June 2024

Sustainability related disclosures

The disclosures in this document only relate to Katapult's legacy funds, meaning the series of funds established between 2017-2023 in the form of fully deployed Special Purpose Vehicles (SPVs) that are closed to new investors, but specifically not including Katapult Ocean AS funds nor funds domiciled in Africa.

If you wish to review any relevant disclosures or materials relating to Katapult Ocean or Katapult Africa, please visit the Katapult Ocean or Katapult Africa sections of the website.

Sustainable Finance Disclosure Regulation (SFDR 2019/2088)

Disclosures described in this document:

Entity-level sustainability related disclosures	**SFDR 2019/288**
1. Transparency of sustainability risk	Article 3
2. Principal Adverse Impacts (entity level)	Article 4
3. Remuneration policy in regard to sustainability risk	Article 5
Product-level sustainability disclosures	
Katapult Accelerator SPV 1	Article 6
Katapult Accelerator Fund 2	Article 6
Katapult Accelerator Fund 3	Article 6
Katapult Accelerator Fund 4	Article 6
Katapult Accelerator Follow-on Fund	Article 6
Katapult Climate Fund 1	Article 6
Katapult Seed Fund 1	Article 8
Katapult Climate Fund 3	Article 8

Entity-level sustainability related disclosures:

As part of the European Commission's Action Plan on financing sustainable growth, the European Parliament and the European Commission adopted the Sustainable Finance Disclosure Regulation (SFDR) in December 2019. The intention of the disclosure regulation is to increase transparency on the sustainability of financial products.

1 Transparency on sustainability risk (SFDR 2019/2088 Article 3)

In SFDR Article 2, a sustainability risk is defined as "an environmental, social, or governance event or condition that could cause an actual or potential material negative impact on the value of investments". These risks can influence the investment's reputation, operational results, financial stability, or net assets.

The range of potential sustainability events or conditions is extensive, and their significance, materiality, and influence on investments may vary based on several factors. Should these risks materialize, they could affect other investment risks such as price, liquidity, and operational risk, and affect the performance and returns of our products.

Katapult considers sustainability-related risks in its investment decision process and has sustainable investments as its core in the investments we make.

2 Transparency of adverse sustainability impacts at entity level (SFDR 2019/2088 Article 4)

Principle adverse impacts (PAIs) on sustainability factors in Table 1, 2 and 3 in Annex 1 are not considered for the following Katapult funds: Katapult Accelerator SPV 1, Katapult Accelerator Fund 2, Katapult Accelerator Fund 3, Katapult Accelerator Fund 4, Katapult Accelerator Follow-on Fund, Katapult Climate Fund 1, Katapult Seed Fund 1, and Katapult Climate Fund 3.

The funds listed above were established for the purpose of investing in early stage companies with a preference for those operating in the domains of environmental and/or social impact. The early stage and advanced technology of the investee companies means that measuring and assessing PAIs has not been feasible for Katapult.

Sustainability risk would not in itself necessarily preclude Katapult from having made investments in the above funds. Instead, sustainability risk forms part of Katapult's overall investment due diligence processes. The likely impacts of a sustainability risk may be numerous and could vary depending on the specific risk. To the extent that a sustainability risk materialises, especially in a manner not anticipated by Katapult, there may be sudden, material negative impact on the value of an investment.

Notwithstanding the above, due to limited discretion, data and resources, Katapult does not consider the PAIs of its investment decisions on sustainability factors for the funds mentioned above.

3 Remuneration Policy (SFDR 2019/2088 Article 5)

SFDR Article 5 requires financial market participants such as Katapult to publish information on their website about how their remuneration policies are consistent with the integration of sustainability risks.

As the value of Katapult's assets under management are below certain thresholds set out in the Act on the Management of Alternative Investment Funds, Katapult is not required to adopt a remuneration policy.

Full disclosure - Katapult Accelerator SPV 1 AS (vintage 2017), Katapult Accelerator Fund 2 AS (2018), Katapult Accelerator Fund 3 AS (2019), Katapult Accelerator Fund 4 AS (2020) and Katapult Accelerator Follow-on Fund AS (2019).

Katapult considers all of the funds listed above to be Article 6 funds under the SFDR regulations, meaning that sustainability issues are not considered sufficiently relevant.

The funds had an investment domain “focus” on “positive impact” companies, but due to the early-stage nature of the companies (many having been pre-revenue at the time of due diligence/investment), it is not feasible to measure nor report on sustainability nor ‘good governance’ factors in a manner compliant with SFDR.

