

SET Ventures

Sustainable and

Responsible Investment

Manual

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1 Introduction

SET Ventures is a venture capital firm managing investments in early and growth stage European technology companies with high growth potential as well as impact on the future of energy in the world. SET Ventures strives to *be a frontrunner in its market and aspires to invest and operate in a sustainable and responsible manner and to manage Environmental, Social and Governance (ESG) risks on a structural basis*. To this end, SET Ventures has committed itself to six Responsible and Sustainable Investment Principles.

This Responsible and Sustainable Investment Manual (“the Manual”) describes the two main activities and procedures with which SET Ventures intends to live up to its commitment. First, it describes the Environmental, Social and Governance risk Management System (ESGMS) SET Ventures has developed to structurally apply the Principles internally on its own investment process. The Manual serves as a guidebook for managing ESG risk from deal origination to exit. As such, this document applies to both SET Ventures and its Portfolio Companies. Second, it documents the activities with which SET Ventures intends to promote the effective ESG integration externally on an industry level.

The Responsible and Sustainable Investment Manual consists of five sections:

1. SET Ventures’ Commitment to Sustainable and Responsible Investing, including:
 - i. The Sustainable and Responsible Investing Principles;
 - ii. SET Ventures’ intentions to promote effective ESG integration in Private Equity/Venture Capital asset class;
2. SET Ventures’ ESG Investment Principles;
3. ESG risk Management System (ESGMS);
4. Roles and responsibilities; and
5. Appendix consisting of all documents that support the ESGMS.

2 SET Ventures Commitment to Sustainable and Responsible Investing

It is SET Ventures' mission to drive the success of businesses in technologies that impact the future of energy in the world, by focusing on **Profit** (creating value) and supporting **People** (management teams), thereby underlining the importance of sustainable activities for our **Planet**.

Directly deriving from this mission statement, SET Ventures aims to invest and operate in a sustainable and responsible manner and to act in the best long-term interest of our beneficiaries. We believe ESG – i.e. matters relating to the Environment, Social and corporate Governance - can and will impact the financial performance of our investment portfolio. Applying a solid and consistent set of principles not only anchors the consideration of these matters in our day-to-day activities, but also ensures alignment of our investors' and our own interests with the broader interests of society. SET Ventures is committed to the following Sustainable and Responsible Investment Principles (see Appendix 1¹) for a complete list of Principles including potential actions):

1. SET Ventures incorporates ESG issues into investment analysis and decision-making processes;
2. SET Ventures is a proactive owner and incorporates ESG issues into ownership policies and practices;
3. SET Ventures seeks transparency on ESG issues from Portfolio Companies;
4. SET Ventures promotes acceptance and implementation of ESG Principles within Private Equity/Venture Capital;
5. SET Ventures collaborates to enhance effectiveness in implementing Responsible Investing Principles;
6. SET Ventures will report on activities and progress towards implementing this Responsible Investing policy.

To consistently and structurally apply Principles 1, 2, 3 and 6 to its investment operations, we have adopted the SET Ventures ESG investment Principles (see Chapter 2) and developed an Environmental, Social and Governance Management System (ESGMS) to put the ESG Investment Principles to practice. Chapters 2 and 3 of this Sustainable and Responsible Investment Manual respectively, describe the ESG investment Principles and the ESGMS procedure.

Furthermore, SET Ventures is committed to the application of Principles 4, 5 and 6 (e.g. promotion of and collaboration to ensure effective ESG integration in Private Equity/Venture Capital asset class). We intend 1) to integrate ESG in all our investments, 2) to actively communicate about that fact, 3) to engage in active dialog with our potential and existing LPs and 4) to engage in active knowledge transfer in semi public settings.

