

ANNEX III

ANNEX IV

Template periodic 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: Butterfly Venture Fund IV ('Fund')

Legal entity identifier: 3230017-1

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective: __%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective: __%**

It promoted **Environmental/Social characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of **100 %** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund made one new investment (10Lines OÜ) and one follow-on investment (Cult Security Oy) in the reference period Q4/2023. 10Lines innovation promotes social characteristics as the robotics company fills a necessary gap by providing better line markings for self-driving vehicles in the cities of the future. The net impact modeling of the company will be completed in Q1/2024. Cult Security promotes social characteristics by improving employee cybersecurity awareness and training.

○ **How did the sustainability indicators perform?**

The net impact ratio of the Fund remained at +29 %, which means that the sustainability indicators performed above the target level (+20 %).

○ **...and compared to previous periods?**

The net impact ratio remained the same as it was in H2/2023. Compared to the first reporting period (+18 % in Q4/2022), the ratio improved throughout the year.

○ **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The follow-on investment in Cult Security contributes positively towards social objectives. The net impact of Cult Security is +9.1 in the category *Society* and it creates positive value for especially in sub-categories *Jobs*, *Taxes*, and *Societal stability*. The net impact analysis of 10Lines will be finalized and reported in Q1/2024.

○ **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental to any environmental or social sustainable investment objective?**

Within the investment process of the Fund, we take 'Do No Significant Harm' Principle into account by ensuring primarily by three separate screening criteria that ensure that negative impacts are minor in relation to the size of the investee company and the size of its positive impacts. All investments of the Fund fit the defined criteria:

- The investee company has a non-negative impact as a whole (i.e. the net impact ratio of the investee company is non-negative, if Upright Project net impact metrics is applied), AND
- The investee company does not have a large negative impact to the environment in relation to the size of the company (i.e. the relative negative score of the Environment dimension should not be less than -8.0, if Upright Project net impact metrics is applied), AND
- The investee company does not have a significant negative impact to society in relation to the size of the company (i.e. the relative negative score of the Society dimension should not be less than -2.0, if Upright Project net impact metrics is applied)

○ **How were the indicators for adverse impacts on sustainability factors taken into account?**

Upright Project analyzes and evaluates the adverse impacts on sustainability factors for our new investments. It is a part of the general net impact analysis process and always conducted before our first investment. We go through the results to evaluate and confirm that there are no red flags.

○ **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The follow-on investment was aligned with the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights.

The EU Taxonomy sets out a "Do No Significant Harm" ('DNSH') principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The DNSH 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.

How did this financial product consider principal adverse impacts on sustainability factors?

Analysis and evaluation of principal adverse impacts (PAIs) on sustainability factors is included in the overall net impact modeling conducted by Upright Project, according to the following process:

1. Identification of relevant adverse impact indicators for an investment

2. Assessment of the scale of possible adverse impacts related to an investment, in relation to the scale of its positive impacts. The assessment is done based on disclosed and modeled data for individual principal adverse indicators and relevant correlated indicators. Correlated indicators that would be relevant to consider. Used correlated indicators include, but are not limited to, Upright net impact metrics and UN Sustainable Development Goals (SDG) alignment metrics
3. Based on the assessment, a conclusion is made whether:
 - The potential harm related to the investment is insignificant
 - There is insufficient data to conclude on whether there is significant harm related to the investment

The potential harm related to the follow-on investment in Cult Security was concluded insignificant. The net impact analysis of 10Lines will be finalized and reported in Q1/2024.

