

# SmartCap ESG Report 2024

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# Message from the CEO

We are pleased to share SmartCap's first environmental, social and governance (ESG) report—an overview of how we approach responsible investment and ESG matters both within our organisation and across our investment activities. This report aims to explain how we put sustainability-related principles into practice.

As a state-owned fund manager, SmartCap has a duty to act as a sustainability steward in the Estonian investment landscape. Our role is not only to ensure the efficient use of public capital, but also to lead by example in advancing responsible investment standards. We work hard to embed ESG considerations into our decisions and partnerships, and to help shape a more conscious and resilient business environment across sectors.

Naturally, our greatest potential for a positive environmental, social and governance-related impact lies in our investments.

The SmartCap Green Fund plays a central role in creating a positive environmental impact, supporting companies and funds that tackle environmental challenges through innovative technology. In 2024, we broadened its mandate to include later-stage growth companies alongside early-stage ventures. Importantly, in 2024 seven new investments were made, all contributing to climate change mitigation and the transition to a circular economy.

In 2024, SmartCap introduced new environmental initiatives—we adopted sustainable travel, office, and event practices. These are relevant steps designed to support better decisions—both ours and those of the businesses we back.

While the SmartCap Green Fund leads our efforts in generating a positive environmental impact, both the Green Fund and the SmartCap Venture Capital Fund play an essential role in raising ESG standards more broadly. Through our investment processes, we require investees to establish appropriate ESG management systems—ensuring that sustainability is a core part of how companies operate and grow.

Naturally, our greatest potential for a positive environmental, social and governance-related impact lies in our investments.

In 2024, seven new investments were made from the SmartCap Green Fund, all contributing to climate change mitigation and the transition to a circular economy.

We are proud to say that, in 2024, most of our investees (85%), have ESG policies in place. To help our portfolio companies in building and developing their ESG management systems, we developed several new ESG tools in 2024.

At the end of 2024, we launched the SmartCap Defence Fund. Its aim is to strengthen Estonia's defence capabilities and support the development of dual-use technologies. At first glance, defence and sustainability may appear to contradict one another, but we believe that defence innovation, when approached responsibly, is ultimately about protecting the peace, upholding democratic values, and securing the conditions for a free and resilient society. These are essential foundations for any long-term sustainable future. The dilemmas in this space are real—but they must be engaged with, not avoided. Here responsible investment means grappling with complexity, and making deliberate choices that balance innovation with ethics, and security with freedom.

The past year brought its share of headwinds in the sustainability landscape—changing EU regulations, confusion around reporting standards, geopolitical turmoil, and a growing need to defend the relevance of ESG itself. Our view remains unchanged: understanding and managing environmental, social, and governance impacts is not only responsible, it's smart business that improves the overall long-term performance of investments. It helps investors and entrepreneurs navigate risk, focus on long-term value, and build more resilient companies and communities.

We hope this report provides a clear view of where we stand today and the path we are committed to following together with our partners.

At the end of 2024, we launched the SmartCap Defence Fund. We believe that defence innovation, when approached responsibly, is ultimately about protecting the peace, upholding democratic values, and securing the conditions for a free and resilient society.



Sille Pettai  
CEO

# About SmartCap

SmartCap is Estonia's national fund manager, focused on developing the Estonian capital market and driving economic growth. We invest on market terms in venture capital funds and directly in greentech and defence startups and scale-ups to enable ambitious and innovative Estonian companies to emerge and grow globally.

SmartCap manages three alternative investment funds:

**1 The SmartCap Venture Capital Fund** backs private VC funds and ensures a resource-rich environment for innovative and ambitious Estonian startups.

**2 The SmartCap Green Fund** invests in greentech-focused VC funds as well as directly in greentech companies.

**3 The SmartCap Defence Fund** invests in companies that develop military and dual-use products and technologies, as well as in private funds focused on defence companies that add meaningful value to Estonia's defence ecosystem.

SmartCap always invests with private investors on market terms—this means equal footing, with the same rights, risks, and returns. All investments are commercially driven, support fair competition, and comply with EU state aid rules.

SmartCap has been operating since 2011 as a fund management company licenced by the Estonian Financial Supervision Authority. We're a subsidiary of the Estonian Business and Innovation Agency. The Republic of Estonia is the sole unitholder of all SmartCap funds.

Although a state fund, SmartCap always invests with private investors on market terms—this means equal footing, with the same rights, risks, and returns. We do not offer subsidies or preferential treatment; all investments are commercially driven, support fair competition, and comply with EU state aid rules.

SmartCap operates as both a fund-of-funds investing in venture capital funds, and a direct investor, making investments into companies.

