

THE FUND MANAGER: Selected Alternatives Management ApS

This information is published pursuant to the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”) and Commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre- contractual documents, on websites and in periodic reports (the “RTS”).

Transparency of sustainability risk policies (SFDR article 3)

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could cause material negative impact on the value of the investment.

Selected Alternatives Management ApS (the “Manager”) has, which is applicable for the Managers article 9 funds, integrated the sustainability risks in its investment decisions at all stages of the investment lifecycle, from the sourcing of suitable investments, project qualification and development, to the monitoring of the asset through the holding period and the eventual divestment.

Sustainability risks are assessed alongside other types of risks (i.e. financial, technical, regulatory) as part of the in-depth due diligence, including e.g., technical due diligence, environmental assessment, industry research, organizational and strategic evaluations, interviews with management and publicly available data. Different environmental, social, and governance factors are prioritized in the due diligence depending on materiality to the business, the stakeholders, and the anticipated impact to the return of the investment. The sustainability risks are also considered in the light of diversification of the investments and are subject to monitoring and, if needed, mitigation measures in connection with the due diligence and/or during the holding period. The measures to integrate and assess the most crucial sustainability risks in investment decisions are described below:

Table 1. Identified risks and risk mitigation measures

Nr	Risk	Risk details	Risk mitigation measures
1	Access to suitable land	That there may not be access to suitable land for the specific project.	<p>The initial due diligence in the project qualification phase includes an assessment of access to suitable land.</p> <p>Suitable land is defined as land in close proximity to the industry company, that is reasonably flat, that is not on or unreasonably near areas of high biodiversity value or otherwise protected areas, and that can be procured or leased long term.</p>
2	Access to electricity	That there may not be access to electricity for the specific project, either due to lacking infrastructure or that the grid will not be able to handle additional loads.	<p>The due diligence in the project qualification phase includes an assessment of access to electricity.</p> <p>If all necessary criteria are met in the initial project phase, an electricity connection will be ordered immediately since the normal connection time takes up to two years.</p>
3	Attainment of permits	<p>That the project may not be granted environmental permits or would breach the environmental permit or environmental law requirements.</p> <p>That the Industry Company (as defined below under section “(d) Investment Strategy”) may breach environmental permits or environmental law requirements.</p>	<p>The due diligence in the project qualification and development phase includes review of environmental permits and risk of breaches.</p> <p>Although our projects aim to be low climate impact and based predominantly on closed loop systems, the necessary environmental permits must be feasible to obtain, and the projects shall not breach such permits.</p>
4	Breaches of suppliers, contractors, or tenant operators	That sustainability related disturbances may occur in the activities of the co-operation partners, such as the anchor industries, suppliers, construction contractors, or operators running the waste-stream utilization projects.	<p>The due diligence of the project includes contractual obligations, signing of WA3RM Code of Conduct, and close monitoring during the holding period.</p> <p>If suitable suppliers, construction contractors, and tenant operators are identified, they are required to commit to contractual obligations, the WA3RM Code of Conduct, and the right for WA3RM to assess performance via off-site or on-site audits.</p>

Consideration of principal adverse impacts (PAIs) in investment decisions

Selected Alternatives Management ApS considers principal adverse impacts in all investment decisions, related to article 9 products/investments/funds (c.f. SFDR). Sustainability factors and financial information are considered in investment decision making processes.

PAIs 9, 10, and 14 of *Table 2* are subject to exclusionary screening prior to investment decisions. All PAIs in *Table 2* are considered and assessed during investment screening processes, based on quantitative data with subjection to data availability and quality.

For more information about how Selected Alternatives Management ApS considers and assesses principal adverse impacts in investment decisions, please visit our website.

Sustainability-related disclosures

Product name: Selected Regenergy VSO A/S

Legal entity identifier: 636700O8VK1WLPWYYV64
(CVR: 43364731)

THE FUND: Selected Regenergy VSO A/S

This information is published pursuant to Article 10 of the EU SFDR and Articles 37-49 of the EU SFDR RTS.

