Website Disclosure for Financial Products with a

Sustainable Investment Objective

As referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

Version 2 of Website Disclosure published on 15/03/2024, following SFDR Level II Regulation effective from 01/01/2023 and FSMA Q&A published on 24/01/2023

Summary - ENG

The turn of this decade has presented unprecedented change: the global pandemic, a surge in demand for climate action, and the call for accountability on ESG. In a world that is already 1°C warmer than pre-industrial levels, the time to act is now. Climate action demands a focus both on reducing GHG emissions to net zero, as well as adapting to the changes in climate that are now being seen.

Our view is that most of the energy transition towards a net-zero Europe by 2050 can be achieved with technologies that exist already[1]. The challenge therefore is not so much to back new innovations in the near future, but rather to fund growth and expand footprint in order to implement the transition in due time.

At Junction Growth Investors Fund, we put capital at work consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2°C above pre-industrial levels, and as close as possible to 1.5°C. We are committed to the EU Green Deal and its greenhouse gas (GHG) reduction targets, notably to reduce net GHG emissions by 55% by 2030, and to reach net-zero emissions by 2050, in the EU.

We invest in opportunities and/or technologies that are central in that transition, either through supporting (i) reduction in GHG emissions; or (ii) adaptation to a warmer world. As such, we see opportunity in two core areas: energy transition and resource efficiency. Adjacent opportunities in sustainable industry, sustainable mobility and eliminating pollution are also in scope. We focus on growth capital for scaling & industrialization of non-listed SMEs in Europe, filling the gap between early-stage venture capital and large-scale buy-out capital.

Investment opportunities are screened against Junction's Sustainable Investment Objective, which comprises 4 evaluation criteria:

1. The Fund invests in opportunities and technologies that are central in the energy transition and support climate change mitigation and climate change adaptation goals
2. Excluded activities based on EIF Guidelines on Restricted Sectors, EIF Paris Alignment Restrictions, and for restricted activities with high-intensive and/or high CO_2-emitting industries: activities eligible under the EU Taxonomy or EIF's Climate Action and Environmental Sustainability Objectives (CA&ES)
3. Screening against Do No Significant Harm principles within the EU Taxonomy
4. Screening against good governance practices, looking into sound management structures, employee relations, remuneration of staff and tax compliancy

The Fund uses a bespoke assessment and scoring methodology incorporating the above 4 criteria. The Fund ensures individual investments either (i) already have a strong score on sustainability indicators or (ii) have the potential to create a large 'delta' by engaging with a portfolio company to transition to Net-Zero.

The Fund has set a minimum pro-rata share of sustainable investments of 50% (as defined in Junction's Sustainable Investment Objective). Throughout its lifetime, the Fund will aim to reduce carbon emissions at portfolio companies or increase avoided emissions at clients of portfolio companies.

However, the Fund's investments do not qualify as EU Taxonomy aligned investments given that (i) the methodology and data availability on reporting under the EU Taxonomy continues to develop, and (ii) the Belgian Financial Services and Markets Authority (FSMA) currently prohibits any Belgian-based fund to state that investments qualify as sustainable under the EU Taxonomy[2].

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[1] Net-Zero Europe, Decarbonization Pathways and socio-economic implications, November 2020, McKinsey.

[2] See FSMA_2023_01 van 24/01/2023 - Q&A's over de inwerkingtreding van de Gedelegeerde Verordening (EU) 2022/1288 van de Commissie van 6 april 2022 tot aanvulling van de SFDR-verordening met technische reguleringsnormen inzake activabeheer (https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_nl.pdf).

After investment, the Fund's investment process establishes and identifies progress in any portfolio company based on objective measurements. We have a bespoke measurement and scoring methodology based on two Key Fund Indicators: ESG Management and Sustainability Impact. This methodology includes an initial measurement of a portfolio companies' eligibility under the EU Taxonomy, as well as quantitative indicators on material ESG themes, such as Scope 1, 2, 3 & 4 carbon footprint, which are determined on an investee company basis.

