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Responsible Investment Policy

BVP's Investment Thesis is the foundation of our Responsible Investment Policy. It comprises of a general part and of sector-specific parts.

1. Investment thesis Brightlands Venture Partners

Pressing global issues such as climate change, loss of biodiversity, and insufficient access to effective and affordable healthcare require fast and innovative solutions. While behavioral change (a paradigm shift away from consumerism) is part of the solution, we will need massive technological innovation as well.

Without people and their inspiring ideas, without startups and their founders, radical innovation would not be possible. Turning their innovative ideas and state-of-the-art technologies into impactful products and services will make the world a better place to live in. Their dedication, perseverance, commitment, agility, and entrepreneurship inspire us every day.

At Brightlands Venture Partners, we support these entrepreneurs. We do this by investing in promising startups so they can accelerate. We help them to become successful by providing industry & ecosystem connections, finding co-investors, working with them in building facilities and strengthening their teams.

Our investment thesis:

- We invest in carefully selected well-defined Health and Sustainability opportunities:
 - Renewable chemistry & circular materials: technologies for recycling of materials, use of sustainable bio-based feedstock and smart materials
 - Agrifood: solutions for healthier food from sustainable and responsible food production
 - Regenerative medicine & biomedical materials: solutions that help restore the human body's natural function while reducing healthcare costs
- Our first investment can range from Seed stage to Series B stage but always with an aim to follow-on until exit
- We believe that startups need fertile ground to grow and an inspirational environment to flourish. By embedding or connecting them to the Brightlands ecosystem, startups increase their chance of success and reduce their time to market
- We believe in diverse teams
- As an SFDR¹ Article 9 impact fund, we take ESG & Impact into account in every investment decision and measure progress

This successful investment thesis has become part of Brightlands Venture Partners' DNA. This DNA, together with our experienced team and track record, allows us to invest in impact-creating companies while delivering top-tier VC returns.

a. Investment thesis Renewable Chemistry & Circular Materials

Greenhouse gas emissions are contributing to a fast-developing climate crisis. The phase-out of fossil fuels has started. They are being replaced by renewable energy sources such as solar and wind in combination with energy storage / smart grid.

In parallel, a transition is taking place in the chemical industry. The chemical industry is transitioning from its reliance on fossil feedstocks to innovative technologies enabling a circular economy by recycling and by making use of renewable feedstocks.

This transition needs startups and entrepreneurs that will enable the transition of the chemical industry. We are investing in the following decisive technology areas:

- Recycling technologies that recycle / upcycle (plastic) waste to chemicals or polymers enabling circularity
- Technologies enabling production of chemicals and materials from renewable feedstocks such as biomass (not competing with the food chain)
- Conversion of CO₂ (or other greenhouse gases like methane) to chemicals and materials

While these above-mentioned technologies are pivotal in the transition towards a sustainable chemical industry, more is needed:

- End of pipe solutions no longer suffice; smart materials that are designed for recycling or biodegradation will need to become the standard
- Traceability & tracking of feedstock and products is needed for players throughout the value chain including consumers to get comfort and reassurance on technologies / feedstocks used and to fulfill regulatory requirements
- Apart from CO₂ there is a broad range of additional waste products (like microplastics, NOX, polluted waste streams) inherent to the current state of the chemical industry that needs to be prevented or recycled
- Data analytics and digital technologies with transformative potential for the chemical industry e.g., in the areas of real-time learning and process optimization but also sustainability / impact assessment through the value chain

We invest in startups that develop game changing solutions in these areas.

b. Investment thesis Agrifood

The agrifood sector is a large contributor to climate change, loss of biodiversity and deforestation. At the same time there is a growing demand for food and a need for a more optimal use of available agricultural land. This calls for innovations that focus on nutritious food which is produced in a sustainable way.

Transitions in the food sector should be focused on more sustainable, healthy, and personalized diets, on more efficient protein production and reduced food loss and waste. In the agri-sector the focus is on weed and disease management, precision farming and inputs to restore soil regenerating capacity.

Farmers and people with innovative ideas are crucial to drive transformation in the food and agriculture industry. We are investing in the following disruptive technology areas, ranging from farm to fork:

- Healthy (personalized) nutrition: supporting customers making healthy choices and strengthening personal gut health
- Plant based protein: building more sustainable and locally produced protein value chains for human consumption
- Upcycling biomass (waste) streams: valorizing biomass (waste) via extraction, insect, bacteria-algae, single cell-proteins, fungi, animals, and cultured meat production
- Smart farming: technologies supporting efficient in- and outdoor production, digitization/AI, robotization, gen-tech
- Regenerative soil: sustainable growing media indoor and outdoor and the soil microbiome
- Value chain optimization: allowing more responsible, transparent, and local production, lower carbon footprint, and short chains

Through investments in these areas, we aim to contribute to a truly circular and sustainable food production system by 2050 with the ability to feed the world for centuries to come.

c. Investment thesis Health

While global human life expectancy has been rising, many people around the world suffer from chronic diseases that cannot be cured or treated properly, such as diabetes type 2, heart diseases, arthritis, and COPD. The pharmaceuticals to treat these diseases suffer from lack of efficacy and/or major side reactions. At the same time, there is an increased shortage of healthcare workforce in the western world while healthcare expenditures are rising rapidly.

