

REGULATION (EU) 2019/2088 OF 27 NOVEMBER 2019 ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR AS AMENDED ("SFDR Regulation")

The SFDR regulation forms part of the European Commission's action plan on sustainable finance and imposes transparency obligations and periodic reporting requirements on financial market participants (including authorised and registered managers of alternative investment fund managers (AIFMs)) at both product and entity level.

Stratum II GP S.à r.l.

As a financial market participant, Stratum II GP S.à r.l. (the "**GP**"), general partner and registered with the Luxembourg Commission de Surveillance du Secteur Financier ("**CSSF**") as an alternative investment fund manager currently manages Stratum II (the "**Fund**").

No consideration of adverse impacts of decisions on sustainability factors.

The SFDR Regulation requires the GP to make a “comply or explain” decision whether to consider the principal adverse impacts (“PAIs”) of its investment decisions on sustainability factors, in accordance with a specific regime outlined in SFDR Regulation. PAIs are described as impacts that result, or might result, in negative effects on sustainability factors, such as social and employee matters, respect for human rights, anti-corruption or anti-bribery matters.

The GP is required to publish and maintain on its website a statement to explain our reasons for not complying with the PAI regime in SFDR.

1. The GP has carefully evaluated the requirements of the PAI regime in Article 4 SFDR.
2. The GP is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors, and the market, as to how financial market participants integrate consideration of the adverse impacts of their investment decisions on sustainability factors. However, considering the GP’s size and investment focus –high growth potential small and medium sized business, we decided not to comply with the specific regime in the SFDR at this point in time. Very few if any small or medium sized companies in our focus areas currently address or monitor all the mandatory PAI or have the capacity to do so. In addition, there are currently limited tools available for cost-effective implementation of a proper monitoring regime.
3. The GP will keep its decision not to comply with the PAI regime under regular review and reserves the right to change its position in the future.