# Sustainability-Related Disclosures

This disclosure ensures compliance with the Sustainable Finance Disclosure Regulation (‘**SFDR**’) 2019/2088 and 2022/1288.

As these regulations have not yet been fully consolidated, the first part of this disclosure addresses SFDR 2019/2088 and the second part SFDR 2022/1288.

## SFDR Statement (2019/2088)

The following disclosure relates to Caesar Ventures Management GmbH (LEI: 391200V2S0BBFPKJG146):

This statement includes three sections:

1. Transparency of sustainability risk policies (2019/2088 – 3-1)
2. Transparency of adverse sustainability impacts (2019/2088 – 4-1-b)
3. Transparency of remuneration policies in relation to the integration of sustainability risks (2019/2088 – 5)

### 1. Transparency of Sustainability Risk Policies

Caesar Ventures Management GmbH (the “Manager”) addresses sustainability risks in its investment decision making process insofar as relevant. “Sustainability risk” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. When identifying a sustainability risk during the due diligence on potential investments, the Manager decides in light of the specific situation taking due account of the proportionality principle whether it gives up on the investment or proceeds with the investment alongside appropriate measures to mitigate the relevant sustainability risk.

The Manager regularly reviews its policies to ensure that they address new and emerging risks as well as investors’ concerns. Currently, the Manager does not expect sustainability risks to have a negative impact on Caesar Ventures Fund I GmbH & Co. KG’s (the “Partnership”) returns.

### 2. Transparency of Adverse Sustainability Impacts

The Manager considers principal adverse impacts of its investment decisions on sustainability factors pursuant to the Sustainable Financial Disclosure Regulation (EU 2019/2088) (EU 2022/ 1288) ("SFDR") only with respect to investments that have a sustainable investment objective.

Regarding the other investments, the Manager considers principal adverse impacts of investment decisions on sustainability factors, but does not resport on them. Considering the 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 and potential lack of adequate portfolio level data, the Manager is not in a position to commit to such standard in light of its fiduciary duty to the fund and its investors regarding the Partnership's investments that do not qualify as sustainable investments.

The Manager will constantly monitor and review the evolution around such regulations and standards and considers 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.

### 3. Transparency of Remuneration Policies in Relation to the Integration of Sustainability Risks

As a registered alternative investment fund manager within the meaning of the German Investment Code (Kapitalanlagegesetzbuch, KAGB), Caesar Ventures Management GmbH does not have, and is not required to have, a remuneration guideline or policy under the requirements of the KAGB. Sustainability risks are not considered with respect to the determination of remuneration.

## SFDR Statement (2022/1288)

The following disclosure relates to **Caesar Ventures Management GmbH (LEI: 391200V2S0BBFPKJG146)**:

### Statement of Principal Adverse Impacts on Investment Decisions on Sustainability Factors

Caesar Ventures Management GmbH considers principal adverse impacts (**'PAI'**) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Caesar Ventures Management GmbH. This PAI statement covers the reference period 1 January 2023 to 31 December 2023.

This PAI statement is a regulatory requirement, as Caesar does not only invest in companies with environmental (E) and social (S) characteristics, but also in investments with a sustainable investment objective that must be screened for PAI. The objective of the PAI screening is to avoid greenwashing.

The following data points for PAI have only been collected for companies with a sustainable investment objective, for this reporting period, this includes only Freshflow. 2 additional PAI were chosen including, "Investments in companies without carbon reduction initiatives" and "Incidents of discrimination."

Freshflow showcased no red flags or severe breaches during the reporting period. **Click here to download the full PAI statement.**

The present statement on PAI on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. The earliest historical comparison will be provided in June 2025.

