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I. Investor Overview

Our Theory of Transformation

Re:food's guiding investment principles are that food is both **Solvable** and **Investable**.

Food is Solvable

It is increasingly clear that our modern food system negatively impacts our planet and society on a massive scale. It's also increasingly clear what changes we must make. The question is how we make those changes happen and happen quickly – changes like eating less meat and sugar, growing food regeneratively, diverting food waste from landfills back to plates, and reducing plastic pollution.

Based on research from the Stockholm Resilience Centre and others, our conclusion is clear:

We can't transform the food system through incremental improvements in current practices. Instead, we need a step-change in biomanufacturing costs and efficiency, a fourth agricultural revolution that prioritizes soil health, a supply chain reformation, and a massive leap forward in our understanding of the impact of food on human health.

When regulators, consumers, investors, innovators, and incumbents unite in multi-stakeholder efforts, the food system can be transformed from planet-negative to planet-positive, offsetting hard-to-abate emissions and impacts from other parts of the economy and feeding the billions of humans while helping the rest of the biosphere to thrive. We have described our framework for this guiding principle in [Food is Solvable](#).

Food is Investable

Today, investments in the Food & Agriculture sector are lagging. Food, Agriculture, and Land-Use climate tech solutions received only 10% of start-up investment, despite causing over one-quarter of global greenhouse gas emissions, according to PWC. And it's getting worse: investments in food & ag startups fell 49% in 2023 compared to 2022, driven by investors fleeing once-popular sectors like alternative proteins and vertical farming, according to AgFunder News.

As a long-term investor in the food system transformation, we take a different view and believe there are compelling trends that make this the right time to invest in food and agriculture:

- Valuation multiples have come down from 2021, creating real opportunities for value creation.
- Companies that have survived the market turbulence are stronger, more resilient, and face less competition.
- The regulatory environment increasingly supports food system transformation, from the upcoming Farm Bill and the White House Conference on Food, Nutrition & Health in the United States to the Farm to Fork Strategy in the European Union.

