

SFDR Article 9 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**”) Simpect Ventures Sp. z o.o. is classified as the alternative investment fund manager and the Simpect 2.0. ASI Simpect Ventures Spółka z ograniczoną odpowiedzialnością S.K.A. as the financial product (hereinafter collectively as the „**Simpect**” or the “**Fund**”). The financial product has sustainable investment as its objective according to Article 9 of the SFDR.

Legal entity identifier (LEI): N/A

International securities identification number (ISIN):N/A

(a) ‘Summary’¹;

Simpect is based on an idea of Impact Investing and defines its identity through purposeful intention to generate both financial and social returns. As one of the first impact VC funds in Poland Simpect works to make a positive change in the World and CEE region.

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

¹ Polish translation of this section is at the end of the document

part of the due diligence process undertaken on potential investment opportunities and as part of the Fund's principal adverse impact reporting.

Simpact 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.

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.

The Fund conducts due diligence primarily internally, engaging external third-party experts as needed.

At present, the Fund has not identified a specific sustainable benchmark as a reference for comparison.

Extended information is included in the description below.

(b) 'No significant harm to the sustainable investment objective';

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).

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.

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.

(c) 'Environmental or social characteristics of the financial product';

The Fund is focused on investing in portfolio companies which aim is to achieve positive social impact on people or the planet, as well as delivering market returns to its investors. This goal is achieved by supporting early-stage enterprises that address social or environmental issues through scalable technologies, that preferably should refer to at least one Sustainable Development Goal (hereinafter the "SDG").

For the Fund to classify an investment as an impact investment, the impact must be an integral component of the portfolio company's business model. This implies that the company's social or environmental impact must be embedded in the business model in a manner that allows the company's growth (measured in revenue, cost, or personnel, depending on the company's stage) to proportionally increase its contribution to the impact.

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. Given the diverse range of sustainability objectives the Fund invests in, it is challenging to pinpoint a single relevant index for comparison within and across the portfolio. Our sustainability framework helps us identify qualifying investments within each sustainability objective and track their progress on a quarterly and annual basis.

(d) 'Investment strategy';

The Fund 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 Fund 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). 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.

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 CO₂e 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 CO₂-emitting industries, as follows:
 - 1. Manufacture of other inorganic basic chemicals (NACE 20.13);

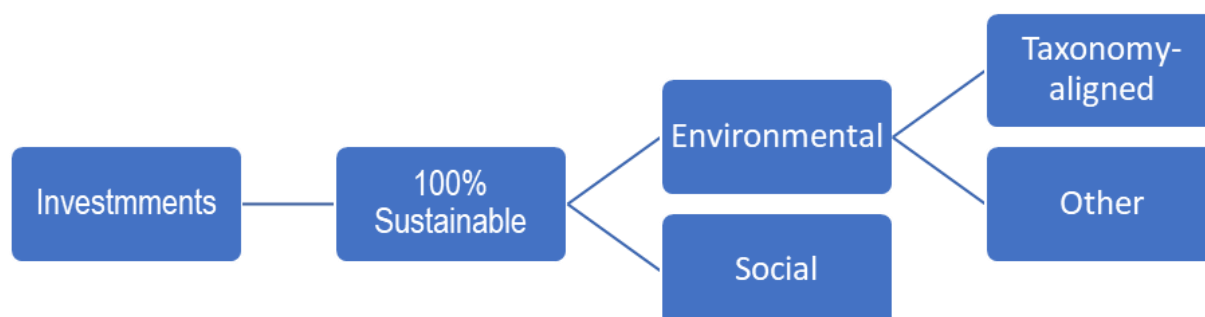
2. Manufacture of other organic basic chemicals (NACE 20.14);
3. Manufacture of fertilisers and nitrogen compounds (NACE 20.15);
4. Manufacture of plastics in primary forms (NACE 20.16);
5. Manufacture of cement (NACE 23.51);
6. Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10);
7. 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. Aluminum 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, 51.21and 52.23).

Additionally, if 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 Fund shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

Good governance practices are both pre-investment and post-investment, covering a wide range of topics including sound management structures, employee relations, remuneration of staff and tax compliance. These 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.

(e) ‘Proportion of investments’;

We aim for 100% of the Fund’s investments to meet the definition of a “sustainable investment” as defined by SFDR, with a social objective. Given the early stage nature of our investments, we are mindful of the challenges and a lot of hard work with portfolio companies, to fulfill sustainable investment objectives. To ensure the companies fulfill the sustainable investment objective, the Fund will provide continuous support to build their capability and understanding of governance, through guidance or training or templates.