As part of the Fund's active management, we plan to assist our investee companies to set, meet and, where possible, exceed portfolio company specific ESG objectives. The investment strategies' bespoke methodology is available upon request. Our Assessment and Scoring Methodology will involve the following steps:

- Investigating Industry Exposure;
- Determining Key Material Themes for each of the Fund's portfolio companies;
- Setting Short, Medium and Long term KPIs for each investee company roadmap; and
- Assessing progress across each individual investee company and across the Fund.

Each company will break down long-term targets into intermediary steps across 5-year time frames. The Fund will then identify and develop action plans to drive progress on ESG Management and Sustainability Impact performance overall across each investee company and the Fund.

As a responsible investor, the Fund also considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors.

The Fund does not have a specific index designated as a reference benchmark to the sustainable investment objective.

Summary – NL

De eeuwwisseling heeft ongekende veranderingen teweeggebracht: de wereldwijde pandemie, een sterke toename van de vraag naar klimaatmaatregelen en de roep om verantwoording af te leggen omtrent ESG. In een wereld die reeds 1°C warmer is dan het pre-industriële niveau, is het nu tijd om te handelen. Klimaatactie vereist focus op zowel het terugdringen van de uitstoot van broeikasgassen tot Net-Zero, als op adaptatie aan de klimaatsveranderingen die steeds duidelijker zichtbaar worden.

Wij zijn van mening dat het grootste deel van de energietransitie naar een energieneutraal Europa in 2050 kan worden gerealiseerd met bestaande technologieën[3]. De uitdaging is daarom niet zozeer om op korte termijn nieuwe innovaties te ondersteunen, maar eerder om de groei van bestaande oplossingen te financieren, zodat de energietransitie op tijd gerealiseerd wordt.

Bij Junction zetten we kapitaal aan het werk, consistent met de doelstellingen van de Paris Agreement: de gemiddelde temperatuurstijging wereldwijd beperken tot minder dan 2°C boven het pre-industriële niveau en zo dicht mogelijk bij 1,5°C. We committeren ons aan de EU Green Deal en haar doelstellingen voor het terugdringen van broeikasgassen (netto broeikasgasemissies in de EU tegen 2030 met 55% verlagen en tegen 2050 Net-Zero emissies te realiseren).

We investeren in oplossingen en/of technologieën die centraal staan in deze transitie, door (i) de vermindering van de uitstoot van broeikasgassen; of (ii) de adaptatie aan een warmere wereld. We zetten bijgevolg in op in twee focusdomeinen: energietransitie en efficiënte gebouwen. Daarnaast zien we ook opportuniteiten in de duurzame industrie, duurzame mobiliteit en eliminatie van emissies. We richten ons op groeikapitaal voor de schaalvergroting en industrialisatie van niet-beursgenoteerde KMO's in Europa, waarbij we ons positioneren tussen early-stage durfkapitaal en grootschalig buy-outkapitaal.

Investeringsopportuniteiten worden gescreend op basis van de 4 evaluatie criteria in Junction's "Sustainable Investment Objective":

1. Het fonds investeert in opportuniteiten en technologieën die centraal staan in de energietransitie en die de doelstellingen binnen "climate change mitigation" en "climate change adaptation" ondersteunen
2. Uitgesloten activiteiten op basis van de "EIF Guidelines on Restricted Sectors", inclusief "EIF Paris Alignment Restrictions". Activiteiten in energie-intensieve sectoren en/of sectoren met een hoge CO_2-uitstoot zijn toegestaan indien ze zijn opgenomen in de "EU Taxonomy delegated acts" of "EIF's Climate Action & Environmental Sustainability objectives" (CA&ES)
3. Toetsing aan de "Do No Significant Harm ('DNSH')" beginselen binnen de EU-taxonomie
4. Toetsing aan good governance practices, waarbij ingezoomd wordt op de managementstructuren, werknemersrelaties, beloning van personeel en naleving van de belastingwetgeving

Junction's op maat gemaakte evaluatie- en scoremethodologie omvat de 4 criteria zoals hierboven vermeld. Het Fonds verzekert dat individuele investeringen ofwel (i) reeds een sterke score hebben op duurzaamheidsindicatoren of (ii) het potentieel hebben om een grote 'delta' te creëren door actief samen te werken met het portfolio bedrijf om de transitie naar Net-Zero te realiseren.