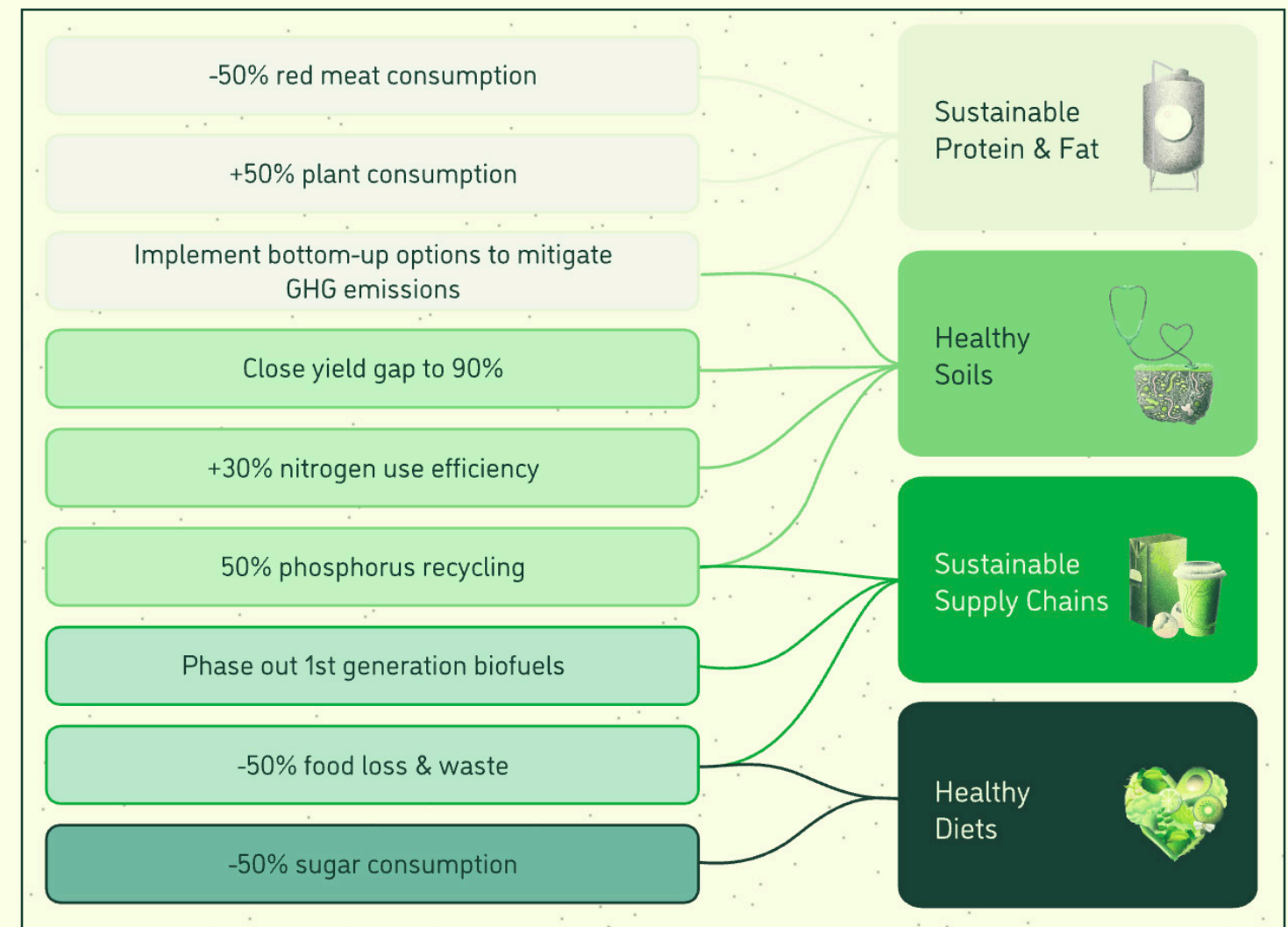
The Re:food Investment Approach

Re:food makes equity investments in early and growth stage companies in four themes within the food system. Each theme connects to one or more key shifts that the EAT-Lancet Commission identified as necessary to bring our food system back into balance for people and planet.

We first mapped the systemic forces within each theme, identifying the key drivers of the status quo and barriers to transformation. From this exercise, we identified opportunities, or leverage points, where targeted actions can contribute to rapid shifts that will move us towards a prosperous food system for all.

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At each leverage point, one or more innovations have the potential to accelerate the shift, and some of these innovations also have the potential to create real economic value for founders and equity investors. Re:food's approach is to find and invest in these innovations, at the intersection of Food is Solvable and Food is Investable, in order to contribute to the Food System Transformation.



Stakeholder Analysis: The Re:food Circle

To determine who and what is impacted by the Food System, we developed a framework called the Re:food Circle. We started with the planetary boundaries. These boundaries, first identified and quantified by researchers at Stockholm Resilience Center, are the natural systems that regulate our planet and provide the conditions needed to sustain life. The EAT-Lancet Commission further identified the seven planetary boundaries most impacted by the food system. Recognizing that the food system must support all people and animals on the planet, in addition to reducing the burden on our environment, Re:food added a social foundation to the planetary boundaries. These elements make up the Re:food Circle, our way of understanding the scope of the Food System's impact – positive or negative – and allow us to define the Key Stakeholders affected by the Food System and its transformation.

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More specifically, the stakeholders we consider are:

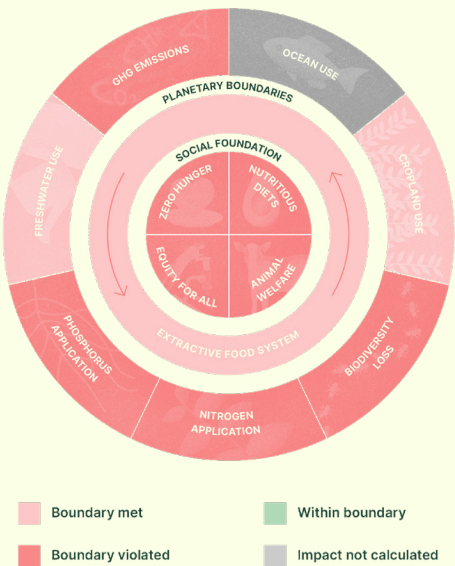
Environmental Stakeholders

- Air
- Freshwater
- Oceans
- Land
- Biosphere (Plants and Animals)

