

Product-level Disclosure Fund I

1. Summary

Fund I Overview

Fund I ("the Fund") is managed by PhotonVentures. The Fund invests in companies with sustainable characteristics, aiming to assist its portfolio companies in improving their social and environmental impact alongside financial returns.

Sustainability Strategy

Fund I achieves this by screening its investments using a set of ESG assessment tools. The Fund employs the following characteristics to help its investments increase their consideration of social and environmental matters:

- Monitoring portfolio companies through the PhotonVentures maturity matrix & related metrics. This matrix has been designed together with a 3rd party to ensure progress on important ESG topics while taking into consideration the start-up, early-stage nature of the firm. Within this maturity matrix we take into consideration parts of the Principal Adverse Impact ('PAI') Indicators framework.

By promoting these characteristics, the investment process of Fund I incorporates sustainability considerations at the core of its operations. This ensures that the portfolio companies' ('PCs') sustainability risks are coherently addressed, and companies with significant negative risks are excluded from the Fund.

Investment Targets

Currently, the Fund has not set a target for sustainable investments but aims for 100% of its investments to qualify as having sustainable characteristics.

Mission Statement

The mission of PhotonVentures is to drive progress through technology.

Further Information

The rest of this document provides further information concerning Fund I's sustainable characteristics, the processes the Fund employs for incorporation, a graphical representation of its asset allocation, and an overview of the monitored indicators.

For any further information concerning PhotonVentures's strategy in ensuring compliance with the SFDR as a Fund Manager and how it incorporates sustainability considerations into the investment process, please visit PhotonVentures's website.

2. No sustainability outcomes as an investment objective

This financial product promotes environmental and social characteristics but does not have sustainable investment as its objective.

Internal Policies

PhotonVentures has developed internal policies to systematize the way it exercises its duty as an investment steward. These policies help the Manager guide its PCs towards thorough monitoring and reporting on relevant sustainability risks and impacts.

3. Environmental and Social Characteristics

The following list enumerates all environmental or social characteristics promoted by the Fund throughout its entire investment process:

- Automatic refusal of investments conflicting with the exclusion list.
- In-depth ESG due diligence assessment.
- Monitoring of portfolio companies' environmental and social impacts through the PhotonVentures ESG maturity matrix.

Fund I ensures these characteristics are attained by incorporating sustainability metrics before and throughout ownership. These characteristics are employed systematically to ensure Fund I thoroughly considers sustainability throughout the investment process.

The framework is further defined through the following targets for each characteristic:

- None of the 'red flag' questions (see exclusion list) are answered negatively.

4. Investment Strategy

Fund I's investment strategy incorporates the following elements: Size, Industry, Sector, Geography, Investment philosophy, Risk profile, Stage, Technology, and Team.

PhotonVentures invests in deeptech, hardware innovations that drive progress for our society through technology. We focus on one key enabling technology: integrated photonics. We invest in early stage (preseed, seed & series A) startups in Europe. Our main focus is the Netherlands.

Binding Elements

Fund I employs various binding elements to select investments to meet its sustainable characteristics:

- The exclusion list and the DD questionnaire are binding elements.
- Red flags in the DD questionnaire and the exclusion list are both binding.

Targets for Portfolio Companies

Fund I demands PCs to monitor their ESG performance according the ESG maturity matrix. However, no targets on these metrics have been set yet. This will be part of a ongoing evaluation of our ESG process, after measurement as taken place over the first reference period.

5. Proportion of Investments

Investment Decision-Making

The Fund Manager decides on Fund I investments, ensuring only companies fitting the investment strategy proceed to the next investment stages.

100% of the Fund's capital is allocated to investments within these predefined sustainable characteristics. Fund I aims to enhance the importance of sustainability in its investments' business strategies and encourage their transition towards a sustainable economy.

Fund I ensures thorough consideration of sustainability throughout the investment decision-making process.

6. Monitoring of environmental and social characteristics

Sustainability Monitoring

To ensure portfolio companies' efforts regarding sustainability are duly accounted for, Fund I uses various processes detailed below.

Fund I uses its exclusion list during pre-screening to identify whether potential investments fit the investment strategy. In this way, investments with significant negative impact are automatically precluded.

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.

The indicators are assessed for the reference year of 2024 as a baseline, allowing the Fund to engage with each of the companies to assist them in addressing their largest negative impacts. We consider ESG risks in the due diligence to identify unmanageable risks or impacts. If needed, an additional assessment identifies whether they can be addressed during ownership. A negative outcome of the assessment can lead to rejecting the investment.