Summary

The Selected Regenergy VSO A/S (the “Fund”) aims to contribute positively and significantly to combatting climate change and to support the long-term goal of the Paris Agreement to keep the average global warming below 2 degrees Celsius, ideally below 1.5 degrees Celsius. The Fund also aims to increase the value of its investments over time and provide significant financial returns on investment.

Investment decisions are based on a wide range of sustainability and financial data. The Fund performs various sustainability screening activities prior to any investment decisions. To identify the most suitable investments, such screening activities are used to assess the overall alignment, level of contribution, and “do no significant harm” principle related to the EU Taxonomy, UN Sustainable Development Goals, and Swedish Environmental Objectives.

The Fund considers and assesses potential adverse sustainability impacts and analyzes such impacts in a quantitative manner when possible. Key sustainability performance indicators related to investments are monitored regularly in order to assess contribution towards the overall sustainable investment objectives of the Fund. Methodologies used in measurements of potential adverse sustainability impacts and key sustainability performance indicators will be clearly stated in regular public reports. The Fund reserves the right to internally and externally review and verify sustainability data, in order to ensure quality and accuracy.

The Fund maintains a high level of engagement with all relevant stakeholders involved in all investments. This engagement can be via direct in-person contact, direct digital contact, shared group meetings, email, and other forms of contact. The Fund employs a highly proactive engagement strategy to ensure thorough screening of potential investments, detailed monitoring of current investments, and swift action if any breaches or non-conformities are identified.

No significant harm to the sustainable investment objective

The investments shall not significantly harm any of the sustainable investment objectives. Causing significant harm to the sustainability objectives is avoided due to the business model of the Portfolio Companies and the companies where the Company makes minority investments do not have any material negative impact on the sustainability objectives. Projects will only be considered where the industry partner has taken all reasonable actions to achieve an efficient energy consumption. The Company considers indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex of the SFDR Delegated Regulation as the following:

Table 2. Principle adverse impacts and management measures

Nr	Principle adverse impact	How the principle adverse impact factor is assessed and managed
1	GHG emissions (GHG Scope 1, 2 and 3 emissions)	The fund shall perform investigation in connection with due diligence and follow-up during the holding period. An in-depth declaration is made for the purposes of the investment decision, the quantification is made in accordance with the Greenhouse Gas Protocol standards for scope 1, 2, and 3 greenhouse gas accounting methodologies. Calculations for such GHG emission quantifications shall be based on reputable and current emission factor values, including but not limited to Naturvårdsverket Klimatklivet and DEFRA.
2	Carbon footprint	The fund shall perform investigation in connection with due diligence and follow-up during the holding period. An in-depth declaration is made for the purposes of the investment decision, the quantification is made in accordance with the Greenhouse Gas Protocol standards for scope 1, 2, and 3 greenhouse gas accounting methodologies. Calculations for such GHG emission quantifications shall be based on reputable and current emission factor values, including but not limited to Naturvårdsverket Klimatklivet and DEFRA. The Company shall be committed to monitoring scope 1, 2, and 3 GHG emissions to obtain a carbon footprint indicator.
3	GHG intensity of investee companies	The fund shall perform investigation in connection with due diligence and follow-up during the holding period. An in-depth declaration is made for the purposes of the investment decision, the quantification is made in accordance with the Greenhouse Gas Protocol standards for scope 1, 2, and 3 greenhouse gas accounting methodologies. Calculations for such GHG emission quantifications shall be based on reputable and current emission factor values, including but not limited to Naturvårdsverket Klimatklivet and DEFRA. The Company shall be committed to monitoring scope 1, 2, and 3 GHG emissions to obtain a GHG intensity indicator.
4	Exposure to companies active in the fossil fuel sector	The fund shall not make any investments in companies active in the fossil fuel sector, i.e. companies that derive any revenue from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of solid fuels, natural gas, or oil. However, industry partners who provide waste heat or other waste streams might be active in the fossil fuel sector and the fund shall accept this since it is our objective to contribute to the mitigation of climate change as much as possible despite the industry partner.

