

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: IDH Farmfit Fund B.V.

Reference period: 1 January to 31 December 2024

Summary

IDH Farmfit Fund B.V. (the Fund) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024, within the scope of the Fund's portfolio. The Fund invests in agricultural Small and Medium Enterprises (SMEs), value chain companies, financial service providers and Fintech, and agricultural technology companies that target smallholder farmers directly or indirectly.

All mandatory Principal Adverse Impacts (PAI) applicable to investments in investee companies are considered. Mandatory principle adverse impacts related to investments in sovereigns and supranationals, as well as real estate assets, are not within the scope of the Fund's mandate and therefore not applicable.

The Fund's reporting over 2024 covers its active portfolio at year-end, including ten investee companies with a total portfolio size of €21.6 million.

Data sources and limitations of the data reported

The Fund highlights that PAIs are challenging to collect from agribusinesses and financial services providers in emerging markets and there are limitations both in terms of data availability and quality. More specifically, it is challenging to obtain quantitative data on the smallholder supply chains of investee companies. In addition, such data collection puts additional burden on investee companies which operate in contexts of emerging economies, where the company cannot influence issues like the available energy mix and which may not be their highest of priority considering the difficult context in which they operate. Therefore, the Fund aims to collect PAI data from investees and its supply chains on a best effort basis for this reporting period over 2024.

The Fund is restricted by the availability of data that our investees are capable of providing. As such, we have had to seek other means of approximating our portfolio's emissions contributions and their breakdowns. In previous years, the Fund has made use of proxy data to estimate these emissions. However, this has proven to be inaccurate to what we know is the situation and context on the ground. For example, in 2024 the Fund reported based on proxy data



but where we would expect to see much larger Scope 3 emissions, the proxy data showed larger Scope 1 emissions from the Fund's portfolio. To try to move towards a more accurate representation of the portfolio, the Fund has elected to source publicly available country and sectoral data to calculate the different Principle Adverse Indicators, where possible. We believe this has provided a more accurate calculation of many data points. However, there is still a significant gap between sectoral averages and the Fund's specific investees. In addition, many assumptions needed to be made. The Fund believes that this is progress towards a more reliable and accurate methodology to calculate the portfolio's emission but further efforts will be needed to refine this methodology to reflect the transparency throughout our portfolio that ultimately the SFDR has been established to target.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
Climate and other environment-related indicators			
1. Greenhouse gas emissions	Total Scope 1 GHG emissions in tCO ₂ e	651	<p>Explanation: To try to move towards a more accurate representation of the portfolio, the Fund has elected to source publicly available country and sectoral data to calculate the different Scopes of emission data. This has provided a more accurate calculation of emissions data. However, there is still a significant gap between sectoral averages and the Fund's specific investees. In addition, many assumptions needed to be made. The Fund believes that this is progress towards a more reliable reporting and ultimately better serves the goals of the SFDR in improving transparency in financial flows.</p> <p>Actions taken: as per the Fund's Environmental and Social Management System, all of the Fund's investees are required to identify environmental risks, including pollution. This includes the supply chain (smallholder farmers) of the investees. As part of its E&S due diligence the Fund assesses inefficiencies and sources of pollution and where relevant engages with investees on improving resource efficiency.</p>
	Total Scope 2 GHG emissions in tCO ₂ e	634	
	Total Scope 3 GHG emissions in tCO ₂ e	48,907	
	Total GHG emissions in tCO ₂ e	50,193	
2. Carbon Footprint	Carbon footprint in tCO ₂ e / million € invested	2,326	<p>Actions planned/targets set: Whilst reducing GHG emissions is not the Fund's primary objective, the Fund will continue its engagement with investee companies, aiming for resource efficiency. Where material inefficiencies or avoidable pollution is identified at investee level, the Fund agrees mitigative action with investees through its Environmental & Social Action Plan (ESAP). In addition, the Fund will seek out opportunities to reduce GHG emissions within its investees' smallholder</p>
3. GHG intensity of investee companies	GHG intensity of investee companies: tCO ₂ e / € million revenue		



172 supply chains on a best effort basis.

