




Article 10 (SFDR)

Website disclosure for an Article 9 fund

Agri-Business Capital (ABC) Fund S.A., SICAV-RAIF - ABC Global Sub-Fund

Product name: Agri-Business Capital (ABC) Fund S.A., SICAV-RAIF - ABC Global Sub-Fund (the “ABC Fund”)	Legal identity identifier: N/A
Does this financial product have a sustainable investment objective?	
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 60 %	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments


A. Summary

English version: Through its investments, the ABC Fund aims to improve the livelihoods of smallholder farmers in local agriculture and agribusiness value chains, particularly for women and youth, while promoting sustainable and climate-resilient practices. To achieve this, the ABC Fund’s investments target farmer’s organizations, small and medium enterprises (SMEs) and financial institutions that are active in agricultural value chains.

To ensure that the Fund attains its sustainable investment objective, the ABC Fund has defined clear steps as part of its investment strategy. First, during the pre-investment phase, the investment team checks potential clients against both the Fund’s impact criteria as well as the Fund’s Exclusion List as further detailed below. Second, prior to any investment, the investment team conducts further on-site analyses on the expected impact of the company towards the overarching impact goal of the ABC Fund and ensures that all the activities of the Fund’s investee companies are consistent with the Fund’s ESG standards. An investment memo is prepared and submitted to the Fund’s investment committee, containing a description of the alignment of the company with the impact goals of the ABC Fund, and which informs the investment committee’s decision to finance the company or not. Third, during the negotiation of terms for investment, the ABC Fund investment team and the investee company agree on selected output/outcome indicators which the investee will report on to the ABC Fund team on a yearly basis for the duration of the investment.

The Fund’s impact and ESG management process is deployed throughout the lifetime of each investment. The following binding elements of the investment strategy must be applied by the ABC Fund’s investees at each stages of the investment process: (i) Alignment with at least one of the ABC Fund’s impact objectives; (ii) Compliance with the ABC Fund’s Exclusion List; (iii) In addition, the ABC Fund will not invest in target beneficiaries that do not adhere to the existing prohibited investment activities list produced by the IFC, that contribute to money laundering, terrorism financing, tax avoidance, tax fraud,

and tax evasion, operations with entities incorporated or established in jurisdictions that are listed in the relevant EU policy on non-cooperative jurisdictions, are identified as third risk countries or do not effectively comply with applicable EU standards, fall within the scope of EU restrictive measures, or have had a final judgment or final administrative decision for fraud, corruption, involvement in a criminal organization, money laundering, terrorist-related offences, or trafficking in human beings or for an irregularity affecting the EU's financial interest; (iv) Compliance with national applicable national laws, including those on labour, environment, health, safety and social issues; (iv) Compliance with the policies of the International Fund for Agricultural Development (IFAD) on the prevention and treatment of harassment, exploitation and sexual abuse, on the prevention of fraud and corruption and on the social, environmental and climate assessment; (v) Compliance with international principles of respect for human rights and international conventions of the International Labour Organization (ILO), and international conventions relating to the environment; (vi) Possession of all necessary environmental and social permits applicable to the activity of the company.

Finally, in an effort to measure the attainment of the social objectives of the ABC Fund's sustainable investments, key indicators that will be measured across the portfolio have been defined (cf. 'Monitoring of sustainable investment objective').

Version française: Grâce à ses investissements, le Fonds ABC vise à améliorer les moyens de subsistance des petits exploitants agricoles dans les chaînes de valeur agricoles et agroalimentaires locales, en particulier pour les femmes et les jeunes, tout en promouvant des pratiques durables et résilientes au changement climatique. Pour y parvenir, les investissements du Fonds ABC ciblent les organisations paysannes, les petites et moyennes entreprises (PME) et les institutions financières actives dans les chaînes de valeur agricoles.

Pour s'assurer que le Fonds atteigne son objectif d'investissement durable, le Fonds ABC a défini des étapes claires dans le cadre de sa stratégie d'investissement. Premièrement, pendant la phase de préinvestissement, l'équipe d'investissement vérifie que les clients potentiels remplissent les critères d'impact du Fonds et qu'ils ne sont pas sur la liste d'exclusion du Fonds. Deuxièmement, avant tout investissement, l'équipe d'investissement effectue d'autres analyses sur place sur la contribution attendue de l'entreprise à l'objectif d'impact global du Fonds ABC et s'assure que toutes les activités des entreprises clientes du Fonds sont conformes aux normes ESG du Fonds. Une note d'investissement est préparée et soumise au comité d'investissement du Fonds, contenant une description de l'alignement de l'entreprise avec les objectifs d'impact du Fonds ABC, et qui informe la décision du comité d'investissement de financer ou non l'entreprise. Troisièmement, lors de la négociation des conditions d'investissement, l'équipe d'investissement du Fonds ABC et le client conviennent d'indicateurs d'impact sélectionnés, dont les entreprises clientes feront rapport à l'équipe du Fonds sur une base annuelle pendant la durée de l'investissement.

