

## Investment Policy as of 25th July 2022

### 1. Investment Objective

- 1.1. The Partnership's investment objective is to build a diversified portfolio of between 20 and 25 equity investments in Portfolio Companies that are tackling social issues including education, social integration, ageing population, unemployment and healthcare.
- 1.2. The Partnership is expected to focus on early stage, tech-driven enterprises with a predominant focus on enterprises that are based or active in Poland, although the Partnership may invest on an opportunistic basis in the wider Central Eastern European Region (Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Austria, Lithuania, Latvia and Estonia).
- 1.3. The Partnership shall pursue a strategy designed to increase the value of the Partnership's assets as a result of an increase in the value of the investments made by the Partnership. It is anticipated that this will be achieved by providing financing for businesses which due to a high risk related to the development stage need venture capital with a smart money element.
- 1.4. The Partnership will make investments taking into account the following criteria of investment selection, including in particular (in no particular order or priority):
  - 1.4.1. positive outcome of business analysis or business plan of the investment,
  - 1.4.2. positive outlook on scaling of the product or service provided by the entity in which the Partnership intends to invest,
  - 1.4.3. forecast rate of return,
  - 1.4.4. expected positive social and environmental impact of the investment,
  - 1.4.5. the qualifications of the management team together with the level of expertise in industry/field in which the project/service is being developed,
  - 1.4.6. development stage of the entity in which the Partnership intends to invest, and
  - 1.4.7. the investment risk.
- 1.5. The Partnership does not guarantee that the investment objective will be achieved.

### 2. Investment Instruments

- 2.1. The Partnership is an alternative investment company and implements investment policy which involves investing assets, raised from numerous investors, in entities at an early development stage by subscribing for or acquiring the following types and kinds of interests issued under the Polish law or their equivalents under a foreign law:
  - 2.1.1. Stock,
  - 2.1.2. Shares in limited liability companies.

- 2.2. Taking into account the investment objective and upon market conditions, the Partnership may grant loans and invest assets, as part of financial liquidity management, in money market instruments and bank deposits.

### 3. Geographic Scope

The Partnership shall invest at least 70% of the amount drawn down from Investors for the purpose of investments in Portfolio Companies that are based or active in Poland. The remaining amounts may be invested in Portfolio Companies that are based or active in the Central Eastern European Region (Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Austria, Lithuania, Latvia and Estonia).

### 4. Focus

- 4.1. The Partnership shall invest, directly or indirectly, at least 70% of the amounts drawn down from Investors for the purpose of investment in entities that are, at the time of first investment:
  - 4.1.1. established or operating in the EU; and
  - 4.1.2. a Social Enterprise; and
  - 4.1.3. in the area of Social Impact; and
  - 4.1.4. not an Excluded Final Recipient.
- 4.2. The Partnership shall invest 100% of its invested amounts in the area of impact investing.
- 4.3. The Partnership shall only invest in entities which, immediately prior to the Partnership's investment qualify as SMEs and/or Mid-Caps. The Partnership shall invest at least 90% of the amounts drawn down from Investors for the purpose of investment in entities that, at the time of first investment, qualify as SMEs.

For the purposes of this Section 4:

**“Excluded Final Recipient”** means an entity which (i) includes in its business any activity which would make an investment by the Fund in such entity not compatible with the European Investment Fund Restricted Sectors, as published on the European Investment Fund's website and as amended from time to time, and applicable legislation or (ii) is incorporated in a Non-Compliant Jurisdiction;

**“Mid-Caps”** means enterprises which, together with the enterprises they control and the enterprises (if any) which have direct or indirect control over them, have up to 3,000 employees on a full time equivalent basis and are not SMEs

**“Non-Compliant Jurisdiction”** means a jurisdiction:

- (i) listed in the Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
- (ii) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;
- (iii) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies;
- (iv) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request;
- (v) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”; and/or
- (vi) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”,

in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.

“**SME**” means a micro, small or medium-sized enterprise as defined in Commission Recommendation 2003/361/EC (OJ L 124, 20.5.2003, p. 36), as amended from time to time;

“**Social Enterprise**” means an undertaking, regardless of its legal form, which:

- in accordance with its articles of association, statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which:
  - provides services or goods which generate a social return; and/or
  - employs a method of production of goods or services that embodies its social objective;
- uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and
- is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities;

“**Social Impact**” means the positive net change in social terms induced through the business activity or service provision of a Social Enterprise.

