

Sustainability-related disclosures pursuant to Regulation (EU) 2019/2088 ("SFDR")

Date of publication: 10.08.2022

I. Sustainability risks

Backbone Ventures GmbH ("**Backbone Ventures**", LEI: 391200QCM0IEXOSDM042) considers sustainability risks as part of its investment decision-making process. Sustainability risks are environmental, social or governance events or conditions, the occurrence of which could have an actual or potential material adverse effect on the value of the investment. Backbone Ventures considers sustainability risks as part of its due diligence process prior to any investment. This also includes an assessment of sustainability risks. Such assessment is being conducted through an informal process as appropriate in light of the circumstances of the individual case. The results of such assessment are taken into account when the investment decision is being taken. However, Backbone Ventures remains free in its decision to refrain from investing or to invest despite sustainability risks, in which case Backbone Ventures can also apply measures to reduce or mitigate any sustainability risks. At all times, Backbone Ventures will apply the principle of proportionality taking due account of the strategic relevance of an investment as well as its transactional context.

II. No consideration of adverse impacts of investment decisions on sustainability factors

Backbone Ventures does not consider any adverse impacts of its investment decisions on sustainability factors and, hence, does not use the sustainability indicators listed in Annex I of the Regulatory Technical Standards (C(2022) 1931 final, "**RTS**") to identify and assess potential adverse impacts. Sustainability factors are environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery. Given that the SFDR, the Regulation (EU) 2020/852 ("**Taxonomy**") and the accompanying RTS are relatively new legislative acts, there is very little or no practical experience or practice with regard to the application of their respective provisions. Therefore, substantial legal uncertainties would remain when applying those provisions to the strategies pursued by Backbone Ventures. Moreover, the burden associated with considering adverse impacts on sustainability factors by using sustainability indicators is disproportionate in light of the very limited relevance that such impacts could have in the context of Backbone Ventures' investment strategy: Backbone Ventures pursues a venture capital strategy and invests in young start-ups mainly originating in Germany and Switzerland. As a result, Backbone Ventures' investment decisions will hardly ever have an impact on sustainability factors. What is more, the Fund will likely hold only minority interests in its portfolio companies. Such minority interests are, however, generally not sufficient to encourage the Fund's portfolio companies to collect and provide the relevant data. If and to the extent that the legal uncertainties will be resolved and a practicable market and administrative practice will evolve in this regard, Backbone Ventures will re-evaluate considering principal adverse impacts of its investment decisions in due course.

III. Remuneration disclosures

As a registered alternative investment fund manager within the meaning of section 2 (4) of the German Investment Code (*Kapitalanlagegesetzbuch*, "**KAGB**"), Backbone Ventures does not have and does not need to have a remuneration guideline or policy in accordance with the requirements of the KAGB.

IV. Sustainability-related disclosures for Backbone Ventures 5502 Fund GmbH & Co. KG

Financial product: Backbone Ventures 5502 Fund GmbH & Co. KG (the "**Fund**" / der "**Fonds**")

LEI: 3912008V5S2ZGAJBCS72

Summary

The Fund considers certain environmental and/or social characteristics as part of its investment decisions and monitoring processes but does not seek to make sustainable investments as defined in the SFDR. The consideration of environmental and/or social characteristics is carried out both before and after an investment. For this purpose, information is initially and regularly obtained from the portfolio companies by means of qualitative queries. The Fund incorporates exclusion (negative screening) aspects during the decision-making process. Thereby the Fund considers several ESG themes to be the key to responsible investing. The actions and decisions described in the following section are each made by Backbone Ventures for and on behalf of the Fund.

Zusammenfassung

Der Fonds berücksichtigt bestimmte ökologische und/oder soziale Merkmale im Rahmen seiner Investitionsentscheidungen und Monitoring-Prozesse, strebt aber keine nachhaltigen Investitionen im Sinne der SFDR an. Die Berücksichtigung von Umwelt- und/oder Sozialmerkmalen erfolgt sowohl vor als auch nach einer Investition. Zu diesem Zweck werden zunächst und regelmäßig Informationen von den Portfoliounternehmen durch qualitative Abfragen eingeholt. Der Fonds bezieht Exklusionsaspekte (negatives Screening) in seinen Entscheidungsprozess ein. Dabei betrachtet der Fonds mehrere ESG-Themen als Schlüssel für verantwortungsvolles Investieren. Die in diesem Abschnitt beschriebenen Handlungen und Entscheidungen erfolgen jeweils durch Backbone Ventures für den Fonds.

No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund promotes environmental and/or social characteristics by implementing certain investment exclusions (see section 'Investment strategy') during the decision-making process.

