SFDR website disclosures

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Fund Manager: byFounders VC Management II ApS, CVR-no. 45149285 (also referred to as "byfounders", "we" or "us")

Financial product: byFounders VC Fund III K/S, CVR-no. 45160491 (also referred to as the "Fund")

BASIC INFORMATION

1.1 Integration of sustainability risks in the investment decision-making process

"Sustainability risks" refers to environmental, social, or governance ("ESG") events that, if they occur, could cause an actual or a potential material negative impact on the value of the Fund's investments. A "Portfolio Company" refers to any private company in which the Fund holds an equity stake.

The Fund actively assesses sustainability risks that could negatively affect the Fund's financial performance, asset valuation, or long-term investment strategy. During the due diligence phase, the Fund and Fund Manager identifies additional, potential sustainability risks which, due to the Fund's investment strategy, usually lies within environmental risks, data privacy risks, non-ethical product development risks or legislative risks.

While the likelihood of these risks occurring is considered low, they remain an integral part of the Fund's risk management framework.

The Fund incorporates sustainability risks into investment selection, portfolio monitoring, and governance, ensuring compliance with its ESG Policy. The investment process consists of the following five stages:

(1) Sourcing
(2) Screening
(3) Evaluation
(4) Investment Committee
(5) Due Diligence

During the holding period, the Investment Manager ensures that identified sustainability risks are continuously monitored, mitigated, and reported. Thai is process is managed by the Responsible Investment Lead of the investment, ensuring that sustainability risks remain a priority.

Portfolio companies are required to actively manage sustainability risks and report on a set of identified sustainability risks. These KPIs are reviewed regularly to ensure alignment with ESG objectives. If the Fund Manager has a board seat or otherwise has a significant influence on the portfolio company's structure and governance, the Fund Manager exercises such influence on the board of directors of the portfolio company and ensures that sustainability risks are on the board agenda and a continued focus in the portfolio company.

In addition, and based on the assessment of relevant sustainability risks, sector- and activity-specific restrictions are included in the Fund's investment policy and are outlined in Section (d) Investment Strategy.

Finally, the Fund only invests in companies that demonstrate good governance practices, including sound management structures, employee relations, remuneration policies, and tax compliance, in accordance with SFDR requirements for Article 8 funds.

1.3 Remuneration policies

The Fund Manager does not have a remuneration policy, and Fund Manager's remuneration structures are not linked to the integration of sustainability risks. Thus, they are not structured to the effect that they encourage excessive risk taking with respect to sustainability risks.

ADDITIONAL INFORMATION FOR FUND MANAGERS MANAGING ESG PROMOTING FUNDS

2.1 Summary

byFounders is an early-stage fund, focusing on pre-seed and seed investments in technology companies across Europe, with a focus on the Nordics and Baltics.

In this process, the Fund considers relevant sustainability risks, i.e. environmental, social, and governance events that, if they occur, could cause an actual or a potential material negative impact on the value of the Fund's investments.

The Fund promotes environmental and social characteristics but does not have as its objective a sustainable investment. Our focus is to generate positive and measurable social and/or environmental impact.

To attain the environmental and social characteristics promoted by the Fund, the Fund Manager actively seeks out investments that are eligible as an impact startup.

An impact startup, according to us, has a high level of *intentionality* to generate positive and measurable social and/or environmental impact, alongside financial growth, and addresses at least one of the *UN Sustainable Development Goals*. Thus, most impact investments that we target and, thus, the environmental and/or social characteristics of the Fund will be either environmentally focused companies that reduce or reverse climate change, or health-focused companies that improve the quality of life and healthcare offered to the public.

We have a three-step approach for assessing all potential portfolio companies: 1) Negative screening 2) ESG Responsibility screening and 3) Impact screening. To be eligible for an investment, the portfolio companies need to pass the 1) Negative screening and 2) ESG Responsibility screening tests. To be an impact startup and, thus, to be eligible to become an investment that helps attain the environmental and social characteristics of the Fund, the company must in addition pass the 3) Impact screening test and be assessed to have at least medium impact.

100 % of our investments will be in companies that pass the Negative screening test and ESG Responsibility screening test. A minimum of 50% of our investments is expected to meet the environmental and/or social characteristics promoted by the Fund in accordance with the binding

elements of the investment strategy, i.e. pass the Impact screening test and be assessed to at least have "medium impact".

