

## Principal Adverse Impact Statement

The EU Regulation 2019/2088, establishes transparency rules for financial market participants and financial advisors with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their activity and in the disclosure of sustainability-related information.

The present statement describes how principal adverse impacts (PAI) are considered in investment decisions, as required by Article 4 of the EU Regulation 2019/2088. **BRIGHT STARS SICAV-SIF** (the "Entity") considers its commitment to limit the negative impact of its investments on sustainability as fundamental and has initiated a project aimed at establishing processes and safeguards necessary for their consideration.

The Entity adopts a methodology for monitoring PAI with the aim of reducing the negative effects of its investment decisions.

This Statement on the due diligence policy on principal adverse impacts at each Entity level is therefore intended to describe the principles, methods and possible measures to be taken to ensure the consideration of adverse sustainability effects, the extent of which will be measured and monitored in accordance with applicable regulations.

This statement will be reviewed and updated annually, as well as in the event of significant changes to the Sustainable Investment Policy, changes to the regulatory framework governing the present document, or where otherwise deemed necessary.

### Identification and Prioritisation of Principle Adverse Impacts (PAI)

The Entity considers it important to take these indicators into account in order to mitigate the negative sustainability effects of issuers' activities. In addition to the Sustainable Investment Policy and the periodic monitoring already in place, the Entity has implemented additional monitoring measures for PAIs, which are prioritised according to the following criteria:

- consistency between the selected PAIs and the sustainability policy adopted
- availability of data for a specific indicator

### Methodology for monitoring PAIs

The Entity has selected an external ESG advisor to carry out the periodic analysis on PAIs. The advisor performs calculations of PAIs by aggregating data from several leading ESG providers. The analysis is carried out on a quarterly basis and presents the PAIs, as well as additional indicators and their evolution compared to previous periods. The regular analysis will help to continuously inform the decision-making regarding the setting of targets to minimise the negative impact of investment decisions. The Entity will assess the PAIs in the context of key indicators to be integrated into the investment process.

### Overview of adverse sustainability indicators

The adverse sustainability indicators are outlined in the EU Commission Regulation 2022/1288 of 6 April 2022 which supplements the Regulation EU) 2019/2088 of the European Parliament and of the Council. The pursuant regulatory technical standards set out the content, methodologies and presentation of disclosures regarding sustainability indicators and adverse sustainability effects, as well as the content and presentation of information regarding the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual templates, periodic reporting, and websites. The mandatory PAI indicators subject to monitoring are:

ADVERSE SUSTAINABILITY INDICATOR		METRIC
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
5. Share of non-renewable energy consumption and production	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	6. Energy consumption intensity per high impact climate sector	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
7. Activities negatively affecting biodiversity-sensitive areas	7. Activities negatively affecting biodiversity-sensitive areas	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
	8. Emissions to water	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
9. Hazardous waste ratio	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>		
<b>Social and employee matters</b>	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
	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
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

## Engagement Policies

The Entity relies on the engagement policy adopted by its management company Pharus Management Lux S.A. in order to deal with the companies invested and encourage them to continuous improvement in relation to the object of the specific engagement, paying particular attention to the decarbonization of the planet and respect for human rights. The engagement activity is also carried out in order to achieve the objectives of reducing the negative effects on sustainability. The Entity can engage with the companies in which it invests as well as participate in actions initiated by other asset owners either directly or through delegated managers.

You can find more information on Engagement Policy of Pharus Management Lux SA on the website:

<https://www.pharusmanagement.com/lu/en/legal-documents/>

[www.pharusmanagement.com](http://www.pharusmanagement.com)