Het fonds beoogt een minimum pro-rata-aandeel duurzame investeringen van 50% (zoals gedefinieerd in Junction's "Sustainable Investment Objective"). Gedurende de looptijd van het Fonds wordt gestreefd naar een reductie van CO_2 uitstoot bij portfoliobedrijven of naar een toename in vermeden ("avoided") emissies bij klanten van portfoliobedrijven.

Toch, kwalificeren de investeringen van het Fonds niet als EU Taxonomie-gealigneerde investeringen, aangezien (i) de methodologie en data beschikbaarheid om te rapporteren in lijn met de EU Taxonomie continue verder ontwikkelt, en (ii) de Belgische FSMA (Financial Services and Markets Authority) momenteel elk in België

[3] Net-Zero Europe, Decarbonization Pathways and socio-economic implications, November 2020, McKinsey.

gevestigd Fonds verbiedt te vermelden dat beleggingen als duurzaam worden beschouwd binnen het kader van de EU Taxonomie[4].

In de fase na de investering, wordt de evolutie van elk portfoliobedrijf op basis van objectieve factoren gemeten. Onze op maat gemaakte evaluatie- en scoremethodologie focust op twee indicatoren: ESG Management en ESG Impact. De methodologie bouwt op een initiële aftoetsing van de activiteiten tegenover de EU Taxonomie (eligibility), alsook op de identificatie van kwantitatieve indicatoren op basis van materiële ESG-thema's (bijvoorbeeld Scope 1, 2, 3 & 4 emissies), die bepaald worden op niveau van het portfolio bedrijf.

Junction opteert voor actief portfolio management, waarbij het portfolio bedrijven zal ondersteunen om concrete ESG KPI's te definiëren, deze te behalen en waar mogelijk te overtreffen. Onze methodologie is beschikbaar op aanvraag en bevat volgende stappen:

- Onderzoek naar Industry Exposure;
- Bepalen van materiële ESG thema's voor elk van de bedrijven in de portefeuille van het Fonds;
- Definiëren van een roadmap en KPI's op korte, middellange en lange termijn voor elk portfolio bedrijf; en
- Beoordelen van de voortgang voor elk afzonderlijk portfolio bedrijf en voor het hele fonds.

Elk bedrijf vertaalt de langetermijn doelen naar kortere termijn ambities op 5 jaar. Vervolgens wordt een actieplan uitgewerkt om de vooruitgang op vlak van ESG Management en ESG Impact te stimuleren (op bedrijfsniveau en op fondsniveau).

Het Fonds houdt rekening met de "principal adverse impacts" (PAI's) van zijn beleggingsbeslissingen op duurzaamheidsfactoren.

Het Fonds heeft geen specifieke index aangewezen als referentiebenchmark voor het behalen van haar "Sustainable Investment Objective".

[4] See FSMA_2023_01 van 24/01/2023 - Q&A's over de inwerkingtreding van de Gedelegeerde Verordening (EU) 2022/1288 van de Commissie van 6 april 2022 tot aanvulling van de SFDR-verordening met technische reguleringsnormen inzake activabeheer (https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_nl.pdf).

No significant harm to the sustainable investment objective

All investment opportunities are screened on their eligibility under the EU Taxonomy, the Do No Significant Harm ('DNSH') principle and Principal Adverse Impacts (PAIs).

Our investment process establishes and identifies progress in our portfolio companies based on objective measurements. We have a bespoke measurement and scoring methodology based on two Key Fund Indicators: ESG Management and Sustainability Impact. This methodology includes an initial measurement of a portfolio companies' eligibility under the EU Taxonomy, as well as quantitative indicators on material ESG themes which are determined on an investee company basis.

Whilst each investment's initial measurement and scoring will vary on Sustainability Impact and ESG Management performance, we focus on driving progress and minimising harm throughout the value chain.