# SmartCap's total impact in 2024

## SmartCap AS

**29%**  
Board gender  
diversity \*

**2.7 tCO<sub>2</sub>e**  
Per employee

**100%**  
ESG DD conducted  
for investments

## SmartCap Funds

**€ 404 M**  
Assets under  
management

**20**  
Platform  
investments

**187**  
Investee  
companies

**€ 1 744 M**  
Revenue created

**2 704**  
Employees

**85%**  
ESG policy  
in place

**€ 156 M**  
Tax revenue

**18%**  
Board gender  
diversity \*

**SMART  
CAP**

*\*Average ratio of female to male board members, expressed as a percentage of all board members*

# Our values

We strive to contribute toward a sustainable future. Our business strategy, management and investment processes, day-to-day operations, and interactions are guided by our core values:

## Strong integrity

- Being a transparent, trustworthy, and open partner to our stakeholders, investors, investees, business partners, as well as to the general public;
- Acting in good faith;
- Engaging only in ethical, honest, and fair business practices;
- Upholding a good reputation and public image;
- Favouring socially responsible partners, investments, and business opportunities.

## Environmentally-friendly practices

- Limiting the contribution to climate change;
- Practicing responsible resource management;
- Reducing pollution.

## Social awareness

- Being mindful of equality, diversity, and inclusion;
- Caring for the well-being of our employees, the people around us, and society as a whole;
- Creating a supportive, safe, fair, and dignified workplace.

## Good governance

- Using the best corporate governance, disclosure, and reporting practices;
- Having a transparent ownership and management structure;
- Applying high standards to internal policies, and complying with regulatory requirements;
- Avoiding conflicts of interest, breaches of confidentiality or any other transgressions.

# Our operating principles

<b>Impact</b>	To develop Estonian capital market and contribute to Estonian economic growth
<b>Profitability</b>	To be self-sustainable and earn market level long-term investment income for the shareholder/state
<b>Co-operation with market partners</b>	Each investment is made hand-in-hand and on equal terms with a private investor(s)
<b>Day-to-day responsibility</b>	Address and promote responsible principles in our operations.

# Principles of responsible investing

As a responsible investor we always consider our impact on environmental, social, and governance issues in parallel with our economic growth ambitions. We believe that applying high sustainability standards improves the overall long-term performance of our investments, and increases competitiveness by reducing ESG risks and creating a positive impact. That's why we are committed to applying and promoting sustainable practices in everything we do.

Our positive sustainability impact is primarily achieved through our investment activities by implementing responsible investing practices. Our approach to responsible investing is twofold:

- ESG integration: incorporating sustainability risks and positive ESG-related impacts into the investment decision-making process;
- Active ownership: improving investees' ESG performance through ownership rights.

## ESG integration

ESG integration means systematically considering sustainability risks when analysing investments and making investment decisions. Should an investment case have an excessive ESG risk or otherwise fail to meet our minimum sustainability standards (for example, [SmartCap ESG Exclusion List](#)), we are willing to exclude the investment from our deal flow.

In addition to risk mitigation, ESG integration can serve the purpose of making investments with positive ESG impact. If our investment fund has a sustainability objective, these objectives are realised by integrating relevant ESG criteria into our analysis and decision-making process.

## Active ownership

Any impact has ripple effects; so, we're not relying only on our actions. We want our investees to achieve their own impact. This is where active ownership comes into play.

With active ownership, we encourage and support our investees in improving their ESG management systems and adopting more sustainable business practices. This may include agreeing on specific actions to address relevant ESG shortcomings, regularly reviewing progress, and engaging in ongoing dialogue to enhance the overall sustainability approach and performance.



## Reporting

An essential part of ESG management system is systematically tracking and reporting on progress. We are committed to reporting our sustainability results to our stakeholders and the public. We publish annual ESG reports showcasing the sustainability ambitions and performance of our investment activities, and SmartCap organisational practices.

We are counting on our investees to help foster this kind of transparency and accountability. We also expect our portfolio funds and companies to report their ESG performance. Specific expectations on sustainability reporting are included in our relevant investment agreements.

## Integrating ESG into investment process



## Consideration of Principal Adverse Impacts

Sustainability is an integral part of SmartCap's values, which is why we consider ESG criteria in our responsible investment practices. We firmly believe that taking sustainability factors into account when making investments is a vital part of not only ensuring a sustainable future but also creating a competitive advantage, and achieving better returns on our investments. The SmartCap Green Fund promotes environmental characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR) and thus qualifies as a 'light green' fund.

However, in our approach, we do not consider the adverse impacts of investment decisions on sustainability factors within the meaning of Article 4 of (SFDR) at this time. Due to the nature of venture capital investments, it is unreasonable or, in some cases, impossible to request the kind of data required under the SFDR from startup companies and early-stage investment funds.

## Membership in industry organisations

SmartCap is an active member in international and local industry associations. Participation in these networks helps us share and learn from best practices, supports continuous learning, and helps us stay engaged with evolving stakeholder expectations in the investment industry. These memberships also reflect our commitment to transparency, professionalism, and alignment with international best practices. It also reinforces our credibility as a fund manager acting in the long-term interest of our stakeholders and the wider ecosystem.



