

# SFDR Website Disclosures

**Financial Market Participant:** Impact Shakers Ventures

**Product Name:** Impact Shakers Ventures I CommV

April 2024

The Regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR") requires financial market participants such as Impact Shakers General Partner BV ("Impact Shakers GP") to provide information to investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the remuneration in relation to sustainability risks and the promotion of environmental or social characteristics, and sustainable investment.

We believe that in order to make good investments environment and/or social factors should not be overlooked, and we intend to promote certain environment and/or social characteristics for the first fund managed by Impact Shakers GP, i.e. Impact Shakers Ventures I Comm.V. ("Impact Shakers Ventures I" or the "Fund").

The Fund has investments in compliance with article 8 of the SFDR as its purpose.

You will find under Part I the Impact Shakers GP AIFM level disclosures and under Part II the article 8 SFRD disclosures for the financial product Impact Shakers Ventures I.

## Impact Shakers GP AIFM Level Disclosures

The information below regarding the policies of Impact Shakers GP on sustainability is made in accordance with articles 3, 4 and 5 of the SFDR.


### Integration of sustainability risk in the investment policies

A sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". For Impact Shakers Ventures I, sustainability risks are risks which, if they were to become reality, would cause a material negative impact on the value of its portfolio companies (Sustainability Risk).

Consideration of Sustainability Risks is embedded in the decision making and risk monitoring of Impact Shakers Ventures I in accordance with Article 3 of SFDR, and as included in Impact Shakers Ventures I's Impact Strategy (as defined below) which set out Impact Shakers Ventures I's approach to ESG-issues in the context of the investment decision-making process.

Prior to making any investment, we conduct a due diligence research on target entities. Alongside traditional due diligence information, Impact Shakers GP incorporates important environmental, social and governance data and impact insights into its investment decision-making. The outcome of the due diligence findings is taken into consideration when an investment decision is made by us.





Impact Shakers GP includes ESG information, where relevant or available in the (i) initial screening of an investment opportunity, (ii) due diligence in relation to a potential investment, (iii) investment committee approval, and (iv) monitoring of the portfolio companies. This includes thematic sustainability information sourced from trustworthy sources and the use of interviews and / or an ESG due diligence assessment to identify, analyse and document sustainability matters. This information is used when reviewing and approving an investment opportunity.

### **Principal adverse impact of investment decisions on sustainability factors**

In accordance with article 4.1(b) of the SFDR, Impact Shakes GP states that it does consider sustainability risks in its investment decisions, but does not currently take into consideration the adverse impacts of investment decisions on the sustainability factors as referred to in article 4.1(a) of the SFDR and does not make the disclosures as described in article 4.1(a) of the SDFR in its investment decisions as these currently do not include metrics that are deemed applicable to the early-stage investments that the Fund undertakes.

Impact Shakers GP is currently not in a position to obtain and/or measure all the data which would be required by the SFDR to report, or to do so systematically, consistently, and at a reasonable cost with respect to all our investment strategies.

### **Integration of sustainability risk in the remuneration policy**

Impact Shakers GP, as a sub-threshold manager of the alternative investment fund Impact Shakers Ventures I does not have an obligation to have a formal remuneration policy in accordance with article 40 and following the Belgian law of April 19, 2014 on alternative entities for collective investments and their managers.

In practice, in accordance with general venture capital remuneration and award processes, a significant portion of an investment professional's compensation is typically in deferred instruments aligned to the performance of investments, meaning that the value of an investment professional's compensation will be negatively impacted by a sustainability risk that impacts the value of the underlying investment.

## **Impact Shakers Ventures I Article 8 SFDR Disclosures**

### **Summary**

Impact Shakers Ventures I Comm.V (the "Fund") is a financial product that promotes environmental and/or social characteristics and while it does not have as its objective sustainable investment, it will have a minimum proportion of 80.00 % of sustainable investments. No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

The Fund is an early-stage venture capital fund which will be focused on early-stage companies with a scalable business model, mainly technology or technology enabled, which are or were in the past admitted to The Impact Shakers Accelerator Program or The Impact Shakers Microfund.

