



Product Disclosure

# **Rockstart AgriFood II Fund Cooperative U.A.**

(“Rockstart AgriFood Fund II” and the “Fund”)

The information provided in this document sets out how the financial product promotes environmental or social characteristics, without having as its objective sustainable investment as required by Article 8 of 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”).

## Summary

Rockstart AgriFood Fund II invests in early stage companies that are building impactful solutions by leveraging emerging technologies and new business models that improve the food supply system from soil and ocean to gut. The Fund invests in, but is not limited to:

- Alternative packaging & proteins
- Methods for (granular) data collection, processing and decision making
- Smart fulfillment & logistics
- Bio alternatives to chemicals and plastic
- Nutrition tech
- Upcycled products
- Tech for novel farming systems
- Tools to reduce and/or sequester CO2

## No sustainable investment objective

The Rockstart AgriFood Fund II promotes environmental characteristics. As such, the Fund has been classified as an Article 8 – light green Fund. The Rockstart AgriFood Fund II does not have a sustainable investment as its main objective.

## Environmental or social characteristics of the financial product

Rockstart AgriFood Fund II invests in early stage companies that are building impactful solutions by leveraging emerging technologies and new business models that improve the food supply system from soil and ocean to gut. The key characteristics of the AgriFood Fund are to invest in startups that align with the following UN Sustainable Goals:

- Zero hunger
- Good health and well-being
- Clean water and sanitation
- Responsible consumption and production
- Climate action
- Life below water
- Life on land.

Rockstart AgriFood Fund II will also invest in technologies or business models that enable consumers to quantify their food, be that in terms of nutrition, heritage, CO2 footprint, or otherwise.

## Investment strategy

Rockstart aims to fund the transformation to a regenerative and sustainable future. Our purpose is to empower founders to drive positive change at a global scale. Rockstart's values prioritize being

founder-focused at all times, thinking long-term to add value, maintaining humility, and embodying the spirit of paying it forward.

Rockstart AgriFood Fund II invests in early stage companies that are building impactful solutions by leveraging emerging technologies and new business models that improve the food supply system from soil to gut. In particular, the Fund invests in:

- Alternative packaging & proteins
- Methods for (granular) data collection, processing, and decision making
- Smart fulfillment & logistics
- Bio alternatives to chemicals and plastic
- Nutrition tech
- Upcycled products
- Tech for novel farming systems
- Tools to reduce and/or sequester CO<sub>2</sub>.

The Fund invests from pre-seed through series B, where follow-on investments are made as co-investors alongside a lead investor to double down on the best and most impactful startups. Startups who receive an initial investment from the Fund will attend our accelerator program. During this five-month program, the startup will receive access to capital, market, expertise, and community to accelerate its growth and impact. The program includes workshops, coaching, and mentors. Some of the core themes include ESG and SFDR, team dynamics, market access, capital, communication and sales, and scaling up.

The Fund intends to invest internationally, with a heavy focus on Europe (~80%). The Fund invests in solutions that are:

- Regenerative & future-proof – solutions that restore soils and oceans to become powerhouses for CO<sub>2</sub> capture
- Responsible & circular – innovations that create value from wasted food and reduce food loss with sustainable solutions
- Quantifiable consumption – tools that provide consumers with better access to trustworthy, nutritious food that tastes good and does good.

The Fund aims to allocate a minimum of 60% of the total Capital Commitments to Portfolio Companies or activities meeting the specified assessment criteria at the time of initial investment.

### **Assessment criterion 1 - Categories**

The primary economic activity of the Portfolio Company subject to investment must align with the overarching objectives of the Future Fund and fit into at least one of the six designated categories:

1. Solutions with the potential to reduce greenhouse gas emissions nationally and/or internationally. The point in time when the effect will be realized will be included in the assessment.
2. Solutions able to increase energy and resource efficiency with respect to the value chain, either in whole or in part, for example through a circular economy.
3. Solutions that decouple the use of raw fossil materials and fossil-based materials with respect to the value chain, either in whole or in part.
4. Solutions that promote, protect and/or support climate, environmental, and natural conditions, including the use of water resources, biodiversity, and other ecosystem services.

5. Solutions that address food shortages, water scarcity, or other climate, environmental, and natural challenges in the food and water sectors.
6. Enabling solutions, including symbioses and sector cooperations, that facilitate and accelerate other green solutions.

#### **Assessment criterion 2 – Contribution to at least one environmental objective**

The economic activity of the Portfolio Company targeted for investment must demonstrate a significant contribution towards fulfilling at least one of the specified environmental objectives.

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

#### **Assessment criterion 3 - The better environmental option than the displaced alternative**

The economic activity of the Portfolio Company subject to investment must either facilitate or bolster the expansion of other environmentally friendly solutions, or possess distinctive green attributes leading to a diminished environmental impact within at least one tier of the value chain compared to alternative solutions.

#### **Assessment criterion 4 - No significant harm to other environmental objectives**

The economic activity of the Portfolio Company subject to investment must not cause any significant adverse impact on any of the environmental objectives set out under assessment criterion 2.

#### **Assessment criterion 5 - Compliance with minimum safeguards**

The Portfolio Company carrying out economic activity subject to investment must have procedures in place that ensure compliance with relevant minimum safeguards as set out in the UN Guiding Principles on Business and Human Rights, the OECD Guidance for Multinational Enterprises, the ILO declarations on Fundamental Principles, and Rights at Work.

## **Governance: minimum safeguards and good practices**

In addition to these environmental characteristics, the Fund applies the minimum safeguards set out in Rockstart's entity-wide disclosure on its website [rockstart.com/sfdr/](https://rockstart.com/sfdr/). This is also part of the investment strategy, set out above.

## **Proportion of investments**

The Fund invests in startups that promote E/S characteristics but do not have sustainable investment as its objective at this time.

## Monitoring of E/S characteristics

Rockstart AgriFood Fund II aims to support early stage startups in their ESG journey so they are prepared to measure sustainability indicators as they mature. Even though the startups are only required to report on sustainability factors once they are more mature, ESG is still monitored throughout the investment phases. Startups that can report earlier will be required to do so.

Assessments of the startup’s social and environmental impacts are integrated into the investment process to allow for a comprehensive understanding of the startup’s sustainability profile. The Fund uses our ESG integration tool to perform this assessment. The assessment includes an ESG alignment assessment and ESG DDQ in addition to the screening used. ESG assessments encompass negative screening, positive screening, due diligence, and input from a diverse pool of experts evaluating various factors such as the startup team, governance, and ESG criteria. Additionally, startups are encouraged to report their principal adverse impacts annually ( from series A onwards, and earlier if possible) to track their progress toward achieving ESG objectives.

As per Rockstart ESG Policy, the Fund only requires companies from Series A onwards to report on sustainability indicators. The reasons for this are:

- The very early stage, sometime pre-commercial, nature of the startups in which Rockstart AgriFood Fund II invests in
- The typical inherent awareness of sustainability of the founders on the themes the Fund invests in
- The fact that being so small, any adverse impact would be immaterial
- Because of its startup phase, the companies lack resources and established methodologies to be able to provide this information.

Once portfolio companies reach Series A and onwards, the Fund requires measurement and report of the mandatory principal impact adverse indicators described in Annex I, Table I of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 and 4 additional optional principal impact adverse impact indicators as follows:

Indicator	Metric
<b>Climate and other environment-related indicators</b>	
#4 Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
<b>Social and employment matters, respect for human rights, and anti-corruption and anti-bribery matters</b>	
#9 Lack of human rights policy	Share of investments in entities without a human rights policy

#10 Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate, and address adverse human rights impacts
<b>Anti-corruption and anti-bribery</b>	
#15 lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

## Methodologies used to assess, measure, and monitor the environmental or social characteristics

Each Rockstart Fund follows a thematic approach, together with the principles set out in the Rockstart Entity-wide disclosure on its website to assess, measure, and monitor the E/S characteristics of its Fund. Rockstart AgriFood Fund II utilizes the following methods to ensure it considers the E/S characteristics of each investment:

- Negative screening: to ensure the fund does not intentionally invest in any company that currently does, or is likely to in the future, generate their revenue from harmful activities or products. Fund exclusions include sectors and activities in Rockstart’s SFDR disclosure, and specific ones in the fund’s incorporation documents and side letters, exclusion of certain sectors and activities that conflict with the Fund’s thematic approach.
- Positive screening as set out above.
- Due Diligence, which includes a qualitative, and if possible quantitative, assessment of sustainability risks by utilizing due diligence tools and techniques.
- Investment committee write-ups and recommendations.
- Onboarding/acceleration where AgriFood experts and mentors inspire and share best practices with the startups selected to attend the Rockstart AgriFood accelerator program, including workshops to ensure startups are trained on ESG and the importance of measuring and reporting.
- Monitoring and reporting will involve regular oversight of the AgriFood portfolio, coupled with an annual sustainability report covering relevant topics, inclusive of details on adverse impacts.
- Mitigation plan in the event of adverse impacts detected in a startup company during yearly monitoring.

## Data sources and processing

Rockstart AgriFood Fund II collects its data from the startups directly. The processing of the data will be done in terms of our SFDR data process, which contains controls and checks and balances to ensure data is presented correctly in any sustainability or periodic report. The SFDR periodic report will also form part of the audited annual accounts, which will be available within 6 months from the end of the financial year.

## Limitations to methodologies and data

Rockstart AgriFood Fund II relies on data collection from its portfolio companies.

As Rockstart AgriFood Fund II is an early stage VC investor, most of the startups will not yet be commercially active. However, the startups are selected based on their financial prospects, alignment with the fund's thematic goals and objectives, and if they demonstrate positive environmental or social characteristics (positive screening). They will be required to report on SFDR during the lifespan of the Rockstart AgriFood Fund II. Even if the startups are not yet commercially active, Rockstart AgriFood Fund II intends to support and guide them toward sustainable business practices and consider environmental and social factors as part of their long-term strategy. This is in line with the Fund's clear commitment to integrating environmental and social considerations into its investment decisions for long-term value.

## Due diligence

In terms of Rockstart's ESG policy and in line with the applicable regulatory frameworks for this Fund, the Fund is committed to promoting ESG within its portfolio companies, and to reporting periodically and transparently to investors on its Fund's ESG progress, metrics, and impacts.

To fulfill these commitments, our startups' ESG alignment and ESG performance must be constantly evaluated throughout the initial and follow-on investment stages.

As part of the due diligence activities for all follow-on rounds, startups must be filtered using the ESG due diligence pre-investment templates and the ESG screening instructions in the DDQ section of the ESG tool for positive and negative alignment according to the Fund's objectives and restrictions. This is particularly important for startups that might have pivoted or enlarged the scope of their activities since the fund's initial investment was made.

The capital allocation decisions regarding full or partial misalignment between the screening reassessment and the fund's mandate must be analyzed in the context of Rockstart's general purpose and ESG policies as well as the Fund's specific investment strategy.

In addition to the initial ESG alignment screening outlined earlier, a secondary ESG assessment is conducted before any seed or bridge follow-on investments for each candidate. The resulting score is integrated into the startup's performance evaluation, factored into the startup valuation process, and utilized as input for the capital allocation analysis presented to the investment committee for recommendation.

For series A onward and follow-on investments, Rockstart requires the startups to commit to reporting certain ESG aspects, including periodically filling the Rockstart Principal Adverse Impact sustainability questionnaire, in addition to screening and ESG performance evaluation (which is also required for pre-seed and seed follow-on). As in the previous case,

ESG assessment and commitments of the startups to improving and reporting ESG performance are key inputs for all follow-on decisions from this stage onward.

The capital allocation decisions based on the startups' ESG performance and measurements at this stage are aligned with the Fund strategy, but are collectively an essential input for measuring and reporting on Rockstart's commitment to ESG and sustainability.

## Engagement Policies

Rockstart encourages engagement from the startups by way of regular check-ins and reporting moments to ensure the quality of the data.

As set out in Rockstart's Sustainability Disclosures on its website, there are two key moments of engagement with the startups:

### ■ Onboarding and acceleration

The vast majority of Rockstart's initial investments are tied to an acceleration program designed to expose founders to a like-minded ecosystem of entrepreneurs and a global community of mentors, investors, and corporate partners, allowing them not only to be inspired but also to discover and share best practices. In the acceleration process, Rockstart has constant contact with the founders, which proves a unique opportunity to help reinforce and establish a positive culture, values, and behaviors in time for the startups to scale up.

Startup companies will be asked to answer questions quarterly to monitor progress with their business growth and ESG milestones. Where possible, Rockstart will also receive an observer board seat to remain informed and influence board decisions that could impact ESG. As a shareholder, Rockstart will make all decisions in line with its sustainability risk policy.

Mindful of the challenges and constraints of the early stage companies it invests in, Rockstart has decided to allow the startups time to familiarize themselves and grow into sustainability terminology, frameworks, and reporting. The startups are requested to fully report on sustainability from Series A onwards.

### ■ Monitoring and reporting

Investors will receive an annual report on sustainability topics, in line with the SFDR, which will include PAI on sustainability factors. The report will include the underlying startups' performance on the mandatory principal adverse indicators as well as the selected principal adverse indicators (PAI) that Rockstart reports on.

Engagement helps startups to understand both Rockstart's and its investor clients' expectations, allowing them to provide relevant information. It also enables companies to explain how their approach to sustainability relates to their broader business strategy.

Engagement also allows Rockstart to work closely with startups over time on specific ESG issues that Rockstart regards as posing either an opportunity or a downside risk to the business.

## Index

The Rockstart AgriFood Fund II has not designated an index as a benchmark.