EUROPEAN
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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*

**Template 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**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Product name:** Aqua-Spark Cooperative U.A. **Legal entity identifier:** 724500YWWNA442F2KQ18

# Sustainable investment objective

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

| Does this financial product have a sustainable investment objective? | |
|---|---|
| ☒ **Yes** | ☐ **No** |
| ☒ It will make a minimum of **sustainable investments with an environmental objective:** 90%<br><br>☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br><br>☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments<br><br>☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br><br>☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br><br>☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:** 0% | ☐ It promotes E/S characteristics, but **will not make any sustainable investments** |

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

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

Aqua-Spark´s mission to move the aquaculture industry toward being healthier, more sustainable and accessible, while generating competitive financial returns.

Therefore, we actively invest long-term capital in disruptive business models and sustainable farms to transform the entire aquaculture value chain into a sustainable food system that benefits all and generate compatitive investment returns.

To achieve our mission our investments systematically target companies where social and/or environmental impact is integral to the product/service being created. All of the companies we invest in must have sustainability 'in their DNA', i.e. being an integral part of their company and operations. Our mission is aligned with the global challenge to create a sustainable and accessible food system that benefits all stakeholders. In 2015, United Nations (UN) published its 17 Sustainable Development Goals (SDGs) to provide a shared blueprint of peace and prosperity for people and the planet, with specific targets for 2030.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

Below visualisation and breakdown of our impact statement according to Theory of Change elements.


Above table shows to which of the UN SDG’s (column 4) the impact outcomes of the Aqua-Spark main fund (column 3) are linked.

It is worth noting that our Theory of Change is not linear: depending on the characteristics of each specific investment, the pathways to impact may vary. Most of our portfolio companies in the early stage are pre-revenue or deliver limited revenue. In these instances, no material impact can be reported yet. However, we endeavor to assess their impact potential by ensuring that measuring impact is adopted early on.

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

For each outcome in the picture above (column 3), we have defined specific KPIs to measure the impact of portfolio companies and allow reporting. There is not a reference benchmark available for aquaculture and therefore no reference benchmark has been designated.

Below table shows the indicators we measure for our portfolio, linked to the impact outcomes.

| Impact KPIs | linked to impact outcome |
|---|---|
| Fish saved with alternative feed ingredients | 1. Eliminate industry dependency on wild-caught fish for feed and broodstock |
| Feed Saved (kg) | 2. Improve the environmental footprint of aquaculture (GHG, land, water, pollution) |
| "Waste" upcycled (kg) | 3. Increase valorization of underutilized resources |
| Species groups served by our portfolio (n) | 4. Increase biodiversity in aquaculture |
| # of ha of marine area preserved | 4. Increase biodiversity in aquaculture |
| Food harvested/ produced (kg) | 5. Increase production and consumption to improve health & nutrition |
| Meals produced (n) | 5. Increase production and consumption to improve health & nutrition |
| Meals produced in developing countries (n) | 5. Increase production and consumption to improve health & nutrition |
| Animals treated with antibiotic replacements (n) | 6. Decrease antimicrobial use in aquaculture |
| Farms served with animal welfare technology (n) | 7. Improve animal welfare |
| # of fish with improved welfare | 7. Improve animal welfare |
| Food traded with improved transparency and traceability (kg) | 8. Increase transparency and traceability |
| Funds received by farmers (USD) | 9. Increase access to aligned finance for farmers |
| # of farms adopting digital technology | 10. Increase smallholder profitability by increasing access to sustainable practices & technologies |

The data for the impact KPIs is collected by the portfolio managers with support from the Aqua-Spark impact team and have been provided, where possible, by the investee companies. This is the source of the annual impact reports that Aqua-Spark publishes. We believe it is important to share the impact results of our portfolio members to inspire all global aquaculture stakeholders to unite in a larger movement towards sustainable solutions. As part of sharing results, we published our first impact report in 2017, only two years after making our first investment, and have been doing so every year.

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

The Aqua-Spark impact policy has been created to support our mission of transforming aquaculture into healthier, more sustainable, and accessible production that generates comparable returns. To encourage wider industry adoption, the policy will provide greater transparency, guided by principles, processes and practices integral to our core operations.

