

# ASTANOR

Where tech meets nature

## SFDR DISCLOSURES

### ABOUT ASTANOR

Astanor brings together capital, deep sector knowledge and disruptive technologies to give rise to a future of food that is nourishing, regenerative, trusted and ultra-fresh. A multi-stage venture fund investing in Europe and the U.S., Astanor's first multi-stage agrifood tech fund established in 2017 is seeding a revolution from Europe that will change the world. Any reference to Astanor (or "**we**") should be understood as a reference to the Astanor Team, as defined in the limited partnership agreement of the DBD Facility.

### ABOUT THE FUND MANAGER

GHVM-S S.à.r.l. (the **Fund Manager**), is a *de minimis* alternative investment fund manager as defined in the Article 3(2)b of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as amended from time to time (the **AIFMD**). The Fund Manager's objective is to manage one alternative investment fund (as defined in the AIFMD), **GHVI-S SCSp** (the **DBD Facility**).

### ABOUT SFDR

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 (**SFDR**) is a European directive which aims at providing clarity in sustainable investments and sustainability risks disclosures to investors. It lays down sustainability disclosure obligations for fund managers toward end-investors in relation to the integration of sustainability risks in all part of the investment process. Further information is available on the European commission [website](#).

## ENTITY-LEVEL DISCLOSURE

### CONSIDERATION PRINCIPAL ADVERSE SUSTAINABILITY IMPACT

As an impact investor, Astanor is focused on assessing and measuring the positive impact, as well as potential negative externalities, of its entire portfolio.

To this end, **the Fund Manager hereby confirms that it considers the principal adverse impact (“PAI”) indicators of its investment decisions on sustainability factors throughout all major steps of the investment and portfolio management process.**

The Fund Manager will gather, monitor and report the mandatory and optional PAI indicators on sustainability factors as set out below:

#### *MANDATORY QUALIFIED PAI:*

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (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
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons

#### *OPTIONAL QUALIFIED PAI:*

15. Lack of supplier code of conduct
16. Investment in companies producing chemicals

The integration of PAI indicators helps the Fund Manager to bring transparency to investors on any adverse impact its investee activity can have on ESG elements, but also allows to be more conscious about the broader ESG picture of the agrifood-tech industry.

### IDENTIFICATION AND PRIORITIZATION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACT

#### *INITIAL DUE DILIGENCE*

During each step of the investment due diligence process, the Fund Manager makes sure potential investees are aligned with its mission and guiding principles and have the potential to deliver on one or more of the six impact KPIs as defined in Astanor Responsible Investment Policy (the “**Responsible Investment Policy**”). The Fund Manager also integrates other key measurement indicators during the due diligence process: it assesses whether the investee contributes or enables one of the six core objectives as set out below and “does not significantly harm” any of the other objectives:

- Climate change mitigation
- Climate change adaptation

- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection of healthy biodiversity and ecosystems.

Finally, the Fund Manager use its reasonable efforts to pre-emptively assess, for each investee, their respect towards minimum labor rights safeguards, including the International Bill of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

#### INVESTMENT AGREEMENT

During investment negotiations with potential investees, Astanor will use their commercially reasonable efforts so that ESG and impact requirements are embedded in contractual documents signed by the Fund Manager on behalf of the Fund, to secure full alignment with Astanor's ESG and impact ambition. For the avoidance of doubt, where the investee is already part of the Astanor group of portfolio companies, the investment agreement may not be further negotiated.

#### IMPACT DEEP DIVE

The Astanor Team will use its best efforts to perform an **Impact Deep Dive** within six-month post-investment. The aim of the deep dive is to define the baseline both in terms of ESG and impact: it helps building a constructive ESG roadmap and determine the best suited impact KPIs for the company.

In order to build its impact review process, Astanor leverages key standards such as the Global Impact Investing Network (“**GIIN**”) IRIS+<sup>1 2</sup>, the Impact Principles<sup>3</sup> and the Impact Management Project (“**IMP**”)<sup>4</sup>. Additionally, an impact evaluation based on the indicators under the UN Sustainable Development Goals (“**SDGs**”), the EU Taxonomy and EU Green Deal (e.g., Farm to Fork). The initial review allows to build an impact assessment report (the “**Impact Assessment Report**”) for each portfolio company which will ensure its goals and solutions fit with Astanor's guiding principles as well as key impact and potential negative externalities. From this analysis, Astanor will define and include in the Impact Assessment Report one (1) to four (4) of six (6) impact KPIs (the “**Impact KPIs**”).



The Impact KPIs will be ultimately presented by the advisory committee of the DBD Facility for approval. For the avoidance of doubt, for the portfolio companies of the DBD Facility which are already part of other Astanor funds' portfolios (Good Harvest Ventures I SCSp and Astanor Ventures II SCSp), KPI may have already been defined and approved before the launch of the DBD Facility.

Defining the right metrics is an essential first step to measuring impact. To address the diverse and far reaching environmental and social consequences of today's agrifood system, we have established six impact KPIs that provide a holistic understanding of the impact of our portfolio companies on the planet and the people.

#### Planet KPIs

The agrifood industry is one of the largest single causes of climate change, biodiversity loss and water use. Astanor has established three planet KPIs to efficiently assess how to address this challenge –

<sup>1</sup> <https://iris.thegiin.org/>

<sup>2</sup> <https://iris.thegiin.org/metrics/>

<sup>3</sup> <https://impactprinciples.org/>

<sup>4</sup> <https://impactmanagementproject.com/>

**GHG emissions, Biodiversity and Water Use.** While the market is often focused on carbon, Astanor believes that these three factors are deeply interconnected and allow a more holistic approach to assess environmental impact and tackle climate change at the root.



#### **GHG emissions**

The agrifood industry is one of the largest single causes of climate change, contributing to a third of global emissions annually. GHG emissions avoided is a common trait among Astanor's investees and is translated into one single metric – tons of CO<sub>2</sub> equivalent.



#### **Biodiversity**

From agricultural land expansion and land use change to the way food is produced and harvested to distributed and discarded, the agrifood system is a constant threat to biodiversity from land to oceans. Preserving and regenerating these ecosystems is essential to climate change mitigation efforts and to supporting the balance of life on earth.



#### **Water Use**

With increases in drought and a growing understanding of the fragility of water resources, Astanor searches for solutions that reduce water use across the agrifood system, reducing the water footprint and ensuring food security in a water-scarce world

### **People KPIs**

By focusing on quantity over quality products, the agrifood sector has perpetuated social inequalities and long-term health issues. To measure the positive impact in addressing these key issues, Astanor has developed two “people” KPIs – **Social** and **Health**.



#### **Social**

Fair remuneration to farmers as well as education and access of quality nutritious food for all individuals are cornerstones of a sustainable food system. Astanor searches for solutions that support better remuneration and access to capital for producers and actively work to alleviate social inequalities.



#### **Health**

A focus on quantity of cheap calories over quality and nutritional value has resulted in widespread food-related health issues that are crippling healthcare systems. Astanor supports entrepreneurs who connect consumers to fresh, local and healthy food and accelerate the availability of nutritious, affordable food.

### **Enabler KPI**

The third KPI-category addresses the *enablers* that are necessary to ensuring a collective advancement towards global climate goals. Today, Astanor has chosen one “enabler” KPI, **Climate Intelligence**, and may add more as the methodology evolves. Climate Intelligence supports actors in reducing their carbon emissions, increase their yield using less agricultural inputs, improve their water usage and improve farmers income and people's health



#### **Climate Intelligence**

Data collection enables the achievement of impact at scale by providing the tools to assess the baseline, make informed decisions and to further enable impacts on both the people and the planet.

## ONGOING MONITORING

Astanor has built a comprehensive ESG questionnaire (sent at time of investment and then on a yearly basis) which also include regulatory requirements such as the PAI indicators mentioned here above. The due diligence is comprised of approximately a hundred questions that assess environment criteria (environmental policy, assessment of raw material exposure, etc.), social criteria (DEI policy, profit sharing applications, etc.) and governance criteria (supplier code of conduct, board independency, etc.).

### INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS

The Fund Manager assesses the potential ESG risks of each potential portfolio company prior to investment. During its initial screening with any potential portfolio company, it assesses the presence of minimum safeguards used for a reasonable ESG framework. These safeguards include, *inter alia*, the criteria below:

<b>Global Assessment</b>	Existence of an environmental and social management system.
<b>Environment Criteria</b>	Ensuring the potential portfolio company does not operate in highly polluting industries, harm the environment, or operate in markets which are highly resources consuming.
<b>Social Criteria</b>	Ensuring the potential portfolio company does not involve dangerous substance handling which can harm the safety or the health of the employees.
<b>Governance Criteria</b>	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.

## METHODOLOGY

All investment entities affiliated to the Astanor universe, including the Fund Manager, abide by the Astanor Responsible Investment Policy, which is available on Astanor website <http://astanor.com>.

## REMUNERATION POLICY

For the avoidance of doubt, the base compensation of the Fund Manager and its board of managers does not include an ESG-linked or impact-linked component.

## PRODUCT DISCLOSURE: GHVI-S SCSp

This section covers the requirements set out in the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**") which states that for financial products referred to in Article 9(2) of SFDR, the information on how the sustainable objective shall be attained should be provided.

<b>DBD FACILITY INVESTMENT OBJECTIVE</b>	GHVI-S SCSp (the " <b>DBD Facility</b> ") follows the investment guidelines as referred to in Section 2.4 (" <i>Investment Guidelines</i> ") of the limited partnership agreement (the " <b>LPA</b> ").
<b>SFDR CLASSIFICATION</b>	The DBD Facility is a financial product that has sustainable investment as its objective and no index designated as a reference benchmark. In consequence, the DBD Facility qualifies as a financial product under article 9(2) of SFDR.
<b>NO BENCHMARK</b>	The DBD Facility will not use a reference benchmark as it will pursue an active investment strategy.
<b>SUSTAINABLE INVESTMENT</b>	<p>The DBD Facility will only invest in sustainable investments. All investments will be in assets qualifying as sustainable investments.</p> <ul style="list-style-type: none"><li>- At least 60% of the DBD Facility portfolio will consist of sustainable investment with an environmental objective. Despite integrating Taxonomy environmental objectives (as defined below) as soon as the pre-investment phase, 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.</li><li>- At least 20% of the DBD Facility portfolio will consist of sustainable investments with a social objective.</li></ul>
<b>INCLUSION OF TAXONOMY</b>	The Fund Manager believes its investment and impact strategy 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 (" <b>Taxonomy</b> "). The Fund Manager, acting in good faith, will use all information provided by its Portfolio Companies to assess 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.

<p><b>SUSTAINABLE INVESTMENT OBJECTIVES</b></p>	<p>In order to define and measure its success as an impact investor, Astanor has established six impact KPIs, the Sustainable Investment Objectives, which the Fund Manager believes wholly capture the DBD Facility positive impacts on the planet and the people.</p> <p><u>GHG Emissions</u></p> <p>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 DBD Facility aims to invest in companies that maximize tons of CO<sub>2</sub> equivalent avoided (scope 4 emissions).</p> <p><u>Biodiversity</u></p> <p>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 DBD Facility 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.</p> <p><u>Water Use</u></p> <p>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.</p> <p>The DBD Facility 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.</p> <p><u>Health</u></p> <p>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 DBD Facility aims to maximize the number of individuals having access to healthier food and to increase safety along the agrifood value chain.</p>
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	<p><u>Social</u></p> <p>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 DBD Facility 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 DBD Facility 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.</p> <p><u>Climate Intelligence</u></p> <p>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 DBD Facility 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.</p>
<p><b>MEASURING THE ACHIEVEMENT OF THESE SUSTAINABLE INVESTMENT OBJECTIVES</b></p>	<p>The Fund Manager and Astanor condition their long-term incentive program around the non-financial performance of the DBD Facility. It ensures a complete alignment between its incentive structure and its long-term impact goals. Astanor has built a <b>Fund Impact Multiple on Investment ("IMOI")</b> in order to assess its impact creation. At each portfolio company level, a <b>Portfolio Company IMOI</b> is defined. All <b>Portfolio Company IMOIs</b> are aggregated at the fund level by multiplying them by the amount invested by the DBD Facility into the portfolio companies, resulting to the <b>Fund IMOI</b>. The Fund Manager aims to achieve a multiple greater than 1:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- If the Fund IMOI equals or exceeds the value of 0.6 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).</li> <li>- If the Fund IMOI is below 0.6 – 30% of the Carried Interest will be distributed to NGOs or charities selected by Astanor.</li> </ul> <p>Further information on the methodology can be sought to Astanor Director of Impact, Leslie Kapin (<a href="mailto:leslie@astanor.com">leslie@astanor.com</a>).</p>

<b>'DO NOT SIGNIFICANTLY HARM'</b>	<p>Each Portfolio Company will contractually engage in not significantly harming any of its environmental objectives.</p> <p>Every year onwards, after the date of the DBD Facility's initial investment, the DBD Facility (and its delegates, when appropriate) will perform a due diligence to independently assess the respect of the Portfolio Company's engagement (through the ESG Questionnaire, as defined below).</p>
<b>GOVERNANCE: MINIMUM SAFEGUARDS AND GOOD PRACTICES</b>	<p>In addition, Astanor assesses the target companies are complying with the minimum safeguards as set by the Taxonomy Regulation:</p> <ul style="list-style-type: none"> <li>- The OECD Guidelines for Multinational Enterprises</li> <li>- The UN Guiding Principles on Business and Human Rights</li> <li>- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</li> <li>- The International Bill of Human Rights.</li> </ul> <p>Every year onwards, after the date of the DBD Facility's initial investment, the DBD Facility (and its delegates, when appropriate) will perform a due diligence to independently assess the governance of the Portfolio Company's (through the ESG Questionnaire, as defined below).</p>
<b>CONSIDERATION OF SUSTAINABILITY RISKS</b>	<p>As mentioned below, the Fund Manager fully considers, reviews and assesses risks related to sustainability factors (environmental, social and governance aspects in the meaning of the SFDR) of its portfolio companies during the management of the DBD Facility and has integrated such review within its internal procedures and policies which considers the DBD Facility's ESG due diligence questionnaire ("<b>ESG Questionnaire</b>").</p>
<b>IMPACT OF THE SUSTAINABILITY RISK</b>	<p>Please refer to Section Entity Level Disclosure of this document.</p>
<b>RESPECT OF THE SUSTAINABLE INVESTMENT OBJECTIVES</b>	<p>The DBD Facility will respect its engagement towards sustainability as further described in Astanor Responsible Investment Policy. 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.</p>
<b>PRINCIPAL ADVERSE IMPACT</b>	<p>The Fund Manager (with the Astanor team) is focused on assessing and measuring the positive impact, as well as potential negative externalities, of its investees. To this end, the DBD Facility 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 "<b>RTS</b>"). Furthermore, Astanor will report on a selection of additional indicators related as mentioned above.</p>

More information can be found about the organization and GHVI-S SCSp by reaching out to [antoine@astanor.com](mailto:antoine@astanor.com) and [leslie@astanor.com](mailto:leslie@astanor.com).