Invest Europe is the association representing Europe's private equity, venture capital, and infrastructure sectors, as well as their investors. As an active member of Invest Europe, SmartCap also abides by Invest Europe's professional guidance, including in ESG matters.



Estonian Private Equity and Venture Capital Association (EstVCA) is the representative body of private equity and venture capital industry players and related support services providers in Estonia. Since its founding in 2009, its main focus has been on strengthening and developing the local ecosystem and international relations, as well as providing industry knowledge, research, and training to its members, associate members, and other key stakeholders. We proudly follow EstVCAs openness and transparency guidelines. Silje Pettai, CEO of SmartCap, has been a Board Member since 2021.



Sustainability Estonia (KELL) is a non-profit organisation focused on fostering corporate sustainability in the Estonian business sector. It serves as a platform for sustainability and ESG-focused competence-building, as well as a forum of sharing experience among the members. Riin Savi, lead of sustainability initiatives at SmartCap, has been a Board Member since 2021.



Green Tiger. Green Tiger is a cross-sector collaboration platform aimed at creating and implementing nature-friendly practices and developing a balanced economy. It unites over 80 Estonian companies to contribute to achieving a joint and coordinated green leap.



The European  
Venture Fund  
Investors Network

The European Venture Fund Investors Network (EVFIN) is a platform for dialogue launched in 2011 by major national VC investors. EVFIN aims to strengthen the EU VC ecosystem by sharing best practices, supporting policy discussions for a sustainable market, promoting cross-border collaboration, and fostering dialogue between the VC industry and EU institutions.

# ESG focus areas for SmartCap operations

We live by the expectations we set. While we expect our portfolio companies to improve ESG outcomes, we lead by addressing our own ESG impacts. SmartCap integrates corporate responsibility considerations into our work processes, making sustainable practices part of our daily operations.

Key areas of our focus are:

- Monitoring our carbon emissions and improving our environmental footprint;
- Ensuring high employee well-being;
- Standing for equality of opportunity and fair treatment;
- Striving for harmonious relationships with our stakeholders and our community;
- Holding collaboration partners to high responsibility standards;
- Promoting high business integrity and best corporate governance practices.

# ESG action plan of 2024

In 2024 SmartCap established an annual ESG action plan on the fund management company level to put its ESG commitment into action. Most of the goals set were fulfilled and targets achieved as portrayed in the table below:

	Planned	Achieved
Environment	Calculate SmartCap's carbon footprint	36 t CO <sub>2</sub> e
	Implement measures to reduce SmartCap's CO <sub>2</sub> footprint from business travel and public events <ul style="list-style-type: none"> <li>– Adopt sustainable travel principles</li> <li>– Adopt principles for organising sustainable events</li> <li>– Identify options to offset our carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>
	Analyse and identify options for a more sustainable office space	●
	Employees' ESG area competencies Improve employees' ESG competencies <ul style="list-style-type: none"> <li>– All employees participate in at least 1 sustainability training</li> </ul>	●
Social	Promote diversity in SmartCap <ul style="list-style-type: none"> <li>– Investment team internship programme developed and initiated to promote gender balance among investment professionals</li> <li>– At least one intern completed the internship programme</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>
	Carry out SmartCap's employee satisfaction survey <ul style="list-style-type: none"> <li>– The survey has been held and the results compiled</li> <li>– An action plan is established to improve employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul> ongoing
	Raise awareness regarding sustainability in collaboration with portfolio companies <ul style="list-style-type: none"> <li>– Discussions are held and agreements made with portfolio companies to hold awareness raising events</li> <li>– At least one awareness-raising event has been held</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul> ongoing
	Draft templates & tools to implement responsible investment principles <ul style="list-style-type: none"> <li>– Identified the list of potential areas where tools/templates can be developed</li> <li>– Drafted the initial versions of the tools/templates</li> <li>– Started implementing the tools/templates</li> <li>– Continuously improve tools/templates based on internal experience, and start preparing a package of templates/tools to make them publicly available</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul> ongoing ongoing
Governance	Map portfolio-wide ESG metrics <ul style="list-style-type: none"> <li>– Possible portfolio-wide ESG metrics are identified</li> <li>– Specific portfolio-level ESG metrics are assigned</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>
	Publish the SmartCap ESG report for 2024 <ul style="list-style-type: none"> <li>– External ESG report published</li> </ul>	●
	Fully align internal regulations with ESG policy <ul style="list-style-type: none"> <li>– Required sustainability related amendments are mapped</li> <li>– Necessary internal regulations are amended</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>



## SmartCap office— sustainability through sharing

In 2024, we expanded our office space, having assessed various options through a sustainability lens before making the final decision.

