



# Non-Disclosure Agreement Policy

## May 2021

Matū Fund will not sign the non-disclosure agreement (NDA) of any Company before it progresses within our pipeline to preliminary due diligence. This stance is common practice among professional investors for a number of reasons detailed in this document.

As a Fund, we have a strong set of core values and ethical policies. These are *Kaitiaki* (Guardianship), *Māia* (Bravery), *Pono* (Integrity) and *Aroha* (Passion). Our NDA Policy aligns to these values and reflects not only our commitment to a prospective investment, but also our position as a VC fund within the wider ecosystem.

### **1. What is a Non-Disclosure Agreement (NDA)?**

A non-disclosure agreement is a legally binding contract signed between two or more parties in order to establish a confidential relationship prior to sharing sensitive information. Once an NDA has been signed by both parties, there is a legal precedent to protect against the dissemination of sensitive information for a designated period of time. Although NDAs are commonly used, there is no “standard” NDA. An NDA can be crafted to a variety of specifications and stipulations, which can result in a range of conflicts and implications across numerous parties when there are multiple NDAs in place.

### **2. Our Position**

Matū Fund will not sign any NDAs with prospective Companies until we have initially assessed it to determine if it might fall within our investment mandate. Specifically, we will not sign an NDA until a Company is in the preliminary due diligence phase of our pipeline. While this might seem counterintuitive, it is based on what is best for the prospective investment and for Matū.

As NDAs are non-standard documents, the quality of the legal agreements can vary hugely. This includes the terms around the scope of the information included and the time-frames surrounding the agreements. While Matū accepts that variations occur within NDAs, there are some stipulations which we will not engage with, including any indefinite lifespan clauses. Having either parties' legal teams assess these documents adds significant financial burdens to both sides, and can massively constrain the timing and process at critical stages.

Most significantly, NDAs can include a number of clauses which can lead to conflicts arising with other relationships with entrepreneurs. New Zealand has a highly productive and creative scientific community, and as a result Matū engages with a large number of prospective and active investment opportunities. Although Matū is diligent in our separation and treatment of each of our dealings, we are careful to avoid any potential legal action stemming from investments made within related businesses, particularly in 'hot-topic' areas.

Finally, we aim to establish and assume a high level of trust at all stages of our investment process, and we have an expectation that this trust is reciprocated. It is important for us to be able to communicate openly with our prospective investments, and an early step in building that relationship relates to a prospective investee trusting our value and perspective on their ideas and IP, prior to any legally binding contract. Should an investment progress to due diligence, we are open to engaging with an NDA.

There are a few exceptions to this position. For example, we currently hold NDAs with Technology Transfer Offices and research institutions on an organisational level because we maintain an ongoing relationship with those institutions. Similarly, we may consider signing an NDA if there is an element of urgency and we have confidence that there is no conflict with other investment opportunities we have seen.

### **3. Our Responsibilities**

We understand that the lack of an NDA may cause consternation, particularly in deep-tech start-ups. Matū is deeply committed to upholding rigorous internal standards of practice, protecting and maintaining confidentiality of any information shared or created. This includes where and how our information is stored, who has access to that information, and how that information is used. All data is stored on our secured server, with access restricted to Matū personnel. All Matū personnel and advisors with access to confidential information are contractually bound to keep this information protected. All of our practices are done so in alignment with our Fund Values, Privacy Policy, and Ethical Investment Policy.

At Matū we pride ourselves on our reputation as an active and positive member of the New Zealand start-up and innovation ecosystem. We have taken care to earn a reputation of trust and good-faith, and we understand the damage that can be done to both entrepreneurs and to Matū should sensitive information be disseminated. We treat all information between us and a prospective investment as privileged and confidential unless stated otherwise.