To select only those investments that do not cause significant harm to any environmental or social sustainable investment objective, every (new) investment is assessed on its alignment with the 10 impact outcomes for the Aqua-Spark main fund, as described in the Aqua-Spark Impact Policy:

1. Eliminate industry dependency on wild-caught fish for feed and broodstock;
2. Improve the environmental footprint of aquaculture (GHG, land, water, pollution);
3. Increase valorization of underutilized resources;
4. Increase biodiversity in aquaculture;
5. Increase production and consumption to improve health and nutrition;
6. Decrease antimicrobial use in aquaculture;
7. Improve animal welfare;
8. Increase transparency and traceability;
9. Increase access to aligned finance for farmers;

10. Increase smallholder profitability by increasing access to sustainable practices and technologies;

If a potential portfolio company is found to cause significant harm to any of the 10 outcomes, it is not eligible for investment. Furthermore, Aqua-Spark weighs the principal negative impacts of investments on sustainability factors when making investment decisions (both when selecting investments and when managing them). With respect to table 1 of annex 1, we refer on a case-by-case basis.

The Shared Values Manifesto ("SVM") and the Aqua-Spark Impact Policy set out the minimum standards for employee relations, remuneration, taxes and other corporate governance topics that potential portfolio companies must meet in order to be eligible for investment and which are aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the labor standards as stated by the International Labor Organization, including paying all employees, including contract employees, a living wage. In addition, Aqua-Spark and Portfolio companies will not discriminate on gender, race, sexual preference or religion and will not take part in any practices regarding child labour or slavery.

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

Aqua-Spark does not consider the Principal Adverse Impacts in line with SFDR (Article 4) yet. Our existing portfolio companies are not required to publish this data and we therefore cannot guarantee accurate and complete reporting to fulfil the requirements. However, the (applicable) PAIs described in table 1, annex 1 are considered on a case-by-case base. In accordance with SFDR, when sufficient data is available, we will monitor the full series of PAIs on an annual basis. We will periodically review whether portfolio companies report this data and when they do, we will start considering adverse impacts at entity level (article 4).

We do consider adverse impacts (article 7). Prior to investment we define several PAI's that could be material to the company and obtain data for these as part of the due diligence process. As the companies under consideration are early-stage and may not have this data readily available, qualitative data is also deemed sufficient at this stage. We also consider other material adverse sustainability impacts of our (potential) portfolio companies as part of a general sustainability-risk assessment in due diligence and monitor these risks post-investment.

Because of our early stage (startup) investment strategy and the fact that we invest in companies with a sustainable objective we generally do not expect significant adverse/negative impacts on these indicators.

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

We assess our investments against the Aqua-Spark Shared Value Manifest and SDG's and applicable adverse impact on sustainability factors.

The Shared Values Manifesto ("SVM") and the Aqua-Spark Impact Policy set out the minimum standards for employee relations, remuneration, taxes and other corporate governance topics that potential portfolio companies must meet in order to be eligible for investment and which are aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the labor standards as stated by the International Labor Organization, including paying all employees, including contract employees, a living wage. In addition, Aqua-Spark and Portfolio companies will not discriminate on gender, race, sexual preference or religion and will not take part in any practices regarding child labour or slavery.

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

☐ Yes

☒ No

Aqua-Spark does not consider the Principal Adverse Impacts in line with SFDR (Article 4) yet, given that our investee companies are not required to publish this data, hence it is not possible at this moment to guarantee accurate and complete reporting to fulfil the requirements.

However, the (applicable) PAIs described in table 1, annex 1 (SFDR) are considered on a case-by-case base. In the due diligence phase together with our impact manager we do define the PAIs that could be material to the company and obtain data for these as part of the due diligence process. Since the majority of the companies we target are start-ups, data is often not readily available. We also consider other material adverse sustainability impacts of our (potential) portfolio companies as part of a general ESG-risk assessment in due diligence.

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

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

Our mission is to move the aquaculture industry toward healthier, more sustainable and accessible production that generates comparable returns.

To achieve our mission, we actively invest long-term capital in disruptive business models and sustainable farms to transform the entire aquaculture value chain into a sustainable food system that benefits all and generate investment returns.

Our investment process is defined in different stages to attain the sustainable objectives in the Fund.

- Step 1 - Lead phase:
  We have developed an initial impact screening to assess the fit with our portfolio and the potential impact, including the (potential) negative/ adverse impacts and ESG

risks. Our impact screen is based on the Impact Management Project framework which is in detail described in our Impact Policy.

