

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF AGRI RESOURCES' "SUSTAINABLE FINANCING FRAMEWORK"

February 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the potential Sustainability Bonds² ("the Bonds") to be issued by Agri Resources Group ("Agri Resources", "ARG" or "the Issuer") in compliance with its Sustainable Financing Framework ("the Framework").

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the International Capital Market Association's Green Bond Principles and Social Bond Principles voluntary guidelines ("GBP & SBP"), both edited in June 2018.

Our opinion is built on the review of the following components:

- 1) **Issuer:** we assessed the Issuer's sustainability strategy, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities.³
- 2) **Issuances:** we assessed the coherence between the Framework and the Issuer's strategy and commitments, its potential contribution to sustainability and its alignment with the four core components of the GBP & SBP.

Our sources of information are multichannel, combining information gathered from (i) public sources, press content providers and stakeholders, (ii) Vigeo Eiris' exclusive ESG rating database, and (iii) provided by the Issuer through documents and interviews held *via* teleconference.

We carried out our due diligence assessment from October 30th, 2019 to February 28th, 2020. We consider that we were provided with access to all the relevant documents we requested and interviewees we solicited. We consider that the information made available enables us to establish our opinion with a reasonable level of assurance on its completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Sustainable Financing Framework of Agri Resources is aligned with the four core components of the Green and Social Bond Principles 2018.

We express a reasonable assurance⁴ on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainability.

1) Issuer (see Part I):

- ▶ We reach an overall a reasonable assurance on Agri Resources' capacity to integrate relevant ESG factors in its strategy, and to account on them. We reach a reasonable assurance regarding Agri Resources' strategy in the Social and Environment pillars, while our assurance is moderate in the Governance pillar.
- ▶ As of today, we did not find any stakeholders-related ESG controversies involving Agri Resources over the last 48 months.
- ▶ As of today, we did not find any involvement of Agri Resources in the 17 controversial activities screened under Vigeo Eiris methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP and SBP voluntary guidelines (June 2018 edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Sustainability Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Sustainability Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

³ The 17 controversial activities screened by Vigeo Eiris are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bonds within a formalized Green Bond Framework which covers the four core components of the GBP & SBP 2018 (the last updated version was provided to Vigeo Eiris on February 26th, 2020). The Issuer has committed to make this document publicly accessible on Agri Resources' website before the Bonds' issuance date, in line with good market practices.

We are of the opinion that the Green Bond Framework is coherent with Agri Resources' main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

Use of Proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, new and existing Eligible Projects falling under two Eligible Categories, namely: Environmentally sustainable management of living natural resources and land use and Socioeconomic advancement and empowerment. We consider that the Eligible Categories and sub-categories are clearly defined.
- ▶ The Eligible Projects are intended to contribute to five main environmental and social objectives, namely: Natural resources conservation, Biodiversity conservation, Socioeconomic advancement, Access to education and vocational training, and Affordable basic infrastructure. These objectives are considered clearly defined and relevant.
- ▶ The main target populations that will benefit from the social objectives of the Eligible Projects have been clearly defined, namely farmers and populations in remote locations.
- ▶ The Eligible Projects have the potential to provide clear environmental and social benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental and social benefits of the Bonds and to publicly communicate on them in its annual reporting. An area for improvement consists in assessing and quantifying the expected environmental and social benefits and to establish ex-ante environmental and social targets for each Eligible Category.
- ▶ Agri Resources has transparently communicated that the share of refinancing for its first Bond issuance will be approximately 30% and commits to communicate the share of refinancing to investors before each Bond issuance. The issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bonds' issuance date will be applied, in line with market practices.
- ▶ The Eligible Categories are considered likely to contribute to seven of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 2. Zero Hunger; Goal 4. Quality Education; Goal 6. Clean Water and Sanitation; Goal 8. Decent Work and Economic Growth; Goal 9. Industry, Innovation and Infrastructure; Goal 12. Responsible Consumption and Production; and Goal 15. Life on Land.

Process for Projects Evaluation and Selection

- ▶ The governance and the process for the evaluation and selection of the Eligible Projects is clearly defined. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives of the Eligible Projects.
- ▶ The identification and management of the material social risks associated with the Eligible Projects are considered to be good. Concerning environmental issues, the Issuer has planned and is carrying out a number of initiatives that should result in a good level of identification and management of material environmental risks associated with the Eligible Projects.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments appear to be good and they have been formalised in the Framework.
- ▶ The indicators covering the allocation of funds and the expected social and environmental benefits of the Eligible Projects are clear and relevant.

Agri Resources has committed to support its Sustainable Bonds' issuances with the following external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Sustainable Financing Framework, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website,⁵ before the first issuance.
- An annual verification: an external verification performed by a third-party auditor, covering (i) the allocation of the net proceeds of the Bonds in accordance in all material respects with the eligibility criteria set forth in the Use of Proceeds section of the Framework and (ii) the impact reporting, annually and until full allocation of proceeds and in case of material changes.

This Second Party Opinion is based on the review of the Framework provided by the Issuer, according to our exclusive assessment methodology and to the GBP & SBP voluntary guidelines (June 2018).

February 28th, 2020

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit or consultancy activity for Agri Resources.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the potential Bonds issuances, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the effectiveness, the excellence or the irreversibility of the assets to be financed by the Bond. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication are at the discretion of the Issuer, submitted to Vigeo Eiris approval.

⁵ <https://www.agri-resources.com/>.

DETAILED RESULTS

Part I. ISSUER

Agri Resources Group is an international business, headquartered in Luxembourg, which focuses on the cultivation of essential products ranging from import-substitution crops to vanilla, spices and niche products. Agri Resources is part of Agricorp, an international Group specialising in agriculture and food processing. Agri Resources operates through two business units: Agriculture, and Vanilla & Spices. The subdivision Vanilla & Spices produces, procures, processes and exports vanilla and spices.

Integration of ESG factors in the Issuer's strategy

We reach an overall a reasonable assurance on Agri Resources' capacity to integrate relevant ESG factors in its strategy, and to account on them. We reach a reasonable assurance regarding Agri Resources' strategy in the Social and Environment pillars, while our assurance is moderate in the Governance pillar.

Domain	Comments	Opinion
Environment	<p>We reach a reasonable assurance on Agri Resources' existing capacity to integrate relevant environmental factors in its strategy.</p> <p>Agri Resources addresses environmental issues in its Group Sustainability Policy, and in the Environmental and Social Action plans developed and shared with its stakeholders. Relevant commitments refer to responsible land management, soil fertility, waste management and reduction, and to raising awareness among employees, partners and suppliers. Agri Resources makes an explicit commitment to sustainable land management and the protection of biodiversity. Agri Resources is also committed to including environmental factors in supply chain management and some of its products are covered by organic certifications.</p>	Reasonable
	<p>However, Agri Resources lacks a commitment to limit the environmental impacts related to the transport of its products. Despite a general commitment to use more renewable energy and local wood production for heating, Agri Resources does not have specific targets to reduce its energy consumption. Although Agri Resources has several initiatives to reduce water consumption of its activities, there are no specific targets.</p>	Moderate
		Weak
Social	<p>We reach a reasonable assurance on Agri Resources' existing capacity to integrate relevant social factors in its strategy.</p> <p>The company has issued a formalised commitment to respect and promote human rights in its Code of Conduct. It is also a signatory of the "Code of Conduct for vanilla industry players", which includes a commitment to fight against child labour. The company has issued a formalised commitment to respect fundamental labour rights, which is supported by senior management.</p>	Reasonable
	<p>The company has made a formalised commitment to health and safety issues in its Sustainability Policy. In addition, health and safety is a requirement of supplier codes of conducts signed by Agri Resources, and health and safety elements are outlined in its Quality Manual.</p> <p>Agri Resources has a formal commitment to promote local social and economic development. It reports that it carries out ongoing consultations with local communities and other stakeholders throughout the lifecycle of its activities. The company's core activity revolves around local skills development and cooperation with local communities in the production of vanilla and spices.</p>	Moderate
	<p>Agri Resources has issued a formalised commitment to food safety - following the HACCP method - in its Quality Policy and offers hygiene training to its staff in collaboration with the Institut Pasteur of Madagascar. It is committed to exclude GMOs and allergens from its products. Commitments to food safety are also embedded in the relationships with its clients, such as McCormick.</p>	Weak
Governance	<p>We reach a moderate assurance on Agri Resources' performance in the Governance pillar.</p> <p>The role of Chairman and CEO are separated. However, the Board of Directors does not seem to be independent. Agri Resources does not seem to have Audit and Nomination committees. CSR issues are declared as core to Agri Resources' business strategy, are discussed at Board level, and are included in the company's reporting. The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers most of the CSR risks inherent to the company's business operations.</p>	Reasonable
		Moderate
		Weak

Management of stakeholders-related ESG controversies

As of today, we did not find any stakeholders-related ESG controversies involving Agri Resources over the last 48 months.

Involvement in controversial activities

As of today, we did not find any involvement of Agri Resources in the 17 controversial activities screened under Vigeo Eiris methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCES

Coherence of the issuances

Context note:

Agriculture in emerging countries is an important lever for development, but it also faces significant environmental and social challenges. According to the World Bank, 28.1% of the total employment in the world was in the agriculture sector in 2019.⁶ Oxfam estimates that three-quarters of people living in poverty reside in rural areas and depend on agriculture for their livelihoods.⁷

Food companies have upstream, production and downstream environmental impacts. Companies' environmental strategy should address the reduction of their main upstream impacts, such as through sustainable agricultural management, and their production impacts, including water consumption, pollution, and the environmental impacts linked to transportation. Food companies are required to take into consideration biodiversity protection in their own production processes and throughout their value chain. The protection of biodiversity is the most controversial issue in the food sector, with 30% of controversies associated with deforestation and mostly involving companies in the Asia Pacific and Emerging Markets. Finally, companies must address downstream impacts such as the reduction of packaging weight, use of alternative materials and promotion of recycling.

Through their own activities and their supply chain, food companies are seen as potential key players in the empowerment of local economies. Companies in the food sector operate and source raw materials from a range of low and middle income economies (as well as weak governance zones) where there is higher potential exposure to fundamental human rights violations. Identifying and addressing human rights risks in order to ensure the respect of ILO's core labour standards at the supply chain level is considered crucial for food companies. A number of raw materials (such as coffee, chocolate, sugar cane, etc.) used in the production process are sourced from developing countries where fundamental labour rights standards, as defined by the ILO, are not always respected.

