

VentureWave Capital Limited

Annual Disclosure Statement

Investing for Impact: Operating Principles for Impact Management

31st of July 2021

VentureWave Capital Limited (the “Signatory”) hereby re-affirms its status as a Signatory to the Operating Principles for Impact Management (the “Principles”).”

This Disclosure Statement applies to the assets of VentureWave Capital Limited’s flagship investment fund, Impact Ireland LP (the (“Covered Assets”) which commenced investment activity in 2020.

The value of the total assets under management in alignment with the Principles will directly depend on the size of the Impact Ireland LP fund once it has completed its final close.

The Operating Principles for Impact Management are as follows:

1. Define strategic impact objective(s), consistent with the investment strategy.
2. Manage strategic impact on a portfolio basis.
3. Establish the Manager’s contribution to the achievement of impact.
4. Assess the expected impact of each investment, based on a systematic approach.
5. Assess, address, monitor, and manage potential negative impacts of each investment.
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.
7. Conduct exits considering the effect on sustained impact.
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
9. Publicly disclose alignment with the Principles and provide regular independent verification of the alignment

The Principles are firmly embedded in the investment objectives and investment strategy of our flagship investment fund, Impact Ireland LP and in the rigorous investment selection, compliance and corporate governance structures and procedures of VentureWave Capital Limited.

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.

How we comply: The Impact objectives of VentureWave Capital Limited are incorporated into the investment objectives of our fund, Impact Ireland LP, and into our strategic objectives as an impact investing fund manager. These objectives are as follows:

Overriding Objectives:

Goal 1: Advance the UN Sustainable Development Goals by investing in and growing a portfolio of companies which benefit society in the areas of Energy and Environment, Agriculture and Food, Healthcare and Quality of Life and Education.

Goal 2: Promote and develop the practice of Impact Investing by proving that sustainability and profit are not mutually exclusive.

Goal 3: Promote Ireland as a world-class centre for innovation, enterprise and Impact Investing with concomitant employment and economic growth.

Goal 4: Strengthen Ireland's indigenous technological ecosystem to improve still further the conditions for growth by entrepreneurs.

Mid-term outcomes (years 3-5)

- Investments made in 10-15 Technology for Good companies.
- With company selection having been finalised and sectors of operation decided, detailed Impact targets can be set.
- Investee companies are scaling in national and international markets.
- This growth is based upon companies fully embracing the VentureWave Capital Limited Transformational Toolkit and Impact Management Framework.
- Investee companies are successfully reaching their financial and Impact targets, indeed some of the companies' commercial and Impact targets will be fully realised.
- The case for Impact Investing is advanced through seminars and publications.
- The case for Ireland as a centre for Impact Investing and innovation is demonstrated through the growth and performance of the portfolio.

Long-term outcomes (years 6-9)

- The specific commercial and Impact goals for each company have been achieved.
- The portfolio companies continue to thrive with an ongoing commitment to Impact, notwithstanding that these may have strategically exited our fund.
- The success of the VentureWave Capital Limited's strategy proves the relationship between value creation and other stakeholders, while highlighting and offering lessons about overcoming inevitable barriers and reversals.
- Impact Investing is commonly understood and preferred with Ireland as a competitive location for Impact Investing.
- Ireland's technological ecosystem has benefited from the value creation and example of the portfolio.

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.

How we comply:

From the very beginning of the selection process, all prospective investees are introduced to our Impact focus. It is made clear that the achievement of Impact goals will be as important as financial performance and that we are committed to their measurement, through our Impact Management Framework (IMF) We build the provisions of the IMF into all of our deals.

VentureWave Capital works directly with the managers of our portfolio companies to drive the targets in the IMF. Training in ESG related issues will be provided where necessary.

Achieving Impact is only possible where it can be measured and managed. VentureWave Capital will be reporting on the Impact of its portfolio throughout the lifetime of its investments.

As of the time of writing, three annual quarters have elapsed since VentureWave Capital Limited first investment. It is too early to report on specific Impact outcomes but the commitment of management to achieving their Impact goals is very strong. VentureWave Capital continues to explore other investment opportunities for Impact Ireland LP that demonstrate the prospect of delivering a significant financial return and a positive social impact.

Given that VentureWave Capital Limited is an Impact fund management company, the achievement of tangible Impact is a implicit factor in the incentives package for our key executives. Performance shall be based on the achievement of both financial and Impact goals.

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.³ The narrative should be stated in clear terms and supported, as much as possible, by evidence.

How we comply: The high profile composition of our Global Advisory Council (which is chaired by former Irish prime minister Enda Kenny and comprises internationally renowned business leaders, entrepreneurs, individuals from the music and entertainment sectors and several renowned experts in impact investing) continues to enhance the public's focus on the impact investing sector.

Our Global Seminar on "Impact Investing: Hype or Substance" that we hosted on the 14th of April 2021 helped to position us a leading manager at the forefront of Impact Investing. The seminar was attended by over 1000 guests from 33 countries. Our panelists included former

Irish prime minister Enda Kenny, Anne Finucane (Vice Chairman, Bank of America), Gillian Tett (Editor-at-Large, Financial Times USA) and The Edge of music band U2. The event can be viewed at www.youtube.com/watch?v=KfkVlg0mJIM

In addition to our achievements so far in terms of the promotion of Ireland as an Impact investing hub within the European Union and in terms of helping to advance the prominence of Impact investing in public discourse in Ireland and internationally, the manner in which VentureWave Capital Limited allocates capital to its investees facilitates the achievement of Impact in a tangible way. The capital allocated to the investees is provided on the basis that the investee adheres to a pre-agreed Use of Funds policy which prioritises the attainment on the part of the investee of (a) tangible Impact and (b) future growth.

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 standards⁶ and follow best practice.

How we comply: In our analyses of our current investment and potential target companies for acquisition, we model not only financial metrics but also realisable impact metrics.

Moreover, we have developed an Impact Management Framework (IMF) which establishes the process which VentureWave Capital Limited uses to measure and report on Impact. The framework has been written to guide VentureWave Capital Limited with those companies in which it has invested and for companies in the due diligence process. Apart from serving as an internal policy for VentureWave Capital Limited, it also serves to provide the necessary information on how we measure, track and report on Impact. It is necessarily a working document because the standards and methodologies which are now current, are constantly being modified and updated. It is our intention to continue to observe best practice and update and modify this document over time.

We have chosen to use the B.Lab toolkit including the SDG Action Manager as our standard methodology to measure and report on impact generated by the companies. This is because they provide a very clear, concise, coherent and usable toolkit which has been developed precisely for this purpose. It provides, in our opinion, the most efficacious and informative way for scale-up companies to build an Impact profile, measure ongoing results, and report on progress.

By carrying out an initial assessment of the ongoing Impact combined with the Impact potential of a company, we establish the exact ways in which the company is making a difference in the

world, and how far that Impact can be developed. This process enables a current Impact snapshot, and provides a means to build the overall Impact objectives – in other words, what success will look like, exactly who will be impacted and by how much. Critically, the analysis will balance negative and positive Impacts generated by each company to establish its net Impact contribution. Where the Impact of a company is poor or negative we will work to improve the situation with proactive interventions.

Our investees and potential investees are made aware that VentureWave Capital Limited is a signatory to The Operating Principles for Impact Management. We require companies to commit to assist us in meeting our responsibilities as a Signatory by following the process of assessment, measurement and reporting on Impact which is detailed in this document.

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.

How we comply: There are four phases to the Impact Assessment process: pre-investment, post-close, portfolio and post-investment.

Phase 1: Pre-investment (due-diligence phase)

The pre-investment phase occurs during due diligence and enables VentureWave Capital Limited to assess in more detail what Impact the company will have, what the potential of that Impact might be, and how it can be assessed on an ongoing basis.

VentureWave Capital Limited works with companies to help them define their impact goals which they need to commit to as a precondition to investment. We ask that each company identify at least one Impact Goal, linked to one of the SDGs which can be tracked and reported on over time. We would encourage companies to identify more than one goal, but we are aware that the process may take many months to get right, and so we are satisfied with one initial goal. We also acknowledge and expect that goals may be changed over time.

VentureWave Capital Limited will seek to identify any negative impacts prior to the due diligence process through our own internal research.

When potential investments are proposed to the Investment Committee, the memo includes:

- Details on the UN SDGs that they will advance, (e.g. Goal 3. Good Health and Wellbeing)
- Impact goals as prepared by the investee (e.g. becoming a B-corp)
- Sustainability sub-goals (e.g. elimination of plastic)

These commitments are critical components of evaluating the investment opportunity.

Phase 2: Post-close

Immediately following investment, VentureWave Capital Limited will work closely with the company to further develop their impact goals.

There are a number of tools involved in this. One is the interactive Theory of Change exercise which companies may find useful if their own Impact processes are at an early stage of definition.

The second tool is the B.Lab Business Assessment Tool (BIA) which is an online questionnaire designed specifically for this purpose. Completion of this questionnaire provides a comprehensive insight into a company's operation from an ESG perspective. The BIA takes a stakeholder-based view by evaluating a company's impact on workers, community, environment, and customers, as well as best practices regarding governance. Users are assessed on all five stakeholder groups and cannot pick one over another.

Finally the SDG Action Manager tool provides the information necessary to assess a company's Impact based on its contribution towards meeting the UN SDGs. The SDG Action Manager starts with a baseline module that incorporates the B Impact Assessment and the Ten Principles of the UN Global Compact related to human rights, labour, environment, and anti-corruption — essential responsibilities related to people and planet. It then advises companies on which of the SDGs they should start their journey with (the ones they can impact the most), and invites them to explore all others.

Completion of the BIA and the Action Manager provides a company with a judgment (via an objective, comprehensive rating) on how significant a company's current impact is, a clear view of how operations, supply chain, and business model create positive impact, and lets it identify risk areas for each SDG.