The following disclosure relates to Caesar Ventures Fund I GmbH & Co. KG ("Fund") (LEI: HRA 117821)

## Summary


Caesar's financial product, classified as an Article 8+ fund under the SFDR, integrates certain environmental and social characteristics into its investment decisions for the majority of its investments. Additionally, 16.6% of investments have a sustainable investment objective. Caesar's investment thesis focuses on creating a better tomorrow for current and future generations. Investment opportunities are evaluated based on their alignment with this thesis, emphasizing the positive impact of the company's products and services. To achieve this, the following environmental and social characteristics have been chosen:

1. **"E" Greentech**
   i. Identifying new ways of production that limit the emission e.g., of Green House Gases (GHGs) or other waste to water, air, and the environment.
   ii. Enabling the companies to become resilient to climate change, e.g., with respect to assets, infrastructure, supply chains, policies, or financials.
2. **"S" Lifesciences/HealthTech**
   i. Support the research and development to reduce the premature mortality from communicable and non-communicable diseases and promote mental health and well-being

And the sustainable investment objective chosen is "**The Avoidance of Waste**."

E and S characteristics are rigorously assessed before and after investments using qualitative and quantitative inquiries through a third-party tool. The Fund incorporates both positive screenings and investment exclusions (negative screening) during the decision-making process.

**For the reporting period of FY23**, out of the six investments made, all companies complied with the transparency requirements to the best of their abilities, and provided data according to the sustainability indicators and PAI chosen for each aforementioned characteristic. No severe red flags were highlighted however, all companies will be requested to implement a human rights policy and anti-corruption policy going forward. As investors into software startups, our priority this year began with data governance and security, therefore it was positive news that 80% of companies had a cybersecurity risks programme in place and 67% had customer and employee privacy policies.  We also noted that we had a higher percentage of women on the board in comparison to the deal flow we received, and all companies had more women FTE than the average for their industry. Lastly, we looked at scope 1,2 and 3 emissions, total energy consumption and renewable energy consumption where only one company had a complete set of data that indicated it was energy efficient in relation to its revenues.

## No significant harm to the sustainable investment objective

83.4% of the investments in The Fund promote environmental or social characteristics for investments that do not have a sustainable objective. Additionally, all investments follow the Do No Significantly Harm Principle outlined in the EU Taxonomy. The Fund implements minimum safeguards (Article 3 and Article 18 Taxonomy Regulation) and an exclusionary policy to ensure alignment with the standards defined in the following documents:

- International Labor Organization (ILO) standards
  - Principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work
  - International Bill of Human Rights
- United Nations Guiding Principles (UNGPs)
- United Nations Global Compact (UNGC) Principles
- the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

## No sustainable investment objective but promotes E or S characteristics (8+)

The Fund promoted environmental and social characteristics and, while it did not aim to have as its objective a sustainable investment, it had a proportion of 16.6% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

## Sustainable investment objective of the Financial Product

16.6% of the The Fund's investments are directed towards sustainable objectives, contributing to the environmental goals as defined by the Taxonomy Regulation EU 2020/852, and adhere to the 'Do No Significant Harm' criteria.

- **The Avoidance of Waste:** All measures by which production and consumption processes are caused to generate less (or no waste), or to generate only those wastes that can be treated without causing problems.

## Environmental and Social Characteristics of the Financial Product

The following environmental and/or social characteristics chosen from the BAFIN Guidance on Sustainability Risks are promoted by the Financial Product:

**Environment**

- Climate Mitigation

**Social**

- Compliance with recognised labour standards (no child labour, forced labour or discrimination)
- Compliance with employment safety and health protection
- Appropriate remuneration, fair working conditions, diversity, and training and development opportunities
- Exposure to controversial weapons

**Governance**

- Anti-corruption measures
- Board remuneration based on sustainability criteria
- The facilitation of whistle blowing
- Employee rights guarantee
- Data protection guarantees
- Information disclosure

## Investment strategy

The fund makes relatively small first investments in very early-stage startups with extreme growth potential and intends to do follow-on investments in the best of them. Thereby, the fund invests in startups that solve real problems with disruptive ideas in the sectors GreenTech, Software & DeepTech, Digital Health and FinTech and deliver outstanding financial and, ideally, environmentally, or socially sustainable returns.

## Proportion of investments

The Fund invests strictly according to its investment strategy and investment restrictions. It does not intend to make any investments that do not align with its environmental or social characteristics, PAI or exclusions.