The investment strategy will more specifically focus on negotiated equity and equity-linked investments in acceleration investment opportunities in privately held companies which are active in the impact area. Such companies will typically have a special focus on technology, including climate technology, impact infrastructure and inclusion technology, and have potential for significant value creation in fast growing market segments in, inter alia, Europe and the United Kingdom.

The Fund will only invest in companies with an exceptional diverse founding team with at least one underrepresented founder.



## No sustainable investment objective

This financial product promotes environmental or social characteristics and while it does not have as its objective sustainable investment, the Fund aims to have 100% of sustainable investments and will have a minimum proportion of 80.00% of sustainable investments.

## Environmental or social characteristics of the financial product

The following indicators are used to measure the E/S characteristics through our Impact Framework which is developed based on the principles from the Impact Management Project (IMP) framework, looking into the following dimensions:

### 1. Social Impact - Diverse founding teams

The fund will only invest in portfolio companies, where the majority of equity shares held by the founders of the portfolio company is held by diverse founders, including, but not limited to diversity in terms of gender, ethnicity, migration history, LGBTQ, or disability status. in gender, ethnic background, LGBTQ+ or migration background.

### 2. Social and/or Environmental Impact - Impact goal as part of the core business:

The Fund will make investments, taking into account environmental and/or social characteristics, inter alia, comprised of climate and environmental (including but not limited to energy consumption, waste management, industrial and urban decarbonisation, sustainable or regenerative agriculture and land use, food and material innovation and sustainable use and restoration of ocean / freshwater environments), impact infrastructure (including but not limited to supply chains enabling the green and blue economy, green and blue education and job market, impact/carbon emissions measurement, tracking and reporting, nature-based financing, green and blue infrastructure and its maintenance), inclusion (including but not limited to mental health and wellbeing, health tech, access to financial services for underserved markets and technology serving underserved parts of society including women, people in later life, people of colour, people from low income backgrounds, etc.) and good governance.

In selecting and assessing the investments, the following approach will be adopted:

- The portfolio company will be adhering to one or more of the 17 SDGs defined by the UN;
- The impact of the business will be assessed using our Impact Measurement Framework. The Impact Measurement Framework will assess the "what, how and how much" (IMP) as a guiding principle for assessment of impact, particularly the portfolio company's solution's impact on its stakeholder, its scale and depth of change experienced. All aspects of the IMP assessment will be given a score of 1 (no positive impact) to 5 (significant positive impact). The assessment must result in a total score of at least 3.5 points to be eligible for investment.

After investment, the Fund together with the portfolio companies will develop appropriate Impact KPIs for each of the portfolio companies depending on industry and stage of the portfolio company. These will be approved by the Fund's Impact Committee. The portfolio companies will be asked to report on the development of the portfolio companies' impact and set KPIs. The metric for measuring intended impact might develop over time as the portfolio company develops and matures.





## Investment strategy

The investment strategy of the Fund will be focused on early-stage companies with a scalable business model, mainly technology or technology enabled, which are or were in the past admitted to The Impact Shakers Accelerator Program or Impact Shakers Microfund and are active in the impact area.

The investment strategy will more specifically focus on companies active in certain verticals, including Climate Tech, Impact Infrastructure and Inclusion Tech.

The Investment Committee determines the environmental, social and governance guidelines (the "Impact Strategy") to be considered for purposes of making investments in portfolio companies. Following investment, the investment manager proposes impact-specific performance indicators and targets, which are approved by the Impact Committee of the Fund for each individual portfolio company, and verifies compliance of the relevant investment opportunities with the Impact Strategy.

The Fund does not directly or indirectly invest in, guarantee, or otherwise provide financial or other support to companies or other entities that engage in certain activities and/or sectors and are explicitly excluded in the product documentation.

