



STRICTLY PRIVATE AND CONFIDENTIAL

February 2022

ADM Capital Europe LLP Climate Change Policy

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ADM CAPITAL EUROPE LLP

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This document relates to ADM Capital Europe LLP's current operations as of 17th February 2022 but is liable to change at any time without notice.

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Table of Acronyms

Acronyms	Definition
ADMCF	ADM Capital Foundation
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
ESMS	Environmental Social Management System
ManBo	The Management Board of ADM Capital Europe LLP
GHG	Greenhouse Gas
IFC	International Finance Corporation
KPI	Key Performance Indicators
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-related Financial Disclosures



ADM Capital Europe LLP Climate Change Policy

1.0 Introduction

Changes to our increasingly erratic and warming climate have been recorded and these are, in part, driven by human actions, according to the scientific community. We believe that major shifts in consumption patterns, in technologies and in regulation will be required to drive the needed substantial and sustained reductions in GHG emissions. At the same time, we will need to adapt to our changing climates. This represents both risk and opportunity to the Cibus funds' portfolio companies and that, as risk managers, we must quantify the risk climate change represents to our investments, while, as asset allocators, we can play a role in supporting the transition to a low carbon and climate resilient economy.

Funds advised by ADM Capital Europe LLP ('ADMCEU') have duties to source and supervise portfolio investments responsibly on behalf of investors in these funds. Climate change represents the single most important sustainability factor given its systemic nature and the material influence on global financial markets. Neglecting climate change analysis could cause the mispricing of risk and the misallocation of assets. As a result, to ensure a prudent investment process, we have adopted this Climate Change Policy, which allows ADMCEU to adapt itself and its portfolio companies to climate change. This Climate Change Policy promotes a more resilient business, map our challenges and mitigate climate risks.

ADMCEU is seeks to align with the Task Force on Climate-related Financial Disclosures ('TCFD'). This policy and our actions will be reflected in our annual sustainability report.

ADM Capital Foundation ('ADMCF'), since 2006, has supported research, education and targeted action on climate and its related components such as land use, air pollution and water scarcity, forming a base of knowledge and research for ADMCEU.

ADMCEU's founders and employees, as Investment Adviser to the Cibus funds, have recently established the Cibus Foundation ('CF') to support organisations (charities or not for profit entities) and individual initiatives that are focused largely on the environment, restricting pollution, sustainability, animal and human health or welfare, improving farming communities, cutting food waste and improving recycling techniques. CF focuses attention to ESG matters that have a direct impact on agriculture and the farming environment.



2.0 Climate Change Governance

We have governance in place to manage climate change risks and opportunities and see this as a journey of continuous improvement.

ADMCEU's Management Board ('ManBo'), comprised of ADMCEU's senior management, and the ESG Associate, drive the company's sustainability and climate initiatives, policies and procedures. As such, it regularly reviews ADMCEU's exposure to climate change risks and opportunities regarding governance, strategy, risk management and targets.

Our climate-related management falls under the category of "Environment" in our Environmental, Social and Governance ('ESG') management process. ESG implementation (including data collection and compliance) is the responsibility of the ESG Associate, supported by the investment team members, to analyse and monitor these factors throughout the life of an asset - from the initial investment committee papers through to transaction exits. ESG due diligence and monitoring is a key part of the ADMCEU investment process and ranks equally with the financial, legal, commercial or other data due diligence and monitoring carried out by the team.

ADMCEU's Investment Advisory Committee ('IAC') reviews the risks and opportunities of all proposed investments, including ESG and climate change matters. Ongoing monitoring, after an investment has been made, is overseen by the ESG Committee.

Compliance with all Environmental, Social and Governance Responsibilities, including those related to climate, is overseen by the ESG Associate and the ADMCEU General Counsel, as well as ADMCEU's Sustainability Advisers. Their roles in relation to ESG follows:

- Assist in setting the Company's general strategy with respect to ESG Matters and to consider and recommend policies, practices and disclosures that conform to the strategy;
- To play an active role in the creation of and provide ongoing support (in the form of insights, information and relevant data) to, the Company's reporting and disclosure, with respect to ESG Matters;
- Review and decide on proposals from the ESG Associate regarding changes and updates to the Company's Environmental and Social Management System;
- To review current and emerging ESG Matters that may affect the business, operations, performance or public image of the Company and/or portfolio companies, our Limited Partners ('LPs') and other stakeholders and to make recommendations on how the Company's policies, practices and disclosures can adjust to or address current trends;
- To evaluate and advise the Company on requests and concerns from LPs relating to ESG matters;
- To assist with outside consultants, as applicable, to drive timely and relevant disclosures of ESG Matters; and
- To review an annual assessment of this document and agree upon proposed changes.



2.1 Compliance with Laws, Regulations

ADMCEU strives to comply with all applicable laws and regulations related to E&S aspects of its operations and it expects its clients and third parties acting on its behalf to do the same. ADMCEU's Environmental and Social Management System promotes adherence at both ADMCEU and client levels to all relevant regulatory requirements as well as voluntary commitments and best practice standards.

ADMCEU is a Principles for Responsible Investment ('PRI') signatory, which ADM Hong Kong Limited has been a signatory of since 2008. As such, ADMCEU voluntarily follows the management and reporting recommendations and requirements of the PRI, including climate change-related governance and strategy, starting from 2020. ADMCEU is also a signatory of the Initiative Climat International ('iCI').

2.2 Investment Framework and Use of Best Practice Standards

ADMCEU adopts the International Finance Corporation ('IFC') Performance Standards ('PS') as its framework for the management of environmental and social risks and impacts associated with the projects it seeks to fund.

IFC Performance Standards define comprehensive operational requirements related to:

- Assessment and management of environmental and social risks and impacts, including climate-related ones;
- Labour and working conditions;
- Resource efficiency and pollution prevention;
- Community health, safety, and security;
- Land acquisition and involuntary resettlement;
- Biodiversity conservation and sustainable management of natural resources;
- Indigenous Peoples (including the use of free, prior and informed consent); and
- Cultural heritage.

Through adopting the IFC PS, ADMCEU is integrating the assessment and management of climate-related risks and opportunities with our portfolio companies.

As part of adopting the IFC PS, ADMCEU has also implemented an investment Exclusions List based on the IFC PS, UN Global Compact and The Guernsey Green Fund, which includes climate damaging sectors such as commercial logging, drift net fishing or other practices damaging to the marine environment. This exclusion list is updated regularly, by the ESG Associate, with our evolving Climate Change Policy and ESG standards.

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ADMCEU is adopting the recommendations of the TCFD to manage climate-related risks and opportunities incorporated in the funds it advises. TCFD recommendations provide a common international framework for companies and investors to disclose information about climate change in their business and investment practices.

The UK has recently announced its intention to make TCFD-aligned disclosures mandatory across the economy by 2025. The alignment of our Climate Change Policy to TCFD is a part of our roadmap to ensuring robust sustainability disclosures. Under TCFD, our recommendations are clustered under four categories; governance, strategy, risk management and metrics.

Core Elements of Recommended Climate-Related Financial Disclosures



2.3 Approval and Review

This Climate Change Policy was approved by the Management Board in March 2021 and will be reviewed regularly as part of ADMCEU's ongoing management review processes.

2.4 Climate-risk awareness

This Climate Change Policy is communicated to all ADMCEU staff members and will be made available to ADMCEU advised fund investors, portfolio companies and other relevant stakeholders, on request.



3.0 Climate Change Strategy

Climate change may have material impacts on ADMCEU's funds and portfolio companies. Climate-related impacts may extend beyond our investment, so we help our portfolio companies identify climate strategies of their own through data, discussion and, if necessary, corrective action. We also monitor our own emissions, thereby setting an example to portfolio companies.

Currently, our deal teams and ESG Associate manage each of our projects according to our ESMS:

1. Our exclusion list;
2. The ESG and positive solutions toolkit (including climate related risks), identifying risk and opportunity using our proprietary metrics frameworks;
3. Third party (or internally conducted) ESG due diligence, where appropriate;
4. Development of an Environmental Social Action Plan ('ESAP') to mitigate risks identified during ESG due diligence and based on mutual agreement with the portfolio company;
5. Identification and implementation our standards and unique E&S related KPIs; and
6. Monitoring and reporting of ESG matters (including ESAP compliance and E&S KPI reports) for the life of the deal.

The climate objective outlined above allows ADMCEU to:

- Adopt the internationally recognised TCFD framework to shape and report on our sustainability work;
- Contribute positively to the Paris Agreement's¹ objectives of keeping warming to 2.0 degrees Celsius above pre-industrial levels and limiting the increase to 1.5 degrees Celsius;
- Support the economic transformation towards a low carbon economy and actively seek portfolio companies who support this process; and
- To apply this strategy broadly across the portfolio investment activities.

¹ The Paris Agreement aims to respond to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius, above pre-industrial levels and to limit the temperature increase even further to 1.5 degrees Celsius. Additionally, the agreement aims to increase the ability of countries to deal with the impacts of climate change and making finance flows consistent with a lowGHG emissions and climate-resilient pathway. To reach these ambitious goals, appropriate mobilisation and position of financial resources, a new technology framework and enhanced capacity-building is to be put in place, thus supporting action by developing countries and the most vulnerable countries, in line with their own national objectives. The Agreement also provides for an enhanced transparency framework for action and support.



3.1 Climate-related risks

In line with the recommendations of the TCFD, we divide climate-related risks into two major categories:

- Risks related to the physical impacts of climate change; and
- Risks related to the transition to a lower-carbon economy: policy and legal, technology, market and reputation risks.

Transition risks represent climate-related issues such as policy and regulatory change, reputational impact and shifts in market preferences, norms and technology caused by a changing climate. These transitional risks can affect Cibus funds' portfolio companies' operations and profitability and even lead to stranded assets and thus indirectly affect the funds we advise. Supply and demand could be affected by changes in policies and technologies and may affect the valuation of portfolio company assets and liabilities. We anticipate that these risks will emerge in the short to medium term (5-10 years). At the same time, we recognise that climate-induced transition brings opportunities including those driven by resource efficiency as well as the development of new technologies, products and services that could lead to new markets and sources of funding which we wish to continue to explore.

Physical risks include extreme weather events such as flooding, typhoons, droughts and wildland fires, exacerbated in severity by climate change. The effects of these risks could include property losses, production disruption, workforce interference and supply chain issues.

3.2 Processes for managing climate-related risks

ADMCEU is continuously working towards improving its internal processes to manage climate related risks and opportunities, both at the portfolio company level and at the firm level.

ADMCEU follows a systematic E&S process for all our investments to ensure material climate-related risks are managed to the best of our abilities. We have an ESMS in place to provide a set of procedures, internal capacity and policies to identify, manage and report on ADMCEU's exposure to current and potential portfolio ESG risks. We identify climate-related risks as a component of our ESG risk assessments.



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Our in-house ESG and Positive Solutions toolkit provides investment analysts an understanding of risks at the earliest stage of our investment cycle. Our objectives include:

- Ensuring that ESG and impact factors are part of the decision making throughout the investment cycle.
- Supporting portfolio companies to identify and manage ESG and impact risk, as well as identify opportunity;
- Creating a framework to engage with clients and stakeholders on ESG standards;
- Supporting performance monitoring and identify areas where ESG risk should be mitigated within a consistent approach across the funds; and
- Helping ADMCEU capture the value of ESG integration and demonstrate its track record to investors and other counterparties.