Fund aims at 100% of sustainable investments, with a primary target of social impact. Some of the Fund investments can aim both social and environmental objectives. Therefore it is possible, that the Fund's portfolio may include portfolio companies, which activities are within the scope of the EU Taxonomy according to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. This is, however, not a criterion for investment, and the sustainable investments in the Fund may or may not be aligned with the EU Taxonomy.

(f) 'Monitoring of environmental or social characteristics';

The Fund is monitoring social characteristics using indicators described below:

- 1) establishing social impact key performance indicators (hereinafter the "**KPIs**") for each portfolio companies and measuring their achievements through the progress of each portfolio company. We support companies to define impact KPIs, which they measure and report to the Fund on a yearly basis. Since each investment should demonstrate a relationship between impact and financial gain, the impact KPI will both be closely linked to the business performance;
- 2) making aggregation of the Fund's portfolio impact performance against aggregated portfolio targets.

The Fund's impact performance is evaluated on an annual basis, by reviewing each company's impact multiple against target, and aggregating this for the full portfolio. This will inform the Fund's annual SFDR Periodic reporting, as well as any other investor and external reporting.

Quarterly data collection is done by each investment manager dedicated to a given portfolio company. Annual data collection, as well as analysis, aggregation and reporting of annual impact results is done by dedicated team members. This data is also reviewed by the investment team to evaluate effectiveness of impact measurement. The investment team may use third party advisors to assist with monitoring the attainment of the sustainable investment objective.

(g) 'Methodologies';

1) Whether the investment is classified as a "sustainable investment"

The Fund has established a framework for defining and measuring a 'sustainable investment' that aligns with SFDR's definition provided in Regulation 2019/2088 Article 2(17) and outlines our interpretation of the Regulation and the approach to achieve this.

2) Performance of Impact KPIs against target investment

Before making an investment, the investment team works with the company to set at least one and maximum five unique impact KPIs. They 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.

3) Performance of the aggregated impact KPIs

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. Achieving impact multiples by the Fund is linked to the carried interest remuneration to the team. 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.

The KPIs, their target values and weightings may be amended by the Fund only with the prior approval of the Advisory Board, in case of external effects beyond the control of the portfolio company that affect the ability of the company to deliver on its social mission or require a fundamental review of the business model.

(h) 'Data sources and processing';

The Fund is focused on early stage investment. The data mostly comes from the portfolio companies. The early stage nature of the Fund investments often means that companies need to use estimates as part of their calculations. Estimates or assumptions are typically based on scientific reports where available. The data is collected by each investment manager dedicated to a given portfolio company. The investment managers seek to use scientific data to verify the data it receives from portfolio companies. Annual data collection, as well as analysis are done by dedicated team members.

The data is processed using third-party software.

Estimated data will vary in terms of the specific portfolio company, its sector, stage of development and accessibility of public data. It's not possible to determine the range of estimated data.

(i) 'Limitations to methodologies and data';

As described above, due to the fact that the Fund is focused on early stage investment, measurement of impact, is an inherently inexact process and is subject to estimation. Companies within the Fund's investment spectrum often use innovative technologies to generate impact and therefore established methodologies and historical data measures of positive impact are often insufficient. The Fund relies mostly on data collected from the companies. To mitigate limitations of the measurement methodologies, the Fund continually strives to improve it and implement new best practice, standards and data sourcing.

Moreover, due to the nascency of ESG reporting requirements, the preparation of due diligence reports can be limited as a result of unavailability of the required data. In particular, this limitation applies to the collection of PAI data. While this can have an impact on the determination of an investment meeting the "do no significant harm" principle, the investment team works with the company to develop proper ESG-related data and commitments to introduce monitoring and related elements, to mitigate this risk.

(j) '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.

(k) 'Engagement policies';

During the portfolio management process, the Fund will work with its portfolio companies to help them achieve the Impact KPIs established during the investment process. The investment team will also engage with its portfolio companies to assist them in mitigating other material ESG risks and realize opportunities identified during the investment process. The Fund expects to make active use of its board representation (if relevant) in each portfolio company and may seek to incorporate achievement against climate and other ESG targets into executive compensation plans (as relevant).

In order to limit the negative impacts associated with a potential breach of ESG rules, the Fund monitors portfolio companies on a yearly basis to ensure that they take sufficient mitigation actions and implement measures to prevent such violations.

(l) Attainment of the sustainable investment objective

No specific index has currently been designated as a reference sustainable benchmark for the Fund. Indicating such an index would be very difficult due to the wide range of sustainability objectives that are included in the Fund's investment policy.

Disclaimer: The document may be changed and updated from time to time. No use or reliance may be placed on the information or statements made herein when making an investment decision regarding the Fund.

