



Climate Change Policy

Cibus Capital LLP and the Cibus Funds

Adoption Date: 25 June 2024
Approved By: Jeremy Alun-Jones, Cibus Investments Limited and Cibus Investments II Limited
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' Climate Change Policy.

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

1.4 Cibus has a fiduciary duty to source and supervise investments responsibly on behalf of investors in the Cibus Funds. Cibus recognises that climate change is a key sustainability risk given its systemic nature and material influence on the global financial markets. Neglecting climate change risk factors could cause a mispricing of risk and/or misallocation of assets within the Cibus Funds. To manage this risk, Cibus looks to measure the risk climate change poses to investments made by the Cibus Funds. Equally, as advisers with regards to asset allocators, Cibus has a role to play in supporting the transition to a low carbon and climate resilient economy.

1.5 The policy describes how Cibus identifies the challenges and mitigation measures associated with climate change risks, while providing a framework to enable Cibus to adapt itself and the portfolio companies within the Cibus Funds ('Portfolio Companies') to climate change by serving as an instrument for fostering resilience. In addition to this Policy, climate-related actions and reporting metrics are published in Cibus' annual sustainability report.

1.6 This policy is aligned with the Taskforce on Climate-related Financial Disclosures ('TCFD').

2. CLIMATE CHANGE GOVERNANCE

2.1 As set out below, Cibus has established governance protocols and frameworks to effectively address and manage climate change risks and opportunities. Cibus' climate change-related governance is further detailed in the Cibus' Environmental and Social Management System Policy ('ESMS'), which governs all the procedures associated with responsible investment.

2.2 Environmental, Social and Governance Committee

(a) Cibus' Environmental, Social and Governance ('ESG') Committee is comprised of the following members of the LLP's staff:

- Jeremy Alun-Jones (COO)



- Rob Appleby (CIO)
- Annie Rainsford (GC)
- Kristen Weldon (Head of Natural Capital)
- Alastair Cooper (Head of Venture)
- Katie Hughes (Head of Investor Relations)
- Lisa Genasci (Advisor to the Cibus Funds)
- Georgina Thomas (Senior ESG Associate)
(together, the 'ESG Committee')

(b) The ESG Committee is responsible for driving the Cibus' sustainability and climate initiatives, as well as developing and adhering to relevant policies and procedures. The ESG Committee members regularly review the Cibus Funds' exposure to climate change risks and opportunities regarding governance, strategy, risk management and targets. The ESG Committee meets at least four times a year (or as required on an ad hoc basis).

2.3 Investment Advisory Committee

(a) The members of Cibus' Investment Advisory Committee (the 'IAC') review the risks and opportunities of all proposed investments, including ESG, climate change and nature-related risks. The IAC is responsible for reviewing and allocating due diligence costs and materials proposed by the ESG team to assess climate change risks prior to investment.

2.4 Internal Oversight

(a) Compliance with all ESG responsibilities, including those related to climate, is overseen by Cibus' ESG Team and Legal Team.

(b) The Cibus' ESG Team, with support from investment team members, are responsible for managing ESG risks and opportunities within Cibus Fund Portfolio Companies, which includes tasks such as data collection and compliance.

(c) ESG due diligence and monitoring is a key part of the Cibus Funds' investment process and ranks equally with the financial, legal, commercial or other data due diligence and monitoring carried out by Cibus.

2.5 Legal and Voluntary Regulation and Compliance

(a) Cibus strives to comply with all applicable laws and regulations related to the ESG aspects of its operations. The Cibus' ESMS promotes adherence to all relevant regulatory requirements as well as voluntary commitments and best practice standards. All legally required climate-related management, data collection and reporting are outlined in the ESMS.



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- (b) *Principles for Responsible Investment ('PRI')*
 - (i) Cibus adopts the IFC PS as part of its framework for the management of environmental and social risks and impacts associated with the Cibus Funds. Through adopting the IFC PS, Cibus integrates the assessment and management of climate-related risks and opportunities within Portfolio Company management.
 - (c) *Exclusions List*
 - (i) The Cibus Funds' investment exclusions list is informed by the recommendations of the IFC PS, UN Global Compact, Animal Welfare and The Guernsey Green Fund. Such exclusions include climate-damaging sectors such as mining, commercial logging, drift net fishing or other practices damaging to the marine environment. The Cibus Funds' exclusions list is reviewed on a rolling basis to reflect the ever-evolving nature of sustainability and climate change standards.
 - (d) *Taskforce on Climate-related Financial Disclosures ('TCFD')*
 - (i) Cibus adopts the recommendations of the TCFD to manage climate-related risks and opportunities. TCFD recommendations provide a common international framework for companies and investors to disclose information about climate change in their business and investment practices.
 - (ii) The UK government and Financial Conduct Authority ('FCA') announced its intention to make TCFD-aligned disclosures mandatory across all companies by 2025. The alignment this Policy to the TCFD forms part of the Cibus' roadmap to ensuring robust climate disclosures. In line with the TCFD, the recommendations and disclosures within this Policy are grouped under four categories: Governance (2), Strategy (3), Risk Management (4) and Metrics (5).