5	Share of non-renewable energy consumption and production	The fund shall invest in projects which use industrial waste heat as the predominant source of heating. The fund shall also invest in projects where either the grid electricity mix is already predominantly based on renewable and/or fossil free sources. Additionally, investment projects shall investigate opportunities to install on-site renewable energy sources such as solar photovoltaic panels.
6	Activities negatively affecting biodiversity-sensitive areas	The fund shall investigate in connection with due diligence and shall cooperate with local authorities to perform land biodiversity assessments prior to any investment decisions. A project shall not be located in: Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139 could be threatened due to the project.
7	Emissions to water	The fund shall estimate a project's estimated emissions to water prior to any investment decisions. The objective is to use predominantly recirculating systems and produce no emissions to water from greenhouse facilities, aquaculture facilities, and other potential facilities. The discharge will include solids that will be sedimented out and recirculated as fertilizer locally, or for biogas in the vicinity. The remaining water will preferably be cycled through denitrification and reused. Nonetheless, a limited amount of emissions to water may be produced. Should emissions to water be necessary onsite or offsite, full compliance with stringent Swedish permit conditions will be necessary.
8	Hazardous waste and radioactive waste ratio	The fund shall not invest in any projects which produce hazardous waste or radioactive waste.
9	Violations of UN Global Compact principles and Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	The fund shall perform risk-based investigation in connection with due diligence of potential portfolio companies, suppliers, operators, and industry companies and follow-up during the holding period. The risk-based investigations will focus on ensuring that such partners uphold international, national, and local laws, norms, and frameworks in addition to the WA3RM Code of Conduct.
10	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	The fund shall perform risk-based investigation in connection with due diligence of potential portfolio companies, suppliers, operators, and industry companies and follow-up during the holding period. The risk-based investigations will focus on ensuring that such partners uphold international, national, and local laws, norms, and frameworks in addition to the WA3RM Code of Conduct. All projects shall disclose both process and compliance mechanisms before investment consideration.
11	Unadjusted gender pay gap	The fund shall perform investigation in connection with due diligence of potential Portfolio Companies and Operators and follow-up during the holding period. The fund shall perform risk-based investigation in connection with due diligence of potential portfolio companies, suppliers, operators, and industry companies and follow-up during the holding period. All Operators are requested to actively disclose and adjust any gender pay gaps to zero on an agreed timespan and this will be followed up on a yearly basis.
13	Board gender diversity	The fund shall perform investigation in connection with due diligence of potential Portfolio Companies and Operators. All projects will be encouraged to disclose and achieve board gender diversity with no gender having representation less than 40%.

14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	The fund shall not make any investments in controversial weapons or in companies whose business involves controversial weapons.
15	Exposure to fossil fuels through real estate assets	The fund shall not make any investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels.
16	Exposure to energy-inefficient real estate assets	The fund shall assess the industries from which heat is recycled for energy efficiency prior to investment decisions. It is of fundamental importance that all reasonable energy efficiency measures are in place at the industry partner to ensure that the waste heat stream is stable. Assessments are typically based on review of the industry's own regulatory energy assessments and voluntary energy management measures such as ISO 50001.
17	Lack of a supplier code of conduct	All portfolio companies, industry companies, suppliers, and tenant operators are requested to comply with the WA3RM Code of Conduct. Furthermore, these parties are encouraged to have or develop their own code of conduct.

The investments of the Company are aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

Sustainable investment objective of the Company

The objective of the Company is to make substantial contributions to the mitigation and adaptation of climate change and economic growth of the local societies through a net abatement of greenhouse gas (GHG) emissions, supporting the long-term global warming objectives of the Paris Agreement. The goal of the Paris Agreement is to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. The Company fosters primarily energy efficiency by investments in companies, infrastructure, and real estate assets utilizing waste heat and potentially other residual waste streams from industrial activities for food production, farming, and biomaterials, and other relevant applications suitable for using waste streams.