During the ESG/Impact due diligence, we include an "impact and responsibility survey", including a long list of questions to be answered by the founders (for self-evaluation) and by us. This survey includes questions around the level of impact, ESG scores, D&I score, values alignment assessment, ESG as a financial risk, and possible unintended consequences/risks, and an impact and ESG scorecard is completed by the responsible byFounders investment team member to assess the level of these indicators.

For each of the portfolio companies there will be quarterly reporting on financial performance and predefined impact KPIs that performance will be measured on.

In addition, Fund Manager is obliged to prepare an annual reporting pursuant to the Sustainable Financial Disclosure Regulation ("SFDR") and, in connection with the preparation of such mandatory reporting under the SFDR, the Fund Manager will send out a more detailed annual questionnaire to the portfolio companies to take a deep dive into the company's organization and business activities.

All portfolio companies will as a minimum report on 1) ethical matters (to ensure they keep passing the negative screening test) and 2) responsible operations (to ensure they keep passing the ESG responsibility test). The impact companies will, additionally, report on the impact KPIs to ensure they keep having at least medium impact.

it is mandatory for our portfolio companies to do a baseline measurement on product impact (i.e., "What impact does your product/solution have on people or the planet?") and operational impact (i.e., "How sustainable is your daily operations?"), including eventual unintended consequences and ESG risks, during due diligence with an annual measurement follow-up. Moreover, a responsibility assessment is conducted by the byFounders investment team at time of investment, including a range of questions about level of product impact, correlation between impact and business growth, eventual negative environmental effects, and social and governance factors. This survey also includes an ESG risk assessment. These assessments are built by us but inspired by the frameworks created by VentureESG.

Therefore, we have implemented ESG and impact measurement to the best of our knowledge and abilities and committed to a process of continuous improvement and of receiving feedback from subject matter experts and impact VC peers.

Additionally, byFounders is reliant on data provided by portfolio companies to measure goal attainment. We are aware that this may mean that the final impact delivered differs from that estimated.

byFounders accommodates relevant data limitations by applying best practices and frameworks to ensure that these limitations do not affect the attainment of the environmental and social characteristics promoted by the Fund.

Where byFounders has significant influence over the portfolio company's structure and governance, we will exercise that influence at the board of directors of the portfolio company to ensure that impact and ESG priorities are included in the board of directors' meeting agendas.

In the unexpected event of an impact or ESG incident, byFounders would always engage with the portfolio company and work with them to reverse or mitigate the impact of the incident on affected parties.

byFounders has not yet identified any relevant benchmark index for early-stage technology businesses. Therefore, we do not use an index as a reference benchmark.

2.2 No sustainable investment objective

The Fund promotes environmental and/or social characteristics but does not have sustainable investments as its objective.

2.3 Environmental and Social Characteristics of the Fund

The fund's focus is to generate positive and measurable social and/or environmental impact alongside financial growth. Thus, byFounders pursue investments that address major challenges to the planet and society with a high degree of intentionality and preferably address one of the UN Sustainable Development Goals. Most impact investments that we target will meet one or more of the following environmental and/or social characteristics of the Fund:

- **Climate Change Mitigation** – Companies that contribute to reducing or reversing climate change through renewable energy, energy efficiency, carbon reduction technologies, or other sustainable solutions.
- **Improved Quality of Life** – Companies developing solutions that enhance general well-being, social inclusion, education, or sustainable urban development.
- **Improved Healthcare Quality and/or access** – Companies improve healthcare systems, access, and innovation to deliver better health outcomes.

2.4 Investment strategy

The Fund is an early-stage venture capital fund investing in pre-seed and seed technology companies across Europe, with a primary focus on the Nordics and Baltics.

As an impact-aware investor, the Fund explicitly looks for and actively invests in, but is not limited to, impact startups. This means that impact investments are intentionally made, but the Fund has the mandate to also invest in "non-impact" tech companies (as long as these do not have a negative impact or are run by non-responsible founders).

As impact-aware investors we, therefore, focus on maximizing financial returns while, where possible, investing in companies where revenue growth coactively creates positive impact that solves for some of the global challenges we face.

byFounders will continue to invest in the best software-enabled tech companies, excluding those with a negative impact. Some of those may not be considered impact startups, but we will nonetheless screen them for how they act to avoid harm through their products, supply chains, and ways of working.

The Fund has defined the following binding elements in its investment strategy to ensure alignment with the environmental and/or social characteristics it promotes:

A. Negative Screening
   The Fund shall not invest in companies operating in prohibited sectors or activities, including fossil fuel-related businesses, tobacco, weapons, gambling, pornography, or any other activities that are illegal, unethical, or in violation of UN, EU, or Danish sanctions. This exclusion policy applies to 100% of investments.

