



SPARKMIND.VC

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Updates: Text and layout clarified

SUSTAINABILITY RELATED DISCLOSURES

The Sparkmind Fund LP (“Fund”), managed by Sparkmind.vc (“Sparkmind” or “we”) has sustainable investment as its objective in accordance with **Article 9** of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (*SFDR*).

This document describes certain sustainability related matters of the Fund in accordance with Article 10 of the SFDR and the Commission Delegated Regulation (EU) 2022/1288 (*SFDR RTS*).

Important notice: Investments to the Fund are only allowed for investors who are qualified as professional investors. The Fund does not take investments from non-professional investors. This disclosure is made available due to mandatory requirements of the SFDR and shall not in any circumstances be considered to constitute an offer of securities.

SUMMARY

The Fund has as its sustainable investment objective to invest in companies operating in the education sector and hence the Fund is making sustainable investments with a social objective. The Fund makes venture capital investments, with a focus on the education sector in Europe.

All the Fund’s investments are made in sustainable investments, i.e., in portfolio companies aligned with the social characteristics promoted under the investment strategy of the Fund. Review of sustainability factors is part of the investment decision phase. Potential target companies are made a due diligence review, wherein sustainability factors form one area of interest. At some target companies, a separate ESG due diligence review is conducted, if necessary.

The financial and non-financial performance of the Fund’s portfolio companies is monitored, including a constant monitoring of ESG issues and impact targets and metrics set for the target companies of the Fund portfolio. The methodology to ensure the sustainability objective of the Fund consists most importantly of active ownership. After making an investment, we work with our portfolio companies to ensure proper business practices in respect to the preset measurable impact targets. We collect data from portfolio companies which we use to estimate the attainment of the sustainability objectives of the Fund. Part of the data is verified. There is no index designated as a reference benchmark of the sustainable investment objectives.

Due to our investment strategy, we do not expect our Fund’s portfolio companies to significantly harm any of the attained sustainable investment objectives.



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TIIVISTELMÄ

Sparkmind Fund Ky (“Rahasto”) tekee yhteiskunnallisia tavoitteita edistäviä kestäviä sijoituksia. Rahasto sijoittaa koulutussektorilla toimiviin yrityksiin. Rahasto tekee vintturi capital -sijoituksia, ja sen fokuksessa on eurooppalainen koulutussektori.

Kaikki Rahaston sijoitukset ovat kestäviä. Sijoituksia tehdään sellaisiin kohdeyhtiöihin, jotka ovat Rahaston sijoitusstrategian ja yhteiskunnallisten tavoitteiden mukaisia. Kestävyystekijöitä tarkastellaan osana sijoituspäätöstä. Potentiaalisille kohdeyhtiöille tehdään due diligence -tarkastus, jossa kestävyystekijät muodostavat yhden tarkasteltavan osa-alueen. Joillekin kohdeyhtiöille voidaan tehdä erillinen kestävyysseikkoja koskeva due diligence -tarkastus, jos tarpeen.

Rahaston portfolioyhtiöiden taloudellista ja muuta kuin taloudellista suoriutumista seurataan säännöllisesti. Säännöllinen seuranta käsittää muun ohessa kestävyysseikat sekä Rahaston kohdeyhtiöille asetettujen vaikuttavuustavoitteiden ja -mittareiden saavuttamisen. Rahaston kestävyystavoitteiden saavuttamista tuetaan aktiivisen omistajuuden menetelmällä. Työskentelemme sijoituksen tekemisen jälkeen kohdeyhtiöidemme kanssa varmistaaksemme sen, että yhtiöissä toimitaan oikein suhteessa ennalta-asetettuihin vaikuttavuustavoitteisiin. Keräämme dataa kohdeyhtiöistämme, jota käytämme Rahaston kestävyystavoitteiden saavuttamisen mittaamisessa. Osa datasta todennetaan. Rahasto ei ole nimennyt vertailuarvoksi indeksiä Rahaston kestävyystavoitteiden toteutumisen seuraamiseksi.

Rahaston sijoitusstrategian takia katsomme, että sijoitukset Rahaston kohdeyhtiöihin eivät aiheuta merkittävää haittaa yhdellekään kestävyystavoitteista.



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No significant harm to the sustainable investment objective

The Fund has as its sustainable investment objective to invest in companies operating in the education sector. Due to our investment strategy, we do not expect our Fund's portfolio companies to significantly harm any of the attained sustainable investment objectives.