As part of our active management, we plan to put the development, approval, and execution of such plans on the agenda of each investee company's Board of Directors and take an active approach to ensure there is no significant harm caused to any environmental or social sustainable investment objective.

In addition to active engagement with management to ensure no significant harm, the Fund also restricts investing in activities that violate the EIF's Guidelines on Restricted Sectors, including Paris Alignment Restrictions.

Whilst the investment strategy naturally provides us with a focused scope of opportunities, we also apply a set of exclusions to a number of products, services and activities which guide our investment process and align with our principles to do no significant harm in the investment activities we undertake.

As a responsible investor, the Fund considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The Fund will report in line with regulatory requirements on all mandatory indicators related to principal adverse impact on sustainability factors as set out in Table 1 of Annex I of the Regulatory Technical Standards of SFDR.

In addition to the mandatory set of fourteen PAI indicators, Junction has selected an additional indicator related to principal adverse impacts on climate or other environment related sustainability factor that qualifies as principal as set out in Table 2 of Annex I of the Regulatory Technical Standards (Investments in companies without carbon emission reduction initiatives) and one additional PAI indicator related to social, employee, human rights, anti-corruption or anti-bribery sustainability factor that qualifies as principal as set out in Table 3 of Annex I (Lack of anti-corruption and anti-bribery policies). The Fund will continuously review, on a no less than annual basis, the mandatory and additional PAIs as relevant to the Fund's sustainability factors.

The Fund will assess the mandatory governance matrix as part of the PAIs, which include OECD metrics, the due diligence process and the continuous monitoring of investee companies through active ownership. The investment strategy will also target ESG materiality metrics related to Governance, as well as 'E' and 'S' characteristics.

Additionally, the Fund considers those objectives of the UN Principles for Responsible Investing ('UNPRI') which align with the objectives of the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Sustainable investment objective of the financial product

The Fund's investment strategy focusses on opportunities that contribute to climate change mitigation or climate adaptation goals, by financing economic activities that reduce GHG emissions as well as technologies that minimise the negative impacts of climate change.

The Fund invests in energy transition and resource efficiency. Adjacent opportunities in sustainable industry, sustainable mobility and eliminating pollution are also in scope.

The foregoing activities include, but are not limited to;

Climate Change Mitigation

- Generating, transmitting, storing, distributing or using renewable energy in line with including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- Improving energy efficiency, except for power generation activities;
- Increasing clean or climate-neutral mobility;
- Switching to the use of sustainably sourced renewable materials;
- Increasing the use of environmentally safe carbon capture and utilisation (ccu) and carbon capture and storage (ccs) technologies that deliver a net reduction in greenhouse gas emissions;
- Establishing energy infrastructure required for enabling the decarbonisation of energy systems;
- Producing clean and efficient fuels from renewable or carbon-neutral sources;

Climate Change Adaptation

- Adaptation of solutions that reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity or substantially reduce that adverse impact, without increasing the risk of an adverse impact on people, nature or assets; or
- Provide solutions that, contribute substantially to preventing or reducing the risk of the adverse impact of the current climate and the expected future climate on people, nature or assets, without increasing the risk of an adverse impact on other people, nature or assets.

The Fund will furthermore screen its investment opportunities prior to investment against EIF's Restricted sectors and Paris Alignment Restrictions (not withstanding eligible activities under the EU Taxonomy and EIF's Climate Action & Environmental Sustainability objectives). However, the Fund's investments do not qualify as EU Taxonomy aligned investments given that (i) the methodology and data availability on reporting under the EU Taxonomy continues to develop, and (ii) the Belgian Financial Services and Markets Authority (FSMA) currently prohibits any Belgian-based fund to state that investments qualify as sustainable under the EU Taxonomy[5].

In addition, The Fund will screen its investments against DNSH principles and good governance practices. The Fund will use its assessment and scoring methodology to ensure individual investments either (i) already have a strong score on sustainability indicators or (ii) have the potential to create a large 'delta' by engaging with a portfolio company to transition.

