

SFDR: Fund Level Disclosure

4impact Fund II Coöperatief U.A.

The 4impact Fund II Coöperatief U.A. (Fund 2), which will be launched imminently, is managed by the general partner, Aline B.V. (“4impact”) and is subject to disclosure under SFDR regulation. The fund is classified as an Article 9 fund under SFDR and has the following sustainability objectives:

A. Sustainable Investment Objectives

4impact manages venture capital funds that exclusively invest in digital startups which make a significant positive impact, solving environmental and societal challenges. Therefore, this financial product invests in startups that have a net-positive impact on one or more of the aforementioned components. As such, the fund contains 100% investments with a sustainable environmental or social objective.

To realise this, the fund invests in the following three impact pillars, aligned with the SDGs:

1. Environment (SDG 7, 9, 12, 13, 15), including but not limited to:
 - a. Sustainable production
 - b. Circularity
 - c. Energy transition
 - d. Carbon markets
 - e. Mobility
2. Inclusion (SDG 4, 5, 8, 10), including but not limited to:
 - a. Diversity and inclusion at work
 - b. Access to education
 - c. Supporting the elderly
 - d. Assistive technology
 - e. Financial equality
3. Health & Well-being (SDG 3), including but not limited to:
 - a. Digital therapeutics
 - b. Digital diagnostics
 - c. AR/VR
 - d. Healthy lifestyle
 - e. Increased efficiency in care

In addition to falling within these impact pillars, an investment must also demonstrate impact that is inherent and intentional, shows additionality, and is material and measurable.

At 4impact, our funds use our Impact Assessment Framework to identify positive impacts of investments. We leverage the Theory of Change, Impact Management Project’s framework and international targets such as the Sustainable Development Goals (SDGs) to identify measurable and meaningful positive impact. This framework also includes both negative screening against controversial sectors, and the provision and consideration of certain sustainability risk data at the investment committee.

B. Impact Methodology

We target early-stage business (largely seed to series A), which have intentional, net positive and measurable impact. We incorporate impact assessment and measurement throughout our investment processes to ensure impact is deeply embedded and maximised in our portfolio.

For all new investments, an impact assessment is carried out upfront using our Impact Assessment Framework to ensure contribution to our sustainable investment objective is not assumed at face-value. This framework enables us to identify the most important impacts aligned with sustainability objectives:

- The five dimensions of impact as per the IMP, along with all data available, and
- Impact risk and returns analysis, identifying intentionality and additionality.

As described above, potential investments are screened for impact which aligns with the SDGs and falls under one of our three impact pillars, is inherent and intentional, shows clear additionality, and is material and measurable.

Once we have found a company with potential, during due diligence, we ask the company to draft an impact thesis using our template, which we review and assess. The Theory of Change forms the backbone of this impact thesis. As part of this process, we assess the entire impact value chain, concluding with the ultimate impact that the business is aiming to generate.

The impact thesis includes the following components:

- the significance of the problem the company is targeting
- the company's solution to the problem
- a theory of change outlining the logical structure of impact potential and intended outcomes
- the relevant SDGs
- identification of measurable impact KPIs and targets
- an explanation of the deliberate alignment, additionality and risks of adverse impacts.

These features are then considered and approved by the Investment Committee.

As shareholders: Actively monitor financial and impact indicators and provide ongoing strategic input.

Exit: Prioritise responsible exits for our investments.

C. Realised Impact

1. Investment Monitoring

Given the inherent impact built into our investee company's business models, we monitor both financial and relevant impact KPIs with equal emphasis.

We receive regular reporting packs from our portfolio companies, at a minimum quarterly, which include financial, operational and, informed by the relevant impact pillar and sector, impact metrics and KPI's. We also have regular meetings with management to discuss progress and contribute

where we can to solving any issues. At a minimum, impact metrics are reported annually, with a preference for quarterly reporting.

On an annual basis, we work with our companies to agree a revised budget, including financial, operational and impact KPI's. This forms the baseline against which we measure the progress of our portfolio companies.

2. Investor Reporting

Fund level investor reporting

We define the goals and ultimate impact of our portfolio companies, as well as set their 3 year impact KPI targets, in their impact thesis. Taking the KPIs achieved as a percentage of target, we weight by amount invested, and aggregate to a total percentage for the fund as a whole.

The Fund Impact KPI Targets are checked with the 4impact Impact Advisory Board (and prior to the establishment of the Impact Advisory Board, will be checked with the 4impact Advisory Board).

At exit, the impact will be measured as described above, with that final percentage contributing to the total percentage impact achieved for the fund overall.

Annual Impact Report

We consider it essential to measure and report on impact, and we are also very proud to share the achievements of our founders and portfolio companies. 4impact has published an annual impact report since 2019, describing the progress we are making with regard to impact in our portfolio, sharing our approach to impact measurement and reporting on our progress as a fund. Our 2021 report is available to review [here](#).