In the BIA, material negative impacts are separately addressed through a Disclosure Questionnaire. In the SDG Action Manager, negative impact is addressed in the section on Risk of Negative Impact. This section is particularly important in understanding the holistic performance of a company and prioritising areas of improvement.

The Disclosure Questionnaire is important to validate VentureWave Capital Limited's assessment of the business and the potential or existence for negative Impact. Where there is potential for negative Impact, it will be detailed and monitored in the portfolio phase.

Phase 3: Portfolio phase

Using the BIA and SDG Action manager enables companies to create a roadmap of improvements to enhance their Impact. By selecting impact areas which are most important to the company and its promoters, the tools will assist in mapping out improvements most appropriate for the company. They also provide best practice guides for implementing policies and procedures which work towards these goals, and improvement case studies which show what other businesses in similar sectors implemented to enhance Impact.

Phase 4: Post-investment

The post-investment stage is for VentureWave Capital Limited's own reporting and involves assessing whether the company continues to observe and implement Impact principles. This will be carried out annually for the lifetime of our fund, Impact Ireland LP, by way of a short interview or questionnaire.

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 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.

How we comply: The following is a summary of VentureWave Capital Limited's Impact practices to which we encourage our portfolio companies to commit:

1. Register the Company with the B Impact Assessment website.
2. Complete the SDG Action Manager Tool focusing on areas such as human rights, labour practices, environmental management systems, and good governance.
3. Complete the B Impact Assessment (BIA) Tool which measures KPIs across the company's activities and helps the company to understand the impact of its activities.
4. Complete the Disclosure Questionnaire included in the BIA which provides companies with an opportunity to identify and document potential conflicts with SDGs and their stated Impact Goals.
5. Complete an Improvement Report, and a Revisit Question Report on at least an annual basis.
6. Provide access to VentureWave Capital Limited's staff to the reports.
7. Continue to adhere to points 5 and 6 post-investment for the lifetime of Impact Ireland LP.

How we measure and report Impact

VentureWave Capital Limited uses its Impact Management Framework for Impact Measurement within the portfolio.

The Disclosure Questionnaire

The Disclosure Questionnaire asks that a company disclose if it is involved in certain activities which may be objectionable, such as gambling, payday lending, or wildlife products.

The Impact Assessment and Disclosure Questionnaire comprise a holistic framework for any company that is seeking to do good through its business, and provide the foundation for measuring and reporting on a company's Impact performance. It is the key to ensuring that the good intentions of founders and entrepreneurs are translated into tangible action.

The Improvement Report

This customised report allows companies to navigate the assessment by jumping through Section, Impact Area, Difficulty of Change, & Score Value. The report will also contain all operational questions where there is an opportunity for improvement (because the company has not earned full credit for the questions selected).

Companies can identify questions they want to target for future improvement by clicking on the star icon in that question.

The Revisit Question Report

This report shows all the questions that were marked to revisit at a later time. All skipped questions will automatically be listed in this report.

Ongoing Assessment and Reporting

The Improvement Report and the Revisit Question Report form the basis of VentureWave Capital Limited's ongoing assessment process. By completing the BIA and Action Manager, updating the Improvement Report and Revisit Question Report on at least an annual basis, the company can then track its Impact performance over time, making whatever changes and modifications it deems necessary or desirable.

This also has the benefit of automatically facilitating the ongoing reporting and assessment which VentureWave Capital Limited requires for its own reporting purposes.

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.

How we comply: The Fund has not yet exited any investments.

When the Fund reaches the phase at which it begins to divest itself of its portfolio companies, the effect of a potential sale on the sustained impact of any given portfolio company will be an important factor in our decision – making process.

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.

In accordance with our established operational procedures, VentureWave Capital Limited actively reviews and documents the impact performance of our investments and compares the actual impact being achieved with the expected impact at the time of its partial acquisition by Impact Ireland LP. As mentioned in our responses to Principles 5 and 6 above, VentureWave Capital Limited actively monitors and addresses both the positive and negative impacts of the company and we use these findings to improve operational and strategic investment decisions. As the investment portfolio of Impact Ireland LP expands over time, we will also apply these procedures to future portfolio companies.

Principle 9: Publicly disclose alignment with the 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 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 first independent annual review and verification of VentureWave Capital Limited's alignment with the Principles was undertaken by an account as of the 31st of December 2020. This independent review and verification exercise culminated in a report which was made available on our website. The undertaking of the independent review and the publishing the reviewer's report on our website ensured that we complied with Principle 9.

The second independent review and verification exercise will be undertaken as of the 31st of December 2021.

Disclaimer and Concluding Comments:

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The publication of this Annual Disclosure Statement is a requirement of being a Signatory to the Operating Principles for Impact Management. Neither the publication of this document nor the content herein should be interpreted as a solicitation to invest in the Fund or in any other securities. VentureWave Capital Limited accepts no liability whatsoever from the publication of this document nor from any potential misstatements or inaccuracies herein.

VentureWave Capital Limited

31st of July 2021