B. ESG Responsibility Screening

All portfolio companies must pass an internal ESG responsibility assessment as part of the due diligence process. This assessment evaluates responsible practices across environmental, social, and governance dimensions and is applied to 100% of investments.

C. Impact Screening
At least 50% of the Fund's investments must be in companies that qualify as "impact startups," meaning they are assessed to have at least a medium level of positive environmental or social impact, based on defined criteria such as intentionality, alignment with UN Sustainable Development Goals, and measurable contribution to societal or environmental outcomes.

D. Inclusion of ESG and Impact Commitments in Legal Agreements
The Fund's standard term sheet includes a "responsibility clause" that outlines ESG and impact expectations for portfolio companies. This clause is included in all investments made using the Fund's standard legal documentation.

All of the companies and founders that the Fund invests in should be ethical (pass byFounders negative screening test) and be running responsibly (integrating ESG considerations into their operational level). Thus, we seek to only make responsible investments by excluding companies that have a predominantly negative impact and do harm and/or who are active within the sectors further described in section 1.1 of these website disclosures.

In addition, and to attain the environmental and/or social characteristics promoted by the Fund, Fund Manager actively seeks out investments that are eligible as an impact startup.

An impact startup, according to us, has a high level of *intentionality* to generate positive and measurable social and/or environmental impact, alongside financial growth, and addresses at least one of the *UN Sustainable Development Goals*.

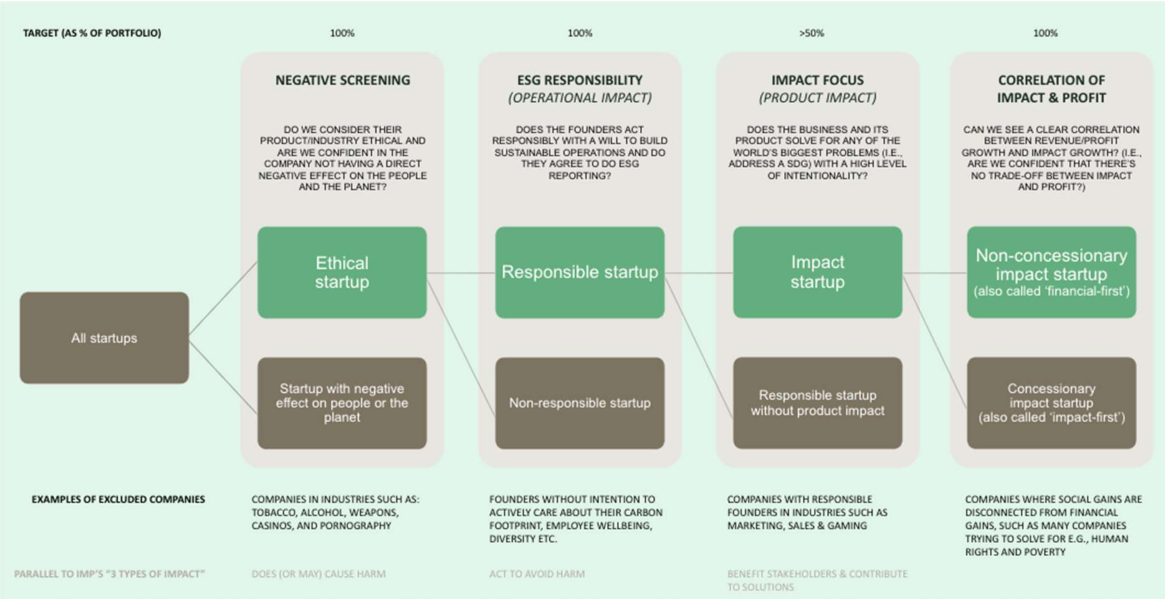
What is important to us is that founders are *conscious* of the impact they have, that the product and service they're developing does not have a *net negative impact,* and that they continuously *strive to improve* their impact on society and the environment.

An impact startup must have a substantial positive contribution to one or more of the UN Sustainable Development Goals and will often be either environmentally focused companies *that reduce or reverse climate change*, or health-focused companies *that improve the quality of life and healthcare offered to the public*.