SET Ventures is dedicated to evaluate the effectiveness and to improve the content of this 'Commitment to Sustainable and Responsible Investing' over time. We believe this will improve our ability to meet our commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

¹ All documents mentioned throughout the Manual can be viewed by following the link either in the name of the document, or the explicit referral to appendix. For example, to refer to the Exclusion list in Appendix click on 'Appendix 2' while holding the 'Ctrl' button

3 SET Ventures' ESG Investment Principles

The following ESG Investment Principles guide SET Ventures in its investment process. They are applicable to all of its investments and their related activities in all stages of the process. They can be used as guidelines for the implementation of the ESGMS and the improvement of ESG performance of (potential) investments.

The following principles apply to investments and their related activities:

General

Principle 1:

Businesses should not perform any of the excluded activities as listed in the SET Ventures Exclusion List (see Appendix 2).

Principle 2:

Businesses should comply with all applicable local and national laws and regulations.

Human Rights

Principle 3:

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 4:

Businesses should make sure that they are not complicit in human rights abuses.

Labor

Principle 5:

Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 6:

Businesses should uphold the effective abolition of child labor.

Principle 7:

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 8:

Businesses should support a precautionary approach to environmental challenges.

Principle 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10:

Businesses should not:

- engage in the production and/or use of fuels that have a materially negative impact on the world's food supply, critical habitat, biodiversity, and/or CO² footprint (caused by the change of indirect use of land or deforestation); or
- engage in energy generation technologies which pose a material threat to biodiversity (e.g. to endangered birds, marine life or other animals or large quantities of animals); or
- handle the chemicals and materials that are used in its R&D and production processes for energy technologies, in an irresponsible manner such that this may lead to harmful effects on the environment or human health.

Anti-Corruption

Principle 11:

Businesses should work against corruption in all its forms, including extortion and bribery.

3 Environmental, Social and Governance risk Management System

In order to structurally apply the ESG Investment Principles to the investment process, the Fund has formulated an Environmental, Social and Governance risk Management System (ESGMS).

This chapter first defines ESG risk, the three different ESG risk categories and ESG risk management capacity, followed by a detailed description of the ESGMS procedure.

3.1 ESG risk

Besides financial risks related to an investment, such as market risk, the environment, social conditions and corporate governance within a (Portfolio) Company, can also bring about potential risks. Similar to “traditional” risks, these ESG risks need to be managed adequately to prevent loss of value of an investment. To properly mitigate the ESG risk of an investment, the attention from management should be adequate to manage the relative ESG risk level: the higher the risk level, the more effort should be spent on the management of ESG risk. ESG risk is defined as follows:

ESG risk is a combination of the probability of certain hazard occurrences due to the nature and scale of a client’s business activities and the severity of environmental, social and governance impacts resulting from such an occurrence, as well as its financial, legal and reputational consequences.

SET Ventures discerns three different types of risk for an investment that need to be categorized independently: Environmental (E), Social (S) and Governance (G) risk². The E, S and G risk categories depend on the business activity of the investment, due to varying potential E, S and G impacts associated to each business activity and company. E, S and G risk levels are classified according to three categories:

High: Business activities of this category are likely to have significant adverse environmental, social and/or corporate governance impacts that are sensitive, irreversible, diverse or unprecedented.

Medium: The business activity may result in specific environmental, social and/or corporate governance impacts, but these impacts are site specific and few if any of them are irreversible.

Low: The business activity is likely to have minimal or no adverse environmental, social and/or corporate governance impacts.

3.2 ESG risk management capacity

SET Ventures works together with Portfolio Companies to mitigate individual ESG risk as long as SET Ventures is a shareholder. To mitigate individual ESG risks effectively, sufficient ESG risk management capacity needs to be in place at the level of the Portfolio Company (illustrated in Exhibit 2). ESG risk management capacity increases when management’s attitude is more accepting of the relevance of ESG issues and when specific ESG structures and policies such as monitoring and reporting are documented. Formalized ESG risk management capacity enables a portfolio company to continuously monitor ESG risks and is therefore a prerequisite for effective ESG risk mitigation.



Exhibit 1: Portfolio company ESG risk management capacity

² Environmental and Social risk can be generally classified according to the nature of the business activity. Governance risk is generally speaking more company specific, and cannot be generalized over sector or business activities. The Governance risk category should therefore be assessed individually. For support with the risk categorization and some examples, refer to Appendix 4.

3.3 ESG risk management procedure

In order to ensure a thorough yet efficient management of ESG risks, the ESG risk management procedure has been completely integrated in each stage of the original investment process, from deal screening to exit. This also means that it has been integrated in the relevant investment documents as much as possible. Hence, the ESG risk management procedure is applicable to all (potential) investments that are submitted to the deal flow and throughout the whole investment process. An overview of the SET Ventures ESG risk management procedure is shown in Exhibit 2. A detailed description of each step in the investment process is provided in the following paragraphs.

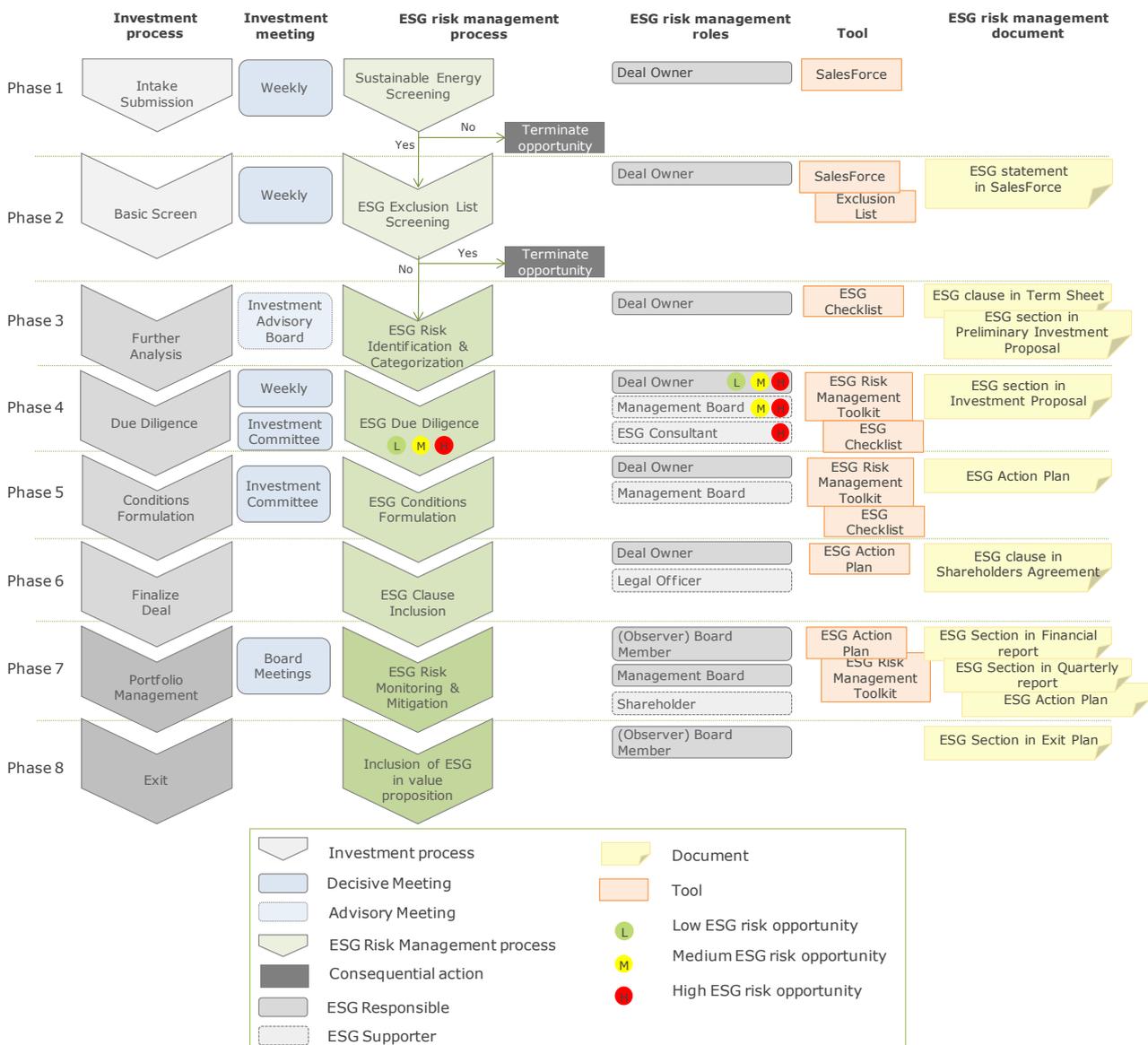


Exhibit 2: ESG risk management procedure

Phase 1: Sustainable Energy Screening

Step #	Responsible	Action	Tool	ESG Document
1.	Deal Owner	<p>Determine to what extent the investment opportunity will impact the future of energy in the area of generation, storage, use, and distribution.</p> <p>Positive Screening: <i>Will the opportunity positively impact the future of energy?</i></p> <ul style="list-style-type: none"> No → Terminate opportunity Yes → Continue with the investment opportunity: submit the investment opportunity to Salesforce. Continue to Phase 2, step 2. 	<ul style="list-style-type: none"> SalesForce 	

Phase 2: ESG Exclusion List Screening

Step #	Responsible	Action	Tool	ESG Document
2.	Deal Owner	<p>Verify that the activity of the investment opportunity is not on the SET Ventures Exclusion List.</p> <p>Negative Screening: <i>Is one of the Exclusion statements applicable to the investment opportunity?</i></p> <ul style="list-style-type: none"> Yes → Terminate opportunity No → Continue with the investment opportunity. Continue to step 3. 	<ul style="list-style-type: none"> Exclusion List 	
3.	Deal Owner	<p>Confirm the results of the positive and negative screening executed in steps 1 and 2, by documenting the statement regarding ESG in Salesforce (i.e. “Does the company comply with our ESG Policy (i.e. the activity is not mentioned on the Exclusion list and operations are in line with the ESG Investment Principles)?”</p> <p>Continue to Phase 3, step 4.</p>		<ul style="list-style-type: none"> ESG Statement in Salesforce