Sparkmind has estimated the principle of do no significant harm with the Principal Adverse Impacts (PAI) indicators listed in Annex I to the SFDR RTS as follows:

The PAI indicators for greenhouse gas emissions (Indicator 1 GHG emissions, Indicator 2 Carbon footprint, Indicator 3 GHG intensity of investee companies, Indicator 4 Exposure to companies active in the fossil fuel sector, Indicator 5 Share of non-renewable energy consumption and production and Indicator 6 Energy consumption intensity per high impact climate sector) are considered not relevant for the Fund's investments. The Fund invests in private companies operating in the education sector. Much of the activities of the portfolio companies are focused on software-based digital learning solutions. Software-based digital learning solutions decrease the need for travelling, and hence the investments are not generally considered of having material negative effects to carbon emissions. We encourage our portfolio companies to reduce carbon emissions of travelling by preferring video conferencing when appropriate, instead of international face-to-face meetings. In addition, we encourage the use of digital documentation format and additionally to sort and recycle any office waste. The portfolio companies are not active in the fossil fuel sector (Indicator 4).

With regards to indicators 7 (Biodiversity), 8 (Water) and 9 (Waste), they are not considered relevant to the Fund's investments. The Fund's portfolio companies do not engage in activities which would negatively affect biodiversity-sensitive areas, produce emissions to water or generate hazardous waste or radioactive waste ratio.

With regards to indicators related to social and employee matters, Sparkmind considers that the investments do not cause significant harm to them. The Fund's portfolio companies are mainly European based, which means that potential violations related to Indicator 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) are of non-material likelihood.

Sparkmind has signed the internationally recognized Principles for Responsible Investment in the investment manager category. This demonstrates our commitment to responsible investing and building a more sustainable future of the financial system overall. Being a signatory provides Sparkmind access to all of the support and resources that the UNPRI provides, including reports and guides, the collaboration portal, the UNPRI Data Portal and assessment tools to measure and communicate our progress.

Sparkmind's active ownership strategy includes ensuring that portfolio companies comply with the principles of equality, diversity and non-discrimination. Hence, the portfolio companies are estimated to not cause significant harm related to Indicators 12 (Unadjusted gender pay gap) and Indicator 13 (Board gender diversity).



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With regards to Indicator 14 (Exposure to controversial weapons), the Fund does have no such exposures as investments are made to private companies acting in the education sector.

Sustainable investment objective of the financial product

The Fund has as its sustainable investment objective to invest in companies operating in the education sector and hence making sustainable investments with a social objective. The education sector businesses should offer, for example:

1. Higher student engagement
2. Increased workflow efficiency
3. Personalized and insightful data
4. Increased access
5. Improved cost efficiency

Investment strategy

The Fund makes venture capital investments, with a focus on the education sector in Europe.

We select investments carefully in accordance with the investment policies and principles agreed with our investors in the Fund agreement and its side letters. Education sector companies operate within a business sector where realized impact and ESG issues are the core requirements for a successfully scalable business model. Measurable impact of the Fund's target companies and overall ESG issues such as sustainability, corporate citizenship and governance (including with respect to sound management structures, employee relations, remuneration of staff and tax compliance) are part of our pre-selection process and these requirements also play an important role in our final investment decisions. Strong performance by a company from the ESG perspective and within the relevant positive impact metrics increases the likelihood of an investment.

As we concentrate on the education sector, our deal flow is naturally guided by our investment strategy and normally the potential investment targets in the deal flow are already sustainable from a social point of view. It goes without saying that we exclude investments in weapons, gambling, tobacco, fossil fuels, adult entertainment and alcohol from our potential investment targets.

Proportion of investments

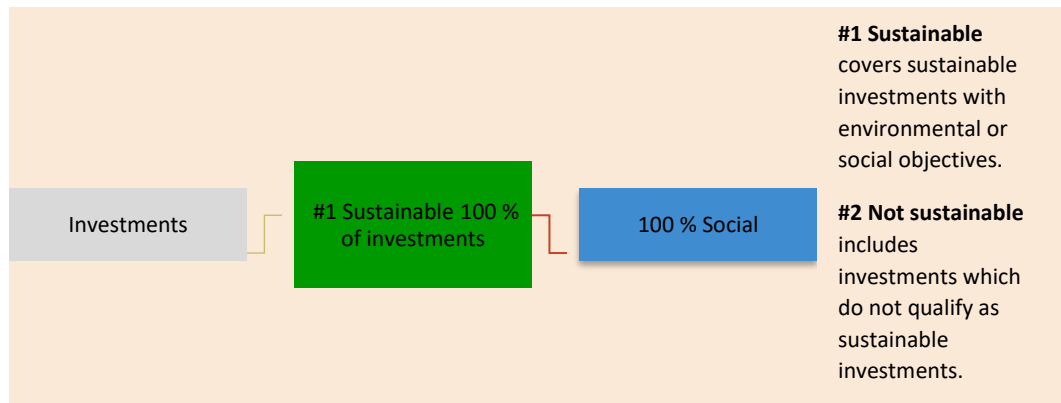
The following disclosure is provided in accordance with template set out in Annex III of the SFDR RTS for section "What is the asset allocation and the minimum share of sustainable investments".

What is the asset allocation and the minimum share of sustainable investments?

The Fund makes venture capital investments, with a focus on the education sector in Europe. All the Fund's investments are made in sustainable investments, i.e., in portfolio companies aligned with the social characteristics promoted under the investment strategy of the Fund. The Fund only has direct exposures in the form of direct investments to the portfolio companies.



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Monitoring of sustainable investment objective

We monitor financial and non-financial performance of our portfolio companies, including a constant monitoring of ESG issues, but especially the impact targets and metrics set for the target companies of the Fund portfolio.

We report the status of the Fund's underlying investments as well as material shortcomings in the governance of the portfolio companies to our investors in compliance with the Fund agreement with our LP investors. The Fund also applies the practices of Invest Europe/IPEV guidelines, alongside the applicable legislation, accounting regulations, and other statutory requirements set out for the Fund operations.

As an ESG-related factor we are requiring the target companies to measure and report the agreed impact metrics related to the ESG issues, such as the quality of education, servicing of the underprivileged groups and inclusion of diverse customer target groups. Some of these metrics, but not all, cover ESG-related considerations that are targeted for the impact KPIs, also called as KIIs (Key Impact Indicators).

The KIIs subject to reporting by target companies towards Sparkmind, and by us to our LP investors include e.g.:

- Learning outcomes
- Availability of services to underserved segments or populations
- Improved cost efficiency
- Higher student engagement

All of the above indicators are measured as part of social sustainability objectives of our Fund.

In addition, our Board of Directors regularly reviews the general performance of our portfolio companies.

Methodologies

Our methodology to ensure the sustainability objective of the Fund consists most importantly of active ownership. We typically have one of our partners named as a member of the Board or as a Board observer



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of the respective portfolio companies, in which position we can both monitor and impact the governance of the target company.

We monitor financial and non-financial performance of our portfolio companies, including a constant monitoring of ESG issues and governance practices, but especially the impact targets and metrics set for the target companies of the Fund portfolio.

We use the Key Impact Indicators (KIIs) to measure the attainment of the sustainable investment objective.

Data sources and processing

We collect data from portfolio companies, which data we use to estimate the attainment of the sustainability objectives of the Fund. Part of the data is audited, while with the rest, we rely on the portfolio companies' reporting mechanisms. With respect to the latter, we typically do not use external verification mechanisms.

The data is normally processed by automatic data processing tools. The proportion of data estimated is zero, as we receive all processed data from the portfolio companies.

Limitations to methodologies and data

Part of the data we collect and process is not verified. Early-stage start-up companies typically have limited resources available, and this also limits their ability to use external verification to data. By way of active ownership and participation to the governance of the portfolio companies we can also proactively promote and ensure the attainment of sustainability in the portfolio companies.

Due diligence

Review of sustainability factors is part of the investment decision phase. Potential target companies are made a due diligence review, wherein sustainability factors form one area of interest. At some target companies, a separate ESG due diligence review is conducted, if necessary.

Engagement policies

After making an investment, we work with our portfolio companies in order to ensure proper business practices in respect to the preset measurable impact targets. We also bring actively a holistic ESG perspective for the daily operations of the target companies by encouraging them to develop their own ESG policies within their own education business segment. This will be extended with further emphasis on corporate responsibility and governance as the companies mature.

We expect each portfolio company to work on its own corporate responsibility policy which best serves value creation in that company, and to adopt a corporate governance policy which advances good governance and a Code of Conduct based on the company's values. Also, we expect every company to reach their impact targets that typically measure the quality or efficiency of learning and teaching, or the scale of the business reach within the underprivileged customer segments, for example.



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Our active ownership strategy includes ensuring that portfolio companies comply with the principles of equality, diversity and non-discrimination. We encourage our portfolio companies to focus on the competence of people instead of their external qualities. We apply the same principles in our own operations.

Attainment of the sustainable investment objective

There is no index designated as a reference benchmark of the sustainable investment objectives. Sparkmind engages, among others, in active ownership, investment monitoring and reporting to attain the sustainable investment objectives of the Fund.