

SDG Fund II

Sustainability-related website disclosure covering financial year 2025

These sustainability-related disclosures for SDG Fund II have been prepared pursuant to Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the Regulation or Sustainable Finance Disclosure Regulation, SFDR, respectively). This disclosure has furthermore been prepared pursuant to Articles 37 to 49 of Regulation (EU) 2022/1288 detailing the requirements for website disclosure on financial products. This website disclosure has been prepared and published based on the facts, information and legislative guidance available on the date hereof. This statement may be subject to changes, updates and general revision in connection with any regulatory developments and following the disclosure of any further legislation, guidance and recommendations concerning the Regulation (including any Delegated Acts thereto) by the Danish or EU legislators / supervisory authorities. A clear explanation will be published if any changes or amendments are made to the below.

The Fund was established in 2024, and no investments have been made in the Fund as of 31 December 2025.

a) Summary

The legal entity Danish SDG Investment Fund II K/S, company number (CVR no.) 44 36 63 71, legal entity identifier: 52990076VXY40053Q37, is the investment fund (referred to as “the Fund” in this document), and it is managed by the legal entity Impact Fund Denmark, company number (CVR no.) 23 59 86 12 (“the Manager”).

At the date of this document, the Fund has been assessed as being a financial product referred to in Article 9(2) of the Regulation having overarching sustainable investment objectives to contribute to (i) the building of a green economy and (ii) the building of a just and inclusive economy. These overarching sustainable investment objectives are supported by specific investment-level environmental and social objectives. Environmental objectives include contributing to (i) climate change mitigation, (ii) climate change adaptation, (iii) transition to a circular economy, (iv) pollution prevention and control, and (v) protection and / or restoration of biodiversity and ecosystems. Social objectives include (i) investment into fragile and conflict states, (ii) increase in bottom 40% income segment that earn a living wage, (iii) increase in access for the underserved to products and services, and (iv) gender lens investment. Sustainability indicators linked to each of the environmental and / or social objectives have been defined in the Fund's sustainability framework and will be used to track performance over the lifetime of the Fund.

Impact Fund Denmark's investment strategy is used for the Fund and adopts a best-in-class impact investment approach, selecting investments with the highest impact and return potential that contribute to the Fund's main objectives of building a green, just, and inclusive economy. These objectives will be achieved through focused investments in four sectors: (i) green energy and infrastructure, (ii) sustainable food systems (including forestry), (iii) financial services, and (iv) healthcare, primarily in developing countries and emerging economies (Latin America, Africa and Asia). The approach to sourcing the Fund's investments utilizes a proprietary screening tool that combines exclusion criteria, targeted sectors and impact (sustainability) priorities to guide its decisions. Scoring determines the most suitable impact (sustainable) investment for the Fund. Each selected investment should contribute positively to at least one of the Fund's sustainable investment objectives, do no significant harm (DNSH) to the other environmental and social objectives, and comply with the minimum safeguards (OECD Guidelines for Multinational Enterprises on Responsible Business Conduct – OECD MNEs, and UN Guiding Principles on Business and Human Rights – UNGPs) and good governance practices.

Due diligence is conducted prior to each investment and includes a thorough review of expected impact (sustainability) effects and development of ex-ante impact (sustainability) and value creation plans. This includes pre-investment assessment of potential adverse impacts on human rights and good governance practices at investees, Environmental and Social Impact Assessment, E&S risk assessment, corporate governance risk assessment and management systems review and as relevant, development of an Environmental and Social Action Plan (ESAP) and / or Corporate Governance Action Plan (CGAP), including establishing or strengthening the Environmental and Social Management System (ESMS) and documented sustainability policy. All mandatory Principle Adverse Impact (PAI) indicators and two optional indicators are evaluated as part of the Fund's investment process. The risks related to PAI indicators are considered during investment screening, using quantitative and / or qualitative methods.

b) No significant harm to the sustainable investment objectives

To select only those investments that do not cause significant harm to the Fund's environmental and social objectives, every new investment is assessed and monitored for compliance with:

- Impact Fund Denmark's Sustainability Policy (and its underlying Environmental, Social, and Governance – ESG – standards) based on internationally recognized frameworks such as the IFC Performance Standards, the UNGPs, the OECD MNEs, UN Global Compact Principles, UN Convention Against Corruption, OECD Principles of Corporate Governance, and others;
- Impact Fund Denmark's Exclusion List, avoiding investments involving forced or child labour, radioactive and phased-out materials, controversial activities and products, fossil fuels, deforestation or destruction of High Conservation Values (HCVs), amongst others;
- EU Taxonomy's DNSH criteria (for Taxonomy-aligned activities and as set forth in the Climate and Environmental Delegated Act and associated Annexes) and the DNSH criteria in the Fund's sustainability framework, capturing environmental and social criteria tailored to the specific investment and its objective, as well as integrating the IFC Performance Standards and local specifics (laws, best available techniques / practices); and
- The SFDR's PAI indicators, as set out in Annex I of Regulation 2022/1288 (SFDR Level 2), are taken into account, as applicable, in the investment process. All mandatory indicators and two optional indicators for adverse impacts on sustainability factors are evaluated as part of the Fund's investment process. Impact Fund Denmark has selected one optional environmental PAI indicator from table 2 and one optional social PAI indicator from table 3 of the SFDR Level 2, specifically no. 8 "Exposure to areas of high water stress" and no. 3 "Number of days lost to injuries, fatalities, or illness", respectively. The risks related to PAI indicators are considered during investment screening, using quantitative and / or qualitative methods. If deemed to be a higher risk, these PAI indicators are investigated during due diligence with mitigation measures included in the ESAP and / or CGAP with improvement tracked over the investment period. Lower risk PAI indicators are monitored for non-deterioration. Typically, Impact Fund Denmark also targets non-financial additionality, thereby further reducing risks.

Impact Fund Denmark's investment process (screening, appraisal, due diligence, active ownership, and exit) is aligned with the UNGPs and OECD MNEs. As part of Impact Fund Denmark's due diligence process, all new investments are evaluated for compliance with the aforementioned standards on responsible business conduct (RBC) upon investment. Accordingly, investees should have and implement relevant policies, management and operational systems, human rights due diligence, and other relevant measures to prevent, detect and where relevant restore negative impacts they have caused or contributed to. Such systems must include reporting (grievance) mechanisms.

c) Sustainable investment objective of the financial product

The Fund's overarching sustainable investment objectives are to contribute to (i) the building of a green economy and (ii) the building of a just and inclusive economy.

These overarching sustainable investment objectives are supported by specific investment-level environmental and social objectives. Environmental objectives include contributing to (i) climate change mitigation, (ii) climate change adaptation, (iii) transition to a circular economy, (iv) pollution prevention and control, and (v) protection and / or restoration of biodiversity and ecosystems. Social objectives include (i) investment into fragile and conflict states, (ii) increase in bottom 40% income segment that earn a living wage, (iii) increase in access to for the underserved to products and services, and (iv) gender lens investment.

In furtherance of its sustainable investment objectives, the Fund will invest, either directly or indirectly, in four key sectors: (i) green energy and infrastructure, (ii) sustainable food systems (including forestry), (iii) financial services, and (iv) healthcare in developing countries and emerging economies. All objectives focus on improvements in sustainable outcomes when compared to pre-investment baseline based on sector, region, and investment-specific targets identified by investment and sustainability professionals and the Fund's sustainability framework.

The Fund does not use an index as a reference benchmark or rely on an EU Climate Transition Benchmark (EU CTB) or EU Paris-aligned Benchmark (EU PAB) and thus does not seek to align with the methodological requirements set out in the related Delegated Regulation (EU) 2020/1818.

