Website disclosure

1. Background

The AIF Manager, together with the Portfolio Manager and the Adviser, considers the Partnership is within the scope of Article 9 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 ("**SFDR**"). The information in this disclosure will be updated as required and, in particular, will be amended to conform to the template disclosure for funds which are categorised as Article 9 proposed by the European Supervisory Authorities in their draft regulatory technical standards (the "**RTS**") which, as at November 2021, have not yet been adopted by the European Parliament and are not expected to come into force until 1 July 2022.

2. Article 9 financial product

The Partnership has sustainable investment as its objective.

The Partnership intends to invest in companies that can generate positive environmental impact that contributes to United Nations Sustainable Development Goal ("**UN SDG**") 14, "Life below water", which are sustainable investments as defined by Article 2(17) of SFDR.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as amended and updated from time to time (the "**Taxonomy Regulation**") has, to date, been developed only in relation to its climate adaptation and climate mitigation objectives. The target investments of the Partnership are intended to primarily contribute to environmental objectives that are not climate adaptation and climate mitigation and so are not within the current coverage of the Taxonomy Regulation. It is expected that the EU Commission will develop taxonomy standards for its other environmental objectives (including standards covering the target investments of the Partnership) during 2022.

If the Partnership invests in environmentally sustainable economic activities that are within the coverage of the Taxonomy Regulation, this disclosure will be updated accordingly in accordance with the RTS, which are not yet in final form, but are expected to come into force on 1 July 2022.

3. No significant harm

Further information on the due diligence processes is set out in the Ocean 14 Capital Impact Investment Policy (the "**Impact Policy**"). The Partnership focusses on contributing to the following targets within UN SDG 14, "Life below water":

- 14.1: Reduce marine pollution
- 14.2: Protect and restore ecosystems
- 14.3: Reduce ocean acidification
- 14.4: End overfishing

The investment objective of the Partnership is to generate positive environmental impact that contributes to UN SDG 14 "Life below water", including to improve ocean health, ensure sustainable food sources and scale climate change mitigation solutions. However, there is a risk that one or more portfolio companies could cause direct or indirect negative environmental and/or social effects, where the impacts of their activities across the spectrum of sustainability risks is insufficiently managed or mitigated, including for example where the Partnership is a minority investor in a portfolio company and is not able to effect change or veto changes to the agreed impact policy.

It is therefore vital (for the purposes of our own impact due diligence and to comply with SFDR) that the Partnership identifies and integrates sustainability risks into the investment decision-making process, as explained in the Impact Policy, and considers the principal adverse impact ("**PAI**") of investment decisions on sustainability factors.

Sustainability factors include environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. PAIs may expose an investment to sustainability risks. The Partnership considers PAIs on the sustainability factors and is committed to rigorous due diligence to identify PAIs and any downside sustainability risks early, ensuring that consideration of PAIs is factored into decision-making throughout the investment process, and that PAIs are addressed and, where possible, resolved or mitigated.

The Partnership intends to invest in five sector verticals, (aquaculture, fisheries, alternatives to fish protein, marine flora and circular plastics), which are distinct from each other and may include a diverse range of portfolio companies. Therefore, the Portfolio Manager does not apply a standardized set of PAIs but, through detailed due diligence of target portfolio companies, it identifies and prioritises (based on stakeholder concern and potential impact on the business) PAIs for each target portfolio company on a case-by-case basis. Detailed PAI reporting will be provided in respect of the Partnership as required by SFDR.

4. **Sustainable investment objective of the Partnership**

The Partnership aims to generate positive environmental impact that contributes to UN SDG 14 “Life below water”, including to improve ocean health, ensure sustainable food sources and scale climate change mitigation solutions. The Portfolio Manager aims to do this by investing in new technologies and by optimising industries that are responding to changing consumer behaviour, value chain pressure and technological advances.

The sustainability indicators used by the Partnership to measure the attainment of its sustainable investment objective are detailed in the Impact Policy. The Partnership focuses on contributing to the following targets within UN SDG 14, “Life below water”:

- 14.1: Reduce marine pollution
- 14.2: Protect and restore ecosystems
- 14.3: Reduce ocean acidification
- 14.4: End overfishing

To deliver impact and financial returns, the Partnership’s impact assessment process is fully integrated with the investment process over the lifecycle of the Partnership’s portfolio companies.

5. Investment strategy of the Partnership

The overall aim of the Partnership is to provide Investors with a return from capital growth and income, and to generate positive environmental impact that contributes to the UN SDG 14 “Life below water” (Partnership Agreement Schedule 1 paragraph 1).