See our Emissions Collection Process document for further information on our GHG emissions collection process and how we approach collecting emissions. ADMCEU has developed a tool to collect portfolio company emissions. This will be an iterative process and will improve year on year as we develop the structures to tackle emission collected as accurately as possible.

4.0 Metrics

4.1 Targets

We have identified metrics to assess our climate-related risks and how we can monitor and report on those.

ADMCEU has identified climate-related key performance indicators ('KPIs') alongside other environmental, social and governance indicators, for each project and across its portfolio, that it wishes to monitor and report on to its investors. Our aim is also that our KPIs contribute to the 2015 Sustainable Development Goals ('SDGs') and ultimately align the SFDR Principle Adverse Impact ('PAI') reporting framework. We are looking to align our KPIs with the SDGs to achieve the goals set out. KPIs are established and data is collected to monitor progress and mitigate risk in our portfolio companies. We utilise the KPIs gathered to produce fund-wide reporting, our annual sustainability report and report to the UN Principles of Responsible Investment (UN PRI). The dashboard also enables portfolio companies/ LPs to produce ESG risk and sustainability reports.

KPI data is collected in a transaction and, along with an ESAP, we set E&S objectives. SASB Accounting Metrics are used with our toolkit and used to assess material impact and opportunities.



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ADMCEU's climate related KPIs

Metric	Unit	Risk Type	SDGs
GHG Emissions (Scope 1,2 and 3)	tCO ₂ e	Transition	7.4
GHG Emissions Target	tCO ₂ e	Transition	7.4
Electricity Consumption	Kwh	Transition	7.4
Electricity usage target	Kwh	Transition	7.4/7.3
% Electricity from renewables	%	Transition	7.4/ 7.2
Fuels Used	M3/litres	Transition	7.4
Municipal Solid Waste Generated	Tonnes	Transition	12.4
% Recycled/ Re-used Waste		Transition	12.5
% Hazardous Waste		Transition	12.4
Total amount of waste product		Transition	12.5
Water Consumption	m ³	Physical/Transition	6.4
Climate Change / Environmental Policy	Yes/No	Physical/Transition/Liability	13.1

ADMCEU intends to monitor its own operational greenhouse gas emissions annually. Separately, as part of the measurement of ADMCEU's Scope 3 emissions, we have embarked upon monitoring pilot portfolio companies for their Scopes 1 and 2 emissions.²

4.2 Reporting to Investors and Ongoing Engagement

After the initial investment, ADMCEU continuously monitors pre-agreed data relating to the financial, commercial and ESG performance of the portfolio company and, where applicable under the relevant fund offering documents, ADMCEU provides a quarterly investor report that contains a summary of these data to investors (including ESG performance and climate data). ADMCEU works with each portfolio company to establish emissions reduction actions and strategies. ADMCEU also develops physical and transition risk adaptation plans and supports projects which enhance environmental benefit (e.g., biodiversity and natural capital).

A central file of all E&S due diligence reports, ESAPs, E&S KPIs and other E&S data and compliance procedures implemented in respect thereof is maintained by ADMCEU for each portfolio company and updated periodically.

ADMCEU engages, on a case-by-case basis, with relevant stakeholders, civil society organisations and industry groups, and participates in initiatives support our Climate Change Policy implementation.

²The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'Scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. This applies to all ADMCEU portfolio companies.



4.3 Public disclosure

ADMCEU aims to publish a Sustainability Report annually. We have published our first sustainability white paper which has been sent out to our investors. Our Sustainability Report aims at providing a complete, balanced and objective snapshot of ADMCEU's E&S progress for the year. Such progress includes aspects related to ADMCEU's view on its climate change preparedness and resilience.

Additionally, ADMCEU is a signatory to UNPRI, and will report to UNPRI on TCFD's Strategy and Governance aspects of climate management.