Data source: Extensive and varied sources used (available upon request). Whilst the Fund's E&S risk due diligence is based on the IFC PS and relevant World Bank Group Environment, Health, Safety (EHS) Guidelines, a best practice in emerging markets, these guidelines do not result in quantification of GHG emissions as required by SFDR. Therefore, the Fund employs a best efforts approach to estimating GHG emissions.



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	<p>Explanation: None of the Fund's investments are active in the fossil fuel sector. Actions taken: The Fund's mandate does not permit active investment in any form of non-renewable energy project or company. As part of its due diligence, the Fund screens the activities performed by its investee companies to ensure that investees' activities are aligned with the Fund's exclusion list and pose no other reputational risk.</p> <p>Actions planned/targets set: The Fund continues to minimize its exposure to fossil fuel sectors. In some instances, transactions in Fund investees will be supported through local or international banks, which may hold investments in fossil fuel sector activities. Whilst these local banks are not directly investees, the Fund will carefully evaluate whether suitable alternative service providers without fossil fuel exposure exist in the market on a case-by-case basis.</p> <p>Data source: IDH Farmfit Fund portfolio data</p>
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (portfolio weighted average)	75%	<p>Explanation: The Fund's investee companies do not engage in energy production and primarily draw energy from the national electricity grid. Hence, the Fund omits energy production from PAI 5 and applies proxy data to estimate the share of non-renewable energy consumption of its investee companies. Data to assess investees' consumption of non-electricity types of energy (fuel, gas, etc.) is currently unavailable.</p> <p>Actions taken: It is not the Fund's primary objective to reduce the use of non-renewable energy in its investee companies. Where applicable, the Fund engages with its investee companies in line with applicable IFC PS aiming to avoid unnecessary resource use or pollution are avoided.</p> <p>Actions planned/targets set: The Fund will continue its assessment of investees in line with applicable IFC PS. No specific reduction target has been set in relation to PAI 5.</p> <p>Data source: Our World Data – Energy Mix</p>



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	No data	<p>Explanation: At present the Fund's investees cannot reliably report this information and no proxy data is available to estimate PAI 6.</p> <p>Actions taken: It is not the Fund's primary objective to reduce the energy consumption intensity of its investee companies. Where applicable, the Fund engages with its investee companies in line with applicable IFC PS aiming to avoid unnecessary resource use or pollution.</p> <p>Action planned/targets set: The Fund will continue its assessment of investees in line with IFC PS, but no specific reduction target has been set in relation to PAI 6. The Fund will further explore how this data can be collected from its investee companies in a reliable manner over time.</p> <p>Data source: Not applicable.</p>
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	<p>Explanation: The Fund's Financing Exclusion List prohibits any financing of companies involved in significant conversion or degradation of Critical Habitat (according to definition of IUCN) to ensure its financing does not exacerbate further biodiversity loss.</p> <p>Actions taken: The Fund performs its E&S Risk due diligence in line with IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources and World Bank EHS Guidelines, focusing on requirements for agricultural supply chains. It screens all prospects against its Exclusion List which prohibits investment in conversion/degradation of critical habitat. If IFC PS 6 is triggered, the Fund applies a land-use screening protocol, mapping company and smallholder farmer locations in relation to biodiversity-sensitive areas to identify the materiality of the risk, agreeing on mitigative action with investees as applicable.</p> <p>Action planned/targets set: The Fund shall continue its assessment and monitoring of investee companies in accordance with its exclusion list and IFC PS 6. It shall continue to minimize or mitigate the impact of investees' activities negatively affecting biodiversity-sensitive areas in relation to PAI 7.</p> <p>Data source: IDH Farmfit Fund E&S Risk due diligence</p>