Following various health crises and food safety incidents, the good application of product safety standards and the set up of a crisis management system throughout the supply chain has become another fundamental issue for companies in the sector.

We are of the opinion that the Sustainable Financing Framework is coherent with Agri Resources' main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments.

Agri Resources is committed to ensure the best social and sustainable practices around vanilla, spices and coffee cultivation, creating value and opportunities for local partners and securing quality products for the final clients, while minimising its footprint on the environment. Agri Resources makes efforts to protect biodiversity by prioritising sustainable agricultural production and organic certification for some of its products.

Agri Resources shows commitment to the social and environmental development of the communities where it operates through several actions, such as:

- Close partnership with the association Inside Madagascar, a local development association with environmental and social projects for the SAVA community, where Agri Resources operates in Madagascar. It was founded by the CEO and CFO of Agri Resources Madagascar, with the mayor of the town.
- Trainings and Incentive programs for the adoption of good agricultural practices by local farmers;
- Promoting gender equality and female leadership;
- Assuring the environmentally sustainable management of land and natural resources by preserving residual forest and implementing agroforestry.

As suppliers for large brands, Agri Resources has to follow reporting, transparency and traceability requirements and ensure the protection of social and labour rights of its workers. In addition to current processes and commitments, the company is also developing new initiatives to be implemented, such as the auditing of its CSR reporting, the integration of environmental factors in its supply chain as part of the new Environmental and Social management System, and the development of a collective agreement in partnership with Unions.

By creating a Framework to issue Bonds that are intended to finance or refinance Eligible Projects that contribute to sustainable agriculture, land restoration, agroforestry and biodiversity, promotion of sustainable practices and local development of communities, the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

⁶ "Employment in Agriculture (% of Total Employment) (Modeled ILO Estimate) | Data", World Bank, September 2019 - Accessed January 28, 2020 - <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>.

⁷ "Food Security, Agriculture, and Livelihoods", Oxfam - Accessed January 28, 2020 - <https://policy-practice.oxfamamerica.org/work/food-agriculture-livelihoods/>.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, new and existing Eligible Projects falling under two Eligible Categories, namely: Environmentally sustainable management of living natural resources and land use and Socioeconomic advancement and empowerment. We consider that the Eligible Categories and sub-categories are clearly defined.

The Eligible Projects are intended to contribute to five main environmental and social objectives, namely: Natural resources conservation, Biodiversity conservation, Socioeconomic advancement, Access to education and vocational training, and Affordable basic infrastructure. These objectives are considered clearly defined and relevant.

The main target populations that will benefit from the social objectives of the Eligible Projects have been clearly defined, namely farmers and populations in remote locations.

The Eligible Projects have the potential to provide clear environmental and social benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental and social benefits of the Bonds and to publicly communicate on them in its annual reporting. An area for improvement consists in assessing and quantifying the expected environmental and social benefits and to establish ex-ante environmental and social targets for each Eligible Category.

Agri Resources has transparently communicated that the share of refinancing for its first Bond issuance will be approximately 30% and commits to communicate the share of refinancing to investors before each Bond issuance. The issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bonds' issuance date will be applied, in line with market practices.

A detailed analysis of the Eligible Categories to be financed through the Bond is presented in the table below.

Eligible category	Sub-category	Definition	Objectives and benefits	Vigeo Eiris' Analysis
Environmentally sustainable management of living natural resources and land use				
Sustainable Agriculture	Development & certification of existing landbanks suitable for vanilla production (70 ha) Location: Madagascar	1. Planting and growing vanilla plants in existing landbanks (70 ha) (CAPEX+OPEX) 2. Fees associated with organic certification for vanilla plantations (land) and products	Natural resources conservation --- <i>Increase in hectares of land managed under sustainable practices</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear, relevant and measurable. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.
	Development & Certification of other crops & essential oils on existing landbanks Location: Madagascar	3. Planting and growing other crops (Curcuma, ginger, cloves, rice, patchouli) in existing landbanks (30 HA) 4. Fees associated with organic certification for other crops plantations (land) and products	Natural resources conservation --- <i>Increase in hectares of land managed under sustainable practices</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear, relevant and measurable. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.
	Additional Land brought under sustainable practices - Investment in further acquisitions of plantations in collaboration with local farmers Location: Madagascar, Indonesia, PNG	5. Acquisition of new plantations (including in partnership with Elliven) and planting of vanilla, coffee, spices and other crops for essential oils production 6. Fees associated with organic certification of acquired plantations	Natural resources conservation --- <i>Increase in hectares of land managed under sustainable practices</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear, relevant and measurable. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.
	Develop a Technical Centre for the region leveraging net houses and smart utilisation of water resources Location: Mauritius	7. Construction, operation and maintenance of a Technical Centre for R&D activities 8. Development of R&D activities in partnership with Netafim and Vegtech to implement precision irrigation and fertiliser dosing unit system	Natural resources conservation --- <i>Increase the knowledge of sustainable agricultural practices</i> <i>Improvement of the efficient use of natural resources</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear and relevant. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.

