

## Sustainability-related disclosures

This disclosure is provided for the purposes of 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**”), as amended by 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 (“**EU Taxonomy**”).

### **SilverStreet Private Equity Strategies SICAR (the “Fund”)**

**LEI: 549300UI29XJUJI7G865**

| Version history   | Date             |
|---|------------------|
| V.1 SilverStreet Private Equity Strategies SICAR – Website disclosure (level 2 RTS of 6 April 2022) (28 December 2022)  | 28 December 2022 |
| V.2 SilverStreet Private Equity Strategies SICAR – Website disclosure (level 2 RTS of 17 February 2023) (7 March 2023)  | 7 March 2023     |
| V. 3 SilverStreet Private Equity Strategies SICAR - Website disclosure (level 2 RTS of 17 February 2023) (31 March 2023)<br>Updated to reflect regulatory requirements. | 31 March 2023    |

#### **1. Summary**

The Fund has a sustainable investment objective. The Fund’s investment objective is to seek attractive returns for investors whilst achieving a substantial positive social, environmental and climate impact. This is achieved by investing in or financing, through wholly-owned intermediate investment vehicles, companies whose underlying assets are in the agricultural sector in Sub-Saharan Africa.

This sustainable investment objective is to be achieved by focusing investments on those parts of agricultural value chains where a positive social, environmental and climate impact is expected to be highest and by ensuring the implementation of SilverStreet’s ESG and Impact Policy as an integrated part of the investment cycle.

Investments of the Fund are aimed at fixing problems in an agricultural value chain, thereby enabling the entire chain. By investing to complete the value chain, one creates opportunity for others in that value chain to increase production and profits, for example, smallholder farmers are able to increase their production. Coupled with this, the investment strategy involves skills transfer, capacity building and training of smallholder farmers in sustainable agricultural techniques, which has the benefit of substantially reducing the potential for soil depletion, desertification and deforestation, thus creating a substantial positive social, environmental and climate impact.

The key to achieving the positive impacts in the Fund’s investment objective is to target segments where substantial impact can be achieved through the investments and actions. As an example, by investing in the seed sector and introducing training for smallholder farmers in conservation farming techniques at village level, both environmental and social sustainable investment objectives can be met simultaneously with the return objective. The Fund aims to increase social impact through significant yield and income improvements, and reduce climate and environmental impacts by moving smallholder farmers from unsustainable “slash and burn” practices to conservation farming techniques, thereby reducing deforestation and soil damage.

The Fund does not have a carbon reduction objective and has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

The indicators for adverse impacts on sustainability factors are taken into account throughout the investment process: as part of SilverStreet’s due diligence process prior to investment, the post-acquisition implementation phase and the monitoring and measurement phase. These impacts are reviewed as part of the implementation of SilverStreet’s ESG and Impact Policy.

The Fund invests in direct holdings in portfolio companies involved in agriculture in Africa. The Fund aims to invest 95% of its assets to meet the sustainable investment objective in accordance with the binding elements of the investment strategy. A maximum of 5% of assets includes cash reserves for operational purposes and derivatives used only as described in the section below.

The Fund will monitor the attainment of the sustainable investment objective using sustainability indicators. Data for each sustainability indicator in respect of all portfolio companies will be sourced directly from the following sources (in each case, where such data is available):

- Information provided directly from portfolio companies;
- Staff surveys;
- Community surveys;
- SilverStreet's Impact and ESG team;
- External consultants;
- Publicly available data.
- Environmental impact assessments;
- Survey data; and/or
- Scientific/academic papers.

SilverStreet anticipates that no more than 15% of the data used to measure the attainment of the Fund's sustainable investment objectives is estimated.

Data is collected in relation to each of the sustainability indicators detailed in this document. These indicators are measured annually as part of the annual ESG reporting cycle. Portfolio companies appoint individuals responsible for ESG matters and an annual ESG "Audit" is conducted, typically by an independent third party.

As part of this annual ESG "Audit", the ESG Scorecard will be revised and (in the case of Controlled Investments), the "ESG Action Plan" updated to take into account progress made during the reference period. For example, to reflect increases in annual income during the reference period.

Calculation of increase in incomes of those not employed, for example smallholder farmers, is done within the same cycle and reported on in an Annual Impact and ESG Report.

Limitations to the methodologies and data sources have been identified and are detailed below. Due to the nature of the investment area, agriculture in Africa, data limitations exist and are managed by seeking independent verification where possible and being transparent to investors to ensure visibility of calculations and sources.

SilverStreet will undertake detailed due diligence on prospective acquisition candidates encompassing the seven broad areas summarised below:

- Business: company profile; personnel; operations;
- Financial statements: assets, liabilities, cash flows, and tax;
- Clients and suppliers;
- Legal due diligence;
- ESG due diligence;
- Impact due diligence: the potential impact from the investment; and
- Agricultural due diligence: land, weather, soils, topography, facilities, water access/storage and equipment.

