



Animal Welfare Policy

Cibus Capital LLP and the Cibus Funds

Adoption Date: 25 June 2024

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Owner: Georgina Thomas



1. INTRODUCTION

1.1 This policy applies to:

- (a) Cibus Capital LLP and its staff (the 'LLP'); and
- (b) funds advised by the LLP (the 'Cibus Funds' and together with the LLP, 'Cibus').

1.2 This policy (the 'Policy') was adopted on 25 June 2024 and supersedes any earlier version of Cibus' Animal Welfare Policy.

1.3 This Policy is reviewed annually and may be amended on an ad hoc basis if required.

1.4 This Policy defines Cibus' commitment to animal welfare, including within the Portfolio Companies' food production systems. This Policy covers livestock production, aquaculture, and insect farming, encompassing both intensive and extensive systems. Furthermore, this Policy covers both investments in direct animal production and investments in those industries supporting animal production.

1.5 Cibus uses The World Organization for Animal Health ('OIE') definition for animal welfare as a guiding principle:

- (A) *'Animal welfare describes how an animal is coping with the conditions in which it lives. An animal is in a good state of welfare if it is healthy, comfortable, well nourished, safe, able to express innate behaviour and not suffering from unpleasant states such as pain, fear and distress. Good animal welfare requires disease prevention and veterinary treatment, appropriate shelter, management and nutrition, humane handling and humane slaughter or killing. Animal welfare refers to the state of the animal, whilst specific treatment is addressed by terms such as animal care, animal husbandry, and humane treatment.'*

2. INVESTMENT APPROACH

2.1 Cibus seeks to reduce the potential negative impacts and increase the positive outcomes of the Cibus Funds' investment activities by supporting a sustainable agriculture and food system with respect for the animal world.

2.2 Cibus recognises the value of the animal world as a facet of natural capital. Cibus is committed to enhancing animal welfare, respect for animals and enabling access to environments within which they can exhibit their natural behaviours. As set out in this section 2, Cibus makes considerations for livestock production, aquaculture, and insect welfare within the Cibus Funds' investment policies.

2.3 Livestock Production

- (a) Livestock animals are commonly defined as those used for labour purposes or reared to produce commodities such as eggs, meat, fur, leather, wool, etc.



Livestock production approaches range from intensive to extensive (also variously referred to as sustainable, regenerative and/or organic) farming. Intensive¹ and semi-intensive farming practices are designed to maximise production, whilst minimising costs. Such practices may result in negative externalities, including heightened risk of diseases, reduced biodiversity, soil degradation, polluted run-off and compromised animal welfare. Cibus envisions a role in shaping a future, healthy food supply system that acknowledges the continuing global demand for and the challenges associated with animal husbandry. This vision aligns with supporting regenerative, sustainable livestock production, ultimately minimising the negative externalities linked to intensive farming.

- (b) The Cibus Funds will not invest in companies that:
- (i) Directly operate in the production of intensively farmed or reared livestock;
 - (ii) Operate in the supply chain of intensively farmed or reared livestock with products and services designed specifically to support poor welfare standards (e.g., transport vehicles encouraging tightly packed animals or infrastructure encouraging intensive milking or tight packing);
 - (iii) Are involved in slaughtering animals; and
 - (iv) Are involved in the use, production and/or sale of prophylactic antibiotics.
- (c) Cibus will positively screen potential investments to identify companies that enhance animal welfare within livestock production. This includes, but is not limited to, companies that:
- (i) Develop and/or produce positive impact technological innovations (e.g., breeding and health technologies, enhancements in productivity, disease control, nutrition, farm emissions mitigation and low-impact feeds and production systems);
 - (ii) Focus on broader sustainability aspects beyond production and farming (e.g., reducing water pollution, disease prevention, biodiversity, soil health and environmental protection); and
 - (iii) Promote organic and extensive production practices, accompanied by clear animal welfare policies.

¹ In this Policy, intensive farming is defined as a specialized system of breeding animals where the livestock are kept indoors and fed on concentrated foodstuffs, with frequent use of drugs to control diseases which are a constant threat under these conditions (Collin, P. H., Dictionary of ecology and the environment - 3rd edition, 1995, Peter Collin Publishing, Teddington).

2.4 Aquaculture²

- (a) According to the FAO³, wild fish caught globally amounts to 96.4 million tonnes per annum, of which 43% is used to feed humans and 34% is used to produce fish meal, which in turn is used to feed aquaculture-raised fish, chickens and pigs. Consumption of fish is growing steadily, at a rate of 2.4-2.9% per annum. To meet excess demand, aquaculture is expected to expand even more rapidly, at a rate of 5.3% per annum. Industrial fishing for live catch poses an existential threat to global fish stocks, ocean health, habitats, coastal communities and endangered species and ultimately, human welfare. Cibus encourages sustainable fishing practices that uphold reproduction rates to maintain the balance and survival of all species, thereby preserving marine ecosystems.
- (b) The Cibus Funds will not invest in companies that:
 - (i) Directly own and operate offshore⁴ aquaculture systems without sufficient measures to mitigate pollution, fish escapes and diseases. Sufficient measures are inclusive of, but not limited to: high feed conversion efficiency of the species, high flushing rate, operation size limits, high quality cages and monitoring equipment (e.g., drones, aqua robotics, sensors, and AI) and/or precision aquaculture methods; and
 - (ii) Directly conduct and control the operation of the following controversial fishing techniques – bottom trawling, driftnets, longlining, shark-finning, cyanide, dynamite, ghost fishing; and
 - (iii) Operate in the supply chain for offshore aquaculture and the listed controversial fishing techniques above, with products and services designed to actively enable poor fish welfare (e.g., infrastructure, slaughtering or equipment) or that do not comply with international standards and agreements.
- (c) Cibus will positively screen potential investments to identify companies that support sustainable fishing and the growth of a sustainable aquaculture industry. This includes companies that:
 - (i) Invest in technological innovation (e.g., breeding technologies, disease control, nutrition and low-impact feed and production systems (e.g., recirculating aquaculture systems));

² Cibus' approach to aquaculture is separated from livestock production as it covers a more unique criterion.

³ FAO, The State of World Fisheries and Aquaculture 2020.

⁴ Offshore aquaculture is defined by the FAO as 'taking place in the open sea with significant exposure to wind and wave action, and where there is a requirement for equipment and servicing vessels to survive and operate in severe sea conditions from time to time. The issue of distance from the coast or from a safe harbour or shore base is often but not always a factor'.

- (ii) Focus beyond production and farming (e.g., reducing water pollution, fish disease prevention, spatial planning and zoning to protect the ecosystem's carrying capacity);
- (iii) Leverage information technology (e.g., fish mapping, satellite imaging, ecological modelling and planning systems); and
- (iv) Lower trophic fish production (i.e., minimal wild fish feed production, diets and shifting consumer demand).

2.5 **Insect (micro stock)**

- (a) Farmed insects are used for animal feed, pet and human foods and other purposes such as fertilisers, honey and silk. Insect farming over livestock production provides significant sustainable advantages, including:
 - High feed conversion efficiencies;
 - Lower land and water demand;
 - Lower greenhouse gas emissions;
 - Use as alternative animal or fish feeds; and
 - The ability to transform low value by-products into high-quality feeds or human foods.
- (b) There remains scientific debate over the existence and degree of pain in invertebrates, including insects. However, overexploitation, habitat changes and environmental contamination threaten the resources provided by insects. Therefore, the sustainable farming practices of harvesting and utilising these insects is important and should continue to be encouraged, developed and implemented.
- (c) Cibus will positively screen potential investments to identify companies involved in micro-stock that adhere to best practices in the operational management of insect welfare regarding aspects such as:
 - Disease/ health;
 - Humidity;
 - Temperature;
 - Space; and
 - Nutrition.

3. **ANIMAL WELFARE MANAGEMENT**

3.1 During the investment life cycle, the Cibus will engage with and monitor Portfolio Companies with direct and indirect involvement in animal welfare as follows:

- (a) Ensure animal welfare needs have been or will be identified and prioritised;



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- (b) Ensure the company clearly articulates the specific nature of their animal welfare-related activities/ services/ production and the expected impacts on animal welfare;
 - (c) Identify any incidents of actual or suspected animal suffering; and
 - (d) Identify staff competency and training required with relation to animal welfare.
 - (e) Identify and review any relevant standards, practices or policies related to animal welfare.
- 3.2 Where relevant, the investment team and ESG team will provide the material reviewed and analysed within the ESG and Impact due diligence reports to the Investment Advisory Committee of the LLP.
- 3.3 **Onboarding and Monitoring**
- (a) The Cibus ESG team creates an Environmental and Social Action Plan ('ESAP') for each Portfolio Company. To the extent that a Portfolio Company does not have the following already in place, the ESAP will ensure that the Portfolio Company develops:
 - (i) Animal welfare risk management procedures and policies; and
 - (ii) Staff training and knowledge building on animal welfare.
- 3.4 **KPIs**
- (a) If appropriate, Cibus will collect company-specific animal welfare, health and nutrition KPIs.
4. **COMPLIANCE AND REPORTING**
- 4.1 **Consequences for Policy Violations:**
- (a) Breaches of this Policy by members and employees of the LLP shall be dealt with in accordance with the LLP's disciplinary policy as contained in the LLPs' staff handbook.
- 4.2 **Reporting and Investigation of Violations:**
- (a) The LLP maintains an open and transparent reporting system for any violations of this Policy within the Portfolio Companies and within Cibus. All stakeholders are encouraged to report potential violations, and the LLP will undertake thorough investigations into any reported incidents.
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