

Principal Adverse Impact Statement PhotonVentures

1. Summary & statement on voluntary disclosure

PhotonVentures considers principal adverse impacts of its investment decisions. The present statement is PhotonVentures' consolidated statement on principal adverse impacts with regards to sustainability.

This statement on principal adverse impacts on sustainability factors does not yet cover a reference period as the first year of measurement will take place in Q4 2024.

PhotonVentures is not legally required to report on the PAI (Principal Adverse Impact) indicators and does so on a voluntary basis. As such, we will report on the PAI indicators that are measured as part of our ESG (Environmental, Social, and Governance) policy. This ESG policy, developed with the guidance of Ernst & Young, incorporates a framework where specific ESG metrics are assessed at various stages of company maturity, defined by full-time equivalent (FTE) employees and/or revenue.

We have implemented a maturity matrix to accommodate the varying stages of development among our portfolio companies, particularly startups. Some of these companies are in very early stages and may not yet have the necessary data or resources to report on all PAI indicators or have no data to report on. For instance some start-ups start as two part-time founders that are working from a university location. Consequently, requiring them to report on these indicators can be burdensome and is of little relevance. Once they mature, the reporting becomes more relevant. Therefore, the maturity matrix allows us to mandate reporting in a manner that aligns with the maturity and resources available at each firm, ensuring that reporting requirements are manageable and appropriate for their stage of growth.

Below, you will find an overview of the maturity matrix and its relation to our voluntary reporting on PAI indicators.

The latest review of this matrix was conducted on May 1, 2024.

Maturity Phase	Topic/Target	KPI	Metric/Output	PAI Indicator?
1) Initiation: If >5 FTE or >€5 million revenue	Energy and Emissions	Track energy consumption (fuels and electricity) in own operations	kWh	No
	Diversity, Equality and Inclusion	Track share of employees by gender and nationalities	% M / % F / % Other	No
	Health & Safety	Track nr. of accidents (if relevant, e.g. lab or production facility)	#	No
	Health & Safety	Comply with regulation	Certifications and Protocol	No
	Privacy & Data Security	Comply with regulation	Protocol	No
	Intellectual Property	Comply with regulation	Certifications and Protocol	No
2) Small: If > 50 employees, or >€10 million revenue,	Responsibility	Have a dedicated person responsible for ESG	Employee role or FTE/year	No
	Diversity, Equality and Inclusion	Track gender pay gap	% of average pay of male employees	Yes

whichever applies first		Track share of management by gender	% M / % F / % Other	No
	Waste	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes waste / EUR invested	Yes
	Energy and Emissions	Report on energy consumption and source (both direct and indirect)	kWh	Yes
	Transparency	Include all tracked ESG-metrics in annual report	Section in Annual Report	No
3) Medium: If >100 employees or >€15 million revenue	Energy and Emissions	Calculate and report Scope 1 emissions following GHG-protocol	kg CO ₂ e	Yes
		Calculate and report Scope 2 emissions following GHG-protocol	kg CO ₂ e	Yes
		Calculate and report Emission Intensity	kg CO ₂ e/€ revenue	Yes
	Diversity, Equality and Inclusion	Hold DE&I training for employees	# of trainings/# of hours	No
		Achieve 30% share in females in the board/management	% F vs. % M	Yes
	Employee Wellbeing & Development	Hold an annual pulse (employee wellbeing) survey	Survey results	No
	Business Ethics	Have a Code of Conduct	Protocol	No
Have a Supplier Code of Conduct		Protocol	No	

3) Medium: If >100 employees or >€15 million revenue	Energy and Emissions	Source 5% more renewable energy than in the national grid	%	No
	Energy and Emissions	Calculate climate change impact of key product applications	kg CO ₂ e	No
	Business Ethics	Have an Anti-Bribery and Anti-Money-Laundering policy	Protocol	No
	Responsibility	Have ESG as a regular board or management meeting agenda point	Agenda item	No
4) Large: If >200 employees or >€50 million revenue	Energy and Emissions	Calculate and report Scope 3 emissions following GHG-protocol	kg CO ₂ e	Yes
		Develop quantitative emission reduction target	% of baseline or %/year	No
		Source 40% renewable energy	%	No
		Develop a Net Zero Strategy	Report	No

