

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Beta Innovation – Fundo Fechado de Capital de Risco

**Legal entity identifier:** LEI 845000BBD60BDB14150

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

**Yes**

   **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### What environmental and/or social characteristics are promoted by this financial product?



The financial product promotes environmental and/or social characteristics, integrating environmental, social and governance criteria (ESG) into investment decisions.

- ESG criteria are incorporated firstly by assuming the [Beta Capital sustainability commitments](#), secondly by (negative screening) excluding the sectors referred to as such in its policy and thirdly by carrying out to each analysed project a ESG due diligence which analyzes the information provided

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

by the company and its materiality concerning the impact on sustainability factors; in addition to the technological, legal and fiscal aspects of the business plan, sustainability risks are assessed and the decision may be, not to proceed with the investment.

- With regard to the investments, a hands-on policy is followed, with the active involvement of investee managers, to identify and manage sustainability risks throughout the different stages of the period in which they are held in Beta Capital portfolio and, on an annual basis, each subsidiary company will provide information of main negative Impacts on Sustainability Factors.
- A combination of main material indicators on sustainability and its negative impacts is used to assess compliance with the environmental or social characteristics of the financial product.
- This financial product, while not aiming at sustainable investment, will dedicate a minimum proportion of 10% to sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy and with a social objective.
- The "Do No Significant Harm" principle applies only to the investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.
- No reference index has been designated to measure environmental or social characteristics of the financial product .

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Beta Innovation uses the definition of main adverse sustainability impacts as referred in Article 2 (24) of Regulation (EU) 2019/2088 (SFDR), as long as they are materially relevant, the following are considered when analyzing the investment possibilities of financial product:

**Environment**

1. GHG Emissions
2. Carbon Footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio

### **Social and labor**

10. UN Compact Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and mechanisms for monitoring compliance with the UNGC principles or the OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Gender diversity on boards of directors
14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons)

### **Additional climate and other environment related indicators**

15. Investments in companies without carbon emission reduction initiatives

### **Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

16. Lack of a supplier code of conduct

The selection of indicators is based on an assessment of their materiality, taking into account the investee companies, the possible occurrence and severity of negative impacts, including their irreversible nature, taking into account the size, nature and scope of the activities of the invested projects.

### ● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The financial product is intended to contribute to the achievement of the environmental objectives defined in Article 9 of the Taxonomy Regulation, namely: a) climate change mitigation; b) climate change adaptation; c) the sustainable use and protection of water and marine resources; d) the transition to a circular economy; e) pollution prevention and control; f) the protection and restoration of biodiversity and ecosystems. The financial product will contribute to these objectives by financing companies whose economic activities contribute or will contribute to the above objectives during the period in which the investment is held in the portfolio of the financial product.

The financial product also aims to contribute to the achievement of the social objectives defined in Article 2 of Regulation (EU) 2019/2088 (SFDR), namely: a) tackling inequality or that fosters social cohesion; b) social integration and labour relations; c) an investment in human capital or economically or socially disadvantaged communities.

The fund will allocate a minimum of 10% to sustainable investments with an environmental objective and/or investments with a social objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Firstly, the sustainable investments with environmental and/or social objectives that the financial product intends to make will comply with Beta Capital's exclusion policy (negative screening) in relation to controversial sectors mentioned in its sustainability policy, and secondly because the sustainable investments to be made will take into account the EU criteria applicable to environmentally sustainable economic activities to which the DNSH (Do No Significant Harm) principle will apply, which will be verified by the ESG due diligence to be carried out for each investment decision.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

After the initial screening, which eliminates the excluded sectors, a detailed due diligence is conducted by the Beta Capital team, which analyzes the information provided by the company in the ESG questionnaire. In addition to the technological, legal and fiscal aspects of the business plan, the sustainability risks and/or the difficulty in overcoming constraints that jeopardize sustainability are assessed, and the decision may be made not to proceed with the investment.

The assessment of sustainability risks is part of the due diligence process that precedes every investment decision, and the results are taken into account in the decision-making process.

The results of this due diligence will also be taken into account in the investment and shareholder agreements; it should be noted that an investment which does not meet all the ESG criteria may be considered, provided that the company presents a clear and feasible plan to meet the required standards within a reasonable period of time after the investment. During the holding period of the investment, the evolution of the indicators will be assessed periodically.

