

Disclosure relative to Article 4 of Sustainable Finance Disclosure Regulation (SFDR) EU 2019/2088

Integration of principal adverse impact into investment decision-making process

a. Summary

The Fund has delegated investment management activities in respect of the assets of the Fund. As delegated Asset Manager, INOKS Capital S.A., avails of the expertise of its own ESG teams for the provision of fundamental analysis to identify and assess Sustainability Risks, the principal adverse impact of investment decision to be submitted to the Fund's ultimate decision in compliance with the 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") as amended by the Taxonomy Regulation (EU) 2020/852 of 18 June 2020.

The following statement for principal adverse impact is reviewed and approved by the Fund which applies to all Sub-Funds subject to the disclosure requirements of article 4 of the SFDR.

This statement refers to the year ended December 2020. The synthesis of the principal adverse sustainability impacts of our investees will be provided as of June 2021 as required by the SFDR.

b. Description of principal adverse sustainability impact

The principal adverse impacts indicators will be provided as of June 2021 as required by the SFDR.

c. Description of policies to identify and prioritize principal adverse sustainability impacts

INOKS Capital, as delegated Asset Manager, considers principal adverse impacts of its investment decisions on sustainability factors.

Latest ESG and Impact Policies – namely INOKS Capital Impact Framework - and Methodologies have been approved by INOKS' Investment Committee in January 2020 and are reviewed on a yearly basis.

The Sourcing Committee and Business Developers are responsible for screening for potential investees along guidelines defined by the Sub-Fund's impact investment principles (**Do Good and Do No Harm principles**) supported by (i) the Systematic Sourcing Database which incorporates the Country-Commodity value chain Environmental & Social impact assessment combination (High Impact Areas) and (ii) the Impact/ESG checklist that captures potential positive and adverse impact first estimation and level of risk. The Impact and ESG analysts are responsible for the assessment of potential adverse sustainability risks as well as achievement of positive impact objectives for each potential

investment, and to present their conclusions to the Investment Committee, deciding on final investment decision.

The Fund, upon recommendation of its Asset Manager, is investing in non-listed SMEs in emerging and frontier markets, usually not publishing any information on their business and environmental & social impacts. The main methodology is based on questionnaires sent to each prospect to measure compliance with the different defined and/or followed standards and to quantify social and environmental impact by collecting indicators adapted to agribusinesses in emerging and frontier markets. Additional sources of information are regularly used to double-check information when possible, especially for context-based considerations (cf. below).

The Fund prioritizes the **ESG risk level of a transaction** based on the assessment of inherent (E&S risks related to the generic characteristics of an industrial sector or commercial activity, excluding management or mitigation measures) and contextual (arising from the geographic and legislation context and settings of the investment's business activity) risks and in alignment with the IFC Risk Categorization Methodology:

- Low-Risk (Category C): Investment opportunity with minimal or no adverse social or environmental impacts;
- Medium Risk (Category B): Investment opportunity with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;
- Medium High Risk (Category B+): Investment opportunity which is likely to have limited potential adverse social or environmental impacts that are site-specific and readily addressed through mitigation measures, but having some specific features which can have potential significantly more adverse social or environmental impacts;
- High-Risk (Category A): Investment opportunity with potential significant adverse social or environmental impacts that would be diverse, irreversible, or unprecedented. Such project will require the help of an outside consultant. Example of High-Risk activities can be found in the Annex B. However, our focus is on SMEs evolving in the Primary Production and Processing Sectors.

Adverse sustainability impacts are also prioritized according to the Sub-Funds' sustainable investment objective, defined in light with the focus of investment in agriculture commodities.

Investment decision depends on the level of risk identified and potential of remediation actions that could be setup prior to/during the investment.

Materialization of sustainability risks into adverse sustainability impacts is also tracked during the initial due diligence and monitored on an annual basis, impacting investment renewal decision accordingly.

