



# Sustainability Related Disclosures

March 2024

**Financial Market Participant : 2050.do**

**Product Name : 2050.ventures**

## 1. Summary

2050.ventures pursues a venture capital strategy and has sustainable investments as its objective. Sustainable investment pursuant to Art. 2(17) SFDR means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any other environmental or social objective and that the investee companies follow good governance practices.

As an Article 9 fund, 2050.ventures will make 100% sustainable investments. However, being an evergreen fund, 2050.ventures needs 10% to 20% Monetary Instruments for liquidity management purposes, and this pocket could punctually reach 30%. Hence, 2050.ventures commitment to sustainable investments will apply to its investments in unlisted SMEs, and the overall asset allocation commitment to sustainable investments by 2050.ventures will only be 70% to ensure satisfaction of this minimum ratio at all times.

As the current focus of 2050.ventures' investment strategy is on solving environmental challenges, the minimum committed for the year 2024 on sustainable investments with an environmental objective is 50%, and the minimum committed on sustainable investments with a social objective is 10%. This split will be reviewed regularly and move toward a more balanced split between environmental and social objectives as the fund's focus evolves over time. To be noted the sum of the environmental ratio and social ratio do not equal 70% as we interpret them as yearly minimum ratios to be met.

The proportion of the Fund's investments in an environmentally sustainable economic activity within the meaning of the Regulation (EU) 2020/852 ("Taxonomy") will represent at least ten (10) % of its Net Asset Value. This threshold will evolve regularly as the EU Taxonomy extends and the 2050.ventures fund grows and matures.

No index as reference benchmark has been designated (Art. 9(1) SFDR).

2050.ventures promotes a holistic approach to sustainability and pursues a triple objective of creating financial, environmental, and social value by investing into companies that are aligned by design. [2050.do](https://www.2050.do) develops, together with the venture builder **We are human**, founder of Kahoot!, its sustainability framework and method named **Alignment** based on seven sustainability indicators "2050 Key Alignment indicators (KAI)", and which will be shared as an open source method. The sustainable investment objective of the Fund is measured by determining both the level of alignment of the Fund's portfolio companies, and the level of achievement of 2050's mission through the measurement of the aggregated net impact of the 2050.ventures' portfolio on the Essentials. We are consistently enhancing this measure and plan to have it fully implemented by 2025.



## 2. No significant harm to the sustainable objective

During the investment process and afterwards, during the monitoring process, **Alignment** empowers the management team and the management of the companies to co-build an alignment path, ensuring through its holistic approach that enterprises invested by the Fund do no significant harm to the environmental or social sustainable investment objectives.

With regards to **environmental objectives**, the **Aligned Planet** KAI considers:

- How the enterprise is climate positive on Scope 1, 2, 3 and 4 to address Climate change adaptation and climate change mitigation,
- How the enterprise has a regenerative impact on biodiversity, and
- Whether the enterprise has a healthy management of natural resources, waste and recycling.

With regards to **social objectives**, the **Aligned Society** KAI considers:

- How the enterprise respects human rights,
- How diversity is integrated in product pricing, development & distribution, and
- How service is accessible & affordable for customers where it will have the most impact.

### 2.a More on the indicators for adverse impacts on sustainability factors

After having invested, the enterprises report to the Management Company the adverse impact on sustainability factors. The reported data is compared to the previous year data. Performance results are shared and discussed with the enterprise at board level and mission/impact committee level if needed be. When a poor performance is identified, an action plan is encouraged to improve the impact performance on the sustainability factor concerned.

2050 is collecting data on its portfolio companies using the Sweep platform. The data collection campaign performed annually contains :

- the fourteen mandatory Principal Adverse Impact indicators (table 1) and two additional indicators from table 2 and 3 : (table 2.4) Investments in companies without carbon emission reduction initiatives and (table 3.4) Lack of a supplier code of conduct
  - additional sustainable indicators from **Alignment** (cf. Key Alignment Indicators)
- Furthermore, the enterprises will report on additional PAI indicators related to Table 1, Table 2 or Table 3 of the RTS.

