

**SFDR Article 3,4,5,6,7,10 Website Disclosure**  
**April 2023**  
**Version 2.0.**

According to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter as the “**SFDR**”) Sim pact Ventures Sp. z o.o. is classified as the alternative investment fund manager and the Sim pact 2.0. ASI Sim pact Ventures Spółka z ograniczoną odpowiedzialnością S.K.A. as the financial product (hereinafter collectively as the „**Sim pact**” or the “**Fund**”).

**Information about policies on the integration of sustainability risks (Article 3 of Regulation SFDR)**

Sim pact is based on an idea of Impact Investing and defines its identity through purposeful intention to generate both financial and social returns. During the investment process, the Fund considers the indicators of adverse impacts on sustainability factors by evaluating a company's performance against the mandatory and other pertinent Principle Adverse Impact. It monitors 14 mandatory indicators and 2 additional indicators, focusing on environmental and social aspects. The Fund uses these assessments to determine if its investments do not cause significant harm to sustainable investment objectives. Annually, portfolio companies provide data to confirm the ongoing alignment with these objectives.

The Fund concentrates on investing in early-stage companies that address social or environmental issues through scalable technologies, aiming for a positive impact on people or the planet while delivering market returns to investors. All of the Fund's investments will be impact investments that meet SFDR's criteria for a 'sustainable investment.' The Fund does not prioritize specific impact areas or SDGs and does not predetermine a distribution of investments in companies focusing on specific objectives.

The companies which are in the Fund's investment scope are based or active in Poland or other Central Eastern European countries. Each investment is required to meet the SFDR's definition of a 'sustainable investment'.

The Fund strives for 100% sustainable investments, primarily focusing on social impact. Some of the Fund's investments may target both social and environmental objectives. Good governance practices are considered as part of the due diligence process undertaken on potential investment opportunities and as part of the Fund's principal adverse impact reporting.

Sim pact is monitoring social characteristics using at least two indicators: established impact social KPIs for each portfolio company and making aggregation of the Fund portfolio impact performance.

In connection to the above the methodology used by the Fund includes three elements: (i) Whether the investment is classified as a “sustainable investment”, (ii) performance of Impact KPIs for each portfolio company and performance of the aggregated impact KPIs.

Sim pact 2.0. ASI Sim pact Ventures spółka z ograniczoną odpowiedzialnością S.K.A.  
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PLN 114,000.00 (paid in full)  
The Capital City of Warsaw District Court, 13th Commercial  
Department of the National Court Register  
[www.simpact.vc](http://www.simpact.vc)

Sim pact Ventures Spółka z ograniczoną odpowiedzialnością  
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Department of the National Court Register

The Fund focuses on early-stage investments, with data primarily sourced from portfolio companies. Due to the early-stage nature of these investments, companies often rely on estimates based on scientific reports, when available. Investment managers dedicated to each portfolio company collect and verify data using scientific sources. Annual data collection and analysis are conducted by a dedicated team using third-party software. The range of estimated data varies depending on the portfolio company, its sector, development stage, and public data accessibility.

As described above, due to the fact that the Fund is focused on early stage investment, measurement of impact has some limitations to methodologies and data. To mitigate these limitations, the Fund continuously seeks to enhance its methodology, adopting new best practices, standards, and data sources.

#### **Information on the approach to considering principal adverse impacts of investment decisions on sustainability factors (Article 4 of Regulation SFDR)**

In order to achieve the Fund's sustainable investment objective, the Fund's investment strategy is to invest in sustainable businesses focused on tackling social issues as well as delivering market returns to its investors. Each investment is required to meet the SFDR's definition of a 'sustainable investment'. As such, we screen not only for impact potential, but also work proactively with Sustainability/ESG screening.

During the investment process, the Fund considers the indicators of adverse impacts on sustainability factors by evaluating a company's performance against the mandatory and other pertinent Principle Adverse Impact (hereinafter the "PAI") sustainability indicators set forth by SFDR. The PAI indicators monitored pre- and post-investment comprise the 14 mandatory indicators and 2 additional indicators, from the environmental and social category respectively, that we identify as most relevant to the portfolio and our sustainable investment objective: i) Investments in companies without carbon emission reduction initiatives (environmental) and ii) Lack of a human rights policy (social). We do not prioritize principal adverse sustainability impacts and indicators and in case there are some inaccuracies we work with portfolio companies to make significant progress in these areas (ig. lack of proper policies or internal regulations).