A pre-investment analysis of the good governance practices of portfolio companies is an integral part of the risk and impact screening for ventures of the Fund. Good governance, including but not limited to sound management structures, employee relations, remuneration of staff, and the compliance with applicable environmental, human rights and labour rights are an integral part of the pre-investment screening and transaction documentation for investments.

The investment strategy relies on a pre-investment screening of the founder diversity, based on a method of self-identification by the founders, as well as the alignment with the ESG-guidelines by means of an impact assessment as well as an ESG assessment. For each individual portfolio company the Fund will set specific impact key performance indicators in light of the ESG and Impact guidelines. Given the early-stage nature of the companies selected for investment by the Fund, if there are gaps in a company's ESG and / or Impact compliance, a roadmap to close these gaps will be agreed with the companies as part of the investment process.

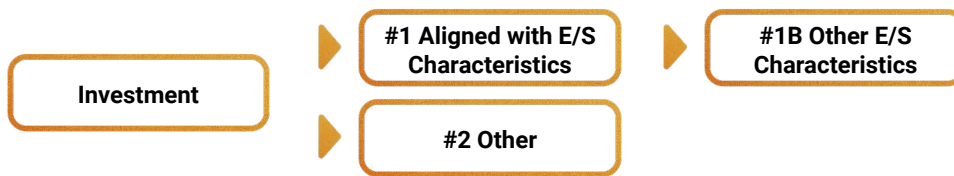
Post-investment good governance is monitored during the annual ESG monitoring as well as the quarterly monitoring of the impact key performance indicators and regular board meetings or meetings with management, taking into account the early stage and size of their business.

A detailed overview of our good governance practices is provided in our Impact Strategy, which is available upon request.

## Proportion of investments

While the Fund does not have as its objective sustainable investment, the Fund aims to have 100% of sustainable investments and will have a minimum proportion of 80.00% of sustainable investments. Investments that are not aligned with its sustainable objective are grouped in the category 'other'. Although the targeted allocation of assets classified as 'Aligned with E/S characteristics' or 'other' as mentioned here is not binding, as per the date of this disclosure an investor may reasonably expect a sustainable asset allocation in this range.





**#1 Aligned with E/S characteristics** includes investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

An investment may be marked as 'other' for the following reasons:

- Cash or money market instruments: the Fund may hold cash or money market instruments to respond to upcoming capital calls from portfolio funds and other treasury management purposes.
- Borrowings: the Fund may temporarily borrow up to 10% of its Net Asset Value (NAV) for treasury management purposes.

As all Fund assets marked as other in the definition above concern cash or limited borrowings for treasury management purposes, they do not affect the minimum proportion of 80.00 % of sustainable investments.

The investment strategy of the Fund leads it to invest in companies at a very early stage in development, often just consisting of a few team members and a technology prior to proof of concept. As a result, the Funds considers the direct impact on environmental, social or governance factors still relatively low for almost all of our portfolio companies at the time of investment. Given the early-stage nature of the companies selected for investment by the Fund, if there are gaps in a company's ESG and / or Impact compliance, a roadmap to close these gaps will be agreed with the companies as part of the investment process.

Our Impact Strategy and assessment are tailored to the needs of, and requirements for, early-stage companies. Our approach is detailed in two procedures: an ESG assessment (pre-investment) and an ESG monitoring and reporting (post-investment).


### Monitoring of environmental or social characteristics

We believe that applying Impact Strategy not only mitigates business risks, but also creates long-term value for businesses, resulting in better financial return for the Fund. Hence, the Fund strongly encourages its portfolio companies, their founders and CEOs to actively incorporate ESG principles in their daily business activities.

Through an annual follow-up of the ESG performance of the portfolio companies of the Fund, the Fund aims to identify and improve, as the case may be, the environmental consequences, social and human rights issues of an investment, the observation and acknowledgement of fundamental employees' rights, the absence of corruption and bribery by any of the parties involved in the investment, and the compliance with applicable environmental, human rights and labour rights.