### 2.b More information on alignment with international principles and standards:

The portfolio companies do not fall within the scope of the OECD Guidelines for Multinational Enterprises, so the assessment of alignment with these guidelines will be done in the future. However, the portfolio companies are incorporated and operating in countries where regulations incorporate such guidelines.

Furthermore, assessment of portfolio companies through the KAIs “Aligned Team”, “Aligned Ecosystem” and “Aligned Society” will ensure compliance with these guidelines.

Thanks to dedicated questions in its Aligned Sustainability Questionnaire, operated by Sweep, 2050’s processes verify that holdings comply with the minimum human rights guarantees imposed by :

- the European Taxonomy
- the UN Guiding Principles on Business and Human Rights
- the eight ILO conventions on the right to work



- the International Bill of Human Rights, are being formalized.

2050.do is a signatory of the UN PRI and will comply with the UN Guiding Principles on Business and Human Rights.

### 3. Sustainable investment objective of the financial product

As an Article 9 fund, 2050.ventures will make 100% sustainable investments. However, being an evergreen fund, 2050.ventures needs 10% to 20% Monetary Instruments for liquidity management purposes, and this pocket could punctually reach 30%.

Hence, 2050.ventures commitment to sustainable investments will apply to its investments in unlisted SMEs, and the overall asset allocation commitment to sustainable investments by 2050.ventures will only be 70% to ensure satisfaction of this minimum ratio at all times. As the current focus of 2050.ventures' investment strategy is on solving environmental challenges, the minimum committed for the year 2024 on sustainable investments with an environmental objective is 50%, and the minimum committed on sustainable investments with a social objective is 10%. This split will be reviewed regularly and move toward a more balanced split between environmental and social objectives as the fund's focus evolves over time. To be noted the sum of the environmental ratio and social ratio do not equal 70% as we interpret them as yearly minimum ratios to be met.

### 4. Investment strategy

2050.ventures promotes a holistic approach to sustainability and pursues a triple objective of creating financial, environmental, and social value by investing into companies that are aligned by design.

The Fund's mission is to invest to **shape a fertile future** by 2050, by investing in enterprises which:

1. contribute to the essential needs of individuals, society and the planet (the "**Essentials**"), and may combine both social and environmental objectives to:

- eat enough and healthfully,
- take care of body and mind,
- empower learning and creativity,
- live and produce sustainably, and
- put trust at the heart of the economy.

When making an investment, the Fund will consider how its investments contribute to any of the environmental objectives listed in the EU Environmental taxonomy of

- climate change mitigation
- climate change adaptation
- the sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- the protections and restoration of biodiversity and ecosystems

When the social taxonomy will be fully developed, the Fund will consider and report how its investment contributes to the social objectives that will be listed in such social taxonomy.

2. are Aligned Companies, in a process of **alignment** which is visible in the progress of the Key Alignment Indicators described below on the Alignment line. These KAIs are helping 2050 to assess the founders and team engagement, the alignment of the business model, the systemic impact



potential, in particular on social equity and planet positive footprint, and the way the mission is locked in time through governance, eg the overall alignment state and potential of a company:



3. participate in depth in an ambitious and fertile ecosystem, in particular by contributing to the strategic and open resources that make it up:

- academic & field research on Essentials markets deep dives, regulation, consumers and geopolitics trends, alignment best practices and impact valuation,
- development of open technological (IP, open data, software and hardware), knowledge, natural or social infrastructures including the Alignment Method,
- advocacy, education and cultural change for aligned sustainability.

## 5. Proportion of investments

2050 has adopted a pragmatic and evolutive approach to its sustainable strategy by focusing it only on its main asset class only: unlisted SMEs which aim at constituting a minimum of 70% of the Fund's assets. 2050 will target to equally balance social and environmental objectives within that portfolio in time, thanks to its evergreen structure, but has a current focus on solving environmental challenges.