SilverStreet engages on sustainability factors with investors and portfolio companies. Through multiple engagement avenues, such as board meetings, calls between SilverStreet and the relevant ESG representatives, visits, and engagement with other stakeholders including communities; employees; NGOs etc. Sustainability engagements are managed through multiple mechanisms, namely:

- ESG Audits;
- Transparency with investors;
- Stakeholder engagement;

- Grievance policies;
- Community support programs;
- Engagement with NGOs; and,
- Smallholder farmer training.

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## 2. No significant harm to the sustainable investment objective

To ensure the investments do not significantly harm any sustainable investment objective, the Fund commits to the following ESG Codes:

- SilverStreet’s Responsible Investment Code (“**RIC**”);
- The International Finance Corporation’s Performance Standards;
- The UN Principles for Responsible Investment; and
- The UN Global Compact.

SilverStreet’s policy is to implement these codes as an integrated part of investment decision-making, to rigorously monitor compliance with these standards, to report such compliance back to investors annually and to identify and manage the principal adverse impacts of investment decisions on sustainability factors.

The Fund and all portfolio companies are required to follow the “ESG Core Principles” as described below in the section “Investment Strategy”.

### How are the indicators for adverse impacts<sup>1</sup> taken into account?

SilverStreet will monitor principal adverse impacts, including:

- Violations of UN Global Compact principles.
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles.
- Unadjusted gender pay gap.
- Board gender diversity.
- Exposure to controversial weapons.
- Investment in companies without workplace accident prevention policies.
- Lack of grievance policy/complaints handling mechanism related to employee matters.
- Lack of anti-bribery and anti-corruption policies.
- Activities negatively affecting biodiversity.
- Emissions to water
- Hazardous waste ratio.
- Exposure to areas of high-water stress.
- Investment in companies producing chemicals.
- Greenhouse gas emissions.
- Carbon footprint.
- Greenhouse gas intensity.
- Exposure to companies in the fossil fuel sector.
- Share of non-renewable energy consumption and production.
- Energy consumption intensity.

The indicators for adverse impacts on sustainability factors are taken into account throughout the investment process: as part of SilverStreet’s due diligence process prior to investment, the post-acquisition implementation phase and the monitoring and measurement phase. These impacts are reviewed as part of the implementation of SilverStreet’s ESG and Impact Policy (as summarized below; the full policy is available under the “Policies” section of the SilverStreet Capital website):

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<sup>1</sup> These are the adverse impacts listed in Table 1 of Annex I of the detailed regulatory technical standard (“**RTS**”) which accompany SFDR, and any relevant indicators in Tables 2 and 3 of that annex.

Pre-investment due diligence: SilverStreet will identify whether there are any sustainability risks or possible impact opportunities. Each due diligence exercise includes compiling an “**ESG Scorecard**” to assess the portfolio company’s compliance with the ESG Core Principles (as described below in the section ‘*What investment strategy does this financial product follow*’), including the impact on sustainability factors, and, in the case of portfolio companies which are expected to be majority owned by a Fund managed or advised by SilverStreet (“**Controlled Investment**”), construct a potential ESG Action Plan which sets out desired ESG-related improvements should the investment proceed. Such improvements include but are not limited to: environmental aspects, social aspects, health and safety, governance, business management systems, animal welfare and exclusions detailed in the ESG and Impact Policy.

Post-acquisition implementation: SilverStreet will seek to ensure that portfolio companies’ Boards take responsibility and accountability for all ESG-related topics and adopt SilverStreet’s ESG and Impact Policy, including its Responsible Investment Code. SilverStreet additionally ensures boards include the consideration of sustainability risks, potential principal adverse impacts, the Climate Change Policy and the Anti-Bribery Policy (copies of these policies are available under the “Policies” section of the SilverStreet Capital website). The goal is to ensure that each portfolio company has personnel responsible for these ESG factors and policies. These individuals oversee ESG aspects by developing and managing the Social and Environmental Management System (“**SEMS**” / “**ESMS**”) that has been implemented.

A SEMS/ESMS identifies ESG and sustainability risks and puts in place procedures to manage the identified risks. Key risks are reported to management and the Boards. The aim of SEMS/ESMS is to integrate management of ESG factors into a portfolio company’s day-to-day operations. Over time, businesses move from an implementation phase to one in which it manages ESG factors efficiently. As part of the SEMS/ESMS, a portfolio company would likely have a suite of 40 or more policies and procedures guiding the management of ESG matters. For more detail on what is included in the SEMS/ESMS see SilverStreet’s ESG and Impact Policy.

For companies that are not Controlled Investments, SilverStreet’s goal will be the same, namely achieving compliance with its ESG and Impact Policy, Climate Change Policy and Anti-Bribery Policy, although the timing of achievement of these goals will need to take account of the fact that it is not a Controlled Investment.

