Seeder Fund II CommV / SComm: Responsible Investment Policy (ESG)

1. Introduction - overall ESG objectives - purpose of this document

As a sub-threshold self-managed alternative investment fund, Seeder Fund II CommV / SComm (**Seeder Fund II**) is committed to investing responsibly and believes that the effective integration of certain environmental, social and governance (**ESG**) criteria (as further defined in section 3) in the investment decision-making process is key in achieving a long-term sustainable performance.

Focusing on digital start-ups, Seeder Fund II fills the financing gap of promising companies by starting to invest early in them. Seeder Fund II usually invests during pre-seed and seed stage funding. Through this innovative investment strategy, Seeder Fund II gives the necessary support for start-ups to move from promising projects to successful start-ups.

We believe that assessing the effect of our actions and those of our portfolio companies on all dimensions of society and environment, as well as trying to have a positive impact on our communities is the foundation of any long-term sustainable value creation. We firmly believe that a focus on ESG matters can lower risks and enhance financial returns while creating a net benefit for society.

This policy explains our approach to investing responsibly and how we assess and manage risk throughout the investment lifecycle. It also highlights our approach to ESG as a firm. [Our Responsible Investment Policy has been signed by all members of our investment team.].

In particular, Seeder Fund II commits to adhere to the following:

(a) The six Principles for Responsible Investment of the United Nations (**UNPRI**)

(b) 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 (**SFDR**), and

(c) to the extent applicable, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (**Taxonomy Regulation**).

Furthermore, this Responsible Investment Policy (ESG) relates specifically to the obligations of Seeder Fund II under the SFDR. In particular, in this policy we outline how sustainability risks are integrated in the investment decision-making process of Seeder Fund II in accordance with article 3 of the SFDR. The disclosure obligations of Seeder Fund II under articles 4, 5, 6, 7 and 8 of the SFDR are also further explained in this policy.

For the purposes of adopting this policy, particular consideration has been given to:

(a) the Communication of the Financial Services and Markets Authority (**FSMA**) FSMA_2021_06 of 9 March 2021 entitled "Entry into force of the European

Regulation (EU) 2019/2008 on sustainability-related disclosures in the financial services sector (SFDR)" (**FSMA Communication of 9 March 2021**), and

(b) the Communication of the FSMA FSMA_2022_02 of 14 December 2021 entitled "Key Aspects of the rules on sustainable finance – Management companies of (alternative) institutions for collective investment" (**FSMA Communication of 14 December 2021**)

These communications are hereinafter collectively referred to as the **FSMA SFDR Communications**.

2. Overall ESG considerations

2.1 Engagement on ESG at group level

As of its start, Seeder Fund II is dedicated to paying growing attention to ESG factors. Seeder Fund II aims to adhere to the fullest extent possible to the initiatives and actions taken at group level, as set forth below.

Seeder Fund II operates under the umbrella of EEBIC Ventures, who is a member of The Shift, the Belgian meeting point of sustainability and the Belgian contact for the World Business Council for Sustainable Development and UN Global Impact. The network has around 500 members that come from the academic, corporate, public, and non-profit sectors. It aims to develop innovative solutions to deal with ESG challenges. Seeder Fund II benefits from EEBIC Ventures' membership in The Shift through the sharing of best practices and discussions with our peers on ESG issues.

Discussing with our peers on ESG factors is an integral part of our responsible investment strategy. This is why Marie Bouillez, the CEO of EEBIC Ventures, joined 2030, a collective of CEO and company directors that was created to let its participants share their experience on ESG issues and publicly advocate for sustainable development goals.

Furthermore, EEBIC Ventures is a signatory of the UNPRI. The UNPRI were developed by a group of institutional investors reflecting the increased relevance of ESG issues to investment practices. EEBIC Venture has driven its investment strategies according to UNPRI’s key responsible investment principles. The six principles of the UNPRI are reflected in this Responsible Investment Policy (ESG) and in the everyday activities of Seeder Fund II.

Over the last years, EEBIC Ventures went further in its engagement with several initiatives. Its goal is to reduce its impact on the environment at the group level as an example for its portfolio companies. Since 2016, EEBIC Ventures' headquarters are located in a passive building. EEBIC Ventures promotes alternative transportations such as public transportation through our localization, cycling thanks to secure bicycle parking, and electric cars with charging stations. Moreover, it has launched several actions to reduce our waste.

