Radicle Impact Management, LLC (hereinafter “Radicle Impact” or “Radicle”) is an impact venture fund focused on social justice, environmental resilience and economic sustainability. Radicle makes direct equity investments in early-stage businesses in Good Food, Good Money and Good Climate. Our objective is to achieve benchmark or better returns with measurable social and environmental impacts. We are on a mission to change the venture capital industry for good.

As part of our effort to incorporate impact into everything we do, hold ourselves accountable to our impact goals, and continue improving as an organization, Radicle is a signatory (“Signatory”) to the Operating Principles for Impact Management (the Impact Principles). This Disclosure Statement affirms that Radicle Impact’s core business and investment processes are managed in alignment with the Impact Principles. This disclosure applies to all assets under management by Radicle, amounting to 46.1M\(^1\) as of March 31, 2021.\(^2\) It is our intention that all future assets under management will conform to the Impact Principles.

Radicle Impact

Daniel L. Skaff
Managing Partner

Catha Groot
Partner

Ami Naik
Partner

Corey Vernon
Principal

Kat Taylor
Co-Founder & Special Limited Partner

Nicholas Egger-Bovet
Regulatory Associate

Mychal Richardson
Senior Analyst

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Note:
1. Fair market value of Radicle Impact’s investments as of 3/31/2021 in Emerging Impact Fund, LP and Emerging Impact Fund II, LP;
**Principle 1. Define strategic impact objective(s), consistent with the investment strategy:** The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Radicle Impact Management, LLC (hereinafter “Radicle Impact” or “Radicle“) is an impact venture fund focused on social justice, environmental resilience and economic sustainability. Radicle makes direct equity investments in early-stage companies in the Good Food, Good Money and Good Climate sectors.

- Radicle’s goal is benchmark or better returns with measurable social and environmental impact. The team seeks to build a template for investors seeking impact and attractive returns, with a goal of migrating $1 billion in new capital to its impact model and measurably improving 100 million lives.

- Radicle Impact’s investment model is to do rigorous in-house research to identify systems-changing opportunities across the Good Food, Good Money and Good Climate sectors, and to provide risk capital to early-stage companies and support their growth by business-building and impact support, helping establish good governance, leveraging its impact ecosystem and taking a partnership approach to mentorship and knowledge-building.

- Impact assessment is a key factor of Radicle Impact’s investment process from research to due diligence to investment decision-making to portfolio management to exit. Radicle Impact reviews investment opportunities with the lens that each investment has the potential to provide transformative impact by addressing a key leverage point in its sector. Radicle measures the impact and progress to relative to that potential over time.

- Radicle’s impact objectives correspond to ten of the seventeen SDGs, with its primary focus on SDG goals No. 10 Reduced Inequalities and No. 13 Climate Action. The other eight include: No.3 Good Health & Well-being, No.5 Gender Equality, No. 6 Clean Water & Sanitation, No. 7 Affordable & Clean Energy, No. 8 Decent Work and Economic Growth, No. 9 Industry Innovation and Infrastructure, No.11 Sustainable Cities and Communities and No. 12 Responsible Consumption & Production. Radicle aligns with the SDGs at the target level.
Principle 2. Manage strategic impact on a portfolio basis: The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Radicle Impact works with portfolio company leadership to articulate theories of change, identify impact metrics, evaluate methodologies for calculating metrics (including suggesting areas to improve, such as connecting with resources to conduct life cycle analyses) and engage in ongoing dialogue around impact progress.

- Radicle Impact tracks and evaluates impact for each portfolio company and aggregates impacts across the portfolio.

- On an aggregated basis, the impacts tracked at the portfolio level span the following:
  - Good Climate - greenhouse gas emissions mitigated, equivalent peaker power plants replaced and environmental data points gathered
  - Good Food – greenhouse gas emissions mitigated, gallons of water saved, small farms empowered
  - Good Money - points of credit score increase, financial savings from reduced fees, interest, principal and fraud and greenhouse gas emissions mitigated
  - Across sectors - Diversity, Equity and Inclusion (portion of portfolio led by women and people of color) and subsequent capital raised and revenue generated

- Radicle Impact tracks additional metrics at the individual portfolio company level.

- Radicle team members incorporate impact into his or her performance objectives and set individual impact KPIs, including additionality KPIs. Achievement of these KPIs are taken into account when determining cash compensation. Radicle also reserves 5% of general partner profits for charitable giving.
Principle 3. Establish the Manager’s contribution to the achievement of impact: The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- The core areas that Radicle Impact provides additionality to portfolio companies are:
  - Catalytic Risk Capital – Radicle provides catalytic capital to underrepresented entrepreneurs in undercapitalized sectors.
  - Impact Ecosystem – Radicle connects portfolio companies to its impact ecosystem, including non-profits, universities, advocacy groups, regulatory experts, social-mission companies, impact investors and advisors and high-growth tech companies.
  - Good Governance – Often at the board level, Radicle helps ensure sound strategic planning and decision-making, reliable financial reporting, aligned incentives and consideration of stakeholder interests.
  - Business & Impact-Building – Radicle takes an active role with every portfolio company, engaging in deep business-building and impact work.
  - Mentoring, Support & Knowledge-building – Radicle frequently invests in first-time entrepreneurs and focuses on cultivating their skills and surrounding them with the right team members and advisors.

- Specific to Impact, Radicle Impact provides additionality in the following specific ways:
  - Impact Metrics – Radicle works with founders to identify metrics, evaluate methodologies for calculating those metrics. The team has an ongoing dialogue around impact progress.
  - Diversity, Equity & Inclusion – Radicle discusses and provides feedback on DEI philosophies and practices with company founders.
  - Connections – Radicle makes connections to nonprofit leaders, regulatory experts, aligned impact investors and impact advisors to ensure community interests are taken into account and that ownership is aligned with the mission.
  - Resources – Radicle helps company founders by providing resources to evaluate transitioning to a benefit corporation or similar corporate structure and aligning with widely-accepted impact goals like the SDGs.
  - ESG – Radicle helps companies identify, avoid and manage ESG risks in accordance with its Environmental, Social & Governance (“ESG”) Policy.

- Radicle Impact documents its additionality to its portfolio companies in a memorandum (the Radicle Additionality Memorandum) prepared annually as part of its year-end review and strategic planning process to assess progress on its additionality goals.
Principle 4. Assess the expected impact of each investment, based on a systematic approach:
For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- Radicle Impact’s process to assess impact begins with research. The investment team conducts in-depth research to develop proprietary themes to identify investment opportunities with high impact and asymmetric return potential. The focus is to find catalytic leverage points in Good Food, Good Money and Good Climate where businesses can drive outsized impact potential in social justice, environmental resilience and economic sustainability. In line with its ESG Policy, the Radicle team considers ESG risks in this research process.

- During the due diligence process for an individual investment, a dedicated Radicle deal team evaluates the impact opportunity and associated risks as a part of the overall investment analysis. The team gathers as much independent validation as possible, including consulting with key stakeholders like customers and investors as well as business and non-profit executives and researchers in relevant fields.

- After this collaborative process with company leadership and outside experts, Radicle documents expected impacts for each investment in the Investment Memo. The investment memo includes an assessment of the company’s theory of change and impact potential, its materiality relative to Radicle’s objectives and key metrics to track over time. Part of this assessment is an evaluation of ESG opportunities and risks, including unintended consequences or potential for mission-drift.

- If a prospective investment meets Radicle’s thresholds for return and impact potential on a risk-adjusted basis, the Investment Committee votes to move forward with the investment. If a threshold for returns or impact is not met, Radicle Impact would not move forward.
**Principle 5. Assess, address, monitor, and manage potential negative impacts of each investment:** For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- ESG factors are central to Radicle’s investment processes in both evaluating opportunities and risks. Radicle’s ESG policy provides guidelines for the Radicle deal teams and Investment Committee to take ESG factors into account in all decision-making.

- Radicle Impact works to identify negative impacts of business interventions as part of its research practice. In each investment theme, potential negative consequences are considered to ensure a system-wide view can be applied to analyses of individual investments.

- Radicle Impact identifies potential negative impacts of individual investments as part of its due diligence process. These potential negative impacts are documented in investment memos.

- Once an investment is made, Radicle is in regular contact with the portfolio company to assess and monitor financial and impact progress. If a Radicle team member identifies any negative impacts, the team discusses immediately at a weekly partners’ meeting to determine the best course of action to mitigate the negative impact. Radicle works with the company directly to develop a strategy to address the issue. If the company is unable or unwilling to move forward with a solution, Radicle may decide to refrain from subsequent investment rounds.

- As part of Radicle Impact’s additionality, the Radicle team helps companies identify, avoid or mitigate ESG risks in the following ways:
  - *Environmental* – For every investment, Radicle evaluates the environmental benefit and potential harm that the company might create, including its use of natural resources and its contribution to greenhouse gas emissions and other pollutants. Radicle engages in a dialogue with founders about how to become a better steward for the environment. Radicle impact provides founders resources to evaluate becoming a benefit corporation, getting a third-party such as B Lab to assess impact or finding a third-party to conduct a life-cycle assessment. Radicle also evaluates a company’s sensitivity to environmental risks and helps with business planning to avoid or mitigate those risks.
  - *Social* – Radicle Impact assesses a company’s relationship with its employees and community. As part of this process, Radicle seeks direct employee feedback and solicits community feedback by speaking to relevant non-profit leaders, researchers and regulatory experts. If Radicle has a seat on the board of directors, Radicle reviews and approves employee equity compensation. Radicle also reviews and provides feedback on DEI practices.
Governance – Radicle Impact’s practice is to take an investor lead position or board seat with a significant number of our investments (50% of investments to date). In many cases, Radicle works with the founder to establish the first true third-party reviewed governance practices. In all cases, Radicle works to ensure sound strategic planning and decision-making, reliable financial reporting, aligned incentives and consideration of stakeholder interests.
Principle 6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately: The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Radicle Impact prepares quarterly and annual reports for its limited partners that include financial and impact updates on the funds and portfolio companies. Radicle prepares a separate impact report that is updated annually, which can be found here.

