

**United Nations
Environment Program
Finance Initiative
Sustainable Blue Economy
Finance Principles
Signatory Reporting**

Reporting year 2022

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Introduction

Indico Capital Partners Sustainable Blue Economy Financing
Initiative Reporting on 2022

Indico Capital Partners - Sociedade de Capital de Risco, S.A., is a Portuguese management firm regulated by the Comissão de Mercado de Valores Mobiliários (CMVM) – Portuguese capital markets regulation entity – managing the Indico Blue Fund in accordance with the Investment Policy and the other terms set forth in the Fund’s management provisions.

Indico Capital is a subscriber to the United Nations Principles for Responsible Investment since 2019, and it is a member of the United Nations Environmental Program Financial Initiative Sustainable Blue Economy, as well as a signatory to the Sustainable Blue Economy Financing Principles (SBE FP) since 2021, therefor bounded to report.

It is Indico Capital’s belief that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios, represent risks that are required to be managed in order to generate sustainable long-term returns and contribute to social and environmental sustainability.

Furthermore, it is also Indico Capital’s belief that the specific nature of economic activity derived from the Ocean obliges the economic agents to exert added care in respecting the marine resources and protect biodiversity and the Ocean. Therefore, the Fund takes into consideration material risks deriving from its investment activities in accordance with the SBE FP guidelines.

This report intends to provide a summary of Indico Capital’s implementation status of the SBE FP in its activities throughout the period from January 1st to December 31st 2022.

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The Indico Blue Fund

The Blue Fund is Indico Capital Partners investment vehicle into the Blue Economy

The Blue Fund is a venture capital fund dedicated to the financing of innovative sustainable solutions from early-stage and expansion Blue Economy companies. The strategy, the investment criteria, the portfolio management and the reporting were created with considering the generation of meaningful contributions to the United Nations Sustainable Development Goals (SDGs), with a focus on SDG 14 Life Under Water, while ensuring alignment and contributing when relevant to the Paris Climate Agreement declaration and the Kunming-Montreal Global Biodiversity Framework.

The Blue Fund is an Article 8 Fund under the EU Sustainable Finance Disclosure Regulation (SFDR), investing 100% of its capital into companies that develop their activity in the Blue Economy sectors as defined by the European Commission MARE Report 2014/45, and its directly related value-chain. However, it excludes sectors from non-renewable extractive industries (e.g. deep-sea mining, oil and gas) as per its signature of the UNEP FI SBE FP. Part of the Fund's proceeds are allocated to the mission of the Hope Zones Foundation for the creation of Marine Protected Areas in Portugal.

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Responsible Investment Governance

Overview of Governance structures, policies and practices in alignment with a Sustainable Blue Economy

The Fund ensures responsible investment practices by adopting a comprehensive ESG and Impact Management System (ESGI-MS) of its investment management process as set in the Firm's internal policies. The ESGI-MS includes guidelines on ESG integration and adoption of SBE FP, at each stage of the investment cycle per the Firm's internal policies and procedures. The ESGI-MS is applicable to the analysis of all the deal flow and the entirety of the Fund's portfolio. The Fund ESG investment screening process ensures that it does not invest, guarantee or otherwise provides financial or other support, directly or indirectly, to any companies or other entities operating in sub-sectors that according to the SBE FP guidelines should be avoided.

The oversight of the SBE FP guidelines implementation is under a senior partner of the firm and the Fund has an Advisory Committee that is responsible for providing recommendations on the adequacy of the SDG contribution's measures of each investment and the alignment with the SBE Financing Principles and other responsible investment policies. The Fund practices active ownership about ESG issues and the UNEP FI SBE FP with the portfolio companies and stakeholders, and regularly reports on both its ESG and SBE FP implementation.

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Goal Setting

Process of Sustainable Blue Economy goal setting with respective measurement and progress monitoring

Specific contribution goals are set for each company invested by the Fund, with regular key performance indicators (KPI) established to monitor for results. These KPIs measure “Seek Out” positive contributions for the chosen specific SDG targets and SBE FP theme priorities. Alignment with other reporting frameworks, such as Global Reporting Initiative (GRI) and EU Green Taxonomy is ensured when available. The Blue Fund’s Advisory committee assesses the adequacy of these key performance metrics.

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Actions Taken During the Period

Progress and developments towards the SBE Principles implementation during the period under review

During 2022, the first calendar year of the Fund's activity, two new investments were made with contributions to SDG14 and to the sustainability themes of Seafood and Pollution.

Biomimetx

The company develops antifouling solutions derived from Nature. The company discovered and bacteria derived molecules, which can be used as natural antimicrobials, larvaecides or algaecides serving as a green antifouling additive to be incorporated in marine paints, for application in hulls, aquaculture nets or other materials used at Sea. The use of BMX-11 directly replaces the use of Copper Oxyde, which is the main active antifouling component in these sort of maritime paints, and is a renown toxic pollutant, by this reducing ocean pollution.

ITTinsect

The company is a biotech startup that develops sustainable alternatives to aquaculture feed. The startup produces high performance feeds through the microbiological treatment of novel raw ingredients including insects as main source of protein, by this replacing wild catch to feed aquaculture production, and contributing to end overfishing.

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SBE Framework Implementation Plans

Short-term and long-term plans furthering SBE Principles and Guidelines implementation

Short-term plans

The SDG 14 is the least funded SDG by several orders of magnitude. As a short-term plan the Fund plans to continue expanding its investment focus to cover even lesser funded sub-sectors where markets are forming, such as ocean data, plastic removal, and the advancement of nature-based solutions. Indico Capital is equally working on expanding its ESG and Impact Management System (ESGI-MS) to accommodate the requirements of the Ocean Impact Navigator impact framework developed by the 1000 Ocean Start-ups initiative. In addition Indico Capital is preparing its policies to, in the short-term future, become a signatory to the moratorium on deep-sea mining, in alignment with the SBE sectoral recommended exclusions.

Long-term plans

The fund has the long-term goal of preparing a consolidated portfolio-wide impact reporting framework that includes the several reporting frameworks it complies with, as well as a qualitative assessment and on-the-ground reporting of the impacted achieved.