Le processus de gestion d'impact et ESG du Fonds est déployé tout au long de la durée de vie de chaque investissement. Les éléments contraignants suivants de la stratégie d'investissement doivent être appliqués par les bénéficiaires du Fonds ABC à chaque étape du processus d'investissement : (i) Alignement avec au moins un des objectifs d'impact du Fonds ABC ; (ii) Conformité avec la liste d'exclusion du Fonds ABC ; (iii) En outre, le Fonds ABC n'investira pas dans des entreprises qui n'adhèrent pas à la liste existante des activités d'investissement interdites produite par la SFI, qui contribuent au blanchiment d'argent, au financement du terrorisme, à l'évitement fiscal, à la fraude fiscale et à l'évasion fiscale, aux opérations avec des entités constituées ou établies dans des juridictions qui sont répertoriées dans la politique pertinente de l'UE sur les juridictions non coopératives, qui sont identifiées comme pays à risque tiers ou qui ne respectent pas effectivement les normes applicables de l'UE, relèvent du champ d'application des mesures restrictives de l'UE ou ont fait l'objet d'un jugement définitif ou décision administrative définitive pour fraude, corruption, participation à une organisation criminelle, blanchiment de capitaux, infractions liées au terrorisme ou traite des êtres humains ou pour une irrégularité portant atteinte aux intérêts financiers de l'UE ; (iv) Respect des lois nationales applicables, y

compris celles relatives au travail, à l’environnement, à la santé, à la sécurité et aux questions sociales ; (iv) Respect des politiques du Fonds International de Développement Agricole (FIDA) sur la prévention et le traitement du harcèlement, de l'exploitation et des abus sexuels, sur la prévention de la fraude et de la corruption et sur l'évaluation sociale, environnementale et climatique ; (v) Respect des principes internationaux de respect des droits de l'homme et des conventions internationales de l'Organisation Internationale du Travail (OIT) et des conventions internationales relatives à l'environnement ; (vi) Possession de tous les permis environnementaux et sociaux nécessaires applicables à l'activité de l'entreprise.

Enfin, dans le but de mesurer l'atteinte des objectifs sociaux des investissements durables du Fonds ABC, des indicateurs qui seront mesurés sur l'ensemble du portefeuille ont été définis (cf. 'Monitoring of sustainable investment objective').



B. No significant harm to the sustainable investment objective

How are the indicators for adverse impacts taken into account?

The indicators for adverse impacts on sustainability factors taken into account by the ABC Fund are presented in the table below (indicators from Table 1 of Annex I – Regulation (EU) 2019/2088). Details on how they are considered are also provided.

Adverse sustainability indicator		Metric	Actions taken
Climate and other environment-related indicators			
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions	As per the ABC Fund’s investment strategy, during the pre-investment phase, the investment team checks potential investee companies against their alignment with the ABC Fund’s overall stated impact objective: to improve livelihoods of smallholders in local agriculture and agribusiness value chains, particularly for women and youth, while promoting sustainable and climate-resilient practices. Companies that do not contribute to this impact objective are not eligible for financing by the ABC Fund. The ABC Fund’s evaluation of investees also includes an environmental, social and governance risk assessment. As of 01 January 2023, as part of the environmental component of this evaluation, investee companies of the ABC Fund will have to disclose if: a) They have policies/procedures in place to measure and manage their GHG emissions, GHG intensity and carbon footprint. b) They are active in the fossil fuel sector. As of 01 January 2023, these elements will be taken into consideration for the
		Scope 2 GHG emissions	
		Scope 3 GHG emissions	
		Total GHG emissions	
	2. Carbon footprint	Carbon footprint	
	3. GHG intensity of investee companies	GHG intensity of investee companies	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	

			calculation of the investee company's environmental risk score and therefore inform the ABC
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	As part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if they are energy intense, and the sources of the energy they use. Both these elements are also taken into consideration for the calculation of the company's environmental risk score and therefore inform the ABC Fund's investment decision.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	<p>As part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if:</p> <p>a) They operate in areas of global/national/regional significance for biodiversity and ecosystems.</p> <p>b) They are involved in any activity that has the potential to impact local biodiversity and/or that requires significant changes to the natural landscape, such as deforestation or the conversion of natural areas to farmland.</p> <p>Both these elements are also taken into consideration for the calculation of the investee company's environmental risk score and therefore inform the ABC Fund's investment decision. Point a) is included as a 'red flag' indicator in the ABC Fund's environmental assessment of agri-SMEs and cooperatives. Companies operating in areas of global/national/regional significance for biodiversity and ecosystems will automatically raise a 'red flag' even if they are not involved in any activity that has the potential to impact local biodiversity and/or that requires significant changes to the natural landscape. A detailed narrative on how this risk is managed and how the investee plans to manage it in the future has to be provided if this specific risk is identified, which also informs the ABC Fund's investment decision.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	<p>As part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if:</p> <p>a) The company's business activities release water pollutants.</p> <p>b) There is a risk of inadequate wastewater treatment and disinfection prior to discharge,</p>

			<p>leading to surface or ground water contamination.</p> <p>c) The company adopts water conservation and efficiency measures.</p> <p>All these elements are taken into consideration for the calculation of the company's environmental risk score and therefore inform the ABC Fund's investment decision.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as weighted average	<p>As part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies have to disclose if:</p> <p>a) Their business activities produce waste material that may be hazardous for the environment and human health.</p> <p>b) They use, produce, or trade materials and chemicals that fall into the WHO Recommended Classification of Pesticides by Hazard Classes 1a (extremely hazardous) or 1b (highly hazardous), pesticides in Hazard Class II (moderately hazardous), or Annexes A and B of the Stockholm Convention.</p> <p>c) They have written waste management procedures for hazardous as well as non-hazardous materials produced.</p> <p>All these elements are taken into consideration for the calculation of the company's environmental risk score and therefore inform the ABC Fund's investment decision. Point b) is included as a 'red flag' indicator in the ABC Fund's environmental assessment of agri-SMEs and cooperatives. A detailed narrative on how this risk is managed and how the investee plans to manage it in the future has to be provided if this specific risk is identified, which also informs the ABC Fund's investment decision.</p>
Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	<p>As per the ABC Fund's investment strategy, exclusion list and ESG evaluation of potential investee companies, companies that do not uphold the UN Global Compact Principles are highly unlikely to meet the Fund's investment criteria and therefore are not eligible for financing. Similarly, even though the ABC Fund only invests in small and medium enterprises, potential investee companies who do not uphold the general policies stipulated by the OECD Guidelines for Multinational Enterprises are also highly unlikely to meet the Fund's investment criteria</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for	

	UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	and therefore are not eligible for financing.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	As per the ABC Fund’s investment strategy and impact framework, gender dimensions are examined throughout the investment process. With this gender sensitive approach, the Fund privileges investments in: <ul style="list-style-type: none"> a) Enterprises that offer affordable products or services that substantially improve the lives of women and girls, and/or b) Generate employment or income among marginalized women, and/or c) Promote an equitable and safe workplace and participation, and/or d) Are women-owned or women-led enterprises The ABC Fund therefore privileges companies who equally remunerate their employees.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	As per the ABC Fund’s investment strategy, information on board members, including gender, is collected during the due-diligence phase for all potential investee companies. As mentioned above, women-owned or women-led enterprises are privileged by the ABC Fund.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investment in investee companies involved in the manufacture or selling of controversial weapons	As per the ABC Fund’s investment strategy, during the pre-investment phase, the investment team checks potential clients against the Fund’s Exclusion List, which includes companies that do not adhere to the existing prohibited investment activities list produced by the IFC. Companies involved in the production or trade in weapons and munitions are part of the IFC’s prohibited investment activities, and therefore on the ABC Fund’s Exclusion List and cannot be financed.

In addition, the ABC Fund further takes into account the indicators for adverse impacts on sustainability factors presented in the following table (indicators from Tables 2 and 3 of Annex I – Regulation (EU) 2019/2088). Details on how they are considered are also provided.

Adverse sustainability indicator		Metric	Actions taken
Climate and other environment-related indicators			
Emissions	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average	As per the ABC Fund’s investment strategy, during the pre-investment phase, the investment team checks potential clients against the Fund’s Exclusion List, which includes

			companies involved in the production or trade in products subject to international phase outs or bans such as certain pesticides/herbicides and ozone-depleting substances and therefore cannot be financed.
Water, waste, and material emissions	7. Investment in companies without water management policies	Share of investments in investee companies without water management policies	As mentioned above, as part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose their water usage practices, and provide any supporting written policy/procedure to substantiate their claims. These elements are taken into consideration for the calculation of the company's environmental risk score and therefore inform the ABC Fund's investment decision.
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing	As mentioned, as part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if they are involved in any activity that requires significant changes to the natural landscape, such as deforestation. These elements are taken into consideration for the calculation of the company's environmental risk score and therefore inform the ABC Fund's investment decision.
	11. Investment in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies	As per the ABC Fund's investment strategy, during the pre-investment phase, the investment team checks potential investee companies against the Fund's impact criteria. As such, companies without sustainable land/agriculture practices or policies are not eligible for financing by the ABC Fund.
	14. Natural species and protected areas	<ol style="list-style-type: none"> 1. Share of investments in investee companies whose operations affect threatened species 2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas 	<p>As part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose:</p> <ol style="list-style-type: none"> a) If they operate in areas of global/national/regional significance for biodiversity and ecosystems. b) If they are engaged in the primary production and/or harvesting of living natural resources, if they apply industry-specific measures to ensure good resource management and to preserve biodiversity. c) If they purchase from primary suppliers who produce in regions where there is risk of significant conversion of natural and/or critical habitats. <p>All these elements are taken into consideration for the calculation of</p>

