



Cibus Capital LLP
ESG and Impact Policy
November 2022

(This policy applies to investments and proposed investments of funds advised by Cibus Capital LLP ('Cibus' or the 'Firm'). This policy is not exhaustive, supersedes any earlier policy or procedures, is current as of the above date and may be varied or amended by management from time to time as circumstances dictate.)

1.0 Introduction

The Cibus funds started in 2016 with the hypothesis that sustainability and commercial prosperity in the food and farming sector are inextricably linked. We believe an approach that reflects this is the only viable hope of both addressing the challenges we face in producing more food with limited resources, including land, and capitalising on the investment opportunities in agriculture's changing landscape. The funds that make up the strategy all share the principle that financial capital should be provided to companies that have found innovative ways to produce better food with fewer negative externalities and efficient resource use.

The Cibus funds strive to foster good corporate governance, respect for the environment, animal welfare, responsible labour policies, ethical business practices and, of course, compliance with local laws. The Cibus team believes all these practices will benefit the local community, as well as ultimately improving business efficiency and performance so that the Cibus team can achieve its goal of attaining the maximum returns for its investors.

2.0 ESG Statement

We face a perfect storm of depleted natural resources, climate risk, global population growth, an expanding middle class and rapid urbanisation. This presents both opportunities and material risks to manage in our investment portfolios. As a primary user of natural resources in many countries and with a dependency on weather, agriculture has an interest in greater attention to resource use and greenhouse gas ('GHG') emissions throughout the food value chain and the implementation of new technologies. An ESG lens is critical to highlight these risks and opportunities as we navigate the transition. The Cibus team believes this approach is critical to its fiduciary responsibility and maximises the value of its investments.



Our teams work with portfolio companies to increase sustainability, optimise resource use, reduce chemical use, reduce climate and disease risk, increase traceability and enhance food safety. We want to ensure our companies are well-governed, pay fair wages, are gender balanced and provide a safe working environment. Fundamentally, we believe investment solutions that incorporate Environmental Social, and Governance ('ESG') opportunities and risks will deliver a competitive advantage to show improved long-term financial prospects.

2.1 Environmental

The Cibus team works to ensure best practice in the funds and investment companies regarding the management, measurement and reporting of environment risk and opportunity and to ensure compliance with local laws and regulations. The Cibus funds are conscious of the environmental effects of their activities and those of its investments and recognise the need to minimise avoidable adverse environmental impacts where possible. The Cibus team strives to lessen the footprint of global agriculture through investments that help improve their companies' environmental performance by reducing input use, minimising waste, reducing packaging materials, promoting recycling, reducing GHG emissions and, in general, considering the impact of their investments as well as its own daily operations. At a fund level, this includes monitoring travel, choosing train travel when possible and offsetting carbon emissions from both flights and train journeys. At the portfolio company level, environmental risk and opportunity are identified, assessed and monitored throughout the whole investment cycle. Post-investment the Cibus team continuously collaborates with portfolio company management teams to work towards minimising environmental impact through direct environmental risk management within their Environmental and Social Action Plans ('ESAPs')¹.

2.2 Social

The Cibus funds respect the protection of internationally proclaimed human rights and works to support these principles. Each portfolio company must comply with the Ten Principles of the UN Global Compact.

The Cibus funds recognise the importance of ensuring that their own and their investments' labour conditions, health and safety guidelines and wages are fair and are not less than those required by local laws. Further to this, portfolio companies are encouraged to improve working lives of their employees through good health and safety practices, means to air grievances and advancement opportunities. During onboarding we provide each company with example policies covering health and safety, child labour, modern slavery and socially

¹ Please see the Environmental and Social Management System ('ESMS') Policy for more information on ESAPs



responsible supply chain management.

2.3 Governance

The Cibus funds believe that sound governance is critical for its accountability, value creation and risk mitigation.

At the fund level, governance covers a broad range of corporate activities including board and management structures as well as policies, standards, information disclosure, auditing and compliance. Moreover, the same standard of governance is expected of our portfolio companies.

The Cibus funds' implementation and administration of corporate governance processes include:

- nomination, appointment and monitoring of directors;
- board and advisory committee meetings;
- corporate governance processes relating to portfolio and SPV companies; and
- conflicts of interest.

