



ESMS Policy

Cibus Capital LLP and the Cibus Funds

Adoption Date: 25 June 2024
Approved By: Jeremy Alun-Jones, Cibus Investments Limited, 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' Environmental and Social Management System ('**ESMS**') Policy. This Policy is reviewed annually and may be amended on an ad hoc basis if required.

1.3 This Policy embodies Cibus' sustainability processes at the LLP, Cibus Fund and portfolio company (the '**Portfolio Companies**') level. This Policy outlines Cibus':

- (a) Environmental, Social and Governance ('**ESG**') Risk Management and Reporting: The assessment and regulation of sustainability factors and risks (ESG events or conditions that, if they occurred, could cause a material, negative financial impact) as part of our investment due diligence processes, ownership and exit.
- (b) Impact Integration, Measurement and Reporting: The assessment and regulation of positive impact creation (deploying capital as a mechanism for creating an overall positive change alongside a financial return) as part of our investment due diligence processes, ownership and exit.

1.4 As set out further in Cibus' ESG and Impact Policy, the Cibus Funds were founded in 2016 on the belief that sustainability and commercial prosperity in the food and farming sector are inextricably linked. Cibus believes that, without this link, there is no viable hope of addressing the challenges we face globally in producing more food with limited resources. The Cibus Funds all share the philosophy 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. Cibus further believes that it is vital to look at all of the Cibus Funds' portfolio companies with an 'ESG lens' to maximise the value of its investments and fulfil its fiduciary duties to its investors.

1.5 Policies and Procedures

In addition to this Policy, Cibus has the following sustainability-linked policies and procedures:

- Climate Change Policy
- Human Rights Policy
- ESG and Impact Policy
- Diversity, Equity and Inclusion Policy



- Animal Welfare Policy
- Stewardship and Engagement Policy
- Nature Policy

All of the above listed policies can be found on Cibus' website: www.cibusfund.com.

1.6 Contents

This Policy covers the following:

- Committees and Oversight
- Expertise, Training and Remuneration
- Regulation
- Investment Cycle Process
 - Pre-Investment
 - Exclusions List
 - ESG and Impact Toolkit
 - ESG Due Diligence Process
 - Ownership
 - Monitoring: Environmental & Social Action Plan ('ESAP') and ESG Key Performance Indicators
 - Reporting and Engagement
 - Exit Process

2. COMMITTEES AND OVERSIGHT

2.1 Compliance with all ESG responsibilities is overseen by the Cibus ESG Team and Legal Team. ESG implementation and the management of this Policy (including data collection and compliance) is the responsibility of the Cibus ESG team, supported by the investment team members.

2.2 Cibus maintains a number of committees to support the oversight of this Policy:

(a) **Investment Advisory Committee and Portfolio Committee**

The members of the 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 these risks prior to investment.

(b) **ESG Committee**

Cibus' ESG Committee is comprised of the following members:

- Jeremy Alun-Jones (COO)



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- 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 (Sustainability Advisor to the LLP)
 - Georgina Thomas (Senior ESG Associate)

The ESG Committee is responsible for driving Cibus' sustainability and climate initiatives, as well as developing and adhering to relevant policies and procedures. The ESG Committee members regularly review Cibus' 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 on an ad hoc basis as required).

(c) **Diversity, Equity and Inclusion Committee**

The Diversity, Equity and Inclusion ('DEI') Committee, which is made up of 4 members as set out below:

- Kristen Weldon (Chair)
- Georgina Thomas
- Louis Matovu
- Fred Appleby

The DEI Committee has set objectives in relation to diversity, equity and inclusion and has developed metrics to monitor progress on these targets.

