Principal Adverse Impact Statement

Statement on principal adverse impacts of investment decisions on sustainability factors
Pursuant to Article 4 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 (Disclosure Regulation or SFDR).

Principal Adverse Impacts (PAIs) are any negative effects that investment decisions or advice could have on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

1. Summary

Rubio Impact Fund II Cooperatie U.A. (Fund II) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the fund.
This statement on principal adverse impacts on sustainability factors covers the reference period from January 1st, 2023 to December 31st, 2023.

This PAI statement will be reviewed at least annually.

Our fund is dedicated to meticulously analyzing and addressing ESG challenges, risks, and opportunities through the investment lifecycle. PAI indicators serve as vital metrics for measuring the negative impacts of our investments on sustainability factors.
We proactively manage these risks by adhering to international standards, exerting active ownership, and implementing exclusion policies for certain sectors and behaviors. Additionally, we use sector-specific materiality matrices and conduct due diligence to assess various impacts comprehensively.

Monitoring and evaluation of PAI indicators are integral parts of our process, covering a wide range of factors such as greenhouse gas emissions, energy consumption, biodiversity, and gender diversity. While our investee companies report on financial and impact KPIs regularly, challenges persist, particularly regarding emissions reporting and comprehensive data availability.

Our approach to identifying and prioritizing adverse impacts is guided by methodologies that consider probability, severity, and materiality. We rely on internal assessments and globally recognized ESG frameworks, including the B Corp certification. Moreover, our engagement policies emphasize active dialogue with investee companies to influence positive change and address sustainability issues effectively.

We adhere to international standards such as the United Nations Global Compact, Sustainable Development Goals (SDGs), and Principles for Responsible Investment (PRI). Our commitment extends to striving to align with the Paris Agreement's objectives, emphasizing credible transition strategies for climate-critical sectors.

As we evolve, historical comparisons will provide insights into our progress, reflecting our dedication to transparency and continuous improvement.

2. Description of the principal adverse impacts on sustainability factors

The fund's goal is to identify and analyze main ESG challenges, risks and opportunities throughout the investment cycle. PAI indicators are a way of measuring how our investments negatively impact sustainability factors.

We aim to manage the risk connected to potential adverse sustainability impact from our investments in several ways, including:

- Adherence to international standards (e.g. encouraging investee entities to adhere to the UN Global Compact Principles and monitoring their progress annually)
- Active ownership to influence the activities or behavior of investee entities
- Excluding sectors or behaviors (e.g. companies that don't act in accordance with the UN Universal Declaration of Human Rights, the ILO standards, the UNGC and the OECD guidelines for multinational enterprises)
- Limiting or setting requirements for sectors
- Sector-specific materiality matrix to assess sustainability risk for single line equities and fixed income

In addition, we monitor and evaluate on all 14 mandatory PAI indicators under Annex 1 Table 1, together with 1 environmental indicator of Table 2 and 1 social indicator of Table 3:

- GHG emissions (Scope 1, 2, 3 & Total)
- Carbon Footprint
- GHG Intensity
- Fossil fuel sector
- Non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Biodiversity sensitive areas
- Emissions to water
- Hazardous waste ratio
- Violations of UN Global Compact principles and OECD Guidelines
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines
- Gender pay gap
- Board gender diversity
- Exposure to controversial weapons

The Table 1 of Annex 1 below provides the list of PAI indicators monitored, with a description of the actions taken to avoid/reduce our adverse impact. It also provides a description of the actions planned or targets set for the next reporting period to avoid/reduce our adverse impact.

Other additional indicators are used to identify and assess principal adverse impacts. As shown in Tables 2 and 3 of Annex I, these include:

- Investments in companies without water management policies
- Lack of a human rights policy

To monitor investee companies' impacts and progress plan on adverse sustainability impacts, we collect ESG indicators annually. The collection is done using a we based tool to which our portfolio companies can log into and include their responses to the PAI questionnaire we share. This approach creates consistency in reporting and through the tool companies can get access to policy templates, a carbon emissions calculator and to best use case examples.

Our existing protocol encompasses an annual financial reporting framework from portfolio companies, which includes reporting on PAIs. Additionally, our investee companies provide quarterly reports on both financial and Impact KPIs. Given that we predominantly invest in early-stage and Series A startup companies, it's important to note that these ventures often face resource constraints and may lack consistent data availability for reporting PAIs.

Reports on progress on impact KPIs are published in an annual impact report which is accessible via our website.

Measuring emissions across all Scopes remains challenging for our investee companies. Reported data does not seem complete and especially value chain emissions through Scope 3 are seldom reported.

Although our above process on screening for potential ESG risks aligns with the requirements under Recital 17 SFDR ["the precautionary principle'] the assessment does not (yet) include a full pre-deal or periodic review of all indicators for adverse impacts provided in Tables 1, 2 and 3 of Annex 1 SFDR.

We believe that at present this is not yet possible, as we invest exclusively in small and early stage companies, which do not always have the capacity to report quantitively on all numerical PAI indicators (e.g. GHG emissions, hazardous or radioactive waste) or develop and implement fit-for-purpose policies on other indicators (e.g. human rights, water management). As such, we cannot state that we use PAI indicators as a fund manager.

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Our company has established a comprehensive ESG strategy that governs our entire investment process. The initial strategy was formulated in 2023. For further insights into our ESG approach, please refer to our Responsible Investment Policy, accessible on our website.

As part of our responsible investment strategy, we identify principal adverse sustainability impacts at every stage of the investment process:

- Our Exclusion Policy, (included in our Responsible Investment Policy) excludes investments in sensitive sectors and in companies involved in highly controversial activities and in serious breach with the principles of the United Nations Global Compact (such as tobacco production, production of controversial weapons).
  We want to make it clear that we will never invest in companies whose sole or primary business purpose is engaging in the following list of excluded activities:
    - An illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the company, including without limitation, human cloning for reproduction purposes)
    - Production of and trade in weapons and ammunition of any kind;
    - Production of and trade in tobacco and distilled alcoholic beverages and related products;
    - Coal exploration or production, or oil and gas exploration or production;

- Any gambling activities, including casinos and equivalent enterprises;
- Fur production;
- Adult entertainment;
- Research, development or technical applications relating to electronic data programs or solutions, which (i) aim specifically at: (A) supporting any activity referred to under (a) to (d) above; (B) internet gambling and online casinos; or (C) pornography, or which (ii) are intended to enable to illegally (A) enter into electronic data networks; or (B) download electronic data;
- If providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms ("GMOs"), the Manager shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

Furthermore, we engage in thematic-focused investments and employ positive screening methodologies to identify and support companies that demonstrate strong ESG performance.

- A due diligence is carried out in the pre-investment phase in order to identify and analyze all social, environmental, societal, sourcing, ethical and governance impacts
- ESG reporting is facilitated during the post-investment phase via dedicated ESG questionnaires sent to our portfolio companies
- An ESG assessment for the exit is conducted and involves tracking the fund's portfolio companies ESG/ SDG performance through the holding period. This comprehensive record will enable Rubio to prominently highlight the impact value alongside the traditional financial performance metrics during the exit process. Additionally, any prospectuses, Information Memorandums (IMs), and relevant materials for potential IPOs of portfolio companies will prioritize the company's impact-related aspects alongside stringent financial information.

The Compliance Officer oversees the monitoring of principal adverse impacts on sustainability factors and aids the Deal teams in identifying and prioritizing these impacts within investments. However, the ultimate responsibility rests with the Team Lead (partner).

Our policies were last approved by the management on 1 October 2023.

Our approach on principal adverse impacts relies on methodologies that are taking into account the probability of occurrence and severity of adverse impacts, including their potentially irremediable character.

The error margin associated with the methodologies and resources used to identify and calculate PAIs can be due to different definitions and interpretations of materiality and error from proxy data usage.

The identification and prioritization of additional/voluntary indicators rely on materiality, measurability, data quality and availability, using the following sources notably:

- Internal materiality assessment: We have developed our [impact methodology] which is publicly available. During the investment process, we guide the entrepreneurs through our "theory of change" methodology, which we adapted from the IMP- Impact Measurement Framework's 5 dimensions of impact: Who, What, How much, Contribution and Risk. We adapted the IMP model to include systemic impact (crucial to our mission) and added other elements to better fit the reality of an early-stage startup. We have put a strong emphasis on additionality – what would have happened if the startup was not around – and on systemic impact – does the startup also have the potential to change the system on a more macro level.

- Globally recognized ESG reporting standards and frameworks: We have attained the B Corp label.

4. Engagement policies

The fund believes that engagement with investee companies sustainability issues can have a positive impact on investment results and on society at large.

We exercise active ownership through cooperation and management of conflict of interest with underlying companies and policymakers, NGOs and investor working groups.

We view engagement as a means to enter into a dialogue with a company to influence its behavior. It can be conducted either as a response to a specific incident that has had an adverse sustainability impact, or done proactively to steer companies towards the ‘safe’ and ‘just’, or ‘positive’ impact.

During an engagement process, clear targets are set and milestones are formulated in order to monitor change related to the related behavioral drivers. These targets are reviewed and approved by an external and independent Impact Advisory Board and then post-investment these targets are validated by our Member Council. Engagements focus on encouraging companies to take advantage of sustainability-related opportunities, while also addressing the challenges of staying within the planetary boundaries and building social foundations. They can relate to creating innovation opportunities, creating circular production processes, or taking a sustainability leadership role as a company.

For the engagements that are conducted in response to an incident or due to insufficient adaptive capacity, the companies may improve sufficiently over the course of the engagement to be reincluded in the investment universe.

5. References to international standards

The fund applies its PAI based on relevant international conventions and norms, including, but not limited to:

- United Nations Global Compact: The Manager is a signatory of the UN Global Compact and our portfolio companies are required to become signatories. We monitor alignment yearly by checking with the portfolio companies.
- United Nations Sustainable Development Goals (SDGs): We invest in tech companies that strongly contribute to one or several of the 17 SDGs, where impact is a core and intrinsic part of the business (impact opportunities). Together with our portfolio companies, we link relevant SDGs to the impact metrics for external communications. The impact metrics are reported on a quarterly basis.
- Principles for Responsible Investment (PRI): We are a PRI signatory and made a 2023 reporting and assessment.
- B-Corp and Phenix Impact Fund Assessment

In relation to the alignment with the Paris Agreement, our application of PAI includes a requirement for investee companies that are active in the most climate-critical sectors to demonstrate a credible transition strategy that is compatible with the Paris Agreement's climate objectives. This includes assessments of their decarbonization pathways as well as their positive contributions to climate mitigation. The climate scenario is not used due to large time consumption and limited adequate resources.

6. Historical Comparison

The earliest historical comparison (2022) is provided in 2023.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (metric tons)	6877,94	189,47	The data covers 33,33% of the portfolio companies within the fund. Difference between 2023 and 2022 is a combination of data quality received and calculation method. GHG emissions data quality can be improved.	See below.
		Scope 2 GHG emissions (metric tons)	1307,69	396,69	The data covers 33,33% of	See below.

					the portfolio companies within the fund. Difference between 2023 and 2022 is a combination of data quality received and calculation method. GHG emissions data quality can be improved	
		From 1 January 2023, Scope 3 GHG emissions	3749,37	89,00	The data covers 23,81% of the portfolio companies within the fund. Difference between 2023 and 2022 is a combination of data quality received and calculation method. GHG emissions data quality can be improved	See below.
		Total GHG emissions	3780,72	52,47	The data covers 23,81% of	Our fund Manager is offsetting

					the portfolio companies within the fund. Equity stake per company times their total reported GHG emissions. Divided by the Fund value.	structural and non-structural emissions in the context of carbon footprint. We do this by encouraging sustainable travel options, promoting train travel where feasible (if online meeting is not possible). In instances where a flight is needed Rubio will offset the CO_2 emissions of the flight in the same year by purchasing electrofuels (fuels generated from captured carbon using green electrolysis to reduce emissions to near-zero) via Compensaid. Rubio will offset 2x the total yearly emissions of the Manager. We provide our portfolio companies

					with tools to help them calculate and monitor their GHG emissions and continue to communicate and share best practices to reduce emissions.
2. Carbon footprint	Carbon footprint	376,68	1,6	The data covers 23,81% of the portfolio companies within the fund.	See above.
3. GHG intensity of investee companies	GHG intensity of investee companies	3038,08	21,0	The data covers 23,81% of the portfolio companies within the fund.	See above.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	The data covers 95,24% of the portfolio companies within the fund. The value is based on the reported data, but we have no investments	N/A

					in the fossil fuel sector.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	Non renewable energy consumption: 54,57% Non renewable energy production: 0%	63%	The data covers 61,9% of the portfolio companies within the fund. The value is based on the data and companies' qualifying statements, most will opt for renewable energy when given the opportunity (and where it is available), however several are locked-in to tenant arrangements or have full remote working arrangements.	We continue to promote the use of renewable energy sources for consumptions to our portfolio companies to increase awareness

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Water & Waste: 0,008	0,89	14,28% of the portfolio companies operate in a high impact climate sector. The data that can be calculated relate only to 2 portfolio companies, both operating on the water and waste sector.	N/A
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	The data covers 95,24% of the portfolio companies within the fund.	N/A
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	The data covers 61,9% of the portfolio companies within the fund.	N/A

Waste	9. Hazardous waste ratio and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	6,03	0,3	The data covers 66,67 % of the portfolio companies within the fund.	N/A
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	The data covers 95,24%of the portfolio companies within the fund.	N/A
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational	81,43%	100%	The data covers 95,24 % of the portfolio companies within the fund.	We will provide templates of policies that our portfolio companies can use as examples to monitor compliance.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	9,14%	7.4%	The data covers 80,05 % of the portfolio companies within the fund.	To address the gender pay gap in portfolio companies, we encourage the development of pay equity plans, standardized compensation

						frameworks, and transparent salary bands. Companies should promote equitable hiring, career development practices, flexible work policies, and leadership commitment to diversity.
	13. Board gender diversity	Average ratio of female to male board members in investee companies	75,15%	19%	The data covers 90,48 % of the portfolio companies within the fund.	We encourage our portfolio companies to include female board members and we will support them in the appointment process.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	The data covers 95.24% of the portfolio companies within the fund. None of our portfolio companies have exposure to controversia l weapons. We strive to not make investments	N/A

					in the controversial weapons sector.	

Table 2 **Additional climate and other environment-related indicators**						
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken**
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	100%	92%	The data covers 4,76% of the portfolio companies within the fund.	We provide our portfolio companies with templates of water policies that they can use

						as examples to prepare their own. Especially for our portfolio companies in the food and agriculture sector we will emphasize the importance of having this in place.

Table 3 **Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**						
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken**
Indicators applicable to investments in investee companies						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	85,09%	77%	The data covers 14,3% of the portfolio companies within the fund.	We provide our portfolio companies with templates of human rights policies that they can use as examples to draft their own.