The continuous attainment of our internal Sustainable Investment Objective of the portfolio is assessed on an annual basis, as prescribed in the periodic reporting requirements in the SFDR regulation. If as part of that process, the Sustainable Investment Objective isn't met and isn't expected to be met in a reasonable time, the Fund will consider appropriate action.

This Fund does not have a specific index designated as a reference benchmark to achieve its sustainable investment objective.

[5] See FSMA_2023_01 van 24/01/2023 - Q&A's over de inwerkingtreding van de Gedelegeerde Verordening (EU) 2022/1288 van de Commissie van 6 april 2022 tot aanvulling van de SFDR-verordening met technische reguleringsnormen inzake activabeheer (https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_nl.pdf).

Investment strategy

The Fund's investment strategy is to make equity and equity related investments in companies active in energy transition and resource efficiency located in continental Europe, in line with the Fund's environmental, social and governance (ESG) policy, and taking into account the investment restrictions set out below. As a guidance, the Fund will invest primarily in SMEs based and essentially active in Europe. We focus on growth capital for scaling & industrialization of non-listed SMEs, filling the gap between early-stage venture capital and large-scale buy-out capital.

The Fund is aimed at making investments in a balanced portfolio, which, unless the Fund decides to deviate from the principles with the Supervisory Committee's approval, will consist of portfolio entities in accordance with following guidelines:

- The Fund will exclusively invest in companies active in energy transition, resource efficiency and climate change mitigation/adaptation;
- The Fund will have a sweet spot for investments with a cumulative amount over various funding rounds of EUR 5,000,000 to EUR 10,000,000 per investment;
- The Fund will have a minimum investment amount of EUR 2,000,000 per investment;
- The Fund will have a maximum concentration of 15% (or, with the prior consent of the Supervisory Committee, 20%) of total commitments in a single portfolio entity;
- The Fund will acquire controlling stakes or substantial minorities with specific governance rights in the portfolio entities (including, without limitation, shared governance rights);
- The Fund will invest in companies with a minimum (post-money) equity value of EUR 10,000,000;
- The Fund will not invest in early-stage VC, i.e. companies with an unproven technology, proof of concept or market potential.

Notwithstanding the above, the Fund can invest in late-stage VC and scale-up investments, i.e. companies that have shown commercial traction in their core market, but still have an above average risk profile. For the avoidance of doubt, positive profitability or cashflow is not required.
The fund aligns with EIF's Guidelines on Restricted Sectors[6] and EIF's further Paris Alignment Restrictions[7], underpinned by the EIB Group Climate Bank Roadmap 2021-2025[8].

The Fund will be allowed to deviate from the above investment restrictions for a maximum of 10% of the Fund's commitments. In particular, the Fund will be allowed to invest smaller size tickets to position itself for future capital rounds or provide access to attractive niches.

The Fund may, from time to time, engage in the use of derivatives for cash management and risk purposes. The Fund does not actively engage in derivatives trading for the purposes of investment.

As part of the due diligence process and continuous monitoring of the Fund, the investment strategy will also assess each investee company's ESG and Corporate Governance, and targeted ESG materiality metrics related to Governance, as well as 'E' and 'S' characteristics.

Qualitative judgment is applied to the analysis of governance elements, similar to the environmental and social analysis, in order to conclude on the overall scoring assessment of governance factors at the investee companies. Governance assessments of portfolio companies are conducted as part of the proprietary ESG assessment and monitoring process and aim at identifying potential red flags with regards to sound management structures, employee relations, remuneration of staff and tax compliance. The questionnaire includes questions related to, for example, the presence of anti-bribery, anti-corruption, fraud, AML policies, major events/incidents with legal sanctions in the past, responsible sourcing/procurement, etc.

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[6] See Guidelines on the EIF Restricted Sectors, European Investment Fund, July 2010 (https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf).
[7] See Paris Alignment Restrictions, EIF, 2021 (https://www.eif.org/news_centre/publications/paris-alignment-restrictions.pdf).
[8] See Climate Bank Roadmap, European Investment Bank Group, November 2020 (https://www.eif.org/news_centre/publications/eib_group_climate_bank_roadmap_en.pdf).