- Step 2 - Qualified Lead phase:
  We will perform a more in-depth assessment of both the investment and impact hypothesis on eligible companies. During this advanced impact assessment, the company's impact pathway will be mapped to our outcomes in detail, including prioritization and negative impacts.

- Step 3 - Due diligence phase:
  We use our Impact and ESG due diligence tool with specific questions and references based on our requirements. From this due diligence, specific risks are identified, including mitigants, that should also be connected to impact actions to resolve any risks or other omissions. The site visit is arguably the most important element of due diligence. The site visit normally takes between 3 and 5 days, whereby two members of the deal execution team of Aqua-Spark will be on site and cover all essential topics of due diligence in separate sessions, amongst others Impact & ESG, production, governance, including management structures and HR matters, e.g. working conditions, remuneration of staff. Usually an (external) consultant joins for two days. After due diligence we hone the impact pathway and together with the investee company determine an impact action plan and formulate impact KPIs. An extensive investment report is presented to our external Investment Committee, consisting out of Aqua-culture- & investments experts and professionals, for approval.

  Post closing:
  After closing of the transaction, there are several steps to take to make sure that there is a smooth transition to the portfolio management team. This includes identifying a board member and portfolio manager for the new portfolio company, transfer sessions are organised where relevant transition topics are discussed, amongst others the main KPIs (financial and impact) and main risks to be monitored and an onboarding meeting is organised. Overarching goals of the onboarding meetings are i) to get the company acquainted with Aqua-Spark's team, ii) to get the company embedded into Aqua-Spark's monitoring and iii) to support structure and to start un-locking our wider eco-system. Main goals, targets, KPIs are discussed as well as ways to reach those goals. Together with Aqua Spark's Impact team, the Impact outcomes, Impact and ESG KPIs and impact action plan will be aligned. Also, both prior and during the onboarding meeting(s), we should define a plan to implement policies, procedures and other governance infrastructure to make sure we can provide adequate and pro-active support on that level.

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

To select only those investments that do not cause significant harm to any environmental or social sustainable investment objective, every (new) investment is assessed on its alignment with the 10 impact outcomes of the Aqua-Spark Main fund, as described in the Aqua-Spark Impact Policy:

1. Eliminate industry dependency on wild-caught fish for feed and broodstock;
2. Improve the environmental footprint of aquaculture (GHG, land, water, pollution);
3. Increase valorization of underutilized resources;
4. Increase biodiversity in aquaculture;
5. Increase production and consumption to improve health and nutrition;
6. Decrease antimicrobial use in aquaculture;
7. Improve animal welfare;
8. Increase transparency and traceability;
9. Increase access to aligned finance for farmers;
10. Increase smallholder profitability by increasing access to sustainable practices and technologies;

Aqua-Sparks's 10 determined outcomes are linked to the UN SDG criteria: SDG 2, 3, 8, 12, 13, 14, 15 and are reported annually in our Aqua-Spark Impact report. All our investments need to address one of unique outcomes that are driving solutions that transform te aquaculture value chain into a healthier, more sustainable and accessible food system.

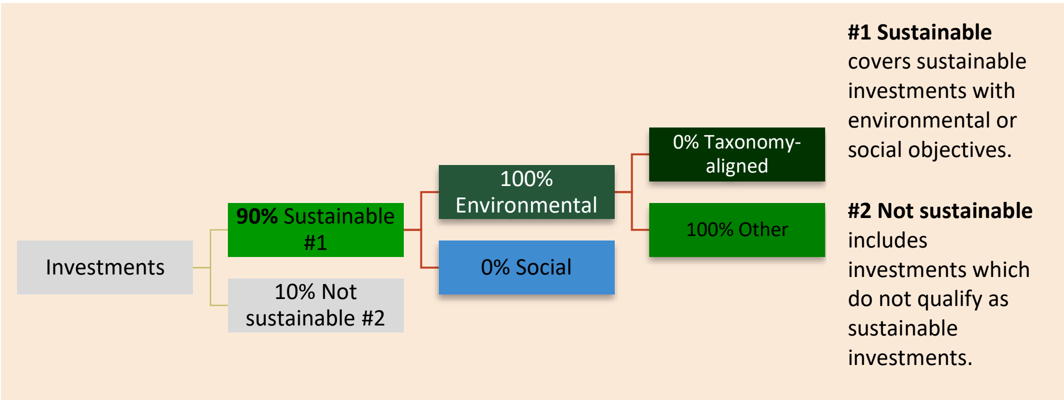
**Good governance** practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

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

As part of the ESG due diligence, prior to final Investment Committee decision and final documentation, the good governance practices are assessed for good business ethics.

