



Brussels, 6.4.2022  
C(2022) 1931 final

ANNEX 3

**ANNEX**

*to the*

**Commission Delegated Regulation (EU) .../...**

**supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports**

ANNEX III

**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:** Future Food Fund II Cooperatief U.A     **Legal entity identifier:** 84521023

## Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>No</b>
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 100%</b> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make minimum of <b>sustainable investments with a social objective: 0%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### **What is the sustainable investment objective of this financial product?**

Future Food Fund II (FFF II) is a specialist venture capital fund that invests in early stage companies that positively impact the value chain of food & agriculture. FFF II aims to deliver environmental and financial returns in equal measure. Future Food Fund Management, the manager of FFF II, believes financial returns are strongly correlated with sustainable management of environmental, social and governance risks (ESG).

Sustainability and impact are deeply rooted within management of the Future Food Fund. It is embedded in its mission and investment process. The Fund therefore classifies as an article 9 fund within the meaning of Regulation (EU) 2019/2088, that is, a product targeting sustainable investments.

**Who are we:** FFF II is a specialist food & agri tech fund investing in Seed and Serie-A in North West Europe. The Fund is managed by a diverse and experienced team backed by entrepreneurial food & agriculture investors.

**What are we doing:** FFF II contributes to positive environmental impact through VC investments. FFF II invests capital in entrepreneurs building sustainable food systems. By adding capital, knowledge and network FFF II helps them to make a positive impact with their food & agriculture ventures.

**How are we doing it:** By driving innovation and change to food systems. Current food and agricultural systems pose a big problem to a sustainable life on earth. By driving innovation and change to these systems, they transform from being the cause of overstressing the planetary boundaries to becoming the solution.

**Why are we doing it:** If we want a sustainable future on earth we need to stay within the planetary boundaries which are holding the stability of the earth together. Mankind is undermining the stability and ability of planet earth to support human development as we know it. The insight is deeply troubling but it also gives us hope as it shows us how to fix things.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

FFF management uses the Planetary Boundaries framework as our leading format in the decision-making. Sustainability indicators used to measure the attainment of the sustainable investment objective are linked to that framework. The companies FFF II invests in, must have (at least) a positive impact on two Planetary Boundaries (out of the first six FFF II selected as most material for food & agri investments).

Note that the exact definition of the sustainability indicators used for the FFF II portfolio are in the process of being formulated and decided upon. Each of the indicators are being formulated in such a way that they adequately measure progress of the solution that is being offered by the specific portfolio company and the contribution towards the Planetary Boundaries framework.

The Planetary Boundaries framework describes the limits to the impacts of human activities on the Earth system. Beyond these limits, the environment may not be able to self-regulate anymore. Crossing a planetary boundary comes at the risk of abrupt environmental change. The framework is proposed by a group of earth system and environmental scientists led by Johan Rockström from the Stockholm Resilience Centre in 2009 to help policymakers and society identify and manage key environmental challenges that humanity faces in the 21st century. The United Nations secretary general Ban Ki-moon endorse the concept of planetary boundaries when he presented the key points of the report of his High-Level panel on Global Sustainability to an informal plenary of the UN General Assembly in 2012.

These boundaries represent the biophysical processes that regulate the stability and resilience of the Earth's ecosystem, which are essential for maintaining life as we know it. The Planetary Boundaries framework contributes to an understanding of global sustainability because it brings a planetary scale and a long-term framework into focus. The framework describes nine 'planetary life support systems. These nine boundaries are:

1. Climate Change: The increase in atmospheric concentrations of greenhouse gases, primarily carbon dioxide, due to human activities is causing global warming, resulting in significant changes in temperature, precipitation, and extreme weather events.
2. Biodiversity loss: Human activities such as habitat destruction, overfishing, and pollution are causing a significant reduction in the variety and abundance of plant and animal species, leading to a decline in the functioning and resilience of ecosystems.
3. Biogeochemical cycles: The disruption of biogeochemical cycles, such as nitrogen and phosphorus, caused by human activities such as fertiliser use, is leading to the eutrophication of waterways and the deterioration of the quality of soil and freshwater.
4. Land Use: Human activities such as deforestation, agriculture, and urbanisation are causing significant changes in land use, leading to a loss of biodiversity, soil degradation, and changes in the carbon cycle.
5. Freshwater use: The unsustainable use and management of freshwater resources by humans, including irrigation, urbanisation, and pollution, are leading to declining water availability, water quality, and the loss of aquatic biodiversity.
6. Novel entities: The release of synthetic chemicals and other novel entities into the environment can have significant impacts on ecosystems and human health, and their long-term effects are often unknown.
7. Ocean Acidification: The increase in atmospheric carbon dioxide due to human activities is causing the acidification of the ocean, leading to significant impacts on marine ecosystems and the services they provide.
8. Atmospheric Aerosols: The increased use of fossil fuels and other human activities are leading to increased atmospheric aerosols, which can have significant impacts on human health and climate.
9. Stratospheric ozone depletion: The use of certain chemicals, including chlorofluorocarbons (CFCs), is causing a depletion of the protective ozone layer in the Earth's atmosphere, leading to increased exposure to harmful ultraviolet radiation.

For each boundary, a level is set that must not be exceeded (or fall below) see Figure 1.

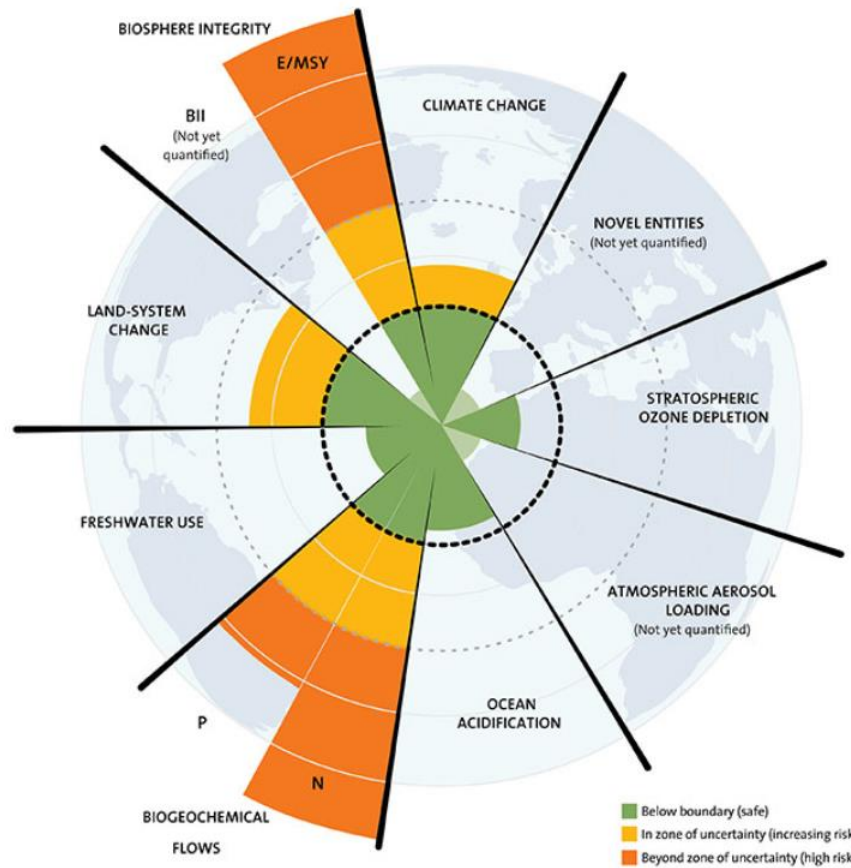


Figure 1: Graphic representation & state of the nine Planetary Boundaries

Source: Stockholm Resilience Sector ([www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html](http://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html))

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

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

The earlier described Planetary boundaries framework entails all the impact opportunities and impact indicators and can be seen as ‘do good’ model. Our ESG analysis is based on the ‘do no harm’ principle, which is part of the due diligence of each investment and the outcome of which is integrated in the investment decision. This ESG analysis is part of a bigger decision making process where we screen the entire proposition on whether they could positively impact the environment, based on our proprietary Theory of Change methodology.

FFF has two governing bodies that provide input and decision making in this process, the Investment Committee (IC) and the impact board (IB). The IC makes the decision to progress with a prospective investment into the due diligence phase and makes

the final investment, follow-on investment, and divestment decision. The independent IB reviews and advices on the setting of impact targets (pre-investment).

As part of our impact investing strategy, we consider possible adverse sustainability impacts of our portfolio companies in due diligence and monitor these potential risks after the investment. These include the Principal Adverse Impact (PAI) indicators provided by the European Union as part of the SFDR. Because of our early stage (start-up/ young scale-up) investment strategy and the fact that we invest in companies with a sustainable objective we do not currently expect material adverse impacts on these key performance indicators. Our typical investment companies are also likely to be inherently conscious about their potential adverse impacts and strive to mitigate these where possible. However, in the situation that a risk of material negative impact occurs this would be recorded and reported to our stakeholders.

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

As part of our ESG analysis we check how our portfolio companies are aligned with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights during the due diligence phase of the Financial Product's investment process. As part of the assessment under Article 9, we also report on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.



### **Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes Reporting on the principal adverse impacts will be disclosed in the annual report.
- No



### **What investment strategy does this financial product follow?**

- *For example: write a brief description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis*

Future Food Fund (FFF) is a specialist venture capital fund that invests in early stage companies that change the value chain of food & agriculture. FFF is an impact investor, delivering environmental and financial returns in equal measure. We believe financial returns are strongly correlated with sustainable management of environmental, social and governance risks (ESG). Sustainability and impact are deeply rooted within the management of the Fund. It is embedded in its mission and investment process.

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

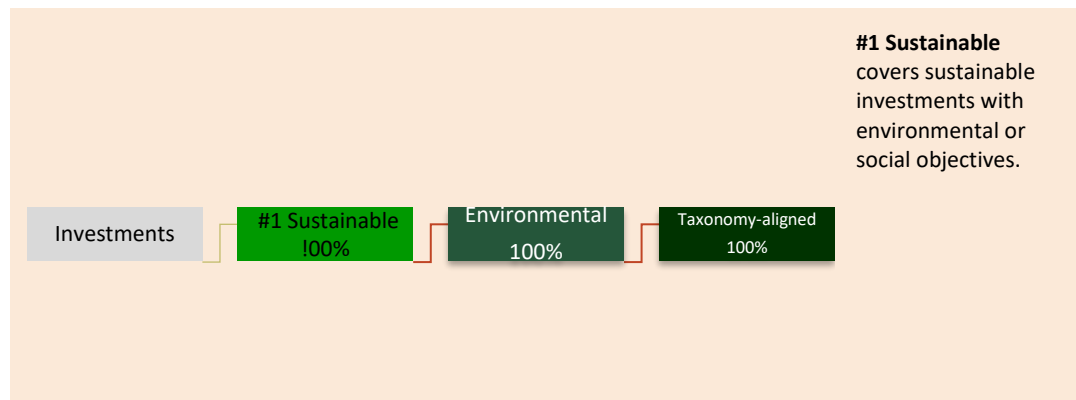
Binding elements of the investment strategy of FFF II are invests in early stage companies, delivering on environmental impact. As a minority stakeholder Future Food Fund Management as manager of FFF II actively guides and supports the companies on their journey to achieve their sustainability goals.

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

Part of the Financial Product’s due diligence (investment, operational, legal and tax) process is an assessment of good governance practices including sound management structures, employee relations, remuneration of staff and tax compliance. We use our ESG format to broadly assess any ‘do no harm elements’. There are as of yet no formal policies attached to this assessment as the companies we invest in are very early stage and are relatively small and informally organised at point of investment.



### What is the asset allocation and the minimum share of sustainable investments?



FFF invests directly in early stage companies where we will hold a minority stake. All of the investments are expected to meet the sustainable, environmental and taxonomy aligned objectives. If sustainability is not at the core of the company, we don’t invest.

- **How does the use of derivatives attain the sustainable investment objective?**  
Not applicable, no derivatives are used.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

All of FFF’s investments are expected to contribute to environmental objectives aligned with the planetary boundaries, which are in line with the EU taxonomy. We

invest in companies mitigating a.o. Climate change mitigation and adaption, Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems).

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No, the Financial Product does not invest in fossil gas and / or nuclear energy related activities



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable, all investments are aligned with the EU Taxonomy



**What is the minimum share of sustainable investments with a social objective?**

Not applicable, no investments are made with an explicit social objective



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

No specific reference benchmark has been designated for the purpose of attaining the sustainable investment objective. To date we have not found a relevant impact benchmark for early stage private equity impact investments.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

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