
CIBUS

Operating Principles of Impact Management Draft Disclosure Statement

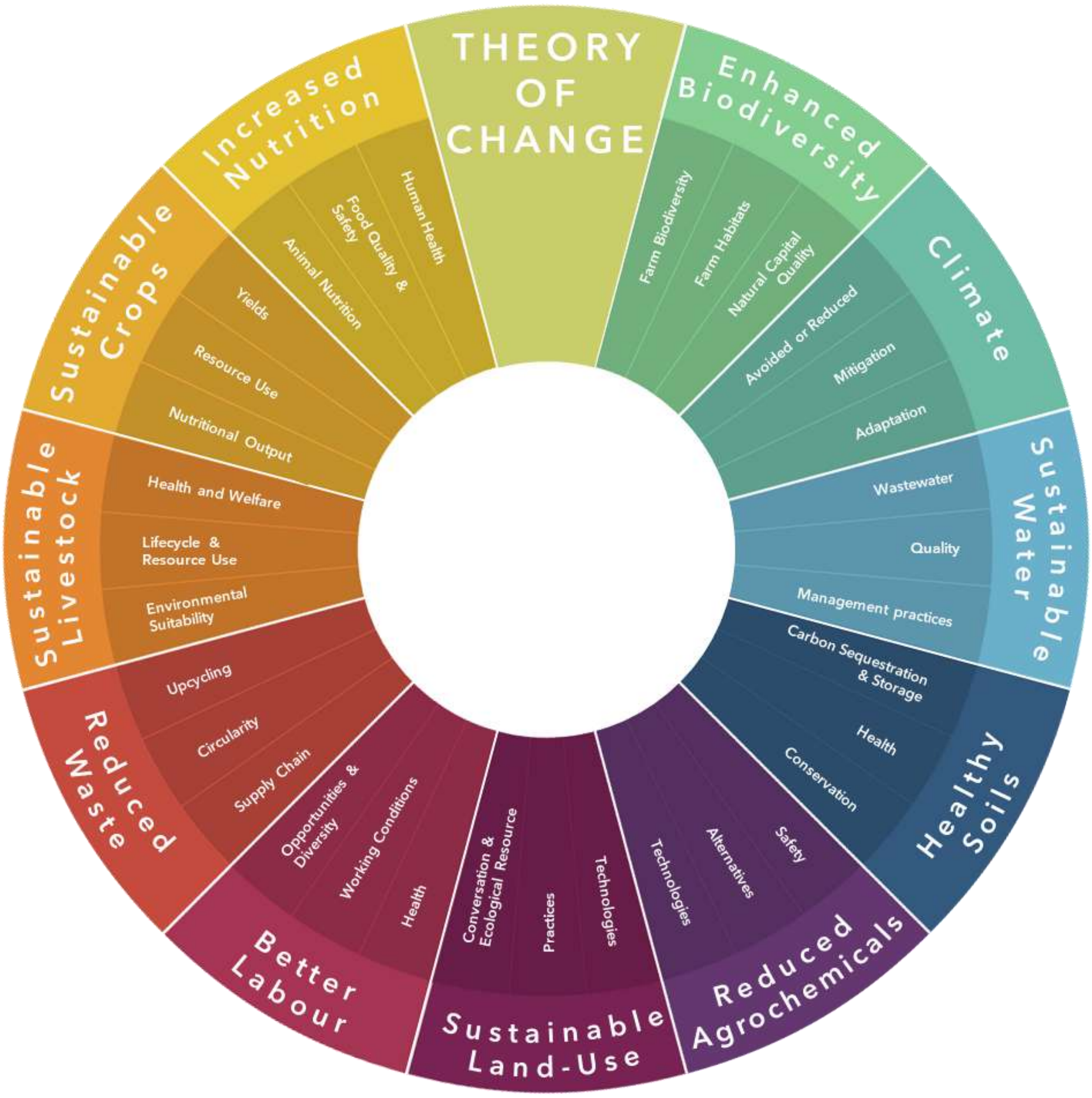
Cibus Investments Limited II

Cibus Investments II Ltd, hereby affirm its status as a Signatory to the Operating Principles for Impact Management (the Impact Principles). This disclosure statement applies to the Covered Assets of Cibus Investments II Ltd, which as of April 2023, amounted to US$444 million. The Covered Assets comprise funds under Cibus Investments II Limited that have been managed in accordance with the Impact Principles since our signatory status commenced in March 2022.