	Creation of a traceability system for vanilla open to all farmers in the region in partnership with Inside Madagascar	9. Operational expenditures such as salaries of dedicated staff and trainings of local farmers, in Agri Resources' facilities as well as in remote locations	Natural resources conservation --- <i>Improvement in traceability of vanilla</i> <i>Improvement in the agricultural practices of farmers</i>	The definition of the Eligible Project is clear. The objective is considered clear and relevant. The environmental benefits are clear and relevant. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.
Land restoration, agroforestry & biodiversity	Agroforestry - On-Farm Location: Madagascar	10. Planting live fences and hedgerows (Glyricidia, Acacia, Hintsia, Canarium, Calophyllum, Thitonia) 11. Planting support trees (6000-7000 units) for vanilla plants and shade trees (40 to 80 units per ha) 12. Planting 6ha of Acacias trees (approx. 850 trees per hectare) and local species trees (80 trees per hectare) for wood production	Natural resources conservation --- <i>Increase in hectares of land managed under sustainable agroforestry practices</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear, relevant and measurable and the Issuer has quantified the expected environmental benefits with ex-ante environmental targets.
	Protection of residual forests located within our plantation supporting biodiversity Location: Madagascar	13. Building surrounding fences around residual forests within current plantation 14. Training for local population on forest preservation and alternative sources of wood for fuel 15. Hiring local experts to do an inventory of local species and identifying potentially threatening invasive species 16. Elimination of invasive species when needed	Biodiversity conservation Natural resources conservation --- <i>Maintenance in hectares of forest preserved</i>	The definitions of the Eligible Projects are clear. The objective is considered clear and relevant. The environmental benefits are clear and relevant. An area for improvement is to quantify the expected environmental benefits with ex-ante environmental targets.

Socioeconomic advancement and empowerment				
<p>Creating employment opportunities</p>	<p>Investment in processing equipment closer to the remote Agri Resources plantations</p> <p>Location: Papua New Guinea (Madang Province and East Sepik Province) and Indonesia (highland of South Sulawesi Island in the region Tanah Toraja)</p> <p>Target population: farmers from remote locations within the regions targeted</p>	<p>In PNG (in partnership with Elliven) for vanilla and in Indonesia for vanilla and coffee (Toraja)</p> <p>17. Construction of a facility, acquisition of processing equipment and acquisition of secured storage facilities (only capex expenditures)</p>	<p>Socioeconomic advancement</p> <p>---</p> <p><i>Increase in the number of employment / revenue opportunities for farmers</i></p>	<p>The definition of the Eligible Project is clear.</p> <p>The objective is considered clear and relevant.</p> <p>The social benefits are clear, relevant and measurable. An area for improvement is to quantify the expected social benefits with ex-ante targets.</p> <p>The target population has been clearly defined by the Issuer.</p>
<p>Training on sustainable practices</p>	<p>Systems to support and train communities secure sustainable supply chains and a steady source of income</p> <p><i>Trainings include organic certification, other certifications, agricultures practices and financial training</i></p> <p>Location: Indonesia (highland of South Sulawesi Island in the region Tanah Toraja), Papua New Guinea (Madang Province and East Sepik Province) and Madagascar (Region of Sava)</p> <p>Target population: farmers in the regions targeted by the projects</p>	<p>In Indonesia</p> <p>18. Creation of a farmers' association from the Toraja Region of South Sulawesi Island (Indonesia) to train all farmers in the region on the organic certification for coffee and vanilla</p> <p>In Papua New Guinea, in partnership with Elliven</p> <p>19. Creation of a farmers' association in PNG to train all farmers in the region on the organic certification for vanilla</p> <p>In Madagascar, with the association Inside Madagascar</p> <p>20. Training, education and incentives programmes for employees, suppliers and farmers on organic production practices and traceability standards for vanilla</p>	<p>Access to education and vocational training</p> <p>---</p> <p><i>Increase in the number of farmers trained on sustainable agricultural practices</i></p>	<p>The definitions of the Eligible Projects are clear.</p> <p>The objective is considered clear and relevant.</p> <p>The social benefits are clear, relevant and measurable. An area for improvement is to quantify the expected social benefits with ex-ante targets.</p> <p>The target population has been clearly defined by the Issuer.</p>

<p>Support to local economic and social development of communities</p>	<p>Contribution to general interest causes in partnership with partner Inside Madagascar</p> <p>Location: Madagascar (Region of Sava)</p> <p>Target population: populations in Sava region of Madagascar</p>	<p>In Sava region, Madagascar</p> <p>21. Clean water access projects (construction of a water well)</p> <p>22. Sanitation, training, education and crisis responses projects</p>	<p>Affordable basic infrastructure</p> <p>---</p> <p><i>Increase in the number of people with access to water</i></p> <p><i>Increase in the number of people trained on sanitation practices</i></p>	<p>The definitions of the Eligible Projects are clear.</p> <p>The objectives are considered clear and relevant.</p> <p>The social benefits are clear, relevant and measurable. An area for improvement is to quantify the expected social benefits with ex-ante targets.</p> <p>The target population of the expected social benefits has been clearly defined by the Issuer.</p>
	<p>Investment in a factory for essential oils that will benefit from existing and unexploited raw materials from local farms, with the support of International Flavors & Fragrances (IFF), its agreed partner</p> <p>Location: Madagascar (Region of Sava)</p> <p>Target population: local farmers from the Sava region</p>	<p>In Madagascar</p> <p>23. Construction and operation of an essential oil distillery to produce and sell oils through the purchase of raw materials from local farms (not on Agri Resources plantations/fields)</p>	<p>Socioeconomic advancement</p> <p>---</p> <p><i>Increase in the number of employment / revenue opportunities for farmers</i></p>	<p>The definition of the Eligible Projects is clear.</p> <p>The objective is considered clear and relevant.</p> <p>The social benefits are clear, relevant and measurable. An area for improvement is to quantify the expected social benefits with ex-ante targets.</p> <p>The target population of the expected social benefits has been clearly defined by the Issuer.</p>

The Eligible Categories are considered likely to contribute to seven of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 2. Zero Hunger; Goal 4. Quality Education; Goal 6. Clean Water and Sanitation; Goal 8. Decent Work and Economic Growth; Goal 9. Industry, Innovation and Infrastructure; Goal 12. Responsible Consumption and Production; and Goal 15. Life on Land.