Thus, the company must directly contribute to solutions to environmental (e.g. reducing energy consumption in households) and/or social (e.g. improving healthcare accuracy) challenges or simply benefit stakeholders (reducing negative effects) with a high level of intentionality, i.e., impact is a core part of the business. This means that the financial growth of the business (e.g., more revenue or customers) is directly correlated to a higher level of positive impact on people or the planet.

A company's impact comes from both what they sell and how they run their business. A "traditional" B2B SaaS company with founders who care about how they run their business in the most sustainable way still fits under our umbrella. While it might not be classified as an impact startup that helps the Fund attain its environmental and/or social characteristics, we expect it to be a responsible one.

The investment strategy used to attain the environmental and/or social characteristics promoted by the Fund, including our selection process and the binding elements of that as described above can be illustrated as follows:



What methodologies are used to assess each of the steps illustrated above, including a company's impact, is further described in the 'methodologies' section (section 2.7) below.

Given that the Fund invests in early-stage technology companies—typically at the pre-seed and seed stage—where governance structures may still be evolving, the Fund takes an active role in evaluating and supporting good governance practices throughout the investment lifecycle.

Pre-Investment Assessment

Before making an investment, the Fund systematically assesses the governance practices of potential portfolio companies using two key due diligence tools:

- Responsibility Survey: Completed by the founders during due diligence, this survey provides a self-assessment of the company's current governance practices, risk awareness, and ESG intentions.
- Internal ESG Scorecard: Independently completed by the byFounders investment team, this tool evaluates governance attributes such as leadership integrity, board composition, compliance with tax and regulatory obligations (e.g., anti-bribery, anti-money laundering), and employee rights.

These assessments help identify gaps and opportunities, guide post-investment support, and establish a governance baseline for ongoing monitoring.

Post-Investment Monitoring and Support

During the holding period, the Fund actively monitors and supports portfolio companies in strengthening governance practices. This includes:

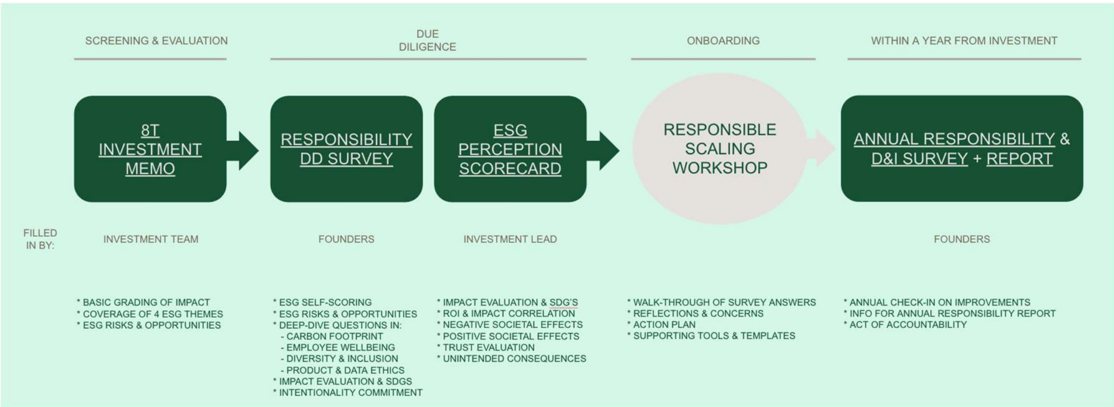
- Annual Responsibility Survey: All portfolio companies complete this survey annually to report on progress in governance areas such as board oversight, diversity, financial integrity, and ESG performance.

- Board Engagement: Where the Fund has a board seat or significant influence, it promotes governance priorities—including ESG integration, compliance, and transparency—at the board level.

- Ongoing Support and Tools: The Fund provides continued guidance and resources to portfolio companies, which may include governance or responsibility workshops, ESG and impact measurement tools, employee engagement tools, and access to relevant advisors from the byFounders Collective.

By embedding governance oversight into both the investment decision-making and portfolio management processes, the Fund aims to foster responsible, resilient, and scalable governance structures across its portfolio.

Our due diligence and portfolio management process can be illustrated as follows:



For a detailed description of the assessment methodologies used at each stage of this process, see Section 2.7 (Methodologies).

Below is a summary of the binding elements that the fund is committing to. These commitments are used to measure whether the environmental and/or social characteristics promoted by the Fund are being met.

Negative Screening	The Fund shall not invest in companies operating in prohibited sectors or activities, including fossil fuel-related businesses, tobacco, weapons, gambling, pornography, or any other activities that are illegal, unethical, or in violation of UN, EU, or Danish sanctions. This exclusion policy applies to 100% of investments.
ESG Responsibility Screening	All portfolio companies must pass an internal ESG responsibility assessment as part of the due diligence process. This assessment evaluates responsible

	practices across environmental, social, and governance dimensions and is applied to 100% of investments.
Impact Screening (50% minimum)	At least 50% of the Fund’s investments must be in companies that qualify as “impact startups,” meaning they are assessed to have at least a medium level of positive environmental or social impact, based on defined criteria such as intentionality, alignment with UN Sustainable Development Goals, and measurable contribution to societal or environmental outcomes.
ESG & Impact Clauses in Legal Agreements	The Fund’s standard term sheet includes a “responsibility clause” that outlines ESG and impact expectations for portfolio companies. This clause is included in all investments made using the Fund’s standard legal documentation.

2.5 Proportion of investments

As outlined in section 1.1 ("Integration of Sustainability Risks in the Investment Decision-Making Process") and section 2.4 ("Investment Strategy"), the Fund commits to investing exclusively in companies that meet ethical standards and comply with the binding elements of its investment strategy. This means:

(1) 100% of investments must pass both:
   (a) Negative Screening, ensuring they meet ethical and compliance criteria (as detailed….).
   (b) ESG Responsibility Screening, confirming they operate responsibly (as detailed in section 2.7, ‘Methodologies’)

(2) At least 50% of investments will align with the Fund’s promoted environmental and/or social characteristics. These startups must be assessed as having at least a “medium impact”, as further described in section 2.7 (‘Methodologies’).

(3) The remaining investments (up to 50%) may include technology startups that do not meet the criteria of an "impact startup" but still adhere to responsible business practices. The purpose of these investments is to support the Fund’s strategy of investing in high-potential software-enabled technology companies that meet ethical and governance standards but may not have an explicit environmental or social impact focus.

#1 Aligned with E/S characteristics includes the 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.

2.6 Monitoring of environmental or social characteristics

To monitor the environmental and/or social characteristics promoted by the Fund throughout the holding period, we require portfolio companies to provide ongoing access to relevant data, as mandated by our responsibility clause in the legal investment documents. As part of this clause, each portfolio company is required to complete an annual questionnaire.

All portfolio companies will, at a minimum, report on:

(1) **Ethical matters**, to ensure they continue passing the negative screening test.
(2) **Responsible operations,** to ensure they continue passing the ESG responsibility test.

Additionally, "impact companies" *(i.e., investments promoting the environmental and/or social characteristics of the fund)* will also report on impact KPIs, allowing the fund to track the progress of sustainability indicators and ensure they maintain at least a medium impact rating. These impact KPIs are initially set during the investment phase but may be adjusted as the portfolio company develops and/or matures. Hence, the fund manager will revisit the set KPIs on an annual basis to ensure it remains relevant to the company's maturity stage and business model.

Such reporting will also enable the Fund Manager to identify additional areas of impact beyond the initially defined impact KPIs and ensure that the environmental and social characteristics of the Fund continue to be met.

If the Fund manager has a board seat or otherwise has a significant influence on the portfolio company's governance, it will use this position to monitor and support the company's progress in meeting its environmental and social commitments.

Based on the portfolio companies' performance, the Fund may provide resources to support the attainment of agreed KPIs and/or responsible business practices, helping the portfolio company achieve its sustainability goals.

Internal control mechanisms include:

- ESG and impact data are reviewed by the responsible investment lead and investment team.
- Internal tools such as the ESG scorecard and responsibility survey are used to benchmark and assess portfolio company performance.
- ESG and impact progress is tracked through quarterly reporting and annual follow-ups, which feed into internal portfolio reviews.

External control mechanisms include:

- ESG and impact clauses included in investment agreements (standard term sheet responsibility clause).
- Mandatory annual completion of responsibility and impact surveys by portfolio companies.
- Support and input from relevant advisors or byFounders Collective members, where appropriate.
- Annual SFDR and impact-awareness reporting shared with limited partners for transparency and accountability.

2.7 Methodologies

The Fund applies a structured, three-step screening process to assess all potential portfolio companies, ensuring alignment with its environmental and social characteristics:

(1) Negative Screening
(2) ESG Responsibility Screening
(3) Impact Screening

To be eligible for investment, a company must successfully pass both the Negative Screening and ESG Responsibility Screening. To be classified as an impact startup—and thus qualify as an investment that actively contributes to the Fund's environmental and social characteristics—the company must also pass the Impact Screening and be assessed as having at least a medium impact *(as further described under point 3, impact screening).*

The methodology used to conduct these screenings and assess the level of impact is outlined below.