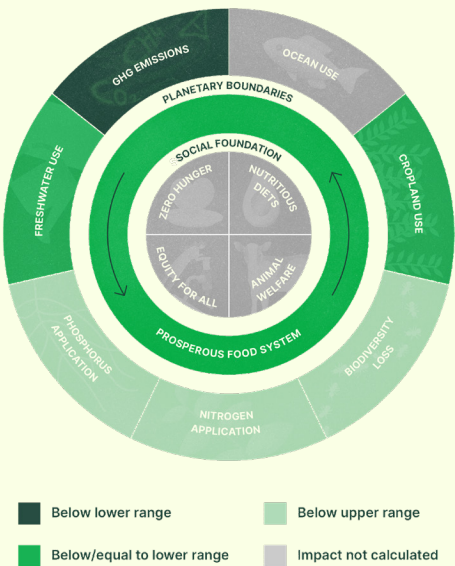
Social Stakeholders

- Consumers
- Producers and Food System Workers
- Farm Animals

The current state of the Re:food circle



Our future vision for the Re:food circle



By the numbers: The Current State of the Food System

- **Greenhouse Gas Emissions:** responsible for 26% of global greenhouse gas emissions ([Our World in Data](#))
- **Cropland Use:** covers 50% of habitable land ([Our World in Data](#))
- **Freshwater Use:** uses 70% of freshwater withdrawals ([Our World in Data](#))
- **Ocean Use:** responsible for 78% of global ocean and freshwater pollution ([Our World in Data](#))
- **Phosphorus Application:** 80% of phosphorus lost from mine to field to fork (est.) ([American Chemistry Society](#))
- **Nitrogen Application:** 50% of applied nitrogen leaches into the surrounding environment ([Front Plant Science](#))
- **Biodiversity Loss:** 86% of species at risk of extinction are threatened by agriculture ([UNEP](#))
- **Equity for All:** \$121 trillion in hidden costs ([FSEC](#))
- **Animal Welfare:** 80 billion animals land-based animals are slaughtered annually ([Our World in Data](#))
- **Nutritious Diets:** 1 billion people are impacted by obesity worldwide ([The Lancet](#))
- **No Hunger:** 783 million people facing chronic hunger ([World Food Programme](#))

II. Impact Management Process

How Re:food Incorporates Sustainability Throughout the Investment Lifecycle

The Re:food investment lifecycle is divided into three phases, and impact and ESG considerations are incorporated into each.

I. Sourcing

Re:food's sourcing funnel begins with analyzing the categories and innovation segments we identified as having high Solvable and Investable fit. We only consider segments that we believe could make a meaningful or transformative contribution to a major food system shift while also generating real value for investors. These decisions are reached based on the team's experience, external research, and **segment deep dives** that we use to develop a segment thesis. Once we understand a segment's prioritization and fit for Re:food, we seek out founders building companies in that space. We further qualitatively assess the company's potential to create a transformative or significant impact in our initial sourcing conversations.

II. Diligence and Investing

During the diligence phase, the company's **Solvable Fit** is further assessed using a standardized set of criteria. The goal is to deepen our understanding of the company's impact potential. This assessment

ESG vs. Impact

Impact: What a company does – the specific environmental or social outcomes created as a result of the company's operations. We support companies in maximizing positive impacts and seek to mitigate and avoid negative impacts.

ESG: How a company mitigates, monitors, and makes decisions about non-financial risks across three categories: environmental, social, and governance. The risks material to the company could impact its operations and ability to achieve its intended impacts, either now or in the future.

is largely qualitative, but if the company already tracks quantitative impact metrics, we make sure to collect those as well. In our experience, using quantitative criteria to evaluate the potential impact of early-stage innovative companies relies heavily on estimates and assumptions about how markets will evolve and how consumers will act. Where possible we will seek to quantify a company's potential for impact, but where not possible, we will instead focus on the breadth and depth of the potential impact on the areas of the Re:food circle. We also always assess the potential for negative or adverse impacts and discuss with the company ways to proactively avoid or mitigate these adverse impacts.

Before investing we also screen the company against the **SFDR Article 9 Principle Adverse Impact Indicators**. This screen confirms that the company is not engaging in any excluded activities and is not violating any of the **Do No Significant Harm** principles. This screen is also a useful tool for engaging with the company about ESG reporting requirements.

Re:food's sustainability requirements are codified in the investment documents, generally in the form of an **ESG Side Letter**, which specifies the frequency and form of reporting and grants Re:food protective rights in the event the company's strategy deviates and its impact lessens compared to our understanding at investment.

III. Holding

After investing, Re:food collects Principle Adverse Impact data from companies annually. As active owners and often board members, we also support companies formally and informally with implementing and achieving sustainability goals. During 2023 we developed an **ESG Roadmap Workshop** tool to better support companies with evaluating and deciding on the sustainability initiatives to pursue. We track each company's progress towards prioritized sustainability initiatives in our internal quarterly portfolio review workstream.

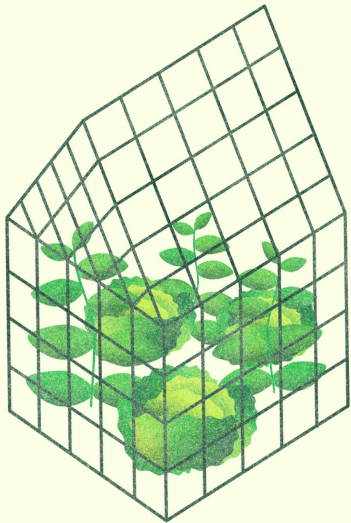
Management of Impact Data

For the past two years, we have utilized a third-party sustainability data collection platform called Sustainlab. This platform distributes data requests to our company, performs quality control on reported data, and aggregates and calculates portfolio level metrics on Re:food's behalf.



III. Impact Initiatives

In our 2022 Sustainability Report we discussed opportunities to improve our sustainability and impact work further. We made progress in some areas, but there is more room for us to grow in 2024 and beyond. One new initiative for 2024 is to measure the carbon footprint of Re:food’s operations, including emissions from travel.



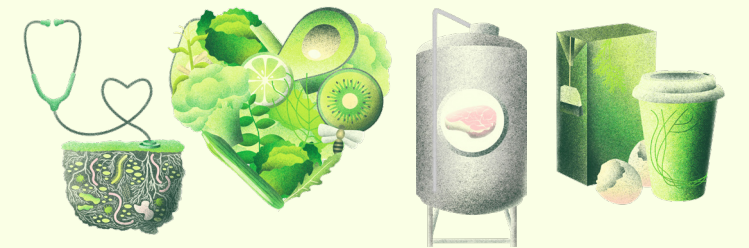
2023 Objectives	Progress & Comments	2024 Priorities
Increase alignment with VC/PE Peers	- Joined ESG_VC and VentureESG working groups. Have benefited so far from the resources shared, monthly member calls on various topics, and hearing stories from other investors. - Participated in an investor ESG workshop in one company and collaborated with SFDR-aligned investors in several others. - Participated in Proof.io working group to establish impact KPIs in two areas: Regenerative Agriculture and Food Waste Reduction.	2023 was focused on learning about the resources. In 2024, we want to do more to lift up resources and opportunities to our portfolio companies.
Sourcing deep dives	- Deep dives into three segments in 2023. - Updated segment deep dive approach for 2024 to better assess Re:food circle impacts and ESG materiality	- Establish material ESG issues during deep dive to inform diligence and holding. - Use deep dives to establish positive impact metrics to be tracked during diligence and investment.

2023 Objectives	Progress & Comments	2024 Priorities
Quantitative targets and impact metrics	- Have a good understanding of the type of impact a company can have based on the segment it is in (stakeholders impact, mode of action and Theory of Change) and how the company’s business model contributes to impact creation. - Still evaluating the right balance of quantitative KPIs for early-stage companies. Letting companies lead – in most cases, they are best suited to evaluate which impact metrics make sense to track and report on.	- Continue to work with companies, especially in earlier stage, to identify trackable business metrics that can serve as proxies for impact created (i.e. customers served). - Continue to encourage later-stage companies to analyze positive impact potential and set KPIs and targets.
Sustainability support for existing investments	Developed ESG Roadmap tool	- Offer ESG Roadmap workshops to portfolio companies - Use board roles to make sure that sustainability is a governance priority.

[illegible]

- **Sustainable Proteins & Fats:** companies in this theme seek to reduce animal agriculture and its associated animal welfare violations, greenhouse gas emissions, and resource use (land, water, and fertilizers) by scaling innovative technologies and products that can provide consumers with protein and fats while significantly reducing the negative impacts of production compared to animal factory farming.
- **Healthy Soils:** companies in this theme are enabling the transition from extractive agriculture to sustainable and regenerative agriculture that prioritizes soil health by developing novel financing mechanisms and agriculture inputs. Sustainable agriculture practices are essential to curbing greenhouse gas emissions from soil, closing the yield gap, reducing the use of synthetic nitrogen fertilizers and virgin phosphorus fertilizers, reducing land use change for agriculture, and improving equity and financial health for farmers. Growing evidence also shows that these practices will yield healthier, more nutrient-dense foods and ensure the stability of the food system for generations to come.

- **Sustainable Supply Chains:** companies in this theme seek to reduce waste by transforming the supply chain from linear and wasteful to circular and resource-efficient through food waste reduction, plastic reduction, and emissions reduction. This will benefit our water systems and oceans, reduce greenhouse gas emissions from wasted food, and address hunger.
- **Healthy Diets:** companies in this theme turn food from a driver of disease to a driver of health through food science, healthy food access, and personalized nutrition. In addition to the enormous reduction in the economic burden on our medical systems, these companies contribute to more accessible nutritious diets for all.



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Who Is Impacted?

We assessed stakeholders impacted by Re:food's portfolio companies by considering the dimensions of the Re:food circle.

	Direct measurable impact	Indirect assumed impact	Net CO2eq Reduced /	Net CO2eq Sequestered	Hectares C Impacted	Liters Water	Nitrogen U Avoided
Agreena							
Allplants							
Elo Health							
Everytable							
Genecis							
iWi Life							
Mediterranean Food Lab							
Mission Barns							
Matsmart / Motatos							
NewLeaf Symbiotics							
Nicks							
Planted							
Pow.bio							
Stockeld Dreamery							
Tastewise							
Vanilla Vida							
Wayout							

Phosphorus Use Avoided	Biodiversity Loss Avoided	Ocean Use Impacted	Nutritious Diets (Customers Impacted)	No Hunger (Yield Increased)	No Hunger (Food Waste Avoided)	Equity For All (Low Income Customers Impacted)	Equity For All (Growers Impacted)	Animal Welfare (Animals Saved / Replaced)
100%	100%			100%			100%	
			100%					100%
			100%					
			100%			100%		
		100%						
		100%	100%					100%
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		100%	100%					

How much impact is created?

Quantifying each company’s contribution to the food system shifts is challenging. For one thing, many companies are still quite early commercially today and, in some cases, are pre-commercial. Most of their impact is potential and dependent on technical and business milestones. We have developed a Theory of Change for each company, evaluating the type of impact they are creating or have the potential to create. As investors and board members, we work with the company to remain focused on their mission and on scaling the business to achieve that mission.

For our more mature companies, we encourage them to assess their impact as long as it does not distract from their business and operations. Currently, only three companies in the portfolio produce an impact report. We will continue to support our portfolio companies with taking on this initiative as they mature.

What is Re:food’s contribution to the intended outcomes?

Re:food’s contribution to the intended outcomes is difficult to assess. In all cases, we are not the sole investor, rather we work with a network of co-investors and other partners to support these companies with advice and financing. And these companies are often dependent on enabling regulations and policies to scale. That being said, we see ourselves contributing to the outcomes in three key ways:

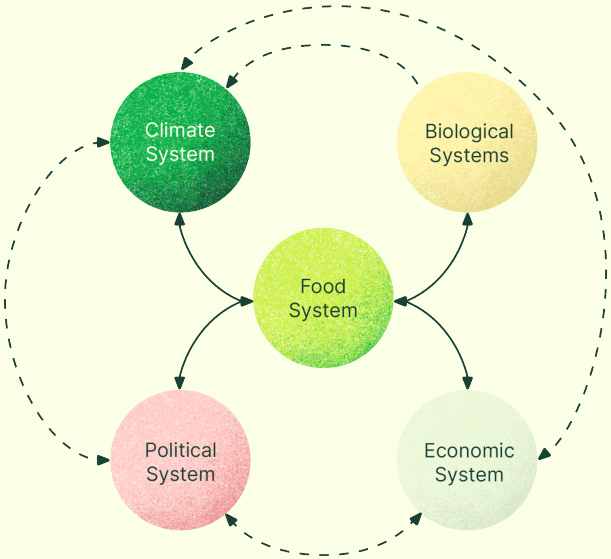
→ **Thought Leadership:** We intentionally publicize and share our Food is Solvable framework with the rest of the

food investment community, through our website, panels and speaking opportunities, and our interactions with co-investors and new partners. We seek to share our learnings and inspire others to adopt a similar systems-based approach to investing in food system transformation. We have heard from numerous other investors that this work has inspired their own approach and will continue to share our learnings and ideas and collaborate with others to accelerate the transformation.

→ **Category-Defining Companies:** Our diligence process is intended to identify category-defining companies that are best positioned to scale, and our holding work is designed to support and accelerate their growth. While this is a key driver of financial value creation for our investors, it is also a key driver of impact creation because as a company scales, so does its impact. By finding the companies best positioned to scale, we maximize the potential impact that can be created through our investments. Re:food is invested in market-leading companies in the following segments:

- European soil carbon markets
- European plant-based protein
- European food redistribution platforms
- European and North American better-for-you snacks and treats
- North American affordable, healthy meals
- Global novel microbes for increasing crop yields
- Global bioprocessing technology

→ **Active Ownership:** Re:food holds board member or observer seats in 14 out of 17 portfolio companies. Through our role on company boards, we support companies with accelerating growth and maintaining alignment with their mission to achieve the Theory of Change we develop about the company at the time of investment. We also actively follow-on our investments to continue supporting the company’s growth: in 2023, we made 11 new or follow-on investments in 10 companies.



What is the risk that the impact will be different than expected?

The Impact Management Project describes [nine types of risk](#) that investors and enterprises may face:

Risk	Description	Likelihood	Consequence
Evidence Risk	The probability that insufficient high-quality data exists to know what impact is occurring.	Likely – due to the early stage of many of our investments and the lack of impact data.	Minimal – because of the amount of impact potential embedded in the business models of the companies we invest in.
External Risk	The probability that external factors disrupt our ability to deliver the impact.	Somewhat Likely – there is always the possibility that the regulatory environment or business environment forces a company to deviate from its mission and pivot its business model. Our active ownership is a good mitigant to this risk.	Severe – when external factors disrupt our ability to deliver impact, it can mean that no impact is delivered.

Risk	Description	Likelihood	Consequence
Stakeholder Participation Risk	The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account.	Unlikely – in most cases the companies well understand the experience of their stakeholders and the impact they create on those stakeholders, and this is supported by research and evidence from external parties.	Moderate – the consequence would be that stakeholders actually experience neutral or negative consequences.
Drop-off risk	The probability that positive impact does not endure and/or that negative impact is no longer mitigated.	Unlikely – in almost all cases, the portfolio companies are replacing a harmful status quo with a product or service that is better for people and planet. Therefore, the drop-off risk is low.	Moderate – creating the impression of a lasting positive impact but not actually delivering on that impact would be harmful.
Efficiency Risk	The probability that the impact could have been achieved with fewer resources or at a lower cost	Unlikely – our diligence process is intended to find the most cost-effective and scalable impact solutions.	Minimal – if a company is not able to deliver its product efficiently, a competitor who is more efficient will succeed. Therefore the impact will still be created.
Execution Risk	The probability that the activities are not delivered as planned and do not result in the desired outcomes.	Somewhat Likely – companies may rely on downstream partners to deliver the product. As a result, the exact execution is not always within the company's control.	Minimal – because impact is embedded in the product or service, we remain confident that the ultimate impact will still be created, despite this risk.

Risk	Description	Likelihood	Consequence
Alignment Risk	The probability that impact is not locked into the enterprise model.	Unlikely – we view this risk as low since transforming part of the food system is a key requirement for us to invest in the company. However, in some cases, a company may pivot its enterprise model.	Moderate – when a pivot occurs, the company's impact is reduced.
Endurance Risk	The probability that the required activities are not delivered for a long enough period.	Somewhat Likely – Since we invest in early-stage companies, there is a risk that a company cannot achieve a business model that can endure through market cycles.	Severe – if a company cannot endure, its impact will cease.
Unexpected Impact Risk	The probability that significant unexpected positive and/or negative impact is experienced by people and the planet.	Somewhat Unlikely – we assess this risk during our diligence process and continue to monitor it post-investment through the PAI indicators. While the risk is always present, we believe our active ownership and systems-level view mitigate it.	Severe – if left unmitigated unexpected impacts could create severe consequences on people or planet.
The largest source of impact risk that we see is that the company cannot successfully grow its business and must instead shrink or even shut down operations. When this occurs, we seek to use it as an opportunity to support management with resetting the business and building a stronger foundation for future growth. The second largest risk is that a company pivots its business due to market realities or changing priorities from the founders or other investors and begins to deviate from the mission at the time of our investment. We seek to mitigate this through our active ownership and board seats but may not be able to avoid it in all cases.			

Thank you for reading

If you have comments, questions, or feedback, you're welcome to reach out:
solvable@refood.co