Eligible Categories	UN SDGs identified	UN SDGs targets
Sustainable Agriculture	SDG 2 Zero Hunger	2.4
	SDG 6 Clean Water and Sanitation	6.4
	SDG 9 Industry, Innovation and Infrastructure	9.5
	SDG 12 Responsible Consumption and Production	12.2
	SDG 15 Life on Land	15.1
Land Restoration, Agroforestry & Biodiversity	SDG 2 Zero Hunger	2.4
	SDG 12 Responsible Consumption and Production	12.2
	SDG 15 Life on Land	15.1, 15.2, 15.8
Creating Employment Opportunities	SDG 2 Zero Hunger	2.3
Training on sustainable practices	SDG 4 Quality Education	4.3
	SDG 12 Responsible Consumption and Production	12.8
Support to local economic and social development of communities	SDG 2 Zero Hunger	2.3
	SDG 6 Clean Water and Sanitation	6.1, 6.2, 6A, 6B
	SDG 8 Decent Work and Economic Growth	8.2



UN SDG 2 consists in ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture. More precisely, relevant SDG 2 targets by 2030 include:

- 2.3. Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
- 2.4. Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality



UN SDG 4 consists in ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all. More precisely, relevant SDG 4 targets by 2030 include:

- 4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university



UN SDG 6 consists in ensuring availability and sustainable management of water and sanitation for all. More precisely, relevant SDG 6 targets include:

- 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

- 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- 6.A By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies
- 6.B Support and strengthen the participation of local communities in improving water and sanitation management



UN SDG 8 consists in promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. More precisely, relevant SDG 8 targets include:

- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors



UN SDG 9 consists in building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. More precisely, relevant SDG 9 targets include:

- 9.5. Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending



UN SDG 12 consists in ensuring sustainable consumption and production patterns. More precisely, relevant SDG 12 targets by 2030 include:

- 12.2 Achieve the sustainable management and efficient use of natural resources
- 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature



UN SDG 15 consists in protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss. More precisely, relevant SDG 15 targets by 2020 include:

- 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
- 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- 15.8 Introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species.

Process for Projects Evaluation and Selection

The governance and the process for the evaluation and selection of the Eligible Projects is clearly defined. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of the Eligible Projects is clearly defined.

The evaluation and selection of Eligible Projects is based on internal and external expertise, with well-defined roles and responsibilities:

- Agri Resources has created a "Selection and evaluation committee" ("the Committee") composed of representatives of:

- Agri Resources Group (CEO and Directors) for initial project identification and as “leads” in all of the following steps; Agricorp (CFO & Co-Director of Vanilla & Spices) for project assessment, providing input both on financial and ESG issues; Monaco Resources Group (Leadership Team, HR, Marketing & Communications) for final discussion and to provide input on alignment with the Groups’ Sustainability Policy and overall ESG approach.
- Two external stakeholders, namely Clarmondial, who reviewed and provided input on use of proceeds, project selection and impact KPIs, and IFC who provided a review of the approach and KPIs.

The decision-making process includes the following steps:

- (i) The Committee lists and reviews all possible projects, including information on start date and the current status.
- (ii) The Committee removes projects where environmental and/or social risks have not yet been fully assessed, or where the impact is expected to be low.
- (iii) The Committee assesses projects vis-à-vis the list of KPIs and selects projects where the impact contribution can be tracked / measured.
- (iv) The Committee presents the list of eligible projects and associated impacts, including KPIs, to relevant stakeholders, including senior manager and team leads.

The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- Formal meetings will be organised on an annual basis and in case of a controversy,⁸ and agendas, participants and meeting minutes will be recorded in order to ensure traceability of decisions made, which will then feed the Register of Eligible Projects.
- The Issuer reports that a formal role will be created, within the Marketing Department, with responsibility for project management and reporting to the Head of Marketing and the CEO of Agricorp.
- The Issuer commits to monitor the projects through internal reports and visits on the project sites, throughout the lifetime of the Bond(s). In the event that a project no longer meets the eligibility criteria, notably in case of controversy on a project, Agri Resources commits to exclude the project from the portfolio of projects financed by the Bond(s).
- An external auditor will verify the allocation of the net proceeds of the Bonds in accordance in all material respects with the eligibility criteria set forth in the Use of Proceeds section of the Framework.

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives of the Eligible Projects.

- The selection is based on the definition of the Eligible Category provided in the Use of Proceeds section of the Framework.
- In addition, the Issuer has committed to exclude:
 - Projects directly or indirectly related to activities which are deemed related to controversial activities;⁹
 - Greenfield projects;¹⁰
 - Projects where the likely impact is marginal or indirect;
 - Projects whose impact cannot be attributed or measured (monitored, reported, evaluated);
 - Projects in which local communities are not engaged;
 - Projects for which local communities do not see a value;
 - Projects which present difficulty (even minor) to properly track/measure the benefits for the communities.

