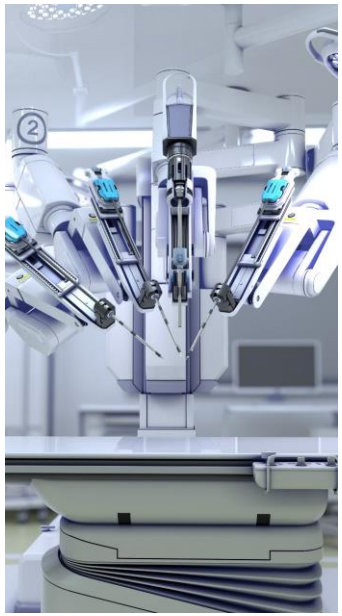
Smile Management Company

No consideration of adverse impacts of investment decisions on sustainability factors

(Article 4 SFDR)







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RELEVANT LEGAL FRAMEWORK

The present document is established in accordance with **Article 4** of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the publication of sustainability information in the financial services sector ("**SFDR**") and **Article 12** of Commission Regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR with regulatory technical standards ("**RTS**").

Article 4(1) of SFDR requires financial market participants to ensure transparency in terms of consideration of principal adverse impacts of investment decisions on sustainability factors.

Article 4(1)(b) of SFDR, read together with Article 4(3) of SFDR, allows a 'comply or explain' approach for entities with fewer than 500 employees. When they do not take into account the negative impacts of their investment decisions on sustainability factors, financial market participants are required to explain why with clear reasons and where relevant, information as to whether and when they intend to consider such adverse impacts.

This document also takes into account the various guidelines related to SFDR and its RTS that have been published by European and Belgian competent authorities[1].

[1] Such as:

- ***The FSMA Communication*** *dated 09.03.2021 regarding the entry into force of SFDR, https://www.fsma.be/sites/default/files/legacy/content/FR/circ/2021/fsma_2021_06_fr.pdf;*
- ***Consolidated Q&A on SFDR*** *dated 25.07.2024, https://www.esma.europa.eu/sites/default/files/2023-05/JC_2023_18_-_Consolidated_JC_SFDR_QAs.pdf ;*
- ***ESMA clarifications on the ESAs' draft RTS under SFDR*** *of 02.06.2022, https://www.esma.europa.eu/sites/default/files/library/jc_2022_23_-_clarifications_on_the_esas_draft_rts_under_sfdr.pdf;*
- ***FSMA Q&A of 24.01.2023 regarding the entry into force of the RTS****, https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_fr.pdf ;*
- ***Joint ESAs' report on the extent of voluntary disclosures of principal adverse impact under the SFDR*** *of 28 July 2022, https://www.esma.europa.eu/sites/default/files/library/jc_2022_35__joint_esas_report_on_the_extent_of_voluntary_disclosures_of_pai_under_sfdr.pdf ;*
- ***Joint ESAs' report on the extent of voluntary disclosures of principal adverse impacts under SFDR*** *of 28 September 2023, https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2023/1062224/Joint%20ESAs%E2%80%99%20Report%20on%20the%20extent%20of%20voluntary%20disclosure%20of%20principal%20adverse%20impact%20under%20the%20SFDR.pdf.*
- ***Joint ESAs' report on Principal Adverse Impact disclosures under the Sustainable Finance Disclosure Regulation*** *of 9 September 2025, https://www.esma.europa.eu/sites/default/files/2025-09/JC_2025_26_Report_on_PAI_disclosures_under_Article_18_SFDR.pdf*
- ***Joint ESAs' report on Principal Adverse Impact disclosures under the Sustainable Finance Disclosure Regulation*** *of 30 October 2024, https://www.esma.europa.eu/sites/default/files/2024-10/JC_2024_68_Final_Joint_ESAs_2024_Final_Report_on_PAI_disclosures__Article_18_SFDR_.pdf*

Article 4 of SFDR and all related laws and regulations (e.g. RTS) are subject to change, whether in terms of possible modifications and/or interpretation. It is therefore possible that the information published within this document does not yet reflect legal and regulatory amendments and/or interpretation changes that have occurred subsequently.

Therefore, it is advisable to stay informed of updates from the competent authorities and to always check the latest version and date of the present document.

The information provided in accordance with Article 4 of SFDR does not imply endorsement or recommendation of any specific product, service, or investment. The information provided is intended solely to ensure transparency with regard to the non-consideration of adverse impacts on sustainability factors within Smile Invest Management Company NV's processes and, hence, to comply with current applicable regulatory requirements.

