

NOVABASE

SUSTAINABILITY RISK MANAGEMENT POLICY

NOVABASE CAPITAL – SOCIEDADE DE
CAPITAL DE RISCO, S.A.

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1. Introduction

Novabase Capital – Sociedade de Capital de Risco, S.A. (henceforth “Novabase Capital”), an entity of the Novabase Group, recognises the importance of sustainability in the context of venture capital fund management. This policy establishes the guidelines for integrating sustainability risk into investment decisions and management processes, as set out in Regulation (EU) 2019/2088.

2. Sustainability Risk

Sustainability risk is any event or condition of an environmental, social or governance (ESG) nature which, if it occurs, could have a significant potential or actual impact on the value of the investment.

Environmental risks ("E") are those that refer to exposures with entities that may suffer or cause negative impacts from environmental trends, such as climate change and other forms of environmental degradation and encompass preventive or mitigating actions to avoid or reduce their materialisation.

Social risks ("S") assess potential indirect negative effects on society arising from the provision of services to, or investments in, legal entities that disregard human rights or the health and safety of their employees.

Governance risks ("G") arise from losses caused by weaknesses in business partners or companies invested in, such as transparency, market behaviour, anti-corruption policies, payment of taxes or other attitudes considered ethical by the relevant interest groups.

3. Integration of Sustainability Risks

Novabase Capital takes a holistic approach to assessing sustainability risks, considering factors such as climate change, natural resources, diversity and inclusion, corporate ethics and governance.

4. Sustainability Risk Assessment

Sustainability risk assessment is carried out in three phases:

1. Preliminary Analysis: Identification of the main sustainability risks related to potential investments;
2. Detailed Assessment: Detailed assessment of the risks identified, using specific tools and methodologies;
3. Ongoing Monitoring: Constant monitoring of the sustainability risk profile of investments.

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Novabase Capital initiates the risk assessment prior to the investment decision, following up the process in detail and on an ongoing basis, taking into account the potential material impact and the individual characteristics of each investment.

Impact factors are gradually integrated into the decision-making and investment process carried out by Novabase Capital, although not all the negative impacts of investment decisions on sustainability factors are taken into account. Novabase Capital therefore declares that negative impacts have not been taken into account for the purposes of Article 4(1)(b) of the SFDR.

It should also be noted that Novabase Capital is not obliged to fulfil the disclosure criteria referred to in Article 4(3) and (4) of the SFDR. Thus, in light of Article 7 of Regulation (EU) 2020/852 of the European Parliament, the underlying investments do not take into account the European Union's criteria for environmentally sustainable economic activities.

5. Exclusion Criteria

Novabase Capital can decide to exclude investments in companies that do not fulfil certain sustainability criteria considered important and decisive for the management entity.

6. Commitment

Novabase Capital encourages sustainable practices and better governance in the companies in which invests.

7. Reporting and Transparency

Novabase Capital will report annually on the sustainability risks integrated into its investment decisions.

8. Responsibility and Governance

The analysis and assessment of sustainability risks is monitored by those responsible at all stages of the investment decision-making process.

None of the members of Novabase Capital Board of Directors receives remuneration paid by Novabase Capital. As such and for the purposes of Article 5 of the SFDR, Novabase Capital policy on the integration of sustainability risks in determining the remuneration of its management bodies is not taken into account.

9. Policy Review and Update

This policy will be reviewed and updated periodically to reflect regulatory, market and industry best practice changes.