Where the Fund takes an active controlling stake in a portfolio company, we have the potential to actively engage with management to ensure sound governance practices at such portfolio company.

Proportion of investments

As described, the fund has set a minimum pro-rata share of sustainable investments of 50% (as defined in Junction's Sustainable Investment Objective).

Therefore, the objectives of the Fund naturally lend themselves to align strongly with 'green' and sustainable investments, and with the goals of climate adaptation and climate mitigation specified in the EU Taxonomy.

However, we do not have the objective to make EU Taxonomy aligned investments, given that (i) the methodology and data availability on reporting under the EU Taxonomy continues to develop, and (ii) the Belgian Financial Services and Markets Authority (FSMA) currently prohibits any Belgian-based fund to state that investments qualify as sustainable under the EU Taxonomy[9].

No leverage ('hefboomfinanciering') will be used by the Fund in order to increase its position in its Portfolio Entities. For the avoidance of doubt, this does not preclude Portfolio Entities from raising debt or hybrid financing instruments. The Fund can provide guarantees and other forms of credit support in respect of the Fund's Investments.

Monitoring of sustainable investment objective

Throughout the entire investment lifecycle, we will set company specific KPIs related to two themes: ESG Management and Sustainability Impact. Examples of potential company specific KPI's include: decrease in scope 1, 2, 3 emissions on an FTE basis or increase in avoided emissions at clients of portfolio company X, expressed in Tonnes CO_2 per year.

As part of the Fund's active management, we plan to assist our investee companies to set, meet and, where possible, exceed portfolio company specific ESG objectives. The investment strategies' bespoke methodology is available upon request. Our Assessment and Scoring Methodology will involve the following steps:

- Investigating Industry Exposure;
- Determining Key Material Themes for each of the Fund's portfolio companies;
- Setting Short, Medium and Long term KPIs for each investee company roadmap; and
- Assessing progress across each individual investee company and across the Fund.

Each company will break down long-term targets into intermediary steps across 5-year time frames. The Fund will then identify and develop action plans to drive progress on ESG Management and Sustainability Impact performance overall across each investee company and the Fund. Improvements are monitored on an annual basis.

The Fund will periodically assess the strategic plan established with company management to include commercial opportunities and new products/solutions to seize the growth opportunity brought by climate change mitigation and/or adaptation.

At exit, we aim to showcase the improvements in Sustainability Impact and ESG Management that have taken place under our ownership to potential buyers.

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[9] See FSMA_2023_01 van 24/01/2023 - Q&A's over de inwerkingtreding van de Gedelegeerde Verordening (EU) 2022/1288 van de Commissie van 6 april 2022 tot aanvulling van de SFDR-verordening met technische reguleringsnormen inzake activabeheer (https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_nl.pdf).

Methodologies

The Fund will annually screen investee companies for its pro-rata percentage of alignment with Junction's Sustainable Investment Objective, which is determined based on 4 evaluation criteria:

1. The Fund invests in opportunities and technologies that are central in the energy transition and support climate change mitigation and climate change adaptation goals
2. Excluded activities based on EIF Guidelines on Restricted Sectors, EIF Paris Alignment Restrictions, and for restricted activities with high-intensive and/or high CO2-emitting industries: activities eligible under the EU Taxonomy or EIF's Climate Action and Environmental Sustainability Objectives (CA&ES)
3. Screening against Do No Significant Harm principles within the EU Taxonomy
4. Screening against good governance practices, looking into sound management structures, employee relations, remuneration of staff and tax compliancy

In addition to screening investments for alignment with Junction's Sustainable Investment Objective, we will use our bespoke assessment and scoring methodology to ensure individual investments either (i) already have a strong score on sustainability indicators or (ii) have the potential to create a large 'delta' by engaging with a portfolio company to transition.

Data sources and processing

The collection of data used to attain the sustainable investment objective of the financial product is divided into two phases: (i) the due diligence conducted during the pre-investment phase and monitoring and (ii) reporting during the hold period.