			the company's environmental risk score and therefore inform the ABC Fund's investment decision.
	15. Deforestation	Share of investments in companies without a policy to address deforestation	As mentioned, as part of the environmental component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if they are involved in any activity that requires and/or leads to significant changes to the natural landscape, such as deforestation. If they do, they are required to provide any relevant policy related to the management of this risk. This element is taken into consideration for the calculation of the company's environmental risk score and therefore informs the ABC Fund's investment decision.
Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters			
Social and employee matters	1. Investment in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	<p>As part of the social component of the ABC Fund's ESG evaluation of investees, investee companies must disclose if:</p> <p>a) They have a written health and safety policy for workers employed in their business activities.</p> <p>b) They are engaged with primary suppliers in activities where there are significant work-related health and safety issues, and if they have a written policy detailing procedures and mitigation measures to ensure that primary suppliers are taking steps to prevent or to correct any health and safety issues identified</p> <p>c) They have a written grievance mechanism for workers (and their organizations, where they exist).</p> <p>All these elements are taken into consideration for the calculation of the company's social risk score and therefore inform the ABC Fund's investment decision.</p>
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)	
	5. Lack of a grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	
Human rights	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	<p>As part of the social component of the ABC Fund's ESG evaluation of investees, investee companies must disclose:</p> <p>a) Their processes/policies to ensure they do not employ children.</p> <p>b) If they are engaged with primary suppliers in areas where there is a significant risk of child labour</p> <p>c) If they have a written policy regarding the prevention or prohibition of child labour among their primary suppliers.</p>

			<p>All these elements are taken into consideration for the calculation of the company's social risk score and therefore inform the ABC Fund's investment decision. Points a), b), and c) are all included as 'red flag' indicators in the ABC Fund's social assessment of agri-SMEs and cooperatives. Point a) is included as a 'red flag' indicator for financial intermediaries. In addition, as per the ABC Fund's Exclusion List, the Fund may not finance any companies involved in production or activities involving harmful or exploitative forms of child labour. A detailed narrative on how these risks are managed and how the investee plans to manage them in the future has to be provided if these specific risks are identified, which also informs the ABC Fund's investment decision.</p> <p>As part of the ABC Fund's loan agreement, financial intermediaries undertake not to finance clients whose main activity is included in the Fund's Exclusion List. The Fund's Exclusion List is attached as an appendix to all Loan Agreements with financial intermediaries.</p>
	<p>13. Operations and suppliers at significant risk of incidents of forced or compulsory labour</p>	<p>Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms of geographic areas and/or the type of operation</p>	<p>As part of the social component of the ABC Fund's ESG evaluation of investees, investee companies must disclose:</p> <ul style="list-style-type: none"> a) Their processes/policies to ensure they do not use forced labour b) If they have a written policy regarding the prevention or prohibition of forced labour among their primary suppliers. <p>All these elements are taken into consideration for the calculation of the company's social risk score and therefore inform the ABC Fund's investment decision. Points a) and b) are included as 'red flag' indicators in the ABC Fund's social assessment of agri-SMEs and cooperatives. Point a) is included as a 'red flag' indicator for financial intermediaries. In addition, all investee companies of the ABC Fund are required to comply with international principles of respect for human rights and conventions of the International Labour Organization (ILO), as well as with national applicable laws, including those on labour. A detailed narrative on how these risks are managed and how the investee plans to manage them in the future has to be provided if these specific risks are identified, which also informs the ABC Fund's investment decision.</p>

			As part of the ABC Fund’s loan agreement, financial intermediaries undertake not to finance clients whose main activity is included in the Fund’s Exclusion List. The Fund’s Exclusion List is attached as an appendix to all Loan Agreements with financial intermediaries.
Anti-corruption and anti-bribery	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Number of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	As per the ABC Fund’s investment strategy, a full KYC is conducted during the due-diligence phase to ensure investee companies or any of their members have not been convicted for violations on anti-corruption and anti-bribery laws.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

As per the ABC Fund’s investment strategy and impact framework, similar safeguards to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises are used to screen potential investees of the ABC Fund. The ABC Fund has developed an ESG Policy and related ESG Performance Standards against which all business activities supported through the financing provided by the ABC Fund are screened. The ABC Fund will only support activities consistent with this ESG Policy and Performance Standards. The Fund’s ESG Policy and Performance Standards are based on the International Finance Corporation (IFC) Performance Standards, the International Fund for Agricultural Development’s (IFAD) Social, Environmental and Climate Assessment Procedures (SECAP), as well as the Universal Standards for Social Performance Management and the Smart Campaign Client Protection Principles. This framework also draws on the UN Guiding Principles on Business and Human Rights (without directly applying them), the CFS/FAO Principles for Responsible Investment in Agriculture and Food Systems and other voluntary guidelines.

Therefore, companies that do not uphold the UN Guiding Principles on Business and Human Rights are thus highly unlikely to meet the Fund’s impact criteria and therefore are not eligible for financing. Similarly, even though the ABC Fund only invests in small and medium enterprises, potential investee companies who do not uphold the general policies stipulated by the OECD Guidelines for Multinational Enterprises are also highly unlikely to meet the Fund’s impact criteria and therefore are not eligible for financing.



C. Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

Through its investments, the ABC Fund aims to improve the livelihoods of smallholder farmers in local agriculture and agribusiness value chains, particularly for women and youth, while promoting sustainable and climate-resilient practices.

To achieve this, the ABC Fund’s investments target farmer’s organizations, small and medium enterprises (SMEs) and financial institutions that are active in agricultural value chains.

No reference benchmark has been designated for the purpose of attaining the sustainable objective.



D. Investment strategy

What investment strategy does this financial product follow?

The ABC Fund is a blended-finance vehicle which offers a set of financial products, including loans and equity, specifically tailored to the needs of smallholder farmers and agri-SMEs. To reach smallholder farmers most effectively, these products are made available either directly to farmers' organizations and SMEs, or indirectly via financial institutions.

To ensure that the Fund attains its sustainable investment objective, the ABC Fund has defined clear steps as part of its investment strategy.

First, during the pre-investment phase, the investment team checks potential clients against both the Fund's impact criteria as well as the Fund's Exclusion List as further detailed below.

Second, prior to any investment, the investment team conducts further on-site analyses on the expected impact of the company towards the overarching impact goal of the ABC Fund and ensures that all the activities of the Fund's investee companies are consistent with the Fund's ESG standards. An investment memo is prepared and submitted to the Fund's investment committee, containing a description of the alignment of the company with the impact goals of the ABC Fund, and which informs the investment committee's decision to finance the company or not.

Third, during the negotiation of terms for investment, the ABC Fund investment team and the investee company agree on selected output/outcome indicators which the investee will report on to the ABC Fund team on a yearly basis for the duration of the investment.

Through this monitoring process, the ABC Fund further seeks to capture and assess information to support performance improvements.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The Fund's impact and ESG management process is deployed throughout the lifetime of each investment. The following binding elements of the investment strategy must be applied by the ABC Fund's investees at each stages of the investment process:

- Alignment with at least one of the ABC Fund's following impact objectives:
 - Higher rural employment and access to inclusive business opportunities focused on smallholder farmers;
 - Increased and enhanced (diversified) access to finance for rural SMEs, cooperatives, and smallholder farmers;
 - Improved business performance of SMEs, cooperatives and micro-entrepreneurs along the agri-business value chain;
- Compliance with the ABC Fund's Exclusion List, which includes companies and/or individuals:
 - Involved in production or activities involving harmful or exploitative forms of child labour;
 - Involved in the cultivation, production or commerce of tobacco;
 - Involved in the production or trade in any product or activity deemed illegal under country laws or regulations or international conventions and agreements;

- Involved in cultivation, production or trade practices that degrade the environment (e.g. forestry products from unmanaged forests, production methods/enterprises causing endangerment to wildlife);
- Involved in the production or trade in products subject to international phase outs or bans such as certain pesticides/herbicides, ozone depleting substances;
- Whose production or activities impinge on the lands owned by indigenous peoples, without documented consent of such people;
- Generating more than 30% of sales from the production of or trade in bio-fuels from food crops;
- Generating more than 30% of sales from the production of GMO Seeds. For the purpose of this investment strategy, GMO Seeds are defined here as seeds that contain traits that do not occur naturally in the specific species;
- Generating any sales from the production of or trade in drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Additionally, the ABC Fund will not invest in target beneficiaries (including persons having powers of representation or control over them) that:
 - Do not adhere to the existing prohibited investment activities list produced by the IFC (see <http://www.ifc.org/exclusionlist>);
 - Contribute to money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion;
 - Operations with entities incorporated or established in jurisdictions that are listed in the relevant EU policy on non-cooperative jurisdictions, are identified as high risk third countries prior to article 9.2 of Directive 2015/894 or do not effectively comply with applicable EU standards, except where those operations have been successfully cleared in accordance with the enhanced due diligence procedures outlined in Appendix (5) of the Investment Strategy;
 - Fall within the scope of EU restrictive measures. The consolidated list of EU restrictive measures is available at www.sanctionsmap.eu;
 - Have had a final judgment or final administrative decision for fraud, corruption, involvement in a criminal organization, money laundering, terrorist-related offences, or trafficking in human beings or for an irregularity affecting the EU's financial interest.
- Compliance with national applicable national laws, including those on labour, environment, health, safety and social issues;
- Compliance with the policies of the International Fund for Agricultural Development (IFAD) on the prevention and treatment of harassment, exploitation and sexual abuse, on the prevention of fraud and corruption and on the social, environmental and climate assessment;
- Compliance with international principles of respect for human rights and international conventions of the International Labour Organization (ILO), and international conventions relating to the environment.
- Possession of all necessary environmental and social permits applicable to the activity of the company.

In addition, all investee companies are required to provide reporting on agreed-upon impact indicators at an agreed frequency.

What is the policy to assess good governance practices of the investee companies?