⁸ The Issuer defines a controversy as an event in which their business has been directly or indirectly involved in violations of human rights and labour issues, violations of environmental and social norms as well as corruption allegations.

⁹ Agri Resources will not knowingly allocate proceeds to projects directly or indirectly related to the following activities: Weapons, Tobacco, Gambling, Adult entertainment, Predatory lending, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Unconventional oil and gas, Genetic engineering.

¹⁰ Defined as any activity or project where Agri Resources has no experience or track record that could guarantee the successful realisation of a project.

- In order to be eligible, and in addition to the selection and exclusion criteria indicated in the Use of Proceeds table and above, projects must meet the following criteria:
 - o Within the 'Sustainable agriculture' category:
 - The project or activity must be initiated or on-going (possibly at a smaller scale);
 - There must be a meaningful and direct opportunity for impact creation;
 - The associated impact must be measurable (for monitoring, reporting and evaluation).
 - o Within the 'Socioeconomic advancement and empowerment' category:
 - Local communities are supportive and/or already engaged in the project;
 - The project impact and outcomes in terms of benefits for local communities are attributable and measurable.

The identification and management of the material social risks associated with the Eligible Projects are considered to be good. Concerning environmental issues, the Issuer has planned and is carrying out a number of initiatives that should result in a good level of identification and management of material environmental risks associated with the Eligible Projects.

The assessment of the identification and management of the material environmental and social risks associated with the Eligible Projects is mainly based on information on the Issuer's practices in Madagascar– the Issuer reports that similar practices will be applied in projects to be implemented in Indonesia and Papua New Guinea.

Environmental risks

Concerning **environmental management**, the Issuer reports that it does not carry out any specific assessment of the environmental impacts of its projects. However, it has appointed a person with relevant expertise in charge of environmental monitoring, management and training of employees in Madagascar. The company reports that a similar approach will be developed for new plantations in other countries (e.g. Papua New Guinea). Since procedures are not formalised, the appropriate management of environmental issues is at the moment strictly dependent on the expertise and availability of the designated manager. The Issuer reports that it will formalise environmental management processes as part of its work on the Environmental and Social management System it has committed to implement. Agri Resources has also committed to commission an external Environmental Impact Assessment (EIA) for its plantations and for the acquisition of new land in order to classify areas that need to be preserved, restored, or that can be converted to agroforestry, and to establish ex-ante environmental objectives and KPIs for monitoring.

Regarding the risk of **biodiversity loss**, the Issuer reports that it manages this issue through protecting specific biodiversity-rich areas identified by the environmental manager in plantations, by exclusively using organic fertilisers, and through specific practices to maintain soil health and fertility (such as field crop rotation, organic mulching and composting and crop associations). These practices are not yet formalised and depend on the expertise and availability of the environmental manager. Agricultural practices can both provide an essential habitat for a variety of species, as well as cause the depletion of natural resources upon which many species rely. One of the major direct causes of biodiversity loss attributable to agriculture is land clearing for agricultural expansion. The rise in plantations is a major cause of deforestation, which is one of Madagascar's biggest environmental problems. This rise is also contributing to the erosion of the soil, endangering wildlife populations and increasing greenhouse gases. The Issuer reports that it will take the necessary measures to ensure that additional land brought under agricultural production in all countries where projects are implemented does not result from deforestation of primary forests, high conservation value land, or high carbon stock land, and that burning is not used for preparing land. Agri Resources commits to an external review of the criteria for the selection of additional land based on third party assessments, HCV assessments, and collaboration with third parties such as Global Forest Watch and the World Resource Institute.¹¹ It also commits to publish the details on the selection criteria and process in its annual report.

Agriculture is globally one of the main drivers of environmental pollution and a major contributor to greenhouse gas emissions causing climate change. The Issuer has put in place some measures to reduce CO2 emissions linked to **energy consumption** with the introduction of solar panels in its plantations. The agricultural sector is the largest user of freshwater resources, with a potential negative impact in terms of water stress. The Issuer reports that it does not currently use irrigation in plantations and that all species it cultivates are adapted to local meteorological

¹¹ The Issuer reports that in Madagascar, companies need to obtain a permit from the National Environment Agency before any agricultural land development is undertaken. In order to issue the permit, the land needs to be assessed to classify it in terms of its importance for biodiversity conservation (going from old agriculture land for more than 30 years to primary forest) – lands which have a high level of importance in terms of biodiversity conservation cannot be exploited.

conditions. In addition, it has implemented measures to reduce **water consumption** in the vanilla packaging facility (whose water consumption is limited and concerns mainly sanitation use) and in the essential oils production facility through a fast cooling tower that would allow for water reuse. The Issuer reports that it is currently updating its internal policies to formalise current actions undertaken to reduce water consumption and it is developing a specific strategy to reduce water consumption for future projects. One of the Eligible Projects is an R&D centre dedicated to irrigation, meant to improve water efficiency in agricultural production.