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
8. Emissions to water	Tons of nitrate (N) emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	No data	<p>Explanation: At present the Fund's investees cannot reliably report this information while the Fund did not have the capacity or resources to source available data itself as was performed with GHG emissions.</p> <p>Actions taken: The Fund's E&S Risk due diligence assesses investee companies in line with IFC PS and dedicated World Bank Environment, Health, Safety (EHS) Guidelines. The Fund is aware of the use of fertilizers and pesticides by smallholder farmers served by its investees and assesses investees' usage of agrochemicals and whether these are distributed to smallholder farmers with appropriate training to avoid inappropriate resource use and pollution.</p> <p>Data source: Not applicable</p>
9. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	No data	<p>Explanation: At present the Fund's investees cannot reliably report this information and no proxy data is available. Whilst radioactive waste is not applicable in the Fund's context, investee companies may produce hazardous waste in relation to agrochemicals or other production processes.</p> <p>Actions taken: as per the Fund's Environmental and Social Management System, all of the Fund's investees are required to perform their business in alignment with applicable IFC PS. This includes the supply chain (smallholder farmers) of the investees. As part of its E&S due diligence the Fund assesses which IFC PS are triggered and will identify sources of pollution or hazardous waste and take mitigative action where necessary.</p> <p>Action planned/targets set: The Fund shall continue its assessment and monitoring of investee companies in accordance with applicable IFC PS and relevant World Bank EHS Guidelines to implement mitigative action where needed. The Fund will investigate how to report information on PAI 9 in the future.</p> <p>Data source: Not applicable</p>



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters			
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	<p>Explanation: The Fund's policy commitments include the IFC Performance Standards, the UN Global Compact principles, as well as the OECD Guidelines for Multinational Enterprises. No violations have been reported by the Fund's investee companies during the reporting period. As the Fund relies on self-reported data by investee companies, a grievance mechanism at Fund level is in place to ensure stakeholders can voice any concerns or report violations.</p> <p>Actions taken: The requirements of the UNGC principles and the OECD Guidelines are embedded in the Fund's ESMS. In turn, the Fund contractually requires its investees to implement Environmental & Social Management Systems (including a Grievance Mechanism), as a result of the mentioned policy commitments to ensure its investees compliance, in line with IFC PS 1. The Fund has taken a risk-based approach to implement policy commitments in the portfolio. Investee companies biannually report on the status of implementation.</p> <p>Action planned/targets set: No further actions planned for PAI 10 or PAI 11 in 2024, unless updates on relevant standards occur.</p> <p>Data source: PAI 10: Self-reported data of investee companies. PA 11: IDH Farmfit Fund E&S Risk due diligence, monitoring, and legal agreements.</p>
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	No data	<p>Explanation: On investee level the Fund ensures that the required HR policies, e.g. regarding non-discrimination and payment of the legal minimum wage, are in place. Therefore, the Fund does not monitor the gender pay gap of investee companies as its primary focus lies on the smallholder supply chain. Data on investees' board composition is collected as part of the Fund's due diligence and monitoring.</p>
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	19%	<p>Actions taken: The Fund's risk assessment regarding gender is guided by the IFC Performance Standards. IFC PS 2 requires investee companies to ensure non-discrimination and equal employment opportunities, as well as occupational health and safety of both women and men.</p> <p>Action planned/targets set: The Fund shall continue its engagement with investees on gender issues within supply chains, as well as its assessment of investee companies in line with IFC PS 2. It is not the Fund's objective or mandate to engage with investee companies on PAI 12/13. Therefore, no further actions are planned for 2025, unless updates on relevant standards occur.</p> <p>Data source: IDH Farmfit Fund due diligence and monitoring data for PAI 13.</p>
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	<p>Explanation: None of the Fund's investments are involved in the manufacture or selling of controversial weapons.</p> <p>Actions taken: The Fund's Exclusion List prohibits investments in weapons and ammunition of any kind.</p> <p>Action planned/targets set: The Fund shall continue screening its investees against its Exclusion List, aiming to this PAI at 0%.</p> <p>Data source: IDH Farmfit Fund due diligence.</p>