As part of the ABC Fund's ESG Risk Assessment, the governance risks of all investee companies are analysed to ensure that all investee companies meet minimum requirements in terms of good

governance practices prior to the disbursement of any financing. The following components of good governance are analysed:

- Commitment to good governance, which includes the analysis of elements such as:
 - Basic corporate formalities - board of directors, control committee, Annual General Meetings (AGM), identification and non-discrimination of members of Farmer Organizations (FOs), shareholder identification and meetings, charter/articles of Incorporation/Association
 - Board independency from management
 - Core functions identified
 - Governance structure development
- Functioning of governing bodies, which includes the analysis of elements such as:
 - Board awareness about its role
 - Board training
 - Frequency of board meetings
 - Review of organizational policies
 - Board management reports
 - Skill requirements of board members
 - Fairness of board elections
 - Board rotation
- Strategic vision, which includes the analysis of elements such as:
 - Existence and quality of strategic plan
 - Strategic plan development, monitoring and evaluation
- Transparency and ethics, which includes the analysis of elements such as:
 - Accounting and auditing practices
 - Internal audit practices
 - Financial statements disclosure
 - External audit practices
 - Conflict of interest
 - Political independency
 - Confidentiality
 - Written guidelines for ethical behaviour
- Risk management, which includes the analysis of elements such as:
 - Environmental and social risk management systems
 - Risk identification
 - Exclusion list
- Stakeholder engagement, which includes the analysis of elements such as:
 - Stakeholder identification
 - Disclosure of information
 - Meaningful consultation
 - Stakeholder grievance mechanism

Under the analysis of social risks of potential investees, the following components are analysed, depending on the business model of the company:

- Agri-SMEs and cooperatives
 - Working conditions
 - Youth and women inclusiveness
 - Occupational health
 - Contract farming
 - Cultural heritage
 - Resettlement
 - Public/private security
- Financial intermediaries

- Working conditions at the financial intermediary
- Health and safety at the financial intermediary
- Youth and women inclusiveness at the financial intermediary
- Client protection
- Working conditions at the borrower SME
- Youth and women access to financial products/services
- Portfolio social performance monitoring
- Public/private security

All investees are required to comply with national regulations related to labour law.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the ABC Fund aims to mitigate principal adverse impacts on sustainability factors through its investment strategy by considering the principal adverse impact indicators during the pre-investment phase. For more information, please refer to question “How have the indicators for adverse impacts on sustainability factors been taken into account?”.

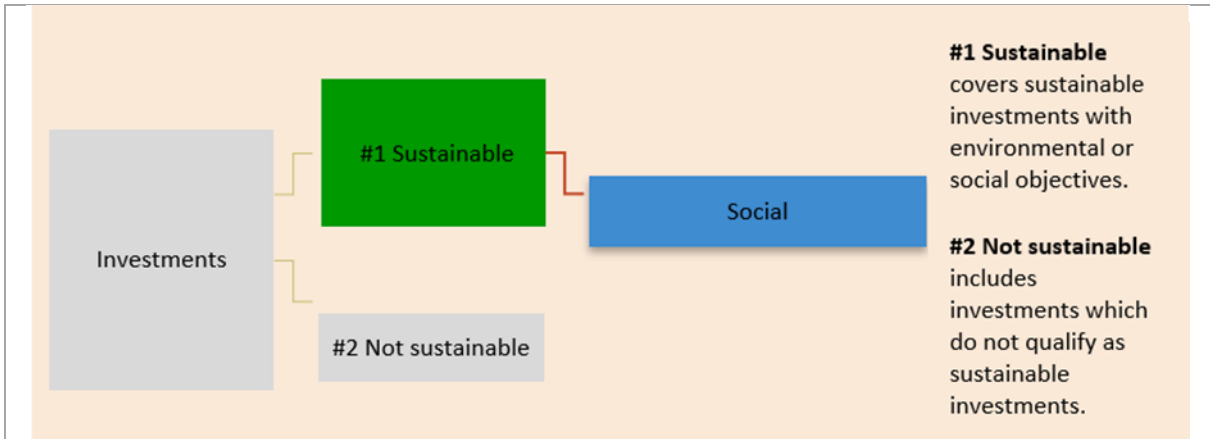
No



E. Proportion of investments

What is the planned asset allocation for this financial product?

A minimum of 60% of the Fund’s net assets will be invested in farmers’ organizations, agri-SMEs or financial institutions with the ultimate goal of improving the livelihoods of smallholder farmers, particularly women and youth, while promoting sustainable and climate-resilient practices and will therefore be sustainable investments with a social objective (#1 Sustainable). The Fund will aim to invest the highest possible share of its net assets in sustainable investments with a social objective. However, the Fund may only commit to 60% of sustainable investment with a social objective for the following reasons: (i) at times of fresh investment capital into the fund, a reasonable lag between investment and deployment can be expected, which may temporarily increase the cash held by the Fund before it is able to disburse the funds into sustainable investments. If the Fund receives this fresh investment capital shortly before its periodic reporting is due, the share of cash held by the Fund may therefore be temporarily high in periodic reports; (ii) based on the current repayment schedule of the Fund, many cash repayments by investee companies are due when the Fund’s periodic reporting is also due. Due to the reasonable lag that may be expected between the reception of these repayments and redeployment into sustainable investments with a social objective, the share of cash held by the Fund may be temporarily high in periodic reports. The remaining net assets are held as cash. Of those remaining net assets, 5% is to comply with the fund's minimum liquidity requirements, part of it is used to cover operational expenses, and the rest is available for deployment into sustainable investments with a social objective.