On **the integration of environmental factors in the supply chain**, the Issuer reports that it does not have any specific environmental requirements applying to sub-contractors and suppliers, although training on organic farming and environmental best practices is provided through the NGO Inside Madagascar for potential suppliers. The Issuer believes that its project aiming at the creation of a traceability system through registering potential suppliers, coupled with training on best practices, is a first step towards introducing a certification system and environmental requirements. An area for improvement would be to favour procurement to those suppliers that can demonstrate that they apply appropriate environmental practices. The Issuer reports that it is currently addressing this issue as part of the Environmental and Social Action Plan that it is developing in collaboration with the IFC.¹²

Social risks

Vanilla is one of the most labour-intensive crops, involving hand pollination. The company reports that inspections are carried out in the field in order to ensure the respect of **human and labour rights**. The Issuer's HR Policy ("Règlement intérieur") includes working conditions, working hours and overtime, occupational health and safety, and disciplinary measures. The current HR Policy does not include provisions related to forced and child labour, harassment, and non-discrimination - the Issuer reports that it is updating the policy in order to address these issues. The Issuer has signed the Government of Madagascar's Code of Conduct for the Protection of Children and it reports that, as part of the recruitment process, verifications are done regarding the age of workers to prevent child labour at the entrance of the packaging facility and in the field. As per local labour laws and regulations, all regular employees have the right to freedom of association. There is no formal grievance mechanism in place at company level, however receipt and treatment of grievances/complaints from workers is ensured by representatives of labour unions in Madagascar. The company reports that it pays attention to the risks of displacing people living in plantations that it acquires and has given concrete examples to illustrate that matter.

The Issuer manages **health and safety risks** in the packaging facility and in plantations through the use of preventive measures such as safety equipment and safety training. Agri Resources does not currently maintain records of accidents for reporting to management nor to social security services, and no emergency preparedness procedures seems to be in place in case of fire. The Issuer has however reported that it plans to start maintaining accident records and to put in place fire emergency procedures within the context of the Environmental and Social management System it has committed to implement.

Improving incomes and livelihoods of vanilla farmers is a critical component of the Sustainable Vanilla Initiative which is firmly endorsed by the Issuer. In terms of **quality of employment conditions**, the Issuer reports that permanent workers (around 20% of employees) are granted a higher salary than the minimum standards in Madagascar, while short-term employees (daily workers) are paid according to the minimum national standard for agricultural workers. The Issuer reports that fixed term contracts (seasonal workers) are paid like permanent workers. All salaries are paid into bank accounts.

The safety of final products is ensured through a Quality Manual (monitored by a quality manager), trainings, and traceability of production lots. The Issuer reports that it is working to obtain an FSSC22000 accreditation, which covers the food safety management system throughout the whole supply chain.

Responsible purchasing practices are ensured through a long-term partnership with suppliers, freedom for suppliers to work with other companies, and through trainings provided in collaboration with the association Inside Madagascar.

As per environmental issues, the issuer reports that **social requirements** are not introduced in contracts when working with sub-contractors and suppliers, which is an area for improvement. However, the Issuer reports that there is a strict control against the use of child labour (included as a contractual clause), for which non-compliance can lead to termination of contracts and, if necessary, to legal procedures. The Issuer also reports that its suppliers are grouped in cooperatives and that it works with a local NGO who performs awareness raising on child labour.

¹² For more information: <https://disclosures.ifc.org/#/projectDetail/ESRS/41634>.

Management of proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

The allocation and management of the proceeds are clearly defined although they have not been formalised in the Framework.

- The net proceeds of the Bond(s) will be deposited in a segregated account and will be earmarked and tracked by the Issuer.
- Agri Resources will set up an internal tracking system within its treasury management to monitor the allocation process throughout the lifetime of the Bonds.
- The Issuer has committed to allocate the Bonds' proceeds within maximum 24 months upon receipt of capital, in line with good market practices. For the inaugural Bond issuance, the Issuer plans to allocate approximately 50% of the funds in 2020 and 50% in 2021.
- Pending full allocation, Agri Resources will hold unallocated proceeds in cash or cash equivalent. In addition, Agri Resources commits not to invest temporarily unallocated proceeds in GHG intensive or other controversial activities.
- In case of project postponement, cancellation or divestment, Agri Resources commits to reallocate the proceeds within 12 months.

Traceability and internal verification of the allocation of the proceeds are ensured throughout the process:

- The Issuer will create a weekly reporting on the use of proceeds and will conduct an internal review of funds allocation at least annually.
- An independent third party will verify the allocation of proceeds to the Eligible Projects.

Reporting

The reporting process and commitments appear to be good and they have been formalised in the Framework. The indicators covering the allocation of funds and the expected social and environmental benefits of the Eligible Projects are clear and relevant.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in the Framework.

The process is structured and relies on relevant internal expertise:

- Local teams are responsible for collecting and reporting on environmental and social indicators;
- The Finance team will consolidate the information and track the performance in comparison with the financial budget;
- Agricorp's Marketing & Communication team and Management team will monitor the ESG performance and any risk of controversy through the Weekly Reports prepared by Agri Resources' local teams;
- The Operational Team will prepare the Bond Reports based on information from the Finance team.

The Issuer has committed to report on proceeds allocation and impacts within one year of issuance. The Bond Reports will then be published annually and until Bond maturity. This information will be made publicly accessible on the Issuer's website.¹³

¹³ www.agri-resources.com

The Issuer has committed to transparently communicate at sub-category level, on:

- Allocation of proceeds: the selected reporting indicators are clear and relevant.

