

## Summary

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This product level website disclosure has been prepared by NRP Zero AS (the "**Manager**")<sup>1</sup> for the alternative investment fund NRP Green Transition I AS (the "**Fund**"), in accordance with the Sustainable Finance Disclosure Regulation ("**SFDR**") article 10, cf. article 9, and the Regulatory Technical Standards (the "**RTS**").

As the alternative investment fund manager (the "**AIFM**") to the Fund "Green Transition I", which makes sustainable investments as pursuant to SFDR article 9, cf. article 2 (17), the Manager seeks to achieve long term capital appreciation through investments in companies which a) contribute to either an environmental and/or a social objective, b) do no significant harm to other environmental or social objectives, and c) follow good governance principles through sound management structures, employee relations, remuneration, and tax compliance. The Manager will assess the Fund portfolio's performance against the indicators for principal adverse impacts ("**PAIs**") set out in SFDR and the RTS, along with the Taxonomy Regulation (Regulation (EU) 2020/852), hereafter the "**Taxonomy**" and the associated Climate Delegated Act ("**DA**") to assess the level of Taxonomy alignment across the portfolio, which the Manager has set a target of approx. 30 per cent.

Through the use of a robust due diligence framework, strict exclusions criteria and ongoing monitoring measures to mitigate the investments' exposure to PAIs and ensure adherence to international treaties and internationally recognized standards regarding human and labour rights. The Manager will do no significant harm to the Fund's sustainable investment objective, and will seek to pursue the investment strategy of investing in small to medium-sized Nordic companies that promote energy transition and resource efficiency, and demonstrate alignment with the United Nations Sustainable Development Goals (the "**SDGs**"). As an active owner, the Manager will engage with the Fund's investments to provide stewardship and promote positive sustainability outcomes.

To operationalize and enable the required reporting, the Manager will engage selected third party ESG providers to obtain, screen, and ensure data quality used for reporting to relevant authorities, the public and our investors. It will work with service providers to address data limitations and improve its methodology in line with with maturing market practices.

The Fund does not currently have a carbon emissions reduction target as an objective, and no reference benchmark has been designated for the Fund.

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### **No significant harm to the sustainable investment objective**

The Manager does no significant harm to the sustainable investment objective by considering the PAIs of investment decisions on sustainability factors within the meaning of SFDR article 4.

This includes the 14 mandatory indicators (in Table 1 of Annex I of the RTS) on greenhouse gas emissions, biodiversity, water, waste, and social indicators applicable to companies in addition to two indicators of choice. As set out in the principal adverse impact statement prepared by the Manager for the Fund (the "**PAI Statement**"), available at <https://www.nrp.no/nrp-zero/esg/>, the Manager applies the mandatory PAI indicators as a tool when assessing impact on sustainability factors, ensuring that potential adverse impacts on each indicator are factored into the Manager's consideration when making sustainable investments.

Furthermore, the Manager ensures its investments are in alignment with the following internationally accepted codes of conduct for corporate governance, social and environmental responsibility, and transparency when assessing potential impact on sustainability factors:

- a) The UN Guiding Principles on Business and Human Rights,
- b) UN Global Compact
- c) OECD Guidelines for Multinational Enterprises,
- d) The principles and rights set out in the eight fundamental conventions in the Declaration of the International Labour Organisation; and

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<sup>1</sup> NRP ZERO AS (LEI: 5493000TYXIP8T3EZ159)

- e) The International Bill of Human Rights.

Therefore, the Manager's active consideration of PAIs and the use of minimum safeguards via alignment with internationally recognized standards and codes of conduct ensures that no significant harm is posed to the sustainable investment objective of the Fund.

### *Sustainable investment objective of the financial product*

The Fund will pursue sustainable investments as its objective in accordance to SFDR article 9, cf. article 2(17).

It will seek to advance the UN SDGs through contributing towards the transition to a low carbon, climate-resistant and more resource-efficient and circular economy.

The Manager will seek to achieve the sustainable investment objective through equity and equity-related investments in small to medium-sized Nordic clean tech companies with good governance practices, a capable and agile management team that works to solve environmental and/or social challenges, in addition to customer economic benefits with technologies/services/products that have significant scalability potential. By targeting businesses that can drive cleaner and more efficient use of resources and alignment with one or more of the SDGs, the Manager aims to create long-term value appreciation for the investors through sustainability, but also create positive impact for people's everyday life beyond the Nordics.

