

## **Art. 10 SFDR - Earlybird Growth Opportunities V**

Earlybird Growth Management GmbH & Co. KG (the “**Manager**”) is an alternative investment fund manager within the meaning of the EuVECA-Regulation of Earlybird Growth Opportunities Fund V GmbH & Co. KG (the “**Earlybird Growth Opportunities V**”) and as such publish the following information on their website in light of the consideration of sustainability-related aspects in accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27th of November 2019 on sustainability disclosure requirements in the financial services sector (the “SFDR”).

### **Summary**

**This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

**What environmental and/or social characteristics are promoted by this financial product?**

### **Investment Restrictions:**

The governing documentation underlying this product (in particular, the Partnership Agreement of the Earlybird Growth Opportunities V) provides for investment restrictions relating to environmental and/or social characteristics, i.e., the Partnership shall not, inter alia, invest in Portfolio Companies which engage in, or that directly or indirectly control another entity which business activity is any one or more of the following: (i) arms industry and arms trading; (ii) gambling industry; (iii) tobacco industry; (iv) human cloning; or (v) GMOs (i.e., genetically modified organisms) trading or research and development relating to GMOs.

**Does this financial product consider principal adverse impacts on sustainability factors?**

The Manager does not consider principal adverse impacts of investment decisions on sustainability factors.

‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The Manager does not use sustainability indicators. Considering the numerous legal uncertainties currently related to the application of the provisions of the SFDR and the Regulatory Technical Standards (“RTS”) – in particular with respect to the consideration of adverse impacts – and the administrative burden resulting from such uncertainties, the Manager is not in a position to commit to such standard in light of its fiduciary duty to Earlybird Growth Opportunities V and its investors.

The Manager will constantly monitor and review the evolution around such regulations and standards and intends to change its position on adverse impacts once (i) a best practice has evolved among market participants, (ii) there is clear guidance by the administrations on the application of such regulations and (iii) the consequences of a commitment towards the consideration of principal adverse impacts are reasonably clear to the Manager.

### **What investment strategy does this financial product follow?**

Earlybird Growth Opportunities V is a venture capital fund aiming at investments in growth companies, including Portfolio Companies in which an entity managed or advised by an affiliate of the Managing Limited Partner directly or indirectly holds an investment of any type, addressing a large mainstream market; with proven business models with the potential to disrupt markets with a strong product DNA; with unique or leadership position regarding their product, technology, scalability or market approach; with strong management personalities; with a high degree of defensibility resulting from forward- and backward-looking lock-in effects as well as network effects and marketplace mechanics; if applicable, with foreseeable regulatory environment; where the Partnership can take a meaningful role as the lead or one of the lead investors models.

Such growth companies belong to the industry sector of Digital technology, including, but not limited to, Retail Tech including Food Tech, Fin- & InsurTech and Industrial & Mobility Tech including LogTech and Mobility; Furthermore, the Partnership will pursue overarching cross industry opportunities in the field of Enterprise Productivity and Supply Chain; focus technologies within these industries and functions will be IoT / Connected Devices, AI / Data Analytics, Crypto / Blockchain, Robotics and Virtual Reality, and health.

With respect to investments in Portfolio Companies other than Portfolio Companies in which an entity managed or advised by an affiliate of the Managing Limited Partner directly or indirectly holds an investment of any type, the minimum initial investment is Euro 10 million by the Partnership (which threshold can be reduced with the consent of the Limited Partner Advisory Committee; with respect to any investment by the Partnership, the total maximum investment (initial investment plus follow-on investments) is 20% of the Total Capital Commitments to the Partnership in the aggregate per Portfolio Company (a greater allocation is possible with the consent of the Limited Partner Advisory Committee). The Partnership shall be permitted to make investments representing a minority or majority interest in the equity capital of a Portfolio Company.

The regional focus of the Partnership is on growth companies which have at the time of the Partnership's initial investment their statutory seat or center of business activities in Europe which in the reasonable assessment of the Managing Limited Partner have the potential to develop a significant business exposure to the global/international markets.

