

# **Mandatory disclosures under Regulation of the European Parliament and of the Council on sustainable-related disclosures in the financial services sector (EU) 2019/2088 (“SFDR”)**

## **I. Principle adverse sustainability impact statement (PAI)**

### **No consideration of sustainability adverse impacts**

The funds managed by SCV Fund Management B.V. (SCV) invest predominantly in companies within the digital economy sector.

Given that there are rarely adverse impacts on sustainability factors within digital economy, SCV (including the funds under its management) does not formally consider principal adverse impacts of investment decisions on sustainability factors.

However, prior to the investment due care is given to identifying any potential adverse impact during a due diligence stage. Should adverse impact be identified, SCV would thoroughly assess such adverse impacts and could either refrain from an investment or apply measures to reduce or mitigate such risks.

SCV considers that there is a lack of readily available data to comply with many of the reporting requirements of the PAI regime, since the information provided by the portfolio companies in relation to the sustainability risks of the investments is not yet sufficient to take into account any principle adverse impact of investment decisions on sustainability factors as specified in the SFDR.

Notwithstanding SCV's decision not to consider the principal adverse impacts, SCV has a strong commitment towards ESG matters, has implemented positive ESG-related initiatives and policies and continuously monitors the developments regarding available information and trends in the economy sector in which the investee companies are operating.

This principal adverse impact statement dates as of October 2021.

## **II. Sustainability-related disclosures**

### **a. Enterprise Innovation Fund (ENIF)**

#### **Summary**

ENIF operates as closed investment fund with primary activity of making active equity investments in companies from the ICT sector. The tenure of the fund is 10 years.

The ESG principles are incorporated within the investment strategy and the monitoring process with the aim of improving investment returns and ensuring long-term value creation.

#### **No sustainable investment objective**

While ENIF invests in companies that take due care of sustainability risks, it has no sustainable investment objective within the meaning of Article 9 of SFDR.

### **Environmental or social characteristics of the financial product**

Certain sectors are completely excluded from investment on environmental, social or governance grounds. The Fund does not invest, guarantee, or otherwise provide financial or other support, directly or indirectly, to companies, whose business activity consists of:

- illegal economic activity,
- the production of and trade in tobacco and alcoholic beverages,
- the production and trade in weapons and ammunition,
- casinos and equivalent enterprises,
- speculative investment activities such as real estate, commodities, commodity contracts and forward currency contracts, or
- any other activity listed in EBRD's Environmental and Social Exclusion List and / or in EBRD's List of Ineligible Entities.

### **Investment strategy**

ENIF invests in companies that are in an early stage of development (pre-seed, seed and series A rounds) with sufficient innovation capacity and growth potential, that are primarily active in information technology applied across industries. All companies are genuinely focussed on doing well for all stakeholders including their own employees, customers, suppliers, shareholders and the environment.

When evaluating a potential investment, our investment professionals identify and assess material risks and opportunities related to ESG matters. Reasonable steps are taken to mitigate ESG related risks.

### **Proportion of investments**

The Fund does not invest a fixed percentage in portfolio companies aligned with environmental and/or social characteristics. The Fund invests fully in line with its investment strategy.

### **Monitoring of environmental and/or social characteristics**

Monitoring is performed on an ongoing basis by implementing the E&S risk management system aiming to identify any material E&S risks which arise during the investment period.

Portfolio companies are highly encouraged to comply with EBRD's PR 2 – Labor and Working Conditions and PR 4 – Occupational Health and Safety. Having in mind sector within which portfolio companies predominantly operate, occupational health and safety risks are relatively low. On the other side, portfolio companies are highly encouraged to introduce and further maintain human resource policy, management system and practices as well as to address all labour issues outlined in PR 2.

Monitoring is performed continuously throughout the year in regular meetings with portfolio companies / accountants / consultants and ESG report is prepared annually.

### **Applied Methodologies and data sources**

The methodologies applied comprise collecting information via a questionnaire from the portfolio companies prior to the investment, i.e., within the due diligence process, and on an annual basis following the investment. The questionnaire gives an overview of how portfolio companies address diversity, equal gender pay, engagement of employees, environmental aspects and good governance practices as well as the notion of cyber security. Additionally, SCV is using the EBRD Responsible Investment Index and EBRD E&S Risk Management Toolkit for financial intermediaries.

Currently, no quantitative measurement regarding environmental characteristics and no sustainability indicators are in use.

#### **Limitations to methodologies and data**

The information collected via the questionnaire from portfolio companies is not externally verified. SCV monitors the portfolio companies' development, management, and growth on a continuous basis, while good collaboration and trust are set as priority for a good trustworthy working relationship.

#### **Due diligence**

As part of the due diligence process is the assessment (using a questionnaire) of how a potential investee company relates to environmental and social matters. Via the questionnaire, qualitative statements of an environmental or social nature or relating to corporate governance are requested and then considered in the investment decision-making process. All findings are examined taking into account all circumstances including the size of the investment, its strategic importance and its transactional context.

#### **Engagement policies**

Should SCV on behalf of the Fund determine any potential issues relating to the environmental or social characteristics, it will engage the portfolio company's manager in discussions (e.g. in board meetings) with a view to resolving, reducing or mitigating such effects, provided that such efforts will always be proportionate to the size and strategic importance of the respective investment in the portfolio company.

### **b. Technology Fund III**

The disclosure relating to Enterprise Innovation Fund (ENIF) applies accordingly to SCV Technology Fund III.

### **III. Remuneration policy**

SCV aim is to foster appropriate risk culture, avoidance of actual or potential conflict of interest, compliance with applicable law and regulation and avoidance of excessive risk taking (including sustainability risks).

The remuneration in SCV depends on the job profile of the employees, their experience and personal development. During the annual performance review, the compliance with the applicable ESG policy is duly considered, which includes the integration of sustainability risks in respect of investments and day to day activities.