MARKETING MATERIAL

INOKS CAPITAL

IMPACT REPORT 2019

IMPACT REPORT 2019

INDEX

FOREWORD 5

INOKS CAPITAL AS AN INVESTMENT MANAGER

WHAT DOES IMPACT MEAN FOR US? 9
INOKS CAPITAL AT A GLANCE 13
OUR IMPACT JOURNEY 21
OUR IMPACT STRATEGY AND PROCESS: 25
- IMPACT PROCESS AND STRATEGY 26
- CHANNELING CAPITAL TO ADD VALUE 28
- ENGAGING TO ADD VALUE 33

2019 IMPACT: 37
- 2019 CSTF ACTIVITY 39
- OUR INVESTEES' IMPACT ACROSS THE SDGS 41
- OUR CONTRIBUTION AND ADDITIONALITY 48
- IMPACT STORIES 51

NOT DOING THINGS ALONE: 59
- OUR IMPACT COMMITTEE 60
- TOGETHER WITH OUR INVESTORS 66
- OUR PARTICIPATION IN THE ECOSYSTEM 71

INOKS CAPITAL AS A COMPANY

OUR GOVERNANCE 77
OUR TEAM 81
OUR ENVIRONMENTAL IMPACT 85
OUR CONTRIBUTION TOWARDS SOCIETY 89

Groundnuts growing in South Africa

FOREWORD

What is familiar is what we are used to; and what we are used to is most difficult to "know" - that is, to see as a problem; that is, to see as strange, as distant, as "outside us". §355 The Gay Science Nietzsche.

While we are issuing our fifth impact report for 2019 the world went globally through another disastrous peak climate situation.

The year 2019 was the second hottest year (the decade 2010-2019 was the hottest ever recorded) and second warmest year recorded in the Arctic since the start of temperature records in 1900. 2019 has also been the hottest year in Europe. June 2019 has been the hottest June on record in the world. The month of July 2019 is not only the hottest month of July known, but above all the hottest month on record in the world.

This introduction could have been approximatively the same for the last decade. Late December 2019, in Wuhan a novel Coronavirus was identified, called COVID-19. The consecutive worldwide mobilization was massive, stopping literally our economies. Giving us the indolence to believe that the COVID-19 was the antidote to the climate change and the beginning of a new world. If indeed halting an economy has a direct consequence to reduce CO2 emissions in the short run, it's certainly not the panacea in the long run.

Some also stated that the solution to COVID-19 should be the same as the one proposed for climate change, albeit it is difficult to apply the same methodology to the epiphenomena that is only impacting a proportion of the population in the short term to the long lasting effect *"Non bis in idem"* it has on all of us.

Maybe the beginning of the enlightenment is to perceive that one problem is not the answer to the other or that the solution does not lie in the replication of the method but in the means of our collective energy to organize ourselves to fight against the same cause.

As if somehow the COVID was the outburst of climate change, showing us the path, giving us the requested attention to see that we can't keep going into that direction. A *"London is calling"* to stop our familiar and common problem.

The research showed that significantly reducing transmission of new diseases from tropical forests would cost, between $22.2 and $30.7 billion each year. In contrast, they found that the COVID-19 pandemic will likely end up costing between $8.1 and $15.8 trillion globally—roughly 500 times as costly as what it would take to invest in proposed preventive measures.

We already estimated the cost of climate change adaptation at USD 100 bn per year (UNESCO) but don't yet know the price of our inaction.

On our end this year we channelled USD 650 millions towards 32 companies active in the agribusiness industry. This sector is one of the most highly vulnerable to the effects of climate change. By investing in companies that mitigate and adapt to climate-related risks, we have taken steps forward in our endless journey of contributing to build more sustainable commodity value chains.

Ivan Agabekov, *CFO of INOKS Capital*

I. INOKS CAPITAL AS AN INVESTMENT MANAGER

1

WHAT DOES IMPACT MEAN FOR US?

WHAT DOES IMPACT MEAN FOR US?

As a starting point of this report, we would like to highlight the way we consider our role as an impact investor, both in line with our cultural and historical background and with the recent EU standardized definitions, where a legal framework is emerging and strengthening.

POSITIONING IN THE SUSTAINABLE INVESTMENT UNIVERSE

Following the European Sustainable Investment Forum and Swiss Sustainable Finance common categorization, INOKS Capital is positioned as follows in the Sustainable Finance sector:

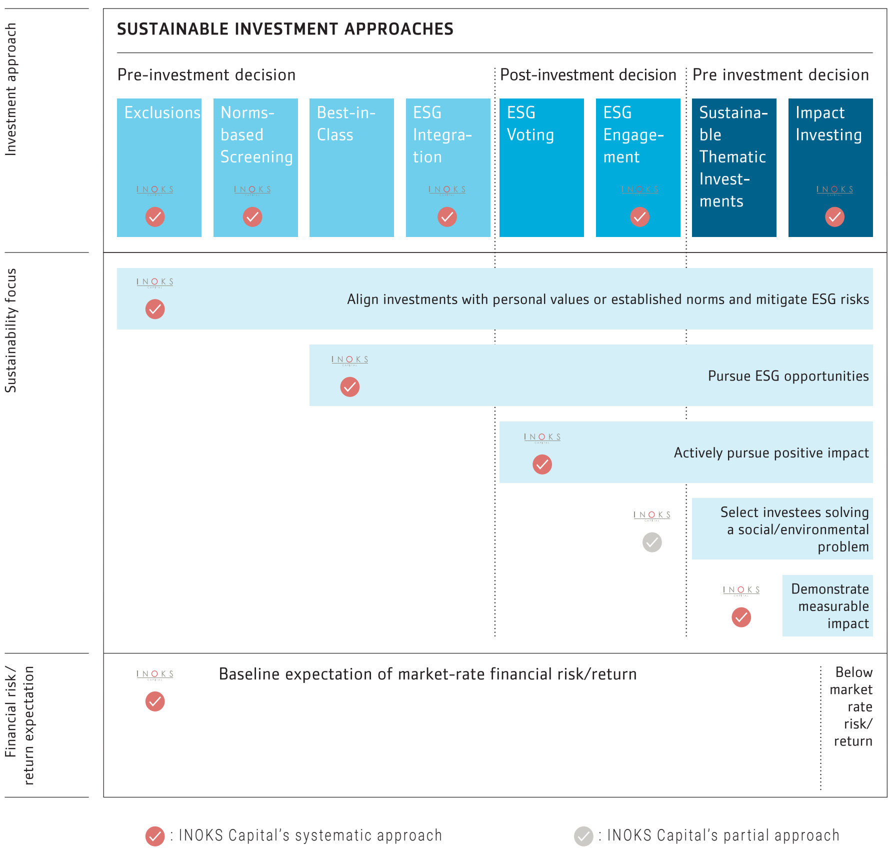


Figure 1:
INOKS Capital's positioning in the Sustainable Finance Sector
(Extract from SSF Swiss Sustainable Investment Market Study 2019)

OUR IMPACT DEFINITION

1 CHANNELING INVESTMENT WHERE MOST NEEDED

Actively pursuing positive impact starts for us by offering **financing solutions that can have the highest potential positive impact**. We decided to focus on channeling capital predominantly towards Small and Medium Enterprises (SMEs) in emerging and frontier markets, **where access to finance is the second most cited obstacle** faced by SMEs according to the World Bank. It is also **where lack of resources makes it impossible for companies to adapt** to environmental and social challenges **and to mitigate** their own adverse externalities.

2 INVESTING IN THE REAL ECONOMY

Demonstrating measurable impact starts with directly **investing in tangible players, requiring capital for specific and direct purpose** (purchase of seeds and raw material for example). Real economy relies on big, but also small companies. According to the World Bank, SMEs represent about 90% of businesses. **In emerging economies, formal SMEs contribute up to 40% of GDP and create 7 out of 10 jobs**. Investing in theses SMEs is contributing to maintain and develop this beneficial effect.

3 INVESTING IN COMPANIES WITH LOW ADVERSE/HIGH POSITIVE IMPACTS

Mitigating ESG risks and pursuing positive Impact opportunities **by assessing targeted companies' ESG practices and impact focuses.** Also leveraging our proprietary Impact/ESG due diligence, monitoring and reporting tools and processes.

4 ENGAGING ACTIVELY

Finally, actively pursuing positive Impact implies active engagement and discussions with the companies we support **to improve their social, environmental and governance practices, reduce their risks, improve their resilience and seek for greater positive impact** in order to contribute to sustainable commodity markets.

2

INOKS CAPITAL AT A GLANCE

OUR BUSINESS

INOKS Capital is a FINMA-licensed asset manager of collective investment schemes headquartered in Geneva. INOKS Capital manages several investment funds (both Cayman and Luxembourg) next to segregated institutional mandates and has in total over USD 580 Mm Assets under Management.

INOKS Capital's Impact Strategy is to invest (predominantly) across **emerging economies** in companies in the commodity value chain that generate a **positive impact**, in order to contribute to **sustainable markets** worldwide.

INOKS Capital provides capital to non-speculative commodity value chain companies with a high focus on agriculture, food, and selected interventions in the energy and metal sectors.

Among the reasons why existing investors have chosen to work with us are: steady returns (high single digits), consistent performance with low correlation to traditional markets, downside protection through an asset-based approach and an ESG/Impact investment philosophy and proprietary framework.

AGRICULTURE

INOKS Capital has the capacity to intervene at each segment along the agricultural value chain and support companies involved in value-adding activities (such as production, aggregation, processing, conditioning, transport and distribution) that contribute to the development of sustainable agriculture and food markets.

METAL

INOKS Capital invests in metal companies that maximise production efficiency and adhere to strict environmental standards. We also support companies that leverage innovative processes such as recycling and circularity into their business models to avoid resource depletion.

ENERGY

By helping energy companies to provide reliable electricity from renewable sources, INOKS Capital seeks to improve access to (cleaner) electricity for rural households. We also support energy companies in producing higher standard fuels, to reduce those environmental effects of transportation.

OUR VISION, OUR MISSION

Since 2006, we are driven by the challenge of **investing in the growth of more resilient and sustainable commodity value chains** to increase the positive impact on all stakeholders involved in the commodity life cycle.

Our Mission is to **channel capital towards emerging and frontier markets** to fund the sustainable growth – in all business dimensions – of real economy players (mostly agribusinesses with high potential of positive impact, that struggle to access finance).

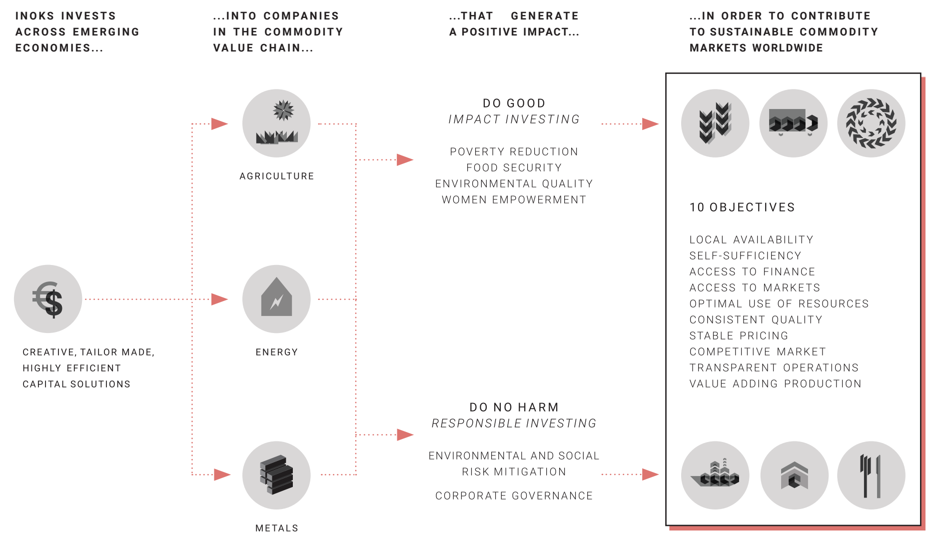


Figure 2:
INOKS Capital's Theory of Change

WHAT DOES SUSTAINABLE COMMODITY MARKETS MEAN FOR US?

1. **Local availability:** commodity products are available on the local market;
2. **Self-sufficiency:** countries are self-sufficient in meeting the commodity demand of their population;
3. **Access to finance:** companies have access to financial resources to promote growth/sustainability;
4. **Access to markets:** all players across the value chain are well integrated into markets;
5. **Optimal use of resources:** companies efficiently use human and natural resources;
6. **Consistent quality:** quality of commodity products is reliable and constant;
7. **Stable pricing:** prices of commodities do not experience high fluctuation;
8. **Competitiveness:** multiple companies compete to meet consumer demand;
9. **Transparency:** relevant market information (prices, production, weather, trade, consumption and stocks) is available to enhance market efficiency and reduce unfair trading practices;
10. **Value adding production:** production activities are adding value to local markets.

OUR GLOBAL REACH

SINCE INCEPTION

USD 5.5 BILLION DEPLOYED

Supported **130+** COMPANIES

Invested in **20+** COUNTRIES

Financed production, processing and trade of **25+** COMMODITIES

2019 PORTFOLIO'S IMPACT

5.5 MILLION TONS LOCAL SALES

20 MILLION TONS COMMODITIES PRODUCED

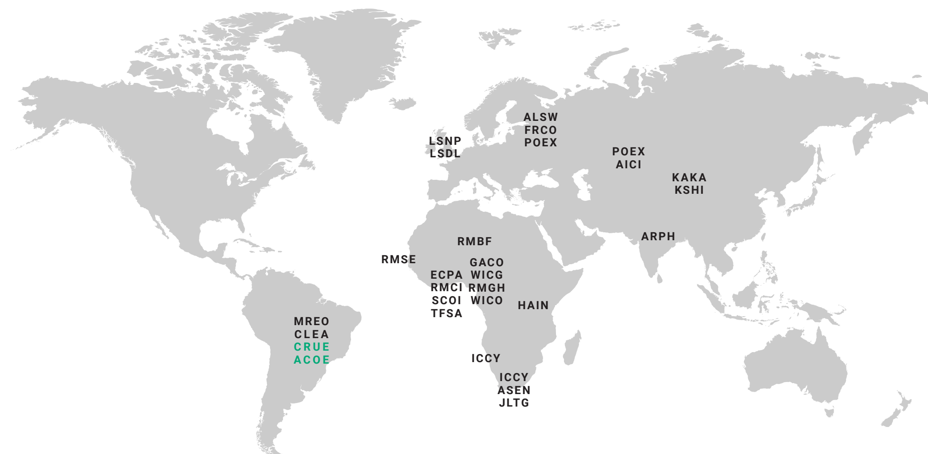
70% EMPLOYEES from LOCAL COMMUNITIES

94% of **EMPLOYEES** earn a salary ABOVE MINIMUM WAGE

33,049 SMALLHOLDER FARMERS REACHED

90% AGRICULTURAL WASTE RECYCLED

MAP OF PORTFOLIO COMPANIES



REPEAT BUSINESS FROM 2018
NEW TO 2019

NOT RENEWED: BNGE, VDTO, ROSO

GEOGRAPHIES

CIS 43%:
UKRAINE
KAZAKHSTAN
KYRGYZSTAN
TAJIKISTAN

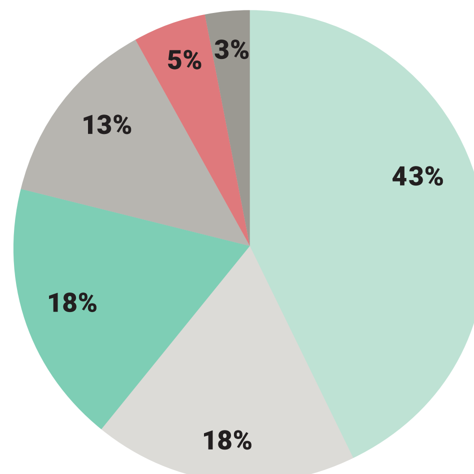
LATIN AMERICA 3%:
BRAZIL

AFRICA 18%:
GHANA
CÔTE D'IVOIRE
BURKINA-FASO
LIBERIA
SOUTH AFRICA
TANZANIA
SENEGAL
NAMIBIA

EUROPE 18%:
UNITED KINGDOM
POLAND

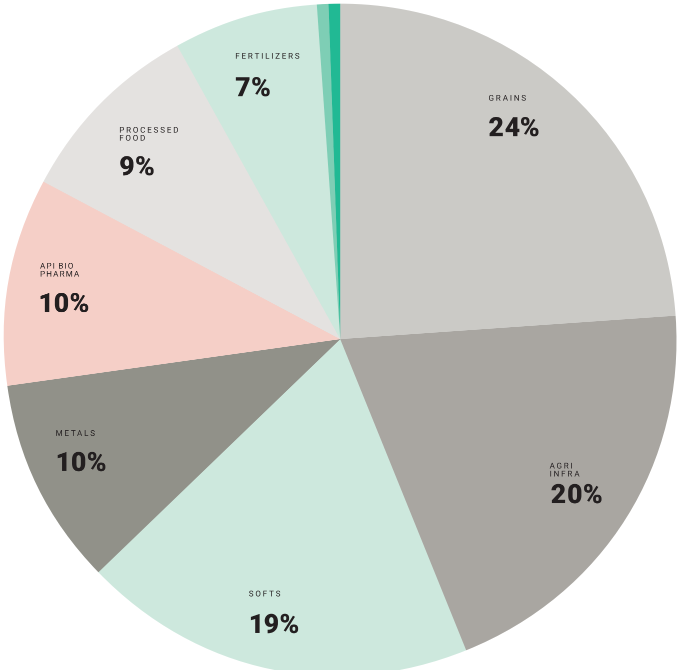
ASIA 13%:
INDIA
VIETNAM

AT SEA 5%:
CARGO IN TRANSIT



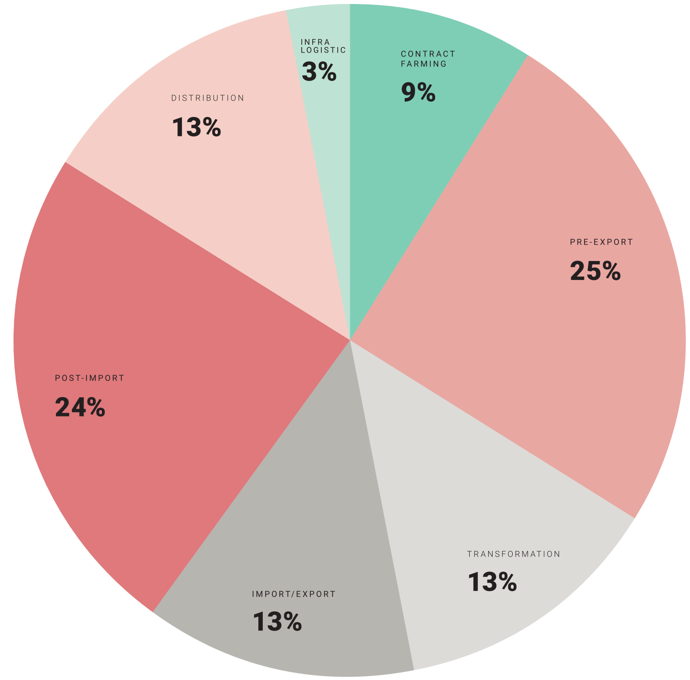
2019 PORTFOLIO ALLOCATION

COMMODITIES



GRAINS	24%	WHEAT, CORN, RICE, SOYBEAN, SUNFLOWER SEED
AGRI INFRA	20%	AGRI MACHINERY, PROCESSING PLANTS, STORAGE AND LOGISTIC RESERVED ASSETS
SOFTS	19%	COCOA, COTTON LINT, GROUNDNUT, SUGAR, SUNFLOWER MEAL, CASHEW KERNEL, SEED COTTON
METALS	10%	STEEL PRODUCTS
API BIO PHARMA	10%	PLANT AND FERMENTATION BASED API
PROCESSED FOOD	9%	FRUIT JUICE CONCENTRATE, FRESH JUICES, COCOA SEMI-FINISHED AND FINISHED PRODUCTS
FERTILIZERS	7%	HIGH STANDARD CLASS CROP PROTECTION
VEGOILS	0.7%	SUNFLOWER OIL
ENERGY	0.3%	COAL, ETHANOL

VALUE CHAIN



CONTRACT FARMING	PRE-EXPORT	TRANSFORMATION	IMPORT/EXPORT	POST-IMPORT	DISTRIBUTION	INFRA LOGISTIC
9%	25%	13%	13%	24%	13%	3%

2019 AVERAGE FIGURES

3

OUR IMPACT JOURNEY

HISTORY

August 2006:
Inception of the short term CSTF strategy

August 2010:
INOKS Capital becomes a signatory of the Principles for Responsible Investment (PRI)

March 2012:
Implementation of the ESG/SRI due diligence

September 2012:
Inception of Shari'ah-compliant CSTF strategy

October 2013:
Incorporation of ESG/Impact requirements in legal agreements by establishing an ESG/SRI engagement letter

March 2014:
Inception of the mid-term DECO strategy

March 2015
Inception of the mid-term DECO strategy

Mars 2015
Partnership with SIFEM for CVCSI

April 2016
The Impact Committee is launched and Quadia becomes INOKS' Impact advisor

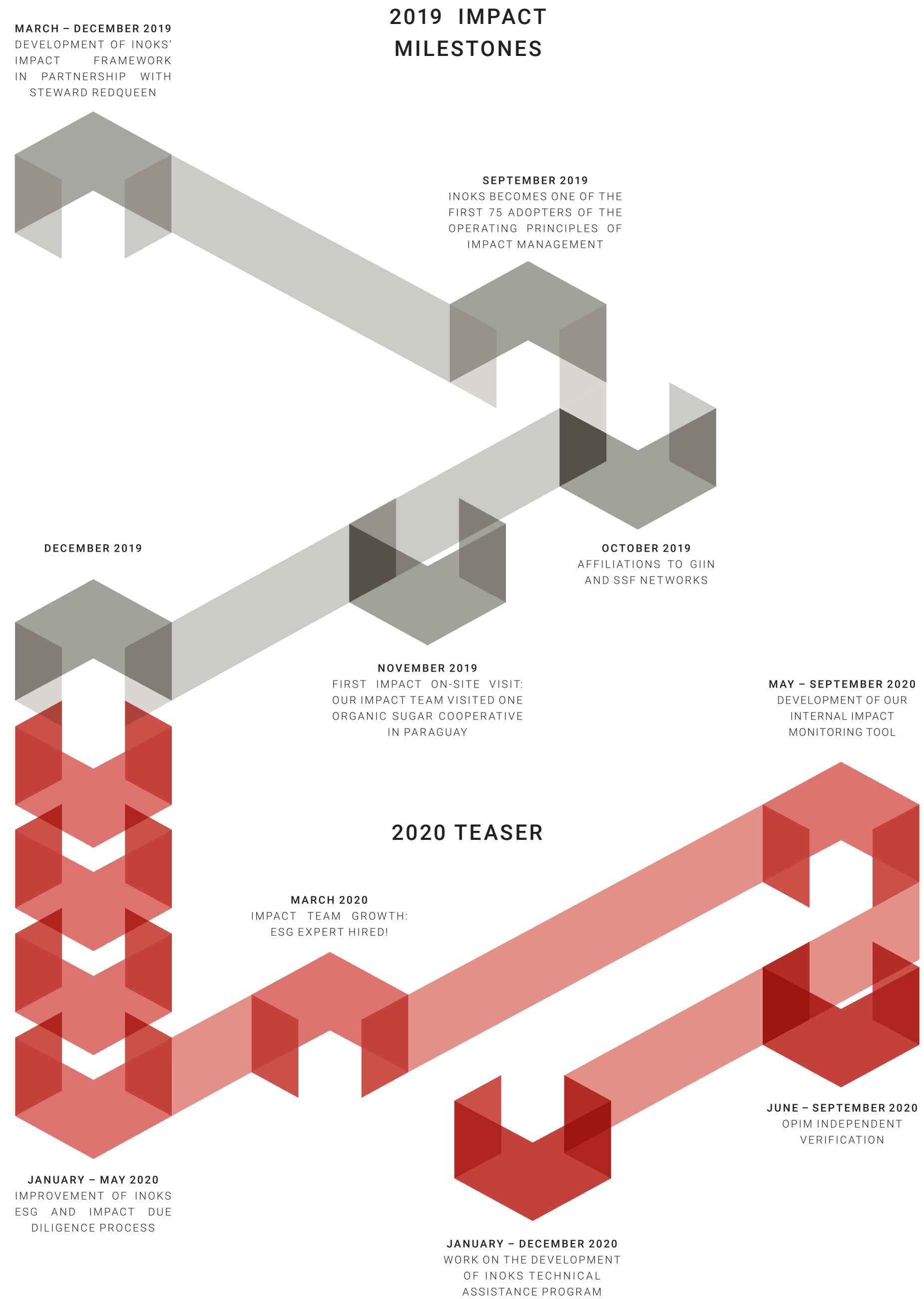
July 2016:
Development of a Sustainability Policy to achor INOKS Capital's impact themes and implement impact on-going assessment aside existing ESG due diligence

December 2016:
Alignment of INOKS Capital's E&S requirements with IFC Performance Standards

April 2017:
First Soft Condition Precedents developed to improve the E&S compliance with IFC Performance Standards of a cashew nut processor in Tanzania

October 2017:
ESMS developed in partnership with OBVIAM

October 2018:
INOKS Capital achieves Platinum Impact Business Model GIIRS Rating



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OUR IMPACT STRATEGY AND PROCESS

IMPACT PROCESS AND STRATEGY

INOKS Capital' Impact Strategy is to invest (predominantly) across **emerging economies** in companies in the **commodity value chain** that generate a **positive impact**, in order to contribute to **sustainable markets** worldwide.

Our impact strategy has a two-fold approach: doing good (contributing to solutions that address specific sustainability challenges) and doing no harm (mitigating the negative effects of its investments on people and the planet). It is applied equally to all our managed investment vehicles.

IMPACT INVESTING (Do good)

We believe that efficient and innovative companies in the commodity value chains have strong potential to help solve some of the most pressing sustainability challenges that our world is facing. With this logic in mind, we select companies that contribute to solutions in the following impact areas:

- Poverty reduction
- Food security
- Environmental quality
- Women empowerment

RESPONSIBLE INVESTING (Do no harm)

Economic activity also brings a risk of harmful effects on the environment and society. Albeit, there are ways to mitigate, and sometimes even eliminate these risks by managing a company in a sustainable way. We select companies based on the international standards they adhere to and the commitment they show to further improve their performance in ESG areas:

- **E**nvironmental risk mitigation
  (e.g. pollution risk, water use in stressed area, etc.)
- **S**ocial risk mitigation
  (e.g. health & safety protection, employment contract, etc.)
- **G**overnance commitment
  (e.g. code of ethics, audit of financial statements, etc.)

Our impact strategy is then naturally implemented all along the investment cycle.

IMPACT MANAGEMENT (DO GOOD)

	1	2	3	4
Tools	ESG / impact checklist	Impact Questionnaire	Impact plan ESG/Impact letter	Impact report
Standards	Impact themes	Proprietary methodology	Impact clause	UN SDGs The Principles (IFC)
Process	Impact pre-screening	Ex-ante impact quantification	Impact target negotiation	Ex-post impact monitoring
INVESTMENT CYCLE	**ORIGINATION**	**PRE-INVESTMENT** *DUE DILIGENCE*	**PRE-INVESTMENT** *CONTRACTING*	**POST INVESTMENT**
Process	ESG pre-screening	ESG risk assessment	ESG improvement negotiation	ESG monitoring
Standards	Exclusion list ESG policy	National legislation International regulation IFC Performance Standards	ESG covenants	Applicable ESG standards
Tools	ESG/Impact checklist	ESG questionnaire	ESG/Impact letter ESAP	ESG report

ESG RISK MANAGEMENT (DO NO HARM)

Figure 3:
Processes, standards and tools used to implement our Impact Strategy along the investment cycle

CHANNELING CAPITAL TO ADD VALUE

Channeling capital to add value refers specifically to ESG and Impact considerations being taken into account during origination and pre-investment phases of our investment process. It also refers to measuring the value added, as part of both pre- and post-investment phases (see Figure 3).

DO GOOD – Principles, standards and process

INOKS Capital investment process first starts by **targeting a specific country, commodity and activity** within the commodity value chain **depending on INOKS' capacity to bring positive impact**: *examples include contributing to improve a country's food security by supporting local production, relocating first stage processing activities in producing countries to reduce value chain intermediaries and support value adding activities, and finally support the shift towards organic farming in line with National Government targets.*

At company level, INOKS Capital uses two explicit 'do good' principles to decide whether it wants to engage with it as a prospective investee:

1 **The prospective company offers solutions to help achieve sustainable commodity value chains** worldwide in the long term.

2 **The prospective company generates positive impacts on INOKS Capital's impact areas** (poverty reduction food security, women empowerment, environmental quality) by the nature of its products, services or activities.

INOKS Capital Impact methodology then follows different stages:

- Global context analysis (country/commodity survey)
- Ex-ante impact assessment by measuring the **investees' current impact** on INOKS Capital's four impact themes; via quantitative and qualitative questionnaires and discussions
- Measurement of **INOKS' contribution** determined by considering financial and non-financial **additionality** (non-financial to be further developed in 2020)
- **Ex-post impact assessment** based on an annual monitoring

INOKS Capital's impact areas are in line with the following **United Nation Sustainable Development Goals**:

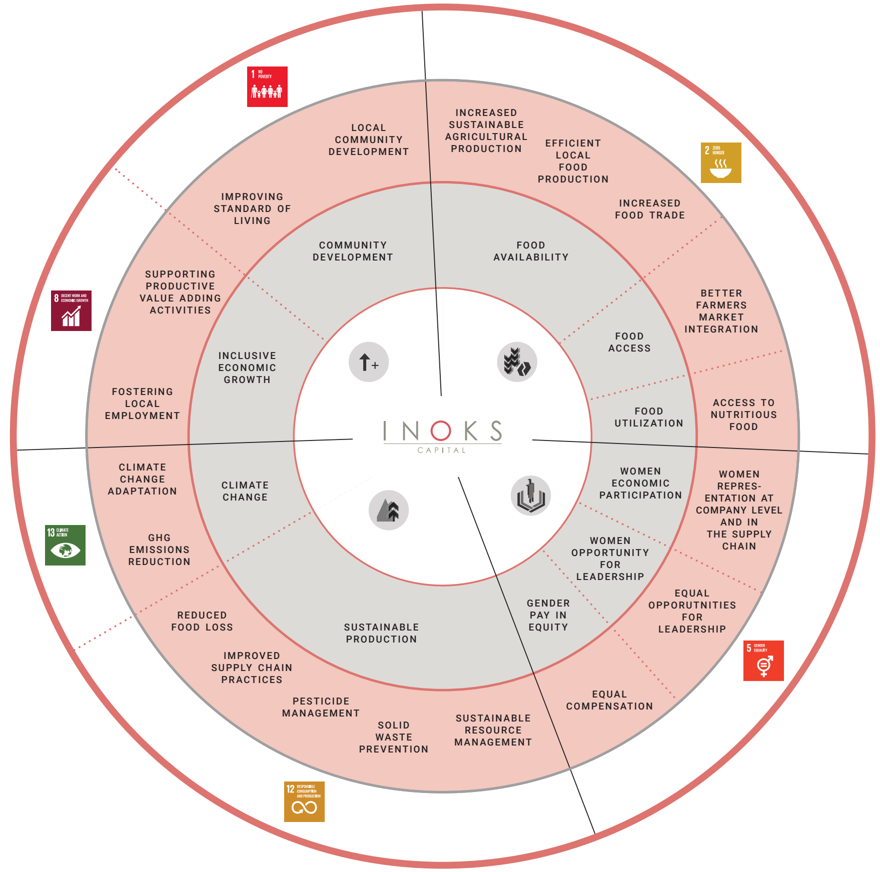


Figure 4:
INOKS Impact Themes and strategic goals mapped to the SDGs

DO NO HARM – Principles, standards and process

INOKS Capital's investment process first starts with assessing a specific country, commodity and activity within the commodity value chain to evaluate the ESG risks it can be exposed to and anticipate the targeted company's mitigation needs.

At company level, INOKS Capital applies three 'do no harm' principles to judge if a company is eligible for financing:

1. The company's activities and practices are not mentioned in INOKS Capital **Exclusion List**
2. The company is in **compliance with the ESG standards** of INOKS Capital
3. The company is committed and capable to **mitigate its negative** environmental and social effects

INOKS Capital evaluates prospective investees against **all applicable laws** on environment, health & safety, such as local legislation or international treaties, **as well as the IFC Performance Standards.**

These elements are processed by a **proprietary tool measuring the level of compliance of the investee to the IFC Performance Standards**, leading to a qualitative assessment report partly based on this level of compliance and a final scoring according to IFC categorization system.

Our proprietary tool enables our team to undertake a granular analysis by identifying:

- the **nature of the risk** (lack of **policies** and procedures to manage a risk or issue, lack of **implemented actions** against the embedded policies, or lack of **risk monitoring** / occurrence of incidences – *e.g. a H&S policy is in place but the frequency of work accidents is increasing over the years*),
- the **risk location along the value chain** (operations or supply chain – *e.g. Is the company (cotton processor in Uganda) aware of cotton suppliers' water management practices in "water-scarce" places or regions?)*
- **and its probability of occurence** (*e.g. child labor risk depending on the commodity and country*).

These are identified via questionnaires, discussions, on-site visits and external audit reports.

In case of noncompliance, decisions from non-investment to engagement actions are undertaken.

Investing in growing businesses in Africa and emerging markets also brings about a high level of **governance related risks**. To better address these issues, a deeper corporate governance assessment tool is currently under development to complete our current governance requirements.

It will further assess in particular, the ability of a company to:

- set up an internal structure enabling proper growth and ensuring long-term operations continuity
- avoid reliance on key people threatening short to long term operations continuity (*e.g. set up of internal controls, bank account separated from the founder account, non-financing of political campaigns)*
- mitigate corruption risks threatening business ethics and reputation (of both investee and investor) (*e.g. lack of internal controls, bank account linked to the founder account, financing of political campaigns).*

Harvester transferring Paddy to Truck in Ghana

Sugar packing in Kyrghyzstan

ENGAGING TO ADD VALUE

Engaging to add value refers to ESG and Impact improvement actions being considered as possibly implementable during **pre-investment and post-investment phases** of our investment process (see Figure 3).

It starts from the principle that continual improvement is possible and that INOKS Capital can **contribute, beyond the provision of financing, to enhance its investees' resilience** to adverse events, strengthen their ESG practices and risk mitigation, **as well as increase their final positive impact** on society, people, and the environment.

ENVIRONMENTAL AND SOCIAL ENGAGEMENT

All due diligences are punctuated by diverse interviews and constructive discussions on ESG issues; signaling that impact and ESG matter are first levels of engagement. Long-term relationship is key to establish trust and implement change.

In case of noncompliance with an identified Performance Standard, INOKS Capital would engage with the prospective investee to develop a corrective action plan to address the issue in a reasonable timeframe and/or stipulate this as a requirement in the contract agreement.

Examples include: the absence of labor policies/ employment contracts /personal protective equipment, lack of safety equipment in plants or absence of monitoring E&S indicators, non-managed water scarcity risks among the supply chain, etc.

Training of smallholder farmers on Weed Control in Ghana

TOWARDS TECHNICAL ASSISTANCE FOR INCREASED POSITIVE IMPACT

To further develop its capacity to add value, INOKS Capital started to work on Technical Assistance by collaborating with Agora Global.

Agora are global leaders in systemic change and employ an approach that delivers grounded technical assistance. The basis for the approach is an acknowledgement that the top-down imposition of technical assistance is unlikely to maximise firm performance. Likewise, performance cannot be enhanced by depending on firms to determine and cater to their own needs for technical assistance. TA to improve economic and social performance is part of a complex system involving the provision of supply and demand side information, skill development, marketing, and norms on expertise among a range of other functions.

The proposal of INOKS/Agora Global is to pursue ecosystem change in the business development services market that supports INOKS' investees and other firms operating in these markets. This will involve analysis of the market for technical assistance focusing on the pipeline of investees seeking to answer key questions on the root causes of underperformance in this market.

5

2019 IMPACT

Industrial staff of a sugar mill in Brazil

2019 CSTF ACTIVITY

INOKS Capital invests across emerging markets in companies in the commodity value chain…

Throughout 2019 we deployed over

USD

650 MILLION

Towards

32

COMPANIES

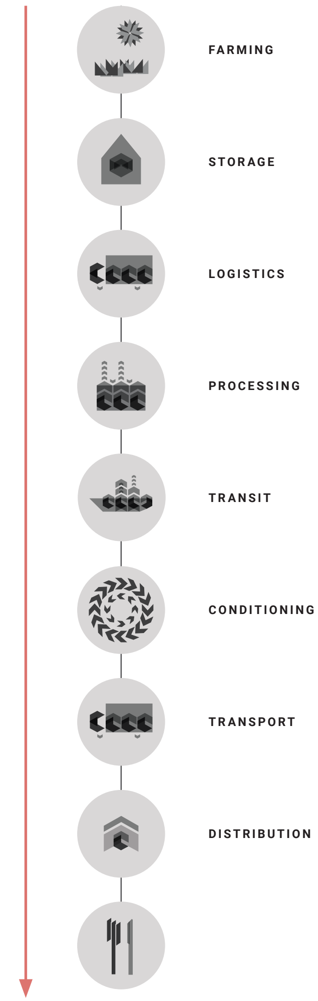
Operating **34** different **COMMODITIES**

Across **18** **COUNTRIES**

…that generate a positive change…

At all stages of the **VALUE CHAIN** from

THE FIELD



to

YOUR PLATE

Bagging of feed rations in South Africa

OUR INVESTEES' IMPACT ACROSS THE SDGS

The following impact data spans 27 of the counterparties featured in the CSTF portfolio in 2019

POVERTY REDUCTION

SDG 1: NO POVERTY

In 2019, our portfolio counterparties generated an **aggregate revenue** of **USD 727 Mm**

70% and **49%** employees and managers, respectively, are from **local communities**

94% of employees earn a salary **above local minimum wage**

6 investees offer a **wage premium** of **10%** on average and **3** offer a **supplier premium** of **25%** on average

13 investees have contributed **to programs for** the benefit of their **local communities**

SDG 8: ECONOMIC GROWTH AND DECENT WORK

9 counterparties registered **revenue growth**

The working capital supplied by INOKS contributed to fund the wages of **16,322 workers**
76% of workers have received **training** during the year

7 counterparties developed **additional policies** in 2018 enhancing workers protection and rights

19 have strong **HR policy** and **19** promote equal opportunities by enforcing an **anti-discrimination policy**

Locally produced rice bagged for local distribution

FOOD SECURITY

SDG 2: ZERO HUNGER

INOKS Capital's working capital contributed to support the **production** of **20 Mm** tons of **agricultural commodities** and **3 Mm** tons of **processed food**

INOKS Capital's counterparties reached **33,049 smallholder farmers**

through direct purchase of raw materials and/or provision of inputs

Technical **assistance and training to** increase agricultural productivity has been delivered to **22,897 farmers**

5 Mm tons of **food commodities** have been **sold locally**

Generating **USD 65 Mm revenues for smallholder farmers**

Group of women smallholder farmers in Ghana

WOMEN EMPOWERMENT

SDG 5: GENDER EQUALITY

In 2019, **2,228 women** were employed by INOKS' counter-parties of whom **57%** are **permanent workers**

3 investees have set up a **Gender Policy** and **3** have defined clear **gender objectives**

Our investees seek to increase linkages with women in the supply chain by working with **472 women-owned business suppliers** and **10,551 female farmers**. **6,802** women received **technical assistance** and training on farming

Women in middle and top management represent 6% and **5.5%** respectively, and are members of the **Board of Directors**. **931** women received **executive training** and **mentoring** in 2019


Kickstart pump for maize irrigation

ENVIRONMENTAL QUALITY

SDG 12: SUSTAINABLE PRODUCTION

20 counterparties have an **Environmental and Social policy** to promote environmentally sound and sustainable development

19 actively **track** the provenance of their **raw material** purchases

Focus on resource conservation and recovery is maintained with **90%** of **agricultural waste** generated and **66%** of **water** used being **recycled**

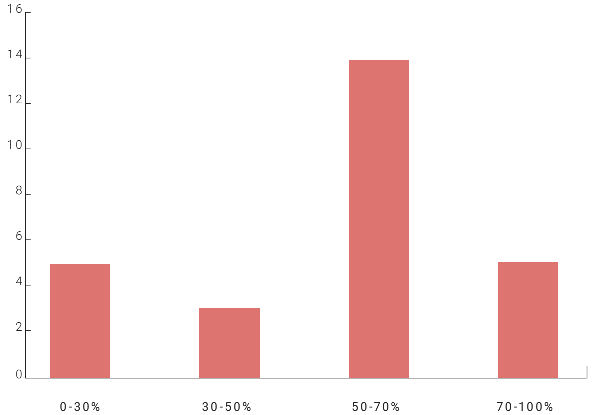
SDG 13: CLIMATE ACTION

Total portfolio companies' **energy consumption** amount to **63 Mm** GJ with renewable energy accounting for **13%**

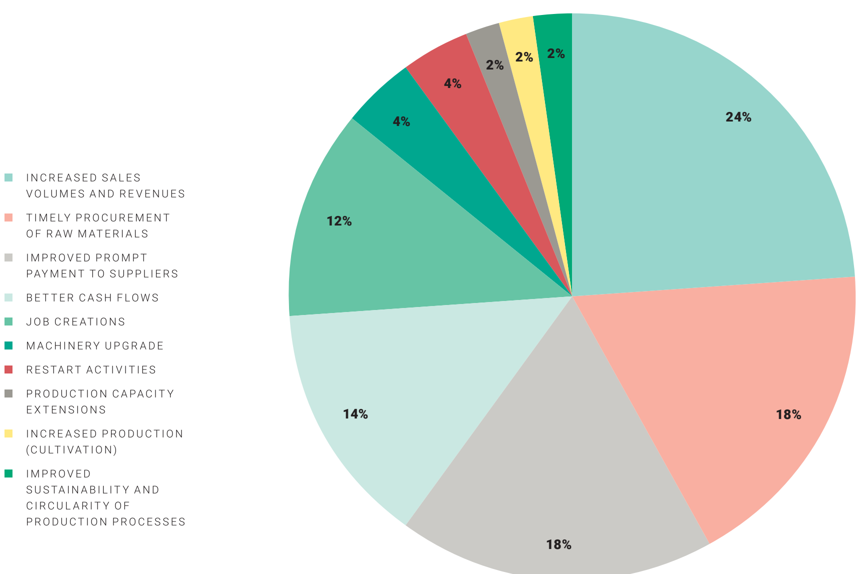
OUR CONTRIBUTION AND ADDITIONALITY

Putting things into perspective

Investee repartition according to the share of INOKS Capital's financing vis a vis of other funders



Achievements directly attributed to INOKS' financing



FINANCIAL ADDITIONALITY OF INOKS' INVESTMENTS

Grow new or under supplied capital market

- 2019 investments made in 8 Emerging Markets and 12 Frontier Markets where access to capital is often limited for agribusinesses

No other available funding

- In 2019, INOKS Capital supported 14 companies that struggled to access finance

Additional funding

- INOKS' financing helped 7 counterparties to access additional funding

Non-Financial additionality of INOKS' investments

- On-going dialogues with counterparties regarding impact and ESG
- 2 Environmental and Social Action Plans implemented
- 7 companies integrating INOKS' Impact Monitoring into their corporate sustainability reports, in order to track improvement on social and environmental indicators.

Employees in the cocoa processing facility in San Pedro, Côte d'Ivoire

IMPACT STORIES: TFSA - COCOA PROCESSING IN CÔTE D'IVOIRE

CÔTE D'IVOIRE - COUNTRY OF COCOA FOR BETTER OR FOR WORSE

Côte d'Ivoire is **the major producer of cocoa beans** in the world. With 1,964,000 tons produced in 2018 according to FAO, the country accounts for about 37% of the global production, before Ghana, Indonesia, Ecuador, Cameroon, Nigeria, Brazil and Papua New Guinea.

Cocoa is a **pillar of the Ivorian economy**, still representing 21.5% of the GDP in 2018 despite a decline of 50% since 1960, providing **revenue to more than 5 million people** - about half the Ivorian households.

Cocoa exportations also represent about **60% of the total national exportations**.

Both local consumption and transformation capacities are indeed low, with 50 grams of cocoa consumed per inhabitant per year and **30% of the raw beans transformed in the country**.

Côte d'Ivoire, who rely highly on this commodity, is **not controlling** the entire value chain, especially with **segments of higher value added** (grinding and processing into semi-finished products such as butter and couverture; or into finished products such as powder, bars and spreads). The Government, aware of this vulnerability that hinders farmers, the environment and sustainability of cocoa production, have set an **objective of achieving 50% of locally transformed beans by 2020**, with the support of subsidies in the industry.

FROM FARMING TO PROCESSING – FILLING THE GAPS

Nevertheless, this is a challenge for processors as, according to the Global Trade Review, **costs of power, storage, transport and administration are significantly higher in Africa** than other continents; giving an advantage to international competitors. Guaranteed prices set by the Government to protect smallholder farmers from this fragmented value chain, (where each intermediary put pressure on prices), further **burdens local grinders**.

This makes it impossible for the few existing ones to, among other things, upgrade their equipment and increase their market power.

Subsidies need to be supplemented by capital inflows from banks and investors who often find the investment too risky.

TFSA offers a convincing outlook/solution for this matter/situation.

DIVERSIFICATION OF DEMAND AND OFFER AS PARTS OF THE KEY SOLUTIONS

TFSA's strategy consists of betting on and **boosting local and regional demand** in order to increase outlets and bargaining power.

Innovation on the supply side is also key, especially when it comes both to **adapting to the evolution of current consumption trends** in historical markets, and **creating habits of consumption** in new markets. This is the second axis of TFSA's strategy, whose mission is to **provide healthy cocoa products** while shaking up chocolate consumption habits (too sweet, too fatty, too expensive).

TRANSACTION FACTSHEET – TFSA

Country: **Côte d'Ivoire**
Commodity: **Cocoa**
Financed activities: **Purchase of cocoa, storage, processing into semi-finished or finished goods, transport and export**
Year: **2018**
Transaction size: **EUR 2,500,000 to 5,000,000**
Number of employees: **14 +20 temporary workers**

1 Healthy qualitative products

This women-owned company started its activities in 2007, producing and selling semi-finished goods (cocoa mass, butter and powder) and finished goods (ready to drink cocoa powder and chocolate spread) both regionally and internationally under two emerging brands.

Products are 100% Ivorian and UTZ certified, subject to organic certification. In 2017, demand for these products by existing clients made up 50% of the mass and 100% of the butter and powder processed by TFSA.

The company was the first to launch in Côte d'Ivoire sugar-free cocoa powder (100% cocoa based), and this represented 53% of its revenues in 2017. Its 70%-based cocoa powder is a healthy alternative to classic chocolate powder, and accounts for 10% of the sales. A major part of the remaining 35% of sales is also composed of sugar-free products.

TFSA's marketing is based on two studies conducted on their products. These can confirm their positive effect on health, especially due to a high flavonoid content, and positive effects on cholesterol and blood pressure.

2 Contribution to the relocation of processing and consumption

TFSA's processing plant, located in the port of San Pedro, has an annual capacity of 4000 MT. Representing about 1% of the beans produced in the country, it is one of the few high value added local processors of the supply chain, together with Cémoi, Professional Food Industry and La Maison du chocolat ivoirien; all subsidiaries of foreign industries.

Semi-finished goods are mainly sold as exports, and finished goods target local and regional consumers via wholesale distributors, own stores and direct sales.

To date, INOKS Capital financing has enabled the company to develop its activity and increase its production and sales volumes from 19.5MT in 2017 to 320MT in 2018.

3 Increased resilience of cocoa cooperatives and farmers

TFSA purchases cocoa beans from one main cooperative, that can reach almost 1,100 smallholder farmers who get paid directly post-delivery, thus ensuring them safe economic conditions.

The cooperative is furthermore UTZ Certified. While increasing transparency and environmental sustainability requirements for farmers, this standard is also based on high fairness principles. This aims to improve working and economic conditions – (farmers do receive a premium of 100 CFA Franc per kilo) – enabling a virtuous cycle where all environmental, social, and economic viability are possible.

Cotton Farmers Fields in Ghana

IMPACT STORIES: REVAMPING THE COTTON INDUSTRY IN GHANA - WICG CASE STUDY

COTTON IN AFRICA

Africa cotton production represents 7% of global cotton production and more than 16% of the world's cotton exports (USDA, 2015-2020). Cotton is mainly grown by smallholder farmers on farms of less than four hectares and consitutes a critical source of immediate cash income for farmers in Sub-Saharan Africa. While Burkina Faso and Mali are the biggest cotton producers in Africa, cotton production in Ghana remains at lower levels. Yet this has still contributed to the economic development of the Northern regions and the textile industry as a whole.

CHALLENGES OF THE COTTON SECTOR IN GHANA

The cotton industry in Ghana started in 1968 and faced difficulties since the beginning resulting in a decline in production over the last decades. Ethnic conflicts coupled with regulations that are inadequate to farmers' needs, poor extension services, delays in payment by the ginnery companies and consequently low farmer commitment, undermined the sector development. Low cotton productivity also resulted from the use of obsolete cotton production technology, unavailability of cotton seedlings in Ghana and heavy reliance on agro-chemicals. In 2010, the Ghanaian Government launched the Cotton Sector Revival Strategy to revamp the cotton industry by zoning the cotton belt and assigning areas to three producing companies, including the company WICG.

WICG'S INTEGRATED APPROACH

WICG is a cotton company that started its activities in 2011. The company purchases seed cotton from farmers of local communities and gins it into cottonseed and cotton lint for export. With the aim of boosting the cotton sector (increase the quantity of seed cotton from 4'000 MT to 50'000 MT in five years), mainly through increased number of cultivation units and improved cotton productivity, the company has adopted an integrated approach to tackle the vulnerabilities of the complex supply chain by providing:

- **High support to smallholder farmers**
The company works with between 7,000 and 19,000 smallholder farmers (depending on the crop rotation) from the communities of Wa, Tumu, Bolgatanga/Pusu and Tamale. High level of poverty in the Northern Region has made it difficult for outgrowers to ensure effective production. WICG supports farmers to produce cotton by providing seeds, fertilizers and insecticides, offer agronomic support and purchasing their seed cotton in order to improve their produce marketability. The company also offers extension services to the farmers (e.g. soil improvement practices, conservation farming, high quality non-GMO seeds, etc.).

- **High standards for sustainable cotton production and ginning**
The company is certified Cotton Made in Africa (CMiA). CMiA standards, include environmental, social and economic criteria designed to improve the living conditions of African smallholder farmers and promote environmentally friendly cotton production.

INOKS FINANCING AND IMPACT

The financing was granted directly to WICG to support each step of the cotton value chain: from financing of inputs' purchase and distribution to smallholder farmers, to agronomic support and farming activities, ginning from seed cotton to lint and up to cotton bales exports to the international market and south-east Asian spinners.

The investee proves successful as out of the three companies assigned to the cotton belt by the Ghanaian government only WICG pursues its activities, having started in 2011. The financing provided by INOKS Capital allowed:

- increased availability of quality inputs complying with European, US and Japanese Standards for higher agricultural productivity;
- assurance of timely payment to farmers upon the harvest of seed cotton;
- a boost in the level of cotton lint production and quality via adequate seed cotton standard and ginning process;
- all leading to improved exports marketability.

TRANSACTION FACTSHEET – WICG

Country: **Ghana**
Commodity: **Seed cotton and cotton lint**
Financed activities: **Purchase of input and logistic costs, farming and ginning costs, marketing costs**
Year: **2017**
Transaction size: **USD 4,250,000**
Number of employees: **19**
+20 temporary employees

Final Product - Cotton lint bales in Ghana

6

NOT DOING THINGS ALONE

OUR IMPACT COMMITTEE

Impact Committee Presentation,
Aymeric Jung, *Quadia*

The Impact Committee, set up in 2016, has the objective to make INOKS Capital progress towards the creation of positive impact, in addition to its positioning as a fund manager with a strong ESG focus. Indeed, besides INOKS' exclusion criteria and required ESG standards, companies must demonstrate their ability to generate a positive impact in one of the four following areas to obtain a financing: food security, poverty reduction, women empowerment and environmental quality.

INOKS has chosen to rely on the expertise of Quadia, an investment company dedicated to Impact Investing, to work on the issues at stake in its financing, with the support of Professor Dominique Bourg as Chairman of this committee. Each committee analyses the progress of Impact Investing in finance in general to provide advice on emerging trends and best practices as well as bring impact knowledge related to the specific sectors financed by INOKS.

Discussions on climate change, agricultural techniques and soil conservation as well as biodiversity protection, on the remuneration of the agricultural value chains and the import-export segment, on salaries and corporate governance and on gender issues in the value chain; allow to identify questions and actions to be implemented across the portfolio. Also, these exchanges give a vision of the future risks of these activities and the directions to be taken. Indeed, current food systems largely rely on processes and techniques that increase greenhouse gas emissions and climate change which endangers their own means of production (soil, seeds, photosynthesis, water...), while agriculture could, on the contrary, bring solutions with the creation of a positive impact. It would then be in order to implement such solutions that impact finance should reorient itself.

Impact Committee Workshop on Agriculture and Climate,
Negative impacts of agriculture on climate change,
Mukul Kumar, *Quadia*

A key challenge for the agriculture sector is to feed an increasing global population which is supposed to attain 9 billion by 2030. Gradually over the years, a complex and increasingly industrialized and globalized system of production and delivery has flourished and become more productive, and in the same fashion developed to meet our needs for food and agricultural processes.

Before reaching final customers, food is produced, stored, processed, packaged, transported, prepared, and served. At every stage, greenhouse gases are released into the atmosphere. Farming releases significant amounts of methane and nitrous oxide (two important greenhouse gases), in addition to carbon dioxide. As a result, agriculture is one of the major contributors to climate change. IPCC studies show that Agriculture, Forestry and Other Land Use (AFOLU) activities contribute to 13% of CO2, 44% of methane, and 82% of nitrous oxide emissions from human activities globally. This is equivalent to 23% of all anthropogenic emissions of GHGs[1]. The emissions from agriculture globally, have been slowly increasing every year.

Furthermore, active industrial agriculture practices are largely responsible for the loss of soil fertility, soil erosion, increase in desertification, deforestation for increasing agricultural land, chemical pollution due to the use of chemical fertilizers, pesticides and fungicides, loss in biodiversity and depletion in global freshwater resources (70% of global freshwater use is for agriculture).

All the recent data collected by FAO show that global trends use increasing amounts of chemical and mineral fertilizers (nitrogen, phosphate and potash) in absolute as well as on a per hectare basis. At the same time, the use of chemical pesticides and fungicides is also growing steadily.

While changing agricultural practices towards more ecological and regenerative techniques can radically reduce agriculture's negative impact on climate change and the environment as well as generate a positive impact instead, this is complicated to implement due to short-term economic constraints for farmers. Over the long-term, the reduction in input costs (chemical fertilizers and pesticides, seeds, water, and fuel for the agricultural

[1] Intergovernmental Panel on Climate Change, "Special Report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems.", August 2019

equipment) as well as the "premium" paid for organic products, should more than offset/compensate the increased costs of labor as well as the reduction in yields (if any): organic/regenerative agriculture, should be more profitable for the farmer (this is not without taking into account other advantages in terms of reduction in health costs, as well as an improvement in ecosystem services (cleaner water, birds, bees, etc.)). However, when small subsistence farmers are dependent upon their crops for their short-term survival needs, it is difficult for them to take the risk to change their agricultural practices. Possible solutions include risk insurance facility which would guarantee the income of the farmer from changing their practices to become organic and/or making sure that the premium paid for organic produce is more than enough in the short-term to cover the possible risk of reduced yield.

Impact of the climate change (>2°) on agriculture, Dominique Bourg

After several years of the weather being hotter than the previous years, extreme weather conditions and temperatures are becoming more frequent (40°C in formerly temperate regions, temperatures between 49 to 50°C in non-desert areas, megafires or extraordinary floods, melting of entire glaciers), and after Covid-19 and the shutdown of the world economy (probably due to the degradation of the other ecological front, the one of life and biodiversity); it is hardly speculative to claim that we are entering a new era. An era where novelty no longer has much to do with the earlier saga of progress and technological triumphs. We are most likely entering the first decade marked by the boomerang effect of our past destructions, precisely proportionate to the power of our techniques, the efficiency of markets and the volumes of consumption they allow. The new-generation climate model of the IPSL, leading French climate science center, predicts an average temperature 2°C higher than at the end of the 19th century, and this from 2040 onwards; other models are even more pessimistic. During the decade 2040 - 2050, European capitals are expected to experience summer maxima ranging from 40 to 50°C. It is enough to mention this hypothesis to become aware of changing conditions of habitability on the Earth.

These conditions will forge a new context for agriculture and food production and, hopefully, for the expectations of populations and investors. It is precisely food production that is likely to suffer substantially from this unprecedented situation in the history of the Earth. It should be remembered that between 40 and 45°C all plants cease their photosynthetic activity; as soon as the temperature rises to 30°C, cereals suffer. We can imagine plants that are more resistant to drought, but there is no miracle, the photosynthesis of one carbon molecule requires two molecules of water, and without water there is neither energy, nor seed, nor fruit. On the other hand, if there is one thing that crops do not like, it is inconsistent and harsh weather conditions. We are already seeing this. With heat waves and droughts, local harvests can be lower by 20-60% (less than 66% even for the reduced rice and sorghum crops in Australia in the 2019 - 2020 season).

In this context, the choice of farming practices should appear for what it is, decisive, in order to build a more resilient agriculture and to stop feeding the machine that destroys the climate and life. The mainstream conception that has developed after the Second World War, namely the strategy of substituting artefacts for natural production factors (human labor, soil microbiology, natural nitrogen cycles, plant complementarity, etc.) should reveal its fragility, if only in terms of energy, since the production of one calorie of food requires at least 10 calories of fossil fuels; and this at a time when the IEA is now announcing probable tensions on the energy market during this decade.

In this new context, the short-term interests of investors, and the long-term interests associated with the viability of this planet, could quickly recover. Investments favoring an extension of agro-ecological practices, more resilient to the degradation of general living conditions on Earth, should appear increasingly secure, in contrast to those in favor of conventional agriculture, whose performance will be increasingly difficult to guarantee. The misfortune of conventional French sugar beet crops, which have been massively attacked by aphids to such an extent that the French government has authorized the use of neonicotinoids, whereas organic beet crops are free from these attacks, is an interesting signal.

INOKS CAPITAL'S AGRICULTURE AND CLIMATE CHANGE ROADMAP

INOKS Capital seeks to anticipate at best the problems that the financed companies will encounter and improve their resilience and resistance by supporting good practices in Regenerative Agriculture, such as:

IN AGRICULTURE

- Crop diversity/mix and rotations
- Soil regeneration and improvement of water absorption
- CO2 capture
- Moisture creation, eg. agroforestry

IN THE PRODUCTION PROCESS

- Waste avoidance
- “By product” valorization or reuse

SOCIALLY

- Social regeneration, i.e. ensure that these professions remain attractive and continue to have farmers and young farmers in Africa and Eastern Europe

Current INOKS' practices that relate to climate change integration include:

- **Sourcing and investment strategy:** negative screening of high emitting sectors such as livestock investments, High Risks Areas identification (avoid deforestation),
- **Due Diligence:** agricultural practices analysis, climate mitigation and adaptation assesments,
- **Monitoring:** annual monitoring on key impact indicators to track change.

NEXT STEPS:

To further strengthen the integration of climate-related issues into its due diligence and investments processes, INOKS Capital, based on the Impact Committee working sessions and recommendations, plan to:

- Include an agronomist to the committee
- Continue/strengthen the commitment of counterparts and the relevance of their responses to the issues raised by the Impact and ESG analyses
- Develop INOKS' own Technical Assistance Program on agricultural productivity by adopting a systemic approach
- Set portfolio targets

IMPACT COMMITTEE MEMBERS:

Dominique Bourg (President), Aymeric Jung (Quadia), Mukul Kumar (Quadia), Nabil Marc-Abdul Massih (INOKS Capital), Ivan Agabekov (INOKS Capital)

TOGETHER WITH OUR INVESTORS

WHY ARE INVESTORS INCREASINGLY LOOKING INTO IMPACT INVESTING?

One could call it niche or some form of altruistic behavior, or maybe just common sense. Not only since experiencing the current pandemic and its implications on pretty much everybody's life and the historic low interest levels, one reflects and analyzes even more thoroughly where to put one's capital to achieve an attractive return.

Supporting investments that finance real underlying economic activity like supply of basic food intakes provides resilience and profit from a fairly inelastic demand pattern. Keeping both aspects, achieving an attractive return (in particular risk-adjusted and backed by real assets) while at the same time contributing to positive impact in the area of interest e.g. food security or poverty reduction is something more and more investors are aiming for.

1 It is possible: Ancile Fund managed by INOKS has been achieving positive returns for more than 10 years now with a low correlation to traditional asset classes and low levels of volatility.

2 There is an increasing number of investors (not only the millennials generation) who would like to contribute to a better planet and achieve meaningful change with their investments[1] and who realize how interconnected the world we are living in is. Topics like climate change, pandemics, migration etc. are global phenomena that impact everyone and can help financial advisors to engage with their clients.

3 One can argue impact investing helps to focus on better run companies and takes more risk factors into consideration by also analyzing how to best mitigate potential negative aspects of an activity and how to achieve positive impact in, for example, the local employment situation in emerging markets and ensuring more secure food supply.

Ursula Nitschke, *Global Head of Marketing and Investor Relations*

[1] SSF - "Swiss Sustainable Investment Market Study 2020", page 8. In 2019, Swiss SI AuMs exceeded CHF 1,000 bios, which represents nearly 40% of Swiss total assets. The market seems to be putting a stronger focus on achieving more real-world outcomes with their investments…

INOKS has invited one of its investors, Alternative Bank Schweiz (ABS), who kindly agreed to share their view on impact investing and how they have been implementing it.

How does ABS position itself regarding impact investing? Are there compromises ABS had to make to be an impact investor?

Founded 30 years ago, the Alternative Bank of Switzerland is one of a kind: it offers a business model entirely based on sustainability. It does not strive for profit maximization, but instead is committed to keeping the world livable. ABS believes that no matter how money is invested, it always has an impact, whether positive or negative, on society and the environment. For ABS impact investing is characterized by the objective of achieving both a financial return and a positive socio-ecological effect: this is at the heart of ABS's raison d'être and of its investment strategy. Due to its strict sustainability criteria, the ABS investment universe, which includes funds, listed equities and bonds as well as direct investments, tends to be smaller than a conventional one. Within this universe, ABS seeks to generate well-balanced long-term returns, conducive to value creation, that reconcile undertaken risks with the duty of upholding strict social and environmental criteria.

How does ABS implement impact investing? And more precisely how does ABS select/research impact investments (standards/processes)?

The investment strategy of ABS for portfolio management reflects the bank's philosophy and gives priority to social and ecological values. What differentiates ABS from its competitors is the comprehensive nature of its sustainable investments analysis grid, which contains some 160 criteria, not only exclusion criteria and the integration of ESG factors, but it also focuses on the extent to which companies and investment funds contribute to sustainable development.

In drawing up its management mandates, ABS implements a strict and well-defined investment process carried out in several stages:

1. When selecting investment funds, ABS focuses first and foremost on the added value that an investment brings to the real economy. In order to minimize risks, ABS seeks to diversify its investments as much as possible by integrating different impact themes.

2. ABS places great importance in the due diligence of fund managers: from the analysis of the investment selection process, to the review of governance; from the verification of existing companies monitoring systems, to the evaluation of investment experience in specific themes and past performance in similar investments.

3. Financial performance is then analyzed by applying quantitative and qualitative approaches.

4. If the investment fund meets the previous criteria, it is then subjected to the following three-step sustainability analysis of the underlying assets.

- ABS verifies that neither the company nor its suppliers violate any of the ABS exclusion criteria.
- Then ABS examines whether the company is active in one of its nine key areas of encouragement that serve the common good, human well-being and an environmentally friendly quality of life for present and future generations.
- Ultimately ABS evaluates the governance and the business model of the company. How does the company work?

5. If all preceding steps are successfully completed, the investment fund is integrated into the ABS investment universe and management mandates strategy, subjected henceforth to a well-defined monitoring process.

ABS currently offers approximately forty investment funds, five management mandate strategies and a balanced fund managed by ABS with high sustainability requirements.

Why did ABS select INOKS Capital? Was impact part of the decision?

INOKS Capital was selected by ABS because it promotes sustainable growth by offering innovative investment instruments that generate a positive impact on society. In particular, the Ancile investment fund managed by INOKS Capital was included in the ABS investment universe because of its commitment to commodities fair trading through an Impact Trade Finance approach. Supporting the real economy is crucial to ABS. For that reason, ABS notably requires that the Ancile Fund excludes any form of speculative trading on commodities prices. Accordingly, the fund was integrated in the ABS management mandates because it supports companies by providing them with working capital, in a sustainable and ethical manner, that they could not obtain from other banks. In particular, this investment offers positive synergies throughout the primary agriculture post-harvest food chain: it notably enhances food security and promotes training for small

producers by introducing them to innovative techniques. INOKS Capital covers several impact themes such as poverty alleviation and food security. Themes that are central to ABS's investment philosophy as well.

What was ABS experience with its investment with INOKS?

ABS included the Ancile fund in its investment universe in 2017 by proposing it through its impact investing management mandates. Since then, ABS's private and institutional clients have been able to invest their money in a fund exercising a positive impact on emerging markets. According to ABS analysts, INOKS Capital's Ancile Fund is suitable for investors who are looking for a financial return as well as a social and ecological impact, especially in the agriculture value chain and in food security. In the ABS management mandates, the fund has delivered a positive performance contribution in USD over the last three consecutive years and has shown great resilience in times of severe financial market contraction. ABS appreciates INOKS Capital's transparent communication, their rigor in the investment selection and monitoring process, as well as their proximity to their investors.

Wheat field in Kazakhstan

OUR PARTICIPATION IN THE ECOSYSTEM

CONFERENCES

This year, our team intervened in various conference pannels to discuss challenges and opportunities of sustainable agricultural value chains and alternative finance:

23.05.2019
TXF GLOBAL COMMODITY FINANCE 2019, AMSTERDAM: industry challenges and opportunities in the current regulatory and market conditions.

07.06.2019
"BONNE NOUVELLE D'AFRIQUE" SEMINAR, BORDEAUX: opportunities and challenges of African economies.

07.10.2019
BUILDING BRIDGES WEEK, THINK THANK HUB, GENEVA: the financial industry and the challenges of world agriculture.

11.10.2019
TXF GENEVA 2019, GENEVA: alternative finance maturing strategy and increasing requirements.

13.11.2019
GLOBALGRAIN, GENEVA: the changing nature of trade finance.

29&30.10.2019
EUREKAHEDGE, ZURICH: diversification in a low interest rate environment.

We also participated in various international conferences and events in the Impact Investing Industry:

13.09.2019 – **Financial Innovation Breakfast UNICEF**, Geneva

03.10.2019 – **LPGP Woman in Private Debt**, London

08.10.2019 – **Switzerland at the heart of SDG Financing**, Geneva

09.10.2019 – **SDG Finance Geneva Summit**, Geneva

10.10.2019 – **Geneva Sustainable Finance Summit**, Geneva

20.11.2019 – **Alternative Credit Council (ACC) Summit**, New-York

IMPACT INVESTING INITIATIVE

INOKS Capital has joined forces with other players from the development finance sector by signing the Swiss Development Finance Declaration. The Declaration that has been released during the Building Bridge Week sent a strong message to the Swiss Authorities: Federal Council and Departments in coordination with the Federal Parliament and Financial Regulator (FINMA) were asked to develop the framework conditions, policies and practices that would enable Switzerland to anchor at the heart of SDG financing by becoming the reference hub for private sector development finance. The declaration is available at: https://swissdevelopmentfinance.ch/SwissDevelopmentFinanceDeclaration.pdf

AFFILIATIONS

ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION (AIMA)
www.aima.org

SUSTAINABLE FINANCE GENEVA (SFG)
www.sfgeneva.org

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)
www.unpri.org

EUROSIF
www.eurosif.org

FORUM NACHHALTIGE GELDANLAGEN (FNG)
www.forum-ng.org

SWISS-AFRICAN BUSINESS CIRCLE (SABC)
www.sabc.ch

SWISS SUSTAINABLE FINANCE (SSF)
https://www.sustainablefinance.ch/

GLOBAL IMPACT INVESTING NETWORK (GIIN)
https://thegiin.org/

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT (OPIM)
https://www.impactprinciples.org/

IA 50 2020 MANAGERS
https://www.impactassets.org/

SWISS IMPACT INVESTMENT ASSOCIATION (SIIA)
https://siia.ch/

PARTNERS

QUADIA
www.quadia.ch

SIDRA CAPITAL
www.sidracap.com

STEWARD REDQUEEN
www.stewardredqueen.com

SWISS INVESTMENT FUND FOR EMERGING MARKETS (SIFEM)
www.sifem.ch

II. INOKS CAPITAL AS A COMPANY

7

OUR GOVERNANCE

OUR GOVERNANCE

INOKS Capital is majority-owned by its historic partner and CEO Nabil Marc Abdul Massih. Al Murjan International Holding is the second shareholder of the company since 2013.

COLLEGIAL MANAGEMENT

The executive committee is composed of three members collegially deciding all the strategic, investment and daily operations. All decisions require a majority.

- Nabil Marc Abdul-Massih in quality of Chief Executive Officer
- Nicolas Malky in quality of Chief Operating Officer
- Ivan Agabekov in quality of Chief Financial Officer

BOARD OF DIRECTORS

The Board of Directors is composed of 6 members, 2 being independent, 2 representing shareholders, 2 being executives. All are men. Skills & experience and cultural & international backgrounds are **well-balanced** and this enables a good supervision and guidance of INOKS Capital strategy in its geographic perimeter of action. All FINMA requirements are respected, including Swiss domiciliation of the Vice-Chair.

MEMBER	GENDER	FUNCTION	INDEPENDENCE	BIRTH	DATE OF FIRST APPOINTMENT	FIELDS	GEOGRAPHY
HANI BAOTHMAN	M	CHAIRMAN	REPRESENTING MINORITY SHARE-HOLDER	1969	2013	ENGINEERING, INVESTMENT, DEVELOPMENT	EUROPE ASIA
OLIVIER NICOD	M	VICE CHAIRMAN	INDEPENDENT	1978	2014	COMPLIANCE, BUSINESS LAW	EUROPE AMERICA
MUHAMMAD CUR-RIM OOZEER	M	MEMBER	NON INDEPENDENT (SIDRA CAPITAL)	1971	2013	FINANCE	ASIA
PHILIPPE PERLES	M	MEMBER	INDEPENDENT	1961	2019	SALES, CONSULTING, INVESTMENT	EUROPE
NABIL MARC ABDUL-MASSIH	M	EXECUTIVE MEMBER	MAJORITY SHARE-HOLDER	1975	2009	COMMODITIES, INVESTMENT	EUROPE AFRICA
IVAN AGABEKOV	M	EXECUTIVE MEMBER	NON INDEPENDENT	1978	2012	COMMODITIES, INVESTMENT, LAW	EUROPE AFRICA

The Board of Directors meet at least four times a year. In 2019, they met four times with a **100% attendance rate**.

BUSINESS ETHICS

In light of its activities and geographical reach, INOKS Capital is exposed to business ethics related risks.

A **Compliance Department** is ensuring that all staff members' decisions are complying with both national / sectorial regulations and directives and internal rules.

The Company applies the FinSA **code of conduct** (art. 7ss FinSA), which is annually reviewed. All new staff members are required to acknowledge it.

Part of main compliance issues of financial establishments, is money laundering risk which is to be strictly addressed. In 2019, **76% of our employees attended the annual anti-money laundering (AML) training** provided by Ochsner & Associés, which is considered as satisfactory according to the audit company, given the level of AML exposure of INOKS Capital SA.

EXTERNAL AUDITORS

Financial statements are annually audited by PWC since 2012, which also realizes the prudential audit since 2015. No consulting missions are conducted by our auditor to avoid conflict of interest.

Extra-financial information reported in the Report is currently not audited.

FOCUS AREAS	2019 INVENTORY	2020 OBJECTIVES
GENDER EQUALITY	No women at Board level	Consider, at equal skills, the election of a women for next member renewal (date of next AGM: Q2 2021).
AML TRAINING	76% of employees trained	100% of employees trained
EMPLOYEE OWNERSHIP	33% of top managers currently owners	Consider the opening of direct ownership to all executive committee members

8

OUR TEAM

WE VALUE OUR TEAM

INOKS Capital is a team of 23 professionals based in Geneva (Switzerland), Zurich (Switzerland), Abidjan (Ivory Coast) and Waterkloof (South Africa).

WE ARE A MULTI-CULTURAL AND MULTI-DISCIPLINARY TEAM

As of December 2019, our team is composed of more than 10 different cultural backgrounds, and countless years of experience with the commodities universe and frontier & emerging markets.

Number of countries of origin: 10+
Number of people with local experience in regions of investment: 4

WORKING AS A TEAM

In 2019, the company conducted, with the support of an external provider, an employee engagement survey and reaffirmed its values, and the "Work as a team" principle to further support its team cohesion. Top managers are working in the open space together with the team, to facilitate communication. Several teambuilding events are regularly organized and working conditions suggestions are always welcomed.

In 2019, to accompany the growth of our team, our Senior Financial Controller started dedicating part of its time to Human Resources matters, thus capitalizing on its HR background.

From top, left to right: [1] Nicolas Malky; [2] Christophe Bless; [3] Ivan Agabekov; [4] Armand Ballou; [5] Ursula Nitschke; [6] Andreas Rüsch; [7] Rinata de Ravel d'Escaplon; [8] Julie Montels; [9] Nabil Marc Abdul-Massih; [10] Ludovic Brûlé; [11] Nathalie Coste; [12] Samantha Lude; [13] Deeksha Behl; [14] Bodgan Mihalache; [15] Olena Samokhina; [16] Alexandre Fenu; [17] Kirsten Hauck; [18] Shijirtuya Murundelger; [19] Loudji Zahiri; [20] Cecilia Aguirre; [21] David Cosandey

KEY HR INDICATORS

KPI	2017	2018	2019	COMMENTS
NUMBER OF EMPLOYEES (FTE, END OF PERIOD)	16	22	23	
NUMBER OF TRAINEE (FTE, OVER THE YEAR)	2	2	1	
% OF PERMANENT CONTRACTS	100%	100%	100%	
% OF WOMEN	44%	36%	48%	
% OF WOMEN IN MANAGEMENT	0%	0%	0%	Increasing the share of women within the teams is a first step, as management is lean within the company
% OF TRAINED PEOPLE	0%	0%	0%	No regular formal external training
NUMBER OF HOURS OF TRAINING PER EMPLOYEE	0	0	0	
ABSENTEEISM RATE	3.4	2.2	2.9	Below Swiss average
NUMBER OF DEPARTURES	4	4	3	
INCL. NUMBER OF VOLUNTARY DEPARTURES	4	4	1	
NUMBER OF HIRES	8	6	3	
NUMBER OF TRAINEES HIRED POST INTERNSHIP	0	1	1	
% OF INTERNAL MOBILITY	0	0	0	

Our Impact Analyst on an on-site due diligence in Paraguay

9

OUR ENVIRONMENTAL IMPACT

CONSIDERING THE LIFE CYCLE ASSESSMENT OF AN ASSET MANAGER

INOKS Capital is conducting a tertiary industry activity, whose **direct adverse impacts on the environment are limited**. As an investor in potentially adversely impactful activities and fragilized ecosystems, INOKS Capital's main environmental **impacts are indirect**. Our environmental approach applied along the investment cycle focuses on the understanding, assessment, mitigation of risks and seizure of the best environmental investment opportunities (see section INOKS Capital as an Investor for more details).

However, not focusing on our direct impacts does not mean that we do not seek to improve our daily impact. They are **mainly related to our informatics-based activities and the regular business travels** our team members experience when visiting our potential investees plants and offices.

In terms of a physical footprint, the headquarter is based in the city of Geneva, Switzerland, and three offices are located in Zurich (Switzerland), Waterkloof (South Africa) and Abidjan (Ivory Coast).

If you think you are too small to make a difference, try sleeping with a mosquito

— AFRICAN PROVERB

FOCUS AREAS	PRIORITY	2019 ACHIEVMENTS AND INVENTORY	2020 OBJECTIVES
HOME-WORK COMMUTING	LOW	85% of employees coming by public transport, walk, cycle or use a motorbike	–
IT STOCK AND PRACTICES	HIGH	All data stored by INOKS Capital is located in three local servers	Renew internal communication of the Responsible Use Policy
		Computers are renewed when necessary. When new equipment is purchased, well-performing energy efficient devices are preferred	
		A Responsible Use Policy is in place (mail storage management, shut off equipment, etc.)	
BUSINESS TRAVELS	HIGH	2 offices in Africa, enabling a reduction of the distances to travel to visit investees and prospects	Setup a Responsible Travel Policy
OFFICE MANAGEMENT	LOW	Paper – no policy in place	Buy 100% of certified or recycled paper
		Water – a system filtering water has been installed, and all employees received a personal bottle to diminish consumption of bottled water	Replace all bottled water with filtered water
		Fruits – all fruits provided by a local supplier are either organic or seasonal	–
		Waste – all waste is recycled	–
ENERGY EFFICIENCY	LOW	Air conditioning system is a water chiller, considered as the main ecological cooling system	–

10

OUR CONTRIBUTION TOWARDS SOCIETY

PEACE LAB - INVESTMENTS AND PEACE

INOKS Capital is a partner of the organization "Leaders pour la paix" and has sponsored the Peace Lab event that took place in Geneva on October 3rd 2019. The event gathered leaders from the world including politicians (former French Prime Minister Jean-Pierre Raffarin as President of the organization), experts, business directors and international organization representatives to think about the role of economic players (businesses and investors) to promote peace (before, during and after a conflict). The synthesis of this collective work has been published in Leaders pour la paix 2020 annual report.

Peace Lab – Geneva October 3rd, 2019

CIVITAS MAXIMA – INDEPENDENT LEGAL REPRESENTATION OF VICTIMS OF WAR CRIMES AND CRIMES AGAINST HUMANITY

As a donator and with one of its directors (Ivan Agabekov) sitting at Civitas Maxima's executive board, INOKS Capital participates in supporting the mission of Civitas Maxima who aims to enable victims of international crimes to have access to justice by documenting crimes, coordinating a network of investigators and lawyers and generating awareness and informed debate around victims' cases.

Storing VHP Sugar in Brazil

THANK YOU

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