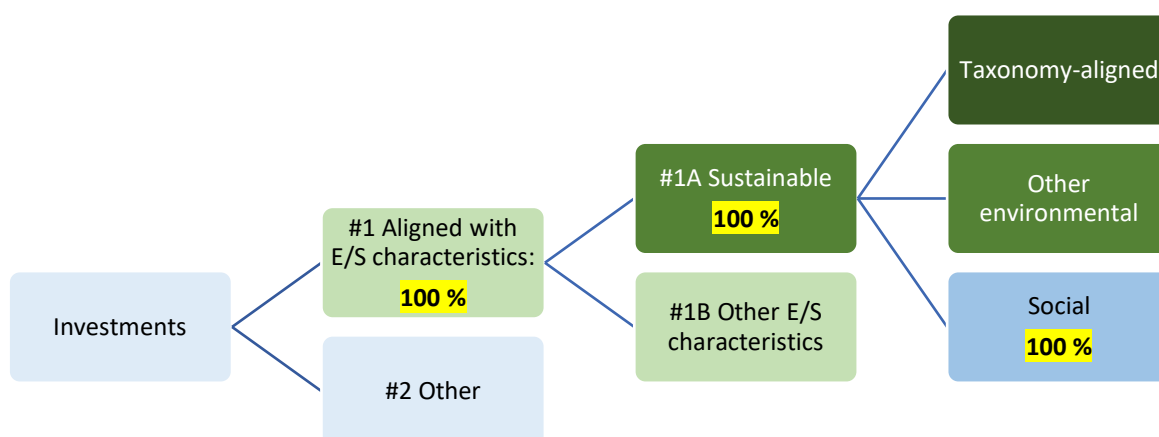
Investments of this financial product

Reference period: Q4/2023

Investments	Sector	Assets %	Country
10Lines	Transport	7 %	Estonia
Cult Security Oy	Business products and services	6 %	Finland

Proportion of sustainability-related investments

- Asset allocation



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers environmentally and socially sustainable investments.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

- 10Lines OÜ:
Transport
A line marking robot that uses AI and ML for efficient pavement marking
- Cult Security Oy:
Business products and services
Employee cybersecurity awareness and training platform

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund did not make investments with an environmental objective aligned with the EU Taxonomy.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

Yes:

In fossil gas

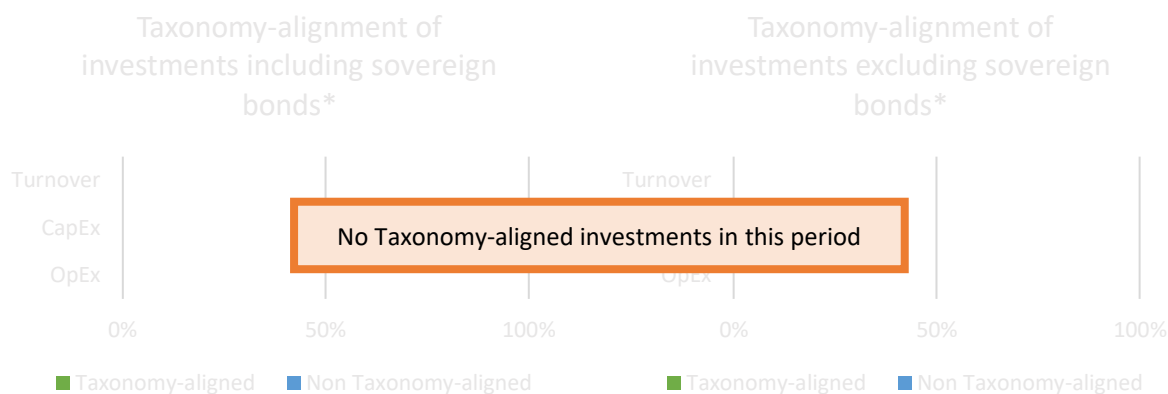
In nuclear energy

No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

Taxonomy-aligned activities are expressed as a share of:

- Turnover reflecting the share of revenue from green activities of investee companies
- Capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- Operational expenditure (OpEx) reflecting green operational activities of investee companies



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What was the share of investments made in transitional and enabling activities?**
0 %, as the Fund did not make investments aligned with the EU Taxonomy.
- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**
In Q3/2023 and Q2/2023, the Fund did not make Taxonomy-aligned investments. In Q1/2023, the alignment was 12.4 % (eligibility 57.3 %).

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0 %, the Fund did not make sustainable investments with an environmental objective.

What was the share of socially sustainable investments?

100 %, the investments were socially sustainable.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The Fund did not make investments categorized as "Other".

What actions have been taken to meet the environmental and/or social characteristics during the period?