	Other Environment	Complete an Environmental Impact Assessment of key products	LCA	No
		Track and report 2 most material environmental categories after energy and carbon	Metrics	No
	Transparency	Disclose an ESG-report	Report	No
		Carry out EU-taxonomy risk and vulnerability assessment	Report	No

2. Description of Principal Adverse Impact Indicators

Below, you will find the 14 PAI indicators along with our explanations of whether and how we measure and report these indicators. Please note that these indicators are monitored and disclosed only for those portfolio companies that we ask to report on according to the maturity matrix described above.

Name	Metric	Impact year n (1)	Impact [year n-1]	Explanation	Actions taken, and actions planned, and targets set for the next reference period.
GHG Emissions	Scope 1 emissions (tCO2-eq.)			Calculated as a weighted average across the funds/entity	View Section 4 below
GHG Emissions Carbon Footprint	Scope 2 emissions (tCO2-eq.)			Calculated as a weighted average across the funds/entity	View Section 4 below
	Scope 3 emissions (tCO2-eq.)			Due to proportionality for the fund manager's portfolio companies, Scope 3 emissions are not considered in the first reference period.	
	Total GHG Emissions (tCO2-eq.)			The sum of all Scope 1 and 2 emissions.	View Section 4 below
	Carbon footprint (in tCO2-eq./M€)			This indicator reflects the sum of all emissions per M€ invested.	View Section 4 below
GHG Intensity	GHG intensity of investee companies (in tCO2-eq./M€)			This indicator reflects emissions per M€ of revenue made.	View Section 4 below

<p>Exposure to companies active in the fossil fuel sector</p>	<p>Share of investments in companies active in the fossil fuel sector</p>			<p>PhotonVentures does not invest in companies that are directly active in the fossil fuel sector as this is part of the firm's exclusion list (meaning we do not invest in companies with revenues coming.</p> <p>Any indirect exposures we will disclose. For example companies that enable existing infrastructure improvements.</p>	
<p>Share of non-renewable energy consumption and production</p>	<p>Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)</p>			<p>This indicator's measurements only include those companies that are in control of their own electricity bills.</p>	<p>View Section 4 below</p>

Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector			PhotonVentures does not invest in companies that are active in high impact climate sectors.	
Activities negatively affecting biodiversity-sensitive area	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas			PhotonVentures currently does not mandate the reporting of indicators that measure activities within biodiversity-sensitive areas. Nonetheless, PhotonVentures will not invest in companies where there is a severe mismanagement of the company's impact on biodiversity-sensitive areas, and this is part of an ad-hoc consideration in those cases where this measure is relevant.	View Section 4 below
Emissions to Water	Tones of emissions to water generated by investee companies per million EUR invested.			PhotonVentures currently does not mandate the reporting of indicators that measure activities regarding emissions to water. Nonetheless, PhotonVentures will not invest in companies where there is a severe mismanagement of the emissions to water, and this is part of an ad-hoc consideration in those cases where this measure is relevant.	View Section 4 below
Hazardous waste and radioactive waste ratio	Tons of hazardous waste generated by investee companies per million EUR invested.			PhotonVentures currently does not mandate the reporting of indicators that measure activities regarding hazardous waste and radioactive waste. Nonetheless, PhotonVentures will not invest in companies where a severe risk of a mismanagement of hazardous waste and radioactive waste is the case. This is part of an ad-hoc consideration in those cases where this measure is relevant.	View Section 4 below
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%).			PhotonVentures currently does not mandate the reporting of indicators that measure activities regarding compliance with the UNGC or OECD guidelines. Nonetheless, PhotonVentures will not invest in companies that are in severe breach of these principles, and this is part of an ad-hoc consideration in those cases where this measure may be relevant.	View Section 4 below

Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UN Global Compact principles or OECD Guidelines for Multinational Enterprises (%)			PhotonVentures currently does not mandate the reporting of indicators that measure activities regarding compliance with the UNGC or OECD guidelines. Nonetheless, PhotonVentures will not invest in companies that are in severe breach of these principles, and this is part of an ad-hoc consideration in those cases where this measure may be relevant.	View Section 4 below
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%).			This is calculated by the difference of men's and women's wages in the company, irrespective of their differences in functions and expressed as a weighted average of investment size.	View Section 4 below
Board gender diversity	Average ratio of female to male board			This indicator shows the ratio between males and females in portfolio	View Section 4 below
	members in investee companies, expressed as a percentage of all board members.			companies' boards, expressed as a weighted average of investment size.	
Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%).			PhotonVentures does not invest in companies that are exposed to controversial weapons as this is part of the firm's exclusion list.	View Section 4 below
Deforestation	Share of investments in companies without a policy to address deforestation			should be something on deforestation	View Section 4 below
Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers			PhotonVentures currently does not mandate the reporting of indicators that measure activities regarding whistleblower protection.	View Section 4 below

3. Description of Policies to Identify and Prioritize Principal Adverse Impacts

PhotonVentures is currently considering the most effective method to report and collect data on Principal Adverse Impacts (PAIs). PhotonVentures selects and prioritizes PAI indicators by analyzing the sustainable targets it aims to meet across all managed funds. This involves linking the PAI indicators that provide relevant information concerning these targets. To identify the most significant indicators for its portfolio companies' business operations, PhotonVentures may collaborate with a trusted third-party service provider. Such a partnership may help tailor the PAI framework to meet the firm's specific needs. This process will be reviewed annually to oversee and implement necessary changes.

4. Engagement Policies

PhotonVentures believes in the importance of its role as Fund Manager in guiding its portfolio companies to minimize their operations' adverse environmental and social negative externalities. The Firm uses the PAI framework to monitor such externalities, but additionally has set up various processes in place to incorporate the PAI results into portfolio engagement. To ensure due consideration and progressive mitigation efforts from portfolio companies, PhotonVentures engages with the latter through the following processes:

- Help Portfolio Companies set an ESG ambition (& policy)

- Engage in active dialogue with Portfolio Companies throughout the year
- Give Portfolio Companies access to our network and relevant stakeholders if this can add value
- Yearly review based on previous results and achieve dialogue about improvement options

Further details on the practical implementation of these processes can be found in the Firm's relevant policy

5. Reference to International Standards

PhotonVentures adheres with the Principles for Responsible Investment ('PRI'). The Firm uses its efforts of data gathering and calculation of the Principal Adverse Impact (PAI) indicators to show adherence with (parts of) the international standards/codes it complies with for those indicators that PhotonVentures as established as relevant to monitor, see section see section 2. The below-listed indicators from the PAI framework will be used to showcase their equivalent KPI compliance within the international standard (e.g., using the GHG emissions PAI to demonstrate adherence with the OECD environmental standard of reducing GHG emissions and other air pollutants). PhotonVentures identifies the following PAIs to demonstrate adherence with the aforementioned standards/codes:

- GHG Emissions
- Carbon Footprint
- GHG Intensity of Investee Companies
- Exposure to Companies active in the Fossil Fuel Sector
- Share of Non-renewable Energy Consumption and Production
- Energy Consumption Intensity per High Impact Climate Sector
- Activities Negatively Affecting Biodiversity-sensitive Areas
- Emissions to Water
- Hazardous Waste and Radioactive Waste Ratio
- Violations of UN Global Compact Principles
- Violations of OECD Guidelines for Multinational Enterprises
- Lack of Processes and Compliance Mechanisms to monitor Compliance with UN Global Compact
- Lack of Processes and Compliance Mechanisms to monitor Compliance with OECD Guidelines
- Unadjusted Gender Pay Gap
- Board Gender Diversity
- Exposure to Controversial Weapons

1) The firm will start measuring the PAIs as of 2025, making it the first reference period