Furthermore, all of the above funds were closed to investors before 10th March 2021 (the implementation date of SFDR) and were therefore not subject to pre-contractual disclosures under the scope of SFDR.

As Article 6 funds, they are also not subject to ongoing product level reporting or website disclosures under Articles 10 and 11 of SFDR.

Full disclosure - Katapult Climate Fund 1 AS (vintage 2021).

Katapult considers the fund listed above to be Article 6 fund under the SFDR regulations, meaning that sustainability issues are not considered sufficiently relevant.

The fund had an investment domain “preference for sectors in environmental domains”, but due to the early-stage nature of the companies (many having been pre-revenue at the time of due diligence/investment), it is not feasible to measure nor report on sustainability nor good governance factors in a manner compliant with SFDR.

As an Article 6 fund, it is not subject to ongoing product level reporting or website disclosures under Articles 10 and 11 of SFDR.

Full disclosure - Katapult Seed Fund 1 and Katapult Climate Fund 3

The following disclosure is for both Katapult Seed Fund 1 (vintage 2022) and Katapult Climate Fund 3 (2023). Both funds are fully deployed and have not been open to new investment since first (and final) close in 2022 and 2023 respectively. Where practices or strategies are different between the two funds, this is clearly stated.

Summary

Katapult considers both Seed Fund 1 and Climate Fund 3 to be Article 8 funds under the SFDR.

Both financial products promote environmental characteristics but do not have sustainable investment as its explicit objective.

Principal adverse impacts on sustainability factors are not considered.

The funds invest in seed capital in early-stage climate technology companies and submit them to an accelerator program in order to mitigate the early stage development risk and boost the portfolio companies growth potential.

The funds do not have an explicit set target proportion of sustainable investments however the strategy is to make investments with a preference for sectors in the environmental domains. Such investments would typically fulfill the definition in article 2(17); "Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices."

Portfolio companies from the funds are required to report on a quarterly basis on qualitative factors regarding the commercial and business development as well as quantitative KPIs (key performance indicator). The aim from the Katapult Accelerator Program is to equip the founder teams to be able to establish "impact KPIs", depending on the development of the business and speed of commercialisation. These KPIs will then be monitored during the holding period of the fund.

Data sources used to attain the environmental characteristics promoted by the funds are gathered during the analysis and due diligence process prior to investment. The data sources can include both external data and internal data provided by the company. The funds in some cases may need to use estimated data where no reliable or relevant historic data is reasonably available.

There are risks of insufficient data, but Katapult will work continuously with investee companies to improve data sources and update data. Katapult performs due diligence on all investments based on commercial, financial, legal and sustainability criteria. All investment decisions are made only after satisfaction and agreement from the investment committee on these criteria.

Katapult actively advocates a strong awareness of ESG issues and engages actively with portfolio companies. The purpose of Katapult's engagement is on the one hand to minimize and mitigate financial sustainability risks as well as adverse impacts to people and the environment. On the other hand, the purpose is to actively promote relevant opportunities to improve financial returns and positive impacts to people and the

environment. If portfolio companies do not comply, this will form a basis for review of further engagement and ultimately if not improved, to divestment or other measures.

Full disclosure - Katapult Seed Fund 1 (vintage 2022) and Katapult Climate Fund 3 (2023)

No sustainable investment objective

Both financial products promote environmental characteristics but do not have sustainable investment, as defined under SFDR, as its objective.

Principal adverse impacts on sustainability factors are not considered.

Both funds seek to only invest in companies that are committed to conduct their business in alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Funds will also invest in a company if the intention is that the shareholder agreement will include a provision requiring the company to develop the necessary procedures to become aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights within a reasonable period after investment. Furthermore, most of the companies will not be expected to comply in full with the OECD Guidelines for Multinational Enterprises due to their early stage, size and complexity. The Funds will provide information to the companies in order for the companies to develop a sufficient set of policies and procedures.

Environmental characteristics of the financial product

The investments were made with a preference for sectors in environmental domains, such as (but not limited to) renewable energy, smart cities, industry, green mobility, carbon capture and reduction, new frontiers, food and agriculture, and other carbon reducing environmental domains.

Investment strategy

The objective of the both financial products is investing for attractive market returns and positive environmental impact. To achieve its objective the funds have invested in companies which aim to solve climate and biodiversity challenges, and/or provide sustainable sources of food and materials.

The funds have been invested into early-stage companies, typically Pre-Seed, Seed and up to Series A.

Katapult will work together with the companies to establish “impact KPIs” for the investments. These will be monitored via annual reporting from the companies during the holding period of the investments.

What is the policy to assess good governance practices of the investee companies?