Investment strategy

The purpose of the Fund is to build, hold and manage (including to divest) a portfolio of equity and equity-related investments in portfolio companies. In particular, the Fund will focus on the financing of start-ups in their (very) early stages and intends to make its initial investments in the (very) early stage, *i.e.*, pre-seed and seed financing rounds. Thereby, the Fund will not focus on a specific industrial sector and its investments are expected to be spread across a wide range of economic activities. There will be a regional focus on Germany and Switzerland, although the Fund may invest up to 20 % of the total capital commitments in other European countries.

The Fund is bound by the investment restrictions and limitations set out in the Fund's limited partnership agreement and shall procure that such requirements, restrictions and limitations are complied with at all times. In particular, the Fund will screen each investment opportunity against its investment exclusions and no investments will be made in the area of such exclusions.

The Fund shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies, including portfolio companies, or other entities whose business activity consists of:

- a) performing research and innovation activities considered as illegal according to the applicable legislation in the country of the portfolio company;
- b) any illegal economic activity (*i.e.*, any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant portfolio company, including without limitation, human cloning for reproduction purposes);
- c) the financing and production of, and trade in, weapons and ammunition of any kind;
- d) internet gambling and online casinos, *i.e.*, internet services where the user pays money or transfers crypto assets for the primary purpose of a financial gain determined by odds or chance; but not including online gaming, *i.e.*, paid internet services that have the primary purpose of a pastime or amusement;
- e) oil and gas or metals and mining exploration, extraction or operations;
- f) pornography; and
- g) the research, development or technical applications relating to electronic data programs or solutions, which are intended to enable to illegally (i) enter into electronic data networks; or (ii) download electronic data.

Good governance practices are assessed through an informal process as appropriate in light of the circumstances of each individual case. Such practices include, in particular, sound management structures, employee relations, remuneration of staff and tax compliance within the portfolio companies. Moreover, during the holding period, the Fund will conduct regular monitoring of the good governance practices in its portfolio companies. If the Fund becomes aware of severe governance issues, it will investigate them and work with all parties involved to find an appropriate solution.

Proportion of investments

The Fund will invest fully in line with its investment strategy and investment restrictions, *i.e.*, will only make investments which are aligned with its environmental or social characteristics (*i.e.*, its investment exclusions). The Fund does not make and does not intend to make sustainable investments within the meaning of Art. 2 (17) SFDR or environmentally sustainable investments within the meaning of Art. 2 Taxonomy; hence, no portion of its investments will be aligned with the Taxonomy.

Monitoring of environmental or social characteristics

The Fund has an increased awareness on the impact of environmental or social characteristics on risk management and thus on the value potential of investments. In order to monitor the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions), the Fund consults with the portfolio companies in regular intervals and will carry out further checks in order to identify potential issues with such characteristics. Therefore, the Fund monitors compliance with its environmental or social characteristics (*i.e.*, its investment exclusions) on an ongoing basis. External monitoring mechanisms are not in place.

Methodologies for environmental or social characteristics

Currently the Fund applies qualitative assessments with regard to its environmental or social characteristics (*i.e.*, its investment exclusions). The Fund conducts its initial assessment in the course of its due diligence. The Fund's due diligence is carried out via an informal process.

Based on the results of such assessment the Fund identifies whether the environmental or social characteristics promoted by the Fund are met.

In order to measure how the environmental or social characteristics are met during the holding period, the Fund consults with the portfolio companies in regular intervals and will carry out further checks in order to identify potential issues with such characteristics.

Data sources and processing

In order to attain each of the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions), the Fund obtains the relevant data from its (potential) portfolio companies through an informal process. Hence, data is obtained only from the (potential) portfolio companies. An internal or external review or verification of the information obtained will be carried out if misrepresentations are suspected.

The results of the data obtained are considered in the investment decision and, during the holding period, in the monitoring process.

Limitations to methodologies and data

The information collected from the (potential) portfolio companies through the informal process carried out by the Fund is internally or externally verified only if and to the extent misrepresentations are suspected. Thus, it cannot be ruled out completely that false information may remain undetected in certain cases. As the Fund's investments are made for several years, the Fund considers it a priority to establish and maintain a trustful working relationship with its portfolio companies in order to ensure compliance with the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions).

Due diligence

An initial assessment of how an investment relates to the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions) is carried out as part of the due diligence process using a questionnaire and, where required based on the inherent ESG risk of the portfolio company, through an enhanced analysis. As a rule, purely qualitative statements of an environmental or social nature or relating to corporate governance are requested from the portfolio companies and then taken into account in the investment decision-making process. An internal or external review or verification of the information obtained will only be carried out if misrepresentations are suspected.

Engagement policies

Engagement is not part of the environmental or social investment strategy of the Fund.

Designated reference benchmark

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.