3. **EXPERTISE, TRAINING AND REMUNERATION**

3.1 **Cibus Team Expertise and Training**

- (a) Cibus is committed to building and maintaining an ESG-competent investment, compliance and back-office team, with the ability to apply the Cibus Funds' investment mandate to each Portfolio Company. Every new member of staff of the LLP is taken through the Cibus ESMS process, provided with the Cibus Funds' investment exclusions list and taken through a review each of the policies listed in section 1.5(a).
- (b) All relevant updates to this Policy, strategy or regulation are explained to employees of the LLP through team-wide training sessions. ESG training is managed and conducted by the ESG team.



3.2 **Remuneration**

- (a) The LLP's approach to remuneration is designed to consider and integrate ESG and impact as a component of its performance-based assessment. The LLP's remuneration policy and Remuneration Committee consider sustainability and ESG as a key factor in assessment of individual performance and therefore of bonuses.

3.3 **Regulation**

- (a) Global regulatory bodies have introduced sustainable finance regulations in recent years and Cibus believes these are valuable initiatives to create accountability and transparency across the private and public investment sphere. Cibus' compliance team and ESG team conduct ad hoc reviews to remain abreast of the evolving regulatory requirements and ensure changes to the ESMS are made as to adhere to the regulations relevant to each Cibus Fund.

4. **INVESTMENT CYCLE PROCESSES**

4.1 **Pre-Investment**

(a) **Exclusions List**

- (i) The first stage of assessing a potential Cibus Fund investment is to review the company's business against the Cibus Funds' investment exclusions list.
- (ii) The Cibus Funds' investment exclusion list incorporates recommendations from the International Finance Corporation ('IFC'), the Guernsey Green Fund rules and internal feedback. The full IFC, Guernsey Green Fund and internal exclusions can be found in Appendix 1 of this Policy.
- (iii) The Cibus Funds will not invest in any company which falls within its investment exclusions list (See Appendix 1).

(b) **ESG and Impact Toolkit**

- (i) After assessing a potential investment against the Cibus Funds' investment exclusions list, the Cibus investment team and ESG team will use Cibus' ESG toolkit to collate sector-specific knowledge of ESG risk factors, management commitment and conduct an impact assessment.
- (ii) The Cibus ESG toolkit is a collection of frameworks and processes that is made up of two parts:
 - (A) IAC Concept Note



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- (aa) ESG Analysis – assessment of ESG risks and opportunities analysis
 - (bb) Impact and Sustainability Analysis – each investment is analysed against Cibus’ Theory of Change.
 - (B) Following IAC
 - (aa) ESG Analysis – IFC risk category screening, and a short questionnaire based on the British International Investment toolkit and the Sustainability Accounting Standards Board (**‘SASB’**) reporting standards; and
 - (bb) Impact and Sustainability Analysis – for majority-owned investments, the deal team and ESG team will assess the impact of potential investments, reviewing Theory of Change, Impact Frontiers Five Dimensions of Impact and Sustainable Development Goal (**‘SDG’**) alignment.
 - (iii) The Cibus investment team work closely with the ESG team and ensure the above detailed materials are included in notes presented to the IAC.
 - (iv) Cibus’ ESG toolkit is designed to support the investment team’s due diligence by providing guidance on relevant ESG risks and opportunities in a consistent format to the IAC. Further, the Cibus ESG toolkit reinforces the integration of ESG and Impact in every investment decision.
 - (c) **ESG Due Diligence**
 - (i) For each opportunity to buy the majority of an asset, independent ESG consultants are engaged to conduct ESG due diligence on the operations of the company.
 - (ii) Where an opportunity is a minority investment, and the challenges believed to be less material, Cibus manages the ESG due diligence in-house after the initial assessment using the Cibus ESG toolkit.
 - (iii) In all cases, Cibus’ ESG team will build an Environmental Social Action Plan (**‘ESAP’**) with the company’s management team which takes into account ESG matters uncovered during the due diligence process.

4.2 **Monitoring**

- (a) **ESAP**



- (i) After an investment is made, Cibus’ ESG team conducts a comprehensive ESG onboarding process for management to ensure that they are aligned with Cibus’ ESG and impact expectations and reporting requirements. Such process includes providing a pack of policy examples, the company’s bespoke ESAP and templates for key performance indicator (‘KPI’) reporting.
 - (ii) Each ESAP identifies key ESG risk factors and outlines actions for the Portfolio Company to take in relation to sustainability risk mitigation and performance enhancement. The ESAP includes specific, measurable actions agreed upon by the Cibus ESG team in conjunction with relevant operating partners, management and stakeholders. Cibus actively collaborates with majority-owned portfolio company management to enhance environmental and social value while improving governance practices through their ESAP.
 - (iii) Majority-owned Portfolio Companies are required to provide quarterly progress ESAP tracking to ensure accountability and transparency. Minority-owned Portfolio Companies are reviewed on an annual basis.
 - (iv) Furthermore, for majority-owned companies, ESG factors (including compliance with their ESAP) are built into management incentive plans. Any shortfall in ESG performance prompts thorough questioning and corrective actions.
- (b) **KPIs**
- (i) As noted above, Cibus collects a set of uniform ESG (c.50) and unique impact (1-10) KPIs across its Portfolio Companies. ESG KPI reporting is conducted on an annual basis, based on investment ownership criteria.
 - (ii) Cibus measures the following ESG KPI topics across its portfolio:

Governance	Social	Environment
<ul style="list-style-type: none"> • Board Member Breakdown • Board Gender Diversity • Child Labour Policies • ESG Policies 	<ul style="list-style-type: none"> • Employee Gender Breakdown • Turnover • Salary Gap • Remuneration Gap • Accidents • Working Hours • Training 	<ul style="list-style-type: none"> • GHG emissions • GHG emissions reduction targets • Land-Use • Water-Use • Waste • Electricity Use • Fuel Use

- (iii) For each individual Portfolio Company, Cibus will set unique impact KPIs, aligned with Cibus’ impact objectives under its Theory of Change (See Figure 1).

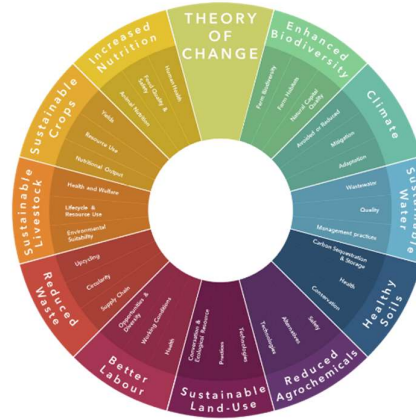


Figure 1: Cibus’ Theory of Change Wheel, illustrating the eleven impact objectives underpinning Cibus’ overarching impact goal of supporting a more sustainable, secure and equitable food system.

- (iv) Unique impact KPIs may be quantitative and/or qualitative and are reported alongside Cibus’ standard ESG KPIs. Some examples of unique impact KPIs include:

- 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

- (v) All Cibus ESG and impact KPIs are tracked and analysed using Cibus’ ESG reporting dashboard and are reported annually. The collection of this data aids:

- (A) **Consistency** – Each portfolio company is required to report on the same Cibus standard ESG KPIs, reducing time spent reviewing and consolidating data previously reported across varying units and metrics;
- (B) **Progress Tracking** – all ESG and impact KPI data is stored in the same database which allows for the easy tracking and analysis of



performance and progression of ESG KPIs. This in turn improves Cibus' ability to address ESG risks and target challenges; and

- (C) **Fund-wide Reporting** – Cibus utilises the ESG and impact KPI data gathered to produce fund-wide reporting for its limited partners ('LPs'), Cibus' annual sustainability report and to report to the Principles of Responsible Investment ('PRI'). Cibus' ESG dashboard also enables portfolio companies to produce internal and external ESG risk and sustainability reports. For further information on reporting, please see section 4.3 of this Policy below.

4.3 Reporting and Engagement

(a) Reporting

- (i) Cibus produces an annual sustainability report, disclosing the performance and progress of its Portfolio Companies;
- (ii) Cibus adopts the recommendations of the Taskforce on Climate-related Financial Disclosures ('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; and
- (iii) 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' portfolio companies and produces an annual transparency report.

(b) Engagement

- (i) Cibus ensures that all LPs and potential LPs have adequate information regarding Cibus' ESG approach throughout their investment. Cibus' Stewardship and Engagement Policy highlights its commitments to the LPs across the Cibus Funds in terms of governance and transparency:
 - (A) **Disclosure of Information During Fund Raising** - During fund raising, potential LPs may seek to understand Cibus' ESG policies and ESMS. Cibus teams are committed to supporting the education of potential investors on the processes across all aspects of Cibus' operations;
 - (B) **Reporting to LPs and Ongoing Engagement** - After making an investment, Cibus identifies the key aspects of Portfolio Companies' operations that are likely to raise concern with or provide opportunity for any particular LP (given their ESG



strategy and which LPs could influence company operations through, for instance, co-investment). Based on these factors, Cibus determines the most appropriate engagement strategy. Cibus monitors and provides reports on ESG issues, regulation, KPIs and developments to LPs. Ongoing monitoring of Portfolio Companies will include aspects such as periodic reviews and adherence to ESAPs; and

- (c) **Public Disclosure** - Cibus publishes an annual sustainability report on the website. The report provides a complete, balanced and objective snapshot of the Cibus Funds' ESG and Impact progress over the year and the sustainability outlook. Cibus publishes an annual UN PRI Transparency Report.

4.4 Exit

- (a) Exit planning begins before an investment has been made. Cibus seeks out investments with ESG risk management and impact creation potential in their business model and/or management teams with a proactive commitment towards and capacity for the pursuit of positive impact. Cibus believes that its ESMS lends itself to enduring ESG risk management and impact value for its Portfolio Companies beyond its ownership.
- (b) During a majority-owned exit process, Cibus will use third-party services to evaluate the completion of the ESAP. Such a report will also analyse the effectiveness of the Cibus strategy to integrate ESG into the ongoing management of the business.



APPENDIX 1: INVESTMENT EXCLUSIONS

IFC Standard Exclusions:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES and transboundary movements of waste prohibited under international law.
- Production or trade in weapons and munitions.
- Production of or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets, or other practices damaging to the marine environment or local communities, as determined by the Cibus Funds (See Animal Welfare Policy Criteria).
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour (see Cibus Capital LLP's Modern Slavery policy).
- Commercial logging operations in primary tropical moist forest or agricultural activities that involve degradation of primary forest.
- Production of or trade in wood or other forestry products other than from sustainably managed forests.
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.
- Animal factory production where animal welfare is not taken into consideration (see Animal Welfare Criteria).
- Trade in goods without required export or import licenses or other evidence of authorisation of transit from the relevant countries of export, import and, if applicable, transit.

Guernsey Green Fund Exclusions:

- Uranium mining for nuclear power.
- Any fossil fuel-based power generation including gas, 'clean' coal and other coal.
- Efficiency upgrades to greenhouse gas intensive power sources –e.g., clean coal technology.



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- Energy savings in fossil fuel extraction activities – emission reduction requirements require a rapid phase-out of all fossil fuel usage. Anything that helps to extend the life of fossil fuel usage is excluded.
 - Landfill without gas capture.
 - Waste incineration without energy capture.
 - Rail lines where fossil fuels [carried as cargo on the trains] account for more than 50% of freight.

Internal Exclusion Criteria

Funds advised by Cibus Capital LLP will not invest in companies that:

- Directly operate in the production of intensively farmed or reared livestock;
- 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);
- Are involved in slaughtering animals;
- Are involved in the use, production and/or sale of prophylactic antibiotics.
- Directly own and operate offshore¹ 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);
- Directly conduct and control the operation of the following controversial fishing techniques – driftnets, shark-finning, cyanide, dynamite, ghost fishing; and
- 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 do not comply with international standards and agreements.

¹ 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’