SmartCap's office is located in the Workland coworking centre, which is based on the concept of shared resources. This model enhances efficiency, and reduces the use of resources by making optimal use of space and amenities. Sharing, whether it is office equipment, meeting rooms or other spaces, inherently supports the more sustainable use of materials and energy.

Another relevant sustainability feature of our shared office is the fact that it has been refurbished and repurposed from an old house. This approach helps to preserve architectural heritage, and minimises the resource demands typically associated with new constructions.

*Workland Vabaduse  
Coworking centre.*



## Sustainable travel & event guidelines help us make smarter choices

In 2024 we established SmartCap's sustainable travel and event organisation principles. The principles guide our team in choosing travel and accommodation options and team event setups with the smallest possible environmental footprint. It helps us to make smarter choices, and think about how to travel and organise events in an optimal way, taking into account the impacts on our people, communities and the planet. Every small step matters!

*SmartCap team event at Foodstudio,  
a Green Key-certified venue.*





## SmartCap internship programme

In 2024, SmartCap launched an internship programme aimed at raising the general awareness of the Estonian venture capital industry among students of finance, with a particular focus on attracting young female talents to careers in investment.

A total of 40 candidates applied for the position. Gioia Pucci, a third-year student at the Stockholm School of Economics in Riga, was selected for the internship. She successfully completed the eight-week programme at SmartCap, and was subsequently invited to join the investment team as an Investment Specialist.

In her role, Gioia is responsible for deal-flow management, with key tasks including deal sourcing, deal analysis, and pipeline and portfolio monitoring. It is remarkable that during the first eight months of her career at SmartCap, Gioia also completed her final year at SSE Riga, where she built a strong academic foundation in economics, finance, and investment analysis.

*Gioia Pucci, graduate of the first SmartCap internship programme.*

# The SmartCap Green Fund

**The SmartCap Green Fund** aims to supercharge the supply of venture capital to Estonian greentech companies. The Green Fund serves both as a fund-of-funds and as a direct investor targeting greentech funds and innovative, research-intensive green technology companies. The fund's primary objective is backing early-stage Estonian greentech innovators with high growth potential.

# The SmartCap Green Fund

The SmartCap Green Fund's principal objective is to contribute to the development and adoption of innovative green technologies by investing in innovative and/or research-intensive green technology companies and infrastructure projects through venture capital funds and private equity funds with infrastructure strategy.

The fund's investments should increase awareness of critical environmental issues, and contribute to solving environmental problems by supporting or developing promising, innovative green technologies.

The Green Fund promotes environmental characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation and thus qualifies as a 'light green' fund.

The Green Fund aims to contribute to the fulfilment of the objectives of the "Estonia 2035" strategy and to also promote the environmental objectives provided in Article 9 of the Taxonomy Regulation, thereby promoting:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

In 2024 the SmartCap Green Fund made altogether seven investments, including one fund investment and six direct investments. All the current investments contribute to three EU environmental goals – climate change mitigation, transition to a circular economy, and the protection and restoration of biodiversity and ecosystems.

## Climate change mitigation

means taking action to reduce greenhouse gas emissions and slow down global warming. It refers to activities that help lower emissions—like using renewable energy, improving energy efficiency, or developing low-carbon technologies. These actions support the EU's goal to become climate-neutral by 2050.

## The transition to a circular economy

means using resources more wisely by designing products to last longer, reusing materials, and reducing waste. Instead of the traditional "take–make–dispose" approach, it keeps materials in use for as long as possible, helping to protect the environment, and support sustainable growth.

## Protection and restoration of biodiversity and ecosystems

means taking action to safeguard nature, and bring damaged natural areas back to health. This includes preserving wildlife, protecting natural habitats like forests and wetlands, and restoring ecosystems that have been harmed by pollution, deforestation, or climate change.





## Portfolio

### Fund investments

Name		Investment year	Commitment size
2°C Ventures	2C Ventures Fund I	2024	EUR 20 M

### Direct investments

Company name		Investment year	Contribution to EU environmental goals
 ÄIO	ÄIO	2024	Transition to a circular economy
 Fractory	Fractory	2024	
 cuploop	Cuploop	2023	
 stargate hydrogen	Stargate Hydrogen	2024	Climate change mitigation
 Fusebox	Fusebox	2024	
 elcogen	Elcogen	2024	
 Gridio	Gridio	2024	
 eAgronom	eAgronom	2023	
 VOK	Vok Bikes	2023	
 Bisly	Bisly	2023	
 UP CATALYST	UP Catalyst	2023	Protection & restoration of biodiversity and ecosystems
 Paul-Tech	Paul-Tech	2023	



Paul-Tech is a climate-smart technology company advancing sustainable agriculture through real-time soil monitoring solutions. By combining innovative sensors with data-driven software, Paul-Tech enables farmers to optimise irrigation and fertilisation—reducing water use by up to 40%, and fertiliser use by as much as 70%.

