

Sustainability-related Investment Disclosures

**Granahan Future Pathways Fund (the “Fund”)
a sub-fund of
Granahan Investment Funds plc (the “Company”)**

**Prepared by:
Granahan Investment Management, Inc. (the “Investment Manager”)**

LEI Code: L635400DM2S8WQVADS223

12 April 2023

This product has:

- A sustainable investment objective
- E/S Characteristics

Words and expressions defined in the supplement to the prospectus of Company relating to the Fund shall, unless the context appears otherwise, have the same meaning when used in this disclosure.

SUMMARY

Granahan Future Pathways Fund (the “**Fund**”) promotes environmental or social (“**E/S**”) characteristics but does not have a sustainable investment objective.

The investment objective of the Fund is to seek capital appreciation through investment in small and mid-capitalisation (“**SMID Cap**”), dynamic and emerging growth companies that are making a difference externally by aiding individuals, companies and governments meet their sustainability goals.

The E/S characteristics promoted by the Fund include, but are not limited to, environmental characteristics such as clean energy or pollution reduction, social characteristics such as better health outcomes and governance characteristics such as board composition.

The Fund’s investments will be selected with a view to promoting certain environmental and social characteristics. The Fund will have a minimum proportion of 80% of investments that promote E/S characteristics. The 20% investments included under “#2 Other” are primarily used for liquidity purposes and there are no minimum environmental or social safeguards applying to these investments.

The Fund and the Investment Manager monitors environmental, social, and governance factors on a continuous basis using accredited third-party systems such as MSCI and through ongoing meetings with company management and calls with competitors, suppliers, customers, analysts and experts.

The Fund’s portfolio will be mapped to the UN Sustainable Development Goals and, in addition, the Fund will not invest in those companies that Granahan Investment Management, Inc. (the “**Investment Manager**”), is aware have been expelled by the United Nations from participation in the UN Global Compact framework. 100% of security selection must meet at a minimum one out of six of the Fund’s

Article 8 Disclosures

following objectives: Clean Energy, Energy Efficiency, Health Care Outcome & Cost, Pollution Reduction, Social Justice & Opportunity, Water.

The Fund does not have a specific Index designated as a reference benchmark with E/S characteristics.

NO SUSTAINABLE INVESTMENT OBJECTIVE

The Fund promotes Environmental and Social (E/S) characteristics but does not have as its objective sustainable investment.

The Fund's investments will be selected with a view to promoting certain environmental and social characteristics. The Fund will have a minimum proportion of 80% of investments that promote E/S characteristics.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes the following E/S Characteristics:

Environmental characteristics: the Fund will exclude companies that are responsible for significant carbon emissions (e.g., extractive energy companies), without meaningful plans for strategic decarbonisation, and prefers companies whose efficient operations have the potential to influence financial performance. This investment selection process will lead to the exclusion of investee companies which generate excessive carbon pollution. By way of example, emissions are analysed based on the portion of a company's revenues derived from lines of business that are rated (by MSCI) as High Risk (typically generate large amounts of toxic emissions), Medium Risk (typically generate moderate amounts of toxic emissions), and Low Risk (typically generate low amounts of toxic emissions).

These companies include, but are not limited to, companies that seek to:

- Reduce Pollution (Examples: Environmental consultants, Innovative recycling solutions, Industrial products)
- Provide Clean Water (Examples: Water supply infrastructure, Desalination technology, Water efficiency solutions)
- Promote Clean Energy (Examples: Solar supply chain, sellers, project managers and operators, Hydrogen infrastructure, fuel cell companies, Wind turbines, Sustainable energy financing)
- Reduce Energy Consumption (Examples: Power management, Auto technology, LED lighting, HVAC technology)

Social characteristics: the Fund prefers companies showcasing leadership in human capital management, and/or have strategic oversight of supply chains and the labour force so as to limit controversies and potentially benefit financial performance. This investment selection process will lead to the exclusion of investee companies with poor working conditions and human rights violations. These companies include, but are not limited to, companies that seek to:

- Improve social justice and opportunity (Examples: Body cameras, non-lethal police tools, gunshot detection, Internet marketplaces that support individual sellers, sole-owned businesses, Childcare)

Article 8 Disclosures

services), Reduce health care costs while improving outcomes (Examples: Diabetes management, value-based care, Medical device companies, diagnostics, Pain therapies, Patient management solutions)

The Fund utilises the accredited third-party system of MSCI to assess and analyse the sustainability of investments under management on a continuous basis.

INVESTMENT STRATEGY

The investment objective of the Fund is to seek capital appreciation through investment in small and mid-capitalisation ("**SMID Cap**"), dynamic and emerging growth companies that are making a difference externally by aiding individuals, companies and governments meet their sustainability goals.