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
Additional climate and other environment-related indicators			
15. Deforestation	Share of investments in companies without a policy to address deforestation.	0%	<p>Explanation: Smallholder farmers are the primary driver of deforestation in the agricultural sector. Therefore, the Fund screens for material deforestation risk with all its (prospect) investee companies. All the Fund's investees, where deforestation is identified to be a material risk, are required to implement policies to address deforestation as part of their Environmental and Social Management System. The Fund reports this PAI within the portion of its portfolio where a deforestation risk has been identified, as to other investees a deforestation policy is not applicable.</p> <p>Actions taken: The Fund performs its E&S Risk due diligence following IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources and World Bank EHS Guidelines. Where the Fund identifies material deforestation risks, triggering IFC PS 6, it requires investees to embed monitoring of deforestation risks in the investees' Environmental and Social Management Systems to ensure investees have the policy basis to address deforestation in their operations and supply chain.</p> <p>Action planned/targets set: No further actions planned for 2024. In line with its Environmental and Social Management System the Fund aims to maintain this PAI at 0%.</p> <p>Data source: IDH Farmfit Fund E&S Risk due diligence</p>



Adverse sustainability indicator	Metric	Impact 2024	Explanation, actions taken, actions planned, targets set for the next reference period, data source
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters			
16. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0%	<p>Explanation: The Fund performs its due diligence following applicable IFC Performance Standards, which include a requirement for implementation of a grievance mechanism.</p> <p>Actions taken: As part of the Fund's E&S risk due diligence the Fund assesses the availability of grievance/complaints handling mechanisms related to employee matters, as well as for the community and smallholder farmers in the investee company's supply chain. If not in place the Fund contractually requires investees to develop a grievance mechanism with high priority as part of its Environmental and Social Action Plan, which the Fund receives biannual reporting on.</p> <p>Action planned/targets set: No further actions planned for 2024. In line with its Environmental and Social Management System the Fund aims to maintain this PAI at 0%.</p> <p>Data source: E&S Risk due diligence and monitoring</p>



Description of policies to identify and prioritize principal adverse impacts on sustainability factors

The Fund's Environmental and Social Management System (ESMS), including Environmental and Social Policy (E&S Policy), entered into force November 2019 and was revised and approved in 2024. The ESMS is in line with the International Finance Corporation Performance Standards on Environmental and Social Sustainability and meant for presenting the Fund's policies and procedures to identify and prioritise principal adverse impacts on sustainability factors.

The E&S Policy and ESMS are complementary to the Fund's General Investment Policy and Investment Guidelines, as well as the Client Due Diligence Policy. These policies determine how the Fund performs its investment activities. IDH Investment Management B.V. is appointed as the Executive Board (the Board) of the Fund and acts as Fund Manager. The Fund Manager is responsible for the Fund's E&S risk management and the implementation of the E&S Policy and ESMS, including compliance with laws and regulations.

The types of transactions that the Fund seeks out within its mandate and impact objective may imply certain environmental and social risks and adverse impacts. These risks could result from prospects' or smallholder farmers' activities, or from the Fund's objective to scale up the operations of the Fund's investee companies and their supply chain, as well as the (agricultural) activities of targeted smallholder farmers. Scaling investee companies' and farmers' activities could result in increased use of resources, in terms of land, agricultural inputs, labor, energy, etc. with potentially adverse environmental and social impacts, particularly on (hazardous) child labor, forced labor, operational health and safety issues, e.g. resulting from agrochemical application, deforestation, (critical and natural) habitat conversion, and biodiversity loss.

The PAIs as per the regulation only partially capture these risks and adverse impacts. Recognizing that it operates in a very specific context, the Fund performs a bespoke E&S risk due diligence that relies more on qualitative analysis (as opposed to a quantification of the PAI), on each prospect to ensure all material risks and adverse impacts are understood and where necessary mitigated.

For details on the limitation of PAI measurement, please refer to the Summary at the beginning of this document. The data source used for the various PAI is indicated per indicator as part of the explanation.

Engagement policies

Throughout its investment process, the Fund performs an E&S risk due diligence commensurate with the risk of operations exhibited by the prospect and within the scope of the Fund's investment, in line with its ESMS and E&S Policy. When prospects engage in activities where E&S risks are perceived to require mitigation, the Fund will set a timeframe in its agreements with investee companies within which investee companies must achieve compliance or remediation. Rather than focusing on specific PAI, the Fund performs a thematic, qualitative E&S risk assessment. The Fund acknowledges that prospects may not fully meet all the applicable standards at the time of contracting. In case the identified E&S risk(s), or materialized impact(s), associated with the activities of prospects cannot be mitigated or remediated to a satisfactory level, the Fund Executive Board reserves the right to refrain from investment.



The E&S risk due diligence and engagement the Fund performs with its investee companies is expected to result in low levels of adverse impacts across PAI that fall within the Fund's mandate. Per PAI, an indication is provided as to whether the Fund aims to reduce adverse impacts. The Fund's E&S Policy and ESMS shall be reviewed annually for their effectiveness and shall be adapted to include additional measures in case adverse impacts are observed to increase over time.

References to international standards

The Fund adheres to the following responsible business conduct codes and internationally recognized standards for due diligence and reporting:

All investee companies:

- The Finance Exclusion List which is reviewed to be aligned with peers;
- Legal compliance with the local and national applicable environmental and social laws and regulations;
- The eight fundamental International Labour Organization (ILO) Conventions (the Core Labor Standards);
- UN Global Compact principles; and
- OECD Guidelines for Multinational Enterprises.

Context or risk-dependent; applicable in full or in part:

- The Performance Standards for Environmental and Social Sustainability of the International Finance Corporation;
- World Bank Group Environmental, Health & Safety Guidelines; and
- No Deforestation, No Expansion on Peat, and No Exploitation (see [NDPE Framework](#)).

Other best practice standards, guidelines, and tools may be applied where these provide additional guidance or requirements that support E&S risk identification and mitigation.



Historical comparison

PAI	Metric	Impact 2023	Impact 2024
PAI 1 - GHG Emissions	Scope 1 (tCO2e)	8,585	651
	Scope 2 (tCO2e)	233	634
	Scope 3 (tCO2e)	4,627	48,907
	Total (tCO2e)	13,446	50,193
PAI 2 - Carbon footprint	tCO2e/ million EUR Invested	1,131	2,326
PAI 3 - GHG intensity of investee company	tCO2e/ EUR million revenue	1.20	172
PAI 4 - Exposure to fossil fuel sector	%	0.00%	0.00%
PAI 5 - Share of non-renewable energy	%	77%	75.00%
PAI 6 - Energy consumption intensity	GWh/ million EUR of revenue	No data	No Data
PAI 7 - Activities negatively affecting biodiversity	%	0%	0%
PAI 8 - Emissions to water	Tons Nitrate emissions to water by investee per million EUR invested	20.4	No data
PAI 9 - Hazardous and radioactive waste ratio	Tons hazardous/ radioactive waste generated per million EUR invested	No data	No data
PAI 10 - Violations of UNGCPO & OECD	%	0%	0%
PAI 11 - Lack of processes to monitor compliance with UNGCP & OECD	%	0%	0%
PAI 12 - Gender pay gap	Average unadjusted pay gap	20%	No Data
PAI 13 - Board gender diversity	Avg ration m:f board members	13%	12%



PAI 14 - Exposure to controversial weapons	% investments involved in manufacture/ sale of controversial weapons	0%	0%
PAI - 15 Deforestation	Share of portfolio without a deforestation policy	0%	0%
PAI 16 - Grievance mechanism	Share of portfolio without a grievance mechanism	0%	0%