



Katapult Ocean

ESG and Impact guidelines



Impact is at the core of Katapult Ocean's strategy



Katapult Ocean exists to accelerate people, companies and capital towards positive impact. We build impact intentionally into our screening, investments, programs, and portfolio support. Our acceleration, networks, and investors are curated to drive impact in our portfolio companies, and the systems and entrepreneurial ecosystems in which they work. Katapult Ocean's Deep Blue Fund 1 has **sustainability as its core investment objective** and are therefore classified as an **Article 9** fund in accordance with the EU's Sustainable Finance Disclosure Regulation (SFDR 2019/2088). In line with this regulation, Katapult Ocean will only invest in companies that fulfil EU's definition of a 'sustainable investment' (as defined in SFDR 2019/2088 Art 2(17)).

Our support on ESG and Impact

In-house expertise:

Katapult staff integrate and deliver impact program and post-program support. Katapult Foundation is an impact practice thought leader within the tech startup ecosystem.

Impact Readiness - 1/3 of acceleration program focuses on practical ways of exploring, defining, projecting and measuring impact.

We put a strong emphasis on **monitoring and reporting** impact metrics regularly and productively for startups and we are providing them with access to the impact and ESG reporting platform Worldfavor.

We can't manage what we don't measure

We recognise that the proof burden is on us as an investor to demonstrate how we uphold the legal requirements. We see the need to constantly to improve the documentation and data collection from our portfolio companies and ensure that any claims we make are evidence backed. Still, it's important to remember that our ability to generate evidence is only as good as the data we get from our portfolio companies, especially those that are very early stage. We're working hard to fulfil the reporting requirements while still being founder friendly as we understand that building a company, looking forward, and ensuring good enough reporting data, looking backward, must be balanced. We're mindful of not overly burden our portfolio companies with reporting requirements and will support them by providing good reporting tools and facilitating good routines. Our goal is that the companies are reporting not just to satisfy our reporting needs, but also equip them to unlock bigger pools of capital in the future.

If things don't go as planned

We invest in early-stage companies and there will always be a risk that they pivot as a company. If one of our portfolio companies fails to meet the sustainable investment criteria and therefore cannot be considered a 'sustainable investment' during the ownership period, Katapult Ocean would work actively with the company to help mitigate any risks and sensitise on the opportunities of remaining on the impact journey. As a minority owner, our control is limited but as we get to know the teams well during the accelerator program, we believe that our ability to influence the teams is high. However, if this is ultimately considered not possible, we would consider to exit the investment. The final decision would be made on a case-by-case basis, and such cases would be exceptions to the norm. Our investors would be kept informed of such developments, at minimum through our annual SFDR periodic reporting.

Impact management in Katapult Ocean

Katapult Ocean is committed to only do sustainable investments



* In line with SFDR art. 2(17) on what's considered a sustainable investment

**OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

SFDR in our investment process and portfolio management

	Stage 1: Screening	Stage 2: Due Diligence, investment decision and agreement	Stage 3: Accelerator Program	Stage 4: Portfolio Management and Exit
Part 1 Make a contribution	Impact screening and impact intentionality assessed	Companies screened against the SDGs and the Ocean Impact Navigator. Interviews conducted. Potential Mission lock agreed on.	Impact workshops during and sessions Finalize Impact management plan. Set Impact KPIs and have a plan for measurement	Impact indicators measured, managed & reported on annually Sustainability of high impact ensured
Part 2 Do No Significant Harm	Exclusions screened against Katapult Ocean Exclusion list.	Principal Adverse Impacts and ESG risk assessment. Due Diligence questionnaire answered by companies and interviews are conducted	ESG risk assessed by company, awareness raised, & companies onboarded on Worldfavor for PAI and Impact reporting	in exit scenarios ESG and PAI indicators reported annually
Part 3 Good Governance		Governance review in ESG risk assessment	Commitment to uphold good governance standards	Potential gaps mitigated & SFDR good governance reported annually.
Key tools	Katapult Ocean ESG Policy Impactulator Impact assessment	Impact and Sustainability assessment Interviews Investment Committee and investment Agreement	Impact Management Plan in Databutton	Ocean Impact Navigator And ESG reporting in Worldfavor

How we ensure that our investments...

Make a substantial contribution

Impact Screening and impact intentionality assessed

Katapult Ocean is an impact investor, meaning that we make our investments and conduct our operations with the 'intention to generate positive, measurable social and/or environmental impact alongside a financial return'. This 'impact intentionality' means that Katapult Ocean only invests in companies that have a demonstrable focus on creating positive impact for people and/or the planet by solving one or more Sustainable Development Goals (SDGs).

