



INOKS CAPITAL IMPACT FRAMEWORK

APPROVED BY SENIOR MANAGEMENT
06/01/2020

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1. Introduction

INOKS Capital (“INOKS”) is an asset manager seeking the best interest for all stakeholders, both in terms of financial return and sustainability performance. To ensure the latter, INOKS has an Impact Strategy in place. This strategy outlines how INOKS aims to invest its capital responsibly by *doing good* (contributing to solutions that address specific sustainability challenges) and *doing no harm* (mitigating the negative effects of its investments on people and planet).

In order to adhere to the principles of the Impact Strategy in its daily operations, INOKS has implemented a set of policies, procedures and tools which are in turn structured in an Impact Framework.

The objective of the Impact Framework is to ensure conformity of INOKS’ activities by:

- Defining (national and international) standards INOKS adheres to;
- Formalising procedures outlining how INOKS’ principles and standards are implemented in practice throughout the full investment cycle;
- Outlining the tools that enable staff to apply the relevant standards consistently and correctly to all their transactions;
- Setting clear responsibilities for staff and management to operate and implement the Impact Framework.

In this document, INOKS’ Impact Framework is further explained in the following sections:

- *About INOKS Capital*: an introduction to INOKS and its key activities;
- *Impact Strategy*: a clarification of INOKS’ Impact Strategy and its key elements;
- *Do good*: explanation of principles, standards and tools INOKS has in place to achieve a positive impact;
- *Do no harm*: an explanation of principles, standards and tools to mitigate Environmental, Social and Governance (“ESG”) risks;
- *Implementation*: an explanation of the procedures to bring the Impact Strategy into practice;
- *Learning & improvement*: a description of activities to ensure continuous learning and improvement.

It is important to note that the principles, standards, tools and responsibilities as described in section ‘5. Do no harm’ as well as the implementation of that set as described in section ‘6. Implementation’ correspond with the building blocks of a so-called Environmental & Social Management System (ESMS). Please refer to these sections to see how INOKS incorporates the environmental and social risk management standards of its investments.

2. About INOKS Capital

INOKS Capital is an independent asset manager of collective investment schemes, prudentially regulated by FINMA and headquartered in Geneva, Switzerland.

Since its inception in 2004, INOKS channels capital for growth (short-term, mid-term and long-term) to corporates ranging from SMEs to Majors with a high focus on Emerging Markets.

INOKS' mission is to provide substantial and resilient wealth creation for stakeholders by impact investing in sustainable commodities (agriculture, food, renewable energy, recycled metals) value chains. INOKS' vision is to become the market leader by adapting how capital is most efficiently channelled to the real economy using both innovation and its values (rigor and excellence, team work, integrity).

INOKS understands that its fiduciary duty extends to seek the investment community's best interest considering economic and sustainability matters alike, allowing both views to work in aligned interest or synergy rather than being adverse. INOKS will therefore always seek to generate through an investment - on equal grounds - a real economic value generation and a tangible profit in sustainability provided the investment complies at any time with INOKS' ESG and Impact requirements.

3. Impact Strategy

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

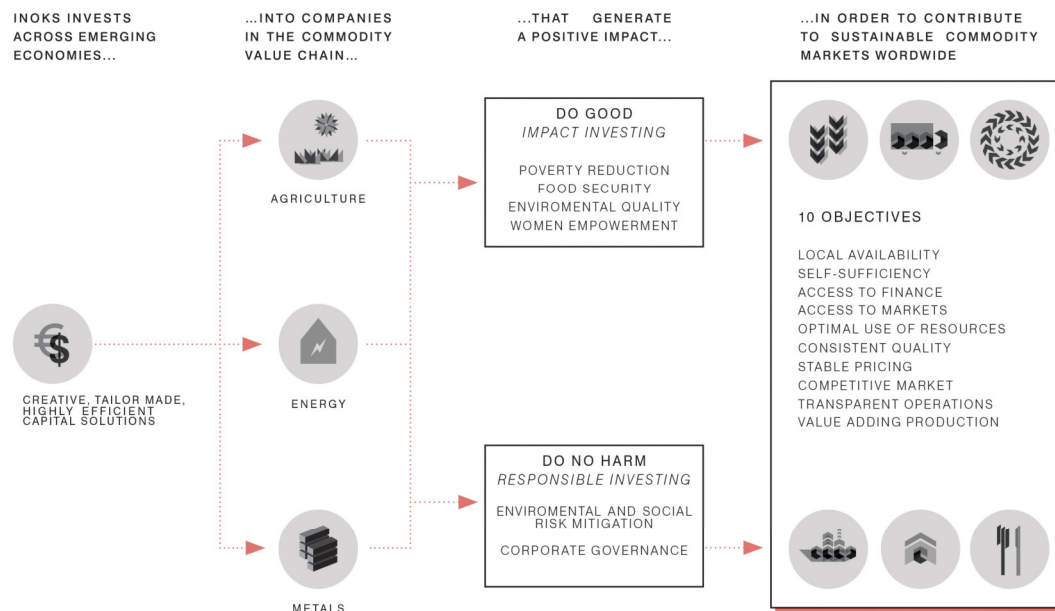


Figure 1. INOKS' Impact Strategy

Each of the elements depicted in Figure 1 are further described below.

INOKS invests across emerging economies...

INOKS offers highly efficient capital solutions that are bespoke and adapted to the real needs of (predominantly emerging market) companies which aim to sustain and/or support sustainable local business growth.

...into companies in the commodity value chain...

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

Agriculture and Food

Global food security constitutes one of the main important challenge of this century given a growing population to feed and climate change risks degrading agriculture productivity, food availability and quality. To tackle this challenge, INOKS 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.

Energy (subsistence and renewable)

In emerging markets, energy supply infrastructures remain poor leading to unreliable access to electricity. By helping energy companies to provide reliable electricity from renewable sources, INOKS seeks to improve access to (cleaner) electricity for rural households. In addition, the wide use of toxic fuels is a major concern: fuels with high sulphur content are increasing air pollution from transport and have serious

consequences for public health. INOKS supports energy companies in producing higher standard fuels, to reduce those environmental effects of transportation.

Metal (recycled and efficient)

Metal is an integral component of our global economy by being connected to almost all industries. Yet, actions are required to shift the industry toward better sustainability practices. INOKS invests in metal companies that maximise production efficiency (high level of metal recovery, optimised use of resources, reduced energy use and emissions) and adhere to strict environmental standards and/or companies that leverage innovative processes such as recycling and circularity into their business models to avoid resources depletion.

... that generate a positive impact...

Within its three focus sectors of agriculture, energy and metal, INOKS seeks to select those companies that can generate a positive impact. This means that companies are only eligible for financing if they contribute to addressing specific sustainability challenges (ergo they *do good*) and they commit to mitigating the negative environmental or social impact of their operations (ergo they *do no harm*).

Do good

INOKS believes 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, INOKS selects companies that contribute to solutions in one of the following areas:

1. *Poverty reduction*: the company's activities, products or services contribute to (i) the reduction of individuals living below national poverty line; and/or (ii) building the resilience of the poor and those in vulnerable situations through productive employment and decent work, safe and secure working environment;
2. *Food security*: the company's activities, products or services contribute to (i) strengthening access to safe and nutritious food; and/or (ii) increasing agricultural productivity and incomes of small-scale food producers; and/or (iii) ensuring sustainable food production systems and implementing resilient agricultural practices that increase productivity and production that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality;
3. *Environmental quality*: the company's activities, products or services contribute to (i) improving human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning; and/or (ii) achieving the sustainable management and efficient use of natural resources; and/or (iii) reducing waste generation through prevention, reduction, recycling and reuse.
4. *Women empowerment*: the company's activities, products or services contribute to (i) improve gender balance amongst employees and executive management; and/or (ii) embed the principle of gender equality in policies and processes for both employees and governing bodies throughout its operations including recruitment, remuneration/benefits, training, promotion, and development reviews; and/or (ii) support women's empowerment across the workplace,

More details on INOKS' principles, standards, tools and responsibilities with regards to impact management are provided in Section 4.

Do no harm

At the same time, economic activity also brings a risk of harmful effects on the environment and/or society. Yet there are ways to mitigate, and sometimes even eliminate, these risks by operating a company in a sustainable way. INOKS selects the companies it works with based on environmental, social and governance standards they adhere to and the commitment they show to further improve their performance in the following areas:

- *Environmental & social risk mitigation*: the commitment and capacity of a company to mitigate its negative social risks and environmental footprint through greenhouse gas emissions reduction,

waste management and energy efficiency as well as its adherence to human rights, labour standards, and health & safety regulations.

- *Corporate governance:* the company's commitment and capacity to ensure strong business ethics and international standards regarding transparency, accountability, responsibility and fairness in its operations.

More details on INOKS' principles, standards, tools and responsibilities with regards to ESG risk management are provided in Section 5.

... in order to contribute to sustainable markets worldwide.

In the long term, INOKS wants to help the commodity value chains it supports to become mature and efficient markets that make a positive difference in the world based on the following characteristics:

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

4. Do good: principles, standards and tools for managing impact

INOKS Capital carefully assesses the positive impact that companies can make and selects those companies that can deliver the strongest contribution to its impact strategy.

4.1 Principles

Beyond the financial criteria that it applies to its investment selection, INOKS uses two explicit 'do good' principles to decide if it wants to engage with a prospective investee; a short-term and a long-term one.

A company generates positive impact on INOKS' impact areas by the nature of its products, services or activities

For a prospective investee to be eligible for financing, it should prove that – by the nature of its products, services or activities – it contributes to at least one of INOKS' three impact areas:

- Poverty reduction;
- Food security, or;
- Environmental quality, or;
- Women Empowerment

A company offers solutions to help achieve sustainable commodity value chains worldwide in the long term

As a second eligibility criterion, a prospective investee should be able to show how its nature of business (again products, services or activities) positively contributes to the transformation towards a sustainable commodity value chain.

4.2 Standards

The Sustainable Development Goals (SDGs) are the universally recognised framework to combat poverty, climate change as well as other pressing global sustainability issues. INOKS will report the achievements of its own operations as well as those of investees on impact in alignment with the SDGs. Figure 2 shows how INOKS' three impact themes are linked to the SDGs and their targets, while Table 1 provides more details on INOKS' contribution to each SDG.



Figure 2. Link between INOKS' impact themes and SDG targets

Table 1: INOKS' contribution per SDG target

SDG	TARGET	INOKS' CONTRIBUTION
	1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	<p>Support companies that promote local value-adding activities, generate local employment and offer decent work to enhance the livelihood of low-income household.</p> <p>Help local organisations that employ small-scale food producers directly or indirectly in their value chains and have a mechanism, policy or certification that seeks to ensure that smallholder farmers are paid a fair price for goods, services, and/or crops supplied to the company.</p> <p>Support companies that participate in community development programs.</p>
	<p>2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p> <p>2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p> <p>2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>	<p>Finance local food production and processing companies to raise national production and contribute to countries' self-sufficiency.</p> <p>Increase local and global markets access to safe and nutritious food by supporting sustainable trade.</p> <p>Finance companies in agricultural value chains to create a strong and sustainable food system where smallholder farmers are well integrated and empowered to transition away from subsistence farming.</p> <p>Require and support companies to improve their operations, implement sustainability standards and sustainable agricultural practices to enhance soil quality and food production, while building strong capacities to manage climate change effects.</p>
	<p>5.1: End all forms of discrimination against all women and girls everywhere.</p> <p>5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p>Raise awareness on gender issues by evaluating investees' gender practices and discussing identified issues with management.</p> <p>Promote gender balance on both quantitative and qualitative aspects taking into consideration the nature of the investee's activity as well as the country's socio-economic context.</p> <p>Provide incentives (technical assistance, local capacity building) for the implementation of gender sensitive hiring practices and gender inclusive work environment.</p>
	<p>8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>	<p>Help companies to sustain and/or boost local business growth and employment opportunities.</p> <p>Provide financial support to small and medium companies in emerging markets, through efficient and tailored capital solutions, that may otherwise struggle to obtain financing from traditional banking systems to develop their local activities.</p>

<p>8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p>	<p>Support companies that implement energy, material and water conservation measures.</p>
<p>8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Support companies that take measures to reduce wastes and develop efficient waste management systems.</p>
<p>8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p>Require and support companies to meet decent work standards and/or improve their policies and practices; support companies that promote and/or seek to improve equal opportunities (e.g. non-discrimination and equal opportunities policies, fair income, social protection, average working hours, personal development and training programs, women in managerial position, etc.).</p> <p>Put in place a thorough assessment of companies in order to ensure that at least fundamentals of labour standards are implemented before investment (e.g. security in the work place, HR policy and terms of employment, provision of PPE, grievance mechanisms, etc.).</p> <p>Push companies to go beyond the fundamentals and develop best practices standards.</p>



<p>12.2: By 2030, achieve the sustainable management and efficient use of natural resources</p>	<p>Support companies that implement energy, material and water conservation measures.</p>
<p>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Support companies that take measures to reduce wastes and develop efficient waste management systems.</p> <p>Finance business models based on recycling and circularity.</p>



<p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>Invest in low-carbon activities to reduce GHG emissions and support transition toward renewable and cleaner energies.</p>
<p>13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>Educate companies on sustainability risks and opportunities through sustainability check and technical assistance.</p>

4.3 Tools

INOKS uses numerous instruments to manage impact in portfolio throughout different stages of its investment cycle. The most important tools used are:

1. *ESG/Impact pre-screening checklist:* this checklist allows INOKS to check that a potential investee complies with its Impact and ESG principles and to get an initial estimation of (a) the potential positive impact of a prospective investee on INOKS' impact areas; (b) the investee's ESG risk pre-classification (based on inherent and contextual risks). The outcome of this estimation determines a prospective investee's eligibility for financing. The ESG/Impact pre-screening checklist is used at origination.
2. *Impact Questionnaire:* This questionnaire goes beyond the estimation of potential impact and helps quantify the actual impact performance of a company – either based on current production or future capacity figures. The outcome of the questionnaire informs INOKS opinion regarding a prospective company's impact and its potential to improve in the future. This questionnaire is used at due diligence.
3. *Impact Factsheet:* The impact factsheet is used to formalize the ex-ante impact analysis of the potential investee. This factsheet is produced at due diligence.
4. *Impact Plan:* This plan is used to describe the measures that the prospective company needs to take in order to achieve the impact that INOKS deems necessary and feasible. The plan is used at contracting.

5. *ESG/Impact Letter*: This is a formal agreement between INOKS and the investee stipulating the measures that the company is committed to take. The ESG/Impact Letter is part of the legal loan documentation and formalized during contracting.
6. *Impact Annual Survey*: This survey is sent on an annual basis to collect input from the investee, track and analyse its E&S impact and report on the investee's impact performance as well as the funds' achievements across INOKS' impact themes.
7. *Impact Report*: Both at the level of individual loans and aggregated portfolio level, INOKS tracks and reports the achievements on impact performance on an annual basis. This report is produced during post-investment monitoring.

4.4 Responsibilities

INOKS has formally appointed three permanent assignees for impact management: one impact analyst and two impact managers delegated from Senior Management. Other non-permanent roles (such as data gathering or investee engagement) are assigned to other staff. The responsibilities with the INOKS team are further described below.

FUNCTION	RESPONSIBILITIES
Permanent Assignees	
Impact Analyst	<ul style="list-style-type: none"> • Collect data and necessary documentation (such as certificates, policies) in conjunction with Business Developers and evaluate the ex-ante E&S impact of a prospective investee against INOKS' three impact investment themes (poverty alleviation, food security and environmental quality). Use the Social Development Goals (SDGs) as impact referential framework and prepare requested impact due diligence reports. • Ensure that all investment decisions are supported by appropriate due diligence documentation, including, but not limited to, an Impact section in each Final Investment Approval ("FIA") and that the Conditions Precedent pertinent to E&S impact, and an Impact Action Plan if any, prior to disbursement are part of the investment contractual documentation. • Monitor and manage impact of INOKS' investments on an annual basis. Conduct analyses during and after the investment period (ex-post) to complement the ex-ante analysis and capture the impact generated throughout the investment period. • Monitor progress on the implementation of the impact action plan measures (if any). • Report on impact generated by INOKS' investments both at portfolio and counterparties' levels via the edition of the Annual Impact Report. • Document the procedures in INOKS' Impact Framework • Ensure that the procedures are implemented for each potential investment, and that records of impact analyses are maintained.
Impact Manager	<ul style="list-style-type: none"> • Oversee Impact management and implementation of Impact Framework. • Manage resources (budget and staff) for Impact management and training. • Ensure that there are adequate resources to fulfil Impact requirements.
Impact Committee	<ul style="list-style-type: none"> • INOKS Impact Committee brings together one independent member (professor, philosopher and specialist of the environment), two members from INOKS' impact advisor and 2 members from INOKS. The Impact Committee's missions are to: <ul style="list-style-type: none"> - provide advice to INOKS on emerging trends and best practices, and - bring impact knowledge and sector specific expertise Through these missions, the IC aims to enhance INOKS' impact by promoting innovative financing approaches as well as rigorous impact measurement and management techniques.
Non-Permanent Assignees	
Business Developer	<ul style="list-style-type: none"> • Screen for potential investees along guidelines defined by INOKS' impact investment principles (<i>Do Good</i> principles) supported by (i) the Systematic Sourcing Database which incorporates the Country-Commodity value chain E&S impact assessment combination (High Impact Areas "HIAs") and (ii) the Impact/ESG checklist that captures <i>potential</i> impact first estimation. • Follow-up with the investee on the ICPTs (INOKS Capital Proprietary Tools) delivery to acquire the compulsory Impact data. • Conduct on-site due diligence. • Support the impact analyst in negotiating with the investee the adoption and implementation of possible impact measures.

Investment
Committee

- Decide whether to proceed with a transaction after receiving conclusions from impact analyses and due diligence documentation.

Legal Manager

- Ensure that INOKS' Impact requirements are incorporated in legal agreements.
-

5. Do no harm: principles, standards and tools for managing E&S risks

INOKS Capital engages with companies to mitigate the negative environmental and social effects of their operations and improve their corporate governance practices

5.1 Principles

When it comes to the negative effects of a company and the mitigation of these effects, INOKS applies the following principles to judge if a company is eligible for financing.

A company does not develop any activities mentioned in the Exclusion List

INOKS does not provide financing to companies with activities listed in the INOKS' Exclusion List¹.

A company is in compliance with the Environmental, Social and Governance (ESG) standards of INOKS

INOKS requires all companies to comply with its 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, corporate governance and social issues.

A company is committed and capable to mitigate its negative environmental and social effects

INOKS seeks to work with companies operated by a team that has the willingness, knowledge and skills to reduce the company's environmental footprint, increase quality and safety of working conditions and improve corporate governance practices. INOKS also encourages companies to operate in accordance with good international industry practices.

5.2 Standards

INOKS evaluates prospective investees against all applicable local laws on environment, health and safety as well as the IFC Performance Standards. Any red flag will stop the process.

Regulatory framework

INOKS requires companies to comply with all local legislation or international treaties applicable to its operations in the following areas: (i) environment protection, (ii) climate change and pollution, (iii) waste management and effluent criteria, (iv) social Laws – Labour Act, Employment, OHS, Land Act, (v) natural resource protection, and (vi) biodiversity protection.

IFC Performance Standards

The IFC Performance Standards ("IFC PS") offer a framework for understanding and managing environmental and social risks for potential investment. The IFC PS encompass eight topics:

- PS 1:** Assessment and Management of Environmental and Social Risks and Impacts
- PS 2:** Labour and Working Conditions
- PS 3:** Resource Efficiency and Pollution Prevention
- PS 4:** Community Health, Safety, and Security
- PS 5:** Land Acquisition and Involuntary Resettlement
- PS 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS 7:** Indigenous Peoples
- PS 8:** Cultural Heritage

As part of its due diligence process, INOKS uses the IFC PS 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, INOKS will verify if the company complies with the performance criteria of that standard.

In case of non-compliance with the identified IFC PS, INOKS can – depending on the severity of the issue – require the prospective investee to develop a corrective action plan for addressing the issue in a

¹ Please refer to Annex A

reasonable timeframe and stipulate this as E&S Condition Precedents and/or Subsequent Conditions in the loan contract.

Although the IFC PS are a guiding framework for INOKS' environmental and social standards, it is important to note that its investee base also requires a practical approach given the characteristics of its companies and markets. INOKS therefore requires investees to improve operations through means that are appropriate to the nature and scale of their operations and commensurate with the associated environmental and social risk.

Additional standards

INOKS may agree with an investor, such on an ad-hoc or continuous basis, to additional standards of terms, conditions and obligations (the "ESG Additional Requirement(s)"). Any such agreement by INOKS would need to be contracted by the inclusion and clear definition of the ESG Additional Requirement(s) in a written contractual arrangement at least similar to an investment agreement or a service agreement or a private placement memorandum.

5.3 Tools

INOKS uses numerous instruments to manage ESG risks in portfolio throughout different stages of its investment cycle. The most important tools used are:

1. *ESG/Impact pre-screening checklist*: this checklist allows INOKS to check that a potential investee complies with its Impact and ESG principles and to get an initial estimation of (a) the potential positive impact of a prospective investee on INOKS' impact areas; (b) the investee's ESG risk pre-classification (based on inherent and contextual risks). The outcome of this estimation determines a prospective investee's eligibility for financing. The ESG/Impact pre-screening checklist is used at origination.
2. *ESG Questionnaire*: this questionnaire helps quantify the environmental and social issues and corporate governance risk related to the company's activities. It is also used to identify the gaps with the ESG standards that INOKS applies to its investments. The outcome of the questionnaire informs INOKS on the prospective company's ESG risk and the measures that it needs to take in order to comply with INOKS' lending requirements. This questionnaire is used at due diligence.
3. *ESG Factsheet*: the ESG Factsheet is used to formalize the ESG risk classification: INOKS classifies the ESG risk level of a transaction based on the assessment of inherent and contextual risks and in alignment with the IFC Risk Categorisation Methodology.
4. *ESAP*: This Environmental and Social Action Plan is used to describe the measures that INOKS wants the prospective company to take in order to mitigate the negative effects of its operations. The plan is used at contracting.
5. *ESG/Impact Letter*: This is a formal agreement between INOKS and the investee stipulating the measures that the company is committed to take. The ESG/Impact Letter is part of the legal loan documentation and formalized during contracting.
6. *ESG Report*: Both at the level of individual credit lines and aggregated portfolio level, INOKS tracks and reports the ESG impacts and risks on an annual basis. This report is produced during post-investment monitoring.

5.4 Responsibilities

INOKS has formally appointed four permanent assignees for ESG management: one E&S Analyst, one Compliance Manager and two ESG Managers delegated from the Senior Management. Other non-permanent roles (such as data gathering or investee engagement) are assigned to other staff. The responsibilities with the INOKS team are further described below.

FUNCTION	RESPONSIBILITIES
Permanent Assignees	
E&S Analyst	<ul style="list-style-type: none"> • Screen a prospective investee against INOKS <i>Do No Harm</i> Principles and Standards. • Conduct E&S risks due diligence. This includes: <ul style="list-style-type: none"> (i) Collection and treatment of necessary E&S documentation (such as information, certificates, authorizations) in conjunction with the Business Developers, (ii) Evaluate investee's compliance with Applicable Requirements (including IFC Performance Standards) (iii) Categorise level of E&S risk of a prospective investee (iv) Develop mitigation measure through the implementation of an ESAP (v) On-site visits and report (if any) (vi) Preparation of E&S due diligence reports. • Ensure that all investment decisions are supported by appropriate due diligence documentation, including, but not limited to, an E&S section in each Final Investment Approval ("FIA") and that the Conditions Precedent pertinent to E&S, and an ESAP if any, prior to disbursement are part of the investment contractual documentation. • Ensure appropriate social and environmental representations, warranties, and covenants are incorporated into all legal agreements inclusive of the "ESG/Impact Engagement Letter". • Confirm that potential investments in the portfolio are in on-going compliance with the applicable Requirements on a regular basis including on-site visits with the Business Developers, annual monitoring. • Report any serious incidents related to E&S issues to senior management and in annual reporting to external parties. • Document the procedures as part of INOKS' Impact Framework. • Ensure that the procedures are implemented for each potential investment, and that records of environmental and social reviews are maintained.
Compliance Manager	<ul style="list-style-type: none"> • Evaluate the effectiveness of Corporate Governance of a prospective investee; including collection and treatment of necessary Corporate Governance documentation and issue conclusions and potential recommendations. • Ensure that an investee's non-compliance with INOKS' standards: <ul style="list-style-type: none"> ○ Requires immediate disclosure by the investee. ○ Constitutes a breach of contract. ○ Is considered as an Event of Default under the terms of the legal agreement. ○ Will be escalated to and followed up by Senior Management.
ESG Manager	<ul style="list-style-type: none"> • Oversee ESG risk management and implementation of Impact Framework. • Manage resources (budget and staff) for ESG risk management and training. • Ensure that there are adequate resources to fulfil ESG requirements.
Non-Permanent Assignees	
Business Developer	<ul style="list-style-type: none"> • Pre-screen for potential investees along guidelines defined by INOKS' responsible investment principles (<i>Do no Harm</i> principles) supported by (i) the Systematic Sourcing Database which incorporates the Country-Commodity value chain E&S risks assessment combination (Hot Risk Areas "HRAs") and (ii) the Impact/ESG checklist that captures <i>potential</i> ESG risks first estimation. • Follow-up with the investee on the ICPTs (INOKS Capital Proprietary Tools) delivery to acquire the compulsory E&S data with a view to allow the E&S Analyst to identify possible specific E&S issues. • Conduct on-site due diligence. • Support the E&S Analyst in negotiating with the investee the adoption and implementation of possible environmental and social mitigation measures, with a view to improve the risk profile, if not the prompt compliance.
Investment Committee	<ul style="list-style-type: none"> • Decide whether ESG risks are acceptable to INOKS' overall exposure to risk before proceeding with a transaction.
Legal Manager	<ul style="list-style-type: none"> • Ensure that INOKS' ESG requirements are incorporated in legal agreements.

6. Implementation

INOKS has implemented processes, standards and tools at each stage of the investment cycle to bring its Impact Strategy into action (Figure 3). Each step is further detailed in subsequent sub-sections.

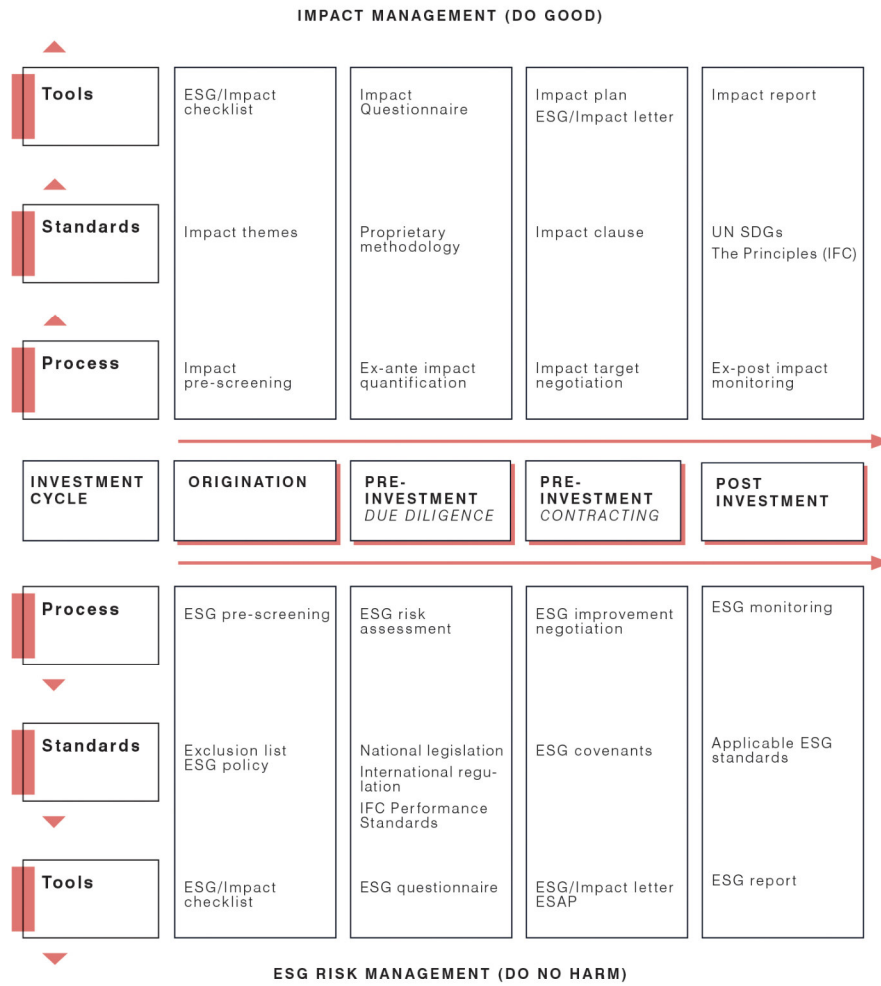


Figure 3. Process, standards and tools used by INOKS to implement its dual Do Good and Do no Harm strategy along the investment cycle.

The decision to continue or stop the investment will be taken at all stages. Figure 4 summarises relevant performed Impact and ESG decisions throughout the Transaction Cycle.

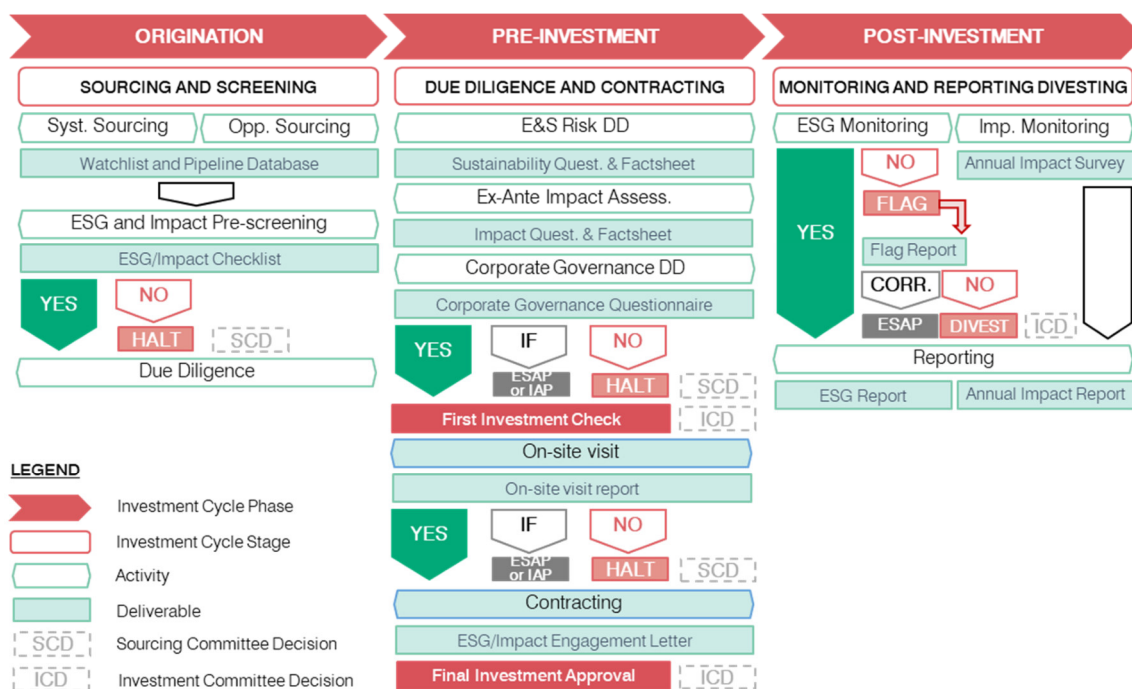


Figure 4. Flowchart of Impact and ESG decision process

6.1 Origination

6.1.1 Sourcing

ACTIVITY	<ul style="list-style-type: none"> Under the Systematic Sourcing approach, INOKS' Business Developers will <i>actively</i> source potential investments using the <i>Systematic Sourcing Data Base</i> which identifies High Risk Areas (HRAs) and High Impact Areas (HIAs) at country, commodity and value-chain segment level. This educational resource offers a preliminary view of where investing would add the greatest value and enables business developers to contextualise a potential investee's activity. Potential investees can also be sourced under an Opportunistic Sourcing approach which refers to any sourcing activity that does not arise from an active approach of the Business Developers or that arise from a potential investee liaising in an unsolicited manner with a Business Developer.
RESPONSIBILITY	Business developers
TOOLS	+ Systematic Sourcing Data Base
DELIVERABLE	+ Watchlist and pipeline database

6.1.2 Pre-term approval: Pre-screening

ACTIVITY	<p>At an early stage of a proposed investment, the activities of a potential investee are pre-screened against <i>Do no Harm</i> (ESG) and <i>Do good</i> (Impact) Principles:</p> <ul style="list-style-type: none"> <i>Do No Harm</i> Principles: <ul style="list-style-type: none"> A potential investee does not develop any activities mentioned in INOKS Exclusion List² <i>Do Good</i> Principles: <ul style="list-style-type: none"> A potential investee generates positive impact on INOKS' impact areas by the nature of its products, services or activities A potential investee offers solutions to help achieve sustainable commodity value chains worldwide in the long term
RESPONSIBILITY	Business developers
TOOLS	+ ESG/Impact Checklist
DELIVERABLE	+ 044-PREFIC_QUEST.

² Please refer to Annex A

6.2 Pre-Investment

6.2.1. Pre-First Investment Check ("FIC) Due Diligence

ACTIVITY	<p>During the Pre-FIC DD, INOKS will finalise a PI screening against the two last ESG principles:</p> <ul style="list-style-type: none"> o A potential investee is in compliance with INOKS ESG Standards o A potential investee is committed and capable to mitigate its negative E&S effects <p>• E&S Risks Assessment: INOKS conducts an Environmental and Social (E&S) Risks Assessment by using the IFC Performance Standards to identify and evaluate E&S risks associated with a prospective investee and its operations. If a specific IFC PS is triggered by the nature of the operation, INOKS will verify if the company complies with the performance criteria of that standard. In case of non-compliance with the identified IFC PS, INOKS can – depending on the severity of the issue – require the prospective investee to develop a corrective action plan (ESAP) for addressing the issue in a reasonable timeframe and stipulate this as E&S condition precedents (ESAP) for addressing the issue in a reasonable timeframe and stipulate this as E&S condition precedents and/or subsequent conditions in the contractual documentation (ESG/Impact Letter).</p> <p>The E&S risks assessment process is composed of the following steps:</p> <ol style="list-style-type: none"> 1. Collection of E&S data information 2. E&S risks and mitigation measures analysis 3. Project E&S risk categorisation <p>• Corporate Governance assessment: The CG assessment process is comprised of:</p> <ol style="list-style-type: none"> 1. Collection of Corporate Governance data information 2. Evaluate the effectiveness of Corporate Governance of a prospective investee; 3. Issue conclusions and potential recommendations.
	<p>• Ex-ante Impact Quantification: During the Pre-FIC Due Diligence phase, INOKS proceeds to a first measurement of the potential investee's environmental and social impacts to (1) have a first overview of the impact generated by the PI prior to the investment and (2) measure the contribution level of the PI to INOKS' impact themes and related Social Development Goals (SDGs).</p> <p>The ex-ante impact quantification process consists in:</p> <ol style="list-style-type: none"> 1. Impact Data Collection 2. Impact Measurement 3. Impact Analysis
RESPONSIBILITY	<ul style="list-style-type: none"> • Impact Analyst / E&S Analyst • Compliance Manager
TOOLS	<ul style="list-style-type: none"> + 045C-Sustainability_Questionnaire + 046-Sustainability_Rating + 050B-Impact_Metrics + Impact_Measurement_Tool + Corporate_Governance_Questionnaire
DELIVERABLE	<ul style="list-style-type: none"> + 045C-Sustainability_Questionnaire + 047B-Sustainability_Factsheet + 050B-Impact_Metrics + 050-Impact_Factsheet + Corporate_Governance_Questionnaire

6.2.2 Post-Fic Due Diligence

ACTIVITY	<ul style="list-style-type: none"> • On-site visit: During Post-FIC Due Diligence, an on-site due diligence will be conducted to confirm desk review and potentially uncover risks and impacts that were not previously identified: <ol style="list-style-type: none"> 1. Pre-FIC Due Diligence deliverables will be checked. 2. The E&S Risk Categorisation will be confirmed or amended in the Sustainability Factsheet with regards to confirmed or newly identified E&S issues during the on-site due diligence. • ESAP / IAP <ol style="list-style-type: none"> 3. Depending on the severity of the potential E&S issues flagged (during desk review and/or on-site visit), an Environmental and Social Action Plan (ESAP) can be issued before a Final Investment Approval is given. The purpose of a corrective action plan is to mitigate potential environmental and social risks in the context of a transaction to an acceptable level for INOKS. The corrective action plan would include a description of the specific mitigation actions to be taken by the investee; a timeframe for implementation and a reporting requirement to inform INOKS on the status of completion. 4. When impact improvement measures have been identified during the Pre-Fic due diligence and/or confirmed during the on-site visit and agreed upon with the investee, an Impact Action Plan (IAP) will be developed. This IAP will provide a clear framework for implementing agreed impact improvement measures related to INOKS' Impact Themes (including but not limited to key activities, responsibilities and delivery times).
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RESPONSIBILITY	<ul style="list-style-type: none"> • Business Developers • ESG/Impact Managers • Compliance Manager • Impact Analyst / E&S Analyst
TOOLS	+ On-Site Visit + 047B-Sustainability_Factsheet + 050-Impact Factsheet
DELIVERABLE	+ On-Site Visit Report + (Only if needed) ESAP and/or IAP

6.2.3 Contracting

ACTIVITY	<ul style="list-style-type: none"> • ESG/Impact Engagement Letter: Following approval by our Investment Committee, beneficiaries certify that the information provided is accurate whilst agreeing to comply with INOKS' Impact and ESG principles and requirements as stipulated in the Impact Framework by signing and executing the ESG/Impact Engagement Letter. <p>In case of breach and failing remedy in a time frame contractually agreed already at the level of the ESG/Impact Engagement Letter, a prompt divestment plan will be enacted if no immediate divestment is feasible.</p>
RESPONSIBILITY	<ul style="list-style-type: none"> • Legal Manager • ESG/Impact Managers • Compliance Manager
TOOLS	N/A
DELIVERABLE	+ ESG/Impact Engagement Letter

6.3 Post-investment

6.3.1 Monitoring and Reporting

ACTIVITY	<ul style="list-style-type: none"> • ESG monitoring and reporting: The environmental and social performance of investees will be monitored and evaluated on a periodic basis to ensure on-going compliance with INOKS' 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. <p>The ESG monitoring process consists in:</p> <ol style="list-style-type: none"> 1. Flagging and reporting in an <i>ad-hoc flag report</i> (published within three days) any ESG issue after becoming aware of the occurrence of: <ul style="list-style-type: none"> o An incident, accident or circumstance pertinent to environmental, social, labour or health and safety associated with an investee's operations, o Any fines and penalties for non-compliance with environmental and social regulations, o Any complaints submitted by stakeholders about an investee, o A breach of any contractual covenant or condition precedent. that would potentially present a liability, financial, reputational, credit, market risk to INOKS. 2. Monitoring change in ESG policies and guidelines on an annual basis. 3. Assessing and monitoring the implementation of any mitigation measures specified in the ESAP (if any). 4. Checking the validity of Environmental and Social permits or licenses. 5. Media attention to environmental and social issues related to the investee. 6. Conducting spot on-site visit.
	<ul style="list-style-type: none"> • Impact monitoring and reporting: INOKS will measure and manage the impact of an investment on an annual basis by taking into account the positive and negative impacts of the underlying counterparty, as well as INOKS contribution. <p>The Impact monitoring and reporting process is composed of the following steps:</p> <ol style="list-style-type: none"> 1. Collecting data on INOKS' Key Impact Performance Indicators for all of its investees by using an Annual Impact Survey. 2. Analysing the impact of an investee by looking at its performance across the five IMP dimensions, based on measurement and analysis of collected data. 3. Reporting and communicating on the overall impact of INOKS portfolio in its Annual Impact Report
RESPONSIBILITY	<ul style="list-style-type: none"> • E&S Analyst/Impact Analyst • ESG/Impact Managers • Compliance Manager
TOOLS	+ Annual impact survey + On-site visit report
DELIVERABLE	+ Annual impact report + Ad-hoc flag report + ESG report

6.3.2 Divestment for ESG non-compliance

ACTIVITY	<ul style="list-style-type: none">• ESG non-compliance: In case INOKS identifies an investee's non-compliance with ESG clauses stipulated in the legal agreement during monitoring and/or if the counterparty does not demonstrate its intent to implement corrective actions within a reasonable timeframe by implementing the ESAP or corrective action plan, INOKS will require:<ol style="list-style-type: none">1. A flag report with a follow up with the intent to resolve these in a reasonable timeframe, and/or2. A new corrective action plan <p>If an agreement is not reached or timely implemented:</p> <ol style="list-style-type: none">1. A default notice will be issued2. The Investment Committee will control divestment
RESPONSIBILITY	<ul style="list-style-type: none">• E&S Analyst/ Impact Analyst• Compliance Manager• ESG/Impact Managers• Investment Committee
TOOLS	N/A
DELIVERABLE	+ Ad-hoc flag report + New ESAP (if any) + Default notice

7. Learning and improvement

7.1 Capacity building

This framework will be communicated to all staff and operational employees of the company. Adequate training will be provided to make sure that requirements are understood and respected.

7.2 Evaluation

A revision of the Impact Framework will be done periodically to ensure that it remains relevant and effective over time. This includes:

- Identifying potential difficulties with operational aspects of Impact Framework implementation and making changes as necessary,
- Updating the procedure to reflect any internal changes and/or improvements in INOKS' ESG and Impact processes,
- Updating Impact Framework to include additional requirements resulting from revisions in applicable national laws on environment, health and safety and/or compliance with additional E&S Standards.

If any *major changes* in the Impact Framework, the revision(s) will need to be beforehand vetted by:

- (a) The Investment Committee,

and communicated to:

- (b) The investee with whom INOKS would have contracted with as to its Impact Framework and any amendments thereto; and/or
- (c) Any other third party with whom INOKS would have contracted with as to its Impact Framework and any amendments thereto.

Effective Date

06/01/2020

Signed By

Nabil Marc Abdul-Massih (CEO)

Ivan Agabekov (CFO)



Annexes

Annex A: INOKS Capital Exclusion List

INOKS Capital Exclusion List is aligned with the Harmonized European Development Finance Institutions (EDFI) Exclusion List (1-8) and contains additional requirements (9-12).

INOKS will not finance any activity, production, use of, trade in, distribution of, involving:

- 1) Forced labour³ or child labour⁴
- 2) Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - a) Ozone depleting substances, PCB's (Polychlorinated Biphenyl's) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
 - b) Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - c) Unsustainable fishing methods (e.g. blast fishing and drift fishing in the marine environment using nets in excess of 2.5 km in length)
- 3) Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations
- 4) Destruction⁵ of High Conservation Value areas⁶
- 5) Radioactive materials⁷ and unbounded asbestos fibres
- 6) Pornography and/or prostitution.
- 7) Racist and/or anti-democratic media
- 8) In the event that any of these following products form a substantial part of a potential investee's primary financed business activities:⁸
 - a) Alcohol beverages (except beer and wine);
 - b) Tobacco;
 - c) Weapons and munitions;
 - d) Gambling, casinos and equivalent enterprises
- 9) Animal testing
- 10) Genetically Modified Organisms
- 11) Construction of new and extension of any existing coal fired thermal power plants
- 12) Investment in a Country under sanction (OFAC, EU, DFAE) unless the sanctions are only limited to defined territories and / or activities and / or entities and / or individuals. In the latter case, only these territories and / or activities and / or entities and / or individuals are excluded.

³ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

⁴ Persons may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

⁵ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁶ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).

⁷ This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

⁸ For portfolio companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions (banks), "substantial" means more than 10% of their underlying portfolio.