The ambition of the Company is further intended to generate positive sustainability impacts with regards to environmental and social developments. As a result of its mission and investment objectives, the Company contributes to multiple UN Sustainable Development Goals, primarily through the following sustainability key performance indicators (KPI):

1. SDG 8 Decent work and economic growth, through:
 - a. creating year-round jobs for primarily local persons with particularly with low, but also with more qualified skills in sparsely populated areas (number of full-time jobs)
 - b. local economic growth created through increase of GDP (MEUR)
 - c. significant investments in local projects to build production facilities (MEUR)

2. SDG 9 Industry, innovation, and infrastructure, through:
 - a. exploration of carbon dioxide capture and storage and utilization, also known as CCS and CCU (tons CO₂)
 - b. exploration of nitrogen, phosphorous, and potassium (NPK) recycling (tons NPK)

4. SDG 12 Responsible consumption and production, through:
 - a. recycling of waste heat in order to produce food, biomaterials, and other industrial products (GWh heat)
 - b. recycling of carbon dioxide (tons CO₂)
 - c. recycling of nitrogen, phosphorous, and potassium (tons NPK)
 - d. sustainable production of food and other industrial products (tons food or other products produced)

5. SDG 13 Climate Action, through:
 - a. recycling of waste heat in order to produce food, biomaterials, and other industrial products (GWh heat)
 - b. net abatement of greenhouse gas emissions (tons CO₂-equivalents) over asset lifetimes
 - c. net reduction of transport necessary for produced goods (ton-kilometers)
 - d. consumption of high proportion of renewable electricity compared to total electricity consumption (GWh)

6. SDG 14 Life below water, through:
 - a. seafood production in aquaculture facilities to avoid over-fishing and depletion of fish stocks and damage to marine eco-systems due to imported seafood (tons of produced seafood)
 - b. use of non-waste wild capture content in fish fodder and recycled nutrients in seafood production (tons non-waste wild capture and recycled nutrients used in seafood production)

7. SDG 15 Life on land, through:

- a. vegetable production in greenhouse facilities where water consumption is minimized and more efficient than open land growing (tons of vegetables produced)
8. SDG 17 Partnerships for the goals, through:
- a. creating partnership contracts for large scale industrial symbiosis with industry companies (those who sell waste heat), operators (those who rent and operate our facilities), governments and governmental agencies, local employment service agencies, land owners, and building companies (number of partnerships created)

Investment strategy

The Company makes investments where waste heat and CO₂ from large industries are used as energy resources and to strengthen photosynthesis fixation for tested and operational production systems for food, farming, biomaterials, and potentially other products. In general, the Company will control the portfolio companies (the “**Portfolio Company**”) that will rent the waste stream utilization infrastructure assets to the tenant operators (the “**Operator**”). The Operators operate the waste stream utilization infrastructure assets. The process industry companies (the “**Industry Company**”) will provide the excess heat, CO₂, and possibly other types of waste resources for the utilization purposes. The Company may also make investments in new technology companies within the waste stream industry or in the Operators. Investments shall be made in accordance with sustainable development goals and with the purpose of utilizing waste streams from industrial production for sustainable food production, biomaterials production, and other relevant industrial production.

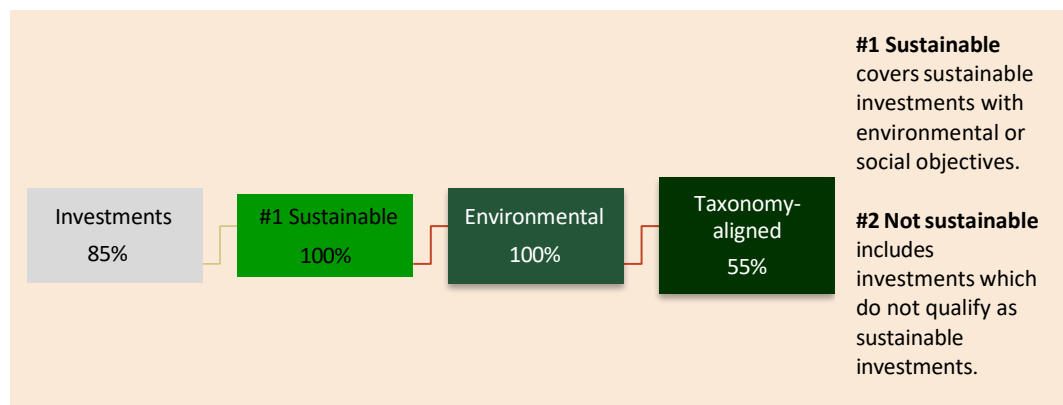
The Company assesses good governance of the Portfolio Companies, suppliers, and tenant operators through a due diligence process in the project qualification and development phases, and monitoring through the holding period and the divestment. The Company has developed a risk-based approach on good governance and focuses particularly on:

- Sound management structures (e.g., internal processes and management systems, right to audit of the financial statements, board composition, governance documentation)
- Fair and safe work contracts, wages, and work environments (e.g., content of the employment contracts, salary payment processes, work accidents, and freedom to join trade unions and engage in collective bargaining)
- Environmental performance and management (e.g., targets, monitoring, improvement efforts, and external verifications)
- Tax compliance (e.g., tax disputes, cross-border tax reduction arrangements)
- Anti-corruption (e.g., processes to prevent corruption, political contributions, and grievance mechanisms)
- Competition law (e.g., competition law compliance)
- Data protection and IT-security (e.g., data protection and IT-security processes)

The Company requests information and documentation from its Portfolio Companies, potential Portfolio Companies, Operators, and Potential Operators and reviews publicly available sources. Furthermore, the Company requires the Portfolio Companies, the Industry Companies and the Operators to comply with the Manager’s code of conduct. Material deficiencies in the governance structure will lead to the decision not to invest. The Company may consider an investment even though there are minor deficiencies in the governance structure if there is a plan to address such deficiencies within the near future. In case the Company discovers deficiencies in the good governance during the holding period, the Company will require and support the Portfolio Company or the Operator to address any deficiencies within the near future.

Proportion of investments

The Fund commits to make 85% of sustainable investments with environmental objectives.



Monitoring of sustainable investment objective

The sustainability investment objective is monitored through on-going quarterly internal follow-up. The monitoring of the sustainable investment objectives consists of revision of the investment assets, measuring of the amount of the residual streams recycled, and the amount of food, biomaterials, or other materials produced during the holding period. Additional sustainability KPIs will be monitored in line with the pre-contractual disclosure of the Fund. The annual report of the Fund is subject to verification by external consultancy PwC.

Methodologies

To effectively measure and monitor the attainment of the sustainable investment objective, the Fund applies different methodologies depending on the investment application. The methodology for measuring the impact of the portfolio companies and the chosen applications is established prior to investment decisions. Examples of these methodologies are a Life Cycle based approach applied to Industrial Symbiosis, to identify and minimize the potential economic and environmental impacts generated by the investment. For measurement of greenhouse gas emission impacts, the international Greenhouse Gas Protocol standards for scope, 1, 2 and 3 emissions will be used along with reputable and current emission factor databases such as the Klimatkivet dataset provided by Naturvårdsverket or the database released annually by the UK Department for Environment, Food, and Rural Affairs (DEFRA). The screening criteria of the EU Taxonomy regulation will also be applied, to ensure that investments do not significantly harm any of the six environmental objectives and have significant contributions to at least one of such objectives. The Manager reserves the right to adjust or update its methodologies, based on new legislative requirements, recommendations from third-party experts, or internal decisions to otherwise improve methodologies. Based on the KPI described in section Sustainable investment objective of the Company the Fund uses a sustainability scorecard to model the potential benefits of the investments. The indicators to measure the attainment of the sustainable investment objective are used to screen the Portfolio Company and the Operators involved in each project.

Data sources and processing

The Fund collects data on sustainability related KPIs on a quarterly basis from the actors involved in the projects. The data is provided by the Industry Companies, the Portfolio Companies, the Operators, and future portfolio companies and operators. Data is collected and analyzed during the screening of the alternatives, the investment, and the holding periods. The Manager takes reasonable measures to validate the data provided by the concerned parties. The Manager reserves the right to subject the obtained data to external validation or assurance, if deemed necessary.