Post-acquisition monitoring and measurement: As part of its active ownership approach, SilverStreet will maintain regular dialogue with each portfolio company and implement an annual review of its performance against SilverStreet’s ESG and Impact Policy and the principal adverse impacts that have been identified. This annual ESG “audit” may be done by an independent ESG specialist and the full reports for each portfolio company are shared with investors. During this annual review, the ESG Scorecard will be revised and the ESG Action Plan updated to take into account progress made during the reference period. If there has been underperformance related to the ESG and Impact goals, including on the principal adverse impacts, for example where there has been no reduction in a principal adverse impact, then this is reported on and the ESG Action Plan for the forthcoming year adjusted as required. Through SilverStreet’s engagement the Fund will ensure compliance with the ESG codes by portfolio companies.

*Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?*

Portfolio companies are required to comply with SilverStreet’s ESG and Impact Policy which incorporates compliance with the following ESG Codes:

- SilverStreet’s Responsible Investment Code (“**RIC**”)
- The International Finance Corporation’s Performance Standards;
- The UN Principles for Responsible Investment; and
- The UN Global Compact.

SilverStreet’s RIC includes references to multiple international conventions, standards, and protocols including the following (together the “**Minimum Safeguards**”):

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights; and
- the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Compliance with SilverStreet's ESG and Impact Policy (and therefore the Minimum Safeguards) is assessed as part of SilverStreet's pre-investment due diligence and monitored on an ongoing basis to ensure that the Fund's sustainable investments are aligned with the Minimum Safeguards.

### **3. Sustainable investment objective of the financial product**

The Fund's investment objective is to seek attractive returns for investors whilst achieving a substantial positive social, environmental and climate impact. This is achieved by investing in or financing, through wholly-owned intermediate investment vehicles, companies whose underlying assets are in the agricultural sector in Sub-Saharan Africa.

This sustainable investment objective is to be achieved by focusing investments on those parts of agricultural value chains where a positive social, environmental and climate impact is expected to be highest and by ensuring the implementation of SilverStreet's ESG and Impact Policy as an integrated part of the investment cycle.

By investing to complete the value chain, one creates opportunity for others in that value chain to increase production and profits, for example, smallholder farmers are able to increase their production. Coupled with this, the investment strategy involves skills transfer, capacity building and training of smallholder farmers in sustainable agricultural techniques, which has the benefit of substantially reducing the potential for soil depletion, desertification and deforestation, thus creating a substantial positive social, environmental and climate impact.

The key to achieving the positive impacts in the Fund's investment objective is to target segments where substantial impact can be achieved through the investments and actions. As an example, by investing in the seed sector and introducing training for smallholder farmers in conservation farming techniques at village level, both environmental and social sustainable investment objectives can be met simultaneously with the return objective namely. The Fund aims to increase social impact through significant yield and income improvements, and reduce climate and environmental impacts by moving smallholder farmers from unsustainable "slash and burn" practices to conservation farming techniques, thereby reducing deforestation and soil damage.

The Fund does not have a carbon reduction objective and has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

### **4. Investment strategy**

*What investment strategy does this financial product follow?*

The sustainable investment objective of the Fund is to be achieved by focusing investments on those parts of value chains where a positive social, environmental and climate impact is expected to be highest and by ensuring the implementation of SilverStreet's ESG and Impact Policy as an integrated part of the investment cycle.

Investments of the Fund are aimed at fixing problems in an agricultural value chain, thereby enabling the entire chain. By investing to complete the value chain, one creates the opportunity for others in that value chain to increase production and profits, for example for smallholder farmers to increase their production. Coupled with this, the strategy involves skills transfer, capacity building and training of smallholder farmers in sustainable agricultural techniques, which have the benefit of substantially reducing the potential for soil depletion, desertification and deforestation, thus creating a strong positive social, environmental and climate impact.

The key to achieving the positive impacts in the Fund's investment objective is to target segments where substantial impact can be achieved through the Fund's investments and actions. As an example, by investing in the seed sector and introducing training for smallholder farmers in conservation farming techniques at village level, multiple sustainability objectives can be met simultaneously with the return objective namely, increased social impact through significant yield and income improvements, and reduced climate and environmental impacts by moving smallholder farmers from unsustainable "slash and burn" practices to conservation farming techniques, thereby reducing deforestation and soil damage.

Monitoring of the sustainable investment objective of the Fund on an ongoing basis is aided by measuring performance of the Fund's investments against an ESG Scorecard and/or ESG Action Plan.

### Binding elements

#### ESG Core Principles

To achieve its sustainable investment objective, the Fund commits to the following "**ESG Core Principles**":

- to comply with all applicable laws and regulations in each jurisdiction where the Fund is invested;
- to minimise adverse impacts on sustainability factors and enhance positive effects. 'Sustainability factors' include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
- to commit to continuous improvements with respect to sustainability factors;
- to work over time to comply with the relevant international best practice standards, with appropriate targets and timetables for achieving them; and
- to employ management systems which effectively address ESG or sustainability risks and impacts and realise ESG and impact opportunities as a fundamental part of a company's value.

#### ESG Codes

To establish a framework to achieve these sustainability aims and to apply the ESG Core Principles, the Fund is guided by the following internal and globally recognised initiatives:

- SilverStreet's own Responsible Investment Code ("**RIC**");
- The International Finance Corporation ("**IFC**")'s Performance Standards;
- The UN Principles for Responsible Investment ("**UNPRI**"); and
- The UN Global Compact ("**UNGC**").

