



Disclosure Statement
Operating Principles for Impact Management

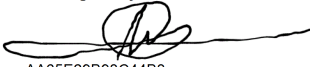
Zubi Capital S.A.
March 22, 2023

Zubi Capital, S.A. (“ZC”) is a signatory of the Operating Principles for Impact Management (“the Impact Principles”).

This Disclosure Statement serves to fulfil ZC’s obligations pursuant to Principle 9 under the Impact Principles. This statement pertains to Zubi Capital Impact Venture Finance, SCR-Pyme, S.A. (“ZCIVF” or the “Fund”), and affirms that ZCIVF – including its impact management systems, policies and practices, and all investments made – are managed in alignment with the Impact Principles as of 31 December, 2021.

Total assets under management in alignment with the Impact Principles are approximately USD \$10.91M (€10.27M), representing ZCIVF’s entire portfolio as of 31 December 2022.

The reporting period for the purposes of this verification runs from 1 January 2022 to 31 December 2022.

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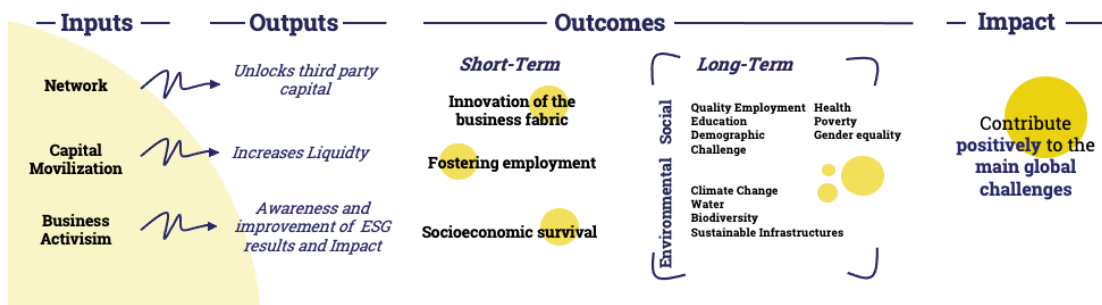
Lucas Gómez de la Vega Fernández
Investor Director, Zubi Capital
22nd March 2023



Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- ZC's purpose is to contribute to the main global challenges. In order to achieve these objectives, we have worked on a logic model that allows us to establish investment criteria in terms of impact and in this way define KPIs adjusted to each step in order to monitor the impact and maximize it.
- The main impact themes in which SCIVF is focused are climate change, water, quality of employment, education, demographic challenges, biodiversity, health, poverty, gender equalization and sustainable infrastructures.
- Based on the investment strategy, ZC developed a Theory of Change (ToC), a model that allows to observe the causal relationship among activities and their impact: what impact is produced as a result of the main activities. Some short-term and other long-term results have been identified, prioritized according to the main global organizations.
- Short-term outcomes focus on maintaining the industry and innovation fabric, fostering employment, innovation and competitiveness.
- Long-term outcomes focus on solving social and/or environmental challenges.



Principle 2: Manage strategic impact on a portfolio basis.

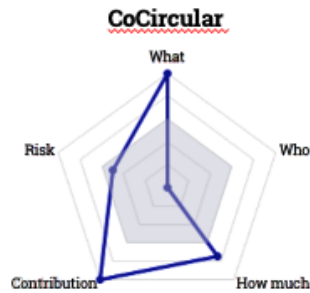
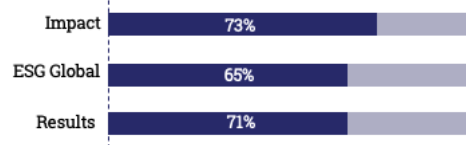
The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Impact management and measurement is integrated into the operations of the fund through the investment criteria and investment agreements.
- We have developed a tool that allows evaluating potential impacts as well as measuring them. Thus, we facilitate the selection and monitoring of our investments.
- The impact tool has several phases that each company must pass to become an investee of the fund.
 - 1) Negative screening.
 - 2) ESG compliance checklist.
 - 3) ESG risk and opportunity assessment.
 - 4) Short-term impact assessment.
 - 5) Long-term impact assessment.
- For the classification of impacts in different investment strategies, different impact standards have been used at a global level, encompassing various impact strategies.



- The basis of our impact management is the data collected on quarterly basis from our investees, which include the relevant indicators for its sector and impact (Vertical KPIs), as well as cross-sectional indicators (Transversal KPIs).
- For the design of the tool, the definitions of global and sectoral prescribers have been used, both in terms of ESG and impact.
- The analysis of the investments is carried out under the framework of IMP (Impact Management Project) and the classification of the investments follow the criteria of the external providers most used in impact investing (IRIS+, SASB).
- The analysis of each Company through our tool provides us an initial situation of the company and how it compares with the portfolio average. Besides, it allow us to set the initial and the follow-up values for the transversal KPIs and the vertical KPIs, so that we can measure the evolution on ESG + Impact of the company on quarterly basis.

	CoCircular	Portfolio Avg.
ESG Total	65%	63%
ESG Compliance	96%	61%
ESG Risks	34%	67%
Impact	73%	68%
Short Term Outcomes	75%	69%
Long Term Outcomes	73%	65%
Total	71%	66%



- **Transversal KPIs** -----
- R&D Investment (€)
 - Number of Employees, Ratio and Salary Gap (€)
 - Carbon Footprint (CO₂e), Renewal Energy (%)
 - International Sales (%), Capital Received (€)
- **Vertical KPIs** -----
- Construction waste recycled (Tn)
 - Certified waste (Tn)
 - Reduction of CO₂ emissions (CO₂e)

- The investment team is aligned with the financial performance through carried interest, the impact alignment is being considered.

Principle 3: Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- The management team is required to identify and invest in companies that share ZC's commitment to mitigate the main social and environmental challenges. In the short term, to reduce the impact of the health crisis on the innovative Spanish business fabric. In the long term, to create quality jobs, access to basic services such as education or health, and help mitigate the effects of climate change through industries that promote research and development of a sustainable economy.
- The Investment team engage with prospective investee companies and require specific reporting on quarterly basis on impact from the start of the investment process.
- The Manager seeks to achieve social and environmental impact and long-term capital appreciation primarily through investments in scale-up companies that try to solve any social or environmental challenge in south east European countries.
- The Fund's contribution to impact is achieved through the provision of venture debt (a mix between a loan and capital) as well as through management support in the form of impact

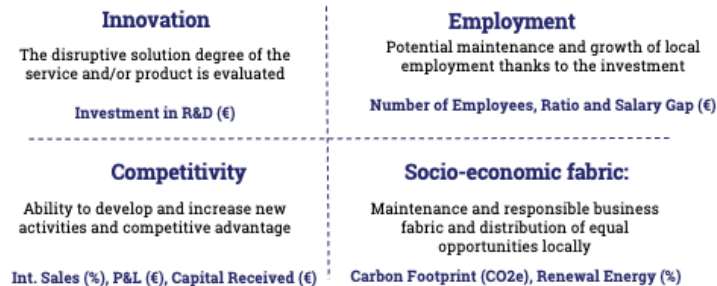


monitoring and assessment, and strategic engagement with investee companies through the life of the investment.

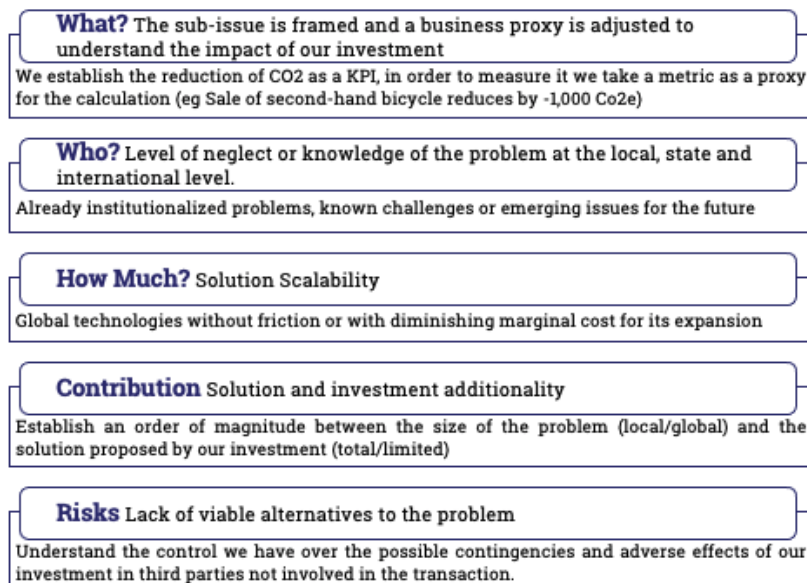
Principle: 4 Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- The companies in which the fund invests undertake to provide several KPIs on quarterly basis in order to evaluate its impact and improve that KPI during the ZC's participation in the shareholding.
- Those KPIs have been selected following the IRIS+ system, to identify, measure and manage social and environmental impact and report their impact to investor in a consistent and standard way.
- The KPIs are divided between common KPIs (Transversal KPIs) and specific KPIs (Vertical KPIs)
- The common KPIs contain the indicators that do not depend upon the type of business. They are focused on the short-term outcomes, this is done through an evaluation of different criteria that are set below:



- The specific KPIs are related to each company's business and vertical in which we request the indicators that might lead into a social/environmental improvement. These vertical KPIs are focused on the long-term outcomes and are identified and analyzed through the IMP Framework:





Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Zubi Capital has adopted a proactive approach to assessing ESG risks in potential investments and agreeing some action plans with investee companies to strengthen ESG performance over time. ESG risks are defined through the use of our tool.
- ZC has set of ESG procedures in line with international best practices. ZC aligns with the Principles for Responsible Investment (PRI), IFC Performance Standards, Sustainability Accounting Standard Board (SASB) and Global reporting standards (GRI).
- The fund ZCIVF conducts extensive ESG diligence, both in-house and through third parties, and requires ESG compliance and reporting as pre-conditions to investment and through legal covenants in Investment Agreements.
- Additionally, ZCIVF investment team is present in the boards of our investees, hence, there is a follow-up of the evolution of each company and on the KPIs established.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- ZC use its tool to monitor the impact evolution of the different investees throughout the investment period. The development effectiveness of each project is monitored on a quarterly basis, based on a pre-defined KPIs that are capturing the common and specific indicators for each company. This typically include standardized cross-sector indicators as well as sector- and investment-specific indicators.
- Tracked during the whole investment period, ZC uses this information to monitor progress towards the achievement of development effects in comparison to ex ante expectations (projections), and to analyze the development performance at project and portfolio levels. Data is collected each quarter from the client by the investment team. This team is also responsible to assess data quality, process and analyze it, and report its evolution, in line with ZC Theory of Change.
- The current Transversal KPIs that are common to each of ZCIVF investees and that are reported on quarterly basis are the following:

Transversal KPIs reported quarterly by the investees

Investment in R&D (€) Int. Sales (%), Gross Margin (%) Received Capital (€)	Number of Employees Wage Ratio and Gap (%) Carbon Footprint (CO2e) Ren energy. (%)
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Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- ZC has not conducted an exit yet. However, exits will be carried out taking into account the different best practices set up in the company based on ESG and impact matters.
- Our investees will have to commit to keep measuring the different KPIs set and establish new corrective in order to improve the outcomes during the post-ownership.

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Each investee reports on quarterly basis, updating not only financial performance but also the monitoring of the different impact KPIs (vertical + transversal). These reports are used to analyze the evolution of each investee and helps ZC's manager and the founders to set new corrective actions, if required.
- These reports are seen as an opportunity to reflect on lessons learned over the period of investment in each investee in terms of creating, optimizing and sustaining positive impact. These learnings are then used in the criteria for new projects and the management of the rest of the current investees.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- The Fund prepares a quarterly report to its shareholders regarding its financial evolution as well as its adherence to ESG and Responsible Investment good practice as well as the ESG and impact performance of its investee companies.
- The SDG that each investee targets and descriptions of investee companies are included on the ZC website.
- This Disclosure Statement confirms the alignment of ZC's policies, procedures, and practices with the Impact Principles and will be updated annually.
- Independent verification was conducted by Hands-on Impact (HOI), an independent impact consultancy firm, in the previous disclosure statement of 2021 exercise.
- A new disclosure statement will be published in 2024 by an annual schedule and a new verification statement in 2024 by a biannual schedule in line with the Impact Principles.