Phase 3: ESG risk Identification & Categorization

Step #	Responsible	Action	Tool	ESG Document



4.	Deal Owner	<p>Include the ESG clause in the Term Sheet to formalize the joint commitment of SET Ventures and the potential Portfolio Company to ESG risk Management.</p> <p>Continue to step 5.</p>		<ul style="list-style-type: none"> ESG clause in Term Sheet
5.	Deal Owner	<p>Identify the potential ESG issues applicable to the potential Portfolio Company completing the ESG risk Checklist and categorize the Environmental, Social and Governance risks as “Low”, “Medium” or “High”. (For additional information on risk category and illustrations, see Error! Reference source not found..)</p> <p>Continue to step 6.</p>	<ul style="list-style-type: none"> ESG Checklist 	<ul style="list-style-type: none"> ESG section in the (Preliminary) Investment Proposal
6.	Deal Owner	<p>Determine, based on the Environmental, Social and Governance risk categories what due diligence measures will be used (e.g. visit, interviews, external consultant etc.).</p> <ul style="list-style-type: none"> When - independently of the Governance risk category - either the Environmental or Social risk is categorized as “High” → continue to Phase 4 step 9; When Governance risk is “High” and Environmental and Social risks are either “Low” or “Medium” → continue to Phase 4 step 8; When at least one of Environmental, Social or Governance risk is categorized as “Medium” and other 2 types of risks as “Low” → Continue to Phase 4 step 8; When all categories (Environmental, Social and Governance risk) are categorized as “Low” →: continue to Phase 4 step 7; <p>Please note that when, independent of the risk categories, it is believed that insufficient (technical) knowledge regarding ESG issues on this field is available internally, an external independent ESG expert may be consulted.</p>		<ul style="list-style-type: none"> ESG section in the (Preliminary) Investment Proposal