## 5. Investment Restrictions

- 5.1. The Partnership shall not invest, guarantee or otherwise provided financial or other support, directly or indirectly, to companies or other entities:

- 5.1.1.whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes; or
- 5.1.2.which substantially focus on:
  - 5.1.2.1. the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - 5.1.2.2. the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
  - 5.1.2.3. casinos and equivalent enterprises;
  - 5.1.2.4. the research, development or technical applications relating to electronic data programs or solutions, which
    - 5.1.2.4.1. aim specifically at:
      - 5.1.2.4.1.1. supporting any activity referred to under items 5.1.1 to 5.1.2.4 above;
      - 5.1.2.4.1.2. internet gambling and online casinos; or
      - 5.1.2.4.1.3. pornography,
    - or
    - 5.1.2.4.2. are intended to enable to illegally:
      - 5.1.2.4.2.1. enter into electronic data networks; or
      - 5.1.2.4.2.2. download electronic data.
  - 5.1.2.5. fossil fuel-based energy production and related activities, as follows:
    - 5.1.2.6. Coal mining, processing, transport and storage;
    - 5.1.2.7. Oil exploration & production, refining, transport, distribution and storage;
    - 5.1.2.8. Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
    - 5.1.2.9. Electric power generation exceeding the Emissions Performance Standard (i.e. 250 grams of CO<sub>2</sub>e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs.
  - 5.1.2.10. energy-intensive and/or high CO<sub>2</sub>-emitting industries, as follows:
    - 5.1.2.11. Manufacture of other inorganic basic chemicals (NACE 20.13)
    - 5.1.2.12. Manufacture of other organic basic chemicals (NACE 20.14)
    - 5.1.2.13. Manufacture of fertilisers and nitrogen compounds (NACE 20.15)
    - 5.1.2.14. Manufacture of plastics in primary forms (NACE 20.16)
    - 5.1.2.15. Manufacture of cement (NACE 23.51)
    - 5.1.2.16. Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
    - 5.1.2.17. Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20)
    - 5.1.2.18. Manufacture of other products of first processing of steel( NACE 24.30, incl. 24.31-24.34)
    - 5.1.2.19. Aluminium production (NACE 24.42)

- 5.1.2.20. Manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30)
  - 5.1.2.21. Conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).
- 5.2. Notwithstanding the above, investments in sectors mentioned in items 5.1.2.10 to 5.1.2.21, shall be allowed if the particular investment either (i) qualifies as environmentally sustainable investments as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under the European Investment Fund’s Climate Action & Environmental Sustainability (CA&ES) criteria for green financing.
- 5.3. When providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (**GMOs**), the Partnership shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.
- 5.4. The Partnership shall make all Investments in accordance with all applicable laws, including laws of the jurisdiction where the relevant Portfolio Company is organized or has its principal place of business.
- 5.5. The Partnership may give loans to Portfolio Companies in connection with an Investment only alongside with or for the preparation of equity investment, it being agreed and understood that convertible loan shall be considered an equity investment for the purposes of this Section. Further, the aggregate amount of such loans may not at any given time exceed twenty (20%) per cent of Total Commitment at any point in time. The Partnership may not grant loans to third parties purely for commercial purposes (i.e. bank-type lending).
- 5.6. No Investment shall be made in any other investment funds, collective investment schemes or other form of pooled investment vehicle involving the delegation of the General Partner’s discretionary investment management powers or the payment of Carried Interest, management fees or comparable priority profit share to any third party.
- 5.7. In order to avoid potential conflicts of interest, the Partnership will not acquire from or sell to another investment fund or collective investment scheme within the meaning of AIFMD or the Act on the Investment Funds managed or advised by the General Partner.
- 5.8. The Partnership shall not, invest more than 10% (or up to 15% with the prior approval of the Advisory Board) of the Total Commitments directly or indirectly in any one Portfolio Company and its Affiliates provided that, for the avoidance of doubt, for purposes of this item 5.8 any

amounts invested by the Fund shall take into account both amounts financed by Capital Contributions and amounts drawn under the Credit Facility.

- 5.9. The Partnership shall only co-invest with another investment fund or collective investment scheme managed or advised by the General Partner or invest in a portfolio company held by another investment fund or collective investment scheme managed or advised by the General Partner (i) with the prior consent of the Advisory Board and (ii) provided that a new, independent third party investor invests at least 30% of the financing round.
- 5.10. The Partnership may reinvest reflows to the extent that:
- 5.10.1. The Partnership may at no time have net invested capital (i.e. total acquisition cost of the underlying investments (including the realized investments) minus the total acquisition cost of realisations) in Portfolio Companies exceeding 100% of Total Commitments.
- 5.10.2. Only exit proceeds above costs may be reinvested (i.e. proceeds from a company sold below cost cannot be reinvested), and up to the cost of that investment.
- 5.10.3. Aggregate invested amount will not exceed 120% of Total Commitments.
- 5.11. The Partnership will follow the following rules of investment diversification. Additional Investment diversification requirements may be elaborated on in internal regulations and adopted by the General Partner upon the terms and conditions set out in Article 70b (2) of the Act on the Investment Funds:
- 5.11.1. not more than 60% of the Partnership's Total Commitments will be invested in Investments that are not Follow-On Investments, out of which:
- 5.11.1.1. not more than 60% will be invested in early-stage enterprises, in particular: Proof of Concept, Preseed, Seed, Startup,
- 5.11.1.2. not more than 60% will be invested in an expansion stage – enterprises which have already created a product or service and generate revenues, may but do not have to generate profit and need financing in order to scale their business,
- 5.11.2. not more than 60% of the Partnership's Total Commitments will be invested in enterprises as Follow-On Investments.
- 5.12. The Partnership shall not make use of a financial leverage, including borrowing loans or increasing the Partnership exposure otherwise than pursuant to the provisions of the Agreement and within the meaning of the Investment Fund Act.