

## Sustainable Finance Disclosure Regulation (SFDR) - Information Statement

The European Union has introduced a series of legal measures (the primary one being the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) requiring Investment Advisors to provide transparency on how they integrate sustainability considerations into the investment advice with respect to the advised investment products.

This Information Statement has been prepared for the purpose of meeting the disclosure requirements in Article 3, 4 and 5 of SFDR, that is, specifically, the disclosure requirements applicable to us as a firm with regard to whether and how we consider principal adverse impacts of investment advice on sustainability factors.

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### Definitions

**ESG** means environmental, social and governance.

**Sustainability Factors** means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Sustainability Risk** means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of an investment of the investment product.

**Sustainable Investment** means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

**SFDR** means Sustainable Finance Disclosure Regulation/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, as may be amended from time to time.

**Portfolio Company** means any entity (including special purpose vehicle, intermediate holding or investment companies or similar enterprises) in which the respective investment product holds directly an investment and which invests, directly or indirectly, in one or more Portfolio Investments.

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### Sustainability Risk Policy (SFDR Art. 3)

As an impact investment platform, Lightrock is committed to provide investment advice aiming to achieve long-term positive financial performance and promote a sustainable society and environment. The company pursues Sustainable Investment objectives and has adopted policies and procedures seeking to integrate environmental, social and governance (“ESG”) events and conditions into its investment advice as well as the evaluation and monitoring of Portfolio Companies. For this purpose, the company has developed and implemented a customized ESG management system that is fully integrated into the investment advice process. The ESG management system is based on industry best practices and founded on Lightrock’s detailed “ESG Policies and Business Principles” that outline its efforts, commitment, and expectations towards addressing Sustainability Risks and opportunities at its operations and that of Portfolio Companies.

Lightrock undertakes ESG due diligence on all its suggested investments, assessing a potential Portfolio Company’s level of practice, ability, and commitment to manage Sustainability Risks and opportunities in accordance with Lightrock’s policies and principles. In line with Lightrock’s investment focus on future-oriented key sectors and its investment approach, the company suggests investments in businesses that by nature of their business models usually only face low and few material Sustainability Risks. Based upon the information available, the company seeks to assess the likely impacts on the returns of a potential investment of any such Sustainability Risks. If material Sustainability Risks are identified that are not appropriately managed by the business and/or a business is not in full compliance with Lightrock’s ESG objectives and policies, the advisory

teams work with the business to develop action plans that seek to mitigate and manage these risks and/or achieve compliance.

During the holding period, the advisory teams periodically monitor progress on the implementation of action plans and ongoing compliance with Lightrock's ESG requirements. For each potential investment, the company carries out regular standardized ESG assessments and performance measurement with respect to the attainment of sustainability objectives. These assessments culminate in periodic reports, which seek to provide quantitative and qualitative snapshots of the ESG practices and work as well as the impact performance of Portfolio Companies.

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#### **Principal Adverse Impacts on Sustainability Factors (SFDR Art. 4)**

Principal adverse impacts ("PAI") are understood as the impacts of investment decisions that result in negative effects on Sustainability Factors.

Lightrock considers in its investment advice PAIs in the course of assessing Sustainability Risks and their impacts on the value of investments. The company believes that investments that perform poorly on material Sustainability Factors demonstrate higher downside risk that is generally unrewarded in achieving long term risk adjusted returns. As a result, it is considered whether investments are showing adverse impacts on a range of Sustainability Factors. Further information on PAIs will be made available in the relevant periodic reports published by the company.

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#### **Remuneration Policy (SFDR Art. 5)**

The "Human Resource Policy" issued by Lightrock defines the basic principles of the company's remuneration system. It sets consistent standards for all staff and defines inter alia the policy and practice with regard to variable remuneration as well as the applicable parameters. The board of directors of Lightrock is ultimately responsible for the design and implementation of the company's remuneration system.

Lightrock's remuneration system targets an alignment of interests between clients/investors of the investment products and the company, avoids incentives for inappropriate risk taking and is in line with the sustainable long-term financial development of the company. The remuneration system also fosters sustainable staff behaviour in accordance with the SFDR and shall contribute to meet sustainability objectives to which Lightrock committed itself.

Lightrock has defined clear roles and responsibilities for the oversight and execution of procedures seeking to integrate ESG events and conditions into the investment advice and the evaluation and monitoring of Portfolio Companies. Predefined performance criteria to fulfil these roles and responsibilities are evaluated periodically in the annual appraisal process for each employee and may have an influence on the determination of the remuneration.

### Further Information

This Information Statement is issued for informational purposes only. This Information Statement is not intended as investment advice and is not an offer or a recommendation about managing or investing assets and should not be used as the basis for any investment decision. The information contained herein is current as of the date of issuance and is subject to change without notice. We do not make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors. No risk management technique can guarantee the mitigation or elimination of risk in any market environment. **Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital.** Before investing in a particular fund, a prospective investor should read the relevant fund prospectus and should understand the risks, costs and terms of investment in that particular fund.

### Important Information

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This Information Statement is accurate as at: March 10, 2021.