2.3.1 Ethical Conduct

The Cibus funds consider its reputation for integrity and fairness as one of its most valuable and carefully guarded assets. It insists on honesty and integrity in all aspects of its business operations. Cibus strives to avoid conflicts of interest, and to act lawfully and ethically.

Cibus expect its staff to practice the highest moral and ethical standards in all its business activities. This includes honesty and integrity when working with other company employees, the general public, business associates, governmental and regulatory authorities. Cibus expects its staff to maintain the confidentiality of information entrusted to them by the company, investors or others involved in any business dealings (please see our Staff Handbook for further detail)

The Cibus funds value the diversity of its employees and is committed to equal opportunity and fair compensation in all aspects of employment to all employees without regard to sex, race, national origin, religion or sexual orientation. The Cibus team seeks to ensure that these values are held by portfolio companies (please see our Diversity and Inclusion Policy for further detail).



3.0 Impact Statement

The Cibus funds’ overall impact goal is to *“reduce the impact of the agricultural industry on our planet and people and support a sustainable, equitable and secure future food system.”*

We have broken this impact goal down into the underlying impact objectives set out in the table below. We derived these impact objectives from the Cibus funds’ Theory of Change which aligns the Cibus funds’ investment strategy to our impact objectives by defining who the key stakeholders are, outlining our goals and assigning the measurable effects to which we can then assess our results. Each impact objective can be directly applied to one or more of the United Nations (‘UN’) Sustainable Development Goals (‘SDGs’).

The Cibus investment process aligns with these underlying impact objectives and thus, ultimately, the impact goal.

Topic	Impact Objective
Sustainable Crops	Increasing production of healthy and sustainable crops
Sustainable Land-Use	Increasing conservation and restoration of land
Sustainable Livestock	Increasing sustainable livestock production
Healthy Soils	Improving agricultural soil health
Biodiversity	Protecting biodiversity in land and enhancing biodiversity in production or consumption
Sustainable Water	Improving agricultural water quality/water use practices
Reduced GHGs	Mitigating greenhouse gas emissions from agricultural activities
Increased Nutrition	Improve nutritional quality of life for animals and humans
Reduced Agrochemicals	Reducing the use of nitrogen fertilisers/damaging pesticides in farming
Reduced Waste	Reducing the amount of agricultural / aquaculture / food system waste
Better Labour	Increasing agricultural / food system labour welfare

4.0 ESG and Impact Management, Measurement and Reporting

The Cibus funds aim to invest in companies with the product or services and/or the commitment and capacity to have positive impact on the global agriculture system. The integration of sustainability is documented and upheld by our Environmental and Social Management System (‘ESMS’), which outlines our approach to integrating impact, managing ESG opportunities and mitigating risks throughout the investment cycle. Our ESMS is a dynamic system, and we will update future policies accordingly (find more detail in our ESMS policy).



4.1 Pre-Investment

The Cibus team will, during investment review and due diligence, analyse the sustainability strategy, aligned with our Theory of Change, of a potential investment target. This strategy, as well as key ESG risks, are discussed by the Cibus funds' Investment Advisory Committee ('IAC') prior to any financial commitment. The IAC assesses the results of the exclusions list assessment, ESG Toolkit, ESG DD reports and an impact assessment alongside our Theory of Change.²

4.1.1 Exclusions List

The exclusion list, based on the International Finance Corporation ('IFC') and the Guernsey Green Fund rules (see below), is the initial step of our ESG due diligence process. We do not consider production practices that are damaging to our environment and society. We positively select for organisations that act to avoid harm, benefit society, and/ or create solutions to some of our planet's greatest challenges.

In addition, the General Partner to the Cibus funds, Cibus Investments Limited, will not participate or invest in an investment if such participation or investment would cause the Cibus funds to become involved in violations of the human rights that are specified by the United Nations' Universal Declaration of Human Rights, and labour rights as specified by the United Nations/International Labour Organisation ('ILO') core conventions and such involvement could be known to General Partner with reasonable commercial effort. If during the term of the investment, the General Partner becomes aware of any violations of the specified human rights involved in an Investment, the Cibus funds will make a commercially reasonable effort to address the issue with the relevant party, demanding a firm effort to correct the violation and take precautionary actions to prevent involvement with the specified human rights violations in the future.