The object and purpose of the Partnership is to carry on the activities of an investor in accordance with its Investment Policy including to identify, research and negotiate investment opportunities and make and monitor the progress of and arrange the sale of Investments in accordance with the Investment Policy (Partnership Agreement clause 2.2).

At least 70% of the amount invested by the Partnership in Portfolio Companies shall be in the area of Impact Investing, meaning an investment approach:

1. aimed at generating environmental impacts and/or societal benefits to individual stakeholders and the society at large, alongside a financial return to the investor;
2. that considers societal impact accruing to societal stakeholders as an investment objective at least at-par with the financial risk/return profile, and
3. with the purpose of supporting businesses whose business model, at the time of investment, seeks to generate an intentional and measurable positive societal impact alongside economic value, and which are managed in an accountable and transparent way (Partnership Agreement Schedule 1 paragraph 6).

The full investment policy of the Partnership is set out at Schedule 1 of the Partnership Agreement.

6. Proportion of investments

The asset allocation planned for the Partnership is in line with the restrictions at clause 2.2.1 of, and the Schedule to, the Partnership Agreement, being ordinary shares, preference shares, other shares, convertible loans, warrants, options, other equity or quasi-equity securities, other securities, debt instruments, debentures, loan stock, or loans (whether secured or unsecured) in, of or made to any entity in accordance with the Investment Policy.

7. Monitoring of sustainable investment objective

As it forms the basis of the Partnership’s sustainable objective, the sustainable investment strategy of the Partnership is monitored on a continuous basis.

The Portfolio Manager operates an Impact Action Plan (the “**IAP**”) which sets out reporting requirements for investee companies, including reporting on impact/ESG/sustainability related metrics and mitigation activities. The Portfolio Manager monitors progress at least quarterly and actively engages with portfolio companies to enhance value creation and impact. Key sustainability risks and associated mitigation activities are monitored as part of this engagement process.

If impact targets are not being met, or sustainability risks are not being managed, as active minority shareholders, the Portfolio Manager will intervene to support the company to improve its performance. If the company is not willing or able to improve its performance, the Portfolio Manager will consider a range of options including divestment.

The Portfolio Manager commits to regular and industry-leading impact reporting to investors on investee company and fund performance, with updates on a quarterly basis, and impact reports on an annual basis.

The impact assessment process will be internally audited on a regular basis, and the impact of each company will be reviewed by an independent third party.

8. Methodologies and data sources

Our overall investment process includes, at each step, the methodologies by which the Portfolio Manager measures how successful the Partnership is in achieving the sustainable investment objective. This is described in more detail in:

- The “Monitoring of sustainable investment objective” section above.
- The “Due diligence” section below.

The Portfolio Manager uses its internal methodology to obtain the relevant data to ensure that the Partnership is achieving its sustainable investment objective.

9. Limitations to methodologies and data

Available ESG and sustainability data has its limitations. In case data gaps pose challenges to make an informed decision and ensure alignment of the Partnership with its sustainable investing policy, the Portfolio Manager will decide on mitigation options. Such options can include a direct dialogue with the company, a dedicated engagement plan or a decision against holding or continuing to hold the company.

10. Due diligence

The Portfolio Manager’s due diligence process is summarised in the Impact Policy.

The due diligence process is designed to ensure that the Portfolio Manager invests in companies with the potential for measurable positive impact on ocean health within the time horizon of the investment.

“Positive Impact” may include direct and indirect impact on positive drivers (e.g. actions that remove marine pollutants), and direct or indirect impact on negative drivers (e.g. actions which reduce the absolute or relative impact of marine pollution sources).

The Portfolio Manager assesses ESG performance of prospective investments using the B-Impact Framework, and the Portfolio Manager’s internal impact team develops a quantitative and qualitative understanding of impact, using an LCA lens, prior to an investment decision. We engage additional experts as required.

The Portfolio Manager’s proprietary opportunity screening tool scores potential investment opportunities, and requires that all investments are reviewed from the perspective not only of impact opportunity, but downside sustainability risks. The Portfolio Manager requires that before any investment is made, an IAP is developed, describing key impact goals, strategies to achieve them, and KPIs and targets for measuring progress towards them, and agreed with the company’s management. Impact Action Plans include mitigation measures for any Principal Adverse Impacts that have been identified.

The Portfolio Manager’s Advisory Board is engaged to validate investment decisions.

Impact is at the heart of the strategy and no investment is finalized unless the complete team is satisfied that it will deliver the appropriate level of impact. The Impact Committee, which meets before the Investment Committee prior to each investment process stage gate, has a veto right over investments, if it considers that sustainability opportunities and risks have not been sufficiently addressed.