The Fund will leverage ESG research in the investment process in an effort to help to identify Sustainability Risks and sustainable opportunities associated with particular companies that may impact the company's financial performance. The Investment Manager believes that when executed successfully, this investment approach can achieve the Investment Objective of the Fund. With an intermediate term perspective, the Investment Manager's process focuses on identifying enterprise growth and the underlying intrinsic worth of a company. The Investment Manager looks for companies that it believes are undervalued relative to their long-term growth prospects, and often finds these within the SMID Cap Range.

The Investment Manager uses a bottom-up research process which is comprised of integrated fundamental and ESG research utilising the Investment Manager's Future Pathways strategy, which is to invest in companies that will, now and in the future, through their products and services, provide pathways for companies, individuals and governments to meet their sustainability objectives.

The bottom-up process is utilised to source growth companies that:

- possess large and/or unrecognized growth potential;
- typically exhibit characteristics such as high levels of revenue and earnings growth, improving business fundamentals, strong competitive positioning, good or improving balance sheets, and proven management teams.

This bottom-up process also includes an investment selection process that evaluates environmental, social, and governance factors.

The Fund's portfolio will be mapped to the UN Sustainable Development Goals and, in addition, the Fund will not invest in those companies that Granahan Investment Management, Inc. (the "Investment Manager"), is aware have been expelled by the United Nations from participation in the UN Global Compact framework. The Fund will not invest in companies on the Norges Bank Exclusion List, which the Investment Manager considers a strong third-party standard for ethical business practices. In determining whether or not to invest, the Investment Manager may use third-party ESG data to assess relevant exposures.

PROPORTION OF INVESTMENTS

Article 8 Disclosures

The Fund will have a minimum proportion of 80% of investments that promote E/S characteristics. The 20% investments included under “#2 Other” are primarily used for liquidity purposes and there are no minimum environmental or social safeguards applying to these investments. The investments underlying this Financial Product do not consider the EU criteria for environmentally sustainable economic activities aligned with EU Taxonomy. The minimum proportion of the Fund’s investments that contribute to environmentally sustainable economic activities for the purposes of the EU Taxonomy will be 0%.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Investment Manager monitors environmental, social, and governance factors on a continuous basis using accredited third-party systems such as MSCI and through ongoing meetings with company management and calls with competitors, suppliers, customers, analysts and experts.

E/S characteristics are monitored formally on an annual basis and the findings are published in the Fund’s Annual Report

The Investment Manager undertakes analysis and produces reports on each target company that includes, but is not limited to, internal and external ESG relevant factors. Reports are updated, at a minimum, on an annual basis and prior to inclusion in the Fund’s portfolio. Data for the individual company reports aggregates information published by the Fund’s third-party ESG data providers along with reporting published by the companies themselves (as an example: ESG, Sustainability Reports, CSRs and 10-Ks).

The Investment Manager engages directly with companies on a hands-on basis to ensure proper governance and risk management protocols are in place. The Investment Manager has found that by investigating companies on its terms, it is able to achieve the best understanding of fundamentals, intention, potential, and ultimately, a company’s ability to provide positive change.

The Fund utilises an ISS Benchmark Policy for voting that considers shareholder proposals on social, environmental, and labour/human rights issues. The ISS Benchmark Policy is considered "Best Practice" in governance standards that promote total, long-term shareholder value & risk mitigation. The proxy voting policy is reviewed on a periodic basis, including voting principles in relation to ESG topics.

In the instance of a breach of the Fund’s exclusion policies and values, the Fund is careful to respond to the statements from each company in a manner that supports the “comply or explain” process. In such instances, the view of the Investment Manager would be discussed with management and/or board members, and then a decision would be made by the Investment Manager on whether to either retain the stock or sell it.

METHODOLOGIES

The Fund’s portfolio will be mapped to the UN Sustainable Development Goals and, in addition, the Fund will not invest in those companies that Investment Manager, is aware have been expelled by the United Nations from participation in the UN Global Compact framework.

The Fund will not invest in companies on the Norges Bank Exclusion List, which the Investment Manager considers as a strong third-party standard for ethical business practices. In determining whether or not to invest, the Investment Manager may use third-party ESG data to assess relevant exposures. The stock

Article 8 Disclosures

selection criteria for the Fund must meet the Investment Manager's criteria in having sound governance practices and the Fund favours companies that offer solutions toward a low-carbon economy or those that create a safer, healthier, and more equitable community.