The Fund's policy is to implement these codes and international standards as an integrated part of its investment decision-making, to monitor compliance with these standards in detail, to report such compliance back to its investors annually and, to identify and manage the principal adverse impacts of our investment decisions on sustainability factors.

#### Responsible Investment Code ("**RIC**")

The Fund adheres to SilverStreet's RIC, which is based on the responsible investment code for CDC Group PLC, the UK Government's development finance institution. SilverStreet's RIC defines the objectives, policies and management systems for sustainable and responsible investment with respect to the ESG Core Principles that the Fund and its underlying businesses aim to adhere to. It also includes an Exclusion List, which specifies businesses and activities in which the Fund will *not* invest. Details of these principles are set out below:

- *Climate and environmental-related matters*

The Fund is managed in accordance with the following climate and other environmental-related objectives:

- i. minimise adverse impacts and enhance positive effects on the environment;
- ii. make efficient and sustainable use of natural resources, for example soil, land, livestock, forestry, biodiversity and water and, to take a preventive and precautionary approach to protect the environment wherever possible; and
- iii. support the reduction of greenhouse gas emissions which contribute to climate change.

In order to achieve these environment and climate objectives, portfolio companies are required to:

- i. operate in compliance with applicable local and national laws (as a minimum);
- ii. assess the environmental impact of their operations as follows:
  - a. identify potential risks and appropriate mitigating measures through an environmental impact assessment where business operations could involve loss of biodiversity or habitat, emission of significant quantities of greenhouse gases, severe degradation of water or air quality, substantial solid waste or other significant negative environmental impacts; and
  - b. consider the potential for positive environmental impacts from business activities;
- iii. take appropriate actions to mitigate environmental risks, ameliorate environmental damage, and enhance positive effects as follows:
  - a. where an activity is assessed to present significant environmental risks, work over time to apply the relevant IFC policies and guidelines, if these are more stringent than local legislation, with appropriate targets and timetable for improvements; and
  - b. work over time to comply with international environmental best practice standards; and
- iv. ensure the fair treatment of animals according to local and international guidelines, as appropriate.

- *Social and employee, respect for human rights, anti-corruption and anti-bribery matters*

The Fund is managed in accordance with the following social objectives:

- i. treat all their employees and contractors fairly and to respect their dignity, well-being and diversity;
- ii. work over time towards full compliance with the International Labour Organization Fundamental Conventions and with the United Nations Universal Declaration of Human Rights;
- iii. support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses;
- iv. attain safe and healthy working conditions for employees and contractors;
- v. safeguard the health and safety of all those affected by the business;
- vi. be objective, consistent and fair with all stakeholders;
- vii. recognise and, as appropriate, promote the social development impact;
- viii. promote local food production;
- ix. exhibit honesty, integrity, fairness, diligence and respect in all business dealings;
- x. enhance the good reputation of the funds managed by SilverStreet; and
- xi. promote international best practice in relation to corporate governance, working against corruption in all its forms, including extortion and bribery.

In order to achieve these social objectives, portfolio companies are required to:

- i. comply with applicable local and national laws (as a minimum) and promote international best practice, including those laws and international best practice standards intended to prevent extortion, bribery and financial crime;
- ii. not employ or make use of forced labour of any kind;
- iii. not employ or make use of harmful child labour;
- iv. pay wages that are reasonable and which also meet or exceed industry or legal national minima;
- v. treat their employees fairly in terms of recruitment, progression, terms and conditions of work and representation, irrespective of gender, race, colour, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status;
- vi. allow consultative work-place structures and associations which provide employees with an opportunity to present their views to management;
- vii. for remote operations involving the relocation of employees for extended periods of time, ensure that such employees have access to adequate housing and basic services.
- viii. assess the health and safety risks arising from work activities;
- ix. take appropriate actions to eliminate or reduce risks to health and safety as follows:
  - a. where an activity is assessed to present significant health and safety risks, work over time to apply the relevant IFC policies and guidelines, if these are more stringent than local legislation, with appropriate targets and timetable for improvements;
  - b. as appropriate, work over time to comply with international best practice standards for health and safety and, the substitution of hazardous materials;

- x. adopt an HIV/AIDS policy;
- xi. ensure adequate involvement and consultation of local communities in the preparation and development of the project, including honest and transparent communication of the impacts of the project;
- xii. take account of their impact on employees, contractors, the local community and all others affected by their operations as follows;
- xiii. identify potential adverse effects and appropriate mitigating measures through a social impact assessment in cases involving resettlement, critical cultural heritage, indigenous peoples, non-local labour or other issues where the negative impact could be significant;
- xiv. consider social development contributions;
- xv. take appropriate actions to mitigate risks, ameliorate negative impacts, and enhance positive effects.
- xvi. not provide improper benefits to customers, agents, contractors, suppliers, employers or to government officials;
- xvii. uphold high standards of business integrity and honesty;
- xviii. deal with regulators in an open and co-operative manner;
- xix. prohibit all employees from making or receiving gifts of substance in the course of business;
- xx. prohibit the making of payments as improper inducement to confer preferential treatment;
- xxi. prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest;
- xxii. properly record, report and review financial and tax information;
- xxiii. promote transparency and accountability grounded in sound business ethics;
- xxiv. use information received from its partners only in the best interests of the business relationship and not for personal financial gain by any employee;
- xxv. clearly define responsibilities, procedures and controls with appropriate checks and balances in company management structures; and
- xxvi. use effective systems of internal control and risk management covering all significant issues, including environmental, social and ethical issues.

