Sustainable Finance Disclosure Regulation (SFDR) Disclosures

Introduction

This disclosure is made by Velonet (the "AIFM") in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR").

The AIFM manages alternative investment funds established for the investment of assets belonging to a single family. The investment strategy of the AIF under management is to achieve long-term capital growth through investments in listed equities, fixed income securities and private companies, including early-stage and growth-stage businesses, primarily within the technology sector.

The AIF managed by the AIFM is classified as an Article 6 financial product under SFDR. The AIF does not promote environmental or social characteristics and does not have sustainable investment as its investment objective.

Article 3 SFDR – Integration of Sustainability Risks

Sustainability Risk Policy

For the purposes of SFDR, a sustainability risk means an environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

The AIFM considers sustainability risks as part of its overall investment and risk management process. Sustainability risks are integrated into investment decision-making to the extent that such risks are considered relevant to the investment concerned and information is reasonably available.

Given the nature of the AIF's investment strategy, sustainability risk assessments are primarily conducted through qualitative analysis and due diligence.

Depending on the nature of the investment, the AIFM may consider, among other factors:

Environmental Factors

climate-related risks and transition risks;

environmental compliance and regulatory exposure;

resource efficiency and environmental management practices;

material environmental liabilities.

Social Factors

labour and employment practices;

employee health and safety;

data protection and cybersecurity practices;

relationships with customers, suppliers and other stakeholders.

Governance Factors

board structure and oversight;

management quality and integrity;

business ethics and compliance culture;

shareholder rights and transparency.

The AIFM recognises that the availability and quality of ESG-related information may vary significantly, particularly in relation to private companies and early-stage businesses. Accordingly, sustainability risk assessments are performed on a proportionate and reasonable-efforts basis having regard to the characteristics of the relevant investment.

In addition, the AIFM generally seeks to avoid investments in issuers whose principal activities involve:

controversial weapons;

tobacco products;

oil and gas exploration, extraction or production;

gambling activities; or

adult entertainment.

These exclusions form part of the AIFM's overall investment approach but do not result in the AIF promoting environmental or social characteristics within the meaning of Article 8 SFDR.

Likely Impact of Sustainability Risks on Returns

The AIFM believes that sustainability risks may affect the value and performance of investments over the medium and long term.

Examples of such risks include regulatory changes, environmental incidents, climate-related events, governance failures, cybersecurity breaches, litigation exposure, reputational damage and changes in market or consumer preferences.

Where material, such risks may adversely affect revenues, costs, financing conditions, business operations, valuation levels and investment returns.

While sustainability risks are considered as part of the investment process, no assurance can be given that the identification and assessment of such risks will prevent losses or fully mitigate their potential impact on investment performance.

Article 4 SFDR – Principal Adverse Impacts on Sustainability Factors

The AIFM considers principal adverse impacts ("PAIs") of investment decisions on sustainability factors on a reasonable-efforts basis and to the extent that relevant information is available and proportionate to the nature, scale and complexity of its activities.

In assessing investments, the AIFM may take into account adverse sustainability impacts relating to environmental, social and governance matters, including where such impacts may affect the long-term value, resilience or risk profile of an investment.

The AIFM's ability to assess PAIs may be limited by the availability, quality and comparability of sustainability-related data, particularly in relation to private companies, start-up businesses and other issuers that are not subject to extensive sustainability reporting obligations.

Accordingly:

the AIFM does not currently undertake a comprehensive assessment of all mandatory PAI indicators set out under the SFDR regulatory technical standards;

PAI information may not be available for all investments held or considered by the AIF;

PAI considerations are integrated into the investment process in a proportionate manner based on the information reasonably obtainable by the AIFM.

The AIFM will continue to monitor developments in data availability, market practice and regulatory expectations and may enhance its approach to the consideration of principal adverse impacts over time.

Article 5 SFDR – Remuneration Policy

The AIFM maintains remuneration arrangements that are consistent with sound and effective risk management and that do not encourage excessive risk-taking.

Where relevant, sustainability risks form part of the broader risk framework considered by the AIFM in conducting its activities and making remuneration-related decisions.

Given the size, internal organisation and nature of the AIFM's activities, remuneration arrangements are implemented in a manner that is proportionate and consistent with the long-term interests of the AIF and its investors.

Review of Disclosures

The AIFM may amend or update these disclosures from time to time to reflect changes in applicable laws, regulations, regulatory guidance, investment activities or internal policies.

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