

Pre-contractual disclosure for Mustard Seed MAZE Social Entrepreneurship Fund I**LEI Code 984500E6ECN807M84904****1. Introduction**

Mustard Seed MAZE – Sociedade de Empreendedorismo Social, S.A. (hereinafter “MSM”, “we”, “us” and/or the “Fund Manager”) is the management company of the Mustard Seed MAZE Social Entrepreneurship Fund I (hereinafter the “Fund” or “financial product”), a social entrepreneurship fund registered in Portugal with the local regulator CMVM under register code 1568.

The Fund has a sustainability investment objective by which it invests in economic activities that contribute to an environmental or social objective, provided that these investments do not significantly harm any environmental or social objectives and that the companies follow good governance practices. As such, the Fund qualifies a financial product referred to in **Article 9**, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 (hereinafter the SFDR Regulation”).

As of 31st December 2022, the MSM Fund allocated **55%** to sustainable investments with a social objective, and **45%** to non-EU Taxonomy sustainable investments with an environmental objective. This ratio will be updated as needed, as the Fund is still in its investment period, and it may change.

Some of the Fund’s sustainable investments with an environmental objective are within the activities listed in the [EU Taxonomy framework](#), as established by Regulation (EU) 2020/852. However, since being EU Taxonomy compliant is not a mandatory criterion for environmental investments by the Fund, there is not enough data to substantiate that the investees qualify as such. Therefore, for the purposes of this disclaimer, The Fund Manager declares that the sustainable investments with an environmental objective are in economic activities that **do not qualify as environmentally sustainable under the EU Taxonomy**.

2. Sustainable Investment Objective of the Fund

The Fund invests in fast-growing European ventures, with global lock-step potential where impact and financial returns are mutually reinforcing. Our portfolio ventures are lockstep in nature, meaning that impact and revenues are mutually reinforcing. In other words, our ventures’ revenues are driven by the impact that they create.

During the due diligence process for each company, the impact case is thoroughly discussed based on an analysis that the investment team prepares by using the Impact Management Project

(“IMP”). This is a set of norms that provide a lens to understand the impact performance of each investment against the United Nations’ Sustainable Development Goals (“ UN SDGs”).

MSM is focused on impact management rather than on impact measurement in isolation. The IMP allows us to have the ongoing practice of measuring our risk of negative impacts and our positive impacts so that we can reduce the negative and increase the positive. The Impact Fact Sheets following the IMP guidelines are published on our website, per company, under the Portfolio section.

Several of our sustainable investments have the environmental objective of reducing carbon emissions. Considering the small scale of our companies at the time of first investment, our Impact Policy (included in this report) is not directly aligned with the EU Climate Transition Benchmark or the EU Paris-aligned Benchmark. We focus on defining one or two impact metrics for each investee company, as well as 4-year annual impact targets, which are approved by the MSM Fund’s Advisory Board. The Advisory Board is comprised of the five main LPs in the fund. The calculation of these metrics is agreed between the Fund’s team and the founders of each company, based on the carbon emissions reduced by their business activity and their respective business plans.

3. Principal Adverse Impacts

The MSM Fund does not formally consider Principal Adverse Impacts (“PAIs”) on its pre-investment sustainability factors, as it started its operations before the entry into force of SFDR. However, MSM considers overall adverse impacts as part of the IMP analysis of the Fund’s investments, as described in the “Impact Risk” section of the Impact Fact Sheets available per company, on our website.

Following the entry into force of the SFDR regulation and the Commission Delegated Regulation (EU) 2022/1288 (hereinafter the “SFDR RTS”), MSM has implemented additional reporting requirements from the Fund’s portfolio companies, so that we can have additional granularity on the PAIs of our existing portfolio. For that purpose, we have collected data referring to the PAIs stated in Table 1¹ of the SFDR RTS for the reporting period that ended on 31st December 2022, as well as a selection of PAIs from Tables 2 and 3, as per the below templates:

¹ PAIs 15 to 18 of Table 1 are not applicable to the Fund, and will not be reported.

Financial market participant [Name and, where available, LEI]					
Summary					
[Name and, where available, LEI] considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of [name of the financial market participant] [where applicable, insert 'and its subsidiaries, namely [list the subsidiaries included]'].					
This statement on principal adverse impacts on sustainability factors covers the reference period from [insert '1 January' or the date on which principal adverse impacts were first considered] to 31 December [year n].					
[Summary referred to in Article 5 provided in the languages referred to in paragraph 1 thereof]					
Description of the principal adverse impacts on sustainability factors					
[Information referred to in Article 7 in the format set out below]					
Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions			
		Scope 2 GHG emissions			
		Scope 3 GHG emissions			
		Total GHG emissions			
	2. Carbon footprint	Carbon footprint			
	3. GHG intensity of investee companies	GHG intensity of investee companies			
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector			
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources				
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector				

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas				
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average				
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies				
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members				

14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons				
Description of policies to identify and prioritise principal adverse impacts on sustainability factors					
[Information referred to in Article 7]					
Engagement policies					
[Information referred to in Article 8]					
References to international standards					
[Information referred to in Article 9]					
Historical comparison					
[Information referred to in Article 10]					

Table 1 – Selection of PAIs to report from Table 1 of the SFDR RTS, referring to the template for the statement on principal adverse impacts of investment decisions on sustainability factors.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

Table 2 – Selection of PAIs to report from Table 2 of the SFDR RTS, referring to additional climate and other environment-related indicators.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Social and employee matters	7. Incidents of discrimination	Number of incidents of discrimination reported in investee companies expressed as a weighted average
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

Table 3 – Selection of PAIs to report from Table 3 of the SFDR RTS, referring to additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters.

Besides the assessment of principal adverse impacts and adverse sustainability impacts in general, and as per its Rules of Procedure, the Fund does not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities (i) established in or which maintain a business relationship with entities incorporated in a Non-Cooperative Jurisdiction, or (ii) whose business activity consists of:

- a) an 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;
- b) activities excluded as referred to in Article 19 of the Regulation EU no. 1291/2013 of the European Parliament and of the Council, including:
 - 1. research aiming at human cloning for reproduction purposes;
 - 2. research intended to modify the genetic heritage of human beings, which could make such changes heritable (excluding research relating to cancer treatment of the gonads); and
 - 3. research intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;
- c) the production of or trade in tobacco or distilled alcoholic beverages and related products;
- d) the production of or trade in weapons or ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
- e) gambling, casinos or equivalent enterprises;
- f) the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at:
 - 1. supporting any activity referred to under (a) to (e) above;
 - 2. internet gambling and online casinos, pornography; or
 - 3. which are intended to enable illegal entry into electronic data networks or download electronic data.

In addition, when providing support to the financing of the research, development or technical applications relating to human cloning for research or therapeutic purposes, or genetically

modified organisms (“GMOs”), MSM shall ensure the appropriate control of legal, regulatory, and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

4. Investment Strategy

Our investment thesis is rooted in the belief that the best businesses of the future are those that profit from solving social and/or environmental challenges, opposed to those that profit from the existence of such challenges.

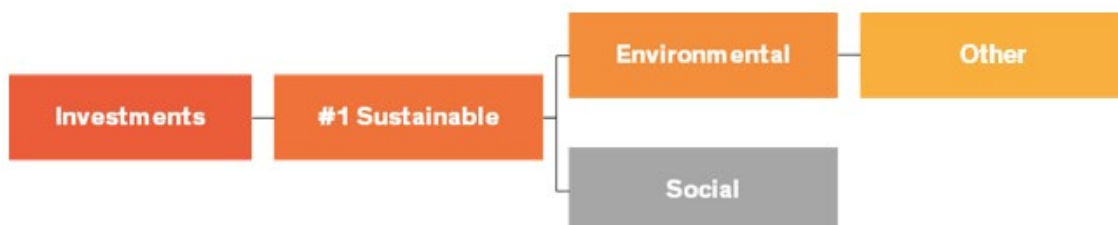
Some of the most prominent social and environmental challenges have not yet been solved by the market or the State, and therefore must be innovative. These challenges hide some of the most sizeable opportunities of our times – the 17 United Nations Sustainable Development Goals can be estimated to cost the global economy more than 10 trillion USD.

This understanding connects the various tenets of our approach:

- Social and environmental challenges hide venture-scale market opportunities.
- Innovative solutions are early-stage by nature, therefore benefitting from venture capital.
- Lockstep impact ventures link to the UN SDGs and benefit from improved employee quality, increased consumer engagement and reduced cost of capital.

5. Asset Allocation

The Fund’s portfolio is composed of 100% of sustainable investments, which cover either social or environmental objectives as set by the UN SDGs. As defined in Section 1 of this disclaimer, given the lack of data regarding the mandatory criteria for environmental investments to qualify as EU Taxonomy compliant, MSM considers that all its environmentally sustainable investments are not EU Taxonomy compliant and therefore categorised as “Other” on the below graphic.



Graphic 1 – Asset allocation of the Fund, whereas 100% of its investments are sustainable.

As of the date of this disclosure, the ratio of investments of the Fund is 55% for sustainable investments with a social objective, and 45% sustainable investments with an environmental objective.

6. Reference Benchmark

The Fund does not consider any referenced index to meet its sustainability investment objectives or compare the overall sustainability-related impact of the Fund's investments against the impacts of said index or of a broad market index. The small scale of the Fund's portfolio companies and the nature of their businesses as impact start-ups refutes the existence of such an index at market-level.

As stated in Section 2 of this disclosure, MSM defines a set of impact metrics and annual performance targets which enable, at any point in time, the calculation of an "impact multiple" of each company according to the target. These metrics include, across the portfolio, savings of CO2 emissions, incremental utilisation of products fostering circularity, savings of plastic usage, job placements of vulnerable individuals, better health outcomes, educational content produced and accessed, quality of care outcomes, amongst others. The calculation of these metrics is agreed upon between the Fund team and the founders of each company, based on the lockstep impact their businesses generate.

Additional information about Mustard Seed MAZE can be found on our [website](#).

This disclaimer was updated on 19/07/2023.

If you have any questions, please do not hesitate to contact us at ops@msm.vc.