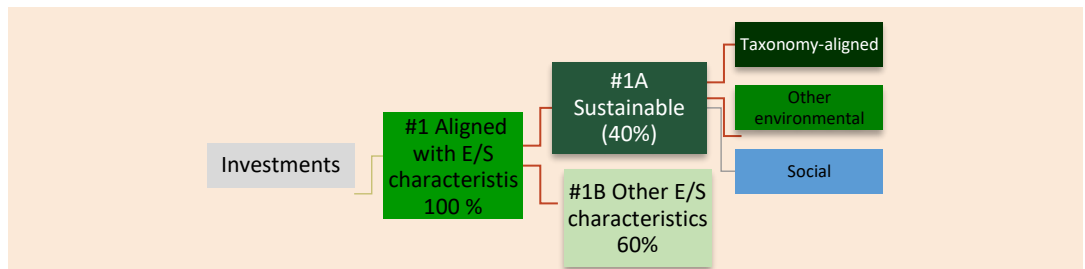
Good governance considerations are an integral part of the investment process - both in terms of the selection of investment targets and the management of the investments of the underlying companies in the portfolio. The Fund will make ESG clearance of potential investments and also seeks to be an active shareholder and to influence target companies directly through dialogue and voting, and cooperation in connection with good governance matters.

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 asset allocation planned for this financial product?



#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.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not use derivatives.



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

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



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

Each investment of the Fund is generally aimed to contribute to at least one of the six main climate and environmental aspects of EU taxonomy, that are also specified in the page two of this disclosure, but the Fund does not commit to investing in certain proportion of sustainable investments specified in the EU rating system.

● 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

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

As the Fund has no minimum commitment for investments under the rating scheme, the Fund also has no minimum commitment for investments in transitional and enabling activities.



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

The Fund invests at least 40% in sustainable investments that have an environmental objective but do not necessarily comply with the EU rating system.



What is the minimum share of socially sustainable investments?

The Fund does not have determined minimum share for socially sustainable investments but aims to support social sustainability by taking into account the respect and address of social and employee matters, human rights, diversity and inclusion, anti-corruption and anti-bribery matters in investment decision and Fund guidelines, and by excluding investments to companies that harm these objectives.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

As the Fund promotes a wide range of environmental and social characteristics, it has assessed that no certain index can be designated to reference benchmark. However, the Fund uses indicators such as latest scientific research, UN's sustainable development goals, LCA assessment, and Nordic nutrition recommendations to measure the attainment of the environmental and social characteristic. In addition, The Fund follows actively for any other newly established recommendations or instructions.



Where can I find more product specific information online?

More product-specific information can be found on the Fund's website: <https://nft.vc/responsible-investment-policy/>