Being an equal opportunity employer is at the center of our core values. We treat every stakeholder equally and we offer unbiased treatment in the workplace. Furthermore, EEBIC

Ventures makes sure that there is no glass ceiling in its funds or in the organization as a whole. It means that promotions are solely based on merit and works.

Overall, these initiatives have been implemented and continue to be improved to meet the ESG ambitions of the group and take part in global improvements to the ecosystem.

2.2 Governance on ESG

Backed by a deep and shared conviction in our team to act as a responsible investor, Seeder Fund II has decided to appoint its statutory manager, Seeder Fund II Management NV / SA (the **GP**) to be the referent body for the Responsible Investment Policy and its implementation. The main tasks of the GP are to report annually to the general shareholders' meeting and the Limited Partners Advisory Committee (**LPAC**) of Seeder Fund II and to the board of directors of EEBIC Ventures on ESG issues.

An ESG Officer has been appointed among the transversal team at the level of EEBIC Ventures to implement and drive the ESG methodologies, including those applicable to Seeder Fund II. The implementation of the Responsible Investment Policy falls under its direct responsibility in collaboration with the investment teams. The ESG officer centralizes the knowledge on ESG matters and participates in different external training sessions and events to enhance its understanding of ESG issues.

The ESG Officer is a central part of the investment process of Seeder Fund II from the due diligence to the exit. The ESG Officer challenges and assists the team on the ESG due diligence process for each opportunity as set forth under Section 3. The conclusions of the ESG due diligence are presented to the investment committee as an integral part of the due diligence and thus, taken into account in the decision process of its members.

During the ownership phase, the ESG Officer is the referent for all ESG related questions from the portfolio companies and the investment managers. He also collaborates with them to reduce ESG risks identified during the due diligence process and on the implementation of ESG initiatives. Furthermore, the ESG Officer organizes the annual follow-up of ESG key performance indicators (KPIs) and their analysis.

The ESG Officer does an annual presentation to Seeder Fund II’s investment team. The presentation covers three subjects. Firstly, an analysis of the aggregated KPIs to show their evolution and discuss areas of improvement. Secondly, the updates to the responsible investment policy are presented and explained to the investment team to increase awareness and to receive their opinion on what can be improved. Finally, examples of best practices in our portfolio companies are shared to promote their implementation into other parts of our portfolio.

2.3 Promotion of environmental and social characteristics (article 8 SFDR)

Seeder Fund II has decided to promote, among other characteristics, environmental and/or social characteristics within the meaning of Article 8 of the SFDR (SFDR Article 8 fund or light green fund), but does not aim at sustainable investment within the meaning of Article 9 of the SFDR.

Seeder Fund II's assets are invested in portfolio companies that meet the environmental and social characteristics set forth below:

- Environmental: the environmental characteristics that are taken into account mostly relate to industry criteria. In practice, this means that Seeder Fund II does not invest in a list of sectors that cause unnecessary harm to the environment
- Social: as explained below, Seeder Fund II has excluded a certain number of sectors and practices that are not 'socially acceptable'. In addition to that, Seeder Fund II has put an emphasize on client safety and employee management with regard to its investments
- Governance: Seeder Fund II intends to focus on good governance practices at the level of its portfolio companies, such as having an effective board in place and structured reporting procedures. Moreover, data management and security is key in our analysis.

Due to the lack of external data available on the companies that we invest in, data will mostly come from management of such companies (e.g., through ESG due diligence questionnaires).

Our methods are explained in more details in section 3 of this responsible investment policy. The selection methodology is evaluated by the ESG Officer and the COO of EEBIC Ventures.

2.4 Integration of sustainability risks (article 3 of the SFDR) - Principal adverse impacts of investment decisions on sustainability factors (article 4 and 7 of SFDR)

Seeder Fund II declares that it deems sustainability risks as defined in article 3, article 2, (22) and article 6 of the SFDR and the FSMA Communication of 9 March 2021 to be relevant for its activities. It is explained under Section 3 how such sustainability risks are integrated into the investment decisions of Seeder Fund II.