Limitations to methodologies and data

The different methodologies applied to monitor the attainment of the sustainable investment objective entail some uncertainty, mainly at the moment of the investment decision. The models and scenarios produced in order to choose optimal applications may not reflect the exact trajectory of the planned project. Furthermore, there may be data limitations due to lack of existing historical data for portfolio companies in early stages of development or low data quality provided by the industry and/or the operators.

The limitations of the methodologies to monitor the goals will be minimized by applying an adaptive and iterative process through all our investments, considering lessons learned from previous projects. As for the limitation when it comes to the choice of optimal application, the Fund possesses several alternative applications – all with a minimal level of sustainability performance indicators – all which support alignment with overall sustainability objectives. The limitations in data availability and data quality are addressed through established procedures to guarantee the fulfilment of the agreements regarding data collection and processing with the industry, the portfolio companies, and the operators.

Due Diligence

The Fund and all relevant stakeholders are expected to follow good governance practices, which are outlined in the WA3RM Code of Conduct. WA3RM reserves the right to audit its suppliers, own sites, and customer operators to ensure good governance practices and assure that all such stakeholders uphold international, national, and local laws and norms as well as the WA3RM Codes of Conduct. Prior to investment decisions, all investments are subject to a screening process to assess sustainability impacts in a range of areas, ensure significant contribution to the EU Taxonomy objectives and Swedish Environmental Objectives, and ensure no significant harm is caused to the EU Taxonomy objectives and Swedish Environmental Objectives. The investment shall also be assessed for its alignment and contribution to the United Nations Global Compact and United Nations Sustainable Development Goals.

Data collected by industry companies or operators and reported to the Fund are subject to internal verification. Such data is also subject to external verification from external third parties which may be engaged to provide additional data assurance and heighten the quality of the sustainability claims of the Fund, if deemed necessary.

Engagement policies

The Fund maintains a high level of engagement with all relevant stakeholders involved in all investments. These stakeholders include, but are not limited to industry companies, suppliers, operators, and governmental agencies. This engagement can be via direct in-person contact, direct digital contact, shared group meetings, and email and other forms of contact.

The Fund takes a highly proactive approach to its engagement with all investment stakeholders. Prior, during, and after investment decisions relevant stakeholders are engaged regularly and regarding various topics, to ensure strong alignment of investment projects with the overall sustainable investment objectives of the Fund. After investment decisions have been made, ongoing engagement with relevant stakeholders is continuously carried out in order to maintain a high focus on the overall sustainable investment objectives and ensure that the Fund constantly monitors its investments in the areas of human

rights, environmental responsibility, fair labor and wages, anti-corruption, and health and safety. The Fund reserves the right to perform off-site and on-site audits at its project investments, suppliers, and operators.

The main objectives of engagement strategy are to: screen all potential investments thoroughly prior to investment decisions; build strong relationships with suppliers, operators, and other investment partners; and ensure that all necessary routines, processes, and frameworks are in place so investments and relevant stakeholders uphold international, national, and local laws and our Code of Conduct. Furthermore, the engagement strategies described serve as a safeguard which will support the identification of any potential breaches to laws, norms, or the Code of Conduct. The Fund reserves the right to request remediation of any identified breaches to laws, norms, or the Code of Conduct and the right to divest the holding.

Attainment of the sustainable investment objective

The goal of the Paris Agreement is to limit global warming to well below 2 Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Due to the investment strategy of the Company, there is no applicable benchmark (EU Climate Transition Benchmark or EU Paris-aligned Benchmark) available for the Company in accordance with article 9 (3) of the SFDR. However, the Company contributes to the objectives of the Paris Agreement achievement via net abatement of greenhouse gas emissions. [See sections Methodologies, data sources and processing and limitations to methodologies and data on the measurement of performance]. Greenhouse gas emissions and a range of other key performance indicators are monitored regularly in order to monitor the contributions to the sustainable investment objectives of the Fund.