صنـدوق ابتكـار
IBTIKAR FUND

Sustainability-Related Pre-Contractual Disclosures

On 10 March 2021, the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088), the **SFDR**) came into force in the Netherlands. This European Regulation requires certain financial market participants (such as managers of alternative investment funds) to publish sustainability-related information on their website and in pre-contractual disclosures.

The SFDR lays down harmonised rules for financial market participants (such as managers for alternative investment funds) on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes. In addition, financial market participants are required to provide sustainability-related information with regard to the funds that they manage.

In the following you can read more about the manner in which Ibtikar Fund II GP B.V., a private limited liability company organized and existing under the laws of the Netherlands registered with the Dutch trade register under number 82471355 (hereafter the "**Manager**") takes sustainability-related aspects into account when making investments. The Manager is the general partner of Ibtikar Fund II CV, a limited partnership (commanditaire vennootschap) organized and existing under the laws of the Netherlands with Dutch trade register under number 83033017 (the "**Fund**").

Transparency of the integration of sustainability risks

Below we have set out:

1. the manner in which sustainability risks are integrated into the Manager's investment decisions; and
2. the results of the assessments of the likely impacts of sustainability risks on the returns of the Fund.

Integration of sustainability risks into investment decisions

The Manager takes sustainability risks into account to the extent these present a material risk when making investments on behalf of the Fund, alongside traditional financial risk factors. In the Manager's view sustainability risk is 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.

The Manager will screen all potential portfolio companies ("**PCs**") along its environmental, social, and governance policies (the "**ESG Policy**") to ensure that the Manager will only make investments, on behalf of the Fund, in PCs that adhere to international best practice with regard to those policies.

In the event that a PC does not adhere to the Manager's ESG Policy, the Manager may either decline to invest, on behalf of the Fund, in such PC or may ask the PC to rectify and remedy its internal policies and procedures as a condition to the particular investment.

Upon making an investment, the Manager has the following procedures in place to mitigate sustainability risks when investing on behalf of the Fund. The Manager will generally review the PCs in which the Manager invested in on behalf of the Fund once every calendar year and assesses them against the Manager's ESG Policy. In the event the Manager determines that one or more of the PCs do not comply with the ESG Policy, the Manager will, in consultation with the PC, formulate and implement a remedial plan.

Results of the assessments of the likely impacts of sustainability risks on the returns of the Fund

The Fund's primary objective is to invest in portfolio companies ("**PC**") that are primarily developing software, mobile applications, and other technology solutions. When compared to companies that operate in other industries, such as mining, manufacturing, fracking, and similar industries, the Fund's target PCs tend to have very low sustainability risks. However, sustainability risks relating to climate change, energy efficiency, greenhouse gas emissions, availability of raw materials, human rights, child labour, adherence to workplace health and safety, corruption, tax strategy, board composition (diversity) and good corporate governance can negatively affect the continuity and profitability of PCs of the Fund. Failing to mitigate against the potential consequences of sustainability risks could have a negatively impact on the value of the Fund.

Transparency of adverse sustainability impacts at financial product level

Sustainability risk can, as stated above, have a negative impact on investments. However, investments can also have a negative impact on sustainability factors. Sustainability factors are factors that relate to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. For example, investments can (indirectly) contribute to climate change, waste production or income inequality. The Manager does not yet consider such principal adverse impacts of investment decisions in relation to the Fund on sustainability factors. The Manager has chosen to do so because there is currently insufficient reliable data available to adequately analyse these principal adverse impacts and integrate them into the investment decisions-making process.

The Manager periodically reconsiders its decision not to take principal adverse impacts of investment decisions on sustainability factors. If the availability and reliability of sustainability data improves and if there is more clarity with regard to the legal rules regarding the weighting of these effects, the Manager may decide in the future to take into account principal adverse impacts of investment decisions on sustainability factors. In this light, the Manager closely monitors the developments with regard to the SFDR and the related delegated laws and regulation.