1) Negative Screening

Negative screening ensures that investments meet ethical and responsible standards by excluding companies engaged in activities that conflict with the Fund's sustainability principles.

The primary question we ask is: *"Do we consider the company's product/industry ethical and are we confident in the company not having a direct negative effect on the people and the planet?".*

This process follows a values-aligned investment approach, ensuring financial returns do not come at the expense of sustainability commitments. The exclusion list, detailing restricted sectors and activities, is provided in section 1.1.

2) ESG Responsibility Screening

If a company passes the negative screening test, it undergoes ESG Responsibility Screening to ensure it integrates responsible business practices into its operations. We evaluate:

a) Founder commitment: Do the founders actively seek to build a sustainable and responsible company?
b) ESG integration: Has the company embedded ESG considerations into its core operations?
c) Reporting & transparency: Is the company committed to ESG reporting and ongoing assessment?

ESG metrics are used to measure a company's non-financial risk outside of financial accounting frameworks.

a) Environmental Factors: Climate change mitigation & adaptation, Pollution prevention &. circular economy practices
b) Social Factors: Labor standards & fair working conditions, Inclusivity & human rights adherence, Community engagement
c) Governance Factors, Ethical leadership & accountability, Transparent policies & risk management, Board diversity & executive oversight

The level of ESG responsibility is measured across all portfolio companies using key ESG metrics, which focus on four core themes:

(1) *Carbon footprint:* Measuring a company's carbon footprint is important because it measures a company's contribution to mitigating climate change. Evidently, if a company has a significantly increasing carbon footprint, it can have negative effects on its relationship with its employees, consumers, business partners, and investors.
(2) *People's wellbeing:* People's well-being is of utmost importance for the success of any company. We believe that the happiness and wellbeing of individuals at a company directly contribute to their productivity as an employee. The greater the employee's well-being, the greater the productivity of the employee, and the greater the productivity of the company. Here, in regard to KPIs, we have chosen the combination of employee churn and employee Net Promoter Score (NPS) in order to obtain a balanced view of an employee's wellbeing. Churn is the most objective KPI, however, it can also be distorted depending on a company's ways of working and type of recruiting. Whereas NPS adds the subjectivity of how people feel, their stress, and their daily happiness and gives a snapshot of a moment in time for every individual employee.
(3) *Diversity, Equity & Inclusion:* In regards to Diversity and Inclusion (D&I), we believe that a more diverse tech ecosystem will result in better products and services as well as strengthened economic growth - i.e. a better society for generations to come. Our long-term goal is to democratize the opportunity to build, scale, and invest in technology companies. We realize our level of responsibility as investors and our influence in picking which ideas get funded. Hence, we are committed to fostering a culture of inclusion amongst our portfolio companies and across the broader tech ecosystem. You can read more about our D&I policy across our investment process, portfolio management, and fund management here.
(4) Product & Data Ethics:

We always try to select as few metrics as possible that are highly relevant for measuring the key parameters within E, S, and G for early-stage software companies. They are designed to be early-stage appropriate, outcome-focused, and financially material. Our generic KPIs are focused outcome metrics as opposed to process-based metrics to ensure that our efforts lead to tangible results. The operational impact (ESG) KPIs are currently:

- Carbon footprint:
    - CO_2-emissions (if >15 FTEs)
- People's wellbeing:
    - Employee churn
    - Employee NPS (if >15 FTEs)
- Diversity, Equity & Inclusion:
    - Individual startup operations, % of women in:
        - Founding team
        - Leadership team
        - Full organisation
        - Board of directors
    - Individual startup ownership, % of women:
        - On the capitalization table
        - In the employee option pool
    - On a portfolio level, % of founders:
        - From underrepresented backgrounds
- Product & data ethics:
    - Privacy breaches

The Fund Manager does not consider principal adverse impacts (PAIs) on sustainability factors in accordance with Article 4 of the SFDR. However, in the context of promoting environmental and social characteristics under Article 8, the Fund uses selected PAI indicators on a voluntary basis where relevant and feasible. For example, metrics related to greenhouse gas emissions, gender diversity in governance, and exposure to controversial weapons may be used as part of the ESG Responsibility Screening and ongoing KPI monitoring. These indicators are selected based on relevance to early-stage technology companies and are adapted to reflect data availability and materiality. As the Fund and its portfolio companies mature, the use of PAI-aligned indicators may be expanded and refined.

