



SET Ventures - Article 9 SFDR

The investments of SET Ventures ('the Fund(s) or SET') are qualified as sustainable investments as meant in article 9 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ('SFDR').

Sustainable investment objective

SET only invests in companies that can impact the future of the energy system transition. The purpose of the fund is to accelerate the transition from a carbon intense energy system to a sustainable energy system. SET will only make investments within its scope of sustainable energy technologies and will not make an investment into any company of which the primary business activities are harmful to society or do significant harm to other ESG characteristics.

We believe all investments qualify as sustainable investments with an environmental objective ('climate change mitigation') as referred to in the EU Taxonomy Regulation ("TR"). However, the exact level of alignment of these economic activities that qualify as environmentally sustainable under the TR is still under investigation and will be disclosed as soon as possible and ultimately when the level 2 RTS come into force on 1 January 2023.

Investment strategy

The sustainable investment objective is attained by investing in companies that have the potential to impact and/or accelerate the energy system transition and support transparent business practices.

The strategy integrates sustainability and ESG criteria as part of the investment process and is only selecting companies whose business models support the fund's objective. This is supported by an extensive and very detailed exclusion list in the Limited Partnership Agreement and additional exclusions in side agreements with investors.

Integration of ESG and sustainability risk

All investments go through an initial screening of whether they "positively impact the future of energy". In addition to the screening and monitoring of ESG risk (or 'internal' sustainability risk), this process ensures that any external sustainability vulnerabilities at companies are identified and considered.

Sustainability risk, both internal and external, is therefore integrated from the beginning of the investment decision process by means of the positive and negative screening process as described. It is also incorporated into the individual valuations of SET Ventures products.

Sustainability related impact by sustainability indicators

The overall impact of the sustainability investment objective of the product is measured by several sustainability indicators.

- 100% of the investments are made in line with the exclusion policy (a.o. excluding investments in illegal activities, weapons, tobacco, palm oil, fossil fuel, nuclear power, gambling and adult entertainment)
- All companies have an inherent requirement to have a positive impact on the energy system transition
- All investments are measured by environmental impact targets which are approved by the

- Limited Partner Advisory Committee and reported on in an annual Impact Report
- Investments are only made in companies that incorporate and are willing to (further) improve on ESG based on an ESG Action Plan

The sustainability objective and indicators are monitored on a regular basis as part of the investment process. All our investments are measured on a periodic basis against environmental impact KPI's that were determined at the time of investment.

Sustainability risk linked to remuneration

SET Ventures employees receive an annual bonus based on objectives determined by the Management Board of SET Ventures that reflect the success of the company along multiple parameters, including the implementation of the ESG policy. Additionally, the carry of SET Fund III is linked to Environmental Impact achievements of each portfolio company, the specific targets of each being established at investment and in consultation with the Limited Partner Advisory Committee. These objectives and targets cannot be met without adequate management of sustainability risks performed in accordance with the SET ESG Policy.

Principle Adverse Impacts

SET has a long history of ESG integration and the use of ESG data in its investment processes and has due diligence policies in place to identify and prioritize relevant adverse impacts and indicators on sustainability factors. The requirements under the SFDR Level 2 RTS are detailed and require additional ESG data, predominantly on asset-level, that are currently not fully available. Once the relevant data are available, the methodologies to measure principal adverse sustainability impacts can be finalized and will be added to this statement.