**Asset allocation** describes the share of investments in specific assets.

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




To achieve our mission, our investments systematically target companies where social and/or environmental impact is integral to the product/service being created. All of the companies we invest in must have sustainability 'in their DNA', i.e. being an integral part of their company and operations. However, as we are a minority shareholder in early-stage ventures, we cannot always rule out exemptions to our strategic objectives. Therefore, the fund's target is to invest at least 90% of its net assets in sustainable investments. We expect that the investments of the fund will be sustainable investments that contribute to (one) the six

EU Taxonomy environmental objectives and further described in the Aqua Spark Sustainable investment policy.

Except for the investments in Blue Revolution funds, all the current investments are direct investments.

***How does the use of derivatives attain the sustainable investment objective?***

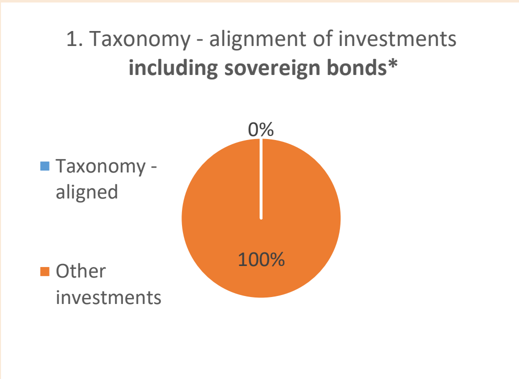
Derivatives are only used to enhance the investment structure where needed and are often very temporary and related to the equity investment. Hence, are related to the susatinable investment objectives.

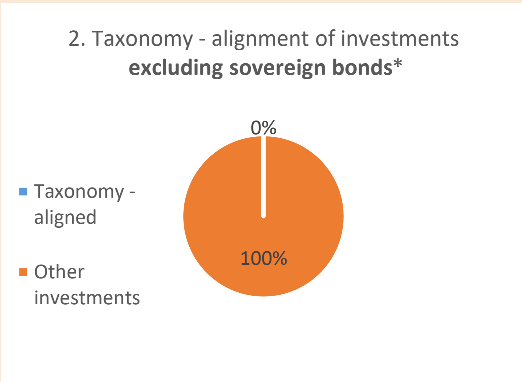
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

Currently 0% of our investments are classified as EU Taxonomy aligned. As the EU taxonomy is not final for all objectives and there is no EU Taxonomy for sustainable aquaculture, we are not able to perform an eligibility test for EU taxonomy alignment and assume that all investments are not EU taxonomy aligned. However, in the future we expect that the majority of our investments will become EU Taxonomy aligned.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are** activities for which low-carbon alternatives are not yet available ad among others have greenhouse gas emission levels corresponding to the best performance.

***What is the minimum share of investments in transitional and enabling activities?***

The minimum share of investments in transitional and enabling activities is 0%.

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

We do not specifically target non EU Taxonomy aligned investments as such. However, as the EU Taxonomy has not been fully finalized yet, especially no EU Taxonomy for sustainable aquaculture, we expect 100% of our investments to be non EU Taxonomy aligned.

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

Our minimum share of sustainable investments with a social objective is 0%, albeit most of our investments will have strong socio-economic objectives as most of global aquaculture production is coming from smallhold farmers in developing markets. Moreover, our shared values manifesto includes strong human and labor condition principles.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

Our mission is to move the aquaculture industry toward healthier, more sustainable and accessible production that generates comparable returns. As a result all our investments will have a sustainable objective at inception. However, as minority shareholder we are not fully in control of the destiny of each investments, hence we have determine a minimum of 90% sustainable investments at any time.

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

As our investment strategy targets early stage venture investments with different sustainability objectives across the value chain on a global basis there is no reference benchmark available. As soon as a benchmark becomes available we will do our best effort to implement this benchmark across our portfolio.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*** N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*** N/A

- ***How does the designated index differ from a relevant broad market index*?** N/A

- ***Where can the methodology used for the calculation of the designated index be found?*** N/A

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

More product-specific information can be found on the website: https://aqua-spark.nl/