ESG Disclosures

At SmartFin, we are aware of our responsibilities towards society, including those relating to environmental, social and governance ("ESG") matters. The transition to a low-carbon, more sustainable, resource-efficient, and circular economy will affect all operators of the economy including the portfolio entities that we invest in. By taking sustainability factors into consideration when making investment decisions, we cannot only contribute to a more sustainable economy and society. We also believe that, to make good investments, sustainability factors should not be overlooked.

1 Sustainability risk policies

Investing responsibly and avoiding sustainability risks will enhance the value of our investments: certain ESG-related events or conditions could potentially have a (negative) impact on the value of our investments.

We therefore integrate an assessment of sustainability risks in our decision-making process when considering an investment. We mitigate sustainability risks by carefully selecting potential portfolio entities for investments, as well as the sectors that they are active in. In addition, through the long-term investments that our funds take in portfolio entities, we may influence such portfolio entities' activities and policies relating to sustainability and thereby diminishing sustainability risks for our investments.

Also, when considering new potential investments in portfolio entities, a careful selection is made. Prior to making any investment, we conduct a thorough due diligence research on target entities. Such due diligence research, among others, focuses on the target's compliance with applicable legislation, among which also ESG-related legislation. The outcome of the due diligence findings and assessment of the target's compliance with (ESG) legislation is taken into consideration when an investment decision is taken by us.

As an active investor, we seek representation on the governance bodies of our portfolio entities. Throughout the lifespan of our investments, we monitor portfolio entities' compliance with (ESG) legislation and human rights. We encourage our portfolio entities to take initiatives that lead to reducing carbon emissions, contributing to a more sustainable, resource-efficient and circular economy and increasing diversity.

2 No consideration of sustainability adverse impacts

We are aware that our investment decisions, as well as our portfolio entities' activities may have an impact on sustainability factors. By selecting portfolio entities for investment and monitoring them during the lifespan of our investment in relation to ESG matters as set out above, we try to reduce any sustainability adverse impacts that our investments may have and contribute to a more sustainable economy.

Our ESG policy is in line with the values that guided SmartFin since its inception. We seek to function as a responsible company that also acts as a responsible investor, thus trying to contribute to sustainable value creation within our portfolio entities. As an investor, in close cooperation with the participations, we try to create a strategic added value that goes beyond the purely financial aspect and can offer solutions to broader socio-economic and social problems.

However, for the purpose of article 4 of 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"), SmartFin does not consider the adverse impacts of our investment decisions on sustainability factors.

Those adverse impacts are not considered because SmartFin is a small organisation with limited resources and personnel and consequently not fully equipped to determine precisely what the adverse impacts of its investment decisions would be, based on the different criteria set forth in the SFDR and the legislation implementing the SFDR. Besides we invest in small and medium sized entities that, due to their size and limited resources, are not capable of providing the information required to precisely determine the adverse impacts of our investment decisions in accordance with the SFDR and the legislation implementing the SFDR.

Consequently, for the time being, SmartFin cannot consider adverse impacts of investment decisions on sustainability factors in the future in accordance with article 4 of the SFDR for the aforementioned reasons.