SFDR

Sustainability-Related Disclosures

UNOVIS Asset Management

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Contents

1. INTRODUCTION

1.1 What is the SFDR, relevant legislation and why is it important to our business?

The EU's Sustainable Finance Disclosure Regulation ("SFDR") came into force in 2019, with key disclosure requirements applicable from 10th March 2021. The SFDR is a key initiative under the EU's Action Plan for Financing Sustainable Growth, launched in 2018.

The SFDR imposes new disclosure requirements in relation to sustainability to enable investors to make more informed investment choices based on environmental, social and governance factors ("ESG factors"). ESG factors are summarized below:

- Environmental (E) refers to impact on areas such as climate, fauna, natural resources, pollution and waste
- Social (S) refers to impact on areas such as welfare, education, public well-being, living standards and data securityGovernance (G) refers to the set of rules, practices, and processes that determine how a company is operated and controlled, to ensure that the company acts in an open and accountable manner and that its leadership acts in the best interests of stakeholders

We, as Unovis Asset Management ("the Firm", "UAM", "We"), have set out below our sustainability-related disclosures under the SFDR. Our disclosures provide information on how we integrate sustainability risk into our investment decision-making process, and also how we consider the adverse impact that investments may have on certain sustainability factors.

Our sustainability mission is to invest in products or services that replace foods derived from conventional animal agriculture, which we view as an antiquated and inefficient food production system with serious vulnerabilities. The firm's ESG strategy seeks to do this via a common framework applied across the different services offered and at both manager and investee company levels.

2. BACKGROUND

2.1 Application of SFDR to our business

We have applied the SFDR to our business in our capacity as a Firm that is an Alternative Investment Fund Manager ("AIFM").

The SFDR is an EU Regulation and as such it is relevant for our Netherlands based AIFM, Unovis Asset Management B.V., a wholly owned subsidiary of Unovis Asset Management LLC. UAM is making disclosures under the relevant elements of the SFDR for the following reason(s):

- We believe that the requirements align with our investment philosophy, culture and ethos are important to our clients. Therefore, we commit to applying the SFDR requirements as best practice.
- We provide investment advisory services to one or more EU regulated entities under an investment advisory agreement. We are required by that agreement to comply with the applicable SFDR requirements to help ensure the SFDR compliance of the EU entity that delegates investment advisory / management services to its US counterparty.

- As a registered AIFM (UAM BV) in the Netherlands, we may market funds in the Netherlands in such capacity, and as such, the SFDR would apply in respect of those funds. UAM has chosen to apply the relevant SFDR requirements in respect of all our funds because we believe these align with our Firm's stance on ESG and sustainability.

2.2 Our products

The SFDR sets out requirements in relation to the financial products offered by firms such as UAM. The financial products we are responsible for include alternative investment funds (AIFs) managed by us in our capacity as an AIFM or as an investment manager.

UAM is a venture capital specialist asset manager, making investments using equity and equity-related types of financial instruments and serving global, professional clients through funds and/or co-investments vehicles.

UAM's main investment fund envisages effectuating a divergence from industrial animal agriculture through investments in investee companies, which are mostly considered too niche by venture capital and/or private equity investors, and for which there is a significant lack of adequate financing. UAM's offering wishes to support the wellbeing of animals, the natural environment, and all global citizens. Its investment thesis broadly focuses on opportunities which support, in various forms, shifts in global food systems toward healthy, non-animal sources of protein that also reduce deleterious effects on the environment relative to traditional animal-based protein sources. UAM's offering-specific goal shall be to create a sustainable industry around efficient, animal-free proteins that address the ever-rising global demands for food.

3. DISCLOSURE

3.1 Sustainability-related disclosures

In alignment with SFDR, UAM makes the following disclosures. The Firm recognises the importance of environmental, social and governance ("ESG") issues and is aligning with:

- The UN Sustainable Development Goals (SDGs)
- The Global Impact Investing Network (GIIN)
- The Principles for Responsible Investment (PRI) and its IRIS+ Metrics
- The UN Global Compact

3.2 Policy on integration of sustainability risks into our investment decision making process:

Under Article 3(1) of the SFDR, we set out, below, a summary of our policy on the integration of sustainability risks into our investment decision-making process.

ESG integration is the process of incorporating ESG issues into investment analysis and investment decision making.

Our ESG integration strategy aims to ensure that the Firm is aware of the key risks and opportunities of potential investments by incorporating additional layers of scrutiny and due diligence in our investment analysis and decision-making processes.

UAM recognises that sustainability and ESG considerations are inextricably linked to the long-term performance (risk and/or return), value and reputation of venture capital alternative protein space/investments.

As a result, UAM considers the integration of ESG considerations in the firm's investment decision-making processes and practices to be of paramount importance to delivering outcomes in the best interest of investors and other stakeholders.

UAM's Impact Team leverages guidance from global sustainability frameworks, investor alliance research, and insights from regulatory monitoring to craft our Impact methodology and measurement approach. Amidst the complex web of various ESG and Sustainability frameworks, our team is aligning with the following priority initiatives: The UN Sustainable Development Goals (SDGs), The Global Impact Investing Network (GIIN) and its IRIS+ Metrics, The Principles for Responsible Investment (PRI), and The UN Global Compact.

We use these frameworks for support, while still independently creating and tracking core Impact metrics that best complement Unovis Asset Management's investment focus on replacing animal agriculture with animal-free alternatives.

The Manager's Impact Team works to integrate ESG and Impact considerations into every step of the investment process; from pre-transaction screening, analysis and due diligence phase through to the execution, monitoring and exit phase of each investment within the portfolio.

As part of our Impact Team's strategy, we are currently tracking the following metrics:

- Greenhouse Gas Emissions: Kilograms of CO_2 equivalent per kilogram of the primary ingredient in a product;
- Water Usage: Total liters of on-farm water required to produce 1kg of a product's ingredient, weighted by sensitivity of local water tables to drought;
- Labour Risk: Working conditions and the number of workers affected by them. Measured on a scale of negative to positive impact, with analysis of the core ingredients of a company's products;
- Biodiversity Risk: The impact that a product/company has on its surrounding ecosystem. This includes the impact on both macroflora and fauna (trees and animals) and microflora and fauna (invertebrates, bacteria, fungi, etc.). Measured on a scale of negative to positive impact, with analysis of the core ingredients of a company's product.

To supplement our reporting and analysis, we have leveraged a leading sustainability database to better understand our companies' impact. While we primarily derive our insights from that database, we do also use findings from Life Cycle Assessments (LCAs) that many of our portfolio companies have conducted independently.

As required under Articles 4(1)(a), 4(2) of the SFDR, we set out below a statement on our due diligence policy regarding the principle adverse impacts of our investment decisions on sustainability factors.

UAM considers that investments with linkages to the following sectors typically introduce principal adverse sustainability impacts:

- Investee companies that
    - are substantially involved in, or in the financing of:
        - the production of and trade in tobacco and distilled alcoholic beverages and related products;

- the production of and trade in weapons and ammunition of any kind;
- the operation of casinos, gambling and equivalent enterprises;
- pornography;
- the research, development or technical applications relating to electronic data programs or solutions, which: (i) aim specifically at supporting any activity referred to above; or (ii) are intended to enable to illegally enter into electronic data networks; or download electronic data;

- engage in any form in the violation of labor rights such as harmful or exploitative forms of forced labor or child labor, or which is directly involved in practices that could be considered to be exploitative of vulnerable groups in society, or which are directly involved in unethical lending practices that are unfair, deceptive, or fraudulent;
- are directly involved in the supply or purchase of sanctioned products, goods to or from countries or regions covered by United Nations sanctions; or
- are directly involved with products and activities that are banned as per global conventions and agreements, such as certain pesticides, chemicals, wastes, ozone depleting substances and endangered or protected wildlife or wildlife products, or which produce any illegal products or engages in any illegal activities such as money laundering or terrorism financing;

We consider that these sectors contain companies that introduce negative environmental, social or governance issues.

Additionally, when providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes; or (ii) genetically modified organisms ("GMOs") UAM shall ensure the appropriate control of legal, regulatory, and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

As a minimum standard, UAM does not ordinarily invest in companies that it believes do not conform to the ESG values set out in its ESG Policy. In addition, UAM also typically excludes companies that do not demonstrate the ability or willingness to manage ESG risks, unless UAM believes it can drive improvement through active asset management.

3.3 Product level disclosures

Assessment of the likely impacts of sustainability risks on the returns of our financial products under Article 6(1)b we assess the likely impacts of sustainability risks on the returns of the financial products and or funds we make available. A sustainability risk is defined as an environmental, social or governance event or condition which, if it occurs, could cause a material negative impact on the value of an investment.

In the context of sustainability risks, UAM has defined a non-exhaustive list of ESG factors that are usually considered during screening, due diligence, and asset management activities, which are as per the below:

ENVIRONMENTAL FACTORS SOCIAL FACTORS GOVERNANCE FACTORS

- Resilience to climate change
- Energy usage
- Water usage
- Waste generation
- Resource management
- Biodiversity & habitat protection
- Health & safety and well being

- Employment engagement & working conditions
- Diversity, equity, and inclusion
- Customer satisfaction
- Stakeholder engagement and governance
- Ownership & shareholder rights
- Board structure, management quality and integrity
- Management performance
- Management alignment
- Remuneration practices
- Auditing and financial reporting
- Transparency & disclosure quality
- Cybersecurity & data protection

UAM has developed proprietary risk assessment frameworks to consistently identify, evaluate and manage risks and opportunities across the entire equity life cycle. ESG factors are assessed from a materiality and risk to value perspective. Investee companies track those factors, actions to mitigate them and the evolution of identified risks' materiality. UAM's ESG risk approach enables the firm to closely monitor and aims to mitigate the negative effects of sustainability risks on the rate of returns for the ultimate investors.

UAM's assessment and approach also highlights areas where ESG opportunities or ESG outcomes can be enhanced at investee company level and, if deemed necessary, may engage and/or interact with the underlying investee companies in order to mitigate perceived level of risk / reverse impact.

3.4 Remuneration

Under Article 5, UAM has incorporated criteria on the integration of sustainability risks into its Remuneration Policy. This involves assessing UAM employees' adherence to sustainability criteria (such as empathy, leadership, positive attitude, and interaction) when assessing any increases in remuneration and any variable remuneration to be awarded.

3.5 Review and approval of sustainability-related disclosure

This sustainability-related disclosure was last reviewed and approved by UAM's partners on 30 Sep 2023.