At least 70% of the Fund's assets, representing 100% of its investments in unlisted SMEs, will meet the sustainable investment objective in accordance with the binding elements of the investment strategy.

The proportion of the Fund's sustainable investments with an environmental objective will represent at least fifty (50) % of the Net Asset Value.

The proportion of the Fund's sustainable investments with a social objective will represent at least ten (10) % of the Net Asset Value.

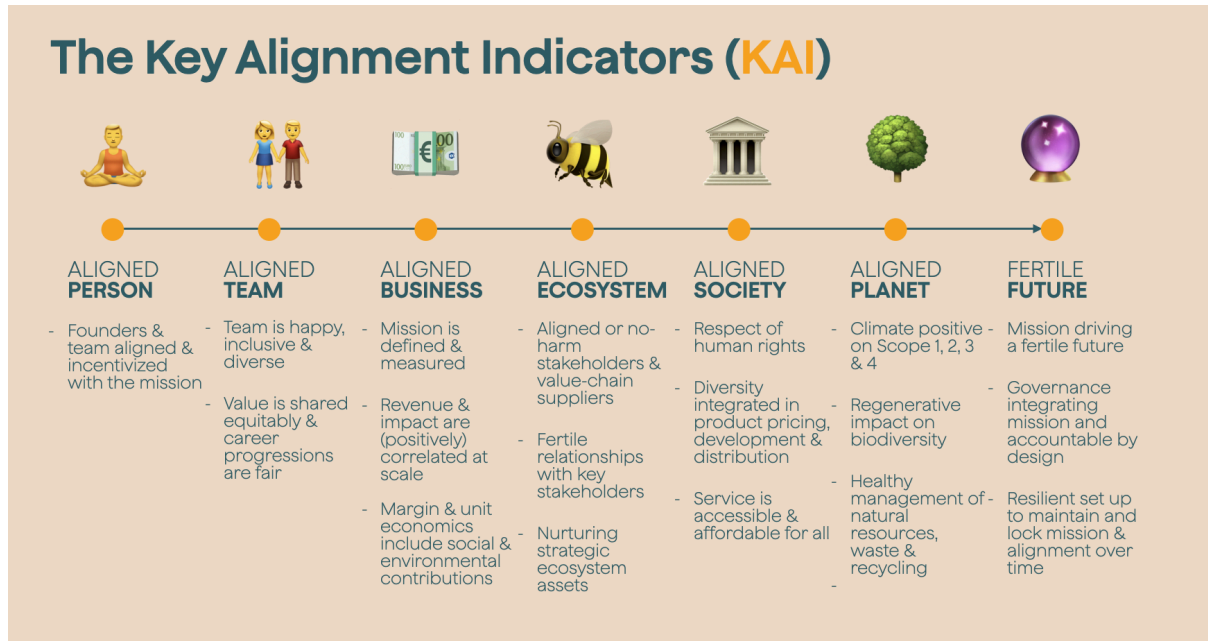
The proportion of the Fund's sustainable investments aligned with the European taxonomy will represent at least ten (10) % of its Net Asset Value. **This threshold will evolve regularly as the EU Taxonomy extends and the 2050.ventures fund grows and matures.**

To be noted the sum of the environmental ratio and social ratio do not equal 70% as we interpret them as yearly minimum ratios to be met.



