

Periodic 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

Product name: KS Livonia Partners Fund II AIF (the "Fund")
 Legal entity identifier: 9845006558BBOB6CC523

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<p><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</p> <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
<p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%</p>	<p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment. Whilst there is no strict % target, the fund might invest partially in economic activities with social objectives, and/or environmental objectives, for instance, qualified as sustainable according to the EU classification.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promotes environmental and social characteristics by investing in companies that do not have a significant negative impact on the environment and society. In 2022, two investments were made that align with our exclusion criteria, operate in low ESG risk sectors, and possess the potential to contribute to environmental and social sustainability objectives.

Furthermore, the Fund actively collaborates with portfolio companies to enhance their performance in climate action, sustainable consumption and production, good governance, and gender equality.



Throughout the year, the investments made before 2022 started the process to align their strategies to the Fund's focus areas. Investments made during 2022, prioritized identified areas of improvement in governance best practices.

The Fund also promotes social and environmental characteristics by committing to use commercially reasonable endeavors to procure that across the Portfolio Companies in which the Fund invests, such portfolio companies endeavor to deploy amounts of at least 10% of total fund commitments into projects that have a positive impact on the environment and/or climate change. Whilst we have not seen significant projects during 2022 due to the early phase of the Fund's investment period, potential projects have been identified throughout the whole portfolio.

● **How did the sustainability indicators perform?**

The Fund collected information on a range of sustainability indicators, which can be found in the ESG 2022 annual report at <https://www.livoniapartners.com>. The below section is outlining the performance indicators that are the key indicators corresponding to the key environmental and social characteristics we monitor.

The Fund's primary focus during the year 2022 was to gather data regarding key indicators and identify potential gaps and areas for improvement.

Regarding environmental characteristics, none of the portfolio companies made significant capital investments in environmental or climate initiatives in 2022. However, more than half of the electricity consumed and approximately 21% of the total energy consumption came from renewable resources, with a green premium to be identified in the coming year. Additionally, all companies initiated the measurement of greenhouse gas (GHG) emissions.

On the social front, no work-related accidents were reported. However, there was a slightly higher rate of employee attrition due to changes in the economic landscape throughout 2022. The unadjusted gender pay gap stood at 27%, primarily driven by a higher proportion of male employees in the IT function the portfolio company in the technology sector and the predominance of males in top management positions.

Regarding governance, there were no recorded violations of the principles outlined in the UN Global Compact or the OECD Guidelines for Multinational Enterprises. Nevertheless, a lack of women representation in the boards has been identified, and the Fund is committed to enhancing the representation of women on boards by the second quarter of 2023, by adding at least one woman to each company's board. Additionally, it has been observed that one of the portfolio companies lacks certain policies. As a result, the Fund will persist in collaborating with them to establish the required processes and procedures.

Environmental

Dedicated investments, €000s	Scope 1 and 2 emissions (tonnes CO2e)	Renewable energy, % of total energy	Renewable electricity, % of total energy
0	678	21%	42%

Social

Total number of work-related accidents	% of companies monitoring employee happiness	Average employee annual attrition	Average unadjusted gender pay gap of investee companies
0	66% monitor, rest plans to set up monitoring in 2023	20%	27%

Governance

% women in board	% companies that have code of conduct	% of companies that have whistleblowing/grievance mechanisms	Total number of violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
0%	60%	60%	0

How did this financial product consider principal adverse impacts on sustainability factors?

While we continue to consider ESG risks in our investment process (please see our ESG policy), we do not currently consider all Principal Adverse Impacts (PAI) as defined in ANNEX I supplementing the Regulation (EU) 2019/2088 of the European Parliament and of the Council throughout our investment process. This is primarily because we invest in small and medium-sized companies, and additional data collection is needed to gather the data to assess the indicators. Private small and medium-sized companies are currently not required to report this data and lack the processes for doing so. Nevertheless, in 2022, the Fund started the process to collect the principal adverse impact indicators, which you can find disclosed on our website.

What were the top investments of this financial product?

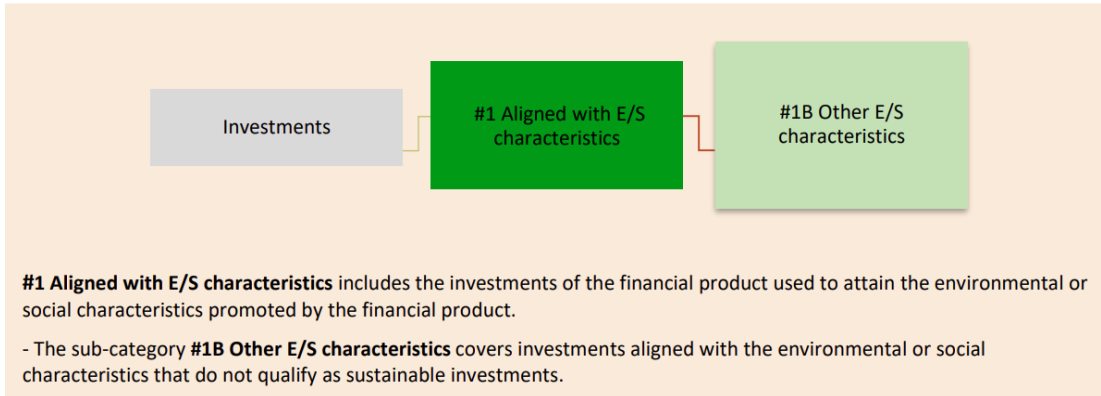
Largest investments 2022	Sector	% Assets*	Country
Stebby	63.11 Wellness marketplace and benefits management service	18%	HQ Estonia, a pan-Baltic company
Bestair	46.74 B2B wholesaler and B2C retailer of heat pumps	60%	Estonia; sales markets in North and Central Europe

* of invested assets as of 31st December 2022.

What was the proportion of sustainability-related investments?

What was the asset allocation?

100% was allocated to companies that promote E/S characteristics (#1B in the graph below)



In which economic sectors were the investments made?

Largest investments 2022	Economic sector	Subsector
Stebby	Information and communication	Data processing, hosting, and related activities
Bestair	Wholesale and retail trade	Wholesale of hardware, plumbing, and heating equipment and supplies



What investments were included under “other”, what was their purpose, and were there any minimum environmental or social safeguards?

No investments are included under “#2 Other”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund promotes environmental and social characteristics by investing in companies that do not have a significant negative impact on the environment and society. All investments were evaluated against the exclusion criteria.

Furthermore, the Fund actively collaborates with portfolio companies to enhance their performance in climate action, sustainable consumption and production, good governance, and gender equality. Throughout the year, to make sure the promoted characteristics are met, clear goals and expectations were communicated to the companies, and efforts were initiated to collect metrics on key indicators. To ensure a comprehensive focus on climate issues, a third-party entity was engaged to measure greenhouse gas (GHG) emissions (scope 1, 2, 3) across all portfolio companies within the Fund, while also identifying potential areas for emissions reduction.

The Fund also promotes social and environmental characteristics by committing to use commercially reasonable endeavors to procure that across the Portfolio Companies in which the Fund invests, such portfolio companies endeavor to deploy amounts of at least 10% of total fund commitments into projects that have a positive impact on the environment and/or climate change. To strengthen the project identification process, a structured framework has been established in

collaboration with the companies to review, identify, and establish a pipeline of potential investments during the investment period.