## Monitoring of Environmental or Social characteristics

The Fund has heightened its awareness of the impact of sustainability risks on risk management and, consequently, on the investment's potential value. The Fund engages with portfolio companies on an ad-hoc basis and conducts further checks if there are indications of potential issues with the Fund's exclusion criteria. Therefore, ongoing monitoring of ESG compliance is conducted, with annual reporting on selected KPIs for all portfolio companies.

## Methodologies

Currently, the Fund conducts qualitative and quantitative assessments of environmental and social characteristics. These assessments occur during the annual reporting using a third-party ESG data collection tool. The methodology for calculating Scope 1,2 and 3 emissions is done by the portfolio companies themselves or via the Business Carbon Calculator by Normative.

**Environmental Indicators**

- Scope 1: Direct GHG (greenhouse gas) Emissions, Scope 2: Indirect Emissions and Scope 3: Indirect Emissions from Value Chain (#tCO2e).
- Total Energy Consumption (#kWh)
- Renewable Energy Consumption (#kWh)
- Activities in Fossil Fuels

- ESG Policy

**Social Indicators**
- Anti-Discrimination and Equal Opportunities Policy
- Human Rights Policy
- Work Related Injuries
- Female Full Time Employees

**Governance Indicators**
- Anti-Corruption and Anti-Bribery Policy
- Privacy and Data Security Policy
- Code of Conduct
- Cyber Security Risks Programme/Training
- Number of Female Board Members

## Data sources and processing

Information is obtained from the respective portfolio companies. An external review or verification of this information will only be conducted if misrepresentations are suspected.

## Limitations to methodologies and data

The information collected from portfolio companies as part of the Fund's due diligence or annual reporting requirements is externally verified only if misrepresentations are suspected. Therefore, it cannot be completely ruled out that false information may remain undetected in certain cases. Given that the Fund's investments span several years, establishing and maintaining a trustworthy working relationship with portfolio companies is considered a priority to ensure compliance with the restrictions outlined in this section.

## Due diligence

An initial assessment of how an investment aligns with the aforementioned characteristics is conducted as part of the due diligence process through an informal approach, tailored to the circumstances of each individual case. Portfolio companies are requested to provide purely qualitative statements regarding environmental, social, or corporate governance aspects. These statements are then considered in the investment decision-making process. For more details, please request our Responsible Investment Policy.

## Engagement policies

The Manager intends to develop engagement policies on the identification and prioritization of principal adverse sustainability impacts on sustainability factors. The methodologies intended to be used by the Manager reflect the inherent characteristics of investing in start-ups and growth companies that are expected to grow their operations – this may lead to an increase in some of the adverse sustainability indicators as specified above, so that in those cases only a relative and tailored adverse impact mitigation strategy can be pursued.

The principal adverse sustainability impact is considered individually under a specifically required mitigation strategy, taking into account the extent and type of impact and providing for a mitigating or minimizing strategy in each case.

The principal adverse sustainability impacts will be assessed during the due diligence process and portfolio companies will have to measure and report on each adverse sustainability impact on a regular basis, allowing the Manager to track and evaluate the impacts for each portfolio company.

Information about the principal adverse impacts on sustainability factors can be found in the Partnership's annual reports.

Caesar recognizes that engaging with sustainability issues in investee companies can positively influence both investment outcomes and societal benefit. Working in tandem with investment teams, Caesar identifies a range of engagement themes pertinent to both the firm and its clients. There are two main avenues for this engagement: **corporate and public policy**.

Corporate engagement sees Caesar utilizing its shareholder rights to encourage companies towards better sustainability and governance practices, employing various strategies such as value engagement, SDG engagement, and enhanced engagement for addressing significant breaches in conduct. The engagement efforts are strategic and outcome-oriented which will be compared with data reported in the next and subsequent reporting cycles to gauge improvements.

In terms of public policy, Caesar engages with governments and regulators to support regulations that enhance ESG considerations, aligning with principles of transparency and appropriate influence.

~~A more detailed engagement policy page has been created in relation~~ to PAI.
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This document was last updated on DDMMYYYY to incorporate amendments and additions from the 2022/1288 SFDR update. If you have any questions, please do not hesitate to contact us at ESG@ace-alternatives.com