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Principal Adverse Impact Statement

This statement describes how BVP considers principal adverse impacts (PAI) of their investment decisions on sustainability factors.

1. PAI Statement

The following statement is to be considered as the principal adverse sustainability impact statement as referred to under *Article 4 (1) (a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the Regulation)*.

Brightlands Venture Partners (BVP) wants to support the transition to a more sustainable world. To achieve this goal, it is important to identify, avoid and reduce the negative effects of investment decisions on sustainability factors, which can also be described as principal adverse sustainability impacts. According to *Recital 20 of the Regulation*, principal adverse sustainability impacts 'should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors', these factors concern environmental, social or employee matters such as carbon footprint, respect for human rights or anti-bribery matters.

2. Description of policies on the identification and prioritization of principal adverse sustainability impacts

BVP has established a Responsible Investment Policy¹ that describes the procedures for assessing indicators relating to impact and ESG factors. The impact assessment methodology and 19 categories described in this policy will be used for the identification and prioritization of principal adverse impacts.

BVP aims to manage the risk connected to potential adverse sustainability impact from their investments at several moments in time. During investment selection (qualitative screening), due diligence, decision making and post-investment (net impact calculations by Upright) BVP takes sustainability risks as well as adverse impacts on sustainability factors into account.

3. Description of principal adverse sustainability impacts

¹ Brightlands Venture Partners Fund IV: Responsible Investment Policy

Nearly all types of economic activity have the potential to impact various sustainability indicators, both positively and adversely. PAI indicators are a way of measuring how PAI issuers negatively impact sustainability factors. Listed below are the principle adverse sustainability impacts that BVP intends to consider in its investment decisions via the Upright Model. BVP will take the necessary actions to gather, monitor and report the relevant information concerning these indicators.

Metric	Assessment
<u><i>Environment related indicators</i></u>	
GHG emissions	Scope 1 GHG emissions
	Scope 2 GHG emissions
	Scope 3 GHG emissions
Carbon footprint	Carbon footprint (scope 1, 2 and 3)
GHG intensity of investee companies	GHG intensity of investee companies (scope 1, 2 and 3)
Exposure to companies active in the fossil fuel sector	If the investee company has activity in the fossil fuel sector
Share of non-renewable energy consumption and production	Expressed as a share of non-renewable energy consumption of the total energy consumption of the investee company
Energy consumption intensity per high impact climate sector	Total energy consumption and energy consumption in GWh per million EUR of revenue of investee companies
Activities negatively affecting biodiversity-sensitive areas	If the investee company conduct activities in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, and whether mitigation measures are identified
Emissions to water	Tons of emissions to water generated by investee companies
Hazardous waste	Tons of hazardous waste generated by investee companies, including production of chemicals (NACE class 20.2)
<u><i>Social indicators</i></u>	
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	If the investee company violates the UNGC principles or OECD Guidelines for Multinational Enterprises
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	If the investee company has processes or compliance mechanism to monitor compliance with the UNGC principles and OECD Guidelines for Multinational Enterprises
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
Board gender diversity	Board gender diversity, expressed as a share of female members in the board of directors
involvement in controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Manufacture or selling of controversial weapons indicates whether the investee company derives any revenue from anti-personnel mines, cluster munition, chemical weapons or biological weapons

4. Description of actions taken and engagement to address principal adverse sustainability impacts

BVP aims to reduce or avoid PAIs by the use of screening criteria pre-investment, in due diligence and continuous monitoring in the holding period. The assessments are primarily driven by data from external data provider Upright.

BVP engages with its portfolio companies throughout the entire investment and holding process of the portfolio companies. We have a continuous dialogue on impact matters with the management of the portfolio companies, including principal adverse impacts on sustainability factors. Through these engagements, portfolio companies provide where possible relevant information in respect to principal adverse impacts affecting their businesses. In turn, Upright models PAI indicators with company disclosures or outside-in (estimations).

More information on how the indicators for adverse impacts on sustainability factors are taken into account please see BVP's Pre-contractual Disclosure, chapter 2.2.1².

5. References to international standards

BVP's PAI assessment builds on the following responsible business conduct codes and internationally recognized standards, including, but not limited to:

1. United Nations Sustainable Development Goals (SDG)
2. The Principles for Responsible Investments instituted by the United Nations (UNPRI): a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.
3. The FundRight movement: a venture capital movement aimed at ensuring diversity and inclusion in the startup ecosystem.
4. Important guidelines/indicators for SFDR PAI metrics and EU Taxonomy that BVP has aligned its investment practice with:
 - UNGC principles or OECD Guidelines for Multinational Enterprises
 - UN Guiding Principles on business and Human Rights
 - Do No Significant Harm (DNSH) criteria

² Brightlands Venture Partners Fund IV: Pre-contractual Disclosure