What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

Non-applicable given the social objective of the Fund.

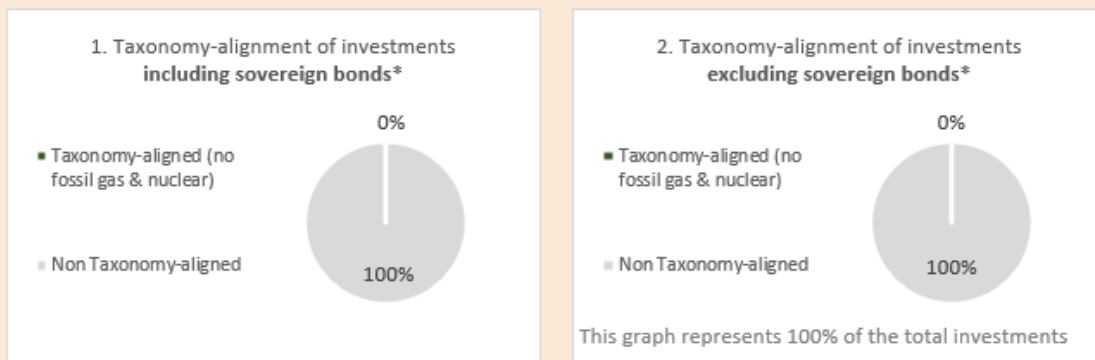
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

Yes

In fossil gas In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Non-applicable given the social objective of the Fund.

What is the minimum share of sustainable investments with a social objective?

The ABC Fund aims to invest a minimum share of 100% of its sustainable investments in economic activities with a social objective.

What investments are included under “#2 Not Sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

“#2 Not sustainable” investments include cash, 5% of which is to comply with the fund's minimum liquidity requirements and some of which is used to cover operational expenses.

While these investments may not contribute to a social objective within the meaning of the SFDR, the Fund aims to ensure a minimum level of environmental and social safeguards. As such, the investments which are not sustainable investments are not expected to affect the delivery of the Fund’s overarching sustainable investment objective.



F. Monitoring of sustainable investment objective

What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?

The following key indicators are currently being measured across the portfolio:

- Number of smallholder farmers impacted
- Number of women smallholder farmers
- Number of young smallholder farmers
- Number of indirectly impacted individuals (household members)
- Number of cooperatives/farmer organizations financed
- Number of SMEs financed
- Number of financial institutions financed
- Value of financing disbursed to cooperatives/farmer organizations
- Value of financing disbursed to SMEs
- Value of financing disbursed to financial intermediaries
- Average loan size of the ABC Fund loans

How are the sustainable investment objective and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?

The ABC Fund’s impact and ESG management process is deployed throughout the lifetime of each investment, and ensures that the social objectives of the ABC Fund’s sustainable investments are met and that the associated sustainability indicators are monitored throughout the lifecycle of the financial product:

- **Pre-investment – screening:** Prior to investing in a company, the ABC Fund checks that the potential investment is aligned with its impact objective of improving the livelihoods of smallholder farmers in developing countries.
- **Pre-investment – due diligence:** Following the screening phase, a thorough due diligence is performed on selected companies to analyse the expected impact of the company.
- **Pre-investment – investment committee:** The analysis on the potential development impact of the investment (positive impact generated) is included in the investment memorandum submitted to the Investment Committee. This analysis is discussed in the Investment Committee and form part of the investment decision.
- **Investment negotiation – definition of impact metrics:** Upon approval of the investment, the Fund defines with the investee company the selected impact indicators to be monitored and reported on a regular basis.
- **Investment period – ongoing impact monitoring:** During the post-investment period, the Fund monitors the impact data reported by its investees at the agreed upon frequency. Additional in-depth impact analyses beyond “core” impact metrics may be carried out upon availability of resources.



G. Methodologies

What is the methodology to measure the attainment of the sustainable investment objective using the sustainability indicators?

As highlighted above, upon conclusion of the investment, the Fund’s team and the investee client agree on selected impact indicators which the client will report on to the Fund’s team at a defined frequency. Depending on the specific business model of the investee company, a certain number of the Fund’s sustainability indicators will be included in the company’s selected impact indicators. Then, at least on a yearly basis, the Fund team will collect data from investee companies on the company’s selected impact and sustainability indicators and aggregate the data at the level of the Fund to measure its attainment of the social objectives of the Fund’s sustainable investments.



H. Data sources and processing

What are the data sources used to attain the sustainable investment objective of the financial product including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

As per the ABC Fund’s investment strategy, upon conclusion of each investment, the ABC Fund’s team and the investee client agree on selected impact indicators on which the client will report to the ABC Fund’s team on a defined frequency. Across its portfolio, the ABC Fund will seek to collect and consolidate data for the sustainability indicators of the ABC Fund. In addition to these core impact indicators, each investment will have its own set of metrics depending on its sector and business model.

To ensure data quality, the selection of these metrics is guided by the following principles:

- **Measurability:** selected metrics need to be easily measurable by investees of the ABC Fund and aligned with existing market data based on existing and planned resources.
- **Proportionality:** considering the small ABC Fund ticket sizes and the target investees.
- **Applicability:** indicators should be applicable across the ABC Fund direct and/or indirect investment portfolio. While the ability to aggregate indicators is an important aspect for the selection of impact indicators, the latter may differ between direct and indirect investments.
- **Relevance:** selected metrics should be relevant to the target investees and enable the ABC Fund to measure the attainment of the social objectives of the Fund’s sustainable investments.

The ABC Fund aims to define impact indicators for which investee companies have readily available data to ensure a minimum share of this data is estimated. Investee companies will report against the agreed-upon impact indicators on a defined frequency and at least annually. As mentioned above, the Fund team then aggregates the data at the level of the Fund to measure its attainment of the social objectives of the Fund’s sustainable investments.

Additionally, the investment team may use evidence-based assumptions/data from investees as inputs for its impact measurement. These assumptions may, for instance, be based on pre-existing customer surveys, research, interviews and observations. Additional in-depth impact analyses may be carried out upon availability of resources.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the sustainable investment objective and the actions taken to address such limitations)

The main limitation to the methodology is that the ABC Fund depends on self-reporting by investee companies for the agreed-upon impact indicators against which they have to report on at an agreed frequency. This limitation is mitigated by the fact that, prior to investing in any company, the ABC Fund conducts a thorough, on-site due diligence during which the baseline for the selected impact indicators is collected and can be verified. Based on the financial analysis conducted by the investment team, business model of the company, and intended use of the ABC Fund’s investment by the company, the credibility of variations against the baseline for each impact indicator can be assessed. In addition, all investee companies will be screened prior to investment against the ABC Fund’s impact objectives and will therefore inherently contribute to the impact objectives and the social objectives of the ABC Fund’s sustainable investments through their regular business operations. Furthermore, by applying the principles of measurability, proportionality, applicability, and relevance described above to the selection of metrics against which portfolio companies will have to report, the ABC Fund aims to maximize response rates and the quality of the data received.



J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

Following the preliminary assessment, after which the ABC Fund’s Risk Committee gives a “go/no-go decision”, the detailed Due Diligence commences. The objective of this phase is to validate the investment and impact thesis by analysing and reviewing in detail the operations, the business model, ownership, governance and management structures, the competition and market structure,

the impact and sustainability performance and the financial performance of the potential investee in detail. This phase will also serve to better understand the competition, external environment and market positioning of the potential investee. An overall assessment of the perception and sustainability of the investee will also be performed. The Detailed Due Diligence will be conducted by the core team consisting of the Fund Manager and/or the Investment Advisor’s investment teams. This Due Diligence phase includes one or more on-site visits. The due diligence will also compare the investment opportunity to other transactions assessed in parallel or before. This Due Diligence phase includes one or more on-site visits. Diligence activities that are specific to the investment type will be conducted.

Upon completion of detailed due diligence and agreement–in-principle with the investee on the basic structure of the deal, an Investment Memorandum summarizing the key deal aspects and the impact thesis will be submitted to the relevant Risk Committee for formal review. If approved by the Risk Committee, the Investment Memorandum will be forwarded to the Investment Committee. All investment and divestment decisions will require the explicit approval of the Investment Committee.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

- Yes
 No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

The ABC Fund integrates investee engagement throughout the investment process, and it constitutes an integral component of the ABC Fund’s contribution to positive development impact. The Fund has defined an ESG policy which details how it engages with investee companies. This Policy and its related ESG Performance Standards apply to all business activities supported through the ABC Fund investments.

The ESG policy is meant to inform and support the due diligence process of the ABC Fund. During the pre-investment phase, the ABC Fund will ensure that Environmental, Social and Governance opportunities for improvements are well identified. During project implementation, corrective actions may be required, to allow companies to enhance the positive impact of investments.

The performance standards of this ESG policy are the following:

1. Resource Efficiency and Pollution prevention.
2. Biodiversity and living natural resource sustainable management.
3. Working conditions and health.
4. Cultural Heritage and Land acquisition.
5. Protection of customers of financial product/services.
6. Good governance structure and functioning governing bodies.
7. Environment and social risk management.

The performance standards 1 to 6 are designed to avoid, minimize or mitigate sustainability-related controversies of the investee’s business activities to workers, possibly affected communities as well as the environment, and to ensure the investee’s commitment to transparency and good governance of its operations. The desired outcomes for the investee are described in the objectives

of each performance Standard, followed by specific requirements to help the investee achieve these objectives.



L. Attainment of the sustainable investment objective

Has a reference benchmark been designated?

Yes

No