

## ENVOLVE CAPITAL UAB MANAGEMENT COMPANY'S SUSTAINABILITY NOTICE

### ***I. Sustainability strategy***

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (**SFDR**) requires managers of alternative collective investment undertakings to disclose:

- (a) whether and how they integrate Sustainability Risks<sup>1</sup> into the investment decision-making process (Article 3 SFDR);
- (b) whether and how they assess the Adverse Impact of investment decisions on Sustainability Factors<sup>2</sup> (Article 4 SFDR, Articles 4-10 Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR (**RTS under the SFDR**)); and
- (c) how the remuneration policy of the company is consistent with the integration of sustainability risks into investment decision-making processes (Article 5 SFDR).

By implementing the requirements of SFDR, the Board of Envolve Capital UAB (**Management Company**) approved the Sustainability Policy (**Sustainability Policy**), according to which the objective of the Management Company activities is to establish and/or manage collective investment undertakings (**Funds**) aimed at sustainable investment. All the Funds managed by the Management Company aim to invest in the construction and operation (production of electricity) of solar power and wind plants as well as energy storage systems for electricity generated from renewable energy sources (solar and/or wind power) built or ready to build (RTB projects) in the territories of Baltic states, Poland and other CE countries.

Sustainability Policy requirements are applied to all investment decision-making processes taken in relation to the activities of the Funds managed by the Management Company, in order to ensure that investments are in line with the Management Company's sustainability strategy, i.e. the investment objects comply with the requirements of Article 9 of the SFDR for products aimed at sustainable investment.

### ***II. Integrating sustainability risks and sustainability impact assessment into the investment decision process***

The Management Company integrates the assessment of Sustainability Risks and considers Principal Adverse Impacts on Sustainability Factors (**Sustainability PAI**) during the investment decision-making process and investment management of the Funds in accordance with the Sustainability Policy, including:

- (a) complies with the sustainability requirements of the legal acts applicable to the Management Company and the Funds;
- (b) when making investment decisions of the Funds also:
  - (i) performs a comprehensive Sustainability PAI and Sustainability Risks due diligence procedure;
  - (ii) assesses the Sustainability PAI and Sustainability Risks associated with the investments of the Funds;
- (c) integrates Sustainability Risks and Sustainability PAI management/mitigation measures into the investment transaction documentation prepared by the Funds (or their controlled companies);
- (d) monitors compliance with established Sustainability Risks and Sustainability PAI management/mitigation measures established at the Fund (financial product) level;

---

<sup>1</sup> Sustainability risks shall be understood as they are defined in the SFDR, i.e., an environmental, social or management event or situation that, if it occurred, could have a real or potential material adverse impact on the value of the investment.

<sup>2</sup> Sustainability factors shall be understood as they are defined in the SFDR, i.e., environmental, social and labour issues, as well as respect for human rights and the fight against corruption and bribery.

- (e) investigates, assesses, and resolves possible violations of the principles set out in the Sustainability Policy and applicable sustainability legislation (in response to received complaints and/or upon identification of a possible violation during internal inspection/control);
- (f) periodically measures the Sustainability PAI indicators and publish a summary report on the Sustainability PAI indicators at the level of the Fund (financial product) in accordance with the procedure set out in SFDR and RTS under SFDR
- (g) provides information to the investors of the Funds on how the Management Company integrates Sustainability Risks and Sustainability PAI into the investment decision-making processes of the respective Funds;
- (h) continuously improves the Sustainability Policy, practices, and tools for its implementation at the level of the Management Company and the Funds, taking into account changes in regulations and, as far as attainable, good practices.

Since all Funds managed by the Management Company are aimed at sustainable investments, in accordance with the requirements of Article 7 of the SFDR, the Management Company prepares Sustainability PAI reports for each Fund it manages (at the Fund level, consolidating data from all investments held by the Fund) separately. These reports are prepared in line with the content and format requirements detailed in the SFDR RTS.