Polish translation of Section “(a) ‘Summary’

”

(a) ‘Podsumowanie’

Simpact opiera się na idei Impact Investingu i definiuje swoją tożsamość poprzez celową intencję generowania zysków zarówno finansowych, jak i społecznych. Jako jeden z pierwszych impactowych funduszy VC w Polsce Simpact działa na rzecz pozytywnych zmian na świecie i regionie CEE.

Podczas procesu inwestycyjnego Fundusz bierze pod uwagę wskaźniki niekorzystnego wpływu na czynniki zrównoważonego rozwoju, oceniając wyniki spółki pod kątem obowiązkowych i innych istotnych czynników niekorzystnego wpływu. Monitoruje 14 wskaźników obowiązkowych i 2 wskaźniki dodatkowe, koncentrując się na aspektach środowiskowych i społecznych. Fundusz wykorzystuje te oceny w celu ustalenia, czy jego inwestycje nie powodują znaczącej szkody dla celów zrównoważonego inwestowania. Co roku spółki portfelowe dostarczają dane potwierdzające ciągłą realizację tych celów.

Fundusz koncentruje się na inwestycjach w spółki na wczesnym etapie rozwoju, które za pomocą skalowalnych technologii zajmują się kwestiami społecznymi lub środowiskowymi, dążąc do wywarcia pozytywnego wpływu na ludzi lub planetę, przy jednoczesnym zapewnieniu inwestorom zysków rynkowych. Wszystkie inwestycje Funduszu będą inwestycjami wpływowymi, które spełniają kryteria SFDR dotyczące „inwestycji zrównoważonych”. Fundusz nie nadaje priorytetu konkretnym obszarom wpływu ani celom zrównoważonego rozwoju i nie określa z góry podziału inwestycji w spółki skupiające się na konkretnych celach.

Spółki objęte zakresem inwestycji Funduszu mają siedzibę lub prowadzą działalność w Polsce lub innych krajach Europy Środkowo-Wschodniej. Każda inwestycja musi spełniać definicję „zrównoważonej inwestycji” zawartą w SFDR.

Fundusz dąży do inwestycji w 100% zrównoważonych, koncentrując się przede wszystkim na wpływie społecznym. Niektóre inwestycje Funduszu mogą być ukierunkowane zarówno na cele społeczne, jak i środowiskowe. Dobre praktyki zarządzania są uwzględniane w ramach procesu due diligence przeprowadzanego w odniesieniu do potencjalnych możliwości inwestycyjnych oraz w ramach głównych raportów Funduszu o niekorzystnym wpływie.

Simpact monitoruje charakterystykę społeczną za pomocą co najmniej dwóch wskaźników: ustalonych społecznych wskaźników KPI wpływu dla każdej spółki portfelowej oraz dokonując agregacji wyników wpływu portfela Funduszu.

W związku z powyższym metodologia stosowana przez Fundusz obejmuje trzy elementy: (i) to, czy inwestycja jest klasyfikowana jako „inwestycja zrównoważona”, (ii) wykonanie wskaźników KPI wpływu dla każdej spółki portfelowej oraz wykonanie zagregowanych wskaźników KPI wpływu.

Fundusz koncentruje się na inwestycjach na wczesnym etapie, a dane pochodzą głównie od spółek portfelowych. Ze względu na wczesny etap tych inwestycji przedsiębiorstwa często opierają się na szacunkach opartych na raportach naukowych, jeśli są one dostępne. Menedżerowie inwestycyjni dedykowani każdej spółce portfelowej zbierają i weryfikują dane, korzystając ze źródeł naukowych. Coroczne gromadzenie i analiza danych jest

przeprowadzana przez dedykowany zespół przy użyciu oprogramowania firm trzecich. Zakres szacunkowych danych jest zróżnicowany w zależności od spółki portfelowej, jej branży, etapu rozwoju i dostępności danych publicznych.

Jak opisano powyżej, ze względu na fakt, że Fundusz koncentruje się na inwestycjach na wczesnym etapie, pomiar wpływu ma pewne ograniczenia w zakresie metodologii i danych. Aby złagodzić te ograniczenia, Fundusz stale dąży do udoskonalenia swojej metodologii, przyjmując nowe najlepsze praktyki, standardy i źródła danych.

Fundusz przeprowadza badania due diligence głównie wewnętrznie, w razie potrzeby angażując zewnętrznych ekspertów.

Obecnie Fundusz nie określa konkretnego, trwałego benchmarku jako punktu odniesienia do porównań.

Szczegółowe informacje znajdują się w poniższym opisie.”