In our **Impact and Sustainability Assessment** sheet, the companies are screened to investigate whether:

- This company is solving a globally recognised challenge.
- The impact is intentional, core to business and measurable.
- There is a transformative impact potential (in scale/depth)
- The solution is net positive, e.g. solving one global challenge without contributing to another

The companies are also screened against the **Ocean Impact Navigator*** KPIs to investigate if they are or have the potential to have a significant impact on one or more of the KPIs listed there.

Using AI as an extra verification of the assessment

The companies are screened through the *Impactulator* developed by the AI Team in Katapult. The tool pulls and analyzes all impact data from the company's webpage and gives us the key impact information about the company, an indication about their impact intentionality and potential risk of greenwashing.

*Ocean Impact Navigator is a framework developed by the coalition 1000 Ocean Startups in collaboration with Systemiq

The SFDR provides descriptions of environmental and social objectives in its definition of a 'sustainable investment'. Either i) demonstrate a contribution to an environmental or social objective, or ii) contribute towards an economic activity identified within the EU Taxonomy.

However, the regulation does not state what's considered to be a 'contribution' and what's not.

The EU Taxonomy has defined six environmental objectives under which economic activities can qualify as environmentally sustainable:

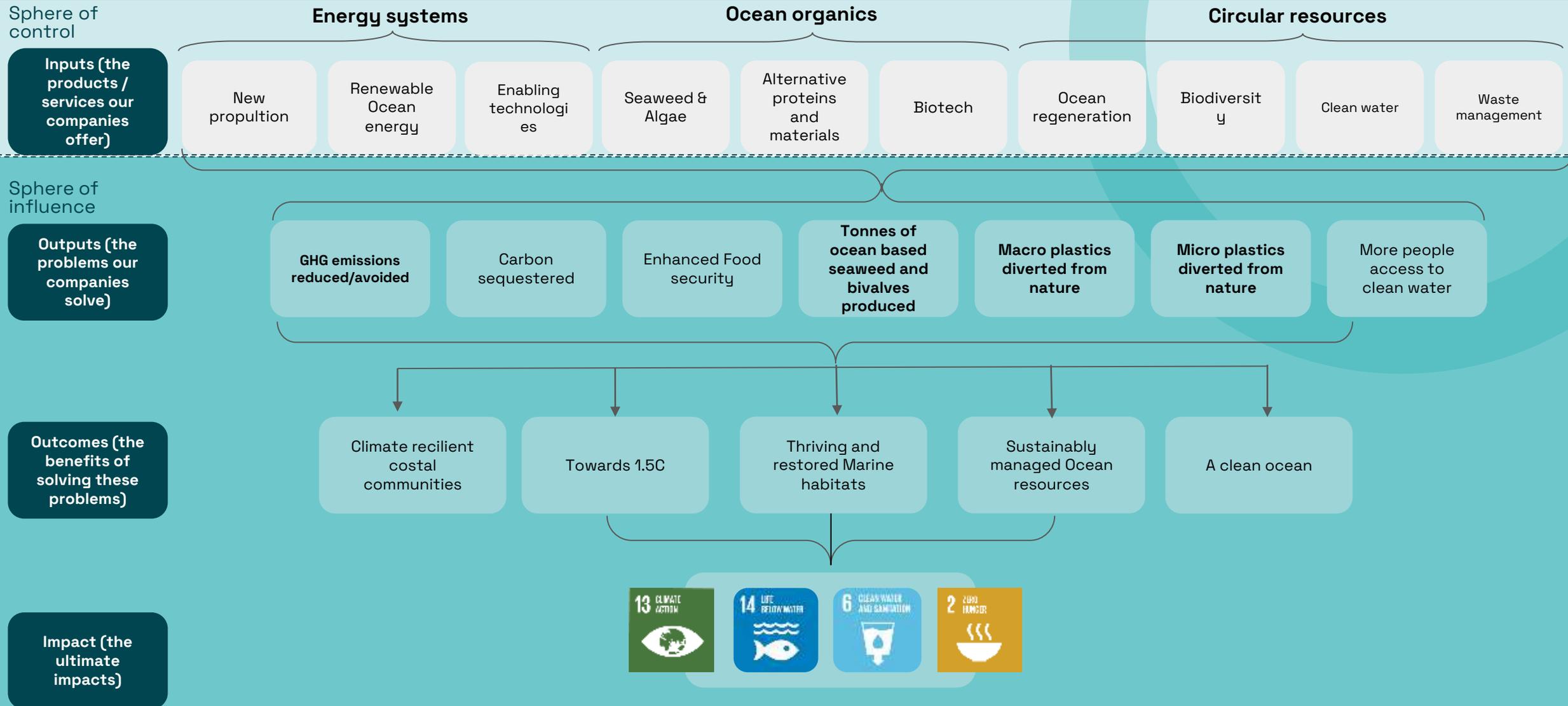
- Climate Mitigation;
- Climate Adaptation;
- Pollution prevention and control;
- Transition to a circular economy;
- Sustainable use and protection of water and marine resources;
- Protection and restoration of biodiversity and ecosystems