The Fund aims to take a board or observer seat in its portfolio companies for follow-on investments. Where this is possible, the Fund should be in a position to monitor the companies' ESG compliance, their financial and non-financial performance, and to advise them on appropriate ESG standards, taking into account the early stage and size of their business.





The task of monitoring the ESG commitments is assigned to the investment professional of the Fund dedicated to the specific portfolio company (the "Portfolio Manager"). It is the daily responsibility of the Portfolio Manager to monitor the performance of the portfolio company, linked to predefined indicators. The performance results are shared with the Limited Partner Advisory Committee in the annual ESG reports. In case the investment performance is considered non-compliant with the Impact Strategy, the Portfolio Manager will proactively engage with the portfolio company to mitigate issues and find a solution. In case no solution is identified the problem is escalated and addressed in the board of the relevant portfolio company.

### **Methodologies**

Qualitative performance monitoring in the field of ESG themes is done on a regular basis through the contacts that the Portfolio Managers maintain with the portfolio companies. When observations or incidents occur at the portfolio companies related to the topics as defined in the ESG policy, these are followed up by the Portfolio Manager and, where necessary, escalated within the relevant governance structure. In addition, an annual formal screening takes place where both the risk and impact performance results are analyzed, and where necessary the dialogue is opened to realise improvements or report positive realisations correctly.

### **Data sources and processing**

To measure the ESG performance of the Fund, data on the portfolio companies' products or services are sourced from the companies themselves through interviews and / or other types of assessments.

Portfolio companies report their financial performance and Impact KPIs on a quarterly basis. Impact KPIs are set individually for each portfolio company, as they are tied to different industries and operate under unique business models. The investment team will be reviewing the data and following up on the progress towards achieving the Impact KPIs defined at investment and the financial performance of the portfolio are reported to our investors on a quarterly basis. Depending on the stage of the company and the industry, the Portfolio companies will report on the KPIs using a combination of recognized sources where estimations are needed in combination with using data from their own systems. The split between estimations and real data will depend on the maturity of the company and the specific industry of the company.

In the definitive transaction documentation each portfolio company is required to agree to ESG related undertakings.

Reporting on the Fund's investments will be done in accordance with Annex IV to the Regulatory Technical Standards of the SFDR.

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

Data quality and reliability is largely anchored on the data gathered by the portfolio companies themselves, and the analyses of the Portfolio Managers, that is largely based on a limited set of comparison data.

However, our investment horizon is at a very early stage and the relevance of the data is relative. The companies that the Fund invests in, are not yet at scale level, so the impact on the environmental or social characteristics is not always representative.



## Due diligence

The Fund conducts due diligence on the company's technology, team, commercial roadmap, financial and legal status, intellectual property strategy, as well as on ESG and impact aspects.

An ESG- and Impact related risk assessment and impact analysis is thus an integral part of the due diligence performed by the Fund.

Please refer to the Sections "Investment Strategy" and "Data Sources and processing" above for a further description of the Fund's due diligence.

## Engagement policies

Following an investment and during the holding period, the portfolio managers monitor the portfolio companies' ESG compliance, as well as their financial and non-financial performance, taking into account the stage of maturity of the portfolio company. Portfolio managers maintain a regular dialogue with management to ensure the Impact and ESG roadmaps are being implemented and amended, if and when needed. This means that the Investment Manager can respond timely if any portfolio issues or opportunities arise.

In the definitive transaction documentation each portfolio company is required to agree to ESG related undertakings at the earliest possible and practical point.

## Index as reference

Not applicable since there is no reference benchmark designated for the purpose of attaining the environmental and/or social characteristics promoted by the fund.

## Further information

More information about the organisation and the Fund can be found on our website or by reaching out to [alina@impactshakers.com](mailto:alina@impactshakers.com)