4.1.2 The ESG and Impact Toolkit

The Cibus ESG team uses a proprietary toolkit to understand sector specific knowledge of ESG risk factors, management commitment and impact assessment. It is a collection of frameworks and processes to review in reference to each individual investment opportunity, it is made up of two parts:

² Investigation beyond commercial, legal and operational diligence, comprises of an extensive sustainability review prior to any financial commitment.



- 1) ESG Analysis – screening, IFC risk category, ESG risks and opportunities analysis, a short-questionnaire and rating system based on the CDC toolkit and the Sustainability Accounting Standards Board ('SASB') reporting standards; and
- 2) Impact and Sustainability Analysis - Depending on the deal structure and business type, the ESG Associate will assess the impact risk-return and Sustainable Development Goal ('SDG') alignment. The deal team should work closely with the ESG Associate and ensure these materials are included in IAC notes.

The toolkit is designed to support investment team due diligence by guidance on ESG risks and opportunities. The toolkit:

- 1) Supports the ESG sections of the presentations to the IAC;
- 2) Provides a consistent format with which to report to the IAC;
- 3) Provides insights (through a scoring system across various ESG categories) for the deal team prior to DD (enhancing our ability to discuss problem areas with the external DD team/ the IAC); and
- 4) Reinforces and provides evidence of the integration of ESG and Impact into every investment decision.

4.1.3 Theory of Change Objectives

Each investment made by the Cibus funds must map to at least two of the impact objectives listed in our Impact Statement above. We use two impact objectives as a minimum because we want an investment to have as a holistic a response to overall sustainability goals, rather than being one dimensional our response to social or environmental challenges in agriculture and bringing our Theory of Change into fruition. During due diligence, we collect and assess data and, as a result, set impact KPIs for each portfolio company in conjunction with management to ensure early cooperation and shared goals to targets. Each portfolio company then reports these KPIs on an ongoing basis and derives future ESG and impact actions from analysis of such KPIs to develop its impact objectives.

4.2 Post-Investment

Cibus works proactively with portfolio company management to add ESG and impact value and improve governance practices via an Environmental and Social Action Plan ('ESAP'). Cibus believes data is integral to capture impact, as a result, ESG and impact Key Performance Indicators ('KPIs') are set with companies to improve their sustainability performance and to identify ways for improvement.

4.2.1 Environmental and Social Action Plans



The Cibus team and the company management agree on the initial ESG actions, and we assign them a five-pillar ESG strategy, each pillar aligns with the management of the priority ESG risks and the achievement of our Impact objectives. The Cibus team provides the management with an onboarding pack that includes a list of policy examples, KPI templates and guidance on our ESG expectations and impact reporting. The ESAP for a transaction identifies any key ESG risk factors and guides sustainability risk mitigation or sustainable performance enhancement based on IFC Performance Standards and/or other relevant standards. The ESAP is a list of identifiable and measurable actions that mitigate ESG risk and define the parameters within which we aim to measure progress on a quarterly basis. These are agreed by the Cibus team and the executive management of the underlying investee company. We work proactively with portfolio company management to add environmental and social values to their strategy and improve governance practices via the ESAP.

4.2.2 Key Performance Indicators ('KPIs')

ESG KPIs collected are consistent across the Cibus funds. The Cibus funds consolidate key KPIs and report on fund-wide ESG & impact results. The ESG performance of the Cibus funds are analysed in these reports. The Cibus funds measure the following social and governance KPI topics across its portfolio:

Governance

- Board Member Breakdown
- Board Gender Diversity
- Child Labour Policies
- ESG Policies

Social

- Employee Gender Breakdown
- Turnover
- Salary Gap
- Remuneration Gap
- Accidents
- Working Hours
- Training

Environment

- GHG emissions
- GHG emissions reduction targets
- Land-Use



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- Water-Use
 - Waste
 - Electricity Use
 - Fuel Use

For each individual portfolio company Cibus will set unique impact KPIs, aligned with our impact objectives under our theory of change. These are reported alongside ESG KPIs, they may be quantitatively and/or qualitatively. For example: -

- Land/ agricultural yield under sustainable cultivation/ stewardship
- Reduced/ avoided agrochemical use
- Reduced/ avoided GHG emissions
- Carbon sequestration
- Decreased water footprint per unit production.
- Decreased/ avoided food system waste
- Increasing agricultural labour welfare through policies/ committees/ training