- Exclusions

The Fund will not invest in the following businesses or activities:

- production or activity involving forced labour or child labour;
- production of or trade in any product or activity deemed illegal under applicable local or national laws or regulations, or banned by global conventions and agreement, such as certain:
  - hazardous chemicals, pesticides, pharmaceuticals and wastes;
  - ozone depleting substances; and
  - endangered or protected wildlife or wildlife products;
- production of or trade in arms, i.e., weapons, munitions or nuclear products, primarily designed or primarily designated for military purposes;
- production of, use of or trade in unbonded asbestos fibres;
- drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- cross-border trade in waste and waste products unless compliant with the Basel Convention;
- production and distribution of racist, anti-democratic and/or neo-Nazi media;
- destruction of Critical Habitat; or
- production or activity involving forced labour or child labour.

The Fund will not invest in businesses for which the following activities or products are, or are intended to be, a significant source of revenue:

- gambling;
- alcoholic beverages;
- illegal drugs;
- pornography or prostitution; or
- tobacco or tobacco related products.

Alignment with the Paris Agreement

The Fund is committed to supporting the objectives of the Paris Agreement in multiple ways, including, setting an explicit carbon emissions target, providing technological development and transfer, providing funding into Least Developed Countries<sup>2</sup> supporting implementation, capacity building and by increasing these countries' abilities to adapt to the adverse impacts of climate change and to foster resilience.

Specific initiatives include building renewable energy infrastructure, introducing improved seed and training in conservation farming techniques for smallholder farmers to raise food production and to reduce deforestation and associated emissions, introducing new technologies and irrigation methods and implementation of SilverStreet and the Fund's ESG Codes to raise standards in companies and in their supply chain.

#### Policy to assess good governance

As part of its pre-investment due diligence and ongoing monitoring, SilverStreet assesses the governance practices of portfolio companies by reference to sound management structures, employee relations, remuneration of staff and tax compliance. These aspects are considered as part of SilverStreet's RIC with which portfolio companies must comply (see section 4 above - 'Investment Strategy' - for further details). SilverStreet will only proceed with an investment if a portfolio company can demonstrate that it follows good governance practices in these respects.

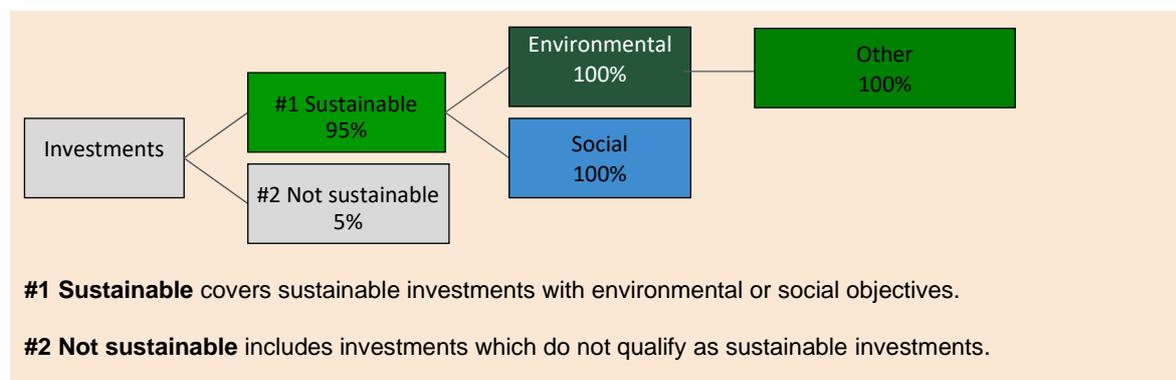
### 5. Proportion of investments

#### What is the asset allocation and the minimum share of sustainable investments?

The Fund invests in direct holdings in portfolio companies involved in agriculture in Africa. The Fund aims to invest 95% of its assets to meet the sustainable investment objective in accordance with the binding elements of the investment strategy.

A maximum of 5% of assets includes cash reserves for operational purposes and derivatives used only as described in the section below.

The diagram below illustrates the intended asset allocation for the Fund.



#### How does the use of derivatives attain the sustainable investment objective?

Derivatives are not used to attain the sustainable investment objectives. The Fund or portfolio companies may engage in derivative transactions as an ancillary part of their strategy in order to hedge currency or commodity exposure, allowing them to reduce risk and to therefore to mitigate volatility in profitability or cash-flows. This is part of the risk management process to help the Fund achieve its investment objective.