7. Assessment Methodology

Fund I employs the following methodology to assess whether the sustainable characteristics were met: Fund I's ESG due diligence questionnaire contains the following topics: Business overview, Sustainability governance-related matters, Environmental concerns, Social aspects, Governance matters. The survey is structured as explained below: During the DD process, the company fills out a questionnaire with ESG-related questions. These are reviewed by our investment team and acted upon if necessary. Fund I monitors the Principal Adverse Impact indicators through collaborating with its trusted third-party service provider using their automated tool for data collection and processing. The Fund considers all mandatory indicators and has opted in for two voluntary indicators, namely Deforestation and Insufficient whistleblower protection.

These are monitored in accordance with the regulatory technical standards ('RTS') set by the European Commission within its Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (the SFDR). The Fund will collect data from all portfolio companies for the baseline year of 2025 and will report those in 2026 in the annexed disclosure to the periodic statement of Fund I. PhotonVentures has drawn up an Exclusion List to automatically eliminate specific industries or activities whose operations go against the Firm's (sustainability) ambitions. The Exclusion List was revised on 05.01.2024 to include elements the Firm believes are essential to ensure its sustainability ambitions are not endangered. This revised version will be reviewed periodically to ensure its relevance and comprehensiveness for Fund I's objectives regarding sustainability.

8. Data Sourcing and Processing

Fund I sources and processes the data to perform the afore-described assessments in the following way:

Concerning the ESG DD assessments, the data is directly obtained from the PC representatives who answer the survey. The results are compiled at the end of the questionnaire, and assessed by the responsible Investment Manager who will take the findings to the investment team. Here, an independent decision will be made on whether the risks and/or impacts are manageable or significant.

The data to calculate the ESG metrics from our ESG maturity matrix including a set of metrics from the PAI framework are sourced directly from the portfolio companies. The results are verified internally by Fund I, and their accuracy is confirmed by the investment team.

These results are made available in the SFDR Annex to the periodic reporting and further described in the SFDR annex to the prospectus documents of Fund I.

Estimated Data

Estimated data may be utilized where actual data is not available, e.g., with Scope 1, 2 GHG Emissions of the Principal Adverse Impact Indicators.

Fund I sources its data and processes it to obtain relevant ESG information carefully as it understands the importance of making informed decisions surrounding sustainability matters.

9. Data Gathering and Processing Limitations

Certain limitations with regards to this data gathering and processing exercise include:

The responsibility of filling in the DD questionnaire & PAI indicators lies with the portfolio company.

While performing the PAI framework assessment, Scope 3 has been excluded from the monitoring exercise for this first year, in accordance with the principle of proportionality. While obtaining results from the portfolio companies concerning this specific indicator proves complex, too time- and resource-intensive to realize within the timeframe, Fund I aims to strengthen its sustainability ambition and begin the data collection of the PAI indicators.

Furthermore, the results of the indicators related to adherence with the OECD and UNGPs are obtained by the PAI platform using the guidelines as suggested by the EU in their Guidelines and reports relating to the Minimum Safeguards. The methodology laid out in these guidelines is set in accordance with the principle of proportionality and allows companies to identify which areas they still need to improve on, and how to ensure they are fully adherent to these standards.

10. Screening Investments

Fund I screens investments at the due diligence stage using an ESG due diligence questionnaire. These are questions related to ESG that the portfolio company has to answer during the DD phase of the investment.

The ESG results are one of the deciding factors. If red flags occur during the DD phase as an outcome of the ESG questionnaire, we will first start a conversation with the portfolio company to see if mitigation is possible pre-investment. If they turn out to be unwilling to change their ESG-related processes, we will not continue with the investment.

Additionally, the results of the DD can, but do not have to, be used as a starting point for engagement on sustainability-related matters with Fund I portfolio companies.

Depending on the answers and room for improvement, we set out an improvement plan.

11. Engagement and Stewardship

Fund I acknowledges its role as a sustainable steward for positive impact and actively engages with its portfolio companies to ensure their positive contribution towards the Fund's sustainable objective(s).

By engaging with its investee companies, Fund I seeks to meet the following objectives:

- To discuss ESG performance with portfolio firms and promote ongoing improvement.
- To assist portfolio companies in minimizing their Principal Adverse Impacts ('PAIs').

- To ensure the Fund's strategy maximizes impact and ensures the progress and results are tangible.
- To identify, assess, and manage sustainability risks associated with portfolio companies, as highlighted in the ESG due diligence questionnaire.

To ensure coherent engagement with its portfolio companies, Fund I employs the following tools as prescribed by its Engagement policy:

- Annual milestone meetings.
- Assistance in setting ESG performance improvement plans.