Paul-Tech plays a key role in minimizing agricultural runoff, cutting greenhouse gas emissions, and improving soil health. Its technology supports ecosystem resilience, and helps farmers adapt to climate change by promoting sustainable soil and water management practices.

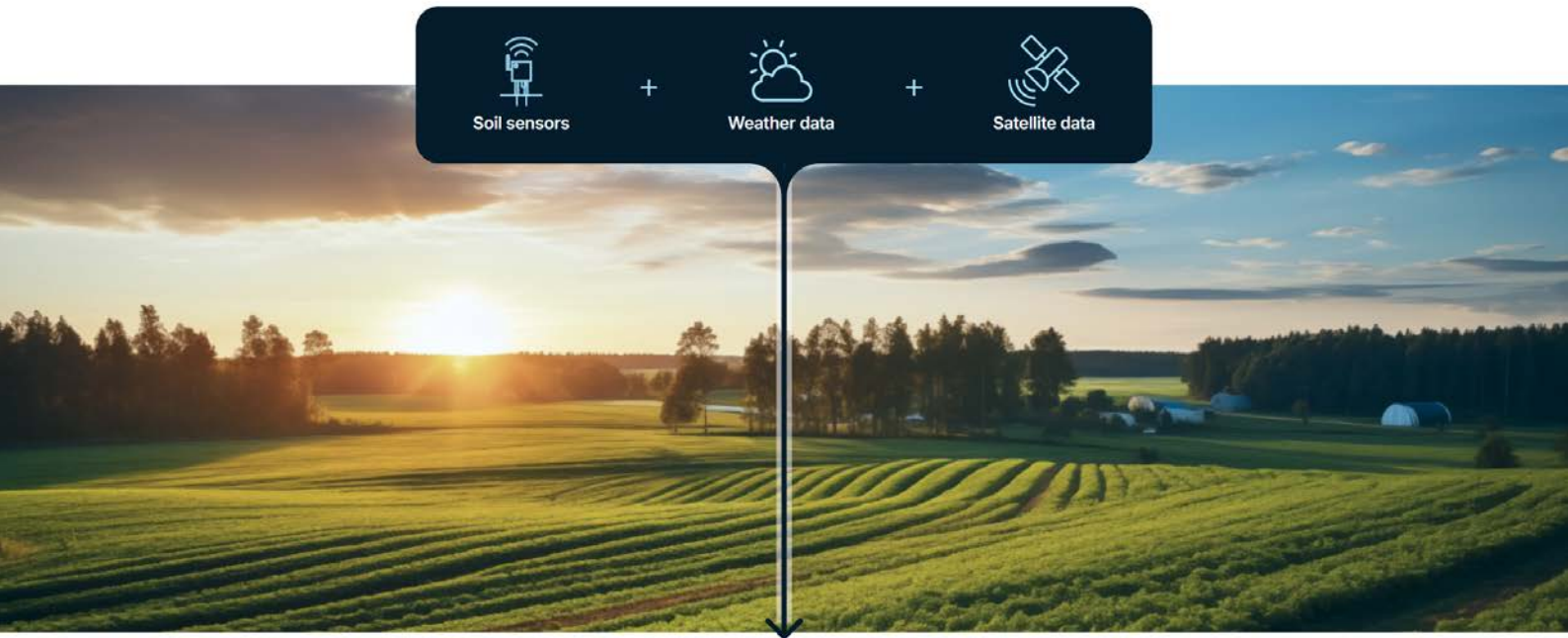
Through its innovative solutions and data-led approach, Paul-Tech drives measurable environmental outcomes, and supports the transition to regenerative, resilient farming systems.

Paul-Tech ESG policy statements:

- E Paul-Tech is committed to promoting positive environmental outcomes through our products and to minimizing the environmental footprint of our own operations.
- S Paul-Tech is committed to fostering a safe, inclusive, and equitable environment for our team and making a positive contribution to the communities we serve.
- G Paul-Tech is committed to operating with integrity, transparency, and accountability.

Key Impact Metrics (2024):

- Average annual reduction in clients’ water use: 14%
- Average annual reduction in clients’ fertiliser use: 19%
- Average annual increase in clients’ agricultural yield: 3%
- Improvement in soil quality among clients – 3000 tonnes less Nitrogen fertiliser used



Paul-Tech’s technology combines information from the soil, from the air and the cloud to advance sustainable agriculture.



ÄIO is a biotechnology company with a mission to develop sustainable alternatives to animal fats, palm and coconut oil. It upcycles low-value by-products into lipid biomass to ferment fats and oils for food/feed, cosmetics and household chemicals.

By introducing environmentally friendly microbial lipid products to the market, ÄIO encourages responsible production and consumption. The activity thereby contributes to the transition to a circular economy by reducing the use of primary raw materials and increasing the use of by-products and secondary raw materials.