#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy

<sup>2</sup> [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc\\_list.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf)

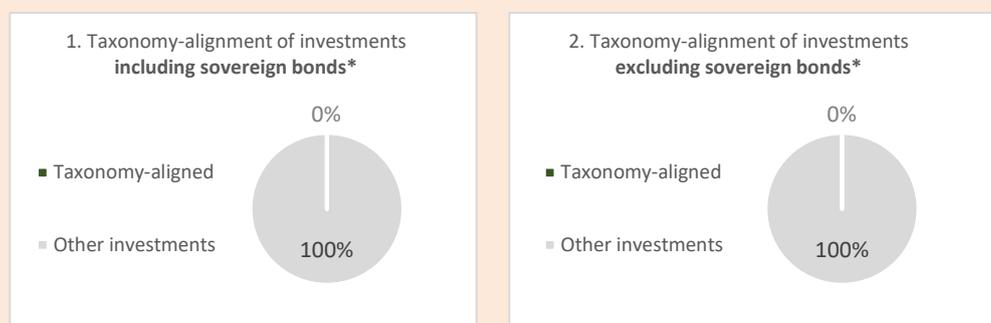
There is no minimum extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy.

None of the Fund's investments are in activities included in the EU Taxonomy and the Technical Screening Criteria ("TSC") and therefore the Fund cannot currently provide for EU Taxonomy alignment. If the TSC are expanded to include further environmentally and socially sustainable activities in the future, it may be that the Fund's investments will be aligned with the EU taxonomy.

For further information, please refer to SilverStreet's Statement on the EU Taxonomy which can be found on the "Sustainability Related Disclosures" section of the SilverStreet Capital website.

The Fund does not invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

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



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

What is the minimum share of investments in transitional and enabling activities?

No investments are in transitional or enabling activities as defined by the EU Taxonomy.

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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 100 %, which comprises 95% of all investments of the Fund.

None of the Fund's investments are in activities included in the TSC and therefore the Fund cannot currently provide for EU Taxonomy-alignment. If the TSC are expanded to include further environmentally and socially sustainable activities in the future, it may be that the Fund's investments will be aligned with the EU Taxonomy.

For further information, please refer to Silverstreet's Statement on the EU Taxonomy, which can be found on the "Sustainability Related Disclosures" section of the SilverStreet Capital website.

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

The minimum share of sustainable investments with a social objective is 100%, which comprises 95% of all investments of the Fund.

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

5% of the Funds investments are included under '#2 Not sustainable'. This includes a cash reserve and the use of derivatives only as described above.

Owing to the nature of the investments included under '#2 Not sustainable', no minimum environmental or social safeguards are applicable.

## 6. Monitoring of sustainable investment objective

SilverStreet will monitor compliance with the sustainability indicators used to measure the attainment of the sustainable investment throughout the lifecycle of the Fund by way of:

- regular and ad hoc visits, correspondence and calls between SilverStreet and the portfolio company, board engagement; and
- an annual ESG audit that may be conducted by an external ESG specialist of each portfolio company as against its ESG Scorecard and ESG Action Plan. Where applicable, the ESG Scorecard and/or ESG Action Plan may be updated or revised to take account of improvements and/or underperformance.

## 7. Methodologies

The following methodologies are used to measure the attainment of the sustainable investment objective using the sustainability indicators:

| Aspect of sustainable investment objective | Sustainability indicator(s) (this is a measure of how the sustainable investment objective is attained)   | Methodologies   |
|--|---|---|
| Positive social impact                     | <ul style="list-style-type: none"> <li>- Number of individuals benefitting through employment or an increased income as a result of the investments.</li> <li>- Violations of UN Global Compact principles.</li> <li>- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles.</li> <li>- Unadjusted gender pay gap.</li> <li>- Board gender diversity.</li> <li>- Exposure to controversial weapons.</li> <li>- Investment in companies without workplace accident prevention policies.</li> <li>- Lack of grievance policy/complaints handling mechanism related to employee matters.</li> <li>- Lack of anti-bribery and anti-corruption policies.</li> </ul> | <p>Data is collected in relation to each of these sustainability indicators using the sources listed in the section following.</p> <p>Using these data sources, these indicators are measured annually as part of the annual ESG reporting cycle. Portfolio companies appoint individuals responsible for social matters and an annual ESG "Audit" is conducted, typically by an independent third party.</p> <p>As part of this annual ESG "Audit", the ESG Scorecard, which assesses the portfolio company's compliance with the ESG Core Principles will be revised and (in the case of Controlled Investments), the "ESG Action Plan" updated to take into account progress made during the reference period. For example, to reflect increases in annual income during the reference period. The Action Plan sets out desired ESG related improvements should the investment proceed. Such improvements include but are not limited to environmental aspects; social aspects; health and safety;</p> |