### *Investment strategy*

#### Strategy to attain sustainable investment objective

The Manager shall follow the investment strategy of the Fund is to seek long term capital appreciation through making sustainable investments within the meaning of SFDR article 2(17). This is set forth in the Information Memorandum of the Fund (the "IM").

In addition to the requirements and processes outlined in the Responsible Investment Policy (the "RIP"), available at: <https://www.nrp.no/nrp-zero/esg/>, the Manager has established a sustainability assessment framework to assess whether an investment is a sustainable investment and in accordance with the investment objective, mandate, strategy and procedures for the Fund. The Manager shall consider sustainability indicators and risks throughout the entire investment process, and perform robust sustainability assessments prior to investment.

To meet the sustainable investment objective, the Manager abides by the exclusions criteria, which is available in Appendix 1 of the RIP. Furthermore, the Manager will implement the Fund's strategy by (i) exercising active ownership and developing milestone-driven value creation plans and alignment with the portfolio companies' management; whilst (ii) capitalising on the transformational potential of new proven technologies disrupting existing markets to create scalable and sustainable enterprises. It will ensure that investee companies follow good governance practices with respect to establishing sound management structures, employee relations, remuneration of staff and tax compliance. Please find the good governance policy for investees in Appendix 2 of the RIP, at: <https://www.nrp.no/nrp-zero/esg/>.

### *Proportion of investments*

The Fund is in the start-up phase of its operations and needs time to build up its portfolio of holdings (and making its preferred allocation of assets thereto). The below information reflects the Fund's long-term plan for allocation of its assets, including the portion of sustainable investments aligned with the Taxonomy under Annex III of RTS.

The Fund will invest in accordance with its investment strategy and make sustainable investments with either an environmental and/or social objective. It may only make non-sustainable investments to the extent permitted under the SFDR and related regulations, for example for hedging and liquidity purposes. While there is no minimum threshold for the level of Taxonomy-aligned sustainable investments made by the Fund, the Fund intends to have approx. 30 per cent Taxonomy alignment in its investment portfolio. The Manager has put in place pre-screening process to assess whether a prospective investment operates within an eligible sustainable economic activity under article 3 of the Taxonomy.

During the ownership period, the Manager will actively engage with portfolio companies to monitor the performance on the standardized key performance indicators that the Manager intends to develop, which will be implemented and tracked during the ownership period (the "**KPIs**"). The Taxonomy alignment of investments shall be measured by the reported relevant KPIs for the different investees. For Non-financial companies, disclosure of the proportion of environmentally sustainable economic activities that align with the EU Taxonomy criteria is translated into financial variables (turnover, CapEx and OpEx).

Currently, the investments' compliance with the Taxonomy is not subject to an assurance by auditors or a review by other third parties. However, the Manager will consider third party reviews in the future.

### ***Monitoring of the sustainable investment objective***

In accordance with the SFDR, the Manager considers the 14 mandatory indicators on greenhouse gas emissions, biodiversity, water, waste, and social indicators applicable to companies in order to monitor the extent to which the sustainable investment objective is met. In addition, the Manager considers two additional indicators of choice.

Any portfolio companies flagged for poor performance, either overall or on individual PAI indicators, are analysed thoroughly. The assessment and performance ranking will be performed through datapoints, scores and weights sourced from several data sources and/or data providers. Further information on how the Manager utilizes the PAI indicators in its investment procedures is available in the PAI Statement.

### ***Methodologies***

The Manager has established policies and procedures to ensure that the companies the Fund invests in meet the Manager's expectations of ESG performance, and seeks to ensure that sustainability risks and the PAI exposure of investments are taken into account in the investment processes and decisions together with traditional financial factors, such as risk and valuation metrics. How sustainability risks are integrated differs among the Fund's investments, as risk materiality will vary depending on investment strategy, asset class, client objectives, and market trends. However, to ensure the Fund's attainment of the sustainable investment objective, the Manager applies the below:

- (i) Use of PAI as an input into the Manager's internal ESG scoring methodology, which is applied to all investments;
- (ii) Ongoing review of relevant PAI indicators and sustainability risks by the investment team and for all managed assets through an internally developed monitoring system;
- (iii) Review of any identified breaches related to the considered PAIs;
- (iv) Post transaction monitoring of an investment, taking into account the standards defined for the consideration of PAIs; and
- (v) Periodic compliance reviews.

### ***Data sources and processing***

The Manager will integrate PAIs of investment decisions on sustainability factors aligned with the data availability and maturity of market practices, which are in an early phase and under development. Considering the current limitations, the Manager will collect PAI-related information and data on a best-effort basis and will work with external ESG service providers to obtain information from the portfolio companies to (i) disclose relevant information to authorities, the public and investors, and (ii) ensure data quality for reporting purposes. The Manager will work closely with the selected provider to ensure that the available data sources are assessed based on quality, reliability, history, and methodology.

For reporting under the Taxonomy, where information about the degree to which the investments are in environmentally sustainable economic activities is not readily available from public disclosures by investee companies, the Manager will use 'equivalent information' sourced directly from the company or by means of a third-party provider to perform reporting. All data processing agreements will be carried out in accordance with relevant local requirements.

### *Limitations to methodologies and data*

As a result of the lack of mandatory reporting (on environmental impact of activities in a measurable, comparable and verifiable manner) and standardized sustainability metrics, corporate disclosure levels remain inadequate at the portfolio level. While the current limitations produce difficulties in creating fair and standardized sustainability profiles of companies and investment portfolios, the Manager will work in line with market practices and improve the quality of reporting as data accuracy and availability increase over the lifetime of the Fund. By engaging an external ESG provider to offer expertise and assistance to the Manager's reporting process, the Manager ensures that current data gaps do not limit the Manager's attainment of its sustainable investment objective.

The Manager will also consider integrating a forward-looking science-based methodological approach by conducting life-cycle assessments ("LCAs") to the Fund's investments, to enable a measurable and comparable evaluation of companies.

### *Due diligence*

The Manager has a robust internal sustainability due diligence ("DD") framework to evaluate potential investments. Before due diligence is carried out, the Manager ensures that the potential target fits with the Fund's investment mandate and has potential SDG alignment that may contribute to ESG improvements in value creation planning. Thereafter, a three-step sustainability assessment will be conducted to identify potential sustainability risks and opportunities. This involves: (i) an ESG maturity scoring exercise, (ii) a risk materiality assessment, and (iii) an impact and opportunities evaluation. The company will then be evaluated against the Fund's exclusions criteria and for PAI exposure in relation to the investment's potential adverse impacts. If the Manager decides to proceed with confirmatory due diligence, a high-level Taxonomy eligibility screening of the company will be conducted to understand the target's compliance with the Taxonomy.

The Manager's toolbox, including but not limited to e.g. the ESG questionnaire and the Manager's internal Mandate and Compliance Checklist are leveraged throughout the due diligence process to assess the ESG maturity of the company and help the Manager understand how sustainability can create value prior to investment. Detailed information on the Manager's due diligence process is set out in the RIP and outlined in the ESG Investment Flowchart.

The Manager's performance of due diligence benefits from external controls and checks by the Compliance Committee.

### *Engagement policies*

The Fund will seek to influence portfolio companies' impact on sustainability through engagement and voting on material sustainability matters. During the ownership period, the Manager will actively engage with portfolio companies to monitor the performance on the standardized key performance indicators (the "KPIs") that the Manager intends to develop, which will be implemented and tracked during the ownership period to promote positive sustainability outcomes and generate enhanced returns.

### *Attainment of the sustainable investment objective*

Based on the present framework, relevant guidance and practice, it is the Manager's view that the Fund does not require a carbon emissions reduction objective per SFDR article 9 (3) to meet the sustainable investment objective of the Fund. Therefore, no index has been currently designated as a reference benchmark. However, pending further regulatory developments in the EU and Norway, future changes may occur during the lifetime of the Fund.

**Version history**

<b>Version</b>	<b>Date of Board approval</b>	<b>Notes</b>
1	9 June 2022 (original publication)	n/a
2	22 March 2023	Amended after the entry of SFDR and the Taxonomy in Norway, The EU amendments are also reflected in the document (RTS).