3. **CLIMATE CHANGE STRATEGY**

- (a) Cibus recognises the material impacts that climate change poses to Cibus, the Cibus Funds and their Portfolio Companies. These climate-related impacts may extend beyond the boundaries of traditional investment strategies. To address these challenges, Cibus is committed to adhering to the TCFD recommendations and integrating climate risk and opportunity considerations into the Cibus Funds' overarching strategies and Portfolio Companies' strategies.



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- (b) Cibus actively engages with potential and current portfolio companies in relation to climate change strategy and assists them in identifying, understanding and implementing robust climate strategies.
 - (c) As further outlined in Cibus' ESMS Policy, Cibus uses the following tools as part of its climate change strategy:
 - (i) The Cibus Funds' Exclusions List;
 - (ii) The ESG Toolkit, identifying risk and opportunity (including climate-related risks) using Cibus' proprietary metrics frameworks;
 - (iii) Third-party (or internally conducted) ESG due diligence, inclusive of a more in-depth assessment of the climate-related risks and opportunities;
 - (iv) Development of a bespoke Environmental and Social Action Plan ('ESAP') for each Portfolio Company to mitigate risks identified during ESG due diligence;
 - (v) Identification and implementation of ESG and climate-related KPIs; and
 - (vi) Monitoring and reporting ESG matters (including ESAP compliance and ESG KPI reports) during the life of an investment.
 - (d) The climate strategy outlined above enables Cibus to:
 - (i) Adopt the internationally recognised TCFD framework to guide and report on Cibus' sustainability initiatives;
 - (ii) Contribute to the Paris Agreement's¹ objectives of keeping warming below 2.0 degrees Celsius above pre-industrial levels and pursuing efforts to limit the increase to 1.5 degrees Celsius;
 - (iii) Support the transformation towards a low carbon economy and actively seek portfolio companies who support this process;
 - (iv) Apply this strategy across the Cibus Funds' portfolio companies; and
 - (v) Align Portfolio Companies with the objectives of the Cibus Funds' Theory of Change.

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 low GHG 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.



CLIMATE CHANGE RISK MANAGEMENT

3.2 Climate Change Risks

- (a) In line with the recommendations of the TCFD, Cibus divides climate-related risks into two major categories:
 - (i) Risks related to the physical impacts of climate change; and
 - (ii) Risks related to the transition to a lower-carbon economy (policy and legal, technology, market and reputation risks).
- (b) **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.
- (c) **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. Transition risk can affect Portfolio Companies' operations and profitability, potentially resulting in less valuable assets, ultimately impacting the financial returns of the Cibus Funds. For instance, shifts in policies and technologies can disrupt supply and demand dynamics, potentially influencing the valuation of assets and liabilities held by portfolio companies. Cibus anticipates that these risks will emerge in the short to medium term (five to ten years).
- (d) Simultaneously, the Cibus recognises that climate-induced transitions bring opportunities, including those driven by resource efficiency and the emergence of new technologies, products and services. These developments could lead to new markets and sources of funding, which the Cibus Funds aim to leverage.

3.3 Climate Change Risk Management

- (a) Cibus is continuously working towards improving its internal processes to manage climate-related risks and opportunities, both at the Portfolio Company level and Cibus Fund level.
- (b) Cibus follows a systematic process for all Cibus Fund investments to ensure material climate-related risks are managed to the best of Cibus' abilities. Cibus' ESMS Policy provides a set of procedures, ensures internal capacity and employs policies to identify, manage and report on the Cibus Funds exposure to current and potential ESG risks. Cibus identifies climate-related risks as a component of its ESG risk assessments.