However, Seeder Fund II does not consider the adverse impacts of investment decisions on all sustainability factors within the meaning of articles 4 and 7 of the SFDR.

The main reason is that most of the sustainability indicators referred to in the FSMA Communication of 9 March 2021 and the draft RTS[1] are, in our opinion, not relevant in an early-stage VC context with, in most of the cases, small companies. Moreover, it will add an unnecessary burden to the management of our portfolio companies.

However, as it is explained below under Section 3, we limit our adverse sustainability impact through our exclusion list of sectors and practices, and our work with management to improve the sustainability of their business. In addition to that, we have put in place an annual reporting of ESG KPI’s and practices.

We will review our policy when we will be able to monitor the indicators without causing any unnecessary burden to our portfolio companies. However, there is currently not set a specific timeframe for considering such adverse impacts in accordance with article 4 of the SFDR.

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[1] The draft Regulatory Technical Standards of the Joint Committee of the European Supervisory Authorities of 2 February 2021 with regard to the content, methodologies and presentation of disclosures pursuant to Article 2a(3), Article 4(6) and (7), Article 8(3), Article 9(5), Article 10(2) and Article 11(4) of Regulation (EU) 2019/2088.

2.5 Integration of sustainability risks into the remuneration policies (article 5 of SFDR)

Seeder Fund II does not have a remuneration policy as it does not employ individuals. However, a certain amount of compensation may be paid to service providers rendering services to Seeder Fund II. Seeder Fund II decided not to consider any sustainability risks when paying such compensation. Seeder Fund II may, however, decide in the future to integrate sustainability risks when paying compensation to service providers.

3. Investment Process

Seeder Fund II believes that the incorporation of our values and principles requires it to be an integral part of the analysis and management of our investments. Responsible investment principles and our focus on creating a positive impact are therefore included in the whole investment cycle.

Thanks to our Responsible Investment Policy (ESG), Seeder fund II believes that the returns of Seeder Fund II will be enhanced by reducing sustainability risks and by working on ESG value creation levers.

The following sections cover information about the integration of sustainability risks in our investment decision-making process as required under article 3 of SFDR.

In accordance with the SFDR, Seeder Fund II discloses how key Sustainability Risks (as described below) are incorporated into its investment decisions. Seeder Fund II, the companies in which it invests, and other parties, such as the counterparties of Seeder Fund II, may be adversely affected by sustainability risks. If appropriate for an investment, Seeder Fund II may perform due diligence with respect to sustainability risks and/or take steps to mitigate such sustainability risks and preserve the value of the investment. However, there can be no assurance that all sustainability risks will be mitigated in whole or in part, or that they will be identified prior to the date on which such sustainability risk materializes.

Seeder Fund II may be subject to risks associated with an ESG event or condition that, if it occurs, may have a material adverse effect, actual or potential, on the value of an investment (**Sustainability Risks**).

Such Sustainability Risk is related to a variety of risks that may result in unanticipated losses that may affect the investments and financial condition of the funds under its management. Three (3) Sustainability Risks appear to dominate in terms of likelihood and materiality if they occur:

- environmental risks: environmental risks can include but are not limited to risks around physical impacts due to climate change (which could impact products, supply-chains, etc.) or risks around climate transition (e.g., adjustment to low-carbon economy)

- Social risks: social risks can include but are not limited to risks in relation labor rights, community relations and employee management

- Governance risks: governance related risks can include but are not limited to risks around corporate governance, board independence, ownership and control, and data governance

Seeder Fund II incorporates the potential occurrence of these Sustainability Risks into its investment decisions. Sustainability Risks are part of Seeder Fund II's broader due diligence process (as explained in the following sections). In assessing the Sustainability Risks associated with the underlying investments, Seeder Fund II will evaluate the risk that the value of that investment may be adversely affected by an ESG event or condition. Sustainability Risks will be identified, monitored and managed by Seeder Fund II using qualitative processes (i.e., through an exclusionary policy, negative and positive screening, etc.). The impacts resulting from the occurrence of a Sustainability Risk can be numerous and vary by specific risk, region and asset class. The assessment of the likely impacts of Sustainability Risks on the returns of Seeder Fund II is therefore performed at the portfolio level.

3.1 Pre-due diligence phase

We screen all potential new investments against our exclusion list, which outlines the sectors and practices we will not invest in.

