

Future Food Fund II

Summary Future Food Fund II

Future Food Fund II (FFF II) is a specialised venture capital fund that focuses on early-stage companies within the food and agriculture industry. The fund aims to generate both environmental and financial returns, considering sustainability and impact as integral parts of its investment process. FFF II follows the Planetary Boundaries framework to guide its decision-making and ensure no significant harm to the sustainable investment objective. 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 overstretching 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.

By investing in companies that positively impact the food value chain and contribute to sustainable food systems, FFF II strives to drive innovation and transformation in the industry. The fund actively monitors and assesses the attainment of its sustainable investment objective, employing various methodologies and data sources. FFF II engages with its invested companies, providing guidance and support to help them achieve their sustainability goals. As an article 9 fund, FFF II aligns with the EU regulations on sustainable investments.

With a focus on good governance practices, the fund ensures sound management structures and actively considers ESG factors during due diligence.

Through its investments, FFF II aims to contribute to a sustainable future within the planetary boundaries while generating positive environmental and financial outcomes.

Samenvatting

Future Food Fund II (FFF II) is een gespecialiseerd durfkapitaalfonds dat zich richt op startende bedrijven binnen de voedsel- en landbouw industrie. Het fonds streeft ernaar zowel milieu- als financieel rendement te genereren en beschouwt duurzaamheid en impact

als integrale onderdelen van het investeringsproces. FFF II volgt het Planetary Boundaries raamwerk om de besluitvorming te sturen en ervoor te zorgen dat de duurzame investeringsdoelstelling geen significante schade oploopt.

Duurzaamheid en impact zijn diep geworteld in het management van het Future Food Fund. Het is verankerd in haar missie en beleggingsproces. Het fonds classificeert daarom als een artikel 9 fonds in de zin van Verordening (EU) 2019/2088, dat wil zeggen, een product gericht op duurzame investeringen.

Wie zijn wij: FFF II is een gespecialiseerd food & agri tech fonds dat investeert in Seed en Serie-A in Noordwest-Europa. Het fonds wordt beheerd door een divers en ervaren team dat wordt gesteund door ondernemende investeerders in voeding en landbouw.

Wat doen we? FFF II draagt bij aan een positieve impact op het milieu door middel van VC-investeringen. FFF II investeert kapitaal in ondernemers die bouwen aan duurzame voedselsystemen. Door kapitaal, kennis en netwerk toe te voegen helpt FFF II hen om een positieve impact te maken met hun voedsel & landbouwondernemingen.

Hoe doen we dat? Door innovatie en verandering van voedselsystemen aan te jagen. De huidige voedsel- en landbouwsystemen vormen een groot probleem voor een duurzaam leven op aarde. Door innovatie en verandering in deze systemen te stimuleren, transformeren ze van de oorzaak van het overschrijden van de planetaire grenzen naar de oplossing.

Waarom doen we dit? Als we een duurzame toekomst op aarde willen, moeten we binnen de planetaire grenzen blijven die de stabiliteit van de aarde bij elkaar houden. De mensheid ondermijnt de stabiliteit en het vermogen van de planeet aarde om de menselijke ontwikkeling zoals we die kennen te ondersteunen. Dit inzicht is zeer verontrustend, maar het geeft ons ook hoop omdat het ons laat zien hoe we dingen kunnen herstellen.

Door te beleggen in bedrijven die een positieve invloed hebben op de voedselwaardeketen en bijdragen aan duurzame voedselsystemen, streeft FFF II naar innovatie en transformatie in de sector. Het fonds monitort en beoordeelt actief het bereiken van de duurzame beleggingsdoelstelling en maakt daarbij gebruik van verschillende methodologieën en gegevensbronnen. FFF II gaat de dialoog aan met de bedrijven waarin wordt belegd en biedt begeleiding en ondersteuning om hen te helpen hun duurzaamheidsdoelen te bereiken. Als artikel 9 fonds voldoet FFF II aan de EU-regelgeving voor duurzame beleggingen.

Het fonds richt zich op goede bestuurspraktijken, zorgt voor solide managementstructuren en houdt tijdens due diligence actief rekening met ESG-factoren.

Met zijn beleggingen wil FFF II bijdragen aan een duurzame toekomst binnen de planetaire grenzen en tegelijkertijd positieve milieu- en financiële resultaten genereren.

No significant harm to the sustainable investment objective

FFF management uses the Planetary Boundaries framework as the leading format in the decision-making. Sustainability indicators used to measure the attainment of the sustainable investment objective are linked to that 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 Planetary boundaries framework entails all the impact opportunities and impact indicators and can be seen as 'do good' model. Our ESG analysis is also 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.

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.

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.

Sustainable investment objective of the financial product

Future Food Fund 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.

By investing in companies that positively impact the food value chain and contribute to sustainable food systems, FFF II strives to drive innovation and transformation in the industry. The fund actively monitors and assesses the attainment of its sustainable investment objective, employing various methodologies and data sources. FFF II engages with its invested companies, providing guidance and support to help them achieve their sustainability goals. Through its investments, FFF II aims to contribute to a sustainable future within the planetary boundaries while generating positive environmental and financial outcomes.

With a focus on good governance practices, the fund ensures sound management structures and actively considers ESG factors during due diligence.

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.

Investment Strategy

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.

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 Venture Capital 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 overstretching 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.

Proportion of investments

FFF invests directly in early stage companies where we will hold a minority stake. All (100%) 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.

Monitoring of the sustainable investment objective

The Fund uses the Planetary Boundaries Framework to monitor the 'do good' contribution of the portfolio companies.

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 endorsed 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.

Currently six of these boundaries are selected for Future Food Fund II, of which a minimum of two boundaries have to be addressed by a portfolio company:

- **Climate Change:** This boundary focuses on the concentration of carbon dioxide in the atmosphere and the global mean temperature. Crossing this boundary could lead to irreversible changes in the Earth's climate system.
- **Nitrogen and Phosphorus Cycles:** This boundary emphasises the need to maintain the balance of nitrogen and phosphorus in terrestrial and aquatic ecosystems. Disruption of these cycles can lead to issues like eutrophication and dead zones in water bodies.
- **Global Freshwater Use:** This boundary focuses on the sustainable use of freshwater resources. Exceeding this boundary could lead to water scarcity, affecting both human consumption and agricultural production.
- **Land System Change:** This refers to the conversion of land, particularly the transformation of forests into agricultural land. Crossing this boundary could lead to loss of biodiversity, disruption of ecosystems, and increased carbon emissions.
- **Biodiversity Loss:** This boundary emphasises the importance of maintaining biodiversity, as the loss of species can lead to reduced ecosystem resilience and functionality.
- **Chemical Pollution and Novel Entities:** This boundary focuses on the accumulation of harmful chemicals in the environment, such as heavy metals and synthetic compounds. Crossing this boundary could have detrimental effects on both human health and ecosystems.

For each boundary, a threshold is set that must not be exceeded (or fall below). Monitoring of its objective via these sustainability indicators (based on the aforementioned framework) is executed periodically. FFF has the ability to disinvest if milestones are not (thresholds are exceeded) met due to structural deviations/errors.

Methodologies

Each company has an impact strategy based on the Theory of Change, which consists of numerical metrics and targets that are reported on. This input will be aggregated on Fund level annually, to demonstrate overall contribution to the sustainable investment objective.

Data sources and processing

FFF works directly with its portfolio companies to obtain the data to show the sustainable investment objectives are being met. Portfolio companies report on their impact indicators on a yearly basis to demonstrate their substantial contribution to FFF's sustainable investment objectives. Annually, a company's impact strategy, KPI's and metrics are revisited by the portfolio company together with FFF to judge whether or not improvements are necessary.

FFF has engaged with a trusted third-party service provider ([Qdrop](#)) to obtain the data necessary for the monitoring of the PAI indicators.

Limitations to methodologies and data

Each company has an impact strategy, which consists of numerical metrics and targets that are reported on, on a quarterly basis. Considering that FFF's portfolio companies constitute primarily of companies in the start-up / scale-up phase, the fund is aware that information will in some cases be challenging to obtain or not available. In this phase of company development, business models are being tested, products still in development and data systems are often not yet in place. The aim is to improve the methodologies of data collection constantly. For the PAI's, FFF gathers data using a third-party provider, in which data improvement is also taken into account.

As data is being collected directly and from our data provider the data challenges that occur are being identified at an early stage so actions can be taken at short notice to improve the data. Data challenges will therefore not affect the attainment of its sustainable investment objective.

Due diligence

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 advises on the setting of impact targets.

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).

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. FFF has engaged with a trusted third-party service provider ([Qdrop](#)) to obtain the data necessary for the monitoring of the PAI indicators.

Engagement policies

FFF has no engagement policies in place. However, the environmental objective of FFF II investments are discussed during yearly shareholder's meetings as regular agenda item to measure progress against the set targets.

Attainment of 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.