## 6. Monitoring of environmental or social characteristics

2050.do develops, together with the venture builder **We are human**, founder of Kahoot!, its sustainability framework and method named **Alignment** based on seven sustainability indicators “2050 Key Alignment indicators (KAI)”, and which will be shared as open source methods:



**Alignment** is a strategic framework enabling founders, management and board alignment on long-term and holistic strategy, mission and goals, and on back-casted medium and short-term goals. It naturally results in a decision-making framework including KAIs which are used to ensure the company's alignment is maintained from an operational and compliance standpoint. Detailed KAIs therefore integrate in-house alignment indicators, positive and adverse impact indicators, including Principal Adverse Impact (PAI) on sustainability factors set out in the Regulatory Technical Standard (RTS) of the SFDR, augmented by some ESG, PRI and sustainability risks indicators as well as selected SFDR or CSRD compliance requirements. These indicators are chosen from

- the most advanced impact frameworks, including the Earth System Impact and the Essential Environmental Impact Variables from the Stockholm Resilience Center, and the Doughnut Economics Action Lab open access tools,
- SFDR Article 9 as well as EU taxonomy related indicators, including PAI, DNSH and Minimum Social Safeguards,
- PRI and other relevant ESG frameworks.

The **Alignment** and KAI will be enriched through the advancement of the joint project together with **We are human** on an open-source basis.

Please note that our set of KAIs and the sustainability data we gather from our portfolio companies will be amended regularly, to reflect regulation changes, progress on impact valuation or sustainability risks assessment, improvement of **Alignment** or additional focus of the Fund on specific matters.



## 7. Methodologies

Our mission is to invest in aligned companies contributing to the 2050 Essentials and participating in shaping a fertile future. From investment opportunities screening to exit, creating triple performance is our north star.

We find potential investments by meeting founders identified in priority sectors through the Deep Dives process, which tackles essential challenges and is conducted by our Venture and Knowledge teams. We also identify potential investments through applications from the 2050 ecosystem, including portfolio founders, LPs, co-investors, and other private equity, corporate or infrastructure funds, family offices, or investment firms.

On top of selecting companies shaping a fertile future, we maintain a strict exclusion list of forbidden activities or jurisdictions. Also, before digging further an investment opportunity, the Mission Committee, composed of 2050 team members and relevant external experts, evaluates the opportunity. Evaluations are based on alignment, financial potential, environmental and social performance, market analysis, competition, key success factors, portfolio management strategy, and compliance criteria.

In parallel to the standard pre-investment due diligence, we assess the alignment potential of the company. Our assessment also covers multiple PAIs, eligibility to the EU taxonomy, good governance practices and sustainability risks.

On top of usual investors' governance and financial rights, 2050.do ensures in its investment agreement that the grounds for the invested company's alignment path and regulatory compliance on SFDR and ESG topics are set.

In particular, 2050.do ensures in its contractual documentation that the invested company officially commits to lock its mission in time and monitors its achievement, for example by :

- Adding its mission within the governance by design (incorporation in the bylaws or articles of association, board accountability...)
- Engaging into co-building its alignment path together with 2050.do in the 18-24 months after the initial investment and establishing main Key Alignment Indicators to be collected and monitored regularly, and reported upon.
- Extending the board's accountability to achieving the company's mission and monitoring KAIs.

During the monitoring process, the Alignment framework empowers the management team and the management of the companies to co-build an alignment path, ensuring through its holistic approach that Enterprises invested by the Fund do no significant harm to the environmental or social sustainable objectives and contribute significantly to the Essentials. It also ensures that all decisions are taken in order to optimize the company's business, financial, environmental & social performances while nurturing its own ecosystem to build resilience in time. This monitoring is empowered by the establishment of the KAIs which are helping monitor progress on all these fronts and improve strategic decision-making and operations' efficiency thanks to their analysis and feedback loop.

The KAIs are used by 2050 to select portfolio's companies and help them to define a dedicated alignment plan with tailored objectives and improved KAIs. Then, the sustainable investment objective of the Fund is measured by determining both the level of alignment of the Fund's portfolio companies, and the level of achievement of 2050's mission through the measurement of the aggregated net impact of the 2050.ventures' portfolio on the Essentials. We are consistently enhancing this measure and plan to have it fully implemented by 2025.