Guidance is available on the climate-related objectives (the first two). In June 2023, the Commission approved in principle [a Taxonomy Environmental Delegated Act](#) including a new set of criteria for non-climate related environmental objectives. As of February 2024 the regulation was ratified in Norway and economic activities contributing towards all six can be classified as 'environmentally sustainable'. The new guidelines have not been implemented in Katapult yet but will be of importance going forward.

Katapult Ocean Investment Theory of Change



Building an SDG-aligned portfolio of companies to find the most impactful Ocean solutions



How we ensure that our investments...

Do no significant harm - Assessment

We recognize that there will be sustainability risk related to all the companies we invest in. We interpret sustainability risk two-sided; inside-out and outside-in. If we start with the **inside-out** interpretation. There is a risk that the companies we invest in, through their activities, contribute to a negative impact on sustainability. On the other hand, there will also be sustainability risks in the understanding of an outside-in approach, meaning that external sustainability conditions can negatively affect our investments. If a company we have invested in, for example, depends on water in its production and there are more frequent droughts that limit the water supply, this could negatively affect the ability to produce, and thus the profit from the investment will also be negatively affected. In the investment decision-making processes, we will take both inside-out and outside-in risks in consideration. As inside-out risks often are possible to handle and mitigate, we have a higher attention to these risks. We ensure to the greatest extent possible that our companies do not have a significant negative impact on environmental, social or governance sustainability. In our "Katapult Ocean ESG Policy" which is our overall framework, we say that "We aim to weigh and balance various ESG risks, factors and impacts. We identify, mitigate against and/or exclude negative social and environmental impacts from our investments and operations."

Our investment mandate is to invest in companies that contribute positively to the sustainability goals, in addition to being linked to areas and KPIs of the Ocean Impact Navigator. In practice, this is done in the investment decision-making processes by analyzing ESG risk in our "Impact and Sustainability Assessment" tool. We recognise that the companies we invest in are early-stage and that we are among the first external investors to enter the companies. This means that we cannot demand that all routines for sustainability are in place in the companies before we invest, but we can influence them in a positive direction and contribute to them getting guidelines and routines in place.

We assume that outside-in risk will be largely reduced, by definition, by investing in companies where the intention is to create a positive impact. We invest in ocean-related transport solutions, renewable energy, solutions for sustainable food and water, and circular resources. The aim of the investments is to reduce the negative impact on the sea and/or to scale new, more sustainable solutions. The outside-in risk is also reduced by the fact that we do not invest in companies that contravene our exclusion list. Worldfavor currently does an outside-in risk assessment of the companies' ESG risk based on their geographical location. They're mapped against the risks for violations of human rights, corruption, water shortages, modern slavery, workers' rights and biodiversity. This analyzes should preferably be conducted in Worldfavor before an investment decision is made.

How we ensure that our investments are sustainable in line with SFDR?

Outside-in risk assessment



We aim to weigh and balance different ESG risks, factors and impacts. We therefore identify, mitigate against and/or exclude negative social and environmental impacts from our investments and operations. We have a no animal harm approach in our investment mandate and will not invest in companies in industries listed in our ESG policy.

The do no significant harm criteria states that economic activities performed by the company **cannot significantly harm** any other environmental objectives. Katapult Ocean's biggest impact to the world is through our investments we do and accelerator program we conduct. Katapult Ocean will not measure our own Principal Adverse Impacts for the time being, but we will ensure that we keep an eye our own carbon footprint and provide up to date knowledge and tools so that our portfolio companies to mitigate ESG risks, and minimize their carbon footprint and potential other harmful activities.