### ÄIO ESG policy statements:

- E** ÄIO is committed to reducing its environmental footprint by turning organic waste into valuable products, using energy efficiently, adopting renewables, and sourcing sustainably from local suppliers.
- S** ÄIO prioritises the well-being and development of its employees and communities by fostering diversity and inclusion, upholding fair labor practices and creating a work environment that encourages continuous learning, professional growth, and equal opportunity for all.
- G** ÄIO's governance approach ensures ethical conduct and accountability through compliance and transparency, active stakeholder engagement, and responsible, values-driven leadership.

To identify and prioritise key ESG issues, ÄIO conducts regular materiality assessments, engaging with stakeholders including employees, customers, and investors.

### Key Impact Metrics (the first progress reporting is scheduled for 2025):

- 50% reduction in greenhouse gas emissions by 2030
- Decrease resource consumption per unit of product by 30% by 2028
- 80% of raw materials are sustainably sourced by 2026, prioritising local partnerships
- Promote workforce diversity, supporting an inclusive culture and equal opportunities



*Äio refines microbial fats and oils to meet the specific requirements of the food, cosmetics, and chemical industries.*





Elcogen is a manufacturer of clean energy technology that delivers affordable green hydrogen and emission-free electricity. With manufacturing facilities in Estonia and Finland, the company serves more than 150 customers in 30 countries.

Elcogen develops and supplies technology that converts fuel sources into emission-free green hydrogen. Its core solid oxide fuel cell (SOFC) and solid oxide electrolysis cell (SOEC) technology can be applied to a broad range of residential, industrial, and commercial applications, enabling multiple types of systems to produce and use green energy.

Elcogen's service offering helps to avoid GHG emissions, enables the transition to carbon-free energy, and contributes to climate change mitigation.

### Elcogen ESG policy statements:

- E** Elcogen's products are based on clean technology and focused on helping the world to move away from dependence on polluting fuel sources. The company is dedicated to reducing its own carbon footprint.
- S** Elcogen treats the health, safety and welfare of its staff as a priority. Product and client safety is at the core of its production with procurement practices prioritising local European suppliers that respect human rights and reject child and forced labour.
- G** Elcogen is committed to high standards of corporate governance, ensuring accountability, transparency, and effective oversight across the organisation. It has a professional Board, including independent Directors and Board committees.

### Key Impact Metrics (2024):

- Total energy production capacity of fuel cells sold: 1,81 MW
- Total energy consumed: 1791 MWh
- GHG emissions avoided 7000+ tCO<sub>2</sub>e
- Number of work safety near-misses and incidents 5/3



*In 2024 the construction of a new factory in Tallinn, Loovälja Industrial Park, was started, expanding Elcogen's annual manufacturing capacity from 10 MW to 360 MW.*

# The SmartCap Venture Capital Fund

**The SmartCap Venture Capital Fund** invests in VC funds that focus on Estonia or have meaningful value added to the Estonian venture capital ecosystem. In either case, it's important that they contribute to local capital market development. International venture capital funds are also considered if there is demonstrated added value to the Estonian venture capital ecosystem or to local capital market development.





# The SmartCap Venture Capital Fund

The SmartCap Venture Capital Fund's main investment objectives are to:

- Diversify and increase capital supply to innovative Estonian companies with high international growth potential;
- Engage private investors and provide access to the Estonian venture capital market;
- Complement the Estonian capital market and meet the specific needs of companies with the relevant competence and experience;
- Ensure implementation of the best market practices to increase the global competitiveness of Estonian companies;
- Boost Estonian capital market development and resilience.

In 2024 SmartCap Venture Capital Fund invested in two new funds – Plural Fund II and Antler Nordic Fund II.

## Portfolio

Name	Investment year	Commitment size
 Antler Nordic Fund II	2024	EUR 5 M
 Plural Fund II	2024	EUR 10 M
 NATO Innovation Fund - NATO Sub Fund I	2023	EUR 26.91 M
 Superangel Two	2022	EUR 15 M
 Superangel One	2018	EUR 4.2 M
 Tera Ventures I	2017	EUR 27.09 M

## SmartCap invested €10M in Plural Fund II

In 2024 the SmartCap Venture Capital Fund invested €10 million to Plural Fund II with a total fund size of €500 million. The Fund focuses on early-stage startups, particularly those raising seed and Series A funding rounds, aiming to create positive impacts and solve significant problems in industries such as healthcare and construction. In addition to capital, Plural's partners share their firsthand experience as seasoned founders, offering mentorship and support to the startups they invest in.

## SmartCap invested €5M in Antler Nordic Fund II

In 2024 the SmartCap Venture Capital Fund invested €5 million in Antler Nordic Fund II, specialising in innovative tech ventures across the Nordic region and Estonia. Antler is recognised as one of the most active early-stage VC firms in Europe. In the last five years, it has backed more than 400 European startups, many of which are based across the Nordics.