The Fund will never invest or otherwise provide financial or other support directly and indirectly, to companies or other entities:

- a) 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
- b) which substantially focus on:
  - a. the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - b. 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;
  - c. casinos and equivalent enterprises;
  - d. the research, development or technical applications relating to electronic data programs or solutions, which
    - i. aim specifically at:
      - 1. supporting any activity referred to under items a) to b) above;
      - 2. internet gambling and online casinos; or
      - 3. pornography, or
    - ii. are intended to enable to illegally:
      - 1. enter into electronic data networks; or
      - 2. download electronic data;
  - e. fossil fuel-based energy production and related activities, as follows:
  - f. Coal mining, processing, transport and storage;
  - g. Oil exploration & production, refining, transport, distribution and storage;

- h. Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
- i. 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;
- j. energy-intensive and/or high CO<sub>2</sub>-emitting industries, as follows:
  - 1. Manufacture of other inorganic basic chemicals (NACE 20.13);
  - 2. Manufacture of other organic basic chemicals (NACE 20.14);
  - 3. Manufacture of fertilisers and nitrogen compounds (NACE 20.15);
  - 4. Manufacture of plastics in primary forms (NACE 20.16);
  - 5. Manufacture of cement (NACE 23.51);
  - 6. Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10);
  - 7. Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20);
  - 8. Manufacture of other products of first processing of steel( NACE 24.30, incl. 24.31-24.34);
  - 9. Aluminium production (NACE 24.42);
  - 10. Manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30);
  - 11. 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).

Additionally, the Fund aims to assess alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These evaluations, which may involve assistance from third parties, form a part of the Fund's due diligence process and are conducted using a mix of publicly accessible data and data directly requested from target companies during due diligence.

Due diligence is generally performed internally, with engagement of external third party experts as needed. Before making an investment decision in a new portfolio company, the Fund rigorously evaluates the potential investment's alignment with its investment thesis. We assess impact potential and sustainability using our impact assessment framework and data provided by the company. During the due diligence process, the Fund performs an ESG risk assessment using a checklist and questionnaire (including a study of PAI indicators). We evaluate the company's impact hypothesis and perform an ESG review of the industry by reaching out to relevant industry experts and users (when applicable). We are working together with the company to establish proper measurable KPIs. As a result, the Investment Committee's investment decision incorporates the examination of ESG factors. The Funds refrains from investing when the Portfolio Company cannot adequately mitigate ESG-related risks.

The Fund incorporates the findings of these assessments into its process of determining whether its investments do not cause significant harm to any sustainable investment objective, taking into account any relevant supplementary information generated during the due diligence and investment processes. Annually, the Fund's portfolio companies are generally required to supply the necessary data for the Fund to ascertain that its investments continue to cause no significant harm to sustainable investment objectives. This data serves as a component of the Fund's investment monitoring and governance process for its portfolio.

#### **Information on the approach to transparency of remuneration policies in relation to the integration of sustainability risks (Article 5 of Regulation SFDR)**

Simpect as an entity referred to in art. 3 sec. 2 of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, is not required to adopt a remuneration policy as referred to in Art. 23 sec. 1 of this directive.

However, Sim pact has developed specific rules for granting variable remuneration to key personnel, aimed at ensuring with the integration of sustainability risks. Before making an investment, the investment team works with the portfolio companies to set at least one and maximum five unique impact KPIs. Achieving impact multiples by the Fund is linked to the carried interest remuneration to the team. The impact KPI's should be closely linked to the business and to the social issue they tackle. If more than one indicator is established, weights will be assigned to them. Progress of each indicator will be checked on a yearly basis. Companies report against their unique Impact KPI on quarterly basis. The target value of each specific KPI will be finalized upon the exit. Impact KPIs and target values for each investment are approved by the Fund's Advisory Board. The Fund will aggregate the impact KPIs of individual companies in order to measure the achievement of the impact multiples (ratio between target value and realized value) across the portfolio. If the portfolio impact multiple equals or exceeds the value of 0.8, then the team is entitled to 100% of the carried interest. If the impact multiple is lower than 0.6, then the team shall not receive any Carried Interest.

#### **Information of the promotion of environmental or social characteristics and of sustainable investments (Article 6,7, 8, 9, 10 of Regulation SFDR)**

The financial product has sustainable investment as its objective according to Article 9 of the SFDR, with a social objective.

A statement in this regard is available in a separate section of the website.

#### **Review of disclosures (Article 10 of Regulation SFDR)**

Sim pact strives to any information published in accordance with Article 3, 5 or 10 of Regulations SFDR are kept up to date. Where the SIm pact amends such information, a clear explanation of such amendment shall be published on the same website.