The health industry needs change, to allow for more preventive, effective and cost-effective treatments while maintaining or improving the quality of care for patients. These megatrends have provided us with a clear investment focus on diseases characterized by a high unmet need allowing abbreviated clinical trial settings in the areas of:

- **Regenerative treatment & therapy**, allowing for increased personalization of medicine and enabling the body to provide its own cure. Regenerative medicine includes efforts in bioelectronics, bionics, cell and gene therapies, tissue engineering and vaccines. The Brightlands ecosystem is already considered as THE European hub for regenerative medicine
- **Medical technology (MedTech)**, improving people’s health by preventing, diagnosing, monitoring, and treating diseases. MedTech includes efforts in medical devices, biomedical materials, surgical tools, imaging, and in-vitro diagnostics

While the above-mentioned domains are pivotal, they only can be successful with advances in:

- **Digitization:** Artificial Intelligence (AI), AI-enhanced MedTech and medical decision support, and E-health
- **Production:** reliable upscaling of cell & gene therapy production and related cGMP-based documentation, medical instruments, implants, and prosthetics
- **R&D:** complex proteins, in silico discovery, prognostics, organoids

We invest in startups that will have a major contribution to these required advances.

2. Impact assessment methodology

Since BVP, through its investments in its portfolio companies, creates impact in different sectors, we have selected a methodology that allows us to measure impact over different fields like renewable chemistry & circular materials, agrifood and regenerative medicine.

We have teamed up with Upright (<https://uprightplatform.com>). This methodology allows us to quantify the net impact of our portfolio companies through 4 dimensions and 19 categories. See table below¹:

<i>Dimension</i>	<i>Impact category</i>
<i>Society</i>	Taxes
	Jobs
	Societal infrastructure
	Equality
	Societal stability
<i>Knowledge</i>	Scarce human capital
	Knowledge infrastructure

¹ Upright Project White Paper “Quantifying the Net Impact of Companies”; version Aug 2021.



<i>Health</i>	Creating knowledge
	Distributing knowledge
	Physical diseases
	Mental diseases
	Nutrition
	Relationships
	Meaning & Joy
<i>Environment</i>	GHG emissions
	Non-GHG emissions
	Biodiversity
	Scarce natural resources
	Waste

The methodology is best explained by a quote from Upright’s White Paper: *“The Upright net impact model produces quantitative estimates of the costs and benefits related to each product and service in each of the 19 impact categories within Upright’s impact framework. Each estimate is composed of costs and benefits related to three parts of the value chain: upstream, internal, and downstream.*

The Upright model collects information on the impacts of all products and services from scientific literature and public statistical databases. The primary data source for scientific literature for the Upright net impact model is the CORE database, which contains approximately 180 million scientific papers. That represents approximately 50% of all scientific articles that have ever been published.

Public statistical databases used by the Upright model include The World Bank database, OECD Structural and Demographic Business Statistics (SDBS), OECD Programme for the International Assessment of Adult Competencies (PIAAC), The Global Burden of Disease database from IHME, The Global Peace Index, and others.”

This principle is also applicable to companies (a collection of products and services) and funds (a collection of participations in individual companies). The latter two categories (i.e. companies and participations) are of course applicable to BVP.

Net impact ratio represents the net impact of a company. It is defined as:

$$(\text{positive impacts} - \text{negative impacts}) / \text{positive impacts} * 100\%$$

The maximum value for net impact ratio is 100 %, representing a theoretical company with no negative impacts. The minimum value is $-\infty$.

All 19 impact categories in the Upright model are considered equally important for the final score.

This allows BVP to measure net impact i.e. a net score considering both impact costs and gains. It is comparable over our investment sectors, across the value chain in which BVP's portfolio companies are active, allowing for comparison of portfolio companies within a fund as well as between funds and across different funds.

3. Net Impact in relation to investment process at BVP

BVP aims to invest in companies with a positive net impact and has integrated this in its investment process in the following manner:

1. During screening of investment leads. Initially this is done in a qualitative manner considering the 4 dimensions and 19 categories, mentioned in the previous section
2. During due diligence an official Net Impact Report is being made; this is a key input to any investment decision
3. Post-investing. The Net Impact Report is updated annually to show progress on Net Impact for the portfolio companies; this is used in conversations with portfolio companies in the context of optimizing their Net Impact
4. Throughout the entire investment and holding process of the portfolio companies, we have continuous dialogue on impact matters with the management of the portfolio companies (e.g., in board meetings and through data gathering), aiming for continuous improvement

In our pre-contractual disclosures document¹, this is described in a quantitative manner based on the following elements:

- The sustainable investments objectives that we use
- The indicators that we use (see also Section 2 of this document)
- No significant harm principle
- Consideration of Principle Adverse Impacts
- Binding and quantitative criteria for sustainable investments
- Asset allocation and minimum share of sustainable investments

4. Excluded sectors:

The Management Company and the Fund resolve to not invest in and/or cooperate with companies which have as their core activities one or more of the following:

- Trade in animal products regulated by CITES or endangered species on the Red List of IUCN;
- Use of laboratory animals for cosmetic or other non-medical products or medical tests using; threatened species;
- Arms industry, biological and/or chemical weapons, nuclear weapons technology;
- Production and/or trade in products containing non-bound asbestos;

¹ Brightlands Venture Partners Fund IV B.V. pre-contractual disclosures



- Production and/or trade in products containing PCB's;
- Production and/or trade in pharmaceutical products for which an international production stop is in force or which are forbidden¹
- Production and/or trade in pesticides/herbicides for which an international production stop is in force or which are forbidden
- Production and/or trade in ozone depleting compounds for which an international production stop is in force-, e.g. CFK's²;
- Production of nuclear energy;

¹ See list as drawn up by IFC

² As agreed in the Protocol of Montreal