Phase 4: ESG Due Diligence

Step #	Responsible	Action	Tool	ESG Document
7.	Deal Owner	<p>Perform ESG due diligence internally. This can be based on the ESG Checklist, the results of the ESG risk classification, sector issue identification, a visit and conversations with company management and other sources of relevant information (e.g. research on the Internet, external and internal reports.)</p> <p>Identify the control measures that have been implemented to prevent and/or mitigate the identified ESG risks so far.</p> <p>Continue to step 10.</p>	<ul style="list-style-type: none"> ESG Checklist 	<ul style="list-style-type: none"> ESG section in the Investment Proposal



8.	Deal Owner (Support of Management Board)	<p>Perform ESG due diligence internally. This can be based on the ESG Checklist, the results of the ESG risk classification, sector issue identification, a visit and conversations with company management and other sources of relevant information (e.g. research on the Internet, external and internal reports.)</p> <p>Identify the control measures that have been implemented to prevent and/or mitigate the identified ESG risks so far.</p> <p>The results of the ESG due diligence need to be validated by the Management Board.</p> <p>Continue to step 10.</p>	<ul style="list-style-type: none"> ESG Checklist 	<ul style="list-style-type: none"> ESG section in the Investment Proposal
9.	Deal Owner (Support of independent ESG expert)	<p>ESG due diligence</p> <p>In case the Environmental or Social risk is categorized as “High”, ESG due diligence by an external independent ESG expert is mandatory. The Deal Owner has internal responsibility for the ESG due diligence.</p> <p>Continue to step 10.</p>		<ul style="list-style-type: none"> ESG section in the Investment Proposal
10.	Deal Owner	<p>Assess the company’s ability and ambition to manage the identified ESG risks. The company’s ESG risk management capacity indicates the extent to which the company has the required ambition and the necessary policies and structures in place, to adequately manage and mitigate these ESG risks.</p> <p>Collect relevant ESG data about the potential investee company to assess the ESG management capacity of the investee company by filling out the ESG risk management Toolkit. The ESG management capacity score indicates whether adequate management policies and structures are in place at company level.</p> <p>Continue to Phase 5 step 11.</p>	<ul style="list-style-type: none"> ESG risk management Toolkit 	<ul style="list-style-type: none"> ESG section in the Investment Proposal

Phase 5: ESG Conditions Formulation

Step #	Responsible	Action	Tool	ESG Document
11.	Deal Owner	<p>Based on the findings of the ESG due diligence, consider necessary ESG risk management-, prevention-, control- and mitigation measures to prevent and mitigate the impacts of the identified ESG risks. Compare these requirements to the ESG mitigation measures that are currently implemented and the ESG risk management capacity of the Company.</p> <p>Continue to step 12.</p>	<ul style="list-style-type: none"> ESG Checklist ESG risk management Toolkit 	

12.	Deal Owner (Support of Management Board)	<p>Determine, in cooperation with SET Ventures' Management Board and the management of the potential investee company, what measures will bring the investee company in compliance with the Fund's ESG requirements in terms of ESG mitigation measures and/or ESG risk management capacity improvements. Based on these requirements, include the ESG conditions of investment in the ESG Action Plan. This ESG Action Plan will serve as a manual for the investee company to comply with the Fund's requirements.</p> <p>The ESG conditions in the Action Plan should be formulated as concrete and actionable conditions including a responsible person, action and timeline. Formulate a concise "milestone" that summarizes the objective and timeframe of the measure.</p> <p>The ESG Action Plan is a living document which needs to be updated regularly during the monitoring phase (Phase 7) in order to be effective in attaining its objective.</p> <p>Continue to Phase 6 step 13.</p>		<ul style="list-style-type: none"> • ESG Action Plan
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Phase 6: ESG Clause Inclusion

<i>Step #</i>	<i>Responsible</i>	<i>Action</i>	<i>Tool</i>	<i>ESG Document</i>
13.	Deal Owner (Support of Legal Officer)	<p>After the approval of the Investment Committee on the deal including the ESG conditions, include the ESG Action Plan in the ESG clause in the Shareholders Agreement to formalize the ESG conditions to which the investee company should aim to comply.</p> <p>Continue to Phase 7 step 14.</p>	<ul style="list-style-type: none"> • ESG Action Plan 	<ul style="list-style-type: none"> • ESG clause in Shareholders Agreement

Phase 7: ESG risk Monitoring & Mitigation

<i>Step #</i>	<i>Responsible</i>	<i>Action</i>	<i>Tool</i>	<i>ESG Document</i>
14.	(Observer) Board Member	<p>Evaluate frequently (as determined in the Action Plan), the ESG performance of the investee company. This evaluation consists of two stages: Firstly, assess the Company's ESG risk management capacity by completing the ESG risk management Toolkit. Compare the ESG risk management capacity score with the Fund's expectations for companies that are in a similar phase of investment. Secondly, assess the progress of the company against the ESG requirements formulated in the ESG Action Plan.</p> <p>In case the investee company does not comply with the requirements and conditions as set forth in the ESG Action Plan, consider what corrective measures would bring the company back into compliance.</p> <p>In case the ESG risks have changed or increased significantly since the last evaluation, a new ESG due diligence is required, if necessary followed by the formulation of new ESG mitigation measures.</p> <p>Document the ESG performance and the necessary new ESG mitigation measures of each investee company in the updated Action Plan.</p>	<ul style="list-style-type: none"> • ESG Action Plan • ESG risk management Toolkit 	<ul style="list-style-type: none"> • Updated ESG Action Plan



		Continue to step 15.		
15.	(Observer) Board Member (support of other shareholder)	Regularly discuss the Company’s ESG performance and progress against the ESG Action Plan with the Company’s Management and Supervisory Board. Continue to step 16.		<ul style="list-style-type: none"> Updated ESG Action Plan
16.	(Observer) Board Member	Prepare the ESG sections for each individual Portfolio Company in the Quarterly Report for the Fund’s investors. Document the progress against the ESG Action Plan and the ESG milestones. The results are documented in the Validation checklist in the SET Ventures Quarterly Reporting format (for internal use only) and the ESG risk management - and ESG milestone section in the Quarterly Reporting to LPs. Continue to step 17.		<ul style="list-style-type: none"> ESG section in Quarterly Report
17.	Management Board	Prepare the ESG sections in the Financial Report for the Fund’s investors. Report on the following topics in the designated chapters, and send it to the Fund’s investors: <ul style="list-style-type: none"> <i>Report of the General Partner</i>: explain the status of implementation of Sustainable and Responsible Investment Principles in SET Ventures’ operations; <i>Investment objective, policy and processes</i>: explain the procedure to integrate ESG in the investment process (i.e. the ESG risk Management procedure) and the sources of exposure to ESG risk; <i>Notes to the Consolidated Financial Statements</i>: explain the status of the Fund’s portfolio’s ESG performance and ESG risk. Continue to step 18.		<ul style="list-style-type: none"> ESG section in Financial Report
18.	(Observer) Board Member	In case the investment is planned to be exited: <ul style="list-style-type: none"> after more than 1 year after this evaluation, → Go back to step 14 on an annual basis within one year after this evaluation → Continue to Phase 8 step 19 		

Phase 8: Inclusion of ESG in value proposition

Step #	Responsible	Action	Tool	ESG Document
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19.	(Observer) Board Member	As an investment approaches exit include ESG in the value proposition, by for example: <ul style="list-style-type: none">• Focus on the identification and communication of improvements on ESG risks and opportunities at the level of the portfolio company;• Leverage the commercial and positive ESG developments at the level of investment for a successful exit;• Review the ESG impact of the proposed deal on stakeholders;• Review the proposed exit route/purchaser for key ESG considerations (e.g. ESG history, ESG commitment, business integrity etc.)		<ul style="list-style-type: none">• ESG section in Exit Plan
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4 Roles and Responsibility

In order to implement the Sustainable and Responsible Investment Principles in a consistent and practical way, SET Ventures assigns different responsibilities. Below is an overview of the different roles and responsibilities.

