



Statement on principal adverse impacts of investment decisions on sustainability factors

June 2025

Faro Innovation

Financial market participant Faro Innovation

Summary

Faro Innovation (the “Sub-fund”), a sub-fund of Faro Alternative Investments SCSp SICAV RAIF, 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 Faro Innovation.

This statement on principal adverse impacts on sustainability factors covers the reference period from February 13th to 31 December 2024.

The investment objective of the Fund is to achieve attractive returns for investors by designing a risk mitigated diversified portfolio consisting of direct investments in disruptive/highgrowth potential start-ups (70%) and indirect investments in established best-in-class venture capital funds (30%). Responsible investment principles, and the systematic integration of environmental, social and governance (ESG) factors, are embedded in each stage of the investment process so that the Sub-Fund actively promotes environmental and social characteristics..

However, the availability and relevance of data are influenced by the size and life-cycle stage of the investee companies, as well as by the indirect nature of investments made through externally managed venture capital funds.

As of the end of 2024, the Sub-fund carried out a single investment in a venture capital fund focused on fintech: Blank Ventures Fund I (the “Fund”), managed by the US-based firm Blank Ventures. Prior to finalizing the investment, Blank Ventures was required to disclose information regarding its investment policy to assess the extent to which ESG principles and responsible investment practices were integrated. Additionally, the portfolio companies were reviewed to determine whether the Fund could contribute to the promotion of environmental and social characteristics, in line with Faro Innovation’s responsible investment strategy.

Neither of these assessments yielded a positive outcome. Therefore, the investment does not contribute to the promotion of environmental and/or social characteristics as defined by Faro Innovation's responsible investment strategy.

This statement for Faro Innovation is based solely on information provided in the Fund's documentation and publicly available sources. A comprehensive look-through analysis was not feasible, and attempting quantitative estimations would have resulted in poor data quality. Consequently, some indicators are unavailable for the underlying portfolio companies, and thus also for the Fund. Nonetheless, the potential negative impacts related to biodiversity loss, water pollution, and hazardous waste generation are considered limited or negligible, given the early-stage nature of the companies within the investment universe and their focus on the fintech sector.

Faro Innovation (il "Comparto"), un comparto di Faro Alternative Investments SCSp SICAV RAIF, prende in considerazione i principali effetti negativi (principle adverse impacts – PAI) delle proprie decisioni di investimento sui fattori di sostenibilità. La presente dichiarazione è la dichiarazione consolidata sui principali effetti negativi sui fattori di sostenibilità di Faro Innovation, e riguarda il periodo di riferimento dal 13 Febbraio 2024 al 31 Dicembre 2024.

L'obiettivo d'investimento del Fondo è generare rendimenti interessanti per gli investitori attraverso la costruzione di un portafoglio diversificato e con un approccio di mitigazione del rischio, composto per il 70% da investimenti diretti in start-up innovative e ad alto potenziale di crescita, e per il 30% da investimenti indiretti in fondi di venture capital affermati e di comprovata eccellenza. I principi di investimento responsabile, insieme all'integrazione sistematica dei fattori ambientali, sociali e di governance (ESG), sono incorporati in ogni fase del processo di investimento, in modo che il Sottofondo promuova attivamente caratteristiche ambientali e sociali.

Tuttavia, la disponibilità e la rilevanza dei dati sono condizionate dalla dimensione e dalla fase del ciclo di vita delle società in portafoglio, nonché dalla natura indiretta degli investimenti effettuati tramite fondi di venture capital gestiti esternamente.

Alla fine del 2024, il Comparto ha completato un unico investimento in un fondo di venture capital focalizzato sul settore fintech: il Blank Ventures Fund I (il “Fondo”), gestito dalla società statunitense Blank Ventures. Prima del perfezionamento dell’investimento, è stato richiesto a Blank Ventures di fornire informazioni sulla propria politica di investimento, al fine di valutare il livello di integrazione dei principi ESG e delle pratiche di investimento responsabile. Inoltre, è stato effettuato un’analisi preliminare delle società in portafoglio per verificare se l’attività di investimento del Fondo potesse contribuire alla promozione di caratteristiche ambientali e sociali, in linea con la strategia di investimento responsabile di Faro Innovation.

Nessuna delle due analisi ha restituito esito positivo. Di conseguenza, l’investimento non contribuisce alla promozione di caratteristiche ambientali e/o sociali come definite dalla strategia di investimento responsabile di Faro Innovation.

La presente dichiarazione per Faro Innovation si basa esclusivamente sulle informazioni contenute nella documentazione del Fondo e su fonti pubblicamente accessibili. Non è stato possibile effettuare un’analisi approfondita delle partecipazioni sottostanti e qualsiasi stima quantitativa avrebbe compromesso la qualità dei dati. Pertanto, alcuni indicatori non sono disponibili per le società sottostanti e, di conseguenza, nemmeno per il Fondo. In ogni caso, i potenziali impatti negativi legati alla perdita di biodiversità, all’inquinamento delle acque e alla produzione di rifiuti pericolosi sono considerati limitati o trascurabili, data la natura early-stage delle società presenti nell’universo investibile e il loro focus sul settore fintech.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	n.a.	Not applicable as this is the first periodic report	The data are not currently available since the indirect nature of the investment and a thorough look-through approach was not feasible; Blank Ventures does not disclose a fund-level carbon inventory.	No action feasible given the current limited dialogue with the GP.	
		Scope 2 GHG emissions	n.a.				
		Scope 3 GHG emissions	n.a.				
		Total GHG emissions	n.a.				
	2. Carbon footprint	Carbon footprint	n.a.				
	3. GHG intensity of investee companies	GHG intensity of investee companies	n.a.				
	4. Exposure to companies active in the	Share of investments in companies active	0%				Fintech focus; no fossil-fuel activities

	fossil fuel sector	in the fossil fuel sector			identified during preliminary valuation.	
	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	n.a.	Not applicable as this is the first periodic report	The data are not currently available since the indirect nature of the investment and a thorough look-through approach was not feasible; Blank Ventures does not disclose a fund-level energy consumption inventory.	No action feasible given the current limited dialogue with the GP.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0		Investee companies of the Fund does not belong to any of the high impact climate sector.	No further action necessary. Will revisit if portfolio profile changes.

Biodiversity	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	n.a.		Not relevant for digital-only companies with no physical operations.	Continue qualitative screening.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	n.a.		Not relevant for the current portfolio composition.	No further action necessary.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested,	n.a.		Not relevant for the current portfolio composition.	No further action necessary.

		expressed as a weighted average				
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%	Not applicable as this is the first periodic report	No incidents reported; disclosure gaps remain.	Encourage periodic self-declaration, where possible; no hard target set.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines	n.a.		It is not possible to determine whether processes and compliance mechanism are implemented; however, start-ups typically lack	Monitor progress where feasible; no quantitative target.

	principles and OECD Guidelines for Multinational Enterprises	for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			such formal systems.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	n.a.	Not applicable as this is the first periodic report	The data are not currently available since the indirect nature of the investment and a thorough look-through approach was not feasible.	No action feasible given the current limited dialogue with the GP.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	n.a.			
	14. Exposure to controversial weapons (anti-personnel mines,	Share of investments in investee companies involved in the	0%		Exclusion list in place, as per SFDR precontractual disclosure.	Maintain 0%.

	cluster munitions, chemical weapons and biological weapons)	manufacture or selling of controversial weapons				
OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS						
Emissions	15. Investments in companies without water management policies	Share of investments in investee companies without water management policies.	n.a.	Not applicable as this is the first periodic report	The data are not currently available since the indirect nature of the investment and a thorough look-through approach was not feasible; Blank Ventures does not disclose a fund-level energy consumption inventory.	No action feasible given the current limited dialogue with the GP.
Anti-corruption and anti-bribery	16. Number of convictions and amount of fines for violation of anti-	Numbers of convictions and amount of fines for violations of anti-corruption	0	Not applicable as this is the first	No incidents in such context have been detected or	Increase look-through capability to further verify this indicator.

	corruption and anti-bribery laws	and anti-bribery laws by investee companies.		periodic report	notified by the GP.	
<p>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</p> <p>The IT and digital-focused investment strategy of the Sub-fund allows to avoid certain PAIs from the beginning. In addition, exclusion criteria shapes the investable universe by avoiding investments in activities that contrast climate change mitigation and that produce negative effects on people and environment.</p> <p>Furthermore, the preliminary ESG valuation process encompasses the analysis of sustainability risks and ESG performance of each target company. Among other factors, PAIs on climate and social issues (e.g. carbon footprint and diversity indicators) are evaluated to identify criticalities and room for improvement. On top, the SASB Materiality Map is used to identify sector-specific relevant ESG issues ex-ante and prioritize the associated principal adverse impacts. Finally, the ongoing monitoring process on portfolio companies takes into account PAIs alongside the indicators used to measure the promotion of environmental and social characteristics ESG performance indicators.</p> <p>Since the target companies are at an early stage, ESG data may not be immediately available, as such the engagement strategy of the Sub-fund is also aimed at increasing capability of companies in processing sustainability factors. In addition, some of the mandatory indicators are deemed to be less relevant or not significant for the investment scope of the Sub-fund included into the Table 1 of the Delegated Regulation 2022/1288: fossil fuel activities, emissions to water, hazardous waste, and those included into the Table 2 of the Delegated Regulation.</p>						
<p>Engagement policies</p> <p>The application of engagement activities/programs are limited due to the size of the portfolio companies and their life-cycle stage, however the investment team of the Sub-fund and its ESG advisor continue their data monitoring and collection activity also in order to detect possible room for implementing more detailed sustainability approach.</p>						

References to international standards

Faro Innovation's responsible investment strategy relies on:

- UN Principles for Responsible Investment (UN PRI), of which the GP is signatory;
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights;
- OECD Principles of Corporate Governance and Guidelines for Multinational Enterprises;
- ILO conventions on labour standards;
- Universal Declaration of Human Rights.

Due to the Sub-fund investment strategy and potential investment characteristics, these principles and guidelines are often not applicable.

Historical comparison

The Sub-fund initiated its activity during 2024 and the historical comparison will be made available in the next statement in 2026 with the comparison between 2024 and 2025 data.