Reporting indicators
<ul style="list-style-type: none"> - List and description of the projects funded - The total amount of net proceeds allocated to selected Projects - The share of co-financing of Eligible Projects (%) - Percentage of refinancing at Eligible Category level (%) - The share of allocated proceeds vs. unallocated proceeds (%) - Type and amounts of temporary placements in which unallocated funds are kept

- Environmental and social benefits: the selected reporting indicators are clear and relevant.

		Environmental and social indicators	Vigeo Eiris Analysis
Eligible category	Sub-category	Outputs, outcomes and impacts	
Environmentally sustainable management of living natural resources and land use			
Sustainable Agriculture	Development & certification of existing landbanks suitable for vanilla production (70 ha)	Number of certifications (Nb) Hectares covered by sustainable land and water resources management practices (Ha)	The selected reporting indicators are clear and relevant.
	Development & Certification of other crops & essential oils on existing landbanks	Number of tonnes of certified vanilla on the following certifications: Organic, Faire Trade and Rainforest Alliance (Nb) Number of jobs created (Nb)	
	Additional Land brought under sustainable practices - Investment in further acquisitions of plantations in collaboration with local farmers	Yield green vanilla per Ha (t) Increase in the share of hectares certified compared to total hectares owned Increase in the share of tonnes certified compared to total tonnes produced	
	Develop a Technical Centre for the region leveraging net houses and smart utilisation of water resources	Agronomic performance (Increase in the volumes of patchouli per ha) R&D expenditures (EUR) Number of studies aiming at improvements in agronomic performance (Nb) Fertiliser use optimisation (decrease in fertiliser used per ha)	
	Creation of a traceability system for vanilla in partnership with Inside Madagascar	Number of farmers trained (Nb) Tons of traceable vanilla (t) bought Number of farmers benefitting from incentives (Nb) Share of farmers benefitting from incentives compared to total number of farmers (%)	The selected reporting indicators are clear and relevant.
Land restoration, agroforestry & biodiversity	Agroforestry - On-Farm	Number of Ha preserved (Nb) Number of Ha created (Nb) Number of new trees introduced in landscapes (Nb)	The selected reporting indicators are clear and relevant.
	Protection of residual forests located within our plantation supporting biodiversity	Number of local species planted (Nb)	

Socioeconomic advancement and empowerment			
Creating employment opportunities	Investment in processing equipment closer to the remote Agri Resources plantations	Number of new jobs (Nb) Net job creation Number of farmers from remote locations benefitting from the processing equipment	The selected reporting indicators are clear and relevant.
Training on sustainable practices	Systems to support and train communities secure sustainable supply chains and a steady source of income	Number of farmers trained Number of communities / organisations engaged	The selected reporting indicators are clear and relevant.
Support to local economic and social development of communities	Contribution to general interest causes in partnership with partner Inside Madagascar Location: Madagascar	Number of people benefitting from projects	The selected reporting indicators are clear and relevant.
	Investment in a factory for essential oils that will benefit from existing and unexploited raw materials from local farms, with the support of International Flavors & Fragrances (IFF), its agreed partner Location: Madagascar	Number of new jobs (Full Time, Part Time, by youth, women) (Nb) Number of new suppliers (Nb) Volume processed of certified essential oils (Kg)	The selected reporting indicators are clear and relevant.

All indicators will be reported considering 2020 as baseline year. The Issuer has committed to publicly disclose the key methodologies and assumptions used to calculate the benefits of the Eligible Projects on its website for each annual report.¹⁴

The Issuer has also committed to report in case of material developments relating to the Bonds and to the Eligible projects including in case of ESG controversies on its website.

The Issuer has committed to an external audit, annually and until full allocation of proceeds covering (i) the allocation of the net proceeds of the Bonds in accordance in all material respects with the eligibility criteria set forth in the Use of Proceeds section of the Framework and (ii) the impact reporting, annually and until full allocation of proceeds and in case of material changes.

¹⁴ www.agri-resources.com

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organisation, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on our generic Food sector's ESG assessment frameworks and on specific issues considering the Issuer's activities.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Direction of Sustainable Finance and/or the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Ethics, and all the consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer's integration of ESG factors in its strategy has not been assessed through a complete process of rating and benchmark developed by Vigeo Eiris. The assessment of the Issuer's ESG strategy has focused only on the Leadership item from Vigeo Eiris' ESG rating methodology (see below), based on information provided by the Issuer, public information and stakeholders' views and opinions collected from public documentation.

Level of the Issuer's ESG strategy.

The issuer has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) strategy, based on relevant ESG drivers organized in the 6 sustainability domains. The Issuer's strategy has been assessed by Vigeo Eiris based on its Leadership: relevance of the commitments (content, visibility and ownership).

Scale for assessment of ESG strategy: reasonable, moderate, weak.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, an allegation or a contradictory opinion that is public, documented and traceable, against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organisations). Information gathered from these sources is considered as long as they are public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the SBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Sustainable Bonds standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process have been assessed by Vigeo Eiris regarding its transparency, governance and relevance. The eligibility criteria have been assessed regarding their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based on material issues considered in Vigeo Eiris' ESG assessment methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable a transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the issuance. Vigeo Eiris has evaluated the reporting framework regarding its transparency, exhaustiveness and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com