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|-------------------------------|--|---|
|                               |  | <p>other social matters; governance; business management systems; animal welfare; and exclusions detailed in the ESG and Impact Policy.</p> <p>Calculation of increase in incomes of those not employed, for example smallholder farmers, is done within the same cycle and reported on in an Annual Impact and ESG Report.</p>   |
| Positive environmental impact | <ul style="list-style-type: none"> <li>- Activities negatively affecting biodiversity</li> <li>- Emissions to water</li> <li>- Hazardous waste ratio</li> <li>- Exposure to areas of high-water stress</li> <li>- Investment in companies producing chemicals</li> <li>-</li> </ul>  | <p>As above. Data is collected in relation to each of these sustainability indicators using the sources listed in the section following.</p> <p>Using these data sources, these indicators are measured annually as part of the annual ESG reporting cycle. Portfolio companies appoint individuals responsible for social matters and an annual ESG “Audit” is conducted, typically by an independent third party.</p> <p>As part of this annual ESG “Audit”, the ESG Scorecard will be revised and (in the case of Controlled Investments), the ESG Action Plan updated to take into account progress made during the reference period. For example, to reflect increases in annual income during the reference period.</p> |
| Positive climate impact       | <ul style="list-style-type: none"> <li>- Greenhouse gas emissions</li> <li>- Carbon footprint</li> <li>- Greenhouse gas intensity</li> <li>- Exposure to companies in the fossil fuel sector</li> <li>- Share of non-renewable energy consumption and production</li> <li>- Energy consumption intensity</li> <li>- Farmers trained in conservation agriculture</li> </ul> | <p>As above. Data is collected in relation to each of these sustainability indicators using the sources listed in the section following.</p> <p>Using these data sources, these indicators are measured annually as part of the annual ESG reporting cycle. Portfolio companies appoint individuals responsible for social matters and an annual ESG “Audit” is conducted, typically by an independent third party.</p> <p>As part of this annual ESG “Audit”, the ESG Scorecard will be revised and (in the case of Controlled Investments), the ESG Action Plan updated to take into account progress made during the reference period. For example, to reflect increases in annual income during the reference period</p>  |

## 8. Data sources and processing

SilverStreet uses the following data sources to attain the sustainable investment objective of the Fund:

- Information provided directly from portfolio companies;
- Staff surveys;
- Community surveys;
- SilverStreet's Impact and ESG team;
- External consultants;
- Publicly available data.
- Environmental impact assessments;
- Survey data; and/or
- Scientific/academic papers.

SilverStreet takes the following measures (each where possible and applicable) to ensure data quality:

- Checking raw data sources;
- Comparing data to previous years and to similar data from other companies;
- Independent checks of raw data received;
- Ensuring sufficient sample numbers;
- Taking care to ensure any survey questionnaire is designed well so that questions are unambiguous;
- Using as many independent data sources as possible, for example government data on incomes, wages, wage inflation, population growth, population densities, crop production, yield data regionally, disease prevalence, temperatures, rainfall etc;
- Checking any key assumptions used in calculations against external data or data from previous studies; and/or
- Triangulating between various data sources and over time e.g. published literature, academic studies, or previous survey data from the same area or a related area.

SilverStreet processes the data as follows:

- As far as is reasonable, data will be presented in its cleanest simplest form without manipulation;
- Data may be summarised to display trends, but not manipulated in a way that may change the meaning of the data;
- Outlier data is analysed and excluded if there is a high likelihood of an error;
- Robust statistics used to help reduce distortion from outliers when applicable. Missing data is carefully handled;
- A data sample to measure or estimate a specific parameter or indicator is analysed to understand the distribution of results rather than simply the point estimate: e.g. range, mean, median, mode, standard deviation, shape of the distribution curve if applicable, apparent correlations to other indicators to help highlight possible anomalies in the data;
- Use of control groups where necessary to achieve definitive results in terms of tests of hypotheses and statistical significance;
- Use of sufficient data points to seek sufficient statistical representation of a universe; and
- Use of stratified sampling where needed, for example by age or gender.

SilverStreet anticipates that no more than 15% of the data used to measure attainment of the Fund's sustainable investment objective is estimated.

## 9. Limitations to methodologies and data

SilverStreet has identified the following limitations to the methodologies and data sources referred to in sections 7 ('Methodologies') and 8 ('Data sources and processing') above:

- Insufficient data can lead to data points with lower confidence.
- Measurement of incomes can be difficult as smallholder farmers may have multiple sources of income.
- Smallholder farmers in a given area may plant different mixes of crops and these mixes change over time.
- Calculation of yields are difficult. Plot sizes are irregular and often not precisely marked out because a farmer does not have title.

- Achieving statistical significance and robust hypothesis testing is very difficult and expensive. It needs a control group, selected at random, in the same area and with a similar distribution by age or sex. The more complicated the hypothesis the bigger sample is needed and the greater likelihood of issues.
- Survey data can be difficult to obtain and accuracy may be impacted.