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, economic, or environmental effects, which are aligned with the Sustainable Development Goals ('SDGs'), or other widely accepted goals. The strategic 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 expectation of achieving the impact objectives through the investment strategy; and that the magnitude (scale and/or intensity) of the expected portfolio impact is proportionate to the size of the investment portfolio.

Cibus Capital LLP ('Cibus') is committed to achieving positive and measurable social, economic, and environmental impact through our investments in the food and agribusiness sector. Our strategic impact objectives are aligned with the Sustainable Development Goals ('SDGs') and are guided by the problem we are trying to solve - *reducing the impact of the agricultural industry on our planet and people to support a sustainable, secure and equitable future food system.* To ensure consistency between our impact objectives and investment strategy, we



have defined our impact objectives using the Theory of Change framework. Each of our impact objectives are outlined in the diagram below.

The impact objectives are assigned measurable KPIs and are directly aligned with one or more of the SDGs. Each objective is derived from the IRIS+ Core Metrics and outlines our goals and the key stakeholders involved.

Our two investment strategies, the Cibus strategy and the Cibus Enterprise strategy, provide capital to companies in the food and agribusiness sector that are committed to sustainability and using the latest technology to transform the food value chain. Our ESG and impact methodologies, policies, and procedures are monitored and advised by our ESG Committee.

We use our ESG and Impact toolkit to integrate and evaluate impact throughout our investment lifecycle. This methodology employs the Impact Management Project's ('IMP') five dimensions of impact, our Impact Risk Return Rating, our SDG alignment and contribution assessment, and impact KPI assignment, measurement, and reporting. We believe that by defining our strategic impact objectives and aligning them with our investment strategy, we can achieve a credible expectation of achieving positive impact at a proportionate scale to the size of our investment portfolio.

Principle 2: *Manage strategic impact on a portfolio basis.*

The Manager shall have a process to manage impact achievement at the portfolio level, similar to that of managing financial returns. The objective of the process is to establish and monitor expected 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.

At Cibus, we recognize the importance of managing impact achievement at the portfolio level, similar to that of managing financial returns. Our Environmental and Social Management System ('ESMS') enables us to manage ESG and impact objectives throughout the investment lifecycle, while tracking performance at the fund level.

To ensure our portfolio aligns with our impact objectives, our investment team sources businesses whose core product, operation, or service aligns with the achievement of two or more impact objectives at a portfolio level. During due diligence, each investment opportunity is evaluated based on alignment with our impact objectives, and ESG and impact KPIs are assigned. Recognizing that impact may vary across individual investments in the portfolio, we set unique KPIs at the company level. These KPIs are tailored to a company's operation, product, and/or service, and the level of actual or estimated impact is assessed in relation to the stage of a company's business operations and sales.

Investment management involves establishing an Environmental and Social Action Plan ('ESAP'), which defines the underlying actions needed to achieve impact objectives at the portfolio level. Our ESAPs can help manage strategic impact on a portfolio basis through:

1. Standardised ESG Evaluation: An ESAP provides a standardized process for evaluating the impact performance of all portfolio companies. This allows us to compare and benchmark the impact performance of different companies within the portfolio and identify areas for improvement.
2. Prioritisation of Portfolio-Level Risks: An ESAP helps to identify and prioritize the ESG risks that are most significant at the portfolio level. By focusing on these high-priority risks, we can effectively manage our ESG exposures across the entire portfolio and mitigate potential negative impacts.
3. Development of Portfolio-Level Strategies: An ESAP helps to develop portfolio-level impact strategies that address common risks and opportunities across all portfolio companies. These strategies can include best practices for sustainability reporting, ESG and impact integration into investment decisions, and engagement with portfolio companies to improve their non-financial performance.
4. Monitor and Report Progress: An ESAP provides a framework for monitoring and reporting on the portfolio company's progress in addressing our impact objectives. This helps to ensure that the company remains on track and is continually improving its impact performance.

Portfolio companies report on agreed-upon KPIs regularly, and an aggregated view of the portfolio's ESG and impact KPIs is reported to our LPs annually and upon request throughout the year. KPIs and ESAPs are designed together, to support accountability towards the priority outcomes.

Furthermore, we believe in aligning staff incentive systems with the achievement of impact, as well as with financial performance. The Cibus Remuneration Committee adjusts bonuses as appropriate to reflect behaviours and performance in relation to impact and ESG. Within majority holdings, we apply the Long-Term Incentive Plans to incorporate goals aligned with the impact objectives. Long-Term Incentive Plans are designed on a per investment basis within the Cibus strategy, KPIs within the plans are based on findings from our ESG and impact due diligence process with annual targets and overarching goals.

Overall, we are committed to managing impact achievement at the portfolio level, recognizing the importance of integrating impact and ESG into our investment process, and aligning staff incentives with these objectives.

Principle 3: *Establish the Manager's contribution to the achievement of impact.*

The Manager shall seek to establish and document a credible, transparent narrative on the investor's contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels, and assessed for the individual investment, or from a portfolio perspective. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Our impact investing approach is aligned with Principle 3, which emphasizes the need for a clear and transparent narrative on the manager's contribution to impact achievement. The Cibus fund's strategies were developed by its founding partners with the aim of addressing the systemic issues in the agricultural industry that have led to detrimental effects on our planet and its people. Our primary objective is to reduce the agricultural industry's impact and drive investment towards creating a sustainable, equitable, and secure future food system. The Cibus advisory team, comprised of experts from diverse backgrounds, is dedicated to achieving this goal. To establish our contribution to impact achievement, we have created and documented a credible and transparent narrative, through our Theory of change that outlines the financial and non-financial channels through which we make our contributions. This narrative is assessed on both an individual investment and portfolio level and is stated in clear terms, supported by evidence wherever possible.

At the sourcing and origination stage, our Impact Risk Return Rating incorporates an assessment of Cibus's potential to generate positive impact, which is reviewed under two dimensions: "Investment Contribution" and "Drop off, Execution and External risk."

Regarding "Investment Contribution," we evaluate the extent to which our capital and impact knowledge add unique value to the company, as well as the commitment, capacity, and willingness of management to collaborate with us. Our investment and ESG team's knowledge base and experience with similar companies also informs this assessment. Additionally, we examine successful ESG and impact outcomes across our current or previous portfolio companies to ensure we can contribute effectively.

For "Drop off, Execution and External risk," we evaluate the potential risks associated with the investment and assess the commitment, capacity, and willingness of the current management to mitigate these risks. We also consider the ease of risk mitigation, whether it requires an operational overhaul or minimal process changes. Our contribution and experience can aid in mitigating these risks. To ensure accountability and track our contribution to impact, we monitor and record our engagement with portfolio companies. During primary Cibus Strategy meetings with company management in the first six months of investment and bi-annually/ annual (dependent on investment criteria) thereafter, we discuss ongoing and incoming ESG and impact action plans to ensure and demonstrate our contribution. Quarterly documentation summarizes the impact and ESG performance resulting from our engagement.

Overall, our approach to impact investing aligns with Principle 3 by establishing and documenting a transparent narrative of our contribution to impact achievement for each investment. Our assessments are based on both financial and non-financial channels, and we support our narrative with evidence as much as possible.

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.

Cibus recognizes the importance of assessing the expected impact of each investment using a systematic approach. Our approach is multi-faceted and considers both direct and indirect impacts. We utilize proprietary and third-party frameworks, including our ESG Toolkit, to comprehensively analyse a company's impact and sustainability.

