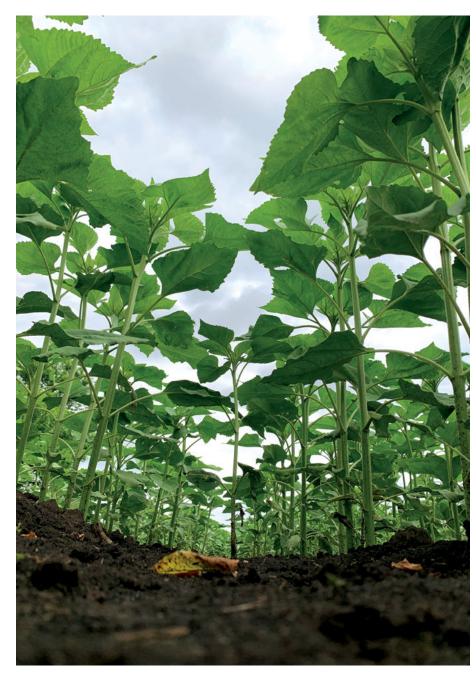




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INOKS CAPITAL SA @2021



Ukraine: young sunflower plants

Finance, or lack thereof, is widely seen as an obstacle to a better world.

But it also has a formidable power to enable the transition to a low-carbon, more sustainable, resource-efficient and circular economy in line with the Sustainable Development Goals. This is the path that the United Nations, the European Union, and certain other nations have followed for the past decade, taking a decisive step forward in 2021.

In 2016, the United Nations adopted the Paris Agreement. One of the objectives to strengthen the response to climate change was to begin to align financial flows towards projects with low greenhouse gas emissions and climate-resilient development.

In December 2019, the European Green Deal came into force, providing a new growth strategy to transform the Union into a modern, resource efficient and competitive economy and, from 2050 onwards, with no net greenhouse gas emissions. The objective also signals to investors a clear need to shift towards sustainable finance.

In parallel, in 2018, the EU Action Plan for "Financing Sustainable Growth" set out an ambitious and comprehensive strategy on sustainable finance, which was also adopted by many third-party countries, such as Switzerland. One of the objectives set out in the Action Plan is to reorient capital flows towards sustainable investments to achieve sustainable and inclusive growth. The Action Plan recognizes that the shift of capital flows towards more sustainable activities has to be underpinned by a shared, holistic understanding of the environmental sustainability of activities and investments. As a first step, clear guidance on activities that qualify as "contributing to environmental objectives" would help inform investors about the investments that fund environmentally sustainable economic activities. At a later stage, additional guidance could be developed on sustainability objectives, including social aspects.

These developments successfully brought about the introduction of the SFDR Regulation¹ in March 2021, which seeks to achieve more transparency to end investors regarding how Alternative Investment Fund Managers² (AIFMs) integrate sustainability risks into their investment decisions and assess, if those risks are relevant, the extent to which those sustainability risks might impact the performance of their financial products, both in qualitative and quantitative terms. To ensure a coherent and consistent application of this Regulation, a comprehensive definition of "sustainable investment" should be established, thereby enabling AIFM and investee companies to follow good governance practices and accurately following the principle of "do no harm" both for environmental and social objectives.

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317,9.12.2019, p.1)

<sup>2</sup> Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU). N°231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers

INOKS CAPITAL 2020/2021 IMPACT REPORT FOREWORD

This tremendous opportunity has resulted in new transparency commitments from AIFMs, at the financial product level and at the entity level. Amongst transparency obligations, entities disclose the integration of sustainability risks in their investment decision-making process, the impact of sustainability risks on the returns of their financial products as well as the qualification of their financial products in their pre-contractual information, website, annual report and marketing materials. Indeed, the regulation distinguishes between different levels of sustainable products, for those financial products that promote environmental or social characteristics<sup>3</sup>, and for financial products which have an objective to bring about positive, demonstrable impact on the environment and society<sup>4</sup>.

Such disclosure requirements have been supported and integrated into the Taxonomy Regulation<sup>5</sup>, to enhance transparency and comparability by setting common definitions on the achievement of environmental objectives and providing guidance to compute the proportion of investments that fund environmentally sustainable economic activities.

Some AIFMs, such as INOKS Capital, had voluntarily made environmental and/or social commitments, applying ESG and Impact principles in their investment policy, years before the enforcement of this new EU Regulation. The challenge overcome in the last year has been to align INOKS' existing ESG commitments with these new disclosure obligations.

Impact funds really make a measurable difference within the sustainable finance world, as they are considered to have a sustainable objective and purpose. Under the EU Regulation, they have to fulfil the most stringent requirements amongst the sustainable fund categories in order to be considered as such. It results in more transparency and more information to the end investors as to whether and how the sustainability objectives of the financial product are met. One of the ambitions of this impact report is to disclose the impact achieved through the investments of the Funds managed by INOKS Capital across INOKS' four sustainable objectives while complying with the "no significant harm principle" of Regulation (EU) 2019/2088.

Going further in its transparency requirements, the European legislator is now working on the social objectives of the Taxonomy, which will reinforce the purely environmental aspect of the existent Taxonomy and, as such, INOKS Capital will be able to deploy the full force of its pre-existing analysis and basis for investments.

Céline Kohler, Avocat à la Cour - Barreau de Luxembourg



**CÉLINE KOHLER**Avocat à la Cour - Barreau de Luxembourg

Céline holds a ML in International Law from the University of Paris 1 – Panthéon Sorbonne and a LL.M. in European Union Law from the University of Lausanne (UNIL).

Prior to founding the firm in 2010, she worked at Schellenberg Wittmer in Geneva and with Maître Serge Lazareff in Paris.

Céline is a fully qualified under French and Luxembourg laws and has been admitted to practice with the Paris, Geneva and Luxembourg Bar associations.

She advises financial sector professionals on legal, regulatory and compliance matters involving cross-border aspects: Investments funds for Swiss asset managers and family offices in Luxembourg, Supporting set-up and growth of Fintech and Cross border compliance with financial regulations covering establishment, distribution or liquidation of financial services and products.

She has expertise in Private equity, Environmental, social and corporate governance (ESG), IPP and Sustainable energy resources. She works in proximity to her private and corporate clients, which often takes her back home to Switzerland. She regularly collaborates with a wide community of other industry experts and shares access to her eco-system with her clients.

Céline is a member of the Swiss Finance + Technology Association.

<sup>3</sup> Article 8 SFDR

<sup>4</sup> Article 9 SFDF

<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (SFDR)

# INOKS CAPITAL AS AN INVESTMENT MANAGER

# WHAT DOES IMPACT MEAN FOR US?



INOKS CAPITAL 2020/2021IMPACT REPORT US?

#### WHAT DOES IMPACT MEAN FOR US?

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This last year has been marked by new regulatory frameworks for financial actors that offer products to EU clients. They aim at providing a **concrete definition of sustainable investment**, to better frame the recent boom of financial sustainable products available in the market, and finally to ensure the **effective shift of capital towards the most positively impactful businesses** and tackle urgent worldwide environmental and social challenges.

#### INOKS CAPITAL LONGSTANDING APPROACH ALIGNED WITH THE NEW REGULATIONS

In line with our cultural and longstanding approach, the regulations help us:

Reassert the definition of what we consider investing with a positive impact, as follows:

INOKS' perspective	EU equivalent perspective
Channeling investment where most needed	The EU focuses first on climate and then intends to tackle other environmental and social challenges
✓ Investing in the real economy	Producing tangible results
Investing in companies with low adverse risks and impacts (Do No Harm approach) / high positive impacts (Do Good approach)	With substantial contribution to E/S objectives and not doing significant harm to other E&S elements
	Addressing adverse impact (and communicating on engagement actions with the companies)

- Validate our two-fold Do Good / Do no Harm strategy, which goes beyond the integration of sustainability risks into investment decisions as minimum responsible standards by also seeking to maximise positive impact and consider potential adverse impacts through analysing inherent risks and potential side effects.
- Continue to improve our communication in this area and support the ongoing improvement of our assessment methodologies and of the intentionality of our investment strategy.

All funds managed by INOKS Capital qualify as Article 9 of SFDR as they follow sustainable investment objectives and Do No Harm on other E&S elements.

#### OUR POSITIONING IN THE EVOLVING SUSTAINABLE INVESTMENT UNIVERSE

Following the European Sustainable Investment Forum and Swiss Sustainable Finance common categorisation, completed by the EU Regulation definitions, INOKS Capital is positioned as follows in the sustainable finance sector:

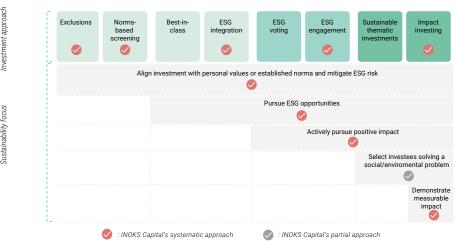


Figure 1: INOKS Capital's positioning in the sustainable finance sector (source: inspired from SSF Swiss Sustainable Investment Market Study 2019)

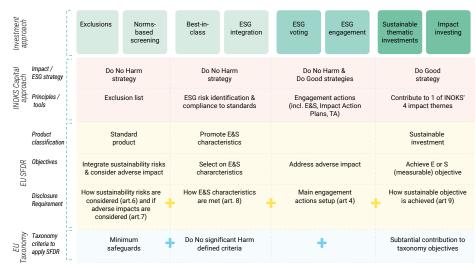


Figure 2: Integration of INOKS Capital Approach, SFDR and Taxonomy Regulatory requirements across sustainable finance investment approaches

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INOKS CAPITAL 2020/2021 IMPACT REPORT US?

I. INOKS CAPITAL 2020/2021 IMPACT REPORT WHAT DOES IMPACT MEAN FOR US?

### SUSTAINABLE INVESTMENT AT INOKS CAPITAL - NO IMPACT INVESTING WITHOUT RESPONSIBLE INVESTING

#### 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 faces. With this logic in mind, we select companies that contribute to solutions in the following impact areas:



Poverty reduction



Food security



**Environmental quality** 



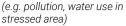
Women empowerment

#### RESPONSIBLE INVESTING (DO NO HARM)

Economic activity also brings a risk of harmful effects on the environment and society; focusing on positive impact should not be done without considering potential side or adverse effects on other areas. On top of excluding the most negatively impactful activities, there are ways to mitigate, and sometimes even eliminate these risks by operating a company in a sustainable way. We select companies based on international standards they adhere to (minimum safeguards) and the commitment they show to further improve their performance in ESG areas:



#### Environmental risk mitigation





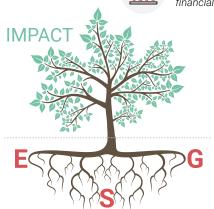
#### **Social risk mitigation** (e.g. health & safety protectio

(e.g. health & safety protection, work contract)



#### Governance commitment

(e.g. code of ethics, audit of financial statements)



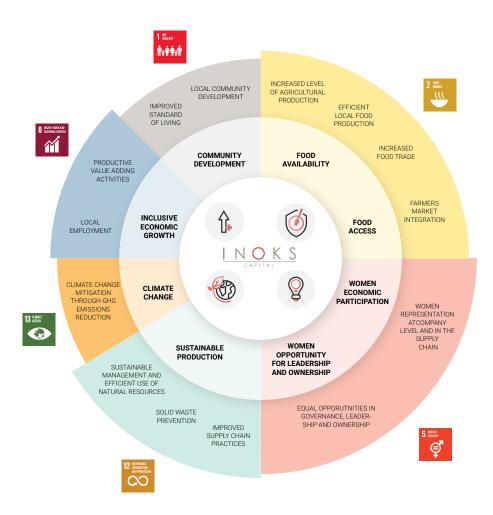


Figure 3: INOKS Capital's Impact themes and strategic goals mapped to the SDGs

# INOKS CAPITAL AT A GLANCE



INOKS CAPITAL 2020/2021 IMPACT REPORT INOKS CAPITAL AT A GLANCE

#### **OUR BUSINESS**

INOKS Capital is a FINMA-licensed asset manager of collective investment schemes, head-quartered in Geneva. INOKS Capital manages several investment funds (both Cayman and Luxembourg), alongside segregated institutional mandates, and has in total over USD 650M in Assets under Management.

INOKS Capital's **Impact Strategy** is to predominantly invest across **emerging economies** into 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 and food.

#### **OUR VISION. OUR MISSION**

Since 2006, we have been driven by the challenge of investing in the growth of more resilient and sustainable commodity value chains to increase 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 of real economy actors in all business dimensions, mostly agribusinesses with high potential of positive impact, which struggle to access finance elsewhere.

#### WHAT DOES SUSTAINABLE COMMODITY MARKETS MEAN FOR US?

- Local availability: commodity products are available on the local market;
- Self-sufficiency: countries are self-sufficient in meeting the commodity demand of their population;
- Access to finance: companies have access to financial resources to sustain/grow their business:
- Access to markets: all actors across the value chain are well integrated into markets;
- Optimal use of resources: companies efficiently use human and natural resources;

- **6.** Consistent quality: quality of commodity products is reliable and constant;
- Stable pricing: commodities do not experience volatile price fluctuations;
- 8. Competitiveness: multiple companies compete to meet consumer demand;
- Transparency: relevant market information (prices, production, weather, trade, consumption and stocks) is available to enhance market efficiency and reduce unfair trading practices;
- Value adding production: production activities are adding value to local markets.

INOKS CAPITAL INVESTS ACCROSS EMERGING MARKETS ... ... INTO COMPANIES ACTIVE IN THE FOOD AND AGRI SECTOR... ...THAT GENERATE A POSITIVE IMPACT... ... IN ORDER TO CONTRIBUTE TO SUSTAINABLE **COMMODITY VALUE CHAINS** 









- 01. Local availability 02. Self-sufficiency
- 03. Access to finance
- 04. Access to markets
- 05. Optimal use of resources
- 06. Consistent quality
- 07. Stable pricing
- 08. Competitive market09. Transparent operations
- 109. Transparent operations10. Value adding production



Figure 4: INOKS Capital's Theory of Change

INOKS CAPITAL 2020/2021 IMPACT REPORT

I. INOKS CAPITAL AS AN INVESTMENT MANAGER

INOKS CAPITAL AT A GLANCE

#### **OUR GLOBAL REACH**

#### SINCE INCEPTION

HSL

5.85 BN

**DEPLOYED** 

INVESTED IN

20+

COUNTRIES

SUPPORTED

135+

**COMPANIES** 

FINANCED PRODUCTION, PROCESSING AND TRADE OF

25+

COMMODITIES

**PORTFOLIO IMPACT IN 2020** 

**19,051**JOBS SUPPORTED

90%

OF EMPLOYEES EARN A SALARY
ABOVE MINIMUM WAGE

61,000 MT

STAPLE CROPS PRODUCED AND MAINLY SOLD LOCALLY

22,512

SMALLHOLDER FARMERS REACHED

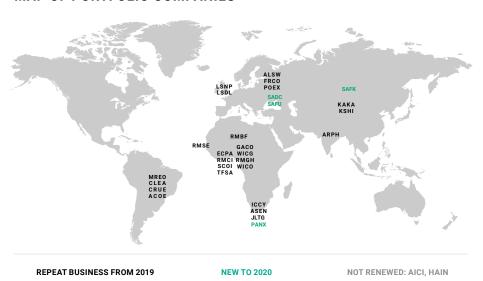
20%

OF WOMEN-OWNED ENTERPRISES

16%

OF WOMEN-LED ENTERPRISES

#### MAP OF PORTFOLIO COMPANIES



#### 2020 PORTFOLIO ALLOCATION

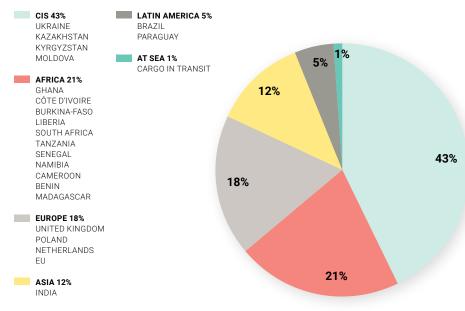


Figure 5: 2020 average figures by geographies

INOKS CAPITAL 2020/2021IMPACT REPORT INOKS CAPITAL AT A GLANCE

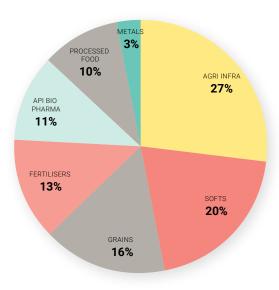
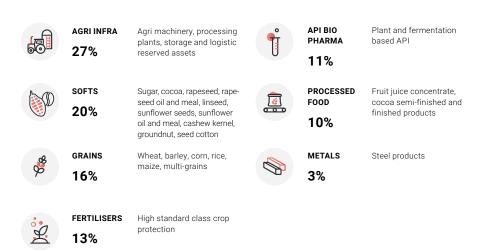


Figure 6: 2020 average figures by commodities



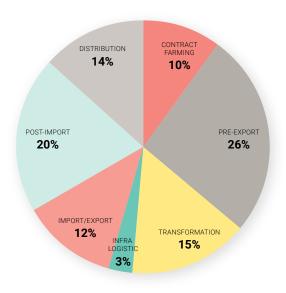
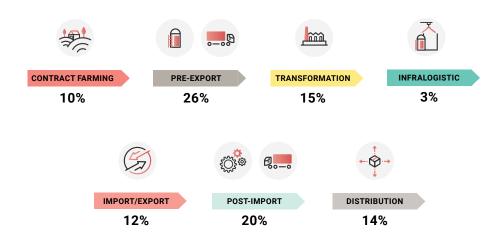


Figure 7: 2020 average figures by value chain segments



# OUR **IMPACT**JOURNEY



INOKS CAPITAL 2020/2021IMPACT REPORT OUR IMPACT JOURNEY

I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR IMPACT JOURNEY

#### **OUR IMPACT JOURNEY** August 2010 February 2009 INOKS Capital becomes a 2003 Deal of the year for signatory of the Principles support of smallholder Creation of July 2006 for Responsible INOKS Capital as Inception of the cotton farming in Investment (PRI) Commodity short term conflict-stricken Côte ■PRI Trading Advisor CSTF strategy d'Ivoire 2003 2006 2009 2010 . . . . . . . . . . . ••••• • • • • • • • • • September 2012 March 2012 March 2014 ESG/SRI due Inception of Inception of the Shari'ah-compliant diligence mid term DECO CSTF strategy strategy September 2019 INOKS becomes one of the first 75 adopters of 2014 2013 2012 the Operating Principles for Impact Management Operating Principles for October 2013 Mar - Dec 2019 October 2018 Incorporation of ESG/Impact requirements Development of **INOKS** achieves in legal agreements by establishing an INOKS' Impact Platinum Impact October 2019 ESG/SRI engagement letter Framework in Business Model October 2017 Affiliations to GIIN and March 2015 partnership with 2015 GIIRS Rating ESMS developed in Partnership with SSF networks 2017 Steward Redgueen partnership with SIFEM for CVCSI First impact **GIIRS** steward redqueen 7 OBVIAM report published 2016 2018 2019 2017 April 2017 Jun - Sept 2020 May - Sept 2020 May 2020 December 2016 April 2016 1st OPIM Independant First Soft CPs Development of INOKS' CFI Best Sustainable Alignment of INOKS' Impact developed for a cashew Verification by Steward Internal Impact Impact Hedge Fund E&S requirements Committee is Redgeen nut cashew nut Management Tool Manager Switzerland with IFC PS launched and processor in Tanzania steward redqueen Ouadia becomes INOKS' Impact advisor 2020 July 2016 Sustainability Policy to encompass INOKS' impact themes and implement March 2021 Jan 2021 - June 2021 ongoing impact assessments Compliance with Development of INOKS' Impact December 2021 alongside the existing ESG due the EU SFDR Scoring, Sustainable Agri and Compliance with diligence regulation Art.9 Climate Change Mitigation Indexes the EU Taxonomy 2021

# OUR IMPACT STRATEGY AND PROCESS



INOKS CAPITAL 2020/2021 IMPACT REPORT OUR IMPACT STRATEGY AND PROCESS

### OUR IMPACT STRATEGY AND PROCESS ALONG THE INVEST-MENT CYCLE

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

Our impact strategy is two-fold: Do Good (contribute to solutions that address specific sustainability challenges) and Do No Harm (mitigate the negative effects of investments on people and the planet).

