

Sustainability related disclosures pursuant to Article 10 of the REGULATION (EU) 2019/2088
| Praesidium S.C.A SICAV-RAIF | MAIA I

The 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”) foresees through its Article 10(1) that financial market participants shall publish and maintain on their websites specific ESG-related information. This has been further clarified by the Regulation (EU) 2022/1288.

a) Summary

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

The Fund invests in companies whose core business is to provide a product, service and/or technology that has a direct or indirect application predominantly within the agri-food, nutrition and nutraceutical (human and animal) industries, with a focus on solutions that enable a i) more sustainable, ii) more efficient and iii) healthier supply chain. In addition, the Fund also promotes the exclusion of sectors and companies involved in controversial activities.

The evaluation is performed by the fund’s investment team, recurring to a variety of information sources as described below in more detail.

The extent to which environmental and social characteristics are met is assessed at least on an annual basis but may be performed more frequently in case of material events that would potentially change the aggregate score as described above.

The source of data for our analyses is multiple (internal market research, 3rd party research, companies’ data, information gathered at meetings with the investee company or with other relevant stakeholders, onsite visits, etc.) and is often cross-checked with other sources. Considering the size and stage of life of the investee company, most of the data is of a qualitative nature and is being challenged by the Investment Team during the due diligence process and on an ongoing basis.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

c) Environmental or social characteristics of the financial products

The Fund invests in companies whose core business is to provide a product, service and/or technology that has a direct or indirect application predominantly within the agri-food, nutrition and nutraceutical (human and animal) industries, with a focus on solutions that enable a i) more sustainable, ii) more efficient and iii) healthier supply chain. In addition, the Fund also promotes the exclusion of sectors and companies involved in controversial activities.

d) Investment strategy

The Fund invests in companies in the Agricultural Food Technology sector primarily in Italy, and opportunistically in other geographies.

The Fund's approach to sustainability consists of three pillars: improving sustainability, avoiding negative sustainability effects and meeting good governance standards.

The investments contribute to these objectives by way of providing fresh capital to companies, which are developing and commercializing innovative technologies and approaches to activities along the agri-food value chain that make these activities and/or the resulting products more sustainable in one of the ways described above.

Improving sustainability

The objective is to support the agricultural food industries in their transformation to become more ecologically sustainable. It focuses on 3 goals on which these industries can have a particular influence. Particularly, the goals are to make the agri-food supply chain:

- (1) More efficient,
- (2) More sustainable,
- (3) Healthier.

The Fund will invest in portfolio companies which have the potential to directly or indirectly positively influence at least one of these three goals. This is qualitatively assessed in a proprietary sustainability score from -2 (strong negative influence) to +2 (strong positive influence) among the 3 goals. The aggregate score must be positive.

Avoid negative sustainability effects

It is a prerequisite that portfolio companies do not hamper the goals of sustainable development. We therefore carefully analyze if a company's activity has negative sustainability effects by performing a top-level evaluation of the impact on each of the 17 UN SDGs. Only companies with an overall at least neutral score will be considered for investment. This is qualitatively assessed in a proprietary model by attributing a score from -2 (strong negative influence) to +2 (strong positive influence) to each of the 17 UN SDGs. This means, that a company which has a very positive effect in one area will be excluded from investment if it has negative influence outweighing the positive contribution as a side-effect.

Due to a lack of specific criteria in assessing a negative sustainability effect and difficulty to obtain detailed data as investee companies are small and mostly not yet revenue generating, this is a high-level assessment which reflects the judgement of the fund's investment team. We will try to base this assessment more on technical screening criteria and concrete data as the availability of both improves.

Governance standards

As part of our due diligence, we assess the current level of governance standards of the company. Where this is not considered sufficient for a company of the respective stage and size, we will foster improvements through our engagement activities, as outlined in the engagement policy. The level of governance standards is assessed through the following criteria:

- Accounting and audit: each investee company shall adhere to international accounting standards if applicable and comply with local laws and regulations
- Board composition: taking into account the development stage of an investee company, the Board of Directors should have at least one independent Director as soon as feasible
- ESG policy: each investee company must have or seek to have an ESG policy.

e) Proportion of investments

The Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. Consequently, the financial product does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

f) Monitoring of environmental or social characteristics

The three key environmental and social challenges of the agricultural food technology sector that the fund promotes are regularly assessed for each of the investee company. This review is formalized by an update of the proprietary sustainability score which is performed at least on an annual basis but also in case of material events that would potentially favor or hinder the score.

g) Methodologies

The extent to which environmental and social characteristics are met is assessed at least on an annual basis but may be done more frequently in case of material events that would potentially favor or hinder the aggregate score from the proprietary model.

h) Data sources and processing

The source of data for our analyses is multiple (internal market research, 3rd party research, companies' data, information gathered at meetings with the investee company or with other relevant stakeholders, onsite visits, etc.) and is often cross-checked with other sources.

When all the data is collected, it is reviewed by the Investment Team as a whole and then qualitatively translated into a score. It is to be noted that for some companies which are at their very early stage, some data may have to be estimated because a final product/technology is still not yet available. The Investment Team always makes sure to have a critical view on the expected output from these companies and to challenge the assumptions of the management of these companies.

i) Limitations to methodologies and data

These assessments being mainly of qualitative nature and considering the scarcity of quantitative data, some scoring could lack "hard data" to back them. This is being mitigated by ensuring that all scores and judgements are not the results of a single person's opinion but are being extensively discussed and that the final decision on the score is collective.

j) Due diligence

Before being validated, each investment goes through a multiple step process which comprises the following major milestones: the Investment Team will prepare a Preliminary Investment Recommendation ("PIR") which is a high-level assessment of a potential investment opportunity. This assessment is discussed with the fund's industry Advisory Board and presented to the

Investment Committee (“IC”) which will recommend to either pursue further or not with the potential investment. If the IC approves to pursue further, the Investment Team will then conduct a full due diligence on the potential investee company, including environmental and social characteristics and prepare a Final Investment Recommendation (“FIR”). This final recommendation is then presented to the IC which review the deal in detail and challenge the assessment made by the Investment Team. If the IC deems that the presented investment opportunity is an appropriate fit for the Compartment, the recommendation is then presented to the Portfolio Management Committee (“PMC”) composed of the Senior Management of the AIFM. The PMC considers the investment’s fit with the fund’s investment strategy and ensures that the investment opportunity is in line with the risk profile of the Compartment. Post-closing, the ESG scorecard is reviewed at least on an annual basis but may be reviewed more frequently in case of material event.

When compiling the PIR/FIR, the Investment Team conducts its own due diligence on the deal contemplated but also uses external sources to have a more comprehensive view. These external due diligences are provided by multiple providers and are of various nature: technical due diligence, commercial due diligence, patent/IP due diligence, financial due diligence, legal due diligence. Additionally, the Investment Team also conducts reference calls in relation to potential investee company, its products and its management and stakeholders.

k) Engagement policies

The engagement with investee companies can take multiple forms: bilateral discussions, board representation, voting and collective engagement.

l) Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted.