DISCLOSURE RELATED TO ARTICLE 3 OF SFDR EU 2019/2088

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Integration of sustainability risks into investment decision-making process

For the definitions relative to the SDFR, please refer to the Website dedicated sub-section.

INOKS Capital SA developed, for the Funds it manages, a systematic and explicit inclusion of material Sustainability Risk into its investment analysis and its investment decisions, which main characteristics follows:

- Sustainability Risks are integrated into investment decisions **on equal grounds with other binding elements** to select the investments (e.g. financial performance, among others).

- It deploys a **two-fold strategy** implemented through clear principles, standards and tools and formalized through an Impact Framework, accessible on INOKS Capital SA Website, Impact Publications section.

- This two-fold strategy consists of investing capital responsibly by mitigating negative effects according to sustainable criteria (**Doing No Harm strategy** – *see below*) and impactfully by contributing to address specific sustainability challenges and generating positive impact across four impact themes (**Doing Good strategy** – *see Sustainable Investment Objectives of each Sub-Fund via the Link proposed in Website's Investors Section).*

Do No Harm Principles:

- A prospective investee does not develop any activities mentioned in the Exclusion List (enclosed to this Pre-contractual document)
- A prospective investee complies with the Environmental, Social and Governance (ESG) standards, which include the IFC Performance Standards and IFC Corporate Governance Guidelines as well as applicable local, provincial, and national laws and regulations on environment, health, safety, social and corporate governance issues. These standards and guidelines are aimed at evaluating the adverse environmental and social impacts and sustainability risks of the prospective investee, including how its governance structure is ensuring it or not.
- A prospective investee is committed and capable to mitigate its negative environmental and social effects.

INOKS Capital, for the Funds it manages, is integrating the assessment of sustainability risks into its investment decisions as part:

- Of its aim to contribute to the development of sustainable commodity value chains.

- As well as of to preserve the interests of its clients. While the Funds are non-benchmarked, they are managed with the belief that the integration of sustainability risks has no negative effects on their financial returns and enable a better understanding of the companies financed and their ability to conduct their business with limited risks of discontinuity, reputation, liability, and in fine default.

Assessment of sustainability risks is realized along all different stages of the investment cycle:

- At sourcing level, business developers and analysts actively source potential investments using the Systematic Sourcing Data Base which identifies High Risk Areas and High Impact Areas at country, commodity and value-chain segment level. This educational resource offers a preliminary view of where investing would add the greatest value while avoiding areas where important E&S risks might occur.

- Potential investments are then screened against the Sub-Fund's Do Good and Do no Harm principles (incl. Exclusion List) and an initial estimation of (a) the potential positive impact of a prospective investee on the Sub-Fund’s impact objectives; (b) the investee’s E&S risk pre-classification (based on inherent and contextual risks) is obtained. The outcome of this estimation determines a prospective investee’s eligibility for financing.

- At Due Diligence and contractual level, the Sub-Fund uses the IFC Performance Standards to identify and assess environmental and social risks associated with a prospective investee and its operations. If a specific IFC PS is triggered by the nature of the operation, the Sub-Fund will verify if the company complies with the performance criteria of that standard. In case of non-compliance with the identified IFC PS, the Sub-Fund can – depending on the severity of the issue – require the prospective investee to develop a corrective action plan for addressing the issue in a reasonable timeframe and stipulate this as E&S Condition Precedents and/or Subsequent Conditions in the loan contract. Each prospective investee certify that the information provided is accurate whilst agreeing to comply with the Sub-Fund's principles and requirements by signing and executing the ESG/Impact Engagement Letter.

- At post-investment level, the environmental and social performance of investees will be monitored and evaluated on a periodic basis to ensure on-going compliance with the Sub-Fund's standards. After the decision to invest is made and disbursement started, the investee may modify its operations or production processes in a way that intensify previously identified risks or present new environmental and social risks. The purpose of monitoring an investee's environmental and social performance is to assess existing and emerging environmental and social risks associated with an investee's operations during the whole duration of an investment. An internal annual report on E&S breaches is produced following the collection and analysis of annual data received as part of the Sub-Fund's Impact/E&S monitoring activity.

The sustainability risk level of a transaction is classified based on the assessment of inherent (environmental and social risks related to the generic characteristics of an industrial sector or commercial activity, excluding management or mitigation measures) and contextual (arising from the geographic and legislation context and settings of the investment's business activity) risks and in alignment with the IFC Risk Categorization Methodology, *as described in section Principal adverse impact of this Website.*

Note:

The application of ESG criteria may restrict the ability of a fund to acquire or dispose of its investments at the expected price and time, which may result in a loss for such fund. In addition, the ESG characteristics of securities may change over time, which may in some cases require the Investment Manager disposing of such securities when it might be disadvantageous to do so from a financial perspective only. This may lead to a fall in the value of the fund. The use of ESG criteria may also result in a fund being concentrated in companies with ESG focus than that of funds having a more diversified portfolio of investments.

There is a lack of standardized taxonomy of ESG evaluation methodology and the way in which different funds will apply ESG criteria may vary, as there are not yet commonly agreed principles and metrics for assessing the sustainable characteristics of investments made by funds. In evaluating a security based on sustainable characteristics, the Investment Manager is dependent upon information and data sources provided by internal research teams and complemented by external ESG rating providers, which may be incomplete, inaccurate or unavailable. Consequently, there is a risk that the Investment Manager may incorrectly assess a security or issuer. Evaluation of sustainable characteristics of the securities and selection of such securities may involve the Investment Manager's subjective judgment. As a result, there is a risk that the relevant sustainable characteristics may not be applied correctly or that a fund could have indirect exposure to issuers who do not meet the relevant sustainable characteristics applied by such fund. In the event that the sustainable characteristics/objective of a security held by a fund change, resulting in the Investment Manager having to sell the security, neither the fund, the Company nor the Investment Manager accept liability in relation to such change. No representation nor warranty is made with respect to the fairness, accuracy or completeness of such sustainable characteristics. The status of a security's sustainable characteristics can change over time.

Further, due to the bespoke nature of the sustainable assessment process there is a risk that not all relevant Sustainability Risks will be taken into account, or that the materiality of a Sustainability Risk is different to what is experienced following a sustainable risk event.