To analyse the potential investment companies, we invite them to Worldfavor where the first ESG-risk assessment is done. Based on the HQ of the company and countries they operate in, the initial risk assessment will be done against the following indexes:

Human rights - World Bank The Worldwide Governance Indicators (WGI) project

Corruption - Transparency International

Water stress - World Resources Institute

Modern slavery - Minderoo Foundation

Labor rights - International Trade Union Confederation

Biodiversity - WWF

If the company is scored at "Extreme risk" or "High risk" in the risk assessment, further investigations are carried out if the company is still a candidate for investment and the materiality of the risk and potential mitigating actions are built into the investment agreement.

How we ensure that our investments...

Do no significant harm – Inside-out risk assessment

The potential investments will be risk assessed in Worldfavor based on where they are HQ and operates. If the risk assessment shows «extreme» or «high» risks, requirements must be made if the company haven't already delt with the risk.

I.e if a company are operating in a country with a high corruption risk, and they don't have an anti-corruption policy in place, the risk must be mitigated and adopted in the company within a short period of time.

All portfolio companies will report on their Principal Adverse Impacts.

SFDR PAI 1

Section Name	Question
GHG emissions	Total Scope 1 GHG emissions
GHG emissions	Total Scope 2 GHG emissions
GHG emissions	Total Scope 3 GHG emissions
	Does your company derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels?
GHG emissions	Total energy consumption
GHG emissions	Percentage of non-renewable energy consumption and production
Biodiversity	Does the company negatively affect biodiversity-sensitive areas?
Water	Emissions to water
Waste	Total weight of hazardous waste generated
Social and employee matters	Has your company been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises?
Social and employee matters	Does your company have processes and compliance mechanisms in place to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises?
Social and employee matters	Unadjusted gender pay gap
Social and employee matters	Percentage of board members that are female
Social and employee matters	Is the company involved in the manufacture or selling of controversial weapons?
Additional comments (optional)	Provide your free text response here
Additional comments (optional)	Upload any additional documentation here

SFDR PAI 2a

Section Name	Question
	Which of the following climate change practices does your company have in place?
GHG emissions	
Water, Waste and Biodiversity	Total water consumption
Water, Waste and Biodiversity	Percentage of water recycled and reused
Water, Waste and Biodiversity	Upload your water management policy
Water, Waste and Biodiversity	Total amount of non-recycled waste generated
Water, Waste and Biodiversity	Upload your deforestation policy/commitment
Social and employee matters	Upload your health and safety policy
Social and employee matters	Upload your Supplier Code of Conduct or equivalent document
Social and employee matters	Does your company have a grievance/complaints handling mechanism related to employee matters?
Social and employee matters	Upload your whistleblowing policy
Social and employee matters	Total number of incidents of discrimination
Human Rights	Upload your human rights policy
Human Rights	Does your company have a human rights due diligence in place?
Anti-corruption and anti-bribery	Upload your anti-corruption policy
Additional comments (optional)	Provide your free text response here
Additional comments (optional)	Upload any additional documentation here

How we ensure that our investments...

Have good governance

The company must promote good governance, in **alignment** with OECD and UN frameworks.**

In particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

SFDR Good Governance

Section Name	Question
Employee Relations	Does your company respect the right of employees to freely join unions?
Employee Relations	Upload your HR policy, employee handbook or equivalent document describing your employment policies and practices
Employee Relations	Describe your grievance/complaints handling mechanism related to employee matters
Employee Relations	Does your company have a management representative responsible for employee relations?
Human Rights and Labor standards	Does your company have a human rights due diligence process in place?
Human Rights and Labor standards	Upload your human rights policy
Human Rights and Labor standards	Describe your process to identify and manage actual and potential human rights and labor rights risks in your own operations and supply-chain.
Human Rights and Labor standards	Does your company have a management representative responsible for human rights and labor rights?
Anti-corruption and anti-bribery	Does your company work against corruption in all its forms, including extortion and bribery?
Anti-corruption and anti-bribery	Upload your anti-corruption policy
Anti-corruption and anti-bribery	Describe your process to identify and manage anti-corruption risks in your own operations and supply-chain.
Anti-corruption and anti-bribery	Does your company have a management representative responsible for anti-corruption matters?
Tax compliance and remuneration	Does your company annually publish an audited financial statements or/and report?
Tax compliance and remuneration	Number of independent board members
Tax compliance and remuneration	Does your company have any ongoing controversies on taxation or/and accounting?
Tax compliance and remuneration	Describe the remuneration practices for members of the highest governance body and senior executives
Additional comments (optional)	Provide your free text response here
Additional comments (optional)	Upload any additional documentation here