## Antler Nordic Fund II

Antler Nordic Fund II is a €100 million early-stage venture capital fund, focusing on supporting technology startups across the Nordic region, including Sweden, Norway, Denmark, Finland, and Estonia. The fund invests in founders from the inception of their entrepreneurial journey, offering up to €300,000 in two tranches: an initial €100,000 at the start and an additional €200,000 converting at the valuation of the startup's next funding round.

The fund's investment strategy emphasises sectors such as climate tech, clean energy, electrification, sustainable infrastructure, food and agriculture, as well as health, education, and workforce technologies aimed at reducing social inequalities.

Antler Nordic Fund II is classified as an Article 8 fund under the SFDR, indicating its commitment to promoting environmental and social characteristics in its investments.

Antler also emphasises diversity and inclusion within its portfolio, with a significant proportion of its investments supporting diverse founding teams

Antler's responsible investment approach is guided by its comprehensive Responsible Investment and Sustainability Policy, which outlines the integration of environmental, social, and governance considerations into its investment processes.

### Antler responsible Investment cornerstones:

- Responsible Investment and Sustainability Policy, available [online](#)
- Diversity and Inclusion Policy, available [online](#)
- Sustainability Toolkit for Founders
- ESG and Impact Reports

Take a look at Antler 2024 ESG and Impact Report [here](#)



Antler 2024 ESG and Impact report.

## Superangel

Superangel is an early-stage venture capital fund based in Estonia and Sweden. The fund focuses on investing in industry-defining technology companies across the Baltics and Nordics, with typical investment ticket sizes ranging from €300,000 to €1 million.

Founded and managed by experienced tech entrepreneurs, Superangel leverages its extensive network of universities, industry experts, angel investors, and top European VC funds to support startups. The fund provides not only capital but also strategic guidance, operational support, and access to a broad ecosystem to help startups scale globally.

Superangel's investment portfolio includes over 100 startups worldwide, with notable successes such as Bolt, Veriff, Montonio, Pactum, and Starship Technologies. The fund targets sectors like artificial intelligence, robotics, energy, mobility, data, and infrastructure, aiming to back technologies that have a positive impact.

Superangel's responsible investment approach builds on ESG investment principles embedded throughout the investment process, a clear exclusion policy and regular ESG monitoring and reporting.

### Superangel responsible investment cornerstones:

- An ESG policy outlining key investment principles across environmental, social, and governance dimensions, available [online](#).
- Thorough ESG materiality assessment conducted for portfolio companies.
- Regular ESG reporting to investors.



# SUPERANGEL ESG POLICY

*Superangel ESG policy.*



# The SmartCap Defence Fund

**The SmartCap Defence Fund** invests in companies that develop or produce military and dual-use products and technologies, as well as in private funds focused on respective defence companies within Estonia or NATO member states, provided they add meaningful value to Estonia's defence ecosystem.

The SmartCap Defence Fund was officially launched in November 2024. The Fund is expected to begin deploying capital and making its first investments starting from the second quarter of 2025.

# SFDR 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: SmartCap Green Fund

Legal entity identifier: AS SmartCap

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ 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**: \_\_\_\_%

☒ ☐ No

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 95 % 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**

**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.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

The investment into Estonian greentech companies or infrastructure projects must contribute to the achievement of at least one of the environmental objectives listed in Article 9 of the EU Taxonomy Regulation. In order to manage a possible negative social or corporate governance sustainability risk, the Green Fund only makes investments in such companies that have adequate ESG management systems in place (incl. do not breach employee-related rights, are not engaged in money laundering, corruption or financial offences, and do not

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

otherwise apply unethical or unprofessional governance practices) and comply with the principle of “do no significant harm”.

The investments made in 2024 promoted climate change mitigation and the transition to a circular economy.

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

The investments made in 2024 promoted climate change mitigation and the transition to a circular economy.

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

In addition to the aforementioned environmental objectives, investments in the previous period also contributed to the objective of protection and restoration of biodiversity and ecosystems.

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

Included in the reply of the above question.

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

Direct investments must comply with the “Do No Significant Harm” (DNSH) Technical Guidance (2021/C58/01), ensuring that financed activities do not negatively impact environmental objectives. As part of the investment due diligence process, an environmental expert analysed the compliance with the do no significant harm principle for all direct investments.

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

Due to the nature of venture capital investments, it has not yet been possible to collect PAI indicator data from all investees as they are startup companies with limited sustainability data management systems

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

Investment due diligence included an assessment of good governance practices that are included in the OECD guidelines (incl. do not breach employee-related rights, are not engaged in money laundering, corruption or financial offences, and do not otherwise apply unethical or unprofessional governance practices). However, as the investees are startups and early-stage

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

investment fund, full compliance with the OECD guidelines is not guaranteed for all investments.



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

Due to the nature of venture capital investments, it has not yet been possible to collect PAI indicator data from all investees as they are startup companies and early-stage investment funds with limited sustainability data management systems.