The Fund will invest in the above-mentioned sectors and related economic activities and will use some of the following non-exhaustive list of sustainability indicators:

Fund-level objective	Investment-level objective	Indicator
Building a green economy	<i>Climate change mitigation</i>	• EU Taxonomy-aligned • GHG emissions generated (scope 1, 2 & 3) (tCO₂e) • GHG emissions avoided / reduced / removed (tCO₂e)
	<i>Climate change adaptation</i>	• Volume invested supporting resilience and coping strategies (EUR)
	<i>Transition to a circular economy</i>	• Waste collected and diverted from disposal (dumping, landfilling) (tons) • Material recycled / recovered (tons)
	<i>Pollution prevention and control</i>	• Volume invested into pollution prevention and control (EUR)
	<i>Protection and / or restoration of biodiversity and ecosystems</i>	• Sustainably-managed natural resources (ha) • Volume invested into protection / restoration of biodiversity / ecosystems (EUR)
Building a just and inclusive economy	<i>Increase in bottom 40% income segment that earn a living wage</i>	• Number of direct jobs that pay a living wage (no.)
	<i>Increase access for underserved, to products and services</i>	Green energy & infrastructure: • Access to clean energy (GWh) • Number of new connections to energy (no.)
		Sustainable food systems: • Access to food supporting a healthy diet (tons) • Number of smallholder farmers reached (no.)
		Financial services: • Number of microfinance / female / MSME clients (no.)
		Healthcare: • Number of patients served (total / female) • Volume invested into certified healthcare products and / or services (EUR)
	<i>Gender lens investment</i>	• Volume invested in gender projects supporting equality and inclusion (EUR)

d) Investment strategy

Impact Fund Denmark's investment strategy adopts a best-in-class impact investment approach, selecting investments with the highest impact and return potential that contribute to the Fund's main objectives of building a green, just, and inclusive economy. These objectives will be achieved through focused investments in four sectors: (i) green energy and infrastructure, (ii) sustainable food systems (including forestry), (iii) financial services, and (iv) healthcare, primarily in developing countries and emerging economies (Latin America, Africa and Asia).

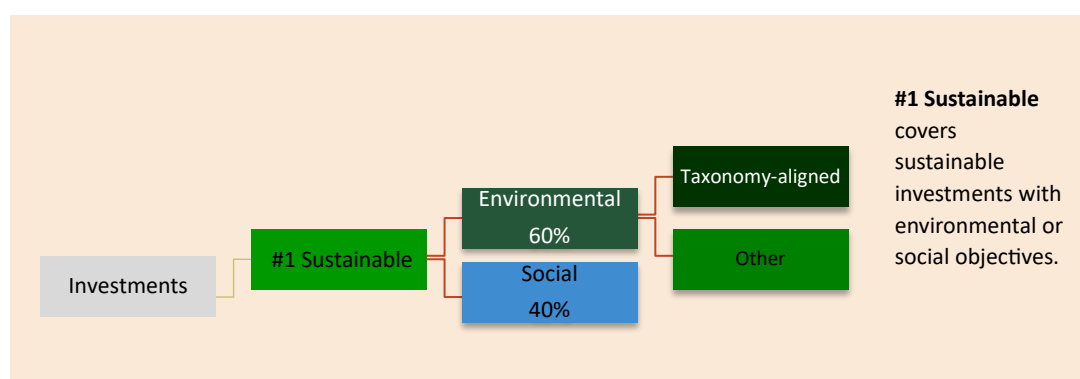
The approach to sourcing the Fund's investments utilizes a proprietary screening tool that combines exclusion criteria, targeted sectors and impact (sustainability) priorities to guide its decisions. Scoring determines the most suitable impact (sustainable) investment for the Fund. Each selected investment should contribute positively to at least one of the Fund's sustainable investment objectives, do no significant harm to the other environmental and social objectives, and comply with the minimum safeguards (OECD MNEs and UNGPs) and good governance practices. This screening ensures Impact Fund Denmark does not finance new activities on Impact Fund Denmark's exclusion list and allows initial environmental and social risk identification (including DNSH and minimum safeguards), adverse screening of companies and key persons, reviewing and formulating initial impact (sustainability) hypothesis (including of Taxonomy-eligibility and alignment potential assessment). For indirect investments where equity is held, the portfolio is assessed and transition plans are negotiated with the investee to achieve a Paris-aligned portfolio. This allows for investment appraisal – contextual human rights risks assessment, environmental, social, and governance risk-based categorization, evaluation of investee and ex-ante impact (sustainability) effects.