This document is purely informative and should in no case be construed as a solicitation or offer to buy or sell financial instruments, nor as legal, tax, financial or any other kind of advice. No investment decision should be based solely on the information contained herein. This document has not been approved by any authority.

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1. Financial market participant

Smile Invest Management Company NV is a public limited company incorporated under the laws of Belgium, with registered office at Diestsesteenweg 31a, 3210 Lubbeek, Belgium, that is registered with the Crossroads Bank for Enterprises under number 0675.995.671 and that is authorised as Belgian manager of non-public alternative investment funds ("**AIFM**") by the Financial Services and Markets Authority ("**FSMA**") (hereinafter "**SIMC**").

As of the date of the present statement, SIMC is the manager of four non-public alternative investment funds ("**AIFs**"):

- ***Smile Invest NV,*** a public limited company incorporated under the laws of Belgium, with registered office at Diestsesteenweg 31a, 3210 Lubbeek, Belgium, registered with the Crossroads Bank for Enterprises under number 0675.942.817 (hereinafter "Smile Invest");
- ***Smile Software & AI NV***, a public limited company incorporated under the laws of Belgium, with registered office at Diestsesteenweg 31a, 3210 Lubbeek, Belgium, registered with the Crossroads Bank for Enterprises under number 1016.929.489 (hereinafter "Smile Sail");
- ***Dutch Smile Invest BV***, a private limited company with registered office at Lange Voorhout 59, 2514 EC 's-Gravenhage, the Netherlands, registered with the commercial register under number 72349689 (hereinafter "Feeder Fund 1"); and

- ***Dutch Smile Software & AI BV***, a private limited company with registered office at Lange Voorhout 59, 2514 EC 's-Gravenhage, the Netherlands, registered with the commercial register under number 95675159 (hereinafter "Feeder Fund 2").

Feeder Fund 1 and Feeder Fund 2 will hereafter be collectively referred to as **the "Feeder Funds".**

2. No consideration of adverse impacts of investment decisions on sustainability factors

SIMC does not consider adverse impacts of its investment decisions on sustainability factors at entity level.

3. Explanation

SIMC has carefully assessed the requirements and operational implications of considering principal adverse impacts ("PAI") of its investment decisions on sustainability factors at entity level and, taking due account of its size, the nature and scale of its activities and the types of financial products it makes available, has determined that it will not consider PAI of its investment decisions on sustainability factors at entity level at this time. The key reasons are as follows.

First, SIMC is currently considering PAI of its investment decisions on sustainability factors for **Smile Invest** (its initial fund), and not yet for **Smile Sail**. SIMC wishes to first assess, on a live and granular basis, the scope, depth and operational implications of considering PAI of its investment decisions on sustainability factors as applied to its initial fund, including data-model choices, metric coverage, controls, and auditability, before extending that framework to additional products. A sequenced approach reduces implementation risk, enhances data quality and ensures that PAI disclosures are decision-useful and reliable.

Second, establishing robust processes, systems and data pipelines to consider and report PAI represents a significant investment. It requires careful evaluation of data availability and quality across portfolio companies, as well as alignment of internal governance and controls. SIMC's portfolio includes unlisted companies and specialist sectors where data coverage is uneven, and methodological choices can materially affect outcomes. SIMC is therefore prioritising a measured build-out of the necessary infrastructure. In a subsequent phase, SIMC intends to evaluate how it could consider PAI of its investment decisions on sustainability factors for **Smile Sail**, subject to satisfactory outcomes of the initial implementation, enhanced data availability from investee companies and the final shape of the applicable regulatory framework.

Third, SIMC emphasises that the current decision not to consider PAI is not driven by the product's characteristics or strategy and is not because, for instance, Smile Sail does not promote environmental or social characteristics or does not have sustainable investment as an objective. Rather, it reflects a staged and proportionate implementation of the PAI framework across SIMC's products, focused on quality, reliability and operational integrity.

SIMC monitors regulatory developments closely. The European Commission's proposal of 20 November 2025 to revise the SFDR includes several key modifications and would, if adopted, remove the obligation to publish a PAI statement at entity level and introduce a new, simplified product categorisation regime. In light of this ongoing review, and the associated implications for data, processes and disclosures, SIMC considers that the regulatory context remains in flux and not optimal for expanding entity-level PAI consideration at this time. SIMC will reassess its position periodically and update this statement if and when its approach changes.

This statement is reviewed at least annually and will be updated to reflect any material changes in SIMC's approach or in the applicable regulatory framework.