



PRINCIPAL ADVERSE IMPACT (PAI) STATEMENT

30 JUNE 2024

THE

**FOOTPRINT
FUND™**

Sustainable Finance Disclosure Regulation
(SFDR 2019/2088)

Financial Market Participant:
The Footprint Manager A/S

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Summary

The Footprint Fund Manager A/S ("The Fund Manager") considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of The Fund Manager.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

As The Fund Manager was incorporated on 9 October 2023 this is the first reference period where the Fund Manager has started to measure and report on the principal adverse indicators meaning that a comparison to the preceding year will not be done for this period. The Fund Manager considers principal adverse impacts at an entity level by addressing the impacts of the investments of the Footprint Fund I K/S ("The Footprint Fund I"). The figures provided in the table below are for the portfolio companies ("PCs") held by The Footprint Fund I by 31 December 2023. The shares and loans in the four investee companies was transferred to The Footprint Fund I on 22 December 2023.

The present statement is accessible publicly on The Footprint Firms website and will be updated annually on 30 June in line with SFDR.

In accordance with SFDR Article 4 The Fund Manager considers Principal Adverse Impacts ("PAI") on the sustainability factors listed in the Annex I to the SFDR Delegated Regulation 2022/1288 ("RTS") in the investment decision-making process

and the PAIs are monitored throughout the active ownership period. These PAI indicators, comprising the 14 mandatory indicators, form an integral part of the pre-investment assessment. The Footprint Fund I has identified and selected the following two additional PAI indicators from table 2 and table 3 in the Annex I of the delegated regulation:

- Lack of CO₂e emission reduction initiatives
- Lack of supplier code of conduct

The Fund Manager evaluates the impact of the investee companies on each PAI indicator, taking into account the presence of significant negative impact and the effectiveness of any mitigating actions in place.

Given the early stage of PCs and the overall challenge of data availability, The Fund Manager will use best efforts to report values for each indicator. Thus, in order to calculate the indicator, The Fund Manager may in some cases rely on data obtained by additional research, cooperating with third party data providers or external experts, or making reasonable assumptions.

The adverse impacts reported in the below statement cover 100% of The Footprint Fund I's total investment value in 2023. No significant adverse impacts were identified, and this provides valuable benchmark to track against in future years for the specific PCs included in this report.

Description of the principal adverse impacts on sustainability factors

Principal Adverse Impacts (PAI) definition

Principal Adverse Impacts (PAIs) are “negative, material, or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by a legal entity”. They are a key concept in the European Union’s Disclosure Regulation.

Integration and monitoring of PAI indicators

The Fund Manager monitors the outcomes of its engagement and reports on progress to investors across the 14 mandatory PAI indicators as well as two additional voluntary indicators.

The information presented on the following pages contains the principal adverse impact (PAI) indicators for the reporting period of the full year 2023. This data is collected from the portfolio companies by using a data request template developed by The Fund Manager, and thus, all portfolio companies have supplied us with a combination of specific datapoints as well as estimations when data was not available.

Since the PCs included in this report were only held in the Footprint Fund I for a short period during December 2023, no actions

were taken during the reference period. During the 2024 reference period, The Fund Manager will continuously work to upskill and improve data collection across our portfolio and aim to increase data quality in future reporting. It will be a key focus area to upskill portfolio companies on how they quantify and document their impact, enabling them to report on The Footprint Fund I’s impact KPIs to document their contribution to the sustainable objective of the fund as well as to report on PAI indicators to document ‘Do No Significant Harm’. In addition, The Fund Manager will support our portfolio companies to establish a solid Good Governance framework aligned with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, while taking the size and maturity of each PC into account.

Below section contains the PAI data on the entity level (The Footprint Fund Manager A/S) for the reporting period FY2023. For further information on our methodology, please contact The Footprint Fund Manager’s Head of ESG, Asbjørn Bøhm Støvring at abs@thefootprintfirm.com