### What were the top investments of this financial product?

Largest investments	Sector (NACE)	% Assets*	Country
2C Ventures Fund II	Financial, investment fund	5%	<i>Estonia</i>
Stargate Hydrogen	Manufacturer of other electrical equipment (27901)	N/A	<i>Estonia</i>
Gridio	Software, programming (62101)	N/A	<i>Estonia</i>
Fusebox	All other professional, scientific and technical activities (74991)	N/A	<i>Estonia</i>
Elcogen	Manufacture of batteries and batteries (27201)	N/A	<i>Estonia/Finland/UK</i>
ÄIO	Biotechnology company, Research activities in technology (72101)	N/A	<i>Estonia</i>
Fractory	<i>Other information activities (6392)</i>	N/A	<i>Estonia</i>
	<i>TOTAL</i>	63%	

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01.01.2024 - 31.12.2024

\* Of invested assets as of 31st December 2024. The percentage of assets allocated to individual direct investments is not publicly disclosed due to confidentiality considerations.

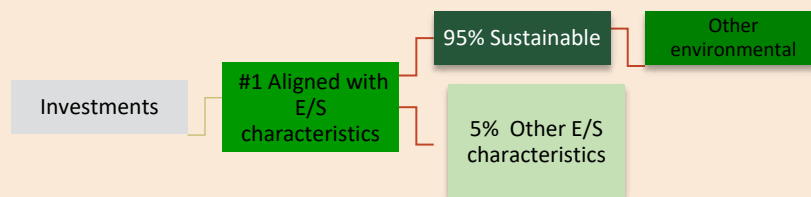
\*\*Investment agreement signed in December 2024, financial activities as of January 2025.

## What was the proportion of sustainability-related investments?

100% of the investments were sustainability-related.

**Asset allocation** describes the share of investments in specific assets.

### ● What was the 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?

Financial, investment fund;  
 Manufacturer of other electrical equipment;  
 Software, programming;  
 All other professional, scientific and technical activities;  
 Manufacture of batteries and batteries;  
 Biotechnology, research activities in technology;  
 Research activities in technology;  
 Other information activities.

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



0% of investments were aligned with the EU Taxonomy.

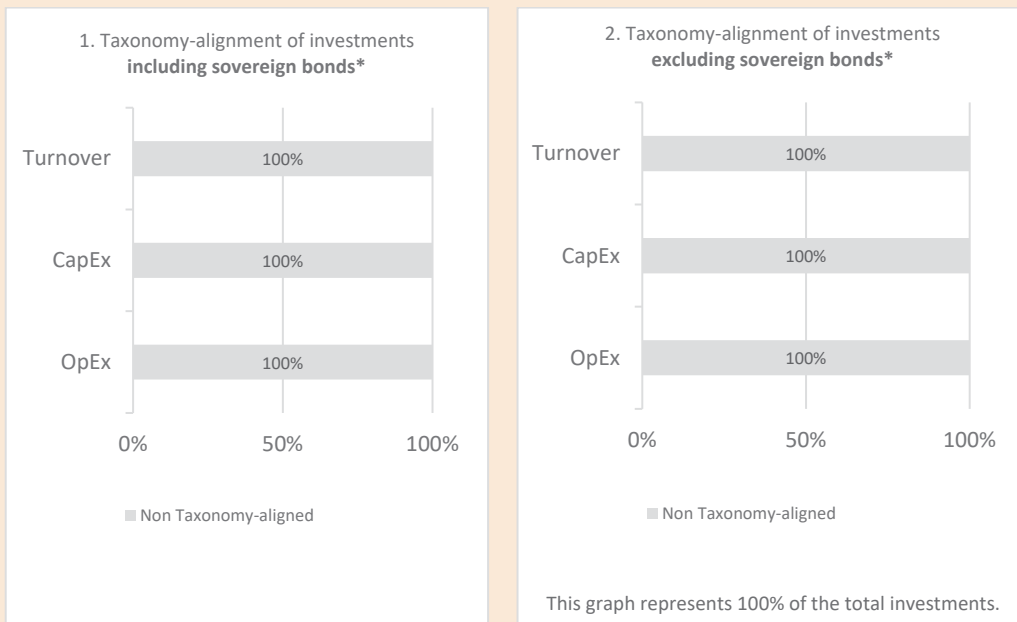
- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

☐ 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.*



\* 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?**

No taxonomy aligned investments in transitional and enabling activities.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Previous period also had no Taxonomy aligned investments.



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

100% of investments with an environmental objective were not aligned with the EU Taxonomy as the financial product does not assess Taxonomy alignment.



**What was the share of socially sustainable investments?**

Financial product does not include investments with a social objective.



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

There were no investments under the “other” category.



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

During the reference period, the environmental characteristics were met by following the investment strategy and monitored to ensure adherence with the environmental and good governance practices.



**How did this financial product perform compared to the reference benchmark?**

Financial product is not compared to a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A



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