

Sustainability Risk Disclosure Statement:

PhotonVentures defines 'Sustainability Risks' in accordance with the EU's definition (Article 2(22) SFDR).

A sustainability risk is, therefore, considered an environmental, social, and governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

PhotonVentures has developed a comprehensive ESG/Responsible Investor policy and updated all relevant internal policies to incorporate sustainability risks into its investment decision-making process comprehensively.

This disclosure outlines the processes and policies that the Firm has integrated to manage sustainability risks.

Types of Sustainability Risks

The following non-exhaustive list outlines the different categories of risks considered as 'sustainability risks' by PhotonVentures:

- **Environmental/operational risks:** Impacts of environmental events (e.g., flooding) on portfolio companies' operations.
- **Social risks:** Impacts of non-compliance with regulations determining working conditions or anti-slavery considerations.
- **Governance risks:** Insufficient managerial monitoring of sustainability risks' incorporation.
- **Regulatory risks:** Infringement of sustainable finance reporting requirements as codified in laws and regulations or risk of further regulation, such as a carbon tax.
- **Reputational risks:** Risks of suffering reputational damage for lagging behind in the transition towards sustainability.

More information related to PhotonVentures' responsibilities under the SFDR can be found in the following disclosures:

- Remuneration Policy Disclosure
- PAI Statement
- Product-level Disclosures

PhotonVentures incorporates the integration of sustainability risks throughout the following stages of the investment process:

1. Pre-Due Diligence
2. Due Diligence
3. Monitoring during Ownership
4. Annual Reporting

Together, these pillars form a comprehensive sustainable investment strategy.

a) Pre-Due Diligence

The first step in PhotonVentures' approach is to screen each potential investment against its Exclusion List. To ensure our investments are in line with ethical standards and our ESG-targets, the below table comprises the ESG exclusion criteria we apply to new investments.

Topic	Exclusion Criterion
Fossil Fuels	Companies with >0% of revenues in new fossil fuel exploration, extraction, refining, transportation, distribution, storage and heat/electricity production. ¹
Chemicals	Companies with >5% of revenues from chemicals banned for sale in certain markets, with no phase-out target over the next three years
Tobacco	Companies with >0% sales from any tobacco-related activity
Gambling	Companies with >0% sales derived from gambling
Illegal Substances	Companies with >0% revenue from illicit substances according to regulations of the country in which they operate
Weapons and Ammunition	Companies with >0% sales derived from re-exportable weapons ²
	Companies with >0% sales of banned or controversial weapons such as antipersonnel mines, cluster munitions, biological and chemical weapons, depleted uranium, and nuclear weapons
Medical Practices	Companies directly involved in or responsible for controversial or unethical medical activities, products or experimentation, or the marketing thereof
Intellectual Property	Companies unable to prove their intellectual property complies with regulation or risks patent infringement
Finance and Tax	Companies registered, incorporated or headquartered in a tax haven as defined and maintained by the European Commission ³ , or those that do not take appropriate precautionary actions to prevent tax evasion
	Companies involved in corruption, money laundering or bribery, or companies with increased risk due to the nature of their business activities, which do not take appropriate precautionary action
Human Rights	Companies directly operating in a sector or country where the risks of human rights abuses appear particularly high
	Companies directly involved in actions not in line with the Universal Declaration of Human Rights, or sufficiently compliant with the ILO standards
	Companies directly involved in forced labour (slavery) or child labour
Geopolitics	Companies directly operating in European exclusion list
Biodiversity	Companies located in or near, or in any other way negatively affecting biodiversity sensitive areas ⁴
Deforestation	Companies directly involved in or responsible for deforestation activities in primal or unmanaged forest
Energy	Companies that consume disproportionate amounts of energy in their direct operations
Emissions	Companies that produce disproportionate amounts of GHG emissions in their direct operations (>1.79 tCO2/M€ revenue) ⁵

b) Due Diligence

PhotonVentures conducts a comprehensive ESG assessment at the due diligence stage of the investment decision-making process through the ESG DD PhotonVentures questionnaire. This questionnaire covers all aspects of sustainability, namely environmental, social, and governance aspects of a company in depth.

¹ This does not exclude activities that improve existing infrastructure, equipment and services such as solutions for (environmental) health and safety, protection and security (e.g. leakage control) and (preventive) maintenance.

² No exclusion applies to military equipment not considered key for lethality (vehicles, soldiers protections, GPS etc) or weapons for which non-re-exportability can be ensured. Re-exportability is defined as products that may be exported or re-exported to high-risk, undemocratic countries, where they could be used against civilians.

³ This refers to [the list of countries](#) that do not cooperate with the EU or have not fully met their commitments.

⁴ As defined by the International Union for the Conservation of Nature (IUCN) and the Natura 2000 areas specified by the Habitats Directive of the EU.

This ensures that PhotonVentures is informed about potential portfolio companies' perception and focus on sustainability, as well as the nature and severity of companies' sustainability risks (and opportunities) prior to investment.

The ESG results are used as a deciding factor for continuing with the investment. If we reach the due diligence phase with a possible investee, we send the "ESG DD PhotonVentures" questionnaire and ask the company to fill out all our questions. Depending on the answers, we schedule a call to go over the information and discuss it. If no red flags are indicated, we continue with the investment process.

Additionally, the results of the DD questionnaire are used as a starting point for engagement on sustainability-related matters with PhotonVentures' portfolio companies. If any options for improvement post-investment are identified, these will be incorporated in the post-closing undertakings in the shareholder agreement.

c) Monitoring during Ownership

Once the investment has been made, PhotonVentures uses the portfolio companies' results of the ESG due diligence assessment to continue monitoring the company's sustainability risks throughout the ownership phase.

PhotonVentures does so in the following way: We will monitor the ESG data annually at the same time as the other requested (financial) data. We engage with relevant Portfolio Companies annually to address and, where necessary, mitigate the risks identified.

PhotonVentures will report on the sustainability risks addressed during ownership by disclosing the results in an internal annual impact report. This allows PhotonVentures to monitor the gradual progress made by each individual company on addressing the identified risks.

PhotonVentures' ESG Policy outlines the process in further detail. The policy was last reviewed in May 2024. The review process occurs annually.