Furthermore, the Managing Limited Partner applies the investment restrictions outlined above.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Earlybird Growth Opportunities V may not deviate from its investment restrictions as outlined above unless the Partnership Agreement has been revised by partners' resolution with a majority of at least 75% of the total capital commitments and in addition the consent of the Managing Limited Partner. Therefore, no investments deviating from the investment restrictions provided for by the Partnership Agreement will be conducted.

***How is that strategy implemented in the investment process on a continuous basis?***

As part of the due diligence and ongoing investment management, the investment team for Earlybird Growth Opportunities V will initially and continuously monitor whether the investment restrictions are abided by and whether the investment falls within the investment policies.

***What is the policy to assess good governance practices of the investee companies?***

As part of the due diligence and ongoing investment management, the investment team will review whether a potential investee company has good governance practices in place.

***What is the asset allocation planned for this financial product?***

Earlybird Growth Opportunities V will only make investments aligned with the promoted environmental or social characteristics. Earlybird Growth Opportunities V does not seek to make "sustainable investments" within the meaning of Article 2 para. 17 SFDR.

## **Methodologies**

Earlybird Growth Opportunities V considers ESG aspects in different stages of the investment process.

- Screening

ESG issues are an integral part of Earlybird Growth Opportunities V's screening process. Earlybird Growth Opportunities V raises awareness amongst the investment team to keep ESG issues in mind and raise red flags early in the investment process.

- Investment Criteria: ESG Questionnaire

During the Due Diligence process, the investment team members fill out the ESG Questionnaire. The goal of the questionnaire is to confirm that either there are no ESG risks issues, or that they can be mitigated. Moreover, the questionnaire is used to assess the status regarding ESG & impact of the company and identify focus areas of improvement to be tackled after investment.

#### - Investment Agreement

Earlybird Growth Opportunities V includes a sustainability clause in all new investment agreements. The company commits to implement a Climate & ESG Policy within three months of Closing and a Diversity Strategy within six months of Closing. The policy entails appropriate measures and actions to implement and track progress of the ESG policy which will be reviewed and monitored by the Board of Directors on a regular basis.

#### - Active Ownership

The board of directors is ultimately responsible for developing the portfolio company's sustainability strategy and linking evidence improved ESG performance to the company's value.

### **Data sources and processing and limitations to methodologies and data**

For the ESG assessment process as described above Earlybird Growth Opportunities V is partly reliant on the information collected for the ESG Questionnaire as part of the due diligence. Moreover, in the post-investment phase, Earlybird Growth Opportunities V is reliant on the company's reported data on ESG performance. In both cases, complete data may not always be available due to the nature of investments. The information is verified only if and to the extent misrepresentations are suspected. As the Fund's investment is made for several years, Earlybird Growth Opportunities V considers it a priority to establish and maintain a trustful working relationship with the Fund's portfolio companies in order to ensure compliance with the restrictions described in this section.

### **Due Diligence**

For the ESG assessment process as described above, Earlybird Growth Opportunities V is partly reliant on the information collected via the ESG Questionnaires as part of the due diligence and thereby follows industry standard procedures to complete the ESG Questionnaires. Where necessary, Earlybird Growth Opportunities V will engage with external (data-) providers to develop a coherent ESG due diligence in case further information is necessary to validate the investment.

## Engagement policies

As the Fund's investment is made for several years, Earlybird Growth Opportunities V considers it a priority to establish and maintain a trustful working relationship with the Fund's portfolio companies in order to ensure compliance with the restrictions described in this section. Further, Earlybird Growth Opportunities V wants to generate a positive impact beyond Fund's portfolio companies and share learnings and scientific insights, cooperating with other VCs as well as public institutions and foundations in order to advance the whole ecosystem. Yet, if Earlybird Growth Opportunities V encounters deviations against the Fund's environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies, the Fund Management envisages to engage with the respective portfolio company in order to implement a correcting mechanism. As venture capital investor, the influence Earlybird Growth Opportunities V has on the Fund's portfolio companies through shareholdings is nonetheless limited; also regarding Earlybird Growth Opportunities V' influence on sustainability matters. Therefore, during the pre- as well as the post-investment phase, information on ESG related issues will be collected and evaluated regularly.

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