



McWin
Food Tech
Fund

Principle Adverse Sustainability Impact Statement

Website Sustainability Product Disclosure Article 10(1) of Regulation
(EU) 2019/2088

McWin Food Tech Fund I SCSp

Summary

McWin Capital Partners (McWin) acknowledges the ever-growing challenges faced by the global population with regards to the availability of food and climate impact. The current global food system will not be able to support projected population growth or contribute to the fight against climate change.

McWin has raised a dedicated food tech fund ('FTF') through two distinct vehicles, one being the McWin Food Tech Fund I SCSp ('Fund'). The Fund invests in companies disrupting the existing food value chain through the use of technology to improve how food is produced, sold, and delivered thereby supporting the change towards a more sustainable food system. The Fund invests in leading growth-stage companies in key food technology verticals globally, with a focus on Europe and North America.

The objective of the Fund is to invest in diverse companies who make use of technology to develop and improve systems and processes across the food value chain resulting in improved resource efficiencies, reduced waste, and reduced carbon footprints of businesses and their supply chains to promote a more sustainable food system. The fund aims for a balanced portfolio across food supply chain verticals which includes:

The Fund's investment strategy promotes environmental and social characteristics as detailed in Article 8(1).

For the purposes of this disclosure in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR), the Fund does not consider principal adverse impacts of its investment decisions but utilises a set of indicators to measure the attainment of the environmental and social characteristics it promotes.

Résumé

McWin Capital Partners (McWin) reconnaît les défis toujours croissants auxquels est confrontée la population mondiale en ce qui concerne la disponibilité de la nourriture et l'impact climatique. Le système alimentaire mondial actuel ne sera pas en mesure de soutenir la croissance démographique prévue ni de contribuer à la lutte contre le changement climatique.

McWin a levé un fonds dédié à la technologie alimentaire (« FTF ») par le biais de deux véhicules distincts, l'un étant le McWin Food Tech Fund I SCSp (« Fonds »). Le Fonds investit dans des entreprises qui bouleversent la chaîne de valeur alimentaire existante grâce à l'utilisation de la technologie pour améliorer la façon dont les aliments sont produits, vendus et livrés, soutenant ainsi le changement vers un système alimentaire plus durable. Le Fonds investit dans des entreprises de premier plan en phase de croissance dans les principaux secteurs verticaux de la technologie alimentaire à l'échelle mondiale, en mettant l'accent sur l'Europe et l'Amérique du Nord.

L'objectif du Fonds est d'investir dans diverses entreprises qui utilisent la technologie pour développer et améliorer des systèmes et des processus tout au long de la chaîne de valeur alimentaire, ce qui se traduit par une meilleure efficacité des ressources, une réduction des déchets et une réduction de l'empreinte carbone des entreprises et de leurs chaînes d'approvisionnement afin de promouvoir un système alimentaire plus durable. Le fonds vise un portefeuille équilibré dans tous les secteurs verticaux de la chaîne d'approvisionnement alimentaire, qui comprend :

La stratégie d'investissement du Fonds promeut les caractéristiques environnementales et sociales telles que détaillées à l'article 8(1).

Aux fins de cette divulgation, conformément au règlement européen sur la divulgation des informations en matière de finance durable (SFDR), le Fonds ne prend pas en compte les principaux impacts négatifs de ses décisions d'investissement, mais utilise un ensemble d'indicateurs pour mesurer l'atteinte des caractéristiques environnementales et sociales qu'il promeut.

No Sustainable Investment Objective

This financial product promotes environmental and social characteristics but does not have as its objective a sustainable investment.

Environmental and social characteristics of the financial product

The Fund's investment strategy promotes the following environmental and social characteristics and will track the performance of the characteristic of the Fund:

Environmental:

1. Improved energy efficiency
2. Reduction in waste
3. GHG emissions (tCO₂e)

Social:

4. Talent attraction and retention
5. Training and Development
6. Diversity and Inclusion
7. Health and Safety

No index has been designated as a benchmark for the purpose of measuring the promotion of environmental and social characteristics, however, the Fund will track the environmental and social performance of its investees on an annual basis. The Fund will ensure its methodologies are applied across its portfolio on a standardised basis and will ensure data accuracy is observed in accordance with global standards.

Investment strategy

The Fund invests in companies disrupting the existing food value chain through the use of technology to improve how food is produced, sold, and delivered thereby supporting the change towards a more sustainable food system. The Fund invests in leading growth-stage companies in key food technology verticals globally, with a focus on Europe and North America.

The objective of the Fund is to invest in diverse companies who make use of technology to develop and improve systems and processes across the food value chain resulting in improved resource efficiencies, reduced waste, and reduced carbon footprints of businesses and their supply chains to promote a more sustainable food system. The fund aims for a balanced portfolio across food supply chain verticals which includes:

- Ag tech
- Ingredients
- Alternative Proteins
- Supply Chain Optimization
- Food as Medicine and Clean Nutrition
- Waste and Efficiency
- Restaurant Tech and Digital Platforms

The Fund aims to align to the following developmental impact objectives:

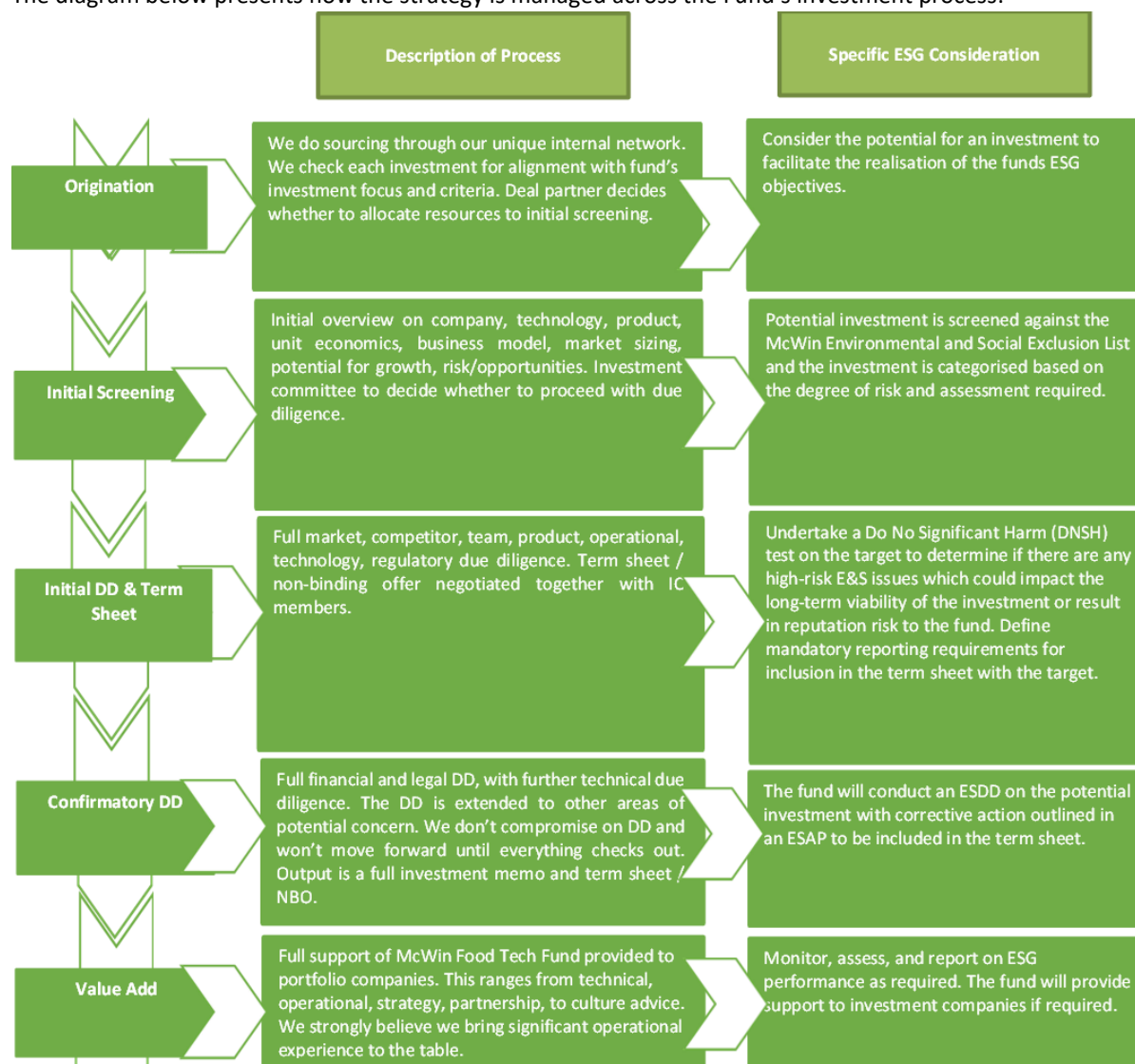
Developmental impact objective:	Focused outputs:
Reducing Hunger	Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
	Increase investment, in agricultural research and extension services, technology development and plant and livestock gene banks in order

Developmental impact objective:	Focused outputs:
	to enhance agricultural productive capacity in developing countries, in particular least developed countries.
Job Creation and Economic development	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.
	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
	Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.
Industry innovation and development of sustainable infrastructure	Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
	Increase the access of small-scale industrial and other enterprises, to financial services, including affordable credit, and their integration into value chains and markets.
	Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.
	Enhance scientific research, upgrade the technological capabilities of industrial sectors, encouraging innovation.
	Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.
Responsible consumption and production	Achieve the sustainable management and efficient use of natural resources.

Developmental impact objective:	Focused outputs:
	Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
	Substantially reduce waste generation through prevention, reduction, recycling, and reuse.
	Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
Climate Action	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

The promotion and assessment of good governance practices of investee companies is guided by the McWin ESG Policy, the McWin Food Tech Fund Responsible Investment Policy, and managed through the inclusion of investee governance requirements in investment agreements and through the McWin Environmental and Social Management System (ESMS).

The diagram below presents how the strategy is managed across the Fund's investment process:



The McWin Capital Partner's ESG Policy and the McWin FTF Responsible Investment Policy aligns to the following international standards and guidelines:

- All applicable local and national E&S laws and regulations, including appropriate licensing, AML, and Anti-bribery and corruption;
- Alignment with the IFC Performance Standards 1-8 as applicable;
- Alignment with the United Nations Global Compact principles,
- United Nations Global Compact on human rights, and
- United Nations Principles for Responsible Investment.

The McWin Capital Partner's ESG Policy and the McWin Food Tech Fund Responsible Investment Policy outlines the following:

- E&S related international standards and guidelines the Fund aligns to;
- ESG objectives of the Fund when making investments;
- Policy monitoring and review requirements;
- Roles and responsibilities; and
- Disclosure and reporting

Proportion of investments

70% of investments will align to the principles committed to under this disclosure.

The remaining 30% of the portfolio will be governed by the following safeguards:

- McWin Capital Partners Exclusion List;
- McWin Capital Partners ESG Policy;
- McWin Food Tech Fund's Responsible Investment Policy;
- Alignment with the required environmental consents according to national law, and all other applicable local E&S laws and regulations, including appropriate licensing, AML and Anti-bribery and corruption;
- Alignment with the IFC Performance Standards 1-8 as applicable;
- Alignment with the United Nations Global Compact Principles, and
- United Nations Principles for Responsible Investment.

Monitoring of environmental and social characteristics

No index has been designated as a benchmark for the purpose of measuring the promotion of environmental and social characteristics, however, the Fund will track the performance of its investees on an annual basis starting with a baseline at the time of investment. The environmental and social indicators are collected from the investment company on an annual basis and documented in a central database. The data is used to monitor and manage the promotion of the environmental and social characteristics the Fund promotes.

The Fund will ensure its methodologies are applied across its portfolio on a standardised basis and will ensure data accuracy is observed in accordance with global standards.

Methodologies

No index has been designated as a benchmark for the purpose of measuring the promotion of E&S characteristics. The McWin Food Tech Fund I SCSp will measure and monitor the following indicators to measure the attainment of the environmental characteristics it promotes:

Environmental:

1. Improved energy efficiency:
 - Energy use (MWh)
 - Renewable energy use (MWh)

2. Reduction in waste
 - Volume of waste generated (t)
 - Volume of hazardous waste generated (t)
 - Volume of hazardous waste recycled/ reused (t)
3. GHG emissions (tCO₂e)

Social:

4. Talent attraction and retention:
 - Number of new employees per annum
 - Turnover rate (%)
5. Training and Development:
 - Number of employees trained per annum
 - Training spend per annum (EUR)
 - Number of employees which received annual performance and career development reviews
6. Diversity and Inclusion:
 - Women on Board (%)
 - Women in management positions (%)
7. Health and Safety:
 - Number of work-related fatalities per annum
 - Lost Time Injury Rate (LTIR)

Data sources and processes

Data on the investment companies will be sourced from publicly available information, the investment screening and ESG due diligence process, as well as directly from the investment companies.

The indicator data used to measure the attainment of the environmental and social characteristics will be collected directly from the investment companies. The data is collected, processed, and stored in a central database.

No assurance of the data is conducted, and no proportion of the data is estimated. The data collected from the investment companies is assumed to be accurate.

Limitations to Methodologies and Data

McWin FTF invests in start-up companies, and therefore there may be limitations on the quality of data that can be provided by companies. In some cases, companies may not be able to provide the required data to fully calculate the quantum of ESG metrics. Nevertheless, it will be clear from the business strategy and ongoing technical and operating progress of the investee companies that they are continuing to promote positive environmental or social outcomes.

Due Diligence

McWin aims to maintain downside protection and places the highest value on mitigating risks while preserving value. To this end, the Fund acknowledges that early identification of material risks that might have a negative impact, as well as opportunities for value creation / cost efficiencies, will have significant effect on the investment's overall performance. The investment process diagram outlines the steps undertaken as part of the due diligence process and a which stage of the investment process these activities occur.

If the IC decides to progress the opportunity following the initial screening phase, the opportunity moves on to the Full Due Diligence (DD) phase.

As part of the investment approval processes, McWin FTF evaluates ESG risks at each stage of the investment

process. To ensure the consideration of ESG, McWin FTF will utilize the following evaluation methods:

- Use internet searches and proprietary databases to undertake a detailed review of publicly available information before committing substantial time and resources;
- Conduct interviews with company management, employees, board members, shareholders, and other stakeholders;
- Seek to maintain compliance with the McWin ESG Policy and McWin FTF Responsible Investment Policy and identify high level ESG risks, outstanding liabilities, and/or compliance obligations which could have negative financial or reputational impacts on the investment;
- Review historical litigation, complaints, issues, and regulatory interactions;
- Where applicable, integrate third-party consultants and external advisors to assist with the identification of ESG value creation opportunities, risk identification, interviewing of management teams, and completion of background checks; and
- Assess key ESG risks and provide input to allow the Investment Committee to make an informed decision on ESG risk factors and the company's capacity to address these risks and capitalize on opportunities identified.

There is a designated IC member tasked with reviewing this risk, in conjunction with the ESG Officer. All potential investments presented to the IC for review need to complete the ESG Due Diligence with the associated component in the IC memo. Only after being signed off by this IC member will the investment be forwarded for consideration and final investment decision. Contract terms with the investment company will clearly detail ESAP action items that need to be closed out. Ongoing monitoring and, where feasible, high-risk ESG agenda items will be discussed regularly at board meetings.

Engagement Policies

The Fund believes stakeholder engagement is tantamount to sound ESG management, especially where stakeholders may have the ability to influence financial, environmental, and social performance. Doing this successfully reduces operational disruption, enhances reputation, and improves the return of investment. Stakeholder mapping and engagement is an ongoing process, and the Fund will endeavour to engage with stakeholders as deemed appropriate and practical as outlined in the McWin ESG Policy, the McWin FTF Responsible Investment Policy, and the McWin FTF Environmental and Social Management System (ESMS).