Sample of indicators measuring the adverse sustainability impacts during the initial due diligence and monitoring:

<i>Indicators</i>	<i>ESG</i>	<i>Source</i>	<i>Additional source / service provider</i>	<i>Calculation</i>
<i>Water withdrawn in water-stress areas</i>	E	Company	www.aqueduct.org	NA (quantity)
<i>Environmental fines</i>	E	Company	-	Share of amount vs revenues
<i>Contamination incidents</i>	E	Company	-	NA (amount and quantity)
<i>Suppliers environmental identified breaches</i>	E	Company	-	NA (number)
<i>Employees accidents</i>	S	Company	-	NA (number due to small size and stage of growth of companies)
<i>Occupational diseases</i>	S	Company	-	NA (number due to small size and stage of growth of companies)
<i>Absenteeism</i>	S	Company	-	((# of unexcused absences)/total period) x 100
<i>Suppliers social identified breaches (ex. Child labor)</i>	S	Company	-	NA (number)
<i>Complaints from communities</i>	S	Company	-	NA (number)
<i>Support to political parties</i>	G	Company	-	Share of amount vs revenues
<i>Top manager turnover</i>	G	Company	-	NA (number)
<i>Lawsuits</i>	G	Company	Controversy watch (Web)	NA (number)

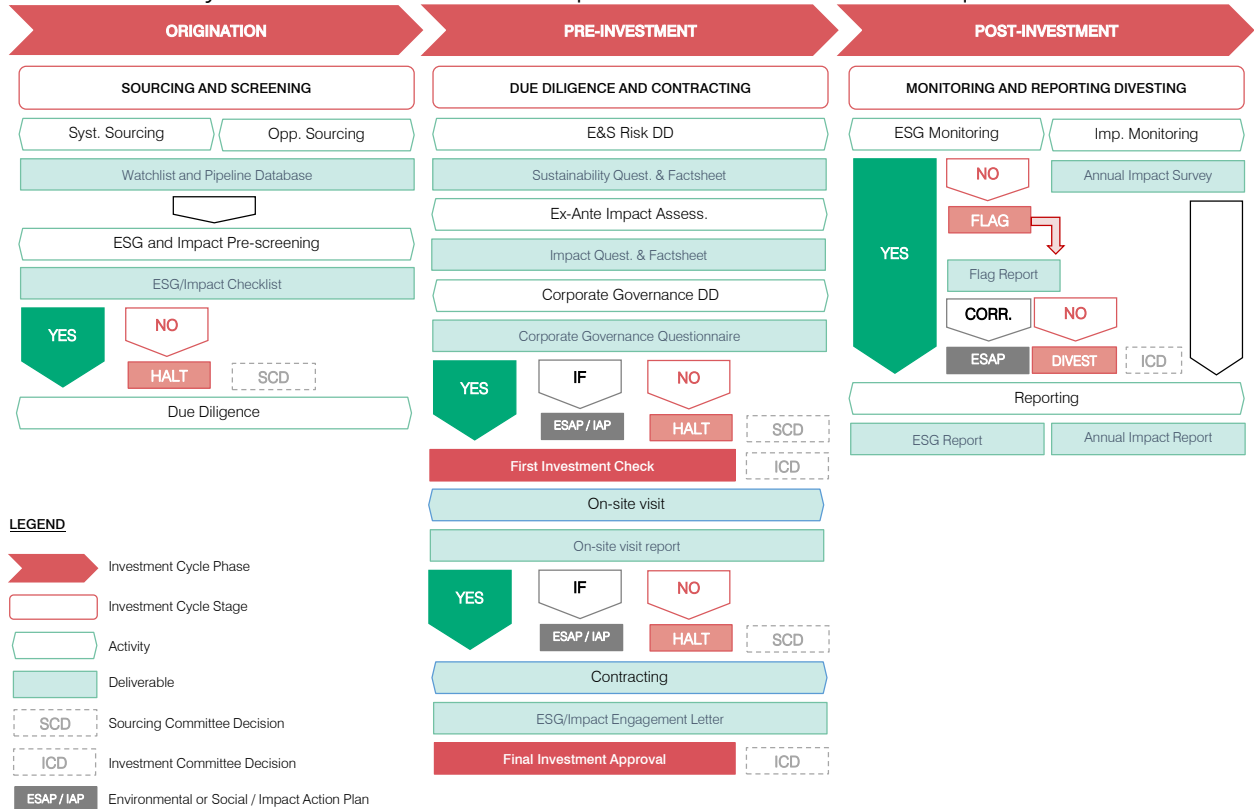
d. Description of actions and engagement policies to address principal adverse sustainability impacts