4.1 Management Board

The Management Board of SET Ventures has the main responsibility for SET Ventures' commitment to the Sustainable and Responsible Investment Principles and its implementation, both in its investment process as well as its own operations.

Review of the implementation framework of the Responsible and Sustainable Investment Principles

The Management Board will keep account of the implementation and documentation of the Responsible and Sustainable Investment Principles. The Management Board will conduct periodic reviews to bring documentation up to date and in accordance with the applicable laws in force. Furthermore, the Management Board will frequently revise the Principles and the ESG Investment Principles to ensure that they continuously reflect SET Ventures' vision on responsible and sustainable investing.

Furthermore, the Management Board is responsible for the realization of SET Ventures' commitment to ensure effective ESG integration in Private Equity/Venture Capital asset class. Currently SET Ventures intends to realize this commitment by 1) integrating ESG in all its investments by means of the ESGMS, 2) to actively communicate about this, 3) by engaging in active dialog with its potential and existing LPs (e.g. inclusion of ESG in the Investment Memorandum) and 4) by engaging in active knowledge transfer in semi public settings (e.g. presentation on the topic of ESG).

ESG risk Management System

The Management Board is ultimately responsible for the development and implementation of the ESGMS. This entails that the Management Board periodically reviews the effectiveness of the ESGMS and adopts adequate measures to optimize the ESGMS when necessary. Also, the Management Board enables the implementation of the ESGMS process by ensuring that the required resources are available to the Deal Owner that is responsible for individual Portfolio Companies.

During the ESG risk management process, the Management Board provides support to the Deal Owner when formulating the ESG conditions for an individual investment.

Consultants

The Management Board will solicit advice from independent ESG experts when necessary, either due to the "High" risk level of the potential investment or due to insufficient in-house ESG knowledge on the specific ESG matter in question.

Communication with investors and reporting

The Management Board is responsible for all communication regarding ESG matters to its (potential) investors. This entails for example the inclusion of ESG risk management in the Investment Memorandum and the discussion of ESG matters during LP meetings. Every year, the Management Board is responsible for the preparation of the Financial report to the LPs. This should also include information on ESG risk management procedures and key ESG risks, both in portfolio and SET Ventures' own operations.

The Management Board will inform the Investors in case of serious incidents or fatalities affecting the Portfolio Companies, as soon as practicable but preferably with 72 hours of receiving the Incident Report from the Portfolio Company.

4.2 Deal Owner

While the Management Board has overall responsibility for ESG matters, the Deal Owner is responsible for ESG issues on the investee level during the deal flow until the closing phase. This entails that he/she performs the sustainable energy screening and verifies that the business activity of the potential company is not mentioned on the Exclusion List. In case the potential investee company complies with both screenings, the Deal Owner identifies the most relevant ESG topics. In relation to these topics and impacts, he/she will categorize the individual E, S and G risk of the potential investment as “High”, “Medium” and/or “Low”, which leads to the required intensity of due diligence for which the Deal Owner is also the main responsible. In case the E and/or S risk of a potential company is categorized as “Medium” or “High”, the Management Board should provide support and in some cases, an external independent ESG specialist can be consulted. In case the Environmental or Social risk is “High”, an external ESG specialist is mandatory. After thorough ESG due diligence, the Deal Owner might find it necessary to formulate ESG mitigation measures and ESG milestones to improve the ESG performance of the company. At this stage, the Management Board should provide support as well.

4.3 Investment Committee

The Investment Committee is responsible for approving the analysis and review conducted by the Deal Owner as well as the ESG mitigation measures prior to Investment approval. In case the Investment Committee deems additional work necessary before deal closing, it may formulate additional ESG measures to be included in the ESG Action Plan.

4.4 (Observer) Board Member

The (observer) Board Member is responsible for the continuous dialog with the Portfolio Company regarding ESG matters. At the end of each quarter, for all the Companies in portfolio, the (observer) Board Member monitors the development of ESG performance of their Portfolio Company and verifies the progress against the ESG Action Plan and ESG milestones. The results are documented in the Validation checklist in the SET Ventures Quarterly Reporting format (for internal use only), the ESG risk management - and ESG milestone section in the Quarterly Reporting to LPs and the updated ESG Action Plan. When necessary, due to lagging performance improvements or changed ESG risks, the (observer) Board Member formulates, in cooperation with the company, the necessary ESG actions to improve the ESG performance.

5 Appendices

Appendix 1 SET Ventures' Sustainable and Responsible Investment Principles

Applying a solid and consistent set of principles not only anchors the consideration of these matters in our day-to-day activities, but also ensures alignment of our investors' and our own interests with the broader interests of society.

1. **SET Ventures incorporates ESG issues into investment analysis and decision-making processes.**
 - SET Ventures will only make investments within its scope of sustainable energy technologies
 - SET Ventures assesses and improves the capabilities of internal investment managers to incorporate ESG issues in their day-to-day activities
 - SET Ventures will not make any investment in any Company of which the primary business activities are harmful to society (see Appendix Appendix 2 for a full list)
 - SET Ventures will share their ESG statement and policy with a potential Portfolio Company early on in the due diligence process (see Chapter 3 - SET Ventures' ESG Investment Principles)
 - SET Ventures will address ESG issues in the (Preliminary) Investment Proposal
 - SET Ventures will carry out background checks of management teams of potential Portfolio Companies before investing
2. **SET Ventures is a proactive owner and incorporates ESG issues into ownership policies and practices.**
 - SET Ventures is a proactive investor and seeks Board Representation as a full Board Member or Observer with its Portfolio Companies
 - SET Ventures will engage the Board and Management of Portfolio Companies on ESG issues on a regular basis
 - SET Ventures promotes the use of ESG Principles by Portfolio Companies (Chapter 2)
 - SET Ventures commits to acting and communicating in a responsible and transparent manner, particularly pertaining to the recruitment and dismissal of Management and Employees of Portfolio Companies
 - SET Ventures will take initiative and provide assistance to resolve ESG issues wherever possible
 - SET Ventures requires investment managers to undertake and report on ESG-related engagement on a regular basis
3. **SET Ventures seeks transparency on ESG issues from Portfolio Companies.**
 - SET Ventures asks for regular reporting on ESG issues by Portfolio Companies (if possible and practical using standardized tools)
 - SET Ventures asks for ESG issues to be integrated within the annual financial reports of Portfolio Companies
4. **SET Ventures promotes acceptance and implementation of ESG Principles within Private Equity/Venture Capital.**
 - SET Ventures seeks to align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly and encourages (potential) co-investors to do the same (for example, ensure investment management processes reflect long-term time horizons when appropriate)
 - SET Ventures communicates ESG expectations to investment service providers
 - SET Ventures will revisit relationships with service providers that fail to meet ESG expectations
5. **SET Ventures collaborates to enhance effectiveness in implementing Responsible Investing Principles.**
 - SET Ventures participates in relevant networks to share tools, pool resources, and make use of investor reporting as a source of learning
6. **SET Ventures will report on activities and progress towards implementing this Responsible Investing policy.**
 - SET Ventures discloses how ESG issues are integrated into the investment process

- SET Ventures will disclose active ownership activities on a regular basis
- SET Ventures will report on progress and/or achievements relating to this policy on a regular basis towards its LPs.

Appendix 2 SET Ventures Exclusion List

SET Ventures will not make any investment in any Company:

- *which engages in production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;*
- *which has operations in, or trades with, countries involved in terrorist activities or severe human rights violations;*
- *which is the subject of a public investigation or legal action based upon a suspected relationship with serious criminal or terrorist activities;*
- *which is materially and immitigable harmful to the environment and/or human life, via i) the intended use of its products or via ii) its supply chain;*
- *which is involved in one of the following industries: alcohol, tobacco, gambling and/or weapons.*