In particular, Seeder Fund II will refrain from investing in companies directly involved in the following excluded sectors:

- Weapons, coal and oil, oil sand, narcotics, fur, nuclear energy, net fishing, electrofishing, palm oil, soy, wood pulp, asbestos fibers, tobacco, gambling, mining, and products containing polychlorinated biphenyls

In addition to those excluded sectors, certain practices also lead to exclusion:

- Corruption, money laundering, violation of human rights, child or forced labor, restriction on freedom of association, deforestation, land grabbing, drift net usage, discrimination, and farming in protected areas.

These exclusions are non-exhaustive and certain sectors or practices may be added to the list from time to time.

We also assess the compliance of potential investments with domestic laws and international treaties signed by Belgium.

3.2 Due diligence phase

The ESG Officer and the dedicated investment team perform an ESG due diligence to assess the business model from an ESG perspective. The ESG due diligence is conducted from data provided by the target company and discussions with its management.

As we usually work with early-stage companies where everything still need to be done, we decided to concentrate our due diligence on determining status quo based on a check-list of essential ESG practices that we have identified.

The checklist focus on six subject matters:

- Board and capital structure: Effective board, SOP, …
- Business ethics: conflict of interests
- Data security and privacy
- Financial communication consistency
- Human capital management
- Environmental awareness

This checklist is used to identify what has already been done and what should be put in place during our holding period.

The ESG checklist has been built by the ESG Officer and is constantly monitored and improved to take into account challenges discovered during our holding period and the evolution of ESG considerations.

The commitment of the top management and other stakeholders toward sustainably developing the company is also assessed qualitatively and included in our ESG due diligence.

The governance side is assessed differently than the social and environmental part of our analysis as Seeder Fund II can impact governance during the negotiations of the shareholder agreement. During those negotiations, our investment teams put in place the best practices in terms of governance (e.g. SOP, effective board, financial communication to shareholders, …). The final results of the negotiations are included in our ESG analysis.

In case the structure of the deal does not give us a proper access to the management, our due diligence is limited to the information that are disclosed in the data room. In this case, we ask to include in the agreements that the management will integrate ESG considerations into their decision process.

A summary of our ESG due diligence, together with the conclusions of all other due diligence streams, is set out in the investment memo submitted to the investment committee and discussed as an integral part of our analysis.

3.3 Ownership phase

While the constant monitoring of a portfolio company's performance is a common characteristic of our funds' strategy, our ability to influence practices positively during our holding period depends on our shareholding in each investment.

In all cases, the ESG Officer at the level of EEBIC Ventures is there to support the GP in implementing ESG best practices. It starts by presenting the result of our ESG due diligence and proposing a plan to implement missing good practices from our checklist.

Furthermore, the ESG Officer is available during the whole ownership phase to answer all ESG-related questions. He is also there to help to implement new ESG initiatives in collaboration with the GP.

Every year, the checklist is refreshed and we collect ESG KPIs from portfolio companies that are then analyzed. KPI's are in line with the six categories of the checklist. Our goal is to see the evolution of those ESG KPIs and the implementation of good practices during our holding period. If areas of improvement are found, the ESG Officer discusses it with the GP to suggest solutions and helping in the implementation of those.

Those ESG KPI's will be taken into account and assessed in our reinvestment decisions. If one of our portfolio companies would no longer meet the predetermined binding criteria, Seeder Fund II will not reinvest in such portfolio company.

Seeder Fund II consolidates ESG KPIs to assess sustainability at the portfolio level. The consolidated results are disclosed to our LPs in an annual report.

3.4 Exit phase

We aspire to have a more sustainable company at exit. Therefore, we will evaluate the extent to which we have done so by evaluating the progress made by investees on ESG aspects during the holding period.

Given the stage of our investment, our portfolio companies still have a long journey of growth ahead of them. As such, we look to exit responsibly, ensuring the acquirers of our companies are aligned with their long-term growth aspirations.

4. Policy Review

This Responsible Investment Policy (ESG) is adopted on 25/03/2022. On an annual basis, the relevance, quality, and effectiveness of our Responsible Investment Policy (ESG) will be reviewed by the ESG Officer and the GP. Any update of the policy will be discussed and disclosed with the relevant investment teams.