4. CLIMATE CHANGE METRICS AND REPORTING

4.1 GHG Emissions Accounting

- (a) Cibus believes the Cibus Funds have an important part to play in:
 - (i) Reducing the GHG emissions within traditional agriculture practices; and
 - (ii) Supporting the monetisation of technology and innovation which, in turn, decarbonises the food supply chain.
- (b) GHG emissions accounting and disclosure is the initial step in understanding climate impact. Therefore, this Policy emphasises the importance of assessing and continually reviewing emissions throughout the investment process. Measurement forms a basis for implementing reduction plans from which specific actions can be developed. Cibus collects scope 1, 2 and scope 3² (categories 6, 7 and 15) GHG emissions data annually as part of its GHG emissions accounting process. Cibus works with the Portfolio Companies to collect their GHG emissions as part of reporting the firm's scope 3 category 15 (financed) emissions³ and informing Portfolio Company reduction plans. These metrics are collated and reported at a LLP and Cibus Fund level within the Cibus sustainability report.

4.2 Climate KPIs and Targets

- (a) Cibus has identified metrics to assess its climate-related risks and how to monitor and report on these. Climate data is collected in line with Greenhouse Gas Accounting and Reporting for the Private Equity Sector guidance, representing the practical application of the GHG Protocol and the Partnership for Carbon Accounting Financials ('PCAF').
- (b) Cibus has identified climate-related key performance indicators ('KPIs'), alongside other ESG indicators, for each project across the Cibus Funds' portfolios that it wishes to monitor and report on to its investors. KPIs are established and data is collected to monitor progress and mitigate risk in Portfolio Companies. These KPIs are collected annually for all companies in which a majority shareholding is held. Cibus utilises the KPIs gathered to

² The 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 Cibus portfolio companies.

³ In current carbon accounting models, ownership of GHGs associated with investments and lending activities is considered part of a financial institution's carbon footprint. Under the GHG Protocol, financed emissions are emissions generated as a result of financial services, investments, and lending by investors and companies that provide financial services.

produce fund-wide reporting, the annual Cibus sustainability report and the UN PRI checklist. Cibus’ ESG dashboard also enables Portfolio Companies/ investors to produce their own ESG risk and sustainability reports.

- (c) The table below summarises the TCFD-recommended metrics collected by Cibus from majority-owned Portfolio Companies, and the corresponding SDGs:

TCFD-Recommended Metrics	Unit	SDGs
GHG Emissions (Scope 1,2 and 3 (optional))	<i>tCO2e</i>	7.4
GHG Emissions Net Zero Pathway Development	<i>Yes/No</i>	7.4
Science-Based Target	<i>Yes/No</i>	7.4
Climate Change / Environmental Policy	<i>Yes/No</i>	13.1
% Electricity from Renewables	<i>%</i>	7.4/ 7.2
Fuels Used	<i>M3/litres</i>	7.4
Municipal Solid Waste Generated	<i>Tonnes</i>	12.4
% Recycled/ Re-used Waste	<i>%</i>	12.5
% Hazardous Waste	<i>%</i>	12.4
Total Amount of Waste Product	<i>Tonnes</i>	12.5
Water Consumption	<i>m3</i>	6.4

4.3 Reporting and Ongoing Engagement

- (a) After an investment has been made, Cibus continues to monitor pre-agreed data from Cibus Fund portfolio companies relating to the financial, commercial and ESG performance of that company, including climate-related matters as described above. Climate data is reported in line with Greenhouse Gas Accounting and Reporting for the Private Equity Sector guidance, representing the practical application of the GHG Protocol and PCAF. Cibus works with each majority-owned Portfolio Company to establish emissions reduction actions and strategies during quarterly meetings. With each minority shareholding, Cibus engages at least annually with Portfolio Companies regarding their GHG emissions calculations and the development of capacity on climate change topics. Additionally, Cibus develops adaptation plans for both majority- and minority-owned companies to address both physical and transition risks and actively supports projects that contribute to environmental improvement (e.g., biodiversity and natural capital).



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- (b) Cibus maintains a centralised repository containing all ESG due diligence reports, ESAPs, ESG KPIs, and other ESG-related data and compliance procedures for each Cibus Fund. This repository is periodically updated.
 - (c) Where requested by an investor in its subscription documents, annual investor reports containing a summary of this data are provided (including ESG performance and climate data).
 - (d) Cibus engages, on a case-by-case basis, with relevant stakeholders, civil society organisations and industry groups while participating in initiatives to support this Policy's implementation.

4.4 **Public Disclosures**

- (a) Cibus publishes an annual sustainability report. The Cibus sustainability report aims to provide a complete, balanced and objective snapshot of Portfolio Companies' ESG progress for the previous year. The Cibus sustainability report also details Cibus' view on its climate change preparedness and resilience, via TCFD aligned reporting.
- (b) Additionally, as a signatory to the UN PRI, Cibus reports to the UN PRI on the Strategy and Governance aspects of climate management in line with the TCFD.