***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

Beta Capital, as a management entity, takes into account internationally recognized principles of responsible business conduct, namely the EU Green Deal, the United Nations Sustainable Development Goals, the United Nations Principles for Responsible Investment and the Paris Agreements, in its sustainability risk analysis and management processes, with non-compliance being exclusion factor:

- Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and United Nations Principles for Responsible Investment.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes,

As defined in Beta's ESG procedures, material adverse sustainability impacts are integrated into all stages of the investment process. Prior to the investment decision, the indicators are evaluated including all mandatory indicators established in SFDR, as well as at least one additional indicator related to climate and one indicator related to social and labor issues, respect for human rights and fight against corruption and bribery.

The selection of indicators is based on an assessment of their materiality, taking into account the companies, the possible occurrence and severity of negative impacts, including their irreversible nature, and the size, nature and scope of activities of the projects in which investments are made. The measurement of key impacts could be partially subjective and based on a qualitative assessment.

Regarding materiality of environmental indicators, Beta Capital uses as a reference recent data from the World Bank, estimating that in 2020 CO2 emissions (per capita) will be 4,300 kg and the value of world GDP (per capita) will be approximately €1,032. Therefore, with respect to the indicators related to greenhouse gas emissions, Beta Capital believes that the values reported are not materially relevant if they are more favorable.

Concerning the remaining indicators, absolute values are taken into account and performance against the indicator is assessed (improvement or deterioration). When certain indicators are flagged as having a high impact or where an opportunity to improve performance is identified, Beta Capital works with the investee to develop and monitor the necessary improvement actions.

Every year, each investee company will provide information on the above-mentioned PAIs, which will be disclosed in accordance with Article 11(2) of the Regulation (EU) 2019/2088 (SFDR).

No



## What investment strategy does this financial product follow?

The objective of this financial product is to achieve long-term capital growth by investing in start-ups engaged in research and development projects aimed at technological innovation and the valorization of their results in new products, services and processes, particularly in the fields of information and communication technologies, electronics, new materials, energy and life and health sciences.

The Fund will diversify its investments in different companies with different strategies in order to mitigate some of the risk.

Environmental, social and governance criteria are taken into account in the investment strategy to the extent that the values of the respective indicators are materially relevant, thus enabling the identification of sustainability risks and their impact on the value of the investment.

The Fund adopts its commitment to only finance companies that do not fail to comply with minimum safeguards in accordance with Article 18 of Regulation EU 2020/852 (Taxonomy Regulation), respect for the DNSH (Do No Significant Harm) principle, with regard to the sustainable objectives referred to in Article 9 of the Taxonomy Regulation and, takes into account the United Nations Sustainable Development Goals and the United Nations Principles for Responsible Investment as well as the EU Green Deal and the Paris Agreements.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The financial product complies with the Managing Entity's ESG procedures, which include 1) an initial screening that excludes the projects and activities referred to in the Exclusion Policy; 2) due diligence that analyzes the information provided by the company in the ESG questionnaire; 3) each company will report annually material adverse impacts on sustainability factors allowin to inform all the investors as defined in Article 11(2) of Regulation (EU) 2019/2088 (SFDR).

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no commitment to a minimum rate of reduction.

- ***What is the policy to assess good governance practices of the investee companies?***

In the assessment of Governance, the following factors are taken into account: good practices in terms of composition, parity, structure and functioning of the management body, including independence of the members, effectiveness of the supervisory body's performance, remuneration structure, and transparency of information. In addition, failure to comply with the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises is a exclusion factor.