Depending on the severity of the Environmental and Social risks and impacts flagged, an **Environmental and Social Action Plan or Impact Action Plan (ESAP / IAP)** can be issued before a Final Investment Approval is given or during the annual monitoring of investees. The purpose of a corrective action plan is to mitigate potential environmental and social risks in the context of a transaction to an acceptable level. The corrective action plan would include a description of the specific mitigation actions to be taken by the investee; a timeframe for implementation and a reporting requirement to inform the Investment Team on the status of completion.

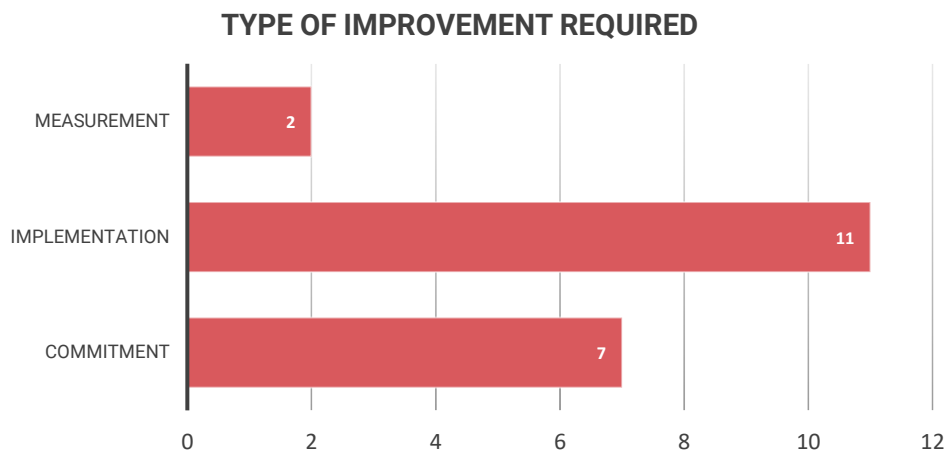
In case of non-compliance with the identified IFC Performance Standards, the Fund can also – depending on the severity of the issue – require the prospective investee to develop a corrective action plan for addressing the issue in a reasonable timeframe and stipulate this as **Environmental & Social Condition Precedents and/or Subsequent Conditions in the loan contract**.

All the adverse sustainability impacts leading to an Environmental and Social Action Plan (ESAP) are monitored under a dedicated monitoring tool at investee and portfolio level.

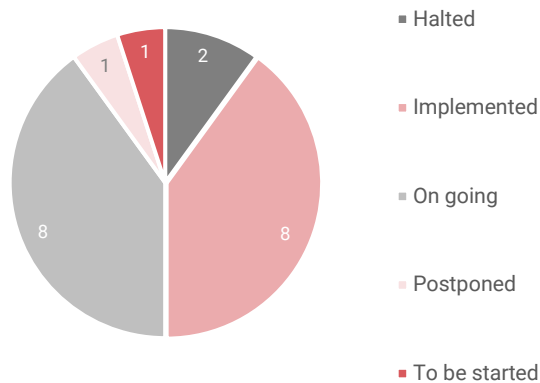
This scheme synthetizes the different steps where ESAP / IAP are required:



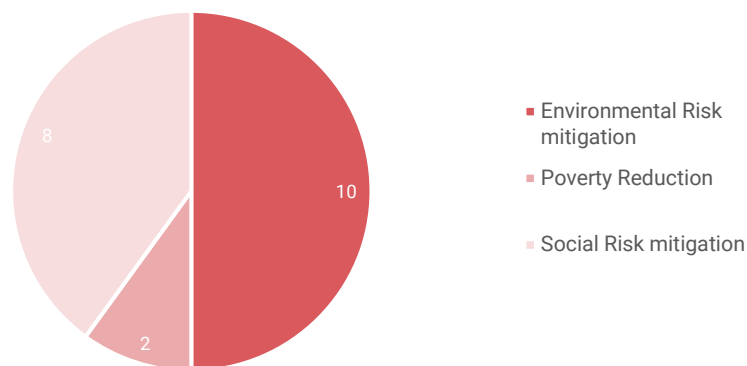
Sum-up of the engagement actions (ESAP / IAP) as of December, 2020:



STATUS OF THE ENGAGEMENT



ESG AND IMPACT CATEGORIES OF ENGAGEMENT



In 2020, the following engagement actions have been implemented:

Environmental Risk mitigation	PS3 - Develop a compost procedure and use compost on farmland.
Environmental Risk mitigation	PS3 – Find an option to recycle empty bags and eradicate burning system.
Environmental Risk mitigation	PS1 - Implement minor repairs to the processing plant floors to reduce the risk of re-infestation.
Environmental Risk mitigation	PS1 - Setup an infestation monitoring system.
Environmental Risk mitigation	PS6 – Evaluate control options to avoid nuisance (e.g. pigeons) and crop contamination risk in warehouse in a responsible way.
Poverty Reduction	Get the UTZ Certification to notably comply with offtakers' requirements, with the help of the Fund's dedicated financing.
Social Risk mitigation	PS2 - Install solar panel to power the warehouses.
Social Risk mitigation	PS2 - Develop a program to supply overall/workwear with reflective stripes for workers.

Engagement in 2021:

In 2021, the Fund plans to pursue two main engagement objectives through engagement campaigns:

- All new counterparties, if pertinent, will be required to setup a Responsible Purchase Policy including environmental and social criteria when contracting with suppliers/farmers, thus reducing the principal adverse impact usually identified at this step of the value chain (e.g. dangerous child labor risk).

e. International standards

INOKS Capital as delegated Asset Manager, under the ultimate approval of the Fund, evaluates prospective investees' sustainability risks against **all applicable laws** on environment, health & safety, such as local legislation or international treaties, as well as the **International Finance Corporation Performance Standards** (risk management, labor, resource efficiency, community, land resettlement, biodiversity, indigenous people, cultural heritage).

It assesses Corporate Governance related risks (corruption, non-ethical practices, structure preventing company's proper growth, reliance to key-people) against **International Finance Corporation Governance Framework**.

Examples of indicators and the way they are collected are reflected in table proposed in section c.

The level of compliance against these standards is measured through a proprietary tool enabling a distinction between:

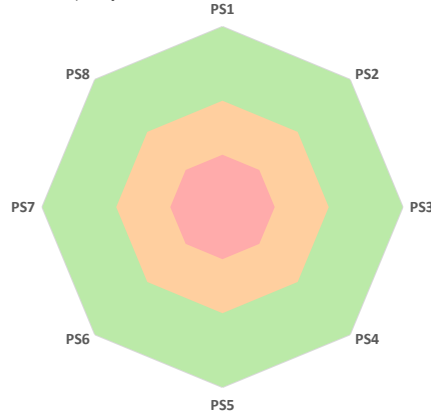
- the nature of the E&S risks and adverse impacts (lack of policies and procedures to manage a risk or issue, lack of implementation actions to embed the policies, or lack of monitoring of the risk / occurrence of incidences – *e.g. a H&S policy is in place but the frequency of work accident is increasing over the years*),
- its location along the value chain (being in the operations or in the supply chain – *e.g. is the company, being a cotton processor in Uganda, is aware of cotton suppliers practices in terms of water management in water scarcity places?*)
- and its occurrence risk (*e.g. child labor risk depending on the commodity, country*).