The data we gather may vary based on topics such as industry of the company or local and national requirements, and availability of the data. Junction mostly has access to data of companies we invest in via its position as a member of the Board of Directors. However, data availability will be dependent on the information available at the time and management's willingness to collaborate, which may require the use of estimated data provided in lieu of confirmed data, which can be highly dependent on the portfolio company, (e.g. estimating data on emissions from business travel, certain scope 3 & scope 4 data at the client of a portfolio company, etc). We strive (but cannot assure) to reduce the share of estimated data over time, as CSRD and Taxonomy reporting will become more mainstream.

The Fund may engage with third-party providers to conduct due diligence on our behalf. In addition to assuring eligibility with the relevant Taxonomy and PAI reporting and threshold requirements, due diligence will assess any data and risk in line with commonly accepted frameworks such as SASB, UN Global Compact, UN PRI and our third-party providers proprietary scoring methodology.

The Fund doesn't impose specific methodologies or frameworks, however, we do share best practices and guide portfolio companies in order to ensure output quality and comprehensiveness.

The data that we report will be subject to review by the Impact & ESG Committee, which is composed of an independent Chairman, and LP- and GP-representatives in a balanced way.

The process to capture and upstream data from portfolio companies to the Fund is structured in an internal manual, including clear guidelines related to e.g. data formats, scope, deadlines, etc.. The internal manual may be updated from time to time. The fund does not impose a specific (reporting) tools on it's portfolio companies, as the fund takes minority positions. Data is stored in a cloud based, secure and dedicated folder, allowing to track changes annually; data is available for consultation to the GPs team members.

Limitations to methodologies and data

As described above, given the nature of our business, we will have direct access to the companies that we invest in during the pre-investment process, and throughout the lifecycle mostly via the fund's position as member of the Board of Directors (if applicable).

Even in case we may have direct access to our companies, there may still be limitations to what we can gain access to and report. Such limitations include, but are not limited to:

- Data availability will be dependent on the information available at the time. This includes estimated data provided in lieu of confirmed data;
- Aggregation of fragmented data, which may not fully represent the position of the company holistically;
- Limitations due to regulatory requirements restricting the access of data, as well as national and industry standards across jurisdictions and owners;
- Narrative information – as part of the due diligence process, the Fund may gather data from interviews or guidance from key stakeholders at the company of which they will place a certain reliance; and
- Third-party assistance in conducting due diligence and ongoing monitoring.

The Fund will act, where possible, to address limitations in its data and methodologies based on the actions laid out right below.

Actions taken to mitigate limitations

The Fund will continue to stay abreast of developments in ESG and will apply the most commonly accepted and best-in-class standards and guidance in data process.

As previously mentioned, the Fund will continue to abide by its (engagement) policy which provides oversight and hands-on engagements in the companies it invests in and provides access to information and data.

The Fund will only engage with third-party providers that are considered best-in-class aligned with the highest ESG standards. In addition, the Fund will, no less frequently than annually, conduct a due diligence on its third-party providers of ESG and sustainability services.

Due diligence

A due diligence is carried out prior to making an investment, where the Fund analyses such themes as ESG, commercial, financial, legal and (if relevant) tech/IP, as per industry standard procedures. This process aims to establish the relevance of ESG in the respective industries, and a long-term vision for an optimal sustainable industry. We seek to ensure accuracy of data collected through implementing internal reviews (Investment Committee).

Throughout the investment period, the KPI’s that we report on will be reviewed by consultants and audited externally.

Engagement policies

The Fund will mostly take minority positions and will mostly be represented in the portfolio company’s Board of Directors (as part of broader special rights at the level of the Board of Directors and the General Assembly).

If the Fund would determine any potential issues relating the environmental or social characteristics at a portfolio company after investment, it will engage with the company’s manager (through the Board of Directors, if present at the Board) in order to seek to resolve, reduce or mitigate such effects, provided that such efforts will always remain within a scope considered by the Fund in its absolute discretion, to be proportionate in light of the size and strategic importance of the respective investment in portfolio companies and shall take into account the respective bargaining positions and transactional context.

Attainment of the sustainable investment objective

The Fund does not have a specific index designated as a reference benchmark to the sustainable investment objective.