The limitations outlined above do not affect the attainment of the sustainable investment objective of the Fund. To ensure that the limitations do not have such an impact, SilverStreet takes the actions listed in section 8 above ('Data sources and processing) to increase accuracy, plus the following:

- Perform additional samples when certain parameters need better or updated estimates.
- Have independent third parties perform checks related to achievement of ESG Codes or impact from time to time. This is usually done annually but biannually as a minimum.
- Change independent consultants every 3-5 years to ensure independence is maintained in annual assessments of impact and ESG indicators.
- Have complete transparency so that investors can understand the sources and methodologies for the measurement of the indicators.
- Consult with other investors/parties who may have been able to deal with data items that have proven difficult to measure or monitor.

## **10. Due diligence**

See sections 2 ('No significant harm to the sustainable investment objective') and 4 above ('Investment strategy') for details of the due diligence carried out on the underlying assets.

The due diligence process for potential acquisitions involves an assessment of a wide range of factors including water rights, topography, storage facilities, irrigation potential, historic crop yields, scope for expansion, access to markets, operations, legal due diligence, customer contracts, employee contracts.

SilverStreet will undertake detailed due diligence on prospective acquisition candidates encompassing the seven broad areas summarised below:

- 1) Business: company profile; personnel; operations;
- 2) Financial statements: assets, liabilities, cash flows, and tax;
- 3) Clients and suppliers;
- 4) Legal due diligence;
- 5) ESG due diligence;
- 6) Impact due diligence: the potential impact from the investment; and
- 7) Agricultural due diligence: land, weather, soils, topography, facilities, water access/storage and equipment.

SilverStreet makes use of external service providers to supplement the internal due diligence where additional expertise is required.

Based upon the outcomes of the due diligence exercise, SilverStreet will model the profitability of the business over different scenarios into the future. The potential for profit expansion is analysed and the corresponding capital requirements assessed. Profit models are built and potential exit strategies investigated. Scope for synergy with other businesses owned is analysed. Finally, internal rates of returns are estimated based on various scenarios, business values and business strategies.

## **Risk Management Pre-Transaction**

SilverStreet's risk management framework includes:

- Country risk;
- Execution risk;

- Financing risks;
- Currency risk; and
- ESG risk.

## 11. Engagement policies

SilverStreet engages on sustainability factors with investors and portfolio companies. It maintains regular dialogue with its portfolio companies, through formal Board meetings, meetings and calls between SilverStreet and the relevant ESG representatives. SilverStreet visits portfolio companies regularly as part of this process. It also looks to engage with other stakeholders including employees, neighbouring communities, NGOs and staff.

- ESG Audits: As described above, SilverStreet implements an annual ESG “audit” of each portfolio company’s performance against SilverStreet’s ESG and Impact Policy. This is typically done by an external ESG specialist as an annual ESG “audit” although use of an external specialist may alternate with internal annual reviews based on a cost/benefit analysis. During this annual review, the ESG Scorecard for the portfolio company will be revised and the ESG Action Plan updated to take into account progress made during the review period. This will include a risk assessment of any financial and reputational risks and reports on any community development projects run by the portfolio companies. It should attempt to assess the change in compliance with SilverStreet’s ESG and Impact Policy across the whole portfolio by assigning a score taken from the individual portfolio company’s scorecards.
- Transparency with investors: Annual ESG “audits” on all portfolio companies are shared with all investors. A policy of full transparency is adopted and investor ESG specialists are able to visit the portfolio companies and perform ESG reviews. An annual “ESG Day” is held for investor ESG specialists to go through the detailed results of the annual process.
- Stakeholder engagement: As part of SilverStreet’s ESG and Impact Policy, each portfolio company is required to put in place a stakeholder engagement policy. This includes the need to minute meetings and action points.
- Grievance policies: Each portfolio company is also required to have in place a grievance policy so that grievances can be appropriately aired. Independent third parties who have asked to survey nearby communities to help understand the relationship with the portfolio company have been supported by the portfolio company and the results of the surveys reviewed carefully and acted upon if necessary.
- Community support programs: Each portfolio company is required to have an active corporate social investment program and consult with neighbouring communities to understand each community’s needs.
- Engagement with NGOs: Portfolio companies are encouraged to engage with other stakeholders operating in the same area, for example NGOs or other agricultural businesses. Portfolio companies have partnered with a number of NGOs to help achieve greater social, environmental or climate impact.
- Smallholder farmer training: Where possible any training performed by the portfolio companies aims to provide an external accreditation to that smallholder farmer or employee who has taken part in the training.

## 12. Attainment of the sustainable investment objective

The sustainable objective of the Fund is to be achieved by focusing investments on those parts of value chains where social and climate impact is expected to be highest and, by ensuring the implementation of SilverStreet’s ESG and Impact Policy as an integrated part of the investment cycle. Measurement and reporting of ESG performance of the Fund’s investments is done through an ESG Scorecard and,

in the case of a Controlled Investment, implementing an ESG Action Plan. Additionally, key metrics related to social and climate impact are measured annually and shared on the website in SilverStreet's Annual Impact and ESG Report.