To start measuring the 2050.ventures portfolio's net impact, as well as each portfolio company's net



impact and compare it to comparable funds or companies, 2050 will use the Upright Platform starting 2024 (on the reference period 1st of January 2023 to 31st of December 2023). This allows 2050 to have a reference third-party assessment of its overall net impact and mission achievement and assess its year over year progress. The KAIs have been used so far for a qualitative assessment. Refined **Alignment** will eventually lead to a qualitative and quantitative analysis. As **Alignment** develops further, the Management Company will update this document.

## 8. Data sources and processing

We collect sustainability data through the online platform, Sweep. As the data is sourced directly from our Portfolio Companies, most of it is not estimated. However, due to the early stage nature of some investments, companies may need to use estimates based on high-quality sources. The consistency of the data is verified by 2050.do. Given the maturity level of our companies, we typically collect sustainability data annually. However, depending on the company, some KAIs are monitored on a semester or quarterly basis. We compare the collected data to previous year's data and review it against any set targets.

## 9. Limitations to methodologies and data

Due to the proportion of investment in early stage companies, established methodologies and historical data for measuring precisely positive impact are many times lacking. Additionally, some companies are still developing their data collection capabilities during critical growth phases. However, as we actively engage with each portfolio company through our Alignment Framework, we ensure they stay on track to deliver triple performance by monitoring relevant Key Alignment Indicators (KAIs).

Positive impact is a fundamental aspect of our performance model, and we assist portfolio companies in enhancing their data collection and monitoring abilities. The Fund is also continuously refining its measurement methodology, incorporating emerging frameworks and data sources.

## 10. Due diligence

Throughout the due diligence process we analyze how much the targeted companies are contributing to 2050's objective to shape a fertile future and assess their alignment potential.

We assess from the very beginning of our investment process whether the company is contributing to our Essentials and to sustainable objectives in general.

Further down, we assess the alignment potential of the company through the alignment framework. We do it through internal team meetings and starting 2024, we will do it through alignment workshops with the management team.

At the end of our due diligence we have assessed :

- multiple PAIs from table 1, 2, 3 of the RTS
- whether the company is eligible to the EU taxonomy
- good governance practices of the company
- sustainability risks on environment, social and governance criteria

Our team conducts due diligence processes internally, meticulously analyzing each potential investment. This involves a deep dive into each potential investment. During this process, we ensure



that we fully understand the 360° impact and the justification for each investment case. When necessary, we engage external third-party experts who provide an additional layer of validation. We also invite experts or venture partners from our network to support our due diligence prior to investment. These experts bring unique perspectives and specialized knowledge that aid us in making informed and aligned investment decisions.

## 11. Engagement policies

2050.do is committed to ensuring a coherent exercise of voting rights attached to the shares held in the portfolios of the managed funds and exercises voting rights solely for the purpose of preserving the interests of its subscribers.

### Monitoring and Engagement

2050.do closely monitors the strategy, alignment and financial, environmental and social performance of its portfolio companies. It exercises voting rights, maintains dialogue with company management, and seeks board representation where possible.

### Alignment Strategy

2050.do supports funded companies in aligning their strategies for long-term financial, environmental and social performance through dialogue, resource provision, and ecosystem development.

### Exercise of Voting Rights

2050.do independently assesses and exercises its voting rights at company general meetings, prioritizing subscriber interests and alignment.

### Cooperation with Shareholders

The company encourages collaboration with other shareholders to foster debate and achieve aligned development objectives.

### Communication with Stakeholders

2050.do engages with regulatory authorities, industry organizations, and subscribers to promote responsible investment practices and respond to inquiries.

## 12. Attainment of the sustainable investment objective

2050 does not use a specific index as a reference benchmark. Instead we use our own Alignment framework as described in section 6 and 7. Key Alignment Indicators are used both to identify investments and monitor performance of our portfolio companies as they develop.