3) Impact Screening

The final screening step evaluates whether a company qualifies as an "impact startup", and thus meets the environmental and/or social characteristics promoted by the fund. For assessing the level of impact, we have defined four different levels:

Impact Level	**Definition**
High impact	The company is uniquely solving a key issue or drastically reducing negative effects on people or the planet.
Medium impact	The company solves an important issue or reduces negative effects on people or the planet.

Some impact	The company’s core product does not solve a key environmental or social issue but contributes to creating a better Tomorrow. Impact considerations are secondary (though an important part of the value proposition), and the product's North Star metric is most likely non-impact related.
No Impact	–

A company must be classified as at least medium impact to be considered an investment that helps attain the Fund’s environmental and social characteristics. To determine impact classification, we assess six key impact criteria:

Impact Criteria	**Definition**
Intentionality	The founders have a clear intention to generate positive social and/or environmental impact alongside financial success.
Quantified Impact Problem	There is a clear, measurable environmental or social issue that demonstrates the scale and significance of the challenge *(e.g., X% of global energy-related emissions stem from Y).*
Alignment with UN Sustainable Development Goals	The company aligns with at least one of the UN Sustainable Development Goals (SDGs).
Measurable Solution Impact	The startup's product or service addresses the impact problem either by offering a concrete solution *(e.g., creating a renewable energy source)* or benefitting stakeholders *(e.g., reducing negative effects)* in a measurable way.
Correlation of Impact & Revenue	There is a correlation between revenue and impact growth. However, the correlation can be either: 1. Direct: Positive social and/or environmental outcomes result directly from using a product or service. For example, a renewable energy company's revenue growth translates to increased clean energy production and reduced reliance on fossil fuels. 2. Indirect: The product or service enables users to create positive social and/or environmental outcomes. For example, carbon accounting software helps users.
Impact as a Core Business Driver	Impact is central to the company's business model rather than a secondary consideration. The company’s North Star metric reflects its

	impact ambitions, ensuring that financial success is intrinsically linked to the achievement of positive environmental or social outcomes.

If a company meets all six criteria, it meets the threshold to become a medium or high-impact startup. If it does not meet the last criterion (Impact as a core business driver), it will only qualify for the "some impact" category.

For companies classified as medium or high impact, their product impact is measured through 1-2 unique KPIs specific to each startup. These KPIs are chosen by the founders (with support from us) and tailored to each portfolio company, considering its maturity stage, industry, specific sustainability objectives, and the most relevant metrics for assessing impact.

This also ensures that the KPIs are uniquely relevant for each specific startup. Examples of indicators used to measure the attainment of environmental and social characteristics include:

Promoted E/S Characteristic	**Sustainability Indicator (i.e., impact KPI) (examples)**
Climate Change Mitigation	- Reduction in CO_2 emissions (tons/year) - GWH saved
Improved Quality of Life	- Number of individuals positively impacted (e.g., through improved access to education, financial inclusion, employment opportunities, etc.) - Customer-reported satisfaction or well-being improvement (e.g., via periodic surveys or net promoter score [NPS] related to quality-of-life aspects)
Improved Healthcare Quality and/or Access	- Number of patients/users accessing healthcare services (e.g., telehealth consultations, diagnostics, treatments delivered) - Reduction in barriers to care (e.g., average wait time, cost per patient, or geographic coverage)

Given that the Fund primarily invests in early-stage companies, the selected KPIs evolve over time as the portfolio company develops, scales, and refines its business model. The level and scope of KPIs are periodically reviewed to ensure that they remain aligned with the company's business growth and its contribution to environmental and/or social objectives.

2.8 Data sources and processing

The Fund primarily relies on self-reported data from portfolio companies to measure the attainment of its environmental and/or social characteristics, collected through annual reporting and quarterly updates. While the Fund reviews this information, it does not independently verify each KPI (i.e., no independent calculations or external audits are conducted).

Given that the Fund primarily invests in early-stage companies with limited resources, some estimates may be necessary in impact calculations where direct measurement is not feasible. The Fund works with portfolio companies to improve data accuracy and transparency over time.

As further described in the 'Due diligence' section (section 2.10) and the 'Monitoring of environmental or social characteristics' section (section 2.6), it is mandatory for our portfolio companies to do a baseline measurement on product impact (i.e., "What impact does your product/solution have on people or the planet?") and operational impact (i.e., "How sustainable is your daily operations?"), including eventual unintended consequences and ESG risks, during due diligence with an annual measurement follow-up.