Our Impact Risk Return Rating assesses the contribution of each investment to achieving impact across five dimensions established by the IMP. We evaluate the intended impact, the recipients of that impact, and the magnitude of the expected impact. We also consider the likelihood of achieving the investment's expected impact by identifying significant risk factors that could impact the outcome.

In addition, we analyse each investment's alignment with the SDGs by reviewing the SDG goals and underlying targets associated with the company's operations, services, and supply chain. This analysis enables us to evaluate both the direct and indirect contribution of each investment to the SDGs.

Throughout the due diligence process, our team collaborates with company management to establish relevant impact KPIs aligned with IRIS+ Core Metrics and our impact objectives under our Theory of Change to monitor and report on progress. We analyse and estimate the expected impact of an investment across our impact objectives across our Cibus Enterprise strategy for 5- and 10-year timelines. Trajectory and achievement of which are reviewed on an annual basis. We also work with portfolio companies to identify opportunities to increase the impact of their investment, which are included in their ESAP.

Our commitment to assessing the impact of each investment using a systematic approach ensures that we are aligned with industry standards and best practices. We also seek to enhance our impact KPIs and strategies throughout the investment lifetime to drive meaningful, positive impact.

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.

At Cibus, we are committed to managing and mitigating potential negative impacts of our investments on the environment, society, and governance through our documented ESMS. Our investment due diligence process includes the assessment and regulation of sustainability factors and risks, as well as the identification and avoidance, or if necessary, mitigation and management of ESG risks.

To begin, we have established an exclusions list based on regulatory and signatory exclusions, as well as our own internal exclusions lists. We positively select for organizations that demonstrate a commitment to avoiding harm, benefiting society, and/or creating solutions to some of our planet's greatest challenges.

Our ESG toolkit is utilized during the concept stage to analyse ESG and impact risks and opportunities. It consists of two parts: screening, and ESG and impact risks and opportunities analysis; and the assessment of impact risk-return and SDG alignment. This toolkit provides insights to our Investment Team during due diligence, enhancing our ability to identify and discuss problem areas with external DD teams and the Investment Advisory Committee.

During ESG due diligence, we analyse each investment across SASB ESG risk categories, and work with our ESG DD provider to target deep dive analysis on areas of concern. We review the results with management and develop an ESAP for each portfolio company, which is regularly reviewed during the holding period. The ESAP has priority actions which are timebound, these are then costed at board level and where capital, financial or human is allocated as a result. This allows us to identify and manage any emergent ESG risks and monitor performance. The ESAP development and monitoring is incorporated as a requirement within our term sheets.

We are committed to engaging with our investees to seek their commitment to take action to address potential gaps in current systems, processes, and standards, using an approach aligned with good international industry practice. This systematic and documented process enables us to effectively assess, address, monitor, and manage potential negative impacts of each investment.

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.

At Cibus, we take monitoring the progress of each investment in achieving impact against expectations very seriously. We have a standardized approach to monitoring progress, and our ESMS supports us through the monitoring, reporting and engagement aspects. Additionally, a company specific ESAP sets out a strategy and roadmap for each investment to achieve the targeted impact.

Our Stewardship and Engagement policy outlines how we monitor and engage with companies, including with regard to their strategy, financial performance, business practices, social and environmental risk management, opportunities for growth, as well as corporate governance. We work with our portfolio companies to gradually and progressively implement our ESG standards, depending on their state of development., this will typically be set up as part the 100-day plan. We believe that the long-term sustainability of our portfolio companies justifies such a progressive approach and ultimately adds value to the company at exit.

We conduct in-depth due diligence before investing and seek to have regular dialogue with all our investee companies. Constant and effective monitoring is an integral part of our investment process. We take a board or observer seat in minority investments and have significant board presence where we have a majority ownership position. This allows us to monitor an investee company's performance and provide advice on matters of importance.

We collect a set of standard and unique impact KPIs, established through the process referenced in Principle 4. We use the estimates of impact goals on 5- and 10-year timelines established prior to making the investment to compare achieved vs. expected impact for those companies in the Cibus Enterprise strategy. All ESG and impact KPIs are tracked and analysed using a dashboard, which we report graphically, clearly representing progress made since the investment. KPI reporting is conducted on an annual or semi-annual basis, based on investment ownership criteria, via an excel spreadsheet.

All progress is monitored via regular meetings, and the impact outcomes from these meetings and reviews are noted. If expected and achieved impact are no longer in line, we will review the appropriate corrective action to understand if the results can be modified. We employ an escalation strategy, if necessary, which may include engaging with other investors, using shareholder voting or appointee board member votes, seeking shareholder consent rights, implementing an exit strategy, and, in extreme events, publicly engaging the company through the media or litigation.

In conclusion, at Cibus, we believe that monitoring progress is critical to achieving positive impact. We are committed to continuously improving our monitoring processes and working collaboratively with our portfolio companies to achieve our impact goals.

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.

We approach the exit process with the aim of maximizing financial returns while also ensuring that the impact created is sustained over the long term. We believe that by integrating ESG and impact considerations into our exit preparations, we can increase the likelihood of achieving both financial and impact objectives.

At Cibus, we hold our investments for a minimum of two and a half years, with an average holding period of more than 5 years. This provides us with ample time to measure ESG and impact performance against a minimum of a 5-year timeline, which aligns with our 5-year impact expectations objectives set at the investment date. By doing this, we can make informed decisions about the sustainability of impact achieved and the potential for further improvement.

Our exit planning process begins before we even make an investment. We seek out companies with impact integrated into their business models and management teams that are committed and proactive in pursuing positive impact. By investing in companies that prioritize impact, we increase the likelihood that the impact created will be sustained even after our exit.

When preparing for an exit, we assess the potential impact of different exit strategies on the sustainability of the impact achieved. We aim to work collaboratively with our investee companies to find a mutually beneficial exit strategy that preserves and enhances the impact created.

In conclusion, Cibus recognizes that our exit process has a significant impact on the sustainability of the impact achieved by our investments. We are committed to considering the effect of our exit timing, structure, and process on impact sustainability and integrating ESG and impact considerations into our exit preparations to maximize both financial returns and impact achievement.

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.

At Cibus, we believe that a key aspect of responsible investing is the continuous improvement of our decisions and processes based on the achievement of impact and lessons learned. We recognize that each investment presents a unique opportunity to learn and grow, and we are committed to using those experiences to enhance our impact methodology and ultimately achieve greater positive impact.

To achieve this, we employ a range of tools and processes. Before making any investment, we conduct in-depth due diligence and incorporate impact considerations into our decision-making process. We also set out clear impact expectations and goals, which are tracked and monitored using our ESAPs and KPIs.

Throughout the investment lifecycle, we engage regularly with our portfolio companies to track progress and identify opportunities for improvement. We also take a board seat or observer seat in minority investments and have significant board presence where the Cibus funds have a majority, allowing us to closely monitor performance and provide guidance on matters of critical importance to the company.

Using the data and insights gathered through these processes, we conduct regular, at least annual reviews of the impact performance of each investment, comparing expected and actual impact and other positive and negative impacts. We use these findings to continuously improve our operational and strategic investment decisions, as well as our management processes.

In addition, we recognize the importance of engaging with industry partners and peers to seek advice and share best practice. We regularly participate in industry conferences and working groups and collaborate with other responsible investment firms to stay abreast of emerging trends and best practices. Our ESMS, Theory of Change, and policies are reviewed and amended on a regular basis by our ESG Committee to incorporate lessons learned and industry best practices.

At Cibus, we are committed to using our experience and expertise to continuously improve our impact performance and achieve greater positive impact. We believe that this approach is not only good for our investors, but also for the communities and environments in which we operate.

Principle 9: Publicly disclose alignment with the Impact 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 Impact 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.

Cibus will publicly disclose on a annual basis the alignment of its impact management system with the Impact Principles. The disclosure statement will be updated to reflect any improvements and changes made to our impact management system. An independent verification of this statement will be carried out every two years.

Disclaimers

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.