



**AGRI RESOURCES GROUP  
SUSTAINABILITY BOND  
FRAMEWORK**

Agri Resources Group supports the Sustainable Development Goals



Agri Resources Group Sustainability bond framework was prepared according to ICMA Sustainability Bond Guidelines



Second Party Opinion on Agri Resources Sustainability bond Issuance and Strategy was delivered by V.E (Affiliate of Moody's Corporation)



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## INTRODUCTION

# AGRI RESOURCES GROUP SUSTAINABILITY BOND FRAMEWORK

## AGRI RESOURCES GROUP

Agri Resources Group S.A. ("Agri Resources") is an International Group headquartered in Luxembourg.

Our core business includes cultivation, sourcing, processing, marketing and trading of agricultural goods, organised in three business units:

### CROPS



Our subsidiaries cultivate and source fast-growing, quick-rotating crops in multiple locations across West and Central Africa, with the focus to supply local and neighbouring market demands.

### VANILLA & SPICES



We produce, procure, process and export high-quality vanilla, spices and niche products in Madagascar and Mauritius.

### FRUITS & VEGETABLES



Our European subsidiaries cultivate, source, transform and commercialise perishable and processed food commodities in European markets.

Our companies participate in food and ingredients value chains in European and African markets, as well as serving international blue-chip customers in the food and cosmetics industries.

Our mission is to bring consumers closer to producers, creating more value and opportunities for our local partners and securing better quality products, while minimising our footprint on the environment.

***In 2021, Agri Resources Group's Sustainability bond 'use of proceeds' will mainly focus on operations in Africa, supporting our companies in meeting the increasing demand of their already active and lined-up customers for organic, traceable and sustainable products.***

# AGRI RESOURCES GROUP



## OUR LOCATIONS

- Benin
- Bulgaria
- Luxembourg
- Madagascar
- Mauritius
- North Macedonia
- Republic of Congo
- Republic of Guinea
- Ghana
- Spain

## AGRI RESOURCES SUSTAINABILITY APPROACH

Our goal is to create value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all.

To achieve this we have committed to ensuring the best governance, social and sustainable practices applicable to all of our managed assets.

- **Governance**

We collaborate with key international business and institutional partners, such as the World Bank, to ensure the highest standards of governance, safety and sustainable ingredient sourcing.

- **Environmental sustainability**

Along with our strong ethical commitment to minimise our footprint, we believe that preserving the environment is essential for the long-term well-being of our industry and the quality of our products.

**We have developed several programmes including:**

- Incentive programmes for the adoption of good agricultural practices by local farmers
- Environmentally sustainable management of land and natural resources by preserving the residual forest and implementing agroforestry
- Implementing environmental and social management systems, and addressing social and environmental risk mitigation – notably vanilla traceability in Madagascar

- **Social development**

We operate in underdeveloped areas and recognise that our company has an important role to play in driving positive change for our employees, suppliers and local communities. We are strongly committed to promoting a sustainable future for all stakeholders, as well as creating employment opportunities.

**We have commenced several projects and initiatives for:**

- Agronomic training, security and education of farming communities.
- Preservation of traditional know-how.
- Creation of better revenue-generating opportunities for farming communities.
- Promoting gender equality and female leadership.



### ALIGNED WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Agri Resources Group contributes to the achievement of the Sustainable Development Goals (SDGs) set by the UN for 2015-2030 by effectively managing our land and sharing best practices with local communities, investing in social projects aiming to close the poverty gap and environmental projects for the preservation of biodiversity.



**SUSTAINABLE DEVELOPMENT GOALS**

## OVERVIEW OF THE AGRI RESOURCES GROUP SUSTAINABILITY BOND FRAMEWORK

### RATIONALE FOR AGRI RESOURCES GROUP TO ISSUE A SUSTAINABILITY BOND

In order to carry out our mission, we have devised a three-level strategy:

1. **Securing an asset base:** from 2014 to 2018, we have invested in sourcing locations, including plantations, land-banks, warehouses and equipment.
2. **Building a network:** with a focus on quality, notably buoyed by internationally acknowledged certifications, we have been able to develop a network of companies in 13 countries, bringing high-quality products to markets in Europe, the USA and Asia.
3. **Growth and consolidation:** in parallel to increasing the existing trade flow volumes, our investment strategy has a strong focus on the sustainable use of existing assets and resources – essential for the quality of our products and our business development.

Our growth has been enabled by prioritising sustainable agricultural practices in order to secure the quality of our products, as well as full integration and transparency with our local partners, suppliers and customers.

Furthermore, our growth has been driven by our people, our consideration for the environment and the communities connected to our activities.

We operate in underdeveloped areas and recognise that our company has an important role to play in driving positive change for our employees, suppliers and local communities.

We are strongly committed to promoting a sustainable future for our key stakeholders and we have taken several actions including:

- Building a strong partnership with Inside Madagascar – an association that aims to develop social and environmental projects with and for the SAVA community
- Developing programmes to incentivise local farmers to adopt good agricultural practices
- Encouraging gender equality and female leadership
- Assuring the environmentally sustainable management of land and natural resources by preserving the residual forest and implementing agroforestry

We have already demonstrated a positive track record, acknowledged by the leaders of sustainable agribusiness as well as by the World Bank. The proceeds of the bond will serve the development of projects and initiatives described in the following pages.

**Issuing a sustainability bond is a natural next step for us, which will allow us to scale our business, as well as our social and environmental impact.**



## OVERVIEW OF AGRI RESOURCES GROUP SUSTAINABILITY BOND FRAMEWORK

The Agri Resources Group Sustainability Bond Framework (the “Framework”) will guide future issuances of sustainable finance transactions including, but not limited to, social bonds, green bonds and sustainability bonds\* (collectively referred to as “Agri Resources Group Sustainability Bonds”). While Agri Resources Group is focusing on sustainability bond issuances at this time, the Framework could also be used to issue green loans.

The Framework outlines:

- 1. Use of proceeds**
- 2. The process for asset selection and evaluation**
- 3. Management of proceeds**
- 4. Reporting on the use of proceeds and impacts**

The Framework aligns with the International Capital Markets Association (ICMA)’s 2018 Green Bond Principles, 2018 Social Bond Principles, 2018 Sustainability Bond Guidelines and the Loan Market Association (LMA)’s 2018 Green Loan Principles, and will be updated as market practices evolve.

### 1. USE OF PROCEEDS

An amount equivalent to the net proceeds of Agri Resources Group Sustainability Bonds will be used to finance or re-finance projects, collectively referred to as "Eligible Assets" that support the achievement of the UN SDGs in the domains of environmental sustainability and social development.

Agri Resources Group's look-back period for Eligible Assets is 36 months prior to the date of the transaction’s issuance. Our goal is to fully allocate the net proceeds of an Agri Resources Group Sustainability Bond within 24 months of issuance.

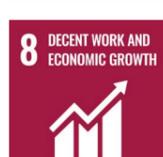
The following tables outline the eligibility categories for proceeds of the different types of Agri Resources Group Sustainability Bonds.

*\*Green bonds are bonds where the proceeds are allocated to green assets, social bonds are bonds where the proceeds are allocated to social assets, and sustainability bonds are bonds where the proceeds are allocated to green and social assets.*

**CATEGORY: ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE**

ELIGIBLE PROJECTS SUB-CATEGORIES	PROJECTS	REGION OF IMPACT	KPI	ALIGNMENT WITH THE UN SDGS
SUSTAINABLE AGRICULTURE	Development and certification of existing landbanks	Madagascar Ghana	# of certifications # of ha covered by sustainable land and water resources management practices # tonnes certified vanilla	    
	Additional land brought under sustainable practices: - Further acquisitions of plantations - Collaboration with local farmers	Madagascar	# of jobs created # tonnes yield green vanilla per ha % increase in the share of ha certified compared to total Ha owned	
	Development and certification of other crops and essential oils on existing land banks	Madagascar	% increase in the share of tonnes certified compared to total production	
	Development of a technical centre for the region, leveraging net houses and smart utilisation of water resources	Mauritius	# yield per ha # R&D expenditure # studies aiming improvements in agronomic performance % fertiliser use optimisation	
	Creation of a traceability system for vanilla in partnership with Inside Madagascar	Madagascar	# farmers trained # of tonnes of traceable vanilla bought # of farmers benefitting from incentives % share of farmers benefitting from incentives compared to total # of farmers	
	Agroforestry	Madagascar	# of ha (preserved) # of ha (created) # of new trees introduced in landscapes	
LAND RESTORATION, AGROFORESTRY & BIODIVERSITY	Protection of residual forests located within our plantation supporting biodiversity	Madagascar	# of local species planted	

**CATEGORY: SOCIOECONOMIC ADVANCEMENT AND EMPOWERMENT**

ELIGIBLE PROJECTS SUB-CATEGORIES	PROJECTS	REGION OF IMPACT	KPI	ALIGNMENT WITH THE UN SDGS
CREATING EMPLOYMENT OPPORTUNITIES	Investment in processing equipment for local rice transformation	Benin	# of new jobs # net job creation # volume of locally processed product % of production sold to the domestic market	 
SUPPORT TO LOCAL ECONOMIC AND SOCIAL DEVELOPMENT OF COMMUNITIES	Investment in a factory for essential oils that will benefit from existing and unexploited raw materials from local farms	Madagascar	# of new jobs # net job creation # of farmers from remote locations benefitting from the processing equipment # of new jobs (FT, PT, by youth, women) # volume processed of essential oils (kg)	 
	Contribution to general interest causes in partnership with Inside Madagascar	Madagascar	# of people benefitting from relevant projects # of new suppliers	
TRAINING ON SUSTAINABLE PRACTICES	Systems to support and train communities to secure sustainable supply chains and a steady source of income	Madagascar	# farmers trained # communities/ organisations engaged	

## 1.1. SELECTION CRITERIA

### Selection criteria:

The selection criteria are organised into two complementary categories.

### Sustainable agriculture:

- The project or activity must be initiated or ongoing (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).

### Socioeconomic advancement and empowerment:

- Local communities are supportive of or already engaged in the project.
- The project impact and outcomes in terms of benefits for local communities are attributable and measurable.

### Exclusion criteria:

- Projects directly or indirectly related to activities, which are deemed controversial<sup>2</sup>
- Greenfield projects
- Projects where likely impact is marginal or indirect
- Projects where impact cannot be attributed or measured (monitored, reported, evaluated)
- Local communities do not see value in the project
- Local communities are not engaged in the project
- Projects cannot be tracked or measured to show benefits to the communities

## 2. PROCESS FOR ASSET SELECTION AND EVALUATION

In order to evaluate and select which Eligible Asset will be financed through the

sustainability bond issuance, Agri Resources Group – in close collaboration with Agricorp's leadership team – has implemented an operating procedure that will guide the company during deployment of the proceeds and their monitoring, evaluation and reporting.

Furthermore, the Group has put in place several programmes to assess the identification and management of the material, environmental and social risks related to the projects<sup>4</sup>.

### 2.1. ELIGIBLE ASSETS SELECTION PROCEDURE

1. List and review of all projects by "Selection and Evaluation Committee"<sup>3</sup>, including information on the start date and the current status
2. Exclusion of projects where environmental or social risk have not yet been fully assessed, or where the expected impact is low
3. Assessment of projects vis-à-vis the list of Agri Resources Group's strategic objectives and selection criteria. Selection of projects where results can be measured/tracked
4. Validation of the list of eligible projects and their associated impact (including KPIs) by relevant stakeholders, including senior manager and team leads

This process was and will continue to be, supported by Agri Resources Group parent companies – Agricorp and Monaco Resources Group – including the leadership, and the marketing and communications teams.

### 2.2. GOING FORWARD:

Traceability of decision-making will be documented through formal meetings on an annual basis (or more regularly in the event of a controversy<sup>2</sup>) with the selection

and evaluation committee. This will provide updates to the register of eligible projects. Any updates will be publicly communicated as part of Agri Resources Group's annual reports shared on our website ([www.agri-resources.com](http://www.agri-resources.com)).

## 3. MANAGEMENT OF PROCEEDS

An amount equivalent to the proceeds from the Agri Resources Group Sustainability Bond will be earmarked and progressively allocated to Eligible Assets.

The Agri Resources Group asset portfolio will be dynamic with Eligible Assets maturing and new Eligible Assets being added.

Agri Resources Group will set up an internal tracking system within its treasury management to facilitate the allocation process during the lifetime of the sustainability bond issued. The net proceeds will be deposited in a separate bank account and will be earmarked and tracked appropriately by the Issuer.

In case of temporary unallocated funds, funds will be kept as liquidity at Agri Resources level, until the matter has been resolved. Furthermore, Agri Resources commits not to invest temporarily unallocated proceeds in GHG or other controversial activities<sup>2</sup>.

If an Eligible Asset no longer qualifies according to the eligibility criteria, or in case of project postponement, cancellation or divestment, Agri Resources Group commits to substitute any Eligible Assets that no longer qualify and reallocate the proceeds, as soon as practical (once qualifying substitution assets have been identified) within a maximum period of 12 months.

Agri Resources Group will track the use of proceeds of the sustainability bond using internal information systems. Externally, the allocation of proceeds to eligible projects will be verified via external audits.

## 4. REPORTING

Agri Resources Group will report publicly on the use of Agri Resources Group Sustainability Bond proceeds within one year of issuance and annually thereafter until bond maturity. The reports will be shared on the Agri Resources Group website ([www.agri-resources.com](http://www.agri-resources.com)) and will include:

- 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 (%)
- The type and amounts of temporary placements in which unallocated funds are kept
- Qualitative and quantitative sustainability performance indicators and impacts, where feasible

Furthermore, developments related to the bonds and to eligible projects – including in cases of ESG controversy – will be reported on the company's website.

## EXTERNAL REVIEW

### SECOND-PARTY OPINION

V.E (Affiliate of Moody's Corporation, formerly Vigeo Eiris) has been asked by Agri Resources Group to provide a second-party opinion on its Sustainability Bond Framework. V.E ensured the framework is aligned with the four core components of the Green and Social Bond Principles 2018.

V.E expressed a reasonable assurance (V.E' highest level of assurance) on Agri Resources commitments and on the contribution of the contemplated bonds to sustainability.

Agri Resources Group will make the second-party opinion publicly available on its website.

### EXTERNAL AUDIT

Post issuance, the alignment with the key features of Agri Resources Group's Sustainability Bond Framework, will be subject to an external verification performed by a third-party auditor, annually until full allocation of the proceeds and in case of material change.

The audit process will address the allocation of net proceeds of the bonds in accordance with the eligibility criteria set forth in the 'use of proceeds' section of the Framework, as well as verification of the impact metrics used to report on the environmental and social benefits of each project.

EXTERNAL REVIEW

## AGRI RESOURCES GROUP SUSTAINABILITY BOND FRAMEWORK

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The sustainability bond framework (the "Framework") was prepared by AGRI RESOURCES GROUP S.A. (the "Company"). The Framework and opinions contained herein are provided as at the date of this Framework and are subject to change without notice. The Framework and opinions contained herein are not for publication or distribution, directly or indirectly, in or into or from the United States of America, its territories or possessions or to any U.S. Person as defined in Rule 902 under Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). These materials do not constitute an offer of securities for sale in the United States, nor may the securities be offered or sold in the United States absent registration under the Securities Act or in reliance upon an available exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940 and investors will not be entitled to the protections of that Act. There is no intention to register any portion of the offering in the United States of America or to conduct a public offering of securities in the United States of America.

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Some sources of market data included in this Framework were prepared before the pandemic outbreak of COVID-19, a novel strain of the coronavirus, and have not been updated for the potential effects of this pandemic. Neither the Company nor futurum are able to determine, whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of COVID-19 on e.g. future market developments. The potential future impact of COVID-19 on the Company's business as well as on markets and economies is uncertain and will, among others, depend on the further development of the pandemic and other developments worldwide such as the duration of national and regional lock-down measures or the development of leading international economies in light of the pandemic.

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APPENDICES

# AGRI RESOURCES GROUP SUSTAINABILITY BOND FRAMEWORK

## APPENDIX 1: GROUP ORGANISATION

- Agri Resources Group S.A. is part of Agricorp S.A.M.
- Agricorp S.A.M. manages the agri-industrial division of Monaco Resources Group S.A.M.
- Monaco Resources Group S.A.M. is an international diversified natural resources group specialised in production, trade and services related to the natural resources sector.
  - The Group is headquartered in Monaco with key office hubs in London and Luxembourg.
  - We have a presence in 50 countries and employ more than 5,500 people.
  - We combine production and processing capabilities with trading, marketing and logistics, allowing us to develop a risk-averse and robust business model.
  - We take a long-term view and focus on cost-effective operations.
  - We have a multi-product portfolio and a broad asset base in strategic locations.
  - We leverage our market knowledge and technical expertise to provide value-added, integrated solutions for our international clients.



## APPENDIX 2: CONTROVERSIAL ACTIVITIES

### Controversial activities definition:

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
- Unconventional oil and gas
- Genetic engineering

### Controversy definition:

Agri Resources defines controversy as an event in which the company's business has been directly or indirectly involved in violations of human rights and labour issues, violations of environmental and social norms, or corruption allegations.

## APPENDIX 3: SELECTION AND EVALUATION COMMITTEE

The following internal stakeholders are involved in the evaluation and selection process.

- **Agri Resources Group (CEO and Directors):** involved in the initial project long-list identification step and in all of the following steps as 'leads'
- **Agricorp (CFO & Co-Director of Vanilla & Spices):** involved in project assessment, providing input both on financial and ESG issues, based on extensive first-hand local and sector expertise
- **Monaco Resources Group (Leadership Team, HR, Marketing and Communications):** involved in the final discussion, primarily to provide input on ESG alignment.

External expertise on the process is provided by:

- **Clarmondial** – an independent investment firm that specialises in sustainable finance. There is notable input from the Co-Founders and Director. Clarmondial has been supporting the Group since 2017 and has relevant experience in developing and assessing green investments – particularly in the land use sectors. Clarmondial reviewed and provided input on use of proceeds, project selection and impact KPIs.

## APPENDIX 4: ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

### ENVIRONMENTAL RISKS

- **Environmental management and specific assessment of the environmental impacts**

Agri Resources is planning to appoint a person with relevant expertise in charge of environmental monitoring, management and training of employees in Madagascar. The procedure for environmental management and specific assessment of the environmental impacts of our projects is currently being formalised, as part of the environmental and social management system, Agri Resources has committed to implement.

- **Environmental Impact Assessment (EIA) for our plantations and the acquisition of new land**

Agri Resources has also planned to commission an external Environmental Impact Assessment (EIA) for our 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. A similar approach will be developed for new plantations in other countries.

- **Risk of biodiversity loss and deforestation**

The risk of biodiversity loss is managed through protecting specific biodiversity-rich areas, identified by the environmental manager in plantations, through specific practices to maintain soil health and fertility (such as field crop rotation, organic mulching, and composting and crop associations). These practices are currently being used.

Agri Resources is committed to ban any action involving deforestation activities and this issue will be covered within the Framework of the external EIA. Going forward to tackle this issue, Agri Resources is committed to use 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 World Resource Institute. The details on the selection criteