

pymwymic

Principal Adverse Impacts Statement

Amsterdam, The Netherlands

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DEFINITIONS

For this document, the following definitions apply:

'**SFDR**' – 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, as amended from time to time;

'**Sustainability factors**' means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, as in article 2 (24) SFDR;

'**Sustainability risk**' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment, as in article 2 (22) SFDR;

'**PIM**': PymwymiC Investment Management B.V.;

'**impact**': the effect that our organisation and investments have on the sustainability factors as in the outside world;

'**funds**': the collective investment funds managed by PIM.

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1 PURPOSE

This is the Principal Adverse Sustainability Impacts Statement of PymwymiC ('Statement'), effective as of 10 March 2021, as per SFDR article 4.

2 SUMMARY

PIM considers principal adverse impacts of its investment decisions on sustainability factors. As PIM is one of the oldest 'impact investors' in Europe, sustainability indicators, factors and risks are considered during every step of the investment process and positive impact is at the core of the organisation. PIM applies thorough due diligence and investment processes during the life of all of its investments and sustainability is an integral part of those processes.

The section '**Description of principal adverse sustainability impacts**' provides information on the principal sustainability indicators PIM considers in its investment decisions as well as information on where descriptions of actions PIM has taken to address principal adverse sustainability impacts, can be found.

The section '**Description of policies to identify and prioritise principal adverse sustainability impacts**' provides information on the 'PymwymiC approach' and the relevant policies PIM has in place to identify and prioritise principal adverse sustainability impacts.

The section '**Engagement policies**' provides brief summaries of engagement policies compliant to the Shareholder Rights Directive (2007/36/EC) and any other relevant engagement policies.

The section '**Reference to international standards**' contains a list of responsible business conduct codes and internationally recognised standards for due diligence and reporting adhered by PIM in its day to day business.

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3 DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

3.1 INTRODUCTION

The information provided by PIM in this section describes the main or principal sustainability indicators PIM currently considers in its investment decisions, and actions taken to address and minimise principal adverse sustainability impacts when investing.

The principal sustainability indicators are predominantly derived from (i) PymwymiC's minimum requirements; (ii) the EUSEF requirements; (iii) the ten principles of [UN Global Compact](#). These indicators are designed to ensure that companies are excluded when they harm environmental and/or social objectives and/or do not follow good governance practices.

Besides minimising principal adverse (negative) sustainability impacts, PIM also applies the sustainability indicators as positive screening criteria to catalyse positive impact. The way through which PIM embeds positive impact into its investments are described in 'Our approach to Sustainability' the document PIM developed in line with article 3 SFDR.

3.2 IMPACT INVESTMENT

PymwymiC invest into innovators and disruptors through equity or semi equity. Investments specifically of the PymHFS are purposefully selected to contribute to the transition of the food system. As such, PymHFS funds the innovation that is required to support this transition. The transformative technologies PymHFS invest in will result in concrete improvements, based on sustainability factors, of the food system across one or more of the following areas:

- **Food security for a growing population.** To ensure food supply for a growing population, we support solutions which (i) limit the use of our scarce resources and reduce chemical inputs; and / or (ii) preventing food waste or re-use otherwise 'lost' food across the entire value chain;
- **A nature-positive food system.** To create a food system that has a net positive rather than a net negative impact on our environment, we support solutions which (i) implement practices which (in the long run) lead to increased biodiversity, and / or (ii) reduce / improve the climate impact along food value chain;
- **Safe and healthy diets.** To support the transition to healthy diets, which avoids malnutrition (undernourishment, micro-nutrition deficiencies and over-nutrition), we invest in solutions which (i) make healthy food more accessible to consumers and / or (ii) increase the food safety; and
- **Fair socio-economics for farmers.** To create a food system that is fair to all involved, we focus on solutions which improve the socio-economic conditions of workers in farms. As most of the money is earned downstream, farmers and farm workers – even in developed regions - globally cope with margins under pressure, power imbalance and dependencies.

For more information, please refer to the Private Placement Memoranda of the funds.

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3.3 PRINCIPAL ADVERSE SUSTAINABILITY INDICATORS

This section describes the principal sustainability indicators related to principal adverse impacts on sustainability factors. PIM applies the principal sustainability indicators are predominantly derived from (i) PymwymiC's minimum requirements; (ii) the EUSEF requirements; (iii) the ten principles of [UN Global Compact](#). Beyond minimizing principal adverse (negative) sustainability impact, PIM also applies sustainability indicators – see Impact Rating & Theory of Change tool - as positive screening criteria, to catalyse and monitor positive sustainability impact on sustainability factors.

The principal (adverse) sustainability indicators on climate and other environmental-related matters include amongst others:

- biodiversity, waste, GHG footprint and input usage.

The principle (adverse) sustainability indicators on social and employee matters include amongst others:

- child labour, equality (discrimination), gender diversity, remuneration policies.

The principle (adverse) sustainability indicators on good governance practices include amongst others:

- anti-corruption, anti-bribery and violation of legislation, codes, and conventions.

3.4 ACTIONS TAKEN TO ADDRESS PRINCIPAL SUSTAINABILITY IMPACTS

Principal sustainable impacts are foremost addressed - reduced or avoided - by the way PymwymiC invests, and the negative and positive screening criteria that are applied before investing and throughout the investment process. All investments made by PIM are as such carefully screened on sustainability factors and are linked to positive and negative investment impacts and indicators to ensure that our investments contribute to positive change. If an investment does not fit in these criteria, it is not eligible for investment. This process is also described in 'Our approach to Sustainability' and in policies described in Section 4 to identify and prioritise principal adverse sustainability impacts.

Furthermore, PIM's online impact reports highlight our role as an impact investor and describe actions we have taken to address principal adverse sustainability impacts, when investing and also during the life of the investment. The latest 2019 reports (<https://pymwymiC.com/wp-content/uploads/2020/07/Impact-Report-2019.-2pdf.pdf>) present our most recent results.

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4 DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

This section provides information about the PIM approach to impact investing and relevant policies on the identification and prioritisation of principal (adverse) sustainability impacts and indicators.

As one of the oldest impact investors in Europe, PymwymiC started to apply the three P's (People, Planet and Profit), way before the term impact investing became more mainstream. Within PymwymiC creating positive impact - using sustainability indicators, factors and risks - is at the core of everything we do. From the first moment of screening potential investments all these matters are fully integrated into our investment process. All investments made by PymwymiC are carefully screened against sustainability factors and are linked to positive and negative investment impacts and indicators to ensure that our investments contribute to positive change.

As a responsible investor, PIM applies high standards of environmental, social, governance (ESG) factors across all our investments to ensure that ESG issues are adequately considered and to avoid/mitigate potential adverse impacts of our investments on local environment and communities.

In its policies PymwymiC describes how these standards are applied and how certain activities and operations are managed and what rules apply. PIM currently considers:

- Code of Conduct
- Investment Policy
- HR & Remuneration Policy
- Diversity and Inclusion Policy
- Investment and Portfolio Management Standard
- Impact Methodology

5 ENGAGEMENT POLICIES

PIM is an active and engaged, value-driven and mission-aligned investor. Our expertise in specific sectors and long track record in impact and sustainable investing make us a cooperative and patient long-term partner for portfolio companies.

PIM, as seen in all our policies relating how we invest, proactively engages with its portfolio companies regarding principal adverse impacts on sustainability factors. Through these engagements, portfolio companies measure and report relevant information in respect to principal adverse impacts affecting their businesses. PIM will exercise its fiduciary duty as responsible stewards and will aim to improve upon the identified principal adverse impacts for each portfolio company. As PIM plays an active "impact guardian" role for all its investments, it has either a board seat or observer role. This allows for access to senior management and the potential to wield significant influence with regards to the management of principal adverse impacts.

Engagements will be carried out over time in a structured format. In accordance with the Impact Methodology of PymwymiC, PIM will, in cooperation with portfolio companies, set targets and milestones to measure the success

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of the engagement as it relates to the measurable improvement in one or several of the identified principal adverse impacts on sustainability factors.

PIM has the required expertise and a proven track record of working with portfolio companies to improve their business, enhance their competitive position and enable growth and scale. With the strong combination of (i) Pymwymic's network; and (ii) the Investment Team's expertise and track record, our added value is:

- Activate strategic dialogue: the portfolio companies will be assisted with advice related to strategy, technology, marketing or impact related topics where needed. The Investment Manager operates as an active shareholder but does not participate in the daily operations of the portfolio companies. The team focuses on adding value at a strategic level via the board and directly in close contact with management, providing a sounding board and support.
- Safeguard the impact mission: as an impact investor it is important to be the mission guardian. Support the company by being the moral compass, as well supporting the development of the impact frameworks (Theory of Change, impact mission in articles, impact KPI's).
- Provide access to Pymwymic network: Pymwymic has a valuable network of industry experts, professionals and investors. The Investment Manager wants to offer valuable connections to its portfolio companies. The Investment Manager also plays an active role in improving the business environment in which the portfolio companies operate. This includes building strategic relationships with research institutes, potential clients, distributors and other stakeholders in the sectors in which they operate, creating synergies within the portfolio and sharing of insights and knowledge. The Investment manager will also promote the portfolio company through the Pymwymic Online Platform, Pymwymic newsletter, Impact report, media and online channels (e.g. linked-in).
- Secure a team of talent: In order to be successful, a portfolio company needs to have a talented team in place to enable excellent execution of strategies and new ideas. Ensuring that talented professionals are attracted and retained and if needed replaced, is essential for the success of the business. The Investment Manager is involved in establishing employee participation plans and financial incentives to share financial successes. At Pymwymic we believe a diverse and inclusive team is a stronger team.
- Put the right governance in place: When companies are growing, the level of professionalism needs to increase: management information, financial reporting, systems and processes and governance structures. The Investment Manager will assure that a proper governance structure is implemented within the portfolio companies.
- Plan for the next round of financing: As professional fund manager, capital planning, structuring deals, raising capital and connecting with co-investors is core to the Investment Manager's daily business. It is an essential part of the value-add to portfolio companies.

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- Connect to peers: There is a magical kind of learning that happens when you bring together people who face similar challenges. Especially since being an entrepreneur can be a lonely journey, there is much to win from exchanging learnings. The Investment Manager aims to bring our entrepreneurs in contact with each other through our events and gatherings.
- Crisis Management: Startups from time to time may experience times of crisis – such as the loss of a major customer or senior member of management, a cash crunch or a major design or development issue. During these times, The Investment Manager will utilize any and all available resources, in some cases acting as interim management, in order to protect and save the investment.

6 REFERENCES TO INTERNATIONAL STANDARDS

PIM adheres to the following responsible business conduct codes and internationally recognized standards for due diligence and reporting:

- PIM is a B-Corp, certified to meet rigorous standards of social and environmental performance, accountability, and transparency.
- PIM is part of the FundRight movement, a VC initiated movement aimed at ensuring a more diverse ecosystem, at both VC level and portfolio company level.
- PymwymiC Coop is a EUSEF (social and environmental investment fund AFM passport) certified fund.
- Founding Partner of PYM, an independent foundation that connects and guides wealth owners to invest their capital consciously for a better world.
- Active contributor to Co Financing our Future – a peer to peer network event where impact financiers meet to discover new collaborations.
- Portfolio companies are screened to reasonably adhere to and comply with the principles in UN Global Compact.
- Acts in accordance with the Code of Conduct of the Dutch Association of Private Equity and Venture Capital Investors (Nederlandse Vereniging van Participatiemaatschappijen or NVP).

Finally, PymwymiC supports the goals set out by the 2015 Paris Agreement. PIM encourages its portfolio companies to act as role models and leaders who actively seek business opportunities arising from, and contributing to, the sustainability transition.

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