The evaluation and monitoring of investments is ongoing throughout the whole investment process, which is driven and overseen by investment and sustainability professionals, as well the boards from Impact Fund Denmark and the Fund, with regular Investee Committee meetings and four decision gates. High risk investments and investments with irredeemable negative impacts, or those that are assessed as unlikely to support satisfactory impact (sustainability) and return potential, are not pursued. Sustainability-related risks and impacts are considered in relation to the Fund's return during decision-making, with ongoing monitoring and management during the investment lifetime. Most investments require improved management of ESG risks, and in doing so the value of investments are improved, notably by the time of exit.

Impact Fund Denmark has policies in place that ensure the assessment of good governance practices of the investee companies, including sound management structures, employee relations, remuneration of staff and tax compliance. These details are dealt with in Impact Fund Denmark's Corporate Governance Policy and Tax Policy.

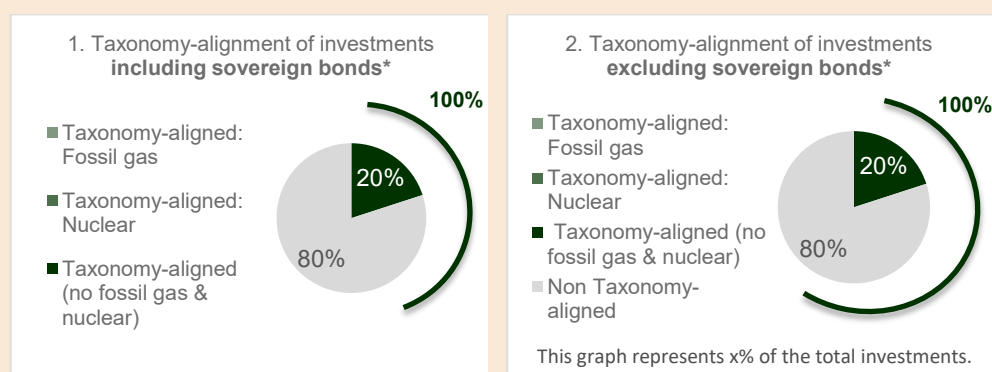
e) Proportion of investments

The Fund will pursue sustainable investment objectives outlined above for 100% of the investments made by the Fund. These will be split between sustainable investments with an environmental objective (minimum 60%) and sustainable investments with a social objective (minimum 40%). The Fund does not include derivatives or holding cash for hedging purposes.



A minimum proportion of 20% of the Fund will be invested in sustainable investments with an environmental objective aligned with the EU Taxonomy, i.e., investments within the meaning of “environmentally sustainable economic activities” as defined in and screened against the criteria of Article 3 of the EU Taxonomy (EU Regulation 2020/852). The Taxonomy-alignment assessment will not be subject to third party assurance in all cases. Taxonomy alignment will be measured by total Capital Expenditure (CapEx). The Fund mostly invests in greenfield investments that are in a construction (built-up) phase, during which little or no revenue is generated and therefore total CapEx is the most appropriate indicator.

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.

f) Monitoring of the sustainable investment objective

The Funds sustainability professionals and operations team, together with the investment team exercise active ownership for the duration of the investment period. This ensures timely implementation of the ESAP and / or CGAP, compliance monitoring with Impact Fund Denmark's policy requirements (including sustainable investment objective attainment, do no significant harm, minimum safeguards, and good governance), driving ESG improvements and soliciting Annual Sustainability Reports, Impact Results Framework Reports and PAI indicator reports from each investee.