The Investment Manager has selected the following six objectives to measure the attainment of each of the environmental and social characteristics promoted by the Fund. 100% of the investee companies selected must match at least one of the six objectives below:

- I. Clean Energy: Renewable and alternative energy providers and sources.
- II. Energy Efficiency: Innovation in technology that contribute to a lower carbon economy.
- III. Health Care Outcome & Cost: Medical innovation such as disease detection and treatment.
- IV. Pollution Reduction: Preventing and reducing emissions or adverse impact on health. Improving levels of air and water. Harm reduction through products, services, consultation, and intervention that protect natural resources and improve human health.
- V. Social Justice & Opportunity: Equitable employment, opportunities, and safer communities.
- VI. Water: Sustainable use and protection of water and marine resources.

DATA SOURCES AND PROCESSING

The Investment Manager integrates in-house or third-party ESG research as part of its investment process in a manner it believes is appropriate to achieve each stated investment objective. In-house ESG research is produced by an ESG research analyst who works alongside fundamental analysts across asset classes and industry sectors.

The Investment Manager's bottom-up, fundamental research process includes an assessment of Sustainability Risks (the "ESG Assessment"). An ESG Assessment is provided for every investment in the Fund. The ESG Assessment comprises of an individual assessment of the environmental, social and governance factors of an investee company which is created by the ESG research analyst or a third-party ESG research report. This ESG Assessment is considered in conjunction with the financial performance of the target.

The Investment Manager considers the ESG Assessments conducted part of its fundamental company research. The ESG Assessment includes but is not limited to environmental, social and governance risks as set out in the Supplement to the Fund and is guided by ESG data provided through the research process including accredited third-party research platforms such as MSCI.

LIMITATIONS TO METHODOLOGIES AND DATA

Currently, US companies are not required to report on environmental and social disclosures. Additionally, companies in the SMID universe may lack the resources of large cap companies to enable them to disclose environmental and or social data. Therefore, the Investment Manager has agreements in place with multiple third-party data providers which allows for a comprehensive view of an investee company's data. In cases where reports for an investee company may not be available, the Investment Manager may rely on direct engagements with the investee company's management team for additional information and data.

DUE DILIGENCE

The Fund has a highly disciplined stock selection process. Companies are looked at through a multi-faceted lens which incorporates many factors to determine the ultimate risk/reward prospects for the investee company. With respect to ESG factors, the Investment Manager makes a determination concerning the internal policies of the investee company and that investee company's own internal impact on social and environmental issues. The Investment Manager also considers the external impact of the investee company's products and services have on other individuals, governments, and businesses in order to meet its own ESG/sustainability objectives. There is an ESG Assessment for each of the Investment Manager's stock selection.

Once an investee company has met the Investment Manager's criteria as a possible stock selection, ESG factors are mainly considered through the lens of how the company's products and services external benefits will enhance its growth outlook over time. The Investment Manager's portfolio construction does not optimise on the highest opinions on internal policies or external benefits, but rather on the best risk/reward potential based on earnings power and valuation. Ultimately, ESG factors play a role in determining both earnings power and valuation. The ESG Assessment shapes the totality of the Investment Manager's decisions on its portfolio construction.

As part of the Investment Manager's investment due diligence process, the Investment Manager closely monitors various data sources to detect any indications of investee companies violating fundamental humanitarian principles or engaging in any business activity in violation of the Investment Manager's exclusion policy. The Investment Manager utilises exclusionary criteria that are independently validated by MSCI ESG and based on revenue contribution to identify companies that breach this criteria. Any such company is excluded from the investment universe to ensure compliance with these principles and prevent investments in companies engaged in activities that conflict with the Investment Manager's values.

The Investment Manager's ESG Assessment of each investee company is formally updated at a minimum on an annual basis and details of how E/S characteristics are met are published on an annual basis in the Fund's Annual Report.

ENGAGEMENT POLICIES

The Fund may pursue strategic, active engagement with certain companies and other stakeholders either through direct engagement or through collaborative initiatives being undertaken by the Investment Manager more broadly. The purpose of engagement may be to enhance due diligence, monitor ESG risks that may materially impact investment performance, and encourage companies to improve their ESG practices ("**ESG Engagement**"). The outcomes of the ESG Engagement effort, if any, may include establishment of policies, adoption of key performance indicators, implementation of initiatives, and increased disclosures.

The Fund does not seek to engage with companies with the intent to change a core business model. Among other reasons, should the Fund uncover a material risk that significantly jeopardises the investment thesis, the position will be exited.

DESIGNATED REFERENCE BENCHMARK

Article 8 Disclosures

No reference benchmark has been designated for the purpose of attaining the E/S Characteristics promoted by the Fund.

The Investment Manager will regularly monitor the landscape for an Index that has SDG aligned growth characteristics. In the meantime, the portfolio will be measured against the Russell 2500 Growth Index. The Fund uses the Russell 2500 Growth Index for performance comparison purposes only.