ADVERSE SUSTAINABILITY INDICATORS	METRIC	IMPACT - 2023	EXPLANATION	ACTIONS TAKEN	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	0.06 tCO ₂ e	-	<p>The Fund Manager has established procedures for data collection to calculate the portfolio companies' CO₂e emissions, carbon footprint and GHG intensity, and aims to engage with the portfolio companies to advance the data collection process in the next reporting period.</p> <p>The Fund Manager will continue to collect and estimate unavailable PCs' Scope 1 CO₂e emissions and prepare the PCs well in advance on the data requirements.</p>
		Scope 2 GHG emissions	0.33 tCO ₂ e	-	
		Scope 3 GHG emissions	5.75 tCO ₂ e	Scope 3 categories included in the 2023 result (with variations across PCs): Purchased goods and services, capital goods, fuel- and energy-related emissions, upstream transportation, Business travel, employee commuting, downstream transportation	
		Total GHG emissions	6.15 tCO ₂ e	-	
	2. Carbon footprint	Carbon footprint	0.01 tCO ₂ e/mEUR	-	<p>In case of data unavailability, The Fund Manager will continue to aim to estimate a 'high-level' GHG inventory for all PCs using a combination of both spend- and activity-based data. For PCs that have a life-cycle assessment calculation, these will be utilized to estimate relevant Scope 3 categories. In addition, as part of the on-going dialogue between PCs and The Footprint Firm consultants, we will suggest various GHG reduction lever initiatives to minimize the adverse impacts from GHG emissions.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies (expressed as a weighted average)	35.82 tCO ₂ e/mEUR	Excluded PCs with no revenue (50% coverage). As some of our pre-seed and seed investments naturally may have low revenue, the emissions per revenue ratio appears high. This particular PAL indicator should thus be treated with caution for early stage funds, and its relevance will increase over time as PCs mature and revenue increases.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0%	-	

ADVERSE SUSTAINABILITY INDICATORS	METRIC	IMPACT - 2023	EXPLANATION	ACTIONS TAKEN	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	69.9%	This indicator was calculated under the adoption of a conservative approach, considering energy consumption as deriving from renewable sources only if the origin of the purchased energy is clearly defined in the contractual arrangements with its suppliers, following the draft ANNEX I supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards. The PCs included in this report all consumed energy from the Danish electricity grid and local district heating systems.	The Fund Manager has established procedures for data collection to calculate this indicator and to inform the PCs about this indicator. In the next reference periods, The Footprint Fund aims to engage with the PCs to help them increase their share of renewable energy consumption.
	6. Energy consumption intensity per high impact climate sector	Section E: Water Supply; Sewerage, Waste Management and Remediation Activities	0.004 GWh/m EUR	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector Water Supply; Sewerage, Waste Management and Remediation Activities are classified as a high impact climate sector as per Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.	The Fund Manager has established procedures for data collection to calculate this indicator and aims to engage with the portfolio companies to advance the data collection process. This indicator does not differentiate between renewable and non-renewable energy. In line with the Footprint Fund's environmental objectives, investments in high climate impact sectors focus on companies that contribute to reducing or avoiding negative environmental impacts, defined in the fund's impact KPIs.

ADVERSE SUSTAINABILITY INDICATORS	METRIC	IMPACT - 2023	EXPLANATION	ACTIONS TAKEN	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.0%	The PCs included in this report did not have any sites / operations located in or near biodiversity-sensitive areas.	The Fund Manager carries out an assessment of PCs' potential negative impacts on biodiversity-sensitive areas during the pre-investment due diligence and continuously monitors the impact during ownership.
	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes /mEUR	The PCs included in this report did not have direct emissions of priority substances as defined in the EU Water Framework Directive, direct nitrates, direct phosphate emissions, or direct pesticides emissions.	The Fund Manager has established procedures for data collection to calculate this indicator and aims to engage with the portfolio companies to advance the data collection process.
	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.04 tonnes/ mEUR	-	The Fund Manager has established procedures for data collection to calculate this indicator and aims to engage with the portfolio companies to advance the data collection process.

ADVERSE SUSTAINABILITY INDICATORS	METRIC	IMPACT - 2023	EXPLANATION	ACTIONS TAKEN	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	-	The Fund Manager has established procedures for data collection to calculate this indicator and aims to engage with the portfolio companies to advance the data collection process.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	69.9%	The relatively high share of investments is explained by the early-stage nature of the fund's investments. All our PCs are still developing their governance model, incl. policies and risk handling mechanisms with close support from The Fund Manager.	During 2024, we will actively support all PCs with policy templates, frameworks and guidance to ensure that all PCs monitor compliance with the UNGC Principles and OECD Guidelines for Multinational Enterprises. As a result, we expect this indicator to decrease over time.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	- 1.7%	For PCs included in the reporting period, female employees were on average paid more than male employees. One PC had one gender employed only and thus a gender pay gap could not be calculated.	During 2024, The Footprint Fund will launch a new Diversity, Equity and Inclusion (DEI) initiative targeted all our PCs. The aim is to provide networks, one of them being for gender equity, as well as concrete tools for PCs to implement along the employee journey.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	7.4%	-	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	-	The Footprint Fund I has not invested in companies with exposure to controversial weapons.

ADVERSE SUSTAINABILITY INDICATORS	METRIC	IMPACT - 2023	EXPLANATION	ACTIONS TAKEN	
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATOR					
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	69.9%	This is a voluntary PAI indicator that The Footprint Fund has selected to track and report on. The Footprint Fund is an Article 9 impact fund with a focus on addressing the climate and biodiversity crisis. Thus, it is natural for us that our PCs are aware of their GHG emissions and have identified GHG reduction levers. The current share of investments without GHG reduction initiatives appears relatively high, explained by the early-stage nature of our PCs. We will work actively to reduce this share.	During 2024, The Fund Manager will support PCs in developing an 'ESG strategy' in which identifying GHG reduction levers will be a mandatory strategic initiative.
ADDITIONAL INDICATOR FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social matters	Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	100%	This is a voluntary PAI indicator that The Footprint Fund has selected to track and report on. As an Article 9 fund, we seek to ensure that our PCs take active measures to ensuring that their suppliers adhere to high standards of safe working conditions, fair and respectful treatment of employees, and ethical practices. None of the PCs included in this report had a supplier code of conduct in the reference period. Similar to above, it is explained by the early-stage nature of our PCs. We will work actively to reduce this share.	During 2024, The Fund Manager will develop a supplier code of conduct template that will be provided to all PCs along with advice on how it can be tailored to the PCs' operations.

Description of policies to identify and prioritize principal adverse impacts on sustainability factors

The Principle Adverse Impacts (PAI) indicators are considered before investment as part of our due diligence and monitored throughout the ownership period:

- **Pre-investment:** As part of The Footprint Fund's due diligence process, we assess the Article 9 eligibility of each target. This involves, among others, assessing whether the target avoids negative impacts on other environmental objectives, as defined by the PAI indicators. We have developed an internal screening tool that we use for this assessment. If any potential adverse impacts are identified, these are assessed further as part of the due diligence alongside formulating mitigation efforts. If mitigations are not considered possible, resulting in a risk of adverse impacts outweighing the positive impact potential, the target will not progress any further in our due diligence process.
- **Ownership:** The PAI indicators are estimated annually across the portfolio companies and published at the end of June. The Footprint Fund has developed a data request tool that a representative from each portfolio company is onboarded to. If needed, we provide additional support and guidance on how to collect and report the required data points. Our general focus as an Article 9 fund in upskilling portfolio companies on ESG-related matters will help them mature ESG data during ownership, enabling each company to provide us with more accurate data over time. Any adverse impacts discovered as a result of

our monitoring and annual reporting are further evaluated to ensure that sufficient mitigation measures are implemented.

In addition to the 14 mandatory PAI indicators, we have identified two additional indicators deemed most relevant for our fund, namely 1) investments in companies without carbon emission reduction initiatives, and 2) lack of a supplier code of conduct (see further explanation in the table above 'Additional PAI indicators').

2023 is the first reference period that the Fund Manager has collected data to report on PAI indicators for the PCs held in the fund in 2023. All PCs have supplied us with a combination of specific datapoints as well as estimations when data was not available. This also means that there is some room for improvements in terms of data quality which will be a focus area during 2024.

We have not found any risk of adverse impacts requiring further evaluation.

Engagement policies

The Fund Manager has a commitment to promoting sustainability and ethical practices in all of its investments. As part of this commitment, we have established an engagement policy that ensures sustainability is always a key consideration in our investment decisions.

One of the key elements of our engagement policy is to take a seat on the Boards when possible. This enables us to have a voice in the decision-making process of our portfolio companies and to ensure that sustainability considerations are considered.

We collaborate closely with our portfolio companies to identify both sustainability concerns and opportunities and devise effective strategies to tackle them. In instances where an investment falls short of our sustainability standards, we engage with the company to determine the underlying causes of non-compliance and jointly create a remedial plan. If the company is unwilling or unable to implement the necessary changes, we may choose to divest from the investment as a last resort.

References to international standards

The Fund Manager will work with all our PCs during 2024 to support them on their journey to align with the requirements in the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, ILO Declarations on Fundamental Principles and Rights at Work, and the International

Bill of Human Rights. Alignment with these internationally recognized standards will help ensure compliance with the Sustainable Finance Disclosure Regulation (SFDR) 'Good Governance' requirements. In addition, this will also be part of our efforts to help EU Taxonomy eligible PCs become aligned with the EU Taxonomy.

Historical comparison

This first PAI statement has been published in June 2024 based on 2023 data covering the period from January 1, 2023 to

December 31, 2023. Thus, no historical comparison is available.

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