Taking into account the European Commission's clarification, the Management Company does not prepare a separate consolidated Sustainability PAI report at the Management Company level. In its assessment, the Management Company considers that separate Fund-level Sustainability PAI reports provide greater value to the respective Fund investors and better align with their interests than a consolidated report for all Funds managed by the Management Company would.

The Management Company assesses all mandatory indicators for each Fund's PAI Sustainability Factors, as set out in Table 1 of Annex I to the SFDR RTS, as well as two optional environmental and social indicators from Tables 2 and 3 of Annex I to the SFDR RTS. The selection of additional optional Sustainability PAI indicators is based on: (i) the specifics and geographic scope of the Fund's investments, and (ii) the likelihood and severity of potential adverse impacts, including the irreversible nature of such impacts. The Management Company has chosen to assess the following additional optional indicators for each Fund:

- (a) One (1) additional climate/environment-related indicator (14. Species found in nature and protected areas) – this indicator was selected considering that the activities of companies in which the Fund invests are exclusively related to the implementation of renewable energy projects (operation of solar power plants). Such activities can have a significant impact on biodiversity and ecosystem conservation. Accordingly, in cases specified under Directive 2011/92/EU, Directive 2009/147/EC, and Directive 92/43/EEC, an environmental impact assessment is required. This includes evaluating impacts on vulnerable biodiversity areas or those in proximity (including the Natura 2000 protected areas network, UNESCO World Heritage sites, key biodiversity areas, and other protected areas), as well as implementing mitigation and compensatory measures identified during the assessment process.
- (b) One (1) additional indicator related to minimum social standards (social and governance factors) (17. Number of convictions for violations of anti-corruption and anti-bribery laws and the total amount of fines for such violations) – this indicator was selected given that the Fund invests exclusively in renewable energy projects (their development and/or management). As this sector is highly regulated and, in some cases, subsidized, the theoretical likelihood of corruption-related offenses is relatively higher due to the sector's nature.

For each reporting period (calendar year), the Management Company prepares the Sustainability PAI reports at the Fund (product) level and publishes them for the respective Fund's investors by June 30 of the following year. These reports are made available in the investor portal on the Management Company's website ([www.envolve.capital](http://www.envolve.capital)) at <https://investors.envolve.capital/>. The Sustainability PAI reports also provide general information on the policies applied across all Funds managed by the Management Company. These policies aim to determine relevant Sustainability PAI indicators and their prioritization, the engagement policies set by the Management Company, and the international standards adhered to by the Management Company and its Funds when making investment decisions.

### **III. Activities in which the Funds do not invest**

The Funds shall not invest, guarantee, or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

- a) whose business activity consists of an illegal economic activity (i.e., any production, trade, or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes); or
- b) which substantially focus on:
  - (i) activities related to human cloning for reproductive purposes;
  - (ii) the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - (iii) the manufacture, trade, and financing of weapons, ammunition, combat vehicles, explosives, and their components, except when such activities are carried out as part of specific and clearly defined EU policy implementation measures;
  - (iv) casinos, gambling, or equivalent related activities (such as equipment manufacturing, supply, maintenance, etc.)
  - (v) other activities in which investments are restricted under the requirements of the European Investment Bank (EIB) or other international multilateral investment institutions or institutional investors whose investments constitute a significant portion of the respective Fund's investments;
  - (vi) the research, development or technical applications relating to electronic data programs or IT/technical software solutions, which aim specifically at supporting any activity referred to under items (i) to (v) above; internet gambling and online casinos; or pornography, or are intended to enable to illegally enter into electronic data networks; or download electronic data;
- c) in addition, when providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (the "GMOs"), the Fund shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

The companies managed by the Funds do not invest in (a) assets or portfolio companies that are traded on a public and/or regulated market, or (b) other funds, investment schemes or accounts providing for the payment of a management fee or similar remuneration and/or of a performance-based remuneration (e.g., carried interest).