g) Methodologies

The methodology used to measure the attainment of the sustainable investment objective involves the use of the underlying investment-level objectives and related indicators, as detailed in section c) of this document. Such indicators are included into the Impact Results Framework for each investment, together with a target against which investees report annually, for the duration of the investment period. In this way, attainment of the sustainable investment objectives are measured. In the case of GHG emissions and for investments that are not able to provide high quality assessment data, the GHG emissions are modelled using the Joint Impact Model, following the internationally recognised methodology from the Partnership for Carbon Accounting Financials (PCAF).

h) Data sources and processing

The data used to measure the attainment of the sustainable objectives is sourced from investees. Such data is typically reviewed prior to investment to ensure adequate baseline data quality that supports the investment case and business model. At the time of investment the indicators and target values are defined and agreed with the investee. The investee reports against the indicators and targets on an annual basis, with data quality being checked by Impact Fund Denmark's sustainability and investment teams. After reported data is approved, it is assessed by Impact Fund Denmark's management during active ownership review. Data is further processed and aggregated to inform annual reporting. In cases where data confidence is low, data modelling occurs, for example through using the Joint Impact Model as mentioned in section g) of this document. When compared against all impact data used to measure the attainment of sustainable investment objective, only GHG emissions data is typically modelled, in cases where investees are unable to provide high quality emissions data themselves. Proxy data from similar types of investments within Impact Fund Denmark's portfolio history can also be used, as well as third party data, if necessary.

i) Limitation to methodologies and data

No material limitations are expected, yet it must be well understood that sustainability data provided by investees in emerging markets has inherent challenges. Such data may be incomplete, of varying accuracy or in rare cases unavailable. This presents a risk that the Fund could incorrectly identify, prioritise or assess specific ESG practices and / or related risks. In order to best manage this risk, the Fund makes use of external advisors to assist with due diligence and if necessary, auditing. Such advisors are selected based on their knowledge and experience within the specific geography and sector. In cases when no data is available, proxy data from similar types of investments within Impact Fund Denmark's portfolio history can be used. Additionally, third party data can also be sourced and used as proxy data. The Fund does not intend to independently verify all sustainability data reported by investees or third parties and may at times decide at its discretion not to utilise certain information provided by investees. Finally, the risk associated with data quality is managed through aligning reporting expectations prior to investment, detailing reporting templates and specific data points to be reported, within investment agreements.

j) Due diligence

Due diligence is conducted prior to each investment and includes a thorough review of expected impact (sustainability) effects and development of ex-ante impact (sustainability) and value creation plans. This includes pre-investment assessment of potential adverse impacts on human rights and good governance practices at investees, Environmental and Social Impact Assessment, E&S risk assessment, corporate governance risk assessment and management systems review and as relevant, development of an ESAP and / or CGAP, including establishing or strengthening the ESMS and documented sustainability policy.

k) Engagement policies

Impact Fund Denmark's commitment to engagement with investees is detailed in the Corporate Governance Policy and the Sustainability Policy and drives ESG improvements. This is exercised by building leverage through board membership, ensure timely implementation of the ESMS and the ESAP and / or CGAP, monitor compliance with Impact Fund Denmark's policy requirements (including sustainable investment objective attainment, DNSH, minimum safeguards,

and good governance), collect and monitor investee performance on sustainability management through the Annual Sustainability Reports, Impact Results Framework Reports and PAI indicator reports. Accordingly, investees should also have and implement relevant policies, management and operational systems, human rights due diligence, and other relevant measures to prevent, detect and where relevant restore negative impacts they have caused or contributed to. Such systems must include reporting (grievance) mechanisms for all material ESG incidents.

I) Attainment of sustainable investment objectives

The Fund does not use an index as a reference benchmark or rely on an EU CTB or EU PAB and thus does not seek to align with the methodological requirements set out in the related Delegated Regulation (EU) 2020/1818. Impact Fund Denmark's Climate Policy, however, details how climate finance is determined, thus ensuring alignment with the Paris Agreement. Each environmental objective is considered to be attained through the Fund investing according to its investment strategy and application of the aforementioned sustainability indicators.