



Financial Market Participant:

VÅR Management ApS, CVR-no. 42627976 (the "Fund Manager", "We", "Our" and "VÅR Ventures")

Financial Product:

VÅR Ventures I K/S, CVR-no. 42864560 (the "Fund")

Mandatory disclosures under Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainable-related disclosures in the financial services sector ("SFDR") and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment ("Taxonomy Regulation").

Contents

1.1	Website disclosures	1
1.2	Fund Managers' integration of sustainability risks in the investment decision-making process	14
1.3	Consideration of adverse impacts of investment decisions on sustainability factors	15
1.4	Remuneration policies	15

1.1 Website disclosures

(a) 'Summary':

The Fund's overall sustainable investment objective is:

- To positively impact 50 million people in line with the SDGs.
- To build a portfolio with solutions and technologies that address and deliver on the Paris Agreement.

To obtain the overall sustainable investment objective, the Fund will invest in start-ups within the following sectors:

- 1) educational technology companies, that proactively work to make education and skills learning more accessible, adaptive, data-driven and personalised for children, youngsters and adults;
- 2) energy innovation companies that are working on sustainable energy technologies and production methods, that ensure we can meet the Paris Agreement and
- 3) food & agriculture companies that work with ground-breaking solutions to repair a broken food system, where more than 1/3 of all food is being wasted and where the global population is not meeting their dietary needs.

The Fund will have a minimum proportion of 100% sustainable investments of which:

- 66.6 % of investments will be in economic activities that qualify as environmentally sustainable under the EU Taxonomy or in economic activities, not yet covered by the EU Taxonomy, that qualify as environmentally sustainable under the SFDR.

- 33.4 % of investments will be in economic activities that qualify as socially sustainable under the SFDR.

As a minimum, VÅR Ventures requires all portfolio companies to deliver the following impact KPIs, to ensure that we can measure the attainment of the sustainable objective:

- GHG emissions in Scope 1, Scope 2 and relevant Scope 3
- Number of people positively impacted through solution/product
- Renewable energy share
- Diversity incl. gender, age and nationality

We will rely on the internationally most recognized calculation and estimation methods, and we will always be transparent about how our estimates and calculations have been developed. We expect the proportion of data that is estimated to be less than 10 %.

We measure our progress towards the Fund's sustainable objective, by collecting data from the portfolio companies. As VÅR Ventures invest in companies that are not subject to the Accounting Directive, we collect data directly from the companies, through a questionnaire that is provided by the VÅR Ventures investment team.

We are aware that datapoints might be difficult to find and measure for the portfolio companies. If VÅR Ventures is unable to collect data on key impact KPI's, we will collaborate with the portfolio company in question and develop estimations, based on principles of best practice and transparency.

Due to an investment focus in early-stage companies, established methodologies and historical data for measuring the attainment of the Fund's sustainable objective are often lacking. To overcome limitations concerning methodologies, the Fund continuously seeks to improve and develop its measurement methodology, and implement new and improved standards, methodologies, and data sources, as they become available.

Our impact due diligence and investment phases have three primary purposes:

- 1) To ensure that all investments in our portfolio can deliver on the Fund's sustainable investment objective
- 2) To identify sustainability risks, and
- 3) To identify opportunities for creating positive impacts

We have developed a due diligence framework with three phases, to ensure that all three purposes are fulfilled.

- 1) Initial screening
- 2) Objective alignment screening
- 3) Impact due diligence

We have ensured to have relevant policies and processes in place to avoid the Fund's investments do any significant harm to any sustainable objectives. All investments are evaluated against the relevant Do No Significant Harm ("DNSH") criteria in the Taxonomy Regulation (when available) and the SFDR, and we will review all Table 1 of Annex I PAIs as well as selected PAIs in Table 2 and Table 3 of Annex I, on a regular basis throughout the holding period, and include them in our periodical reporting.



The result of the due diligence is used to develop an impact plan and set specific impact KPIs with the portfolio companies. Through the "VÅR Impact Print" we ensure that all portfolio companies gain knowledge of sustainability-related requirements and standards, that they integrate these at an early stage, and that they establish good governance processes for their work with sustainability risks and opportunities. We thus offer training and guiding materials for the companies to develop formalised sustainability procedures.

In cases where VÅR Ventures has a significant influence on the structure of the portfolio company, we exercise our influence at the board of directors of the company, ensuring that societal impact creation is a continuous focus within the portfolio company.

An index has not been designated as reference benchmark.

(b) *'No significant harm to the sustainable investment objective':*

We have ensured to have relevant policies and processes in place to avoid the Fund's investments do any significant harm to any sustainable objectives.

All investments are evaluated against the relevant Do No Significant Harm ("DNSH") criteria in the Taxonomy Regulation (when available) and the SFDR.

The sustainable investment objective of the Fund is integrated in the Fund's investment process, and the objective of DNSH to the sustainable investment objectives are evaluated at relevant points in time during the investment sourcing, evaluation, and investment decision.

Thus, to ensure that our investments do not significantly harm any other sustainable investment objectives, we will review all relevant Table 1 of Annex 1 PAIs PAI 5 of Table 2 and PAI 3, 4, 10, 14, and 17 of table 3 of Annex I, on a regular basis throughout the holding period, and include them in our periodical reporting if they become applicable as the portfolio company and Fund evolve.

Our internal policies and processes including our due diligence framework has been designed to identify all relevant PAIs. Data on PAIs is collected for all investments. Where data is not available or where data quality is assessed to be low, a plan is developed for how the relevant data can be procured.

Our due diligence is conducted with a particular focus on how the sustainable investment objective of the Fund can be enhanced and how any harm to the objective can be avoided.

The result of the due diligence and PAI assessment is used to develop a plan and set specific KPIs with the portfolio companies, that are tracked at both company and portfolio company level.

Actions to mitigate risks identified are thus integrated in negotiations and pre- and post-closing action plans with the portfolio company. Thus, we ensure that the sustainable

investment objective of the Fund is to the extent possible reflected in the contracts entered with all relevant counterparties of the company.

VÅR Ventures will ensure that the investments are aligned with:

- OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights, incl. the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights
- UN Global Compact
- UN Principles for Responsible Investments

Our sustainable investment objectives are furthermore aligned with

- The UN Sustainable Development Goals – particularly Sustainable Development Goals (“SDG”) 2, 3, 4, 5, 7, 12 and 13 as these relate to our three chosen investment areas.
- The Paris Agreement.
- The Taxonomy Regulation
- The SFDR
- EU’s Farm to Fork Strategy.
- EU’s Digital Education Plan.

(c) *‘Sustainable investment objective of the financial product’:*

The Fund’s overall sustainable investment objective is:

- To positively impact 50 million people in line with the SDGs.
- To build a portfolio with solutions and technologies that address and deliver on the Paris Agreement.

(d) *‘Investment strategy’:*

The Fund’s objective is to invest in impact start-ups within

- 1) educational technology companies, that proactively work to make education and skills learning more accessible, adaptive, data-driven and personalised for children, youngsters and adults;
- 2) energy innovation companies that are working on sustainable energy technologies and production methods, that ensure we can meet the Paris Agreement and
- 3) food & agriculture companies that work with ground-breaking solutions to repair a broken food system, where more than 1/3 of all food is being wasted and where the global population is not meeting their dietary needs.

Three investment areas that have the potential for creating vast impact alongside commercial growth at market-rate returns and that will contribute to the Fund’s

sustainable objective. See more details around the three investments areas in our Impact List [here](#).

We target impact investments, where environmental and social sustainable objectives are an integral part of the business strategy, combined with the financial performance.

At VÅR Ventures, we invest in companies and founders that address global environmental and humanitarian challenges and that improve the status quo in our three investment areas through sustainable solutions. We always apply our “4 S screening” to potential cases (Solution, Strategic Fit, Stage and Scalability).

Sustainability-related risks and impacts are part of our “Solution” screening.

For a company to be relevant for the VÅR Ventures’ portfolio in order for us to reach the Fund’s sustainable objective, it needs to fulfil minimum one of two requirements:

- 1) The business model has a positive impact on the environment and climate in line with the Paris Agreement and contribute to at least one of the six environmental objectives stated in the Taxonomy Regulation (66.6 % of the portfolio).
- 2) The business model has a positive impact on people in line with the SDGs (33.4 % of the portfolio).

The Fund will, thus, invest in companies that make a substantial contribution to either the social objectives defined under the SFDR or the environmental objectives defined by the Taxonomy Regulation.

The Fund may further invest in environmentally sustainable activities that are not yet covered by the Taxonomy Regulation as long as they otherwise qualify as a “sustainable investment” as defined under the SFDR.

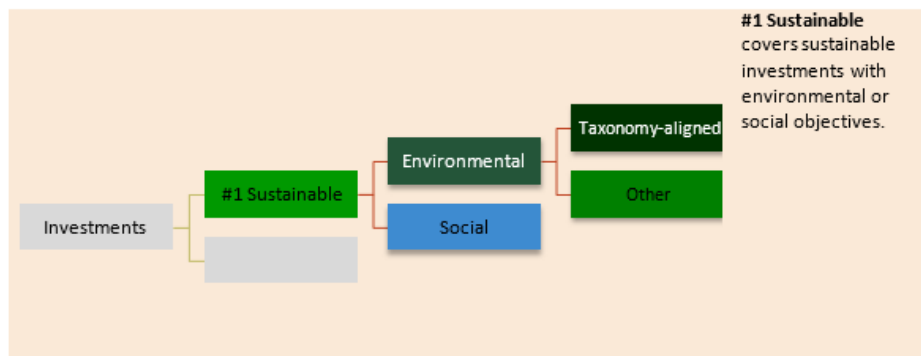
We furthermore ensure that all potential investment cases adhere to the principle “Do No Significant Harm” (DNSH) to ensure that we do not invest in sustainable solutions, that compromise the Fund’s sustainable investment objective.

Good governance practices are an integrated part of the Fund’s Sustainability due diligence process. The due diligence model includes a specific section aimed at assessing good governance practices, where each material area of governance is analysed along a maturity scale. Further, we ensure that the portfolio companies implement our VÅR Impact Print that specifies and provides guiding materials to the development of formalized procedures on governance and conduct requirements to employees, partners, and suppliers to ensure sound management structures, employee relations, remuneration of staff, tax compliance, human rights due diligence, supply chain management programs etc.

(e) *‘Proportion of investments’:*

The Fund will have a minimum proportion of 100% sustainable investments of which:

- 66.6 % of investments will be in economic activities that qualify as environmentally sustainable under the EU Taxonomy or in economic activities that are not yet covered by the EU Taxonomy but qualify as environmentally sustainable under the SFDR (our Energy Innovation and Food & Agricultural investments)
- 33.4 % of investments will be in economic activities that qualify as socially sustainable under the SFDR (our EdTech investments).



(f) *Monitoring of sustainable investment objective:*

As a minimum, VÅR Ventures requires all portfolio companies to deliver the following impact KPIs periodically to ensure that we are able to measure the attainment of the Fund’s sustainable objective:

- GHG emissions in Scope 1, Scope 2 and relevant Scope 3 (based on the Green House Gas Protocol methodology)
- Number of people positively impacted through solution/product
- Renewable energy share
- Diversity incl. gender, age and nationality

We expect the portfolio companies to answer a questionnaire with the above impact KPIs at the time of investment and annually hereafter. If the companies are unable to deliver data, due to resource constraints or similar limitations, VÅR Ventures will formulate a plan for the development of the missing data, in collaboration with the portfolio company.

Further, we will define Impact KPIs for each individual portfolio company during the due diligence phase. These will be based on the impact due diligence and the identified sustainability risks associated with the portfolio company and its business model. Thus, in addition to the mandatory KPIs above, the portfolio company shall deliver other specific KPIs and impact measurements specific to the portfolio company.

VÅR Ventures will develop periodic reports for our investors on the progress towards the Fund's sustainable objective, as well as the above KPIs at the individual portfolio company level and the Fund. We furthermore publish an annual impact report summarising our progress towards the Fund's sustainable objective. The report will be available on our website.

(g) *'Methodologies':*

The impact and sustainability field is constantly developing, and it is an ambition of ours to be at the forefront of this development and continuously work to improve the quality of the methodologies used to attain the Fund's sustainable objective and the positive sustainable impact generated by the portfolio companies and the Fund.

The impact KPI's described under section 1.1(f), will be measured by benchmarking these against leading frameworks incl.:

- The Global Reporting Initiative (GRI)
- the SDGs
- the Paris Agreement
- The EU Farm to Fork Strategy
- The EU Digital Education Plan and
- The Taxonomy Regulation

Where possible, we will rely on the internationally most recognized calculation and estimation methods, and we will always be transparent about how our estimates and calculations have been developed.

(h) *'Data sources and processing':*

We measure our progress towards the Fund's sustainable objective, by collecting data from the portfolio companies. As VÅR Ventures invest in companies that are not subject to the Accounting Directive, we collect data directly from the companies, through a questionnaire that is provided by the VÅR Ventures investment team. The questionnaire will include a standardised section, where all portfolio companies will receive the same request for data, and a customised section, where the data requested is specific to the company, based on prior engagement. The methodology for all data points will be included in the questionnaire.

We are aware that datapoints might be difficult to find and measure for the portfolio companies. If VÅR Ventures is unable to collect data on key impact KPI's, we will collaborate with the portfolio company in question and develop estimations, based on principles of best practice and transparency. As such, the real impact generated by the portfolio companies and the Fund may occasionally differ from the estimation. We expect the proportion of data that is estimated to be less than 10 % - but this can vary between investment cases.

As mentioned in section 1.1(g), where possible, we will rely on the most internationally recognized calculation and estimation methods, and we will always be transparent about how our estimates and calculations have been developed. Our portfolio companies are expected to follow the same principles of best practice and transparency.

To limit the error margin on our impact calculations and benchmark, our Impact Director and analytical team will spend reasonable time on quality checking the reported data from our portfolio companies including the documentation behind the provided data. We take measures to improve data quality. External advisors and independent experts can be used, mainly in the capacity of informing our internal control mechanisms.

Where data is not available or where data quality is assessed to be low, a plan is developed with the portfolio company for how the relevant data can be procured.

(i) *'Limitations to methodologies and data':*

Due to VÅR Ventures' investment focus in early-stage companies, established methodologies and historical data for measuring positive impact and the attainment of the Fund's sustainable objective, including creating meaningful benchmarks, are often lacking.

There is a lack of a common methodological framework to evaluate the attainment of the sustainable investment objective of the Fund. VÅR Ventures will therefore be diligent and transparent in our progress evaluation. Established methodologies will be used, when they are available, however, they are often tailored to later-stage companies, and such methodologies often do not sufficiently account for high growth. Further, even established methodologies are constantly under development, changing to reflect new knowledge or regulatory developments.

To overcome the limitations concerning methodologies, the Fund continuously seeks to improve and develop its measurement methodology, and implement new and improved standards, methodologies, and data sources, as they become available.

VÅR Ventures relies on data collected from the portfolio companies to measure the attainment of the sustainable investment objective, and as such, we are aware that biases might be a factor. We expect to maintain a close relationship with portfolio companies, as they develop data on the requested Impact KPI's. In this process, we will seek to eliminate any bias or other potential limitations that could arise in the development of the data.

The abovementioned limitations will not affect the attainment of the sustainable investment objective of the Fund, as VÅR Ventures put great emphasize on evaluation of this attainment. Portfolio companies within the tech industry often have extensive data on users. When the data sources, however, are more limited, data collection will be based

on best practice, transparency, and in close cooperation with portfolio companies to address any limitations. Our methodological framework will be monitored continuously and updated on a yearly basis. Further, we will rely on internationally recognized calculation and estimation methods. Our Impact Director and analytical team will focus on quality checking data from the portfolio companies. In this connection, experts and external advisors may be used to inform our internal control mechanisms.

(j) *'Due diligence'*:

Our impact due diligence and investment phases have three primary purposes:

- 1) To ensure that all investments in our portfolio can deliver on the Fund's sustainable investment objective
- 2) To identify sustainability risks, and
- 3) To identify opportunities for creating positive impacts

We have developed a due diligence framework with three phases, to ensure that all three purposes are fulfilled.

- 1) Initial screening
- 2) Objective alignment screening
- 3) Impact due diligence

Initial screening

As mentioned in section 1.1(d), we always apply our "4 S screening" to potential cases (Solution, Strategic Fit, Stage and Scalability).

Sustainability-related risks and impacts are part of our "Solution" screening, and for a company to be eligible for an investment, we first make sure that the investment will not be covered by the negative list further described in section 1.2 and which you can find [here](#).

In the "Solution" screening, we also conduct a mapping of whether the investment case has economic activity that is covered by the Taxonomy Regulation. A further analysis of the investment case in relation to the Taxonomy Regulation is conducted in the second phase of the due diligence framework.

If the company passes the initial "4 S screening", we proceed with a deeper due diligence of the investment case, and its alignment with the sustainable investment objective of the Fund.

Objective alignment screening

When a potential investment case is approved in the initial "4 S screening", the next phase is to ensure that it fulfils minimum one of two requirements.

- 1) The activity of the portfolio company is environmentally sustainable as defined under the Taxonomy Regulation or, if the activity is not yet covered by the Taxonomy Regulation, as defined under the SFDR
- 2) The activity of the portfolio company is socially sustainable as defined under the SFDR

VÅR Ventures has developed a due diligence analysis tool for this phase of the due diligence. The analysis tool facilitates 1) a mapping of the company's activities against the Taxonomy Regulation to identify if the activities are covered and 2) a mapping of the company's activities against the SFDR.

For companies which activities are covered by the Taxonomy Regulation, a full Taxonomy Regulation alignment analysis will be conducted during this due diligence phase on investment cases that belong to the Fund's portion of environmentally sustainable investments.

The Taxonomy Regulation alignment analysis consists of three parts:

- 1) Analysis of the company's performance against the Taxonomy Regulation's criteria for Substantial Contribution;
- 2) Analysis of the company's performance against the Taxonomy Regulation's DNSH test; and
- 3) Analysis of the company's performance against the Taxonomy Regulation's Minimum Social Safeguard criteria.

In cases where the economic activity of the company is not covered by the Taxonomy Regulation, an analysis of whether the company's activities are qualified as sustainable under SFDR will be conducted instead. For example, the Fund may invest in companies that contribute to the sustainable investment objective "Transition to a circular economy" under the Taxonomy Regulation, where the Regulatory Technical Standards (RTS) of the Taxonomy Regulation are not yet developed. In those instances, a full Taxonomy Regulation alignment analysis will not be possible before the RTS is published.

If the company contributes to an environmentally sustainable objective as defined under the SFDR but which is not yet covered by the Taxonomy Regulation, a full SFDR alignment analysis will be conducted during this due diligence phase and consist of three parts:

- 1) Analysis of the company's performance against SFDR's environmental contribution criteria.
- 2) Analysis of the company's performance against the SFDR's DNSH test; and
- 3) Analysis of the company's performance against the SFDR's good governance criteria.

If the company contributes to a socially sustainable objective as defined under the SFDR, a full SFDR alignment analysis will be conducted during this due diligence phase and consist of three parts:

- 1) Analysis of the company's performance against SFDR's social contribution criteria;
- 2) Analysis of the company's performance against the SFDR's DNSH test; and
- 3) Analysis of the company's performance against the SFDR's good governance criteria.

As further described in section 1.3 and section 1.1(b), we always apply the PAIs set out in Table 1 of Annex 1 as well as PAI 5 of Table 2 and PAI 3, 4, 10, 14, and 17 of Table 3 of Annex I during the impact due diligence phase when analysing the company's performance against the SFDR DNSH test. VÅR Ventures will collect and analyse data on the PAIs for each investment case in the impact due diligence phase, to ensure that the investment does no significant harm to any sustainable investment objectives. The assessment of good governance practices is included in the impact due diligence, as described below.

Impact due diligence

This phase of the due diligence framework has been developed to deliver on purpose 2), related to sustainability risks that are not directly covered by the PAIs, and on purpose 3), opportunities for creating positive impact.

VÅR Ventures has developed a due diligence analysis tool for this phase of the due diligence framework. It includes two sections. First, the general assessment, which all potential investment cases will be analysed through. It includes environmental, social, and governance topics concerning sustainability risks and opportunities relevant for all portfolio companies. Second, the company/sector assessment will be adapted for each sector and allows for customization for each company. The analysis will therefore depend on the investment case, which allows for the inclusion of sustainability risks and opportunities deemed material for the specific sector or company.

Both the general assessment and the company/sector assessment are designed around maturity levels, where the company is assessed on a range of topics within sustainability. These maturity levels are designed to identify areas of strengths and weaknesses for each portfolio company. For each topic the company can score on three different maturity levels. The three levels are inadequate, satisfying, and above expectations. It is VÅR Ventures ambition to improve the overall maturity level score of the company throughout the holding period. The data for this analysis is collected directly from the potential portfolio company during the due diligence through interviews, references, documentation, and expert reviews.

Risks that are included in the general assessment include, but are not limited to: supply chain risks, end of life handling of products, health and safety processes, and employee well-being. Risks that are included in the company/sector assessment include, but are not limited to, the following: biodiversity and smallholder risk within the agricultural space, healthy diets in the food space, responsible data policies in digital solutions and/or active community involvement in energy projects.

Opportunities for potential positive impact are identified through the analysis, as the process of analysis, has been designed to highlight the sustainability maturity level of each portfolio company. Within material categories, each company will be evaluated on their current maturity level, creating emphasis on opportunities for positive advancement.

How we use the results of the due diligence

The result of the due diligence is used to develop an impact plan and set specific impact KPIs with the portfolio companies.

In developing the impact plan, VÅR Ventures will take departure in the maturity levels of the due diligence analysis, to ensure that no portfolio company is on the lowest maturity level within an agreed upon and reasonable deadline.

The impact KPI's will be customized to the portfolio company, to ensure their materiality, and will be tracked for each portfolio company, and, where possible, at an aggregate level for the entire portfolio.

We utilize "the VÅR Impact Print" – a guidance and mentor program, to ensure that the Portfolio Companies and founders continue the improvement of their mission and work with creating positive impact on environment and/or people. Consequently, the impact due diligence is actively used in negotiating terms with the Portfolio Company.

Our internal and external controls on the due diligence

We have internal control mechanisms in place, including data and analysis triangulation. External advisors and independent experts can be used to inform the data generation, data collection, or analysis process. External audits are not planned at this time.

(k) 'Engagement policies':

At VÅR Ventures we wish to support our founders in achieving maximum positive impact. All portfolio companies have committed to work on improving their positive impact on society (incl. humans, climate, and environment) and continuously reduce any negative societal impact related to the activities of the company. We achieve this through the following processes:

- 1) We expect all portfolio companies to implement the “VÅR Impact Print”. We offer training and guiding materials for the companies to develop formalised sustainability procedures – incl. responsible supply chain management programs, climate accounting, human rights due diligence, biodiversity strategies, science-based targets, and good governance procedures and KPIs. Through the “VÅR Impact Print” we ensure that all Portfolio Companies gain knowledge of sustainability-related requirements and standards, that they integrate these at an early stage, and that they establish good governance processes for their work with sustainability risks and opportunities.
- 2) The companies commit to periodically report on their societal impact based on an agreed set of relevant impact KPIs identified in the due diligence phase. These KPIs are reviewed on a regular basis to ensure that the company and VÅR measure, manage and report on PAIs, as well as progress towards our sustainability and impact related objectives. This includes a continuous evaluation of sustainability-related risk to the company and business model.
- 3) In cases where VÅR Ventures has a significant influence on the portfolio company’s structure and governance, we exercise our influence at the board of directors of the portfolio company and ensure that sustainability risk and continued societal impact creation is at the top of the board agenda and a continuous focus within the portfolio company.

During the holding period, VÅR Ventures use the result of the due diligence phase and outcome of the VÅR Impact Print to ensure that sustainability-related risks are continuously evaluated, mitigated, and reported. This is overseen by the Managing Director and approved by the General Partners annually.

We see sustainable impact as a value driver and as a result, we have a strong focus on highlighting the portfolio companies’ work with creating sustainable impact and considering adverse sustainable factors, when we exit a company. We further ensure that buyers continue the consideration of adverse sustainable impact, to ensure that the companies continue to create sustainable impact.

If sustainability-related controversies arise, VÅR Ventures will immediately initiate dialogue with the portfolio company. We will engage senior management of the company in how best to proceed to solve the controversy as effectively as possible. The procedure will depend on the nature and severity of the controversy, including whether the controversy had external or internal origin.

(I) *‘Attainment of the sustainable investment objective’:*

An index has not been designated as reference benchmark, as there are no benchmarks available, where the methodologies are aligned with the Fund. As there is no reference benchmark, VÅR Ventures will ensure that the sustainable investment objectives of the Fund are attained through continuous monitoring of progress. We have designed our investment strategy to ensure that our sustainable investment objective is always at the

centre of Fund activities, and our sustainability indicators allow us to measure the attainment of the objective.

1.2 Fund Managers' integration of sustainability risks in the investment decision-making process

"Sustainability risk" refers to environmental, social, or governance ("ESG") events that, if they occur, could cause an actual or a potential material negative impact on the value of the Fund's investments.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. The integration of sustainability risks is therefore crucial to generate sustainable long-term risk adjusted returns for investors and determine the Fund's strategy risks and opportunities.

Awareness of sustainability risks is built into all of the Fund Manager's key processes, from the screening and due diligence of potential target companies to portfolio governance and monitoring of portfolio companies and shall always comply with the Fund's Sustainability Policy.

The Fund Manager has looked at the sustainability risks likely to have an impact on the returns of the Fund, and the Fund Manager believes there is a low to minimal risk to the returns due to those sustainability risks.

Based on an assessment of relevant sustainability risks, the Fund Manager will not invest in, guarantee, or otherwise provide financial or other support, directly or indirectly, to companies or other entities whose business activities, focus or engagement is within the negative screening list provided [here](#).

During our due diligence and investment phase, we identify additional, potential sustainability risks which – due to our investment strategy – usually lies within legislative changes, data breaches, IT breaches, difficulty of raw material procurement due to climate change, environmental degradation or human rights considerations, stronger environmental regulations, and impacts of severe weather events.

During the holding period, VÅR Ventures uses the result of the due diligence to ensure that sustainability risks are continuously evaluated, mitigated, and reported. This process is overseen by the Impact Director of VÅR Ventures and approved by the CEO and General Partner of the Fund annually.

Thus, through our active ownership, we will ensure that the portfolio company actively works with the identified sustainability risks throughout the holding period just as the portfolio company will be obliged to commit to periodically reporting on the sustainability risks and an agreed set of relevant sustainability risk KPIs identified in the due diligence phase.

These KPIs are reviewed on a regular basis to ensure that the portfolio company and VÅR Ventures measure, manage and report on relevant sustainability risks of the portfolio company and its business model.

Where VÅR Ventures has a significant influence on the portfolio company's structure and governance, we exercise our influence at the board of directors of the portfolio company and ensure that sustainability risks are at the top of the board agenda and a continued focus in the portfolio company.

1.3 Consideration of adverse impacts of investment decisions on sustainability factors

VÅR Ventures considers the principal adverse impacts of our investment decisions, through integrating all principal adverse impact indicators (PAI) set out in Table 1 of Annex 1, indicator 5 of table 2 Annex 1, and indicators 3, 4, 10, 14 and 17 of Table 3 Annex 1 of the European Commission's delegated regulation supplementing the SFDR, into our investment decision, our due diligence processes, and our periodic reporting.

The PAI indicators are essential in ensuring that no significant harm is made to the sustainable investment objective of the Fund. We continuously monitor the PAI indicators, to ensure that there are no signs of significant sustainability risks in our investments. Our periodic reporting, available on the Fund's website, will include a statement on PAI indicators, and a description of how the indicators are managed within the Fund.

1.4 Remuneration policies

VÅR Ventures' remuneration policies are structured to the effect that these do not encourage excessive risk-taking with respect to sustainability risks. Further, our remuneration structures are linked to risk-adjusted performance.