To do so, assessments of risks and positive impacts are made at investee, country, commodity, and value chain level, and at different stages in the investment cycle – origination, pre-investment, post-investment:

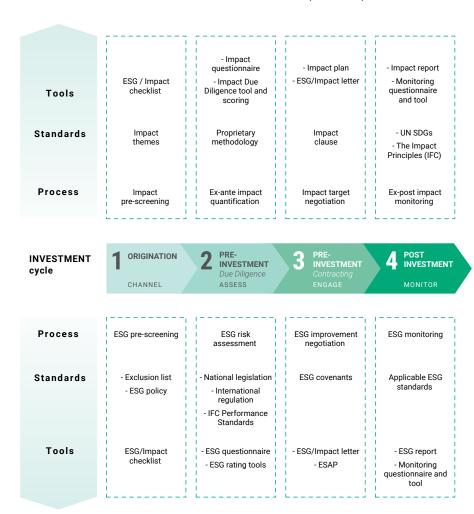
- Risks are assessed given their nature, location along the value chain and probability of occurrence.
- Positive impacts are assessed by considering the actual/potential positive and lasting change an investee can generate, through its activities and practices, in sustainable commodity value chains as well as across INOKS Capital's impact themes. INOKS Capital's contribution, impact, financial and non-financial additionality is also calculated and considered.

As part of its role as an impact and responsible investor, INOKS Capital also:

- Requires corrective actions at contract level and/or during the investment lifetime to be undertaken by investees when gaps are identified in risk management or areas could be improved. Examples of actions include requiring companies to extend their coverage of working contracts, introducing systems to monitor E&S indicators, offering Personal Protective Equipment to employees, reducing waste, or ensuring energy efficiency, among others.
- Contributes to unlock potential positive impact, notably through INOKS Capital Technical Assistance Program launched in 2020 in collaboration with Agora Global.

Our impact strategy is implemented at all stages of the investment cycle.

#### IMPACT MANAGEMENT (DO GOOD)



#### **ESG RISK MANAGEMENT (DO NO HARM)**

Figure 8:
Processes, standards and tools used to implement our Impact Strategy along the investment cycle

INOKS CAPITAL 2020/2021IMPACT REPORT PROCESS IMPROVEMENTS

I. INOKS CAPITAL AS AN INVESTMENT MANAGER PROCESS IMPROVEMENTS



Ukraine: rapeseed flowers blooming

#### PROCESS IMPROVEMENTS

ESG and Impact Management is an iterative process - tools are tested, improved, and reformulated based on lessons learned. We are pleased to introduce our main process improvements for the 2020-2021 period.



#### **IMPACT SCORING**

INOKS Capital has developed its own **impact** scoring to quantify the contribution of its investees towards its four impact themes (poverty reduction, food security, environmental quality, women empowerment). Impact scores are computed from the analysis of sixty **invest-ee-related impact** indicators and five macro/sectorial indicators (e.g. prevalence of undernourishment in the country, country's level of development).

Each investee receives a score between 0 to 5. The ex-ante impact score (due diligence) serves as a baseline and is then monitored over the course of the investment to track the evolution of impact.

#### IMPACT SCORING OBJECTIVES:

- Improving quantitative impact assessment to steer on impact at investee and portfolio level by clarifying INOKS' impact standards and requirements as well as minimum level of contribution.
- Increasing comparability across investments.

- Improving the monitoring of investment progress in achieving impact against expectations and/or baseline.
- Enabling reporting on INOKS' Sustainable Objectives in line with regulatory disclosure requirements (SFDR and EU Taxonomy).

#### SUSTAINABLE AGRICULTURE AND CLI-MATE CHANGE MITIGATION INDEXES

With the aim to strengthen our overall assessment methodology on non-perennial and perennial crop cultivation, INOKS Capital has developed and embedded two indices. The Sustainable Agriculture Index provides insights on the level of advancement of an investee regarding the implementation of sustainable agriculture practices and identifies areas of improvement. The Climate Change Mitigation Index, which is based on the analysis of agricultural practices (rather than the achievement of performance outcomes), gives an indication of the substantial contribution of an investee to Climate Change Mitigation. This index has been derived from the first version of the Technical Screening Criteria of the EU Taxonomy and will be refined according to the CAP guidelines.

INOKS CAPITAL 2020/2021IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER PROCESS IMPROVEMENTS



Ghana: smallholder farmers' training

	CATEGORY	SUB CATEGORY	Sustainable Agriculture Index Coverage	Climate Change Mitigation Index Coverage
POLICIES	Farm Sustainability Plan	Farm Sustainability Plan	✓	✓
	Crop Management	Crop rotation and soil coverage	✓	✓
		Minimise methane emissions for rice	✓	✓
		Prevalence of soil degradation	✓	✓
ACTIONS		Soil management and cropping practices	✓	✓
	Soil Management	Avoid or minimise soil compaction	✓	✓
		Minimise soil erosion	<b>✓</b>	✓
		Increase soil organic matter	<b>✓</b>	✓
		Limit tillage operations	<b>✓</b>	✓
	Nutrient management	Use of organic fertilizers	✓	✓
		Management of organic and synthetic fertilizers	✓	✓
	Biodiversity supportive practices	Maintain diverse vegetation	<b>✓</b>	✓
	Energy efficiency	Energy efficiency	×	✓
	Pesticides Management	Type of pesticides used	✓	×
		Appropriate pesticide management	<b>✓</b>	×
	Protection of carbon stock land	Crops not grown on land with high carbon stock	×	<b>✓</b>
DECLUTO	Farm yearly records	Farm yearly records	<b>✓</b>	✓
RESULTS	Independent verification	Independent verification	<b>✓</b>	<b>✓</b>

#### CORPORATE GOVERNANCE TOOL

Investing in growth stage businesses in emerging markets also implies a high level of governance-related risks. With this in mind, in 2020, INOKS Capital deepened its Corporate Governance Tool, aligning with the IFC Corporate Governance Guidelines for SMEs in order to finalise the INOKS' Environmental and Social Risk Identification Tool, based on IFC Performance Standards.

It notably further assesses the ability of a company to:

- Set up an internal structure enabling growth and ensuring continued operations over the long-term.
- Avoid reliance on an individual or small number of people, which may, in turn, threaten the continuity of operations over the short or long term (e.g. counterpower, succession plan).
- Mitigate corruption risks that may threaten 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).

#### INTERNAL ESG MONITORING REPORT

During the investment lifecycle, major ESG breaches are communicated to the Investment Committee on a timely basis, but in order to better follow the ESG breaches at portfolio level, a formalibled ESG monitoring report was introduced. The report can also form the basis of Engagement Action Plan campaigns at portfolio level when a topic is found to be an issue for several investees. These are detailed in an Engagement tool, and an engagement report is produced in line with the SFDR regulation, which is accessible on our website.

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR TECHNICAL ASSISTANCE PROGRAM



Brazil: sugarmill employee

#### **OUR TECHNICAL ASSISTANCE PROGRAM**

In 2020, INOKS Capital launched a Technical Assistance Programme, based on the *Lean System Approach*, in partnership with Agora Global. This new type of Technical Assistance aims to achieve sustainability and maximise the scale of impact through system change, while delivering Technical Assistance in an efficient manner that best suits the needs of INOKS Capital's managed Funds and the investees.

This programme has been divided into three main pillars:

	INCENTIVES & ADDITIONALITY	SYSTEM THINKING	TA DELIVERY
KEY ELEMENTS OF INOKS' TA PROGRAM	Alignment of interests	Understanding local context and root	Leverage local TA ecosystems
	Financial incentives	causes of the issue	Capacity building
DIRECT RESULTS	From passive to active recipients	Impactful and context- adapted TA initiatives	Sustainable change
TA LONG-TERM OBJECTIVE	Achievement of large-scale impact and lasting change: investees experience sustained benefits post-intervention		

#### **RETHINKING TECHNICAL ASSISTANCE**

This innovative approach seeks to address common pitfalls of technical assistance facilities.

Provision of free TA not valued by the investee or that does not fit for purpose.	Leverage 'right-sized' contributions from investees ensuring both engagement and incentive.
TA outsourced to experts, inhibiting the building or leveraging of local expertise.	Prioritise working with local expertise/TA providers, provide support to build capacity to ensure sustainability of impact.
Standardised models of TA which do not correspond to investees' incentives and capabilities.	Develop a flexible model that is evidence-based matching the type and intensity of support to the existing needs and capabilities of firms.
TA project conducted in isolation leading to market distortion and no learning applicable to other firms.	Conduct market analysis and landscaping of markets before providing TA. Include learning component.

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR TECHNICAL ASSISTANCE PROGRAM



Ukraine: field plots

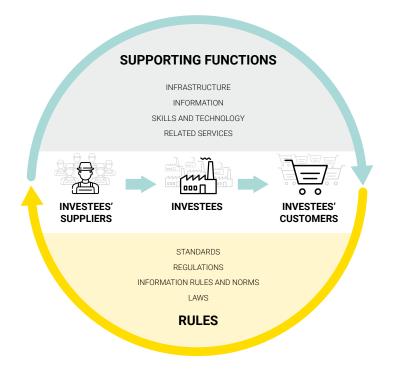
38

#### SYSTEM CHANGE

The Lean System Approach leverages systems thinking to design TA interventions.

Systems thinking is a holistic approach that assesses investees as part of a wider ecosystem and that helps to capture and understand how this system works and how components interrelate. Specifically, this framework helps to identify overarching systemic constraints by

undertaking a full review of supporting functions, formal rules and norms that affect a firm's performance and development outcomes. This approach can be used to o design efficient TA interventions that tackle the root causes of issues and constraints that impact the whole ecosystem, instead of just the symptoms, and, in turn, can ensure that positive outcomes are sustainable and more relevant over the longer term.



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# OUR **COMPLIANCE**WITH THE EU REGULATORY FRAMEWORK

INOKS CAPITAL 2020/2021IMPACT REPORT OUR COMPLIANCE



South Africa: bags are stored before delivery

## EUROPEAN UNION SUSTAINABLE FINANCE DISCLOSURE REGULATION ((EU) 2019/2088) AND TAXONOMY FOR SUSTAINABLE ACTIVITIES ((EU) 2020/852)

#### WHY TWO REGULATIONS AT ONE TIME?

The past year has been marked by new regulatory frameworks for financial actors that offer products to EU clients. They aim at providing a concrete definition of sustainable investment, to better frame the recent boom of financial sustainable products available in the market ((EU) 2019/2088), to enable greater transparency on the fulfillment of sustainable objectives within financial products, and finally to ensure the effective shift of capital towards the most positively impactful businesses and

tackle urgent worldwide environmental and social challenges ((EU) 2020/852).

The **SFDR** requires financial actors to **categorise their products depending on their level of sustainability**. Financial actors must then substantiate why and how this level is achieved.

The **Taxonomy reinforces the SFDR** with established regulatory technical standards that precisely define the level of sustainability of economic activities supported by the investments made by financial actors.

#### **TAXONOMY (EU) 2020/852**

Framework to shift capital toward defined sustainable activities



#### SFDR (EU) 2019/2088

Disclosure requirements to improve transparency of investments and avoid greenwashing

#### ARE INOKS FUNDS CLASSIFIED ACCORDING TO ARTICLE 7, 8 OR 9 OF SFDR?

The SFDR groups financial products into 4 categories:

Standard product	Product integrating <b>sustainability risks</b> into decision making and considering <b>adverse impact</b> of investments	Must comply with Art. 7 (+ 4,6 at IM level)
Product promoting E&S characteristics	Product <b>integrating</b> ESG considerations, selecting companies that <b>promote environmental or social characteristics</b>	Must comply with Art. 8 on top of 7 (+ 4,6 at IM level)
Sustainable Investment	Product integrating ESG considerations, selecting companies that promote <b>environmental</b> or <b>social characteristics</b>	Must comply with Art. 9 on top of 7 (+ 4,6 at IM level)
Out of scope	Product with <b>no consideration</b> of sustainability risks and impacts	-

INOKS Capital funds, managed in line with its two-fold Do Good / Do No Harm strategy, complies with **Article 9** of SFDR.

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR COMPLIANCE

I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR COMPLIANCE

INOKS' Do Good (Impact) strategy targets investment in companies that have measurable impact within one of INOKS' 4 Environmental & Social overarching impact themes (Poverty reduction, Food security, Environmental quality and Women empowerment).

INOKS' Do No Harm (ESG) strategy seeks to ensure that no harm is done across the other environmental and social factors, while also assessing that the investee is achieving a good level of corporate governance as a basis for good environmental and social practices.

#### HOW DOES INOKS CAPITAL DISCLOSE INFORMATION TO THE SFDR?

Based on INOKS Capital's long-standing track record in sustainable investment, it has been possible to quickly adapt to the SFDR requirements, whilst maintaining the INOKS' identity and approach as much as possible.

On our website, we have mapped INOKS' terminology to the SFDR.

As required, INOKS Capital publishes in its precontractual documents (prospectus), website and periodic reports the necessary information on the following:

- The integration of sustainability risks in investment research, selection processes and remuneration policies;
- The non-financial and potential adverse impacts of INOKS' investments;
- The definition of sustainable investments and the underlying sustainable investment objectives.

#### HOW DOES INOKS CAPITAL IMPLEMENT THE TAXONOMY AND ITS REGULATORY TECHNICAL STANDARDS?

The Taxonomy explains more precisely how sustainable objectives can be achieved. The first focus was to prepare a detailed set of criteria for the Climate Change Mitigation and Climate Adaptation objectives, and in 2021/22, a detailed set of criteria for the remaining 3 environmental objectives, as well as for social objectives.

- Climate change mitigation
- Climate change adaptation
- Transition to a circular economy
- Pollution prevention and control
- Protection of biodiversity and ecosystems

A sustainable investment product is understood to involve the investment in in economic activities (rather than practices) that have a substantial contribution to at least one of the 6 environmental objectives - as defined by the Taxonomy - and that do no harm towards the other objectives, on top of having minimum safeguards on social and governance issues. INOKS Capital has a long-standing commitment to following this type of approach.

As INOKS predominantly invests in agricultural industries, the relevant technical standards are followed - presently frozen while the EU Common Agricultural Policy is under negotiation - while also slightly updating the methodology to be fully compliant with the latest proposed amendments.



Figure 9: Summary of the alignment between INOKS Strategy and EU Requirements

A report presenting INOKS investments' alignment with the Taxonomy will be released in January 2022.

#### IS THE REGULATION APPLICABLE TO ASSET MANAGERS WITH A SOFT COM-MODITY FOCUS?

INOKS Capital believes that following the relevant regulations that target climate change mitigation and adaptation is especially crucial given the investment focus on first stage processors in the agribusiness value chain across emerging markets.

Indeed, agriculture – especially in emerging markets - is both a major contributor to and a victim of climate change:

- The food supply chain contributes 19-29% of global GHG emissions according to Eurostat<sup>1</sup>, and mostly at farm level (80-90%), depending on the practices and/or type of livestock farming and culture. For example, enteric fermentation, manure left on pasture, synthetic fertilisers and rice growing are the highest emitters.
- In contrast, agriculture is one of the most vulnerable sectors to climate-related events, which are set to increase dramatically as climate change worsens. A 2009 IFRI food policy report already stated the overall impacts of climate change on agriculture are expected to be negative, threatening global food security<sup>2</sup>.

<sup>1</sup> http://www.ec.europa.eu/eurostat/statistics-explainede/index.php?title=Archive:grienvironmental\_indicator\_greenhouse\_gas\_emissions

<sup>2</sup> http://www.unscn.org/web/archives\_resources/files/CC\_impact\_on\_agriculture.pdf

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR COMPLIANCE

- On top of this, populations in the developing world, which already experience the challenges of food insecurity, are likely to be the most seriously affected by climate change. In 2005, nearly half of the economically active population in developing countries 2.5 billion people relied on agriculture for their livelihoods<sup>3</sup>.
- ► Emerging markets generated more than a third of global food products (in value) in 2020⁴, representing major food providers for most economies especially because they are involved in the first stages of the food chain where value is low, but volumes huge.
- Emerging markets are also more prone to climate-related disasters than developed markets<sup>5</sup>, and their means to adapt to climate change is lower.

All these trends are likely to worsen if practices do not change, as the world **population is expected to grow to 10 billion people by 2050, food demand to grow by 50% thereby increasing pressures on the climate, the environment and society, even without considering the current trend of increased calorie intake per capita.** 

# ARE ALL AGRICULTURAL BUSINESSES SIGNIFICANTLY CONTRIBUTING TO CLIMATE CHANGE, ITS MITIGATION OR ENVIRONMENTAL DETERIORATION?

Major contributors to climate change in agriculture are at farm-level: livestock farming, no-

tably due to enteric fermentation and manure left on pasture (and not used as a fertiliser), tops the list. The rice farming sector, mainly due to a globally widespread highly emitting growing method, is the fourth worst contributor. Other GHG emission sources are highly related to the type of **agricultural practices** implemented (use of synthetic fertilisers, use of manure, organic farming, crop burning...).

**INOKS Capital,** investing predominantly in first stage processors rather than directly in farming, does not contribute substantially **to climate change** (and its potential mitigation).

However, considering that first stage processors are very close to farming actors, INOKS Capital seeks to minimise its indirect impact on climate change and support those companies that intend to and have the capacity to influence their supply chains regarding the implementation of practices supporting Climate Change Mitigation.

### WHAT ARE INOKS' CHALLENGES IN COMPLYING WITH NEW REGULATORY REOUIREMENTS?

INOKS Capital predominantly invests in SMEs across emerging and frontier markets, where companies are usually not subject to environmental and social transparency regulations, especially those that are climate related.

INOKS faced two main challenges while implementing the new regulatory requirements.



Accurate quantitative information is costly and sometimes impossible to collect.

Farming companies face issues in measuring GHG emissions: a key indicator of the EU Regulations.

The table of compulsory **Principal Adverse Impact quantitative** criteria, as required per Article 4 of SFDR, **continues to pose a challenge** for INOKS. Our teams are currently working with an agronomist to select the best accessible tool that could be used by our investees and bring them concrete information to further reduce their emissions and/or negative impact on the environment

Nevertheless, the Taxonomy Regulatory Technical Standards (for Climate Change Mitigation Objective) offer a **relevant analytical framework for the agricultural sector**: the framework provides the option to either demonstrate GHG emission reductions and increased carbon sequestration or to demonstrate the deployment of a specified bundle of practices that have been proven to substantially contribute to climate change. This is in line with INOKS' long-standing approach.

Impact evaluation of the relevant sustainability risks on financial performance

Evaluating the level of impact that relevant sustainability risks can have on the financial performance of INOKS Capital's managed funds is also a major task. INOKS built its investment strategy on the belief that the non-consideration or mismanagement of sustainability risks and adverse impacts resulting from investees' activities may lead to lower financial returns in the longer term (e.g. discontinued operations) and, on this basis, usually decides not to invest in such companies, if mitigation measures cannot be introduced.

It is however obvious, given the industry INOKS is invested in, that the sustainability risks (especially climate-related) are not negligible. Major exogen environmental risks and related adaptation practices are assessed during initial due diligences and discussions are currently undertaken to integrate them into the Funds' broader risk analysis, enabling clearer positioning along the risk-return spectrum.

<sup>3</sup> http://www.unscn.org/web/archives\_resources/files/CC\_impact\_on\_agriculture.pdf

<sup>4</sup> http://www.fao.org/3/cb0665en/cb0665en.pdf

<sup>5</sup> https://www.maalot.co.il/publications/gmr20140518110900.pdf

# 2020 IMPACT FIGURES



INOKS CAPITAL 2020/2021 IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER 2020 CSTF ACTIVITY



South Africa: manual sorting belt workers

50

#### **2020 CSTF ACTIVITY**

#### **OUR GLOBAL REACH**

34

353M

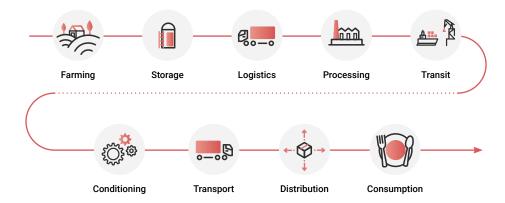
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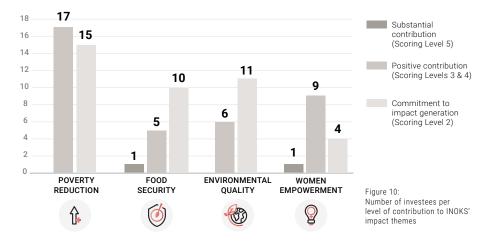
18

COMPANIES SUPPORTED CAPITAL DEPLOYED COMMODITIES FINANCED

COUNTRIES REACHED

#### **ACROSS ALL VALUE CHAIN SEGMENTS**







Kazakhstan: freshly harvested barley

#### **OUR INVESTEES' IMPACT ACROSS THE SDGS<sup>1</sup>**

#### 1 POVERTY REDUCTION



In 2020, we channelled more than **80%** of our capital towards Emerging and Frontier markets. With this impact theme, we seek real contributions towards reducing the number of people living below national poverty line and building resilience among vulnerable communities through gainful employment, decent jobs, and safe and secure working environments.





#### **INCLUSIVE ECONOMIC GROWTH**

Direct jobs supported

**19,051** +17 % vs 2019

% local employment

**83%** of employees

65%

es of managers

hired from the local communities +18% and +33% respectively vs 2019

% employees paid above minimum wage

90%

-5% vs 2019

% employees trained

53%

-30% vs 2019

**Total revenue** 

Total revenue generated for Smallholder Farmers

USD 1,482,123,154

USD 78,821,972



#### **Contribution to community development**

5

investees have a medium to high contribution to community development Community projects include:

On a projects include:
On a projects include:

Investment into numerous social and health projects

Creation of farmers cooperatives to help structure

local agricultural value chains

Training and assistance provided to local farmers to improve value chain efficiency

<sup>1.</sup> Below data is collected from 30 counterparties featured in the CSTF portfolio in 2020

INOKS CAPITAL 2020/2021IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR INVESTEES' IMPACT ACROSS THE SDGS



South Africa: farmers work in the field

#### 2. FOOD SECURITY



In 2020, 85% of our financing directly supported companies engaged in the agricultural sector (including, agricultural production, processing, trading, or the provision of agri-inputs). Through this impact theme, our aim is to increase food availability and access through improved agricultural productivity, resilient agricultural practices, local and sustainable food production systems, and efficient channels of food trade.



#### FOOD AVAILABILITY

#### Agricultural yields

#### +7%

increase in agricultural yield for main crop produced across all INOKS investees on average

#### **Training to farmers**

#### 80%

of smallholder farmers (18'681) trained and provided with technical assistance

+20% vs 2019

#### Staple food production

**61,000 MT** of staple crops produced (rice, maize, wheat...)

#### Local staple food availability

#### 95%

of staple food produced or traded by INOKS' investees are locally sold

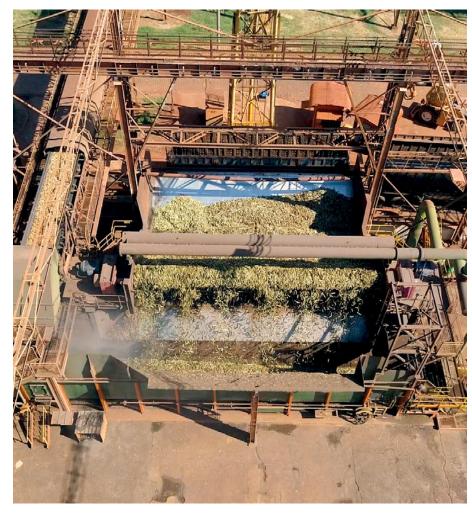


Smallholder farmers reached (< 15Ha)

22,512

INOKS CAPITAL SA @2021 54 55

I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR INVESTEES' IMPACT ACROSS THE SDGS INOKS CAPITAL 2020/2021IMPACT REPORT



Brazil: sugarcane processing

#### **ENVIRONMENTAL QUALITY**



We support companies that contribute to climate change mitigation through the implementation of sustainable agricultural practices (agriculture being one of the eligible sectors to the EU Taxonomy), sustainable management and efficient use of natural resources, and waste reduction through prevention, recycling, and reuse.

#### SUSTAINABLE PRODUCTION

#### **Environmental policy in place**

investees have an environmental policy in place +29% vs 2019

of total portfolio water consumption was recycled in 2020

#### **Resource efficiency targets**

investees have set up clear targets to improve resource efficiency (water and energy efficiency and/or waste reduction targets

#### % water consumed recycled

29%

#### % waste generated recycled or reused

95%

of total portfolio waste generated in 2020 was reused or recycled

#### Influence over supply chain

14

investees have medium to high influence over their supply chain to improve sustainable practices among suppliers of raw materials



#### **CLIMATE CHANGE MITIGATION**

#### **Climate change mitigation measures**

38%

of our investees active in agricultural production established appropriate agricultural practices to reduce GHG emissions (no or reduced tillage, increased soil organic matter, use of organic fertiliser, shallow flooding, etc.).

#### No financing of livestock

USD 0

invested in livestock, the main agricultural sub-sector that contributes to climate change.

#### Renewable energy

95%

of the total energy consumed by 2020 portfolio's companies was from renewable sources (mainly sugarcane-based ethanol, the biofuel with the lowest WTW GHGs emission profile able to replace gasoline).

+21% vs 2019

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Brazil: sugarmill employee

#### **4** WOMEN EMPOWERMENT



Through this impact theme, our financing targets companies that contribute to increase women's full and effective economic participation (at both company and value chain levels) and/or ensure women's equal opportunities for ownership or leadership at decision-making level.



#### WOMEN ECONOMIC PARTICIPATION

#### Direct jobs supported for women

1,862

-16% vs 2019

#### % women-employed enterprises

(2x Challenge Criteria)

16%

of INOKS' investees have at least 30% of women in the workforce and 25% in middle and senior management.

#### Female smallholder farmers reached

4,125

female smallholder farmers reached, accounting for 18% of total SHF

-43% vs 2019

#### Training to female smallholder farmers

74%

of female SHF received training +15% vs 2019



#### WOMEN OPPORTUNITY FOR LEADERSHIP

% women in senior management

17%

Average % women in board of directors

2%

% women-owned enterprises

(2x Challenge Criteria)

20%

% women-led enterprises

(2x Challenge Criteria)

16%

INOKS CAPITAL 2020/2021 IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR CONTRIBUTION

#### **OUR CONTRIBUTION**

#### **PUTTING THINGS INTO PERSPECTIVE...**

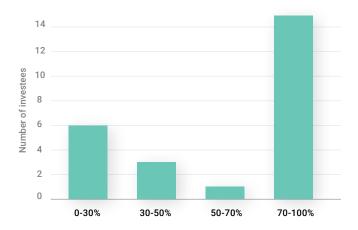


Figure 11: INOKS Capital's financing contribution to investee vs other financiers

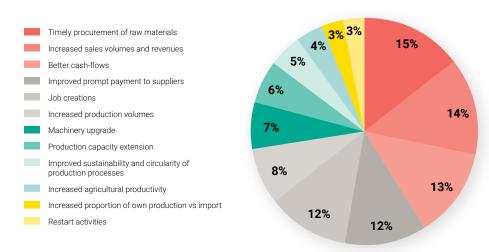


Figure 12: Achievements directly attributed to INOKS' financing

60

#### FINANCIAL ADDITIONALITY

#### Grow new or undersupplied capital markets

In 2020, investments were made in **15** Emerging Markets and **15** Frontier Markets, in which access to capital is often limited for agribusinesses

#### No other available funding

In 2020, INOKS Capital supported **16** companies that had previously faced barriers in access to finance

#### Additional funding

INOKS Capital's financing helped **8** counterparties to access additional funding

#### **NON-FINANCIAL ADDITIONALITY**

- Ongoing dialogue with counterparties to monitor and improve Impact and ESG performance
- ▶ 13 Environmental and Social improvement actions required (as part of Environmental and Social Action Plans):

IFC Performance Standards	PS1	PS2	PS3	PS6
# improvements required	3	5	4	1

- 1 pilot project of Technical Assistance (mini-market systems analysis to understand the production and sale of groundnuts in South Africa and suggest initiatives to overcome the supply side constraints)
- 1 UTZ certification financed for an investee active in cocoa processing in Côte d'Ivoire

INOKS CAPITAL 2020/2021 IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER IMPACT STORIES



South Africa: growing groundnuts

#### IMPACT STORIES: BOOSTING GROUNDNUT PRODUCTION IN SOUTH AFRICA THROUGH INOKS TECHNICAL ASSISTANCE PILOT PROJECT

#### THE CHALLENGE

Groundnut is an important cash crop for commercial and smallholder farmers in South Africa. However, the groundnut industry in South Africa is facing substantive challenges: groundnut production is decreasing and local processors are put under pressure from increased competition from imported groundnuts and imported processed groundnut products (peanut butter, roasted peanuts).

In 2020, INOKS Capital decided to provide a 3 USD million financing line to PANX, a groundnut processing company in South Africa, and to set up a Technical Assistance Facility to identify initiatives that PANX could implement to solve the supply issue, in alignment with its financial and business incentives as well as INOKS' social impact objectives.

#### MARKET SYSTEM ANALYSIS: UNDER-STANDING THE ROOT CAUSES OF THE ISSUE

As a first phase of the Technical Assistance Pilot project, Agora Global conducted a market system analysis through secondary research and direct interviews with key stakeholders of the groundnut value chain in South Africa (smallholder farmers, factory owners, factory managers, government extension officers, market representatives, commercial traders, etc.). A key aspect of the analysis was to think about challenges and opportunities in a systemic way recognising that each stakeholder

can simultaneously influence and be influenced by the system in which they operate.

The market analysis highlights key challenges faced in the groundnut industry at production level (e.g. groundnut as a high-risk (greater vulnerability to extreme weather events), high-cost (capital and labour intensive), but high-return crop) as well as processing level (difficulty in accessing reliable bulk producers, high transaction costs from sourcing from small-scale farmers, low trust from farmers regarding grading services and contracting, etc.). The report also identifies key constraints by considering supporting functions (coordination, input supply, skills, mechanisation, grading system) as well as norms and rules (trust, land, pricing, trade and tariffs). This analytical framework has allowed Agora Global to identify the root causes of the problem, not solely the symptoms, and to suggest a set of intervention areas that would address the issue while delivering sustainable and industry-wide positive benefits.

INOKS CAPITAL 2020/2021 IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER IMPACT STORIES

#### INTERVENTIONS IDENTIFIED

A set of intervention areas have been developed considering the level of investment required, implementation timeframe, potential for direct development impact and for direct commercial returns.

Potential intervention areas	Level of Investment required	Implementation timeframe	Potential for direct dvpt impact	Potential for direct commercial returns
Development of a small-scale farmers' outgrower scheme	HIGH	Long (3-5 years)	HIGH	HIGH
Development of other outgrower models	MED	Long (3-5 years)	HIGH	HIGH
Improving information exchange in the industry	LOW	Short (1-2 years)	MED	MED
Strengthening grading services	MED	Short (1-2 years)	MED	MED
Increasing access to high-quality cultivars	LOW	Long (3-5 years)	HIGH	HIGH
Improving industry coordination	LOW	Medium (2-3 years)	LOW	LOW
Improving transparency in contracting and pricing	LOW	Medium (2-3 years)	MED	HIGH
Advocating for a right-sizing of the import tariff regime	LOW	Medium (2-3 years)	MED	HIGH
Increasing access to mechanisation for farmers	MED	Short (1-2 years)	HIGH	MED
Increasing access to finance	MED	Short (1-2 years)	HIGH	MED

#### **NEXT STEPS**

Four interventions have been selected by PANX and INOKS Capital:

- 1. Grading
- 2. Contracting and prices
- 3. Information exchange
- 4. Smallholder farmer outgrower scheme

One Sustainability Manager will be recruited at PANX to implement the various initiatives. Agora Global will support the implementation phase through trainings and tailored interventions.



South Africa: Farmers' Open Day

# NOT DOING THINGS ALONE



INOKS CAPITAL 2020/2021IMPACT REPORT OUR IMPACT COMMITTEE

#### **OUR IMPACT COMMITTEE**

#### INTRODUCTION

It is with great pleasure that I was able to participate again this year on behalf of Quadia, as well as an investor, in the work of INOKS Capital in its aim to generate impact and I, myself, have borne witness to noteworthy progress. Where several funds are content to meet SRI and ESG exclusion criteria, INOKS Capital was already, in its first Impact report published in 2016, highlighting its investment requirements around food security, environmental quality and poverty reduction, thus formalising the intentionality of its strategy to generate positive impact. INOKS Capital also spoke of Regenerative Economy, this same framework that was evoked during the presentation of the European Green Deal by President Ursula Von der Leyen, i.e. "an economy that is able to give back more than it takes1". With the SFDR regulation and the new European Taxonomy aiming to increase the transparency of Asset Managers' intentions regarding the integration of sustainability considerations, it is guite logical that INOKS Capital responds to SFDR Article 9 applying to funds that have sustainable investment objectives with a positive impact.

In this Impact Report, INOKS Capital's teams clearly explain their positioning and connection with the new regulations. Again, this is not a new fund launched to meet new regulatory requirements, or a fad or a new market, but a conviction rooted in the heart of INOKS Capital's vision (Do Good/Do No Harm) and activity for over 10

years to serve the needs of the real economy and SMEs, which is gaining wider recognition. At a time when some ESG products on listed markets are being questioned<sup>2</sup>, INOKS Capital's willingness to deepen its support to companies with technical assistance programs demonstrates that finance and fund management can work for a better world, while ensuring a stable and more than satisfactory financial performance for its investors. When this is done primarily within a sector as vital as agricultural production, then optimism can emerge about the ability of all of us to transform our economy.

The essential step for real success is to make sure that the financed companies understand that the creation of positive impact, implying the collection of extra-financial data to be analysed and criteria to follow in order to obtain financing, is not a new constraint but, in essence, forms the backbone of a strategy that will allow them to develop sustainable and local activities along the entire value chain and in each of their respective countries.

To conclude, let's all remember what JM Keynes said "The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds"

Aymeric Jung, Quadia



Ghana: cotton field

 $<sup>1\ \</sup> Keynote\ speech\ by\ President\ von\ der\ Leyen\ at\ the\ World\ Economic\ Forum,\ Davos,\ January\ 2020\ https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\_20\_102$ 

<sup>2</sup> BlackRock Tariq Fancy, procès DWS https://medium.com/@sosofancy/the-secret-diary-of-a-sustainable-investor-part-1-70b6987fa139

INOKS CAPITAL 2020/2021IMPACT REPORT I. INOKS CAPITAL AS AN INVESTMENT MANAGER OUR IMPACT COMMITTEE

# FINANCING THE NECESSARY AGRO-ECOLOGICAL TRANSITION TO INCREASE THE RESILIENCE OF OUR SOCIETIES: TOWARDS A REGENERATIVE AGRICULTURE

If we have to remind ourselves of the climate emergency, in addition to this summer's major fires, the summary of the latest IPCC report urges us to mobilise more than ever to limit global warming and its social and economic consequences. It is no secret that agriculture is currently responsible for a large proportion of GHG emissions (24% worldwide according to the FAO. 15% of which is linked to intensive livestock farming). However, another form of agriculture, regenerative agriculture or agroecology, is now one of the major solutions for increasing the resilience of territories and combating the effects of climate change. To define it simply, regenerative agriculture produces healthy food and renewable raw materials through the implementation of practices that respect people and the land, which notably allow for soil regeneration, carbon capture, biodiversity preservation, and the de-pollution and limitation of water use.

Already implemented and tested by many pioneers around the world, the challenge of scaling up is crucial, even decisive, in order to respond to current societal and climate challenges. This scaling up will only happen under two major conditions. The first is that this type of agriculture puts the farmer back at the heart of the model and allows him or her to make a good living (in France, one third of farmers earn €350 per month¹): young people must be persuaded to want to become farmers again. The second

is that investments and funding be deployed throughout the value chain in order to support projects or companies that wish to replicate and deploy this model.

For example, in the upstream agricultural value chain segment, a number of financing initiatives are being developed to support farmers. Firstly, the financing of training and support for farmers in these new practices (soil conservation, introduction of intercrop cover, no tillage, etc.). Then, an improved approach to sharing risk-taking in order to support to farmers during the conversion period towards agroecological practices (in case of yield loss, or trial periods/ deployment, for example). Finally, the financing of the land and access to the land (for example: collaborative model, conditional on the implementation of virtuous practices). More generally, it would seem relevant to develop loan offers for farmers that are conditional on the project and practices implemented in order to support the efforts towards regenerative agriculture.

As part of this transition, new actors are positioning themselves to facilitate the transition, and their development will be necessary. For example, in the following areas: development of equipment and technologies in line with agro-ecological practices (multi-grain seeders, optical dryers and sorters allowing different varieties to be sown and harvested), biocontrols and soil life, technological solutions facilitating the management of agricultural practices (scanning, GPS, applications, etc.) and facilitating the linking of actors.

At the downstream level of the value chain (agri-food companies active in processing and distribution activities), it is the responsibility

of financing actors to make their financing conditional on strict environmental, social and economic criteria that ensure that these companies favour the emergence of this type of agriculture, while ensuring a fair distribution of the value, particularly the final remuneration of the producer. These companies, which are often eager for change and driven by consumer demand, will also need support and financing to structure sustainable supply chains, based on raw materials from regenerative agriculture, reduce their own ecological footprint and contribute to local carbon neutrality.

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Virginie Bernois, March5



Kazakhstan: freshly harvested lindseeds

1 2017 study from the MSA (Mutualité Sociale Agricole)

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INOKS CAPITAL 2020/2021IMPACT REPORT OUR IMPACT COMMITTEE

#### JUSTICE AND ECOLOGY

We are entering a very special moment in the field of ecology. We are first approaching the hard part of the difficulties, and this in a paradoxical social and political context: it juxtaposes strong eco-anxiety, declarations of intent, denials that are just as powerful, and a lack of progress in terms of ecological efficiency. Justice in this context sometimes plays a surprising role.

While the IPCC has long communicated about the dangers of climate change towards the end of the century, we are already facing severe consequences of climate change. In the northern hemisphere, we have experienced temperatures approaching 50°: 49.6° in Lytton (Canada) in July 2021, 48°C in Verkhojansk (Siberia) and, much further south, 48.7 near Syracuse (Sicily). 50°C may be reached repeatedly in inhabited areas of India. Australia, or Iran, and not exclusively in deserts. Heat waves and droughts, extreme floods, mega-fires and irregular weather patterns are challenging our food production capacity. We are running out of durum wheat for the first time on a global scale. Rising seas will submerge inhabited land for millennia. Humid heat, i.e., heat combined with high humidity that prohibits the regulation of body temperature by sweating, will make other, increasingly large areas uninhabitable. This phenomenon, which is feared at best for the period after 2050. occurred this summer in Jacobabad. Pakistan. and in Ras Al Khaimah, in the Persian Gulf, And we are only at the beginning of a crescendo: the average temperature has risen by 1.2° and we could see years of more than 2° as early as the 2040s.

At the same time, the political and social landscape is confusingly apathetic. It should be remembered that global greenhouse gas emissions have been rising steadily up to now. The decline due to Covid in 2020 (-7%) is expected to be more than offset in 2021 by a projected increase in emissions. The public policies put in place are not leading to tangible improvements. No reduction in our energy consumption can be seen on a global scale. We continue to pile up energy from different sources. In terms of greenhouse gas emissions, despite the development of renewable energies, G20 emissions in 2019 have only fallen by 0.1%. At the same time, governments are announcing their intentions to reduce emissions as early as 2030. and several intend to become carbon neutral by 2050; these are significant commitments, but there is nothing to substantiate them at the moment. In addition to this is the denial of ecological and climate issues displayed notably by many Western political leaders. Climate denialist forums even flourished when the IPCC's AR6 report on the physical basis of climate change was published in August. At the same time, a devastating eco-anxiety is gripping the world's youth, from the Philippines to Nigeria, India, the US and Europe, as evidenced by a study published by The Lancet1.

In this context it is interesting to note the important role now played by major courts. The first institution to rule on the climate was the Dutch Supreme Court, which ruled in favour of the Urgenda collective and obliged the Dutch government to increase its emission reduction targets (decision of 20 December 2019). Several European courts of first instance (France

and Switzerland) have recognised the state of climate necessity claimed by activists. On 19 November 2020, the Conseil d'Etat, in the dispute over climate deficiency between the town of Grande-Synthe and the government - a town ioined by Paris. Grenoble and the Association Notre Affaire à Tous - ruled in favour of the former Mayor of Grande-Synthe, Damien Carême. In the Affair of the Century case between the Association Notre Affaire à Tous and the government, also in the field of climate change. the Paris Administrative Court also ruled in favour of the Association (decision of 3 February 2021). In the spring of 2021, the Council of State gave the French government a few months to publish the roadmap that would enable it to reach the target of minus 40% of national emissions to which it has committed. Spectacularly. the decision of the Federal Constitutional Court in Karlsruhe, in the name of future generations alone (ruling of 24 March 2021), to go beyond the European Parliament's commitment to a 55% reduction in direct emissions enshrined in federal law. The Merkel government has responded with a reduction target of minus 65%.

These decisions can be compared with those of major international agencies, also at a distance from direct political levers. The European Environment Agency, in a recent report<sup>2</sup>, states that drastically fewer objects should be produced and less infrastructure built. "Maintaining this position does not have to depend on economic growth. Could the European Green Deal, for example, become a catalyst for EU citizens to create a society that consumes less and grows in other than material dimensions?". The International Energy Agency did not hesitate in May

2021 to state that all exploitation of new hydrocarbon deposits should be stopped, while in 2018 it was worried about a possible shortage of liquid oil within the decade.

We have entered the final environmental decade, which is crucial both to avoid breaking the 2°C ceiling and to halt the descent into hell of global biodiversity. We are entering this decade in an order of battle that is, to say the least, scattered.

Professor Dominique Bourg

#### IMPACT COMMITTEE MEMBERS

Dominique Bourg (President), Aymeric Jung (Quadia), Virginie Bernois (March5), Nabil Marc-Abdul Massih (INOKS Capital), Ivan Agabekov (INOKS Capital)

<sup>1</sup> https://papers.ssrn.com/sol3/papers.cfm?abstract\_id=3918955

<sup>2</sup> https://www.eea.europa.eu/themes/sustainability-transitions/drivers-of-change/growth-without-economic-growth

INOKS CAPITAL 2020/2021IMPACT REPORT TOGETHER WITH OUR INVESTORS

I. INOKS CAPITAL AS AN INVESTMENT MANAGER TOGETHER WITH OUR INVESTORS



Namibia: growing maize



Kyrgyz Republic: pile of beetroots

#### **TOGETHER WITH OUR**

#### **INVESTORS**

# WHAT ARE SUSTAINABLE INVESTMENTS AND HOW TO AVOID "GREENWASHING"?

Just as the growth of ESG/Impact investments is taking off, there are some clouds appearing on the horizon, raising questions about sustainability claims of investments.

One of the first questions one could think about is how to define "sustainable investments". Is it a pathway to a more sustainable and inclusive world, should it address at least one of the SDGs, or is it sufficient just to exclude certain activities/sectors?

The question already shows there is not one straightforward answer. Most investments labelled "sustainable" offer an ESG approach, which usually means applying negative screening/exclusion of certain activities/sectors. The "common public opinion" seems to go beyond that and actually goes more hand in hand with an "impact" approach, which goes at greater length to incorporate clear Impact goals and aims to strive for positive change in the underlying investment companies and contribute to solve pressing environmental and social issues. Public debate seems divided on these issues and definitions, which need to be clearly addressed and reflected in the communication to investors.



South Africa: peanuts out of the ground



Ghana: Operation manager in rice field

INOKS CAPITAL 2020/2021 IMPACT REPORT TOGETHER WITH OUR INVESTORS

I. INOKS CAPITAL AS AN INVESTMENT MANAGER TOGETHER WITH OUR INVESTORS

# SOME TIPS ON HOW TO ANALYSE POTENTIAL INVESTMENTS TO DETERMINE THEIR LEVEL OF SUSTAINABILITY

- Is there a long-term strategy to encompass sustainable goals? Is this strategy led by senior management? Are there dedicated employees specializing in these areas?
- 2. How is the sustainable investment strategy embedded in the investment process and are there clearly defined processes and responsibilities?
- **3.** What is the track record or performance on these goals?
- 4. What level of disclosure and transparency on policies, Impact Management Systems, and reporting is available to investors?
- **5.** Are external verifications conducted on the approach, framework, and reporting?

- **6.** Is the investment manager affiliated to or partnered with leading industry networks?
- 7. Does the investment manager have its products qualified as SFDR Art. 9? What is the proportion of investments aligned with EU Taxonomy objectives?
- 8. How does the investment manager interact with their investee portfolio counterparties when it comes to improving compliance with international standards, mitigating ESG risks, or improving contributions to Impact goals through, for instance, engagement actions or technical assistance programs?



Namibia: corn kernels unloaded from truck

# WHAT VALUE SHOULD BE ATTACHED TO SUSTAINABLE INVESTMENT APPROACHES?

The popularity and growth of ESG/Impact investments makes it tempting for asset managers to jump on the bandwagon and present a responsible and eco-friendly image. In the current "SSF - Swiss Sustainable Investment Market Study 2021", among the various sustainable investment approaches, the "impact segment" displays the highest growth rate with 70% on a year-on-year basis. It is however in the interest of investors, our planet and, ultimately, also the asset managers who should aim to protect their credibility over the long-term and prove their integrity.

One other aspect to consider is what importance should be attached to the sustainability elements in one's analysis. There are obviously other areas of importance, especially financial aspects like credit risk and growth, where investment managers and allocators need to ensure they comply with the fiduciary duty to their investors and the entrusted capital.

This is potentially one of the reasons why impact investments are still a small proportion, albeit growing, of today's investment portfolio. Investing in developing markets (where a lot of Impact-labelled investments can be found) and in sectors such as agri-food offers lots of potential for achieving impact and attractive financial returns, but is also often perceived as a high risk investment. The cocoa beans unfortunately do not grow in Switzerland, even though the Swiss market is a major consumer of them...

We would like to extend the invitation to investors who are seriously interested in changing the world and making conscious investment

decisions, to reflect on the question "what weight are you giving "impact" considerations compared to other aspects in your investment"?

# ARE THERE APPROACHES AVAILABLE TO MAKE INVESTORS COMFORTABLE IN OPTING FOR "HIGHER" RISK?

Given the growth of the impact sector, there is a **need for standards and regulation** to provide investors and asset managers with uniform guidelines in how to better their processes and transparently communicate to investors and agree on "what are the most urgent goals we need to focus on". This standardisation is ideally conducted at an international level. In that respect, countries like Switzerland and the European Union can be thought leaders, even if they are only responsible for a small share of CO2 emissions globally.

At INOKS Capital, we believe that impact investments are here to stay and will hopefully be considered as the norm going forward. With that in mind, we invite everyone to help contribute to and embrace the environment of rules and regulations and, finally, invite the investor to make it happen with their conscious choices.

Ursula Nitschke, INOKS Capital Global Head of Marketing and Investor Relations

INOKS CAPITAL 2020/2021IMPACT REPORT OUR PARTICIPATION IN THE ECOSYSTEM

# OUR PARTICIPATION IN THE ECOSYSTEM

#### CONFERENCES

This year, our team participated in various conferences to discuss the challenges and opportunities of sustainable agricultural value chains and alternative finance:

25.02.2020

AIMA & SFAMA, Zurich:

Swiss Investing Forum

09-10.06.2020

**ALTERNATIVE CREDIT COUNCIL, Online:** 

Global Virtual Summit

25.06.2020

GIIN, Online:

Blended Finance Working Group

30.06.2020

GIIN, Online:

Financial Performance Working Group

28.07.2020

GIIN R3 COALITION. Online:

Food Security

03 09 2020

GENEVA FORUM FOR SUSTAINABLE IN-

**VESTMENTS**, Geneva: Discussions about impact measurement, carbon footprint and intensity and engagement with investees

07-08-09.09.2020

SUPER CREDIT EUROPE CONFERENCE,

Online

09.09.2020

**OPALESQUE, Online:** 

Strategies with Covid 19-Immunity

06.10.2020

AIMA. Online: Global Investor Forum

06-16.10.2020

GAINING THE EDGE VIRTUAL CAP

INTRO, Online

06.10.2020

GIIN, Online: Member Meeting Switzerland

26-27.10.2020

SIIA, Online: Impact Summit

18.11.2020

**IFZ**, Online: Sustainable Investments Study of the Lucerne University of Applied Sciences and Arts

#### **AWARDS**

In 2020, INOKS Capital was awarded 'Best Sustainable Impact Hedge Fund Manager Switzerland' by CFI.co, an independent business magazine. INOKS was honoured to receive the HFM European Performance Awards 2020 for 'Best Credit Long Term Performance (5y) under \$500m'. INOKS was also placed within the 'Top10 Recognition Award for Exellence' from BarclayHedge in the category Fixed Income/ Asset Backed Loans. Last but not least, INOKS was included in the Top50 Impact Assets Managers from ImpactAssets.

#### **ECOSYSTEM PUBLICATIONS & REPORTS**

INOKS Capital also contributes to and/or sponsors differents publications and reports to raise awareness about impact investing and encourage industry improvements. In 2020/21, INOKS participated in:

- Swiss Sustainable Investment Market Study, SSF
- **≪** Annual Impact Investor Survey, GIIN
- Impact Investing Decision-Making: Insights on Financial Performance, GIIN
- ✓ PAIF Report, Symbiotics and Canopy
- Video for the Implementation of the IFC Operating Principles for Impact Management, IFC
- Financing the Economy 2020: The role of privcate credit managers in supporting economic growth, ACC

- Growing Impact New Insights into the Practice of Impact Investing, IFC
- ✓ IFZ Sustainable Investments Study 2020,
  IF7
- 2020 Preqin Global Private Debt Report, Preqin

#### **ECOSYSTEM CONSULTATIONS**

In 2020/21, our team also participated in various consultation projects, such as:

- SSF Action Plan for Sustainable Finance,
- SECO Workshop Swiss Impact Finance Initiative. SECO
- European Comission renewed sustainable finance strategy, SSF
- SSF consultation response to Swiss Action Plan for Sustainable Finance, SSF
- SSF consultation response to Federal
  2030 Sustainable Development Strategy,
  SSF

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR PARTICIPATION IN THE ECOSYSTEM

#### **AFFILIATIONS**



ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION (AIMA) www.aima.org/about.html



SUSTAINABLE FINANCE GENEVA (SFG) www.sfgeneva.org



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



EUROSIF www.eurosif.org



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



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



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



GLOBAL IMPACT INVESTING NETWORK (GIIN) www.thegiin.org



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



IA 50 MANAGERS (IA) www.impactassets.org



SWISS IMPACT INVESTMENT ASSOCIATION (SIIA) www.siia.ch



ALTERNATIVE CREDIT COUNCIL (ACC) www.acc.aima.org

#### **PARTNERS**

QUADIA CAPITAL REGENERATED

QUADIA www.quadia.ch



SIDRA CAPITAL www.sidracap.com



STEWARD REDQUEEN www.stewardredqueen.com



AGORA GLOBAL www.agoraglobal.org

#### **DONATIONS**







CIVITAS MAXIMA https://civitas-maxima.org/fr/

FONDATION ARCHE DES ABEILLES https://www.mielsdestephanie.ch/

LEADERS POUR LA PAIX https://www.leaderspourlapaix.org/

# INOKS CAPITAL AS A COMPANY

# **OUR** GOVERNANCE



84 INOKS CAPITAL SA ©2021

#### **OUR GOVERNANCE**

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

#### **COLLEGIAL MANAGEMENT**

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

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

#### **BOARD OF DIRECTORS**

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The Board of Directors comprises 6 members, 2 are independent, 2 represent shareholders, 2 are executives. Skills, experience, cultural and international backgrounds are **well-balanced**, enabling comprehensive supervision and guidance of INOKS Capital's 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	М	Chairman	Representing minority shareholder	1969	2013	Engineering, Investment, Development	Europe
Olivier Nicod	М	Vice Chairman	Independent	1978	2014	Compliance, Business law	Asia
Muhammad Currim Oozeer	М	Member	Non independent (Sidra Capital)	1971	2013	Finance	Europe
Philippe Perles	М	Member	Independent	1961	2019	Sales, Consulting, Investment	America
Nabil Marc Abdul-Massih	М	Executive Member	Majority shareholder	1975	2009	Commodities, Investment	Asia
Ivan Agabekov	М	Executive Member	Non independent	1978	2012	Commodities, Investment, Law	Europe

The Board of Directors meets at least four times a year. In 2020, it met four times with **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** ensures that all staff members' decisions comply with both national / sectorial regulations, directives and internal rules.

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

In 2020-2021, 80% of our employees attended the annual anti-money laundering (AML) and cross-border activities trainings provided

by Ochsner & Associés, **81% of employees** from investment, risk and operations departments were **trained on risks associated with commodity trading finance in Africa,** provided by Hansuke Consulting London.

In addition, all employees received cyber security training by Kyos in January 2021.

#### **EXTERNAL AUDITORS**

PwC has conducted an annual audit of financial statements since 2012 and the prudential audit since 2015. No consulting missions are undertaken by our auditor to avoid conflict of interest.

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

FOCUS AREAS	MATERIALITY / PRIORITY	2020-2021 INVENTORY	2022 OBJECTIVES
GENDER EQUALITY	High	No women at Board level.	HR Policy amended to favor - at equal skills - election of women for Management and Board Levels' engagement or promotion.
AML TRAINING	High	80% of employees attended the AML training.	100% attendance.
EMPLOYEE OWNERSHIP	Low	33% of top managers currently owners.	Based on company Strategic growth milestones achievements, principals consider allowing access to the company's capital structure to all executive committee members.

Figure 13: INOKS Capital's 2022 internal objectives

# WE VALUE OUR TEAM



INOKS CAPITAL 2020/2021IMPACT REPORT UI. INOKS CAPITAL AS A COMPANY WE VALUE OUR TEAM

#### **WE VALUE OUR TEAM**

INOKS Capital is a team of 24 professionals based in Geneva (Switzerland), Zurich (Switzerland), Abidjan (Côte d'Ivoire) and Johannesbourg (South Africa).

### WE ARE A MULTI-CULTURAL AND MULTI-DISCIPLINARY TEAM

As of December 2020, our team comprises more than 10 different cultural backgrounds, and countless years of experience with the commodities sectors and frontier & emerging markets.

Number of countries of origin: **10**Number of people working from INOKS
Capital's representation office in regions of investment: **4** 

# WE PROMOTE YOUTH PROFESSIONAL DEVELOPMENT OPPORTUNITIES

INOKS capital is focused on students training and has started welcoming young apprentices on a mid-term basis. In Switzerland, apprenticeship is the most common post-school training and is highly regarded. Vocational training in apprenticeships is provided at a company level and/or at the vocational school.

#### **HUMAN RESOURCE MANAGEMENT**

This year, efforts have been put to improve individual and department strategic goal-setting and to clarify roles and internal organisation (e.g. creation of an investee department). A new HR platform has also been implemented allowing improvements to internal communication and efficiency in responding to HR requests.

INOKS	
	an

КРІ	2018	2019	2020	2021 (Oct)
NUMBER OF EMPLOYEES (FTE, END OF PERIOD)	22	22	24	29
NUMBER OF TRAINEES (FTE, OVER THE YEAR)	2	1	5	1
% OF PERMANENT CONTRACTS	100%	100%	100%	100%
% OF WOMEN	36%	48%	46%	43%
% OF WOMEN IN MANAGMENT	0%	0%	0%	0%
% OF TRAINED PEOPLE	0%	0%	100%	100%
NUMBER OF HOURS OF TRAINING PER EMPLOYEE	0	0	2	2
ABSENTEEISM RATE	2.2%	2.9%	1.7%	3.5%
NUMBER OF DEPARTURES	4	3	5	3
INCL. NUMBER OF VOLUNTARY DEPARTURES	4	1	3	3
NUMBER OF HIRES	6	3	7	7
NUMBER OF TRAINEES HIRED POST INTERNSHIP	1	1	0	0
% OF INTERNAL MOBILITY	0%	0%	4%	0%

Figure 14 : Key HR Indicators

# OUR ENVIRONMENTAL FOOTPRINT

INOKS CAPITAL 2020/2021 IMPACT REPORT UI. INOKS CAPITAL AS A COMPANY OUR ENVIRONMENTAL FOOTPRINT

#### **OUR ENVIRONMENTAL FOOTPRINT**

# CONSIDERING THE LIFE CYCLE ASSESSMENT OF AN ASSET MANAGER

INOKS Capital conducts a tertiary industry activity, so the **direct adverse impacts on the environment are limited**. The main potential adverse impacts arise from INOKS' investments, which INOKS intends to mitigate, limit and avoid by implementing its Responsible Investment strategy (ESG screening, due diligence, monitoring and engagement).

However, whilst we focus efforts on investees, we also seek to improve our daily impact as a company. Our direct impacts mainly relate **to the use of IT equipment and to business travels** of our team members to visit potential investees' plants and offices. INOKS Capital has committed to undertake **a full Carbon Footprint audit in 2022** to better identify GHG emission sources of its activity and potential mitigation measures to implement.



Ukraine: lab technician monitors crops' quality

FOCUS AREAS	MATERIALITY / PRIORITY	2020-2021 ACHIEVEMENTS AND INVENTORY	2022 OBJECTIVES
HOME-WORK COMMUTING	Low	75% of employees come by public transport, walk, bike or electric bike.	
IT STOCK AND PRACTICES	High	Computers are renewed when necessary. When new equipment is purchased, performant and energy efficient device 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 in the distances of travel to visit investees and prospects.  More e-meetings via Zoom and Teams enabling significant travel reduction in 2020-2021.	Introduce a Responsible Travel Policy based on (i) travel essentiality validation (ii) effective carbon expense efficiency (transport mode and class selection) and (iii) available offseting measures
OFFICE MANAGEMENT	Low	Water – all bottled water has been replaced with filtered water to diminish consumption of bottled water  Fruits – all fruits provided by a local supplier are either organic or seasonal  Waste – all waste is recycled	Set up a Disposables Policy - (i) use 100% certified or recycled paper, and (ii) responsible usage targets by favoring digitalization
ENERGY EFFICIENCY	Low	Air conditioning system is a water chiller, considered as the main ecological cooling system Electricity is powered on a 100% ecological and 100% local electricity, certified by the most demanding energy label in Europe.	

Figure 15: INOKS Capital's 2022 environmental objectives

# OUR CONTRIBUTION TOWARDS SOCIETY

INOKS CAPITAL 2020/2021 IMPACT REPORT OUR CONTRIBUTION TOWARDS SOCIETY

#### **OUR CONTRIBUTION TOWARDS SOCIETY**

#### LEADERS POUR LA PAIX - INVESTMENTS AND PEACE

INOKS Capital is a partner of the organisation "Leaders pour la paix" which includes politics (former French Prime Minister Jean-Pierre Raffarin as President of the organisation), experts, business directors and representatives from international organisation.

The aim is to think about the role of economic actors (businesses and investors) and to promote peace (before, during and after a conflict).

On the 29th of June 2021, our CEO Mr Nabil Abdul-Massih participated in a webinar focused on financing African economies, and he focused on his experience in how to deal with the issue of private sector investment, especially in Africa.



Financing African Economies Webinar - 29.06.2021

# ARCHE DES ABEILLES - FOUNDATION FOR THE SAFEGUARDING OF BEES

In 2021, INOKS Capital started sponsoring a new beehive in the Geneva area (Vessy) that supports between 40,000-80,000 bees during mid-summer! The area benefits from a large floral variety and the honey is 100% natural. The beekeeper Stéphanie Vuadens respects and cares for the bees.

Food security is one of the impact themes the investment vehicles managed by INOKS Capital seek to foster and a majority of our food is dependent on pollinators, and thus, directly affected by bees.

If the bee disappeared off the surface of the globe, then man would have only four years of life left. No more bees, no more pollination, no more plants, no more animals, no more man.

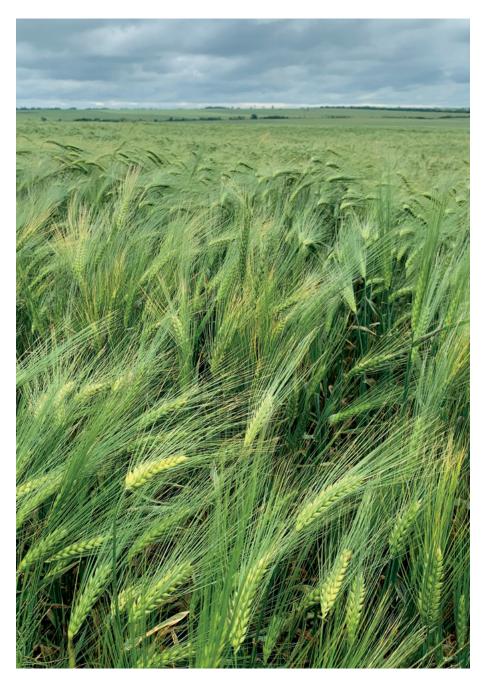
- Albert Finstein

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

INOKS Capital operates as a donator to Civitas Maxima and, as Ivan Agabekov - a director of INOKS - sits on Civitas Maxima's executive board, INOKS Capital participates in supporting the mission of Civitas Maxima, which is 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.

In 2021, Civitas Maxima helped 7 plaintiffs to make legal history, both in Switzerland and Liberia, as the Swiss Federal Criminal Court issued on the 18th of June 2021 a landmark verdict against Alieu Kosiah after a fourweek trial held in December 2020 and February 2021. Alieu Kosiah was found guilty and sentenced to 20 years in prison.

IN INOKS CAPITAL 2020/2021 IMPACT REPORT OUR CONTRIBUTION TOWARDS SOCIETY



Ukraine: windy wheat fields

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#### **THANK YOU**

We wish to thank everyone who contributed directly or indirectly to this report and in particular:

- Our investees for their availability
- Our ESG/Impact team members for their work and meaningful contribution
- Our Corporate, Investor and Marketing departments for their support and coordination
- Talent id for the creative design, https://talentid.es/en/
- Our Impact Committee members for their resourcefulness
- Me Celine Kohler for her guidance on EU Regulations

If you have any questions or comments about the content of the report, please contact:

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This report was written by INOKS Capital's staff. It reflects INOKS Capital's impact philosophy and activities but does not reflect third party views and opinions, including those of our partners. Opinions and views expressed in this report relate to INOKS Capital's bespoke analysis and opinions. The report aims to demonstrate as accurately as possible the impact of INOKS Capital's investments since the inception of Commodity Structured Trade Finance operations in 2007, up until December 2020. Data was primarily collected from INOKS Capital's portfolio companies. The report is meant to be updated and published annually.