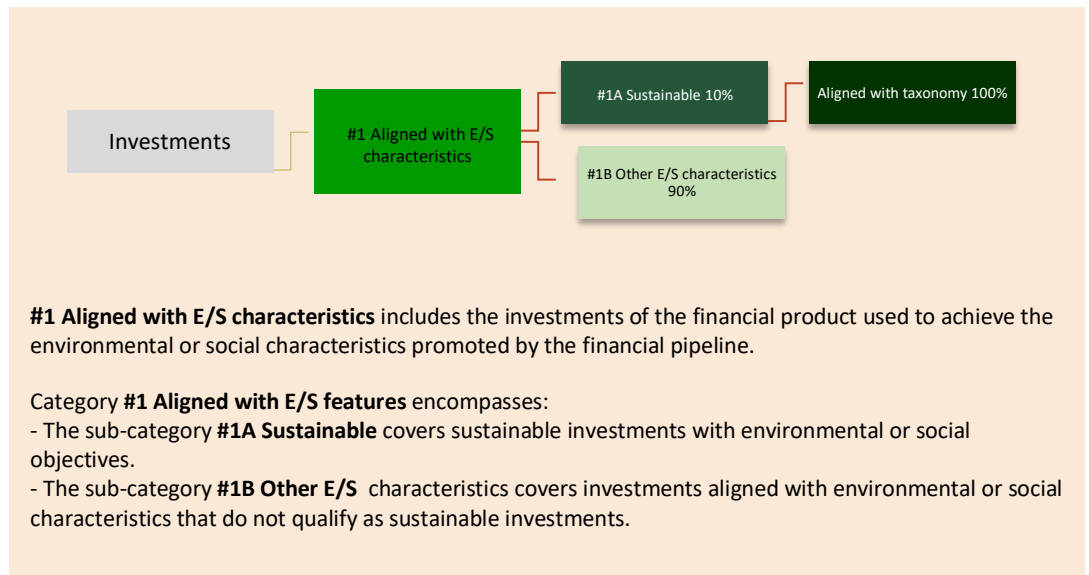
**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

As far as new investments are concerned, the financial product will invest in companies that promote environmental or social characteristics, or a combination of both, with at least 10% of its investments in economic activities qualified as environmentally sustainable according to the European taxonomy and/or with a social objective.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage of the following:

- **Turnover**, reflecting the share of revenues from the green activities of the companies benefiting from the investment
- **Capital expenditure (CapEx)**, demonstrating the green investments made by investee companies, e.g. for the transition to a green economy.
- **Operating Expenditure (OpEx)**, reflecting the green

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

No investments in derivatives are envisaged.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The financial product shall invest at least 10% of new investments in companies with economic activities that qualify as environmentally sustainable under the EU taxonomy and/or social.

The Fund has not set a minimum for sustainable investments with an environmental objective aligned with the EU taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

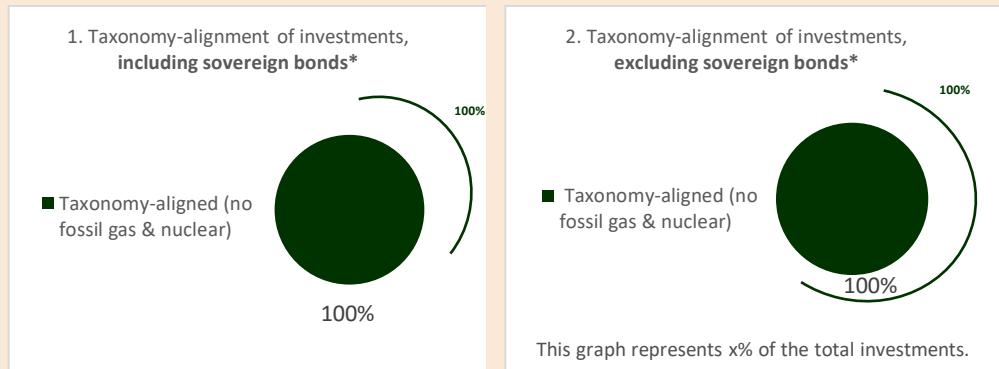
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Yes:  
 In fossil gas    In nuclear energy  
 No

*The following two graphs show, in green, the minimum share of investments aligned with the EU Taxonomy. Since there is no appropriate methodology to determine the alignment of sovereign bonds with the Taxonomy\*, the first chart shows the alignment with the Taxonomy for all investments of the financial product, including sovereign bonds, while the second chart shows the alignment with the Taxonomy only for investments of the financial product that are not sovereign bonds.*



\* For the purposes of these charts, 'sovereign bonds' shall mean all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

The Fund does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

There is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

There is no minimum percentage of socially sustainable investments.



**What investments are included under “#2 Other”, what is their purpose, and are there any minimum environmental or social safeguards?**

Not applicable.





**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

A benchmark has not been designated.

**Reference**

**benchmarks** are indices used to assess whether the financial product ensures the achievement of the environmental or social characteristics it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://betacapital.pt/sustainability/>