Moreover, a responsibility assessment is conducted by the byFounders investment team at the time of investment, including a range of questions about level of product impact, correlation between impact and business growth, eventual negative environmental effects, and social and governance factors. This survey also includes an ESG risk assessment. These assessments are built by us but inspired by the frameworks created by VentureESG.

byFounders strives to use objective and quantifiable data in combination with qualitative comments.

Impact and responsibility KPI information is provided by portfolio companies through quarterly updates and annual surveys. The byFounders team – with support from the investment lead - is further responsible for collecting and reviewing the data to ensure a reasonable quality standard.

2.9 Limitations to methodologies and data

The Fund strives to apply leading methodologies for measuring ESG and impact outcomes but recognizes the inherent limitations within its early-stage software investment focus, particularly in the impact space. Given the evolving nature of impact measurement, there is no universally established best practice or long-term validated methodology that serves as a definitive guide to best measure impact and the attainment of the environmental and/or social characteristics promoted by the Fund.

To address this, the Fund has developed its own ESG and Impact assessment process, incorporating recognized best practices and industry frameworks. We are committed to continuous improvement, regularly refining our approach based on feedback from subject matter experts, impact-focused investors, and emerging industry standards.

Additionally, the Fund relies on self-reported data from portfolio companies to assess progress toward the environmental and social characteristics it promotes. As such, we acknowledge that:

- Impact projections may not fully reflect actual outcomes, as measurement methodologies continue to evolve.
- Data availability and quality may be constrained by the early-stage nature of our portfolio companies, which often have limited resources for comprehensive ESG and impact reporting.
- The methodologies referred to in (g) methodologies and data sources referred to in (h) Data sources and processing above only provide a snapshot as projections into the future will always carry uncertainty.

The Fund will regularly review the methodologies and data used to assess the attainment of the environmental and/or social characteristics to ensure they reflect the latest industry developments and best practices.

2.10 Due diligence

All investment decisions are based on commercial, financial, legal, and ESG/Impact due diligence.

During the ESG/Impact due diligence, we include an "impact and responsibility survey", including a long list of questions to be answered by the founders (for self-evaluation) and by us. This survey includes questions about the level of impact, ESG scores, D&I score, values alignment assessment, ESG as a financial risk, and possible unintended consequences/risks.

At the due diligence phase, a byFounders impact and ESG scorecard is completed by the responsible byFounders investment team member which assesses the level of impact, ESG scores, D&I score, values alignment assessment, ESG as a financial risk, and possible unintended consequences or risks of the potential investment. This process ensures that the current status, future aims, and opportunities for byFounders to support the portfolio company are duly identified and documented at the investment stage.

In addition, we have an 'impact evaluation' & 'responsibility evaluation' in our investment proposal for Investment Committee meetings - including an overview of:

- *ESG:* Current ESG practices, ESG risks, and qualitative evaluation of portfolio company team integrity/trust
- *Impact:* Besides the topics covered in our impact evaluation framework, we also evaluate who the beneficiaries of the solution are and their level of intentionality.

Internal control mechanisms supporting this due diligence process include:

- Completion and internal review of the Impact and Responsibility Survey and ESG scorecard by the investment team
- Use of standardised templates and scoring methodologies to ensure consistency across evaluations
- Investment Committee oversight, including review of ESG and impact assessments prior to any investment approval

External control mechanisms include:

- Inclusion of ESG and impact clauses in standard legal investment documentation, ensuring alignment with due diligence findings
- Self-assessment by the company founders during due diligence, allowing for validation against the investment team's independent review
- Ongoing reporting obligations post-investment that are based on the data collected during the due diligence phase

2.11 Engagement policies

Where byFounders has significant influence over the portfolio company's structure and governance, we will exercise that influence on the board of directors of the portfolio company to ensure that impact and ESG priorities are included in the board of directors meeting agendas. However, there are also contexts where byFounders do not obtain influence over the portfolio company. In these situations, byFounders will leverage the assistance provided to all portfolio companies on impact and ESG topics, found in section 2.4.

In the unexpected event of an impact or ESG incident, byFounders would always engage with the portfolio company and work with them to reverse or mitigate the impact of the incident on affected parties.

2.12 Designated reference benchmark

byFounders has not yet identified any relevant benchmark index for early-stage technology businesses. Therefore, we do not use an index as a reference benchmark.