Category	Impact from	Q. n.	Question theme	Answer	Compliance	Context-related
		1.1				
R	Operations	1.1.1	Environmental permits		N/A	
R	Operations	1.1.2	H&S permits		N/A	
R	Operations	1.1.3	E&S Impact Assessment		N/A	
NA	NA	1.1.4	Certifications	NA	NA	NA
P	Operations	1.1.4.a	ISO 22000		N/A	
P	Operations	1.1.4.b	ISO 14001		N/A	
P	Operations	1.1.4.c	ISO 45001		N/A	
P	Operations	1.1.4.d	HACCP		N/A	
P	Operations	1.1.4.e	Other		N/A	
P	Operations	1.1.5	ESMS		N/A	
NA	NA	1.1.6	Review of ESMS	NA	NA	NA
		1.2				
P	Operations	1.2.1	E&S Policy		N/A	
A	Operations	1.2.2	Policy communication		N/A	
		1.3				
P	Operations	1.3.1	E&S risks identification process		N/A	
		1.4				
P	Operations	1.4.1	E&S mitigation / action plans		N/A	
		1.5				

Final score for PS1	
Global compliance of Operations	N/A
Policy compliance	N/A
Action compliance	N/A
Result compliance	N/A
Global compliance of Supply Chain	NA
Policy compliance	NA
Action compliance	NA
Monitoring compliance	NA
Global compliance for PS1	N/A
Policy compliance	N/A
Action compliance	N/A
Result compliance	N/A
Warn related to context for PS1:	
<i>(see details in table)</i> 0	

Screenshot of INOKS E&S Risk Assessment Tool for the Funds

Counterparty's IFC Performance Standards Benchmark



IFC Performance Standards Final Compliance Score

This IFC Performance Standards are strongly based on other international standards, as summed-up below:

International Standard	Coverage status	Reference	Comments
UN Guiding Principles on Business and Human Rights	Broad	IFC Analysis	The analysis confirms that IFC's approach of assessing and managing the environmental and social risks and impacts of its investment operations, including IFC procedural and substantive requirement placed on its clients through the Performance Standards, is broadly convergent with the GPs , and their emphasis on due diligence.
International Bill of Human rights	Broad	IFC Analysis	Overall, IFC confirmed that the multiple dimensions of rights in economic, social, and cultural areas have already been well addressed in the Standards (e.g., labor rights, health/pollution prevention, involuntary resettlement, cultural heritage). IFC also confirmed that the Standards cover aspects of rights in civil and

			<p>political areas that are relevant for IFC's business (e.g., community engagement, security personnel, grievance mechanisms, Indigenous Peoples). The concept of vulnerable groups, relevant to both types of rights, is also incorporated in the Standards.</p> <p>Gaps identified, unaddressed and likely to be relevant to a business sector include: a) Right to freedom from war propaganda and freedom from incitement to racial, religious, or national hatred (relevant to media companies), b) Right to participate in public life (relevant to media companies), c) Rights of aliens to due process when facing expulsion (may be relevant to employees and other stakeholders)</p>
ILO	Broad	Guidance note 2 IFC PS	<p>The requirements of IFC Performance Standard 2 have in part been guided by a number of international conventions and instruments, including the International Labour Organization (ILO) and the United Nations (UN). More especially :</p> <p>ILO Convention 87 on Freedom of Association and Protection of the Right to Organize ILO Convention 98 on the Right to Organize and Collective Bargaining ILO Convention 29 on Forced Labor ILO Convention 105 on the Abolition of Forced Labor ILO Convention 138 on Minimum Age (of Employment) ILO Convention 182 on the Worst Forms of Child Labor ILO Convention 100 on Equal Remuneration ILO Convention 111 on Discrimination (Employment and Occupation) UN Convention on the Rights of the Child, Article 32.1 UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families</p>
Equator Principles	Full	The Equator Principles	<p>The Equator Principles are based on IFC's Performance Standards.</p>
OECD Guidelines for Multinational Enterprises (for Agricultural Supply Chains)	Partial	Internal comparison	<p>Partial coverage.</p> <p>The Fund mostly focus on Small to Mid-size companies in Emerging Markets.</p> <p>Nutrition, though crucial, is not seen as a priority given the Fund's focus on soft commodities and first stages of the value chain.</p> <p>Animal welfare, as the Fund is focus is not Livestock, is not observed as well.</p> <p>Technology and Innovation is not covered; however, the due diligence ensures that environmentally friendly technologies use is preferred.</p> <p>Transversal standards, Human Right, Labor Rights, Health and Safety, Food security, tenure rights over and access to natural resources, animal welfare, environmental protection and sustainable use of natural resources, Governance are broadly covered.</p>