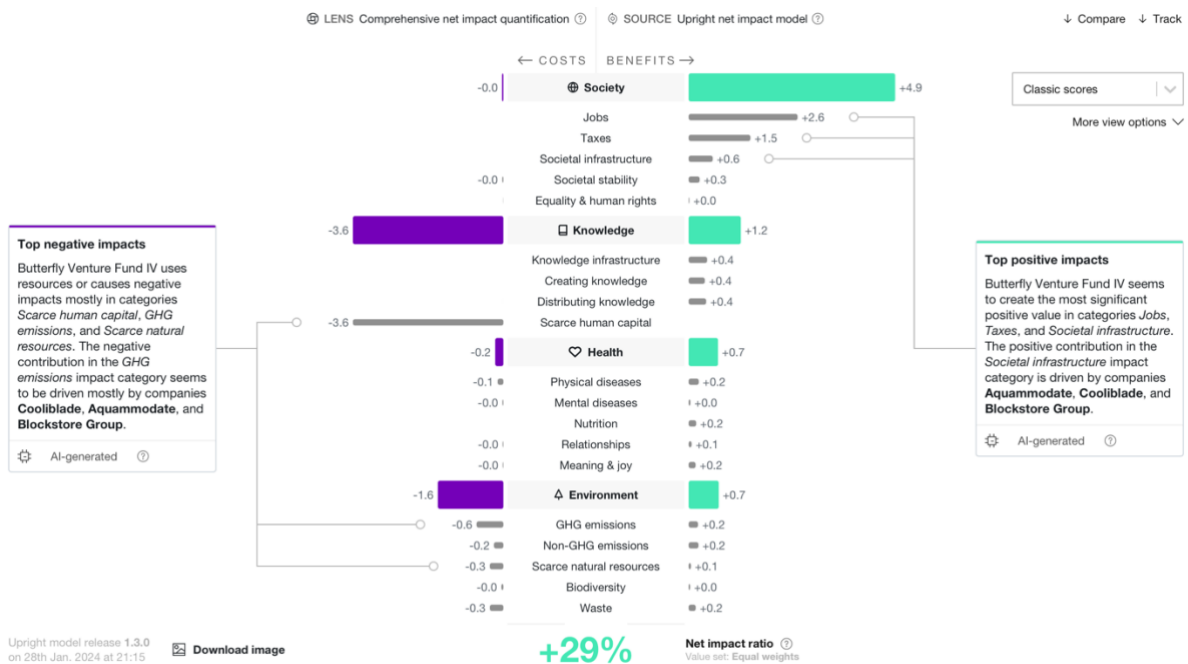
The actions to meet the environmental and/or social characteristics are taken into account already in the deal screening stage; we exclude any investments that have seemed to have a predominantly negative impact on environmental or social characteristics. Before the investment decision, we conduct a thorough due diligence covering legal, commercial, financial, and ESG aspects, as well as estimated return and key risk components. Furthermore, we re-assess whether there is a negative impact on environment or society. In addition to our internal process, Upright Project conducts a net impact quantification, covering PAIs, UN SDGs alignment, EU Taxonomy and policy alignment analysis for the investment.

Appendices

1. Overall net impact of the Fund
2. UN SDG alignment of the Fund
3. EU Taxonomy alignment and eligibility of the Fund
4. EU SFDR PAIs of the investments
 - 4.1 Cult Security Oy


















All analyses and extracts have been conducted by Upright Project. 10Lines OÜ assessments will be completed and reported in Q1/2024.

Appendix 1: Overall net impact of the Fund



Appendix 2: UN SDG alignment of the Fund

BUTTERFLY VENTURE FUND IV - UN SDG ALIGNMENT

UN SUSTAINABLE DEVELOPMENT GOAL	% OF MISALIGNMENT	% OF ALIGNMENT
 1 - No Poverty		
 2 - Zero Hunger	0.4%	2.1%
 3 - Good Health and Wellbeing	0.1%	2.2%
 4 - Quality Education		
 5 - Gender Equality		
 6 - Clean Water and Sanitation	1.3%	15.8%
 7 - Affordable and Clean Energy		20.8%
 8 - Decent Work and Economic Growth [?]		30.6%
 9 - Industry, Innovation and Infrastructure		47.9%
 10 - Reduced Inequality		
 11 - Sustainable Cities and Communities		29.7%
 12 - Responsible Consumption and Production		
 13 - Climate Action		2.7%
 14 - Life Below Water		10.0%
 15 - Life on Land	0.6%	
 16 - Peace, Justice and Strong Institutions		6.9%
 17 - Partnerships for the Goals		

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