provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Astanor Ventures II SCSp **Legal entity identifier:** 2138005QSE4797POTR22

Sustainable investment objective

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Does this financial product have a sustainable investment objective?	
☒ **Yes**	☐ ~~**No**~~
■ It will make a minimum of **sustainable investments with an environmental objective:** 50% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy We believe it is too soon to formally commit in a specific degree of Taxonomy-alignment of our portfolio. We may revisit our position once the Taxonomy regulation (including the technical screening criteria) is in a more advanced state.	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
■ It will make a minimum of **sustainable investments with a social objective:** 30%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

WHAT IS THE SUSTAINABLE INVESTMENT OBJECTIVE OF THIS FINANCIAL PRODUCT?

The Fund is a financial product with the ambition to be a driving force in the evolution towards positive impact investing, thereby scaling a regenerative, connected agrifood system, built to enable health enduringly and to contribute to net zero. This ambition will be supported through the Fund's participation in delivering on the

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

ambitious targets from the Paris Agreement, the Sustainable Development Goals and the European Union Farm to Fork and biodiversity strategies.

WHAT SUSTAINABILITY INDICATORS ARE USED TO MEASURE THE ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE OF THIS FINANCIAL PRODUCT?

In order to define and measure its success as an impact investor, Astanor has established six impact KPIs, the Sustainable Investment Objectives, which the Astanor Team believes wholly capture the Fund positive impacts on the planet and the people.

<u>GHG Emissions</u>

The food and agriculture industry is one of the largest single causes of climate change being responsible for a third of global emissions annually. Emissions occur at each step of the value chain: food needs to be farmed, harvested or caught, transported, processed, packaged, distributed and finally cooked, with food waste each step of the way. Astanor backs disruptive solutions that actively contribute to net zero. The Fund aims to invest in companies that maximize tons of CO_2 equivalent avoided (scope 4 emissions).

<u>Biodiversity</u>

Biodiversity is a fundamental pillar of a healthy agrifood system. The health of our planet, and all the planet systems on which we depend, is inextricably linked to the balance of biodiversity in the natural world. The Fund supports companies that have a positive impact on land, soil and ocean's biodiversity – it aims to maximize the reduction of (including but not limited to) land use, water eutrophication and water acidification.

<u>Water Use</u>

70% percent of the world's accessible freshwater is consumed by agriculture and around 60% of water used in the agrifood value chain is wasted due to leaky irrigation systems, inefficient application methods and the production of water-thirsty crops in dry environments. Increasing the efficiency of water use in the agrifood sector, especially in water stressed areas, is a key step in ensuring the sustainability of global water resources. The Fund aims at maximizing the reduction of water use by financing solutions which will increase the efficiency of conventional practices or by creating entirely new, highly sustainable methods of production.

<u>Health</u>

The food system faces a double burden of malnutrition. In 2019, 26% of the global population experienced hunger or did not have regular access to nutritious and sufficient food, while 39% was overweight or obese. The volume of food produced globally is sufficient to feed everyone on the planet, but nutrition and distribution challenges continuously exacerbate global health crises. The Fund aims to maximize the number of individuals having access to healthier food and to increase safety along the agrifood value chain.

<u>Social</u>

Fair remuneration to farmers as well as education and access of quality nutritious food for all individuals are cornerstones of a sustainable food system. The Fund aims to increase farmer's profitability and, in turn, their income. Increasing remuneration will provide farmers with the means and stability to lead the transition towards a regenerative agrifood system. In addition, the Fund aims to provide better education on sustainable diet to end-consumers. Astanor supports solutions that empower consumers to make more informed choices and improve access to fresh, healthy and sustainable food.

<u>Climate Intelligence</u>

The last impact KPIs addresses the enablers that are necessary to ensuring the collective advancement towards global climate goals. Today, Astanor has one "enabler" KPI, Climate Intelligence, and may add more as Astanor's methodology evolves. The Fund aims to provide better Climate Intelligence in working with the actors of the agrifood system, and as such contribute to increase the general knowledge on how to tackle more efficiently climate change. Climate Intelligence enables the achievement of impact at scale by providing the tools to assess the baseline, make informed decisions and quantify the benefits of impact investments.

In addition, the Astanor Team condition their long-term incentive program around the non-financial performance of the Fund. It ensures a complete alignment between its incentive structure and its long-term impact goals. Astanor has built a Fund Impact Multiple on Investment ("**IMOI**") in order to assess its impact creation. At each portfolio company level, a Portfolio Company IMOI is defined. All Portfolio Company IMOIs are aggregated at the fund level by multiplying them by the amount invested by the Fund into the portfolio companies, resulting to the Fund IMOI. The Fund Manager aims to achieve a multiple greater than 1:

- If the Fund IMOI equals or exceeds the value of 0.8 – 100% of the carried Interest will be distributed to Astanor's management team.

- If the Fund IMOI equals or exceeds the value of 0.60 but is lower than 0.8 – 0% to 30% (calculated linearly) of the carried interest shall be distributed to a number of NGOs or charities selected by Astanor (e.g., 15% of the carried interest will be distributed if the Fund IMOI was equal to 0.7).

- If the Fund IMOI is below 0.6 – 30% of the carried Interest will be distributed to NGOs or charities selected by Astanor.

Further information on the methodology can be sought to Astanor Director of Impact, Leslie Kapin (leslie@astanor.com).

HOW DO SUSTAINABLE INVESTMENTS NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Each Portfolio Company will use its reasonable efforts to engage in not significantly harming any of the Fund environmental objectives.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Together with the Astanor Team, the Fund Manager is focused on assessing and measuring the positive impact, as well as potential negative externalities, of its investees. To this end, the Fund considers the principal adverse impacts of its investment decisions on sustainability factors throughout all major steps of the investment and portfolio management process. The Fund Manager will take the necessary preparations to gather, monitor and report the mandatory principal adverse impacts on sustainability factors as to be defined in the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (the "**RTS**"). Furthermore, Astanor will report on a selection of additional indicators related as mentioned above.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Astanor will use its reasonable efforts to assess whether the target companies are complying with the minimum safeguards as set by the Taxonomy Regulation:

- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- The International Bill of Human Rights.

Every year onwards, after the date of the Fund's initial investment, the Fund (and its delegates, when appropriate) will perform a due diligence to assess the governance of the Portfolio Company's (through the ESG Questionnaire, as defined below).

DOES THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS?

- [x] Yes
- [ ] No

As an impact investor, Astanor is focused on assessing and measuring the positive impact, as well as potential negative externalities, of its investees. To this end, Astanor considers the principal adverse impacts ("PAI") of its investment decisions on sustainability factors throughout all major steps of the investment and portfolio management process. Astanor will take the necessary preparations to gather, monitor and report the fourteen (14) mandatory principal adverse impacts on sustainability factors as set out in Table 1 of Annex I of the Regulatory Technical Standards of the SFDR (the "RTS"). Furthermore, Astanor will report on additional PAI indicators related to the Table 1, Table 2 or Table 3 of the RTS. Information on the investment decisions' PAI will be made available on an annual basis in the Fund's annual report.

WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

Pursuant to the Fund's investment strategy as referred to in Section 2.5 ("Investment Guidelines") of the limited partnership agreement (the "LPA"), Astanor Ventures II SCSp shall primarily invest in undertakings that are active in the areas of climate change and agrifood-tech, new materials, and biotech in relation with the foregoing, with a primary geographical focus on North America, the European Union, the United Kingdom, Norway, Switzerland, Asia and Australia.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The most binding element of the impact investment strategy is the complete exclusion of a certain number of sectors, which are considered by nature as too controversial and do not promote ESG, and, as such, are excluded by the Fund as part of its own ESG commitments. These sectors are detailed in the Annex II "Activity exclusion list" of the Fund RIP, available on http://www.astanor.com/.

What is the policy to assess good governance practices of the investee companies?

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

The Fund will respect its engagement towards sustainability as further described in Astanor Responsible Investment Policy. The governance practices of potential investment targets are evaluated in connection with due diligence processes. Astanor assesses the potential ESG risks of each potential portfolio company prior to investment by ensuring the potential portfolio company does not operate in high-risk countries in terms of money laundering, financing terrorism or corruption as well as ensuring proportionate good corporate governance.

Data will be monitored on a yearly basis to ensure Astanor's engagements towards responsible investment, stewardship and accountability are respected. Results will be non-exhaustively published in Astanor yearly impact report.

WHAT IS THE ASSET ALLOCATION AND THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS?

All Investments (as defined in the LPA) will be in assets qualifying as sustainable investments.

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How does the use of derivatives attain the sustainable investment objective?

The Fund will not use derivatives.

TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

The Fund Manager believes its investment and impact strategy of the Fund is aligned with the SFDR definition of sustainable investment objectives and the environmental objectives of 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"). The Fund Manager, acting in good faith, will use all information provided by its Portfolio Companies to report on the Fund's alignment with the environmental objectives of Taxonomy. The Fund Manager will not make use of the Taxonomy technical screening criteria given these have not yet been finalized by the European Commission.

Does the financial product invest in sovereign bonds?

No.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

☐ Yes

■ No. The financial products does not invest in fossil gas and/or nuclear energy.

What is the minimum share of investments in transitional and enabling activities?

N/A

WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE THAT ARE NOT ALIGNED WITH THE EU TAXONOMY?

Because the Fund Manager will not make use of the Taxonomy technical screening criteria given these have not yet been finalized by the European Commission, it is too soon for the Fund Manager to define *ab initio* alignement of its future portfolio with the EU Taxonomy.

WHAT INVESTMENTS ARE INCLUDED UNDER “#2 NOT SUSTAINABLE”, WHAT IS THEIR PURPOSE AND ARE THEY ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

All Investments (as defined in the Fund LPA) will be in assets qualifying as sustainable investments.

WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH A SOCIAL OBJECTIVE?

The Fund aims to have (at least) a portfolio composed of 30% of sustainable investments with a social objective.

IS A SPECIFIC INDEX DESIGNATED AS A REFERENCE BENCHMARK TO MEET THE SUSTAINABLE INVESTMENT OBJECTIVE?

The Fund will not use a reference benchmark as it will pursue an active investment strategy.

WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?

More product-specific information can be found on the website: http://www.astanor.com/

More information can be found about the organization and Astanor Ventures II SCSp by reaching out to antoine@astanor.com and leslie@astanor.com.