The standardized ESG due diligence framework includes a process for identification of governance practices. The Fund will not invest in companies that do not follow good governance practices. In addition, as described above, we aim to align all companies to conduct their business in alignment with the OECD Guidelines for

Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Katapult will monitor whether the company is in compliance on a yearly basis by conducting a risk assessment covering governance topics.

Proportion of investments

The funds have both made 100% sustainable investments as per the definition in Article 2(17); *"Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices."*

Katapult's approach is to first consider whether an investee company can be said to be eligible under the EU Taxonomy. If a company is eligible Katapult considers alignment with the criteria of the EU taxonomy as the only way that such a company can be considered a sustainable investment. For companies that are not eligible, Katapult will consider whether the company can be said to be a sustainable investment using art. 2(17).

The funds do not commit to any minimum level of alignment with the EU Taxonomy. Since the funds have invested in early-stage companies, it has not been feasible to assess comprehensively what share of investments are aligned with EU Taxonomy. Therefore the minimum extent of Taxonomy alignment is 0%.

Monitoring of environmental characteristics

Portfolio companies are required to report on quantitative and qualitative KPIs quarterly to Katapult. Due to the early-stage nature of the investee companies, these KPIs are subject to change and development in collaboration with Katapult throughout the holding period of the investments. The intention is to assess environmental impact and ensure investees do not Do Significant Harm and that investee companies can provide compliant reporting as per SFDR, in as much as that is feasible.

Data sources and processing

a. the data sources used to attain the environmental characteristics promoted by the funds;

The main source of data is information gathered during the initial analysis and due diligence of companies assessed for investment, involving, for example, pitch decks, databases, external articles, interviews of founders, employees, customers, competitors, industry experts. The assessment of whether a given investee company is aligned with the EU Taxonomy or the article 2(17) definition can include both external data and internal data provided by the company. Katapult might in some cases need to use estimated data to verify compliance.

b. the measures taken to ensure data quality;

Katapult does not use estimated data in situations where the actual data is accessible, and Katapult will where feasible require supporting evidence for any data which is used in the assessments. .

Limitations to methodologies and data

Limitations to methodologies and data sources are expected due to a lack of precise data from portfolio companies or incomplete data. This is especially prevalent in companies and industries that are new technologies that do not have historical data to compare to and this can limit the validity of some data. Katapult does not expect such limitations to impact the validity of the environmental characteristics of the investments and underlying companies, as the characteristics are not dependent on specific methodologies or data sources. Katapult expects such errors or misrepresentations to be limited in quantity and severity. Katapult works continuously with investee companies to enhance and improve data collection and data sources through the holding period of the investment and will seek to implement monitoring systems where this is possible.

Due diligence

All investment decisions are based on commercial, financial, legal and ESG due diligence as well as investment due diligence meaning an assessment of the potential return and risk-reward analysis.

Katapult only proceeds on an investment if confident that the risks are at an acceptable level and that they can be mitigated, avoided or solved over time, provided that the company demonstrates suitable characteristics of positive impact.

Katapult intends to implement a more comprehensive impact/ESG reporting framework, aiming to rollout across all portfolio companies in the two funds (Katapult Seed Fund 1 and Katapult Climate Fund 3) by the end of 2025. The currently chosen software platform is called Worldfavor.

Worldfavor will assess the companies' risk to Human Rights (Worldbank - The Worldwide Governance Indicators (WGI) project), Corruption (Transparency International), Water Stress (World Resources Institute), Modern slavery (Minderoo Foundation), Labour Rights (International Trade Union Confederation) and Biodiversity (WWF). The framework has the objectives to ensure that long-term sustainability aspects are assessed and that the most material ESG factors for the companies in which we invest are evaluated.

If portfolio companies do not comply or risks in any of the above areas are found to have become too high, this will form a basis for review of further engagement and ultimately if not improved, to divestment or other necessary measures.

Engagement policies

Katapult actively advocates a strong awareness of ESG issues and strives to ensure that our current and potential investment partners are aligned with the Katapult's principles as a responsible investor and ESG policies.

The purpose of Katapult's engagement is on the one hand to minimize and mitigate financial sustainability risks as well as adverse impacts to people and environment.

On the other hand, the purpose is to actively promote relevant opportunities to improve financial returns and positive impacts to people and the environment.

It is required that portfolio companies take active ownership of their ESG and corporate responsibilities and to implement them in the way that best serves all stakeholders.

If portfolio companies do not comply with laws, regulations, ethical guidelines or generally accepted principles for health, environment, safety, corporate governance and social responsibility, it will form the basis for a review of further engagement and ultimately if not improved, to divestment or other necessary measures.