#### **IV. Policy on the exercise of voting rights**

The Funds do not invest in companies the securities of which are publicly traded and/or traded on regulated markets or other multilateral trading facilities. Investments are usually made directly and/or indirectly through the acquisition of a 100 %/controlling stake in unlisted companies, so the Fund can influence the decisions of the investment entity (company), including on issues related to sustainability. Considering the sustainability strategy of the Company and the investment strategy of the respective Fund, the Funds shall exercise their voting rights in such a way that the sustainability objectives set out in the Sustainability Policy and the founding documents of the Funds are complied with to the maximum extent possible.

#### **V. International standards**

To determine the compliance of the (potential) investment with the investment strategy of the Fund and the requirements of Article 9 of the SFDR, the Management Company shall perform a thorough examination of Sustainability Factors and Risks (**Sustainability Due Diligence**) before making an investment decision. In conducting the Sustainability Due Diligence, the Management Company shall follow the principles of the Organization for Economic Co-operation and Development (**OECD**) set out in Due Diligence Guidance for Responsible Business Conduct, which are also integrated into the Sustainability Policy.

The Management Company belongs to a group of companies the controlling company of which, Modus Group, is a member of the UN Global Compact initiative, so the Company also operates in accordance with the principles of the UN Global Compact. The Modus Group's annual report on compliance with the principles of the UN Global Compact also includes performance indicators of the Management Company.

**VI. Division of functions and accountability**

The Board of the Management Company approves the Management Company’s sustainability strategy, Sustainability Policy and the processes and documents related to their implementation (e.g., Code of Business Ethics, Whistle-blower Protection Policy, etc.), periodically evaluates whether the approved strategies and processes work effectively and shall update them, as necessary.

The CEO of the Management Company is responsible for the proper implementation of the sustainability strategy, policies, and processes as well as for the submitting of necessary improvement proposals to the Board.

The Fund Managers are responsible for the day-to-day implementation of the objectives and processes set out in the sustainability strategy and Sustainability Policy, i.e., conducting a thorough due diligence of Sustainability Factors, and integrating of the identified Sustainability Risks and Sustainability PAI into the investment decision process.

The Management Company's Sustainability, Risk, and Compliance Officers participate in ensuring the efficiency of the processes set out in the Sustainability Policy, other internal procedures of the Management Company, and founding documents of the Funds as well as ensure compliance with regulatory requirements.

**VII. Compatibility of Remuneration Policy with Sustainability Policy**

The Remuneration Policy of the Management Company stipulates that all current and future risks are considered when allocating the variable (performance-based) part of the remuneration to the Management Company’s employees; the variable remuneration part must be consistent with and promote sound and effective risk management of the Management Company and the Funds. Considering that Sustainability Risks comprise an integral part of the risk assessment process of the Funds, the Remuneration Policy of the Management Company is compatible with the sustainability strategy and the Sustainability Policy.

**VIII. Transparency**

The Management Company publishes sustainability-related information of the Management Company and the Funds in accordance with the SFDR, the Taxonomy Regulation and the supplementing delegated legal acts, including:

- (a) this Management Company’s Sustainability Notice - information on how the Management Company integrates Sustainability Risks and Sustainability PAI into the investment decision processes, how the Remuneration Policy is compatible with the Sustainability Policy – in the the "Sustainability information" section of the Management Company's website ([www.envolve.capital](http://www.envolve.capital))
- (b) the legally required information about each Fund:
  - (i) Sustainability PAI reports and the information disclosed on the website as required by Article 7 of the SFDR and Article 37 of the SFDR RTS regarding financial products aimed at sustainable investments – available to each Fund's investors in the investor portal on the Management Company's website ([www.envolve.capital](http://www.envolve.capital)) at <https://investors.envolve.capital/>;
  - (iii) in the annual Fund reports, presenting the periodic information required by applicable legislation.

<b>Date of production of the document</b>	19-03-2025
<b>Version of the document</b>	No 3