- Radicle Impact requests annual formal impact updates from each portfolio company to report on agreed-upon impact metrics. Deal teams are in correspondence with portfolio companies as much as daily and at minimum quarterly to both help portfolio companies, track progress toward impact objectives and discuss what measures can be taken to enhance impact.

- Each member of the investment team is responsible for collecting impact data, which is overseen by the partner responsible for overseeing impact management for Radicle Impact. Methodologies are also reviewed annually or biannually.

- Radicle Impact uses an internally-created impact metric database in excel to record each portfolio company’s progress over time and relative to other portfolio companies. This database maps metrics to SDGs at the target level and IRIS codes. It also include detailed records of each portfolio company, including theories of change, historical metrics and annual forecasts. This database is the foundation for Radicle’s impact reports.

- When monitoring indicates that the investment is no longer expected to achieve its intended impacts, Radicle discusses with the founder how it could be possible to address that drift in accordance with its ESG Policy.
**Principle 7. Conduct exits considering the effect on sustained impact**: When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- When a portfolio company exits or Radicle has the opportunity to sell shares, Radicle Impact discusses as an Investment Committee what impacts that exit might have on the mission of the company and its ability to achieve its intended impacts. As a minority investor, Radicle is not able to control this decision. However, Radicle influences this outcome in different ways:
  - *Investment selection* – by investing in companies where impact is inherent in the company’s business value proposition, Radicle safeguards the impact potential in a change of ownership.
  - *Dialogue with founders* – Radicle deliberates with the founders the trade-offs associated with different exit opportunities, prioritizing exits that enable scaled impact.
  - *Innovative corporate structures* – Radicle provides resources to founders to consider becoming public benefit corporations, which can safeguard impact at exit, or structuring separate governance upon acquisition (such as Ben & Jerry’s separate board after the Unilver acquisition).
  - *Exercising board or shareholder vote* – Radicle has a range of approval rights for portfolio company exits, which can include shareholder or board approvals for IPOs or strategic sales. While Radicle does not have control, it can influence the decision through these votes.
  - *Connecting with like-minded later-stage investors* – Like-minded co-investors are a key element of Radicle’s unique impact ecosystem. Radicle has the ability to introduce portfolio companies to long-term or permanent capital providers who could buy out existing investors.

- Radicle Impact holds an Investment Committee discussion and approval for each exit opportunity. This process takes into account both its fiduciary obligations to limited partners and the implications for the sustainability of impact.
**Principle 8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned:** The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Radicle Impact conducts an annual strategy session with the investment team to reflect on the previous year and align on strategic priorities for the following year. A meaningful portion of this discussion is dedicated to impact and reflecting on portfolio progress, lessons learned and what improvements can be made.

- Radicle reviews progress on DEI initiatives annually to assess progress, gaps and align on objectives for the following year.

- Radicle Impact documents its additionality to its portfolio companies in a memorandum (the Radicle Additionality Memorandum) prepared annually as part of its year-end review and strategic planning process to assess progress on its additionality goals.

- Radicle Impact conducts 2-3 meetings per year with its Advisory Board to discuss progress toward Radicle Impact’s own financial, impact and business growth goals and solicit feedback about how to improve.

- Radicle holds regular discussions with aligned co-investors to stay apprised of industry best-practices and evaluate how to improve its impact management.
Principle 9. Publicly disclose alignment with the Principles and provide regular independent verification of the alignment: The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This disclosure statement affirms Radicle Impact’s alignment with the Operating Principles for Impact Management and will be updated annually.

- Radicle Impact engaged BlueMark, a Tideline company, to independently verify the alignment of Radicle’s impact management practices with the Impact Principles. BlueMark’s assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement, which is appended to the end of this disclosure statement. The verification will be replicated every three years unless there is a more substantive update to Radicle’s system that merits an additional review.

- Information of the current independent verifier is as follows:
  
  **Name:** BlueMark
  
  **Address:** 915-2 Battery Street, San Francisco, CA 94111
  
  **Qualifications:** BlueMark is a leading independent provider of impact verification services in the impact investing market. BlueMark is a subsidiary of Tideline Advisors, LLC, a specialized consulting firm that works with asset managers and allocators to design and implement best-in-class impact management and measurement systems. For more information about the organization, qualifications, and services, please visit bluemarktideline.com.
  
  **Most recent review:** July 1, 2021.
Disclaimer:

The sole purpose of this Disclosure Statement is to fulfill Radicle Impact’s obligations pursuant to Principle 9. This document shall not constitute and should not be construed as an offer, solicitation or invitation to buy or sell any securities, financial instruments or services whether described herein or otherwise, or as any prospectus or investment-related advice in relation thereto, nor is it intended to form the basis of a decision to participate in any investment. Radicle Impact makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. While past performance may be analyzed in this Disclosure Statement, past performance should not be considered indicative of future performance. Accordingly, Radicle Impact shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and Radicle Impact does not accept any responsibility whatsoever for any action taken, or omitted to be taken by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement.