



**PAINE SCHWARTZ
PARTNERS**

SUSTAINABLE FOOD CHAIN INVESTING

**Presentation to the
Rhode Island
State Investment
Commission**



June 22nd, 2022

Provided upon the specific request of and for the exclusive use of the Rhode Island State Investment Commission

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This presentation includes information on our general framework for managing ESG issues through the lifecycle of an investment across PSP’s investment management businesses. PSP’s ability to influence and exercise control over the companies in which it invests will vary depending on the investment structure and terms. In cases where PSP determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, whether at the investment or at the fund-level, PSP will only apply those elements that it determines to be practicable. Examples of such cases at the investment-level include where PSP is a minority shareholder, has limited governance rights or where other circumstances affect PSP’s ability to assess, set or monitor ESG-related performance goals. Examples of such cases at the fund-level include a jointly managed fund, and instances where the underlying investor maintains significant influence over investment decisions.

For the purposes of this presentation, “material” ESG issues are defined as those issues that PSP in its sole discretion determines have - or have the potential to have - a substantial impact on an organization’s ability to create, preserve, or erode economic value, as well as environmental and social value for itself and its stakeholders. Notwithstanding anything in this presentation to the contrary, PSP does not expect to subordinate a fund’s investment returns or increase a fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

It is important to note that substantial contribution to any environmental, social, or DE&I objective will not constitute the investment objective of any investments made by PSP. Nothing in this presentation shall be taken as evidence that the objective of PSP will be sustainable investment within the meaning of Articles 2(17) and 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.



Firm Overview



A Global Leader in Sustainable Food & Agribusiness Investing

Investing successfully in one of the most cyclically-insulated and fastest-growing global sectors for the past 20+ years

**Attractive
Underserved
Market**

\$13.5T

Total Global
Gross Output¹

#1

Fastest Growing Sector
With a 5% CAGR
From 2006-2020¹

<3%

of PE Investment²

**Strong and
Experienced
Team**

60+

Investment and Operating
Professionals

11

Former CEOs within the
Organization

500+

Years
Combined Industry Experience

**Differentiated
Investment
Experience**

\$3.8B

Total Equity
Invested

\$1.3B+

Total Co-Invest
Generated

26

Platform
Investments

73

Total
Investments

**Demonstrated
Results**

2.0x MOIC

35% IRR

Realized Gross IRR
& MOIC

Paine Schwartz Food Chain Fund VI is targeting \$1.5 billion in capital commitments

1. Source: McKinsey & Company, IHS Global Insight Industry Database, January 2021. Note: "Food & Agribusiness" includes (i) Agriculture, Forestry, and Fishing, (ii) manufacturing of food, beverages, and tobacco, (iii) manufacture of fertilizers and nitrogen compounds, (iv) manufacture of pesticides and other agrochemical products, (v) manufacture of agricultural and forestry machinery, and (vi) manufacture of machinery for food, beverage, and tobacco. CAGR represents data from 2006 to 2020.
2. PitchBook. Note: Pitchbook search criteria includes the following industry categories: Business Products and Services (B2B), Commercial Products > Distributors/Wholesale, Industrial Supplies and Parts, Machinery (B2B), Commercial Services > Logistics; Consumer Products and Services (B2C) > Consumer Non-Durables > Food Products, Beverages; Materials and Resources > Agriculture, Chemicals and Gases > Agricultural Chemicals, Containers and Packaging. Includes only transactions with disclosed deal values.



Differentiated Investment Strategy

Proactive, thesis-driven approach to capital deployment across the food & agribusiness value chain, with a focus on two core investment themes – (i) increasing productivity & sustainability and (ii) health & wellness



Thesis-Driven

All platform investments to date identified through proprietary research process, with 75%+ of historical investments in family-owned companies



Value Chain Focus

Focus on high quality operating businesses addressing core themes: productivity & sustainability upstream, and health & wellness downstream



Sustainability

Investment themes are aligned and synergistic with key sustainability objectives, enhanced by strong ESG practices across the investment lifecycle



Flexible Investor

Structurally flexible strategy with control orientation



\$50M-\$500M+

Range of equity capital deployed per investment with ability to offer meaningful co-investment



Global Orientation

OECD-focused platform investment strategy with primary emphasis on North America, Western Europe and Australia/New Zealand



Paine Schwartz Partners Team

60+ employees and advisors that operate on a fully integrated basis to systematically develop investment theses, deploy capital, and drive equity value creation across the portfolio

Investment Committee



Kevin Schwartz
Chief Executive Officer
Managing Partner



Angelos Dassios
Chief Investment Officer
Managing Partner



Alex Corbacho
Partner



Lutz Goedde
Partner



Dexter Paine
Chairman

Investment Team

(16)



Steven Bierschenk
Managing Director



John Novak
Managing Director
Head of Investment Development
and Capital Markets



Spencer Swayze
Managing Director

1 Director, 5 Principals, 5
Associates

Portfolio Excellence Platform

(6)



Colleen Akehurst
Managing Director



Renata Dinkelmann
Managing Director
Head of Human Capital



Steve Padgette
Managing Director
Technology

1 Principal, 1 Associate

Firm Administration

(23+)



Natalya Michaels
Managing Director
Head of Investor Relations



Renata Malavazzi
General Counsel and Chief
Compliance Officer



Robert Meyer
Chief Financial Officer

20+ Supporting Professionals

Food Chain Advisory Board

6 Total

Operating Directors

8 Total



Operating & Advisory Network

Includes PSP's Food Chain Advisory Board, thought leaders from across the global food & agribusiness, and Operating Directors, executive-level professionals supporting opportunity identification and strategy development

Food Chain Advisory Board



John Atkin¹
Former COO of Syngenta



Wout Dekker
Former CEO of Nutreco



Betsy Holden
Former Co-CEO of Kraft Foods



Miles Reiter
Chairman and CEO of Driscoll's



Sunil Sanghvi
Senior Partner at McKinsey focused on agricultural projects



Rajiv Shah
Former USAID Administrator; President of the Rockefeller Foundation

Operating Directors²



Ed Haft
Former CEO of Sunrise Growers and President of the Sara Lee Frozen Bakery



Jack Anton
Former Chairman and CEO of Ghirardelli Chocolate and Carlin Foods



Peter Hawthorne
Former VP – Corporate Strategy & Development at Cargill



Rick Greubel
Former CEO of Kaiima, President Human Nutrition & Health at DSM and President of Monsanto Brazil



Rich Shuler
Animal Health Entrepreneur: Pro Vet, VetLife, Ivy Animal Health, AgSpan Analytics



Martin Foreman
APAC Agribusiness Expert & PhD in Plant Physiology



JJ Grow
Former CEO Verdesian & EVP Sales NuFarm



Investment Thesis and Strategy

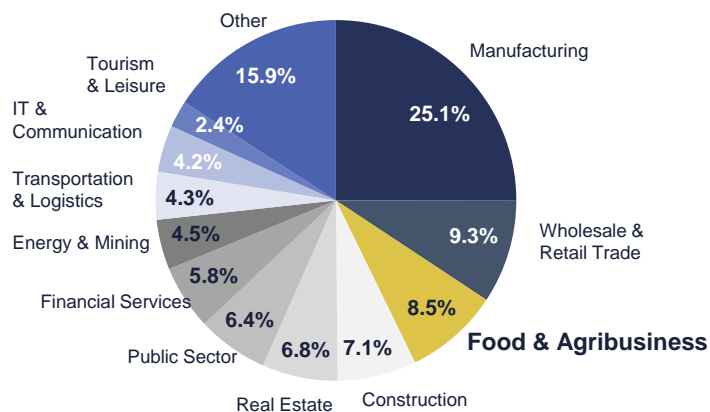


Food & Agribusiness Investment Opportunity

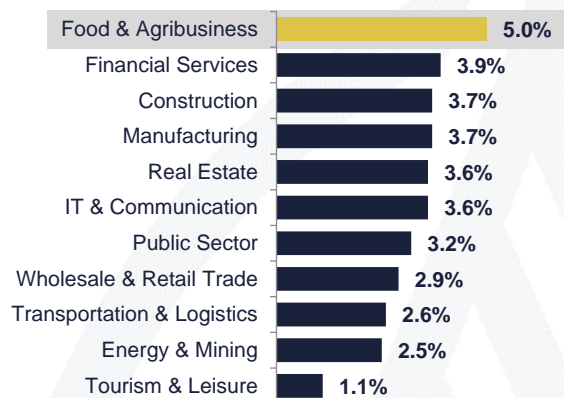
While food & agribusiness comprises 8.5% (\$13.5T) of total global gross output, has been the #1 fastest growing sector since 2006, and has consistently demonstrated insulation from cyclical volatility, the sector remains significantly underinvested relative to size

Food & Agribusiness Size, Growth, and Resiliency

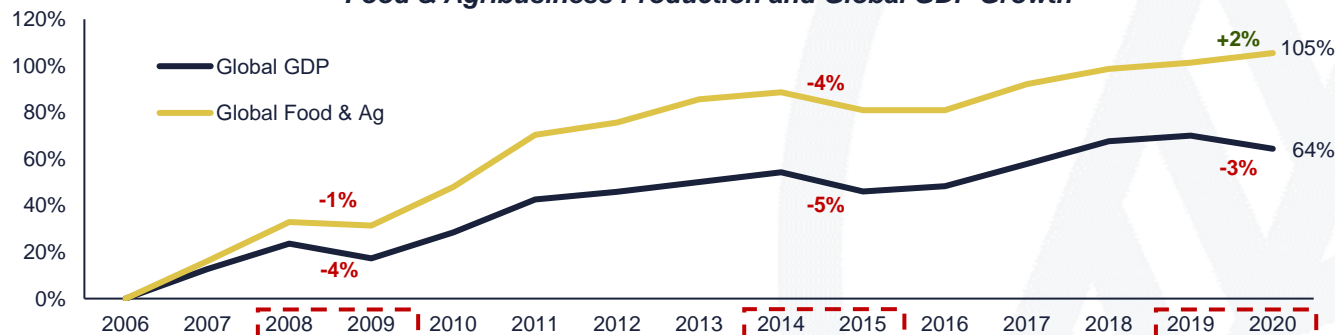
2020 Total Global Gross Output



2006-2020 CAGR by Sector



Food & Agribusiness Production and Global GDP Growth



Share of Investment

2.8%

Share of buyout capital invested in 2021¹

4.4%

Share of growth equity capital invested in 2021¹

Note: "Food & Agribusiness" includes (i) Agriculture, Forestry, and Fishing, (ii) manufacturing of food, beverages, and tobacco, (iii) manufacture of fertilizers and nitrogen compounds, (iv) manufacture of pesticides and other agrochemical products, (v) manufacture of agricultural and forestry machinery, and (vi) manufacture of machinery for food, beverage, and tobacco. CAGR represents data from 2006 to 2020.



Investment Thesis Derived from Durable Global Trends

PSP's strategy is driven by two core themes which we believe are associated with uncorrelated long-term growth

Core Investment Themes

Productivity and Sustainability



Investing in businesses which enhance agricultural productivity while limiting resource consumption

Health and Wellness



Investing in businesses which provide access to healthier, more nutritious, safer food

Hunting Grounds

Crop Productivity & Sustainability

Controllable Environment & High-Value Agriculture

Animal Productivity & Sustainability

Food & Ag Software & Business Services

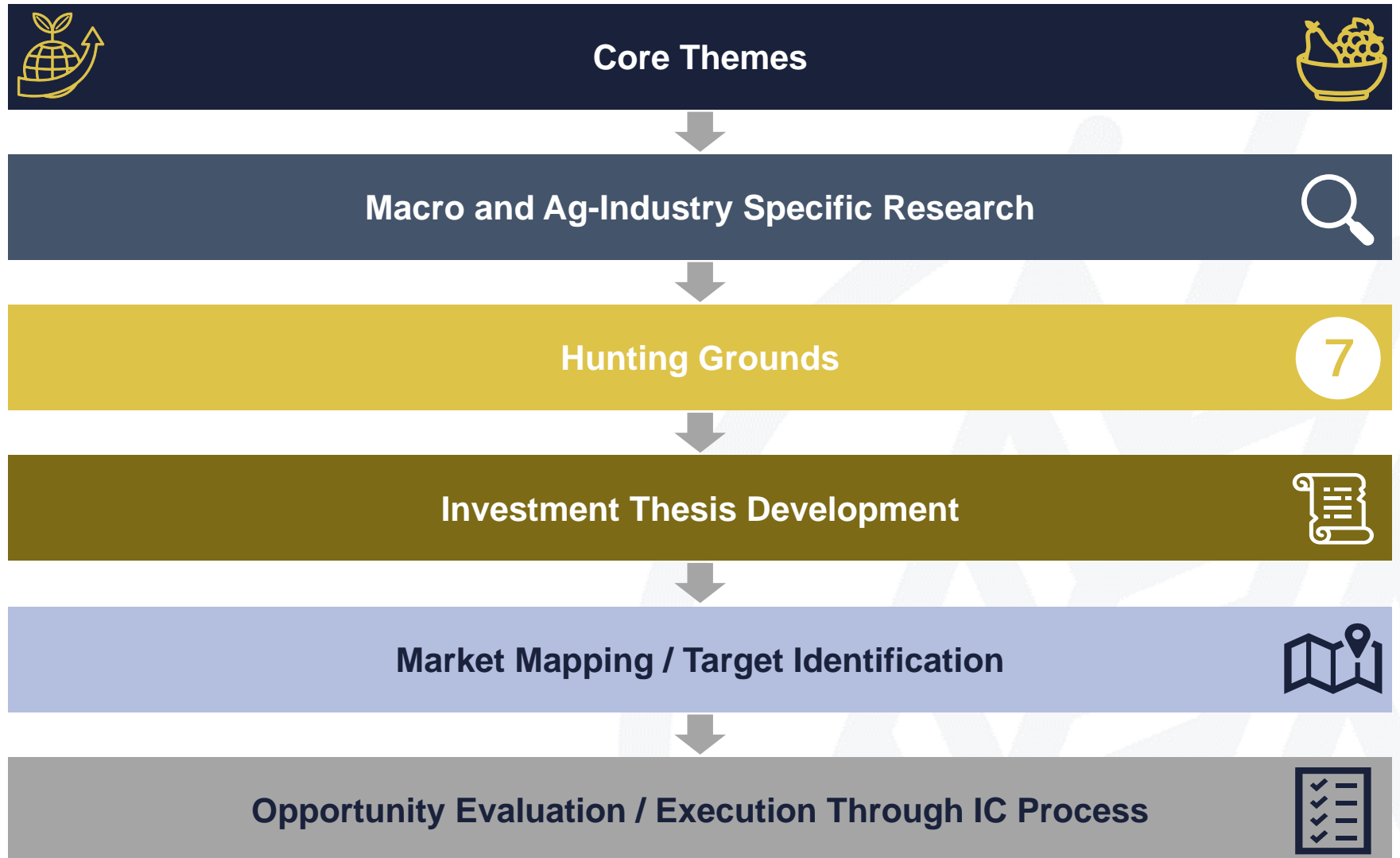
Ingredients

Value-Added Processing

Food & Beverage Products



Repeatable and Consistent Sourcing Process

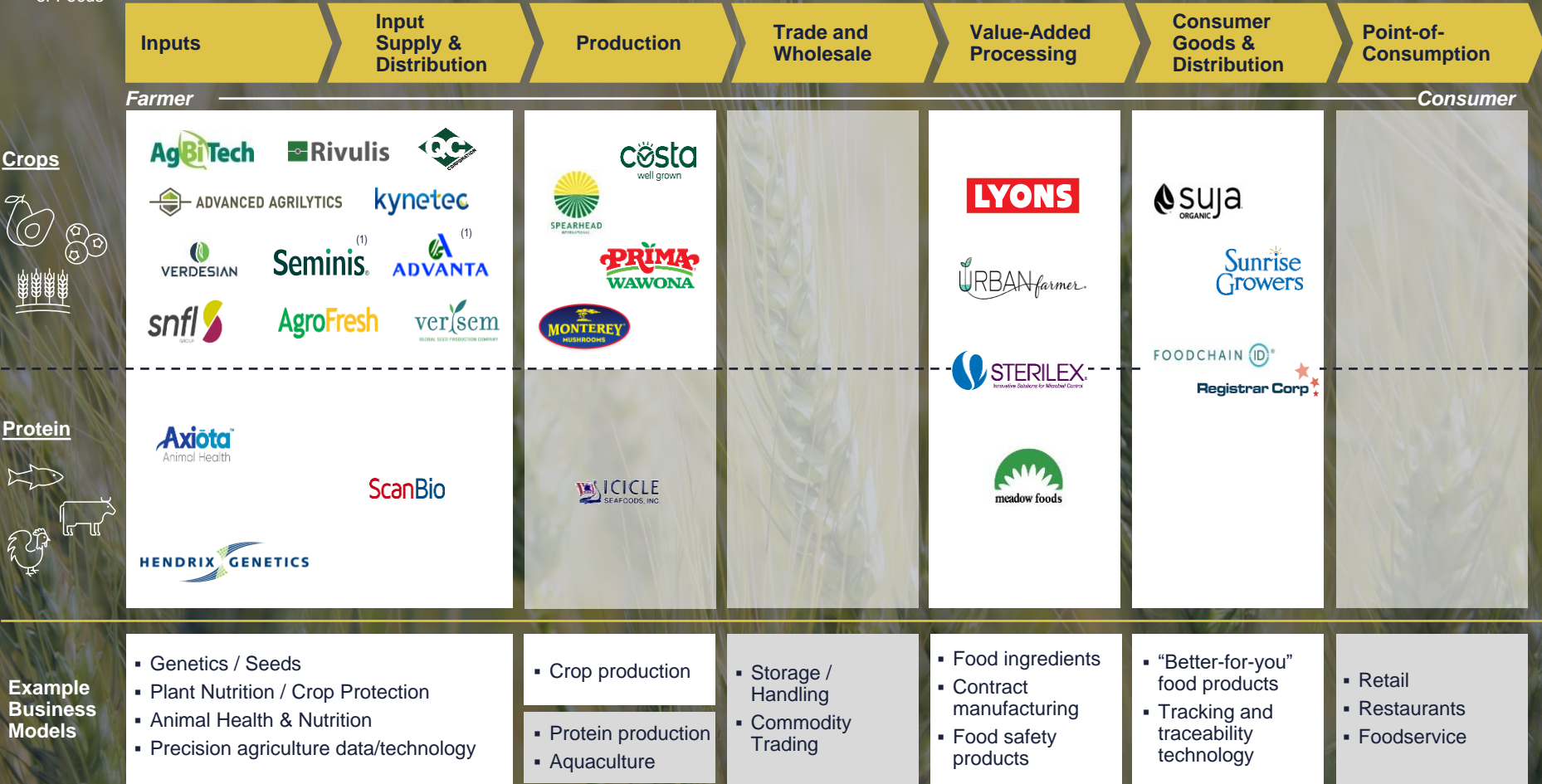


Consistent Thesis-Driven Approach has Led to Focused Value Chain Investment Strategy

PSP's investment strategy targets differentiated products, services, and technologies in segments with limited commodity exposure and private equity competition

PSP Area of Focus

Geographies: OECD headquarters, international operations, derivative exposure to developing countries



The investments shown above are for illustrative purposes only and do not purport to be a complete list of PSP investments. Please refer to the Food & Agribusiness Track Record on slide 14 for fund-by-fund performance information.

1) Advanta and Seminis were portfolio companies of the Predecessor Firm's Fund II portfolio.



Performance



Food & Agribusiness Track Record

Strong sector-focused performance over more than two decades of investing across the food & agribusiness value chain, with 26 platform investments and 73 total investments



\$3.8B of total equity deployed in food & agribusiness

- ~\$2.4B fund equity and ~\$1.3B+ of co-invest (~\$50M of co-investment generated for every \$100M of fund equity invested)



35% Gross IRR and 2.0x Gross MOIC on realized food & ag investments

- 34% Gross IRR and 1.7x Gross MOIC on total food & ag investments (including approximately \$340M of Fund V invested capital held at cost using first 12 months convention)



Food & Agribusiness-Focused Funds Performance Summary

FUND	VINTAGE	SIZE	INVESTED CAPITAL	VALUE			GROSS		NET	
				REALIZED	UNREALIZED	TOTAL	MOIC	IRR	MOIC	IRR
Fund V ¹	2019	\$1,425	\$1,059	\$34	\$1,526	\$1,561	1.5x	68%	1.4x	37%
Fund IV ²	2014	\$893	\$672	\$548	\$633	\$1,181	1.8x	15% / 18% ³	1.4x	10% / 11% ³

Past performance is not indicative of future results. \$ in millions. Numbers may not add due to rounding. IRRs are calculated on a monthly basis. Aggregate returns calculated as of March 31, 2022, using time-zero methodology, excluding co-invest. Using conventional methodology, gross fund IRR would be 161%. Net returns cannot be provided for individual investments or for the aggregate of investments in the food & agribusiness sector because the fees and expenses associated with individual investments and other activities are applied in the aggregate at the level of the fund. Fund-level net returns as of March 31, 2022 are as follows: Fund I has generated a 1.4x net MOIC and a 7% net IRR. Fund II has generated a 2.1x net MOIC and a 33% net IRR. Fund III has generated a 1.2x net MOIC and a 3% net IRR. Pursuant to U.S. Generally Accepted Accounting Principles, the valuation data reflected above has not been adjusted for any transaction costs that may occur upon exit. Net figures are calculated after giving effect to the deduction of fund-level fees (including management fees), expenses and carried interest as March 31, 2022.

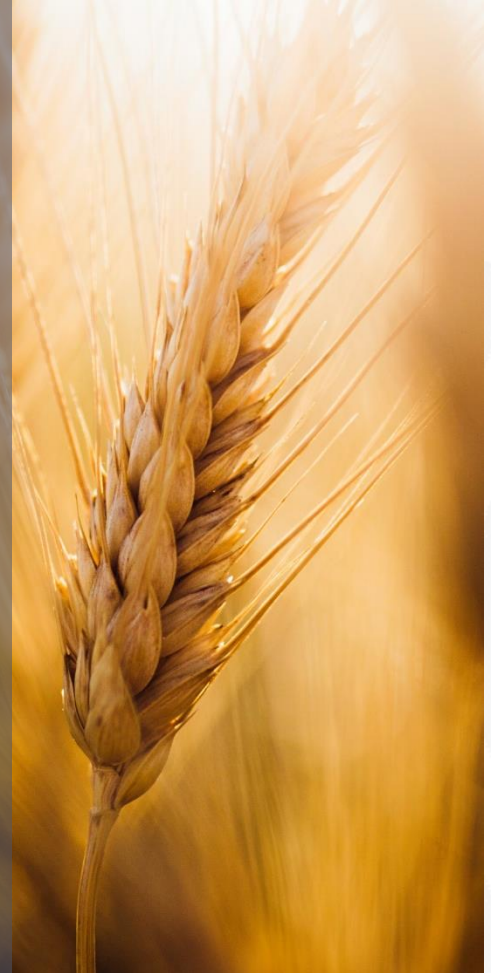
1) Reflects aggregate of Fund V, Fund V B, Fund V C and Fund V D. Gross IRRs are reflected based upon the date of called capital. If based upon the invested date, total Gross IRR would be 38%.

2) Reflects aggregate of Fund IV and Fund IV Co-Investors. Gross IRRs are reflected based upon the date of called capital. Net returns include a mark-to-market put option FX asset of \$3M.

3) Represents the hypothetical IRR consistent with general utilization of the capital call facility in Fund V.



Commitment to ESG and DE&I



Leading Platform in ESG and Sustainability

Of any industry, we believe food and agribusiness presents perhaps the greatest opportunity to simultaneously create value and drive positive impact through responsible investment practices

Thematic Investment Strategy Aligned with UN SDGs

- The food and agribusiness industry is one of the most critical areas to drive positive change due to its impact on key global challenges. For example:
 - **Food Supply:** Current agricultural practices may be insufficient to feed the planet by 2050
 - **Climate:** Farming and food processing drives almost 1/3 of the global carbon footprint
 - **Health and Nutrition:** Poor diet is the #1 risk factor for deaths in the majority of countries of the world
 - **Social:** Agriculture represents 40% of worldwide employment, and 70% of the “bottom billion”
- PSP’s investment thesis is based on a fundamental belief in the growth and value creation opportunity for businesses that help address these challenges, and thus aligns naturally with several UN SDGs



- PSP seeks to maximize the impact of its thematic investment strategy through robust integration of ESG practices through its processes, including firmwide governance, thematic alignment of its sourcing efforts, investment due diligence, and portfolio company objective setting / tracking
- PSP measures and reports its progress through its annual Sustainability report, where portfolio companies report on their strategy and progress against specific ESG KPIs, including:
 - GHG Emissions (Scope 1 and 2)
 - Energy Consumption
 - Waste
 - Water
 - Employee Safety
 - Diversity

NOTABLE PAINE SCHWARTZ ENVIRONMENTAL PERFORMANCE IN 2020	Scope 1 and 2 Emissions (w/fertilizer)	Scope 1 and 2 Emissions (w/o fertilizer)	22.5% of portfolio energy consumption is renewably sourced.*	4,508 metric tonnes of waste diverted from landfills.
	0.140 MT GHG/\$000 Revenue	0.076 MT GHG/\$000 Revenue		



Advancement of Diversity Equity & Inclusion (DE&I)

PSP is in the process of expanding its DE&I program through the development of a robust strategy & roadmap

Became a signatory to the ILPA
Diversity in Action Initiative

Diversity in
Action



4 of the last 5
senior hires are women

all 3 incoming associates in
2022 are women

Hosting No Veteran Left Behind –
A Race for the Warriors Fundraiser



Target: \$500k



Participating in the W.K. Kellogg
Foundation Expanding Equity
Program



Collecting demographics data
for both PSP and
our portfolio companies



Summary of Key Terms



Fund VI Summary Terms

Fund Name	Paine Schwartz Food Chain Fund VI
Target Size	\$1.5 billion
GP Commitment	2%
Term	10 years from final closing, subject to extension
Investment Period	5 years from final closing
Preferred Return	8%
Carried Interest	20%
Management Fee	2% of commitments during commitment period; 2% of net invested capital thereafter



All terms subject to the fund's final limited partnership agreements.



Appendix: Case Study



FoodChain ID | Realized Case Study

Overview

Fund	IV
Value Chain Placement	Consumer Goods & Distribution
Location	U.S.
Investment Date	September 2016
Invested Capital⁽¹⁾	\$92 million
Total Realized Value	\$249 million
Gross MOIC⁽²⁾	2.7x
Gross IRR⁽²⁾	28%

Business Overview

- A market leading platform dedicated to providing the global food industry with technology enabled food safety, quality, and sustainability solutions
- Offers a portfolio of testing, inspection, certification, and consulting services, which helps companies navigate the increasingly regulated global food economy demanding higher levels of transparency, accountability, safety and sustainability
- Provides supply chain mapping for more than 100,000 products and serves more than 30,000 customers across 100 countries, including all top 10 Fortune 500 Food Brands

Investment Thesis

- FoodChain ID was identified during primary research on the sector at one of PSP's semi-annual offsites
- Strong food safety market tailwinds from increased focus on food supply chain and regulations to drive growth
- Leading reputation in GMO testing and certification space as first mover in Non-GMO Project label program
- Best-in-class testing technology is well-positioned in niche markets and is supported by customer demand for fast and reliable results

Value-Add

- Augmented FoodChain ID's senior management team, re-prioritized its strategic focus, and refinanced its capital structure to provide greater flexibility for long-term growth
- Facilitated six add-on acquisitions that expanded the Company's strategic offering and its global reach
- Increased both revenue and EBITDA by nearly 300% under Paine Schwartz's ownership through enhanced capabilities, an expanded customer base and access to new markets

Past performance is not indicative of future results.

1) Includes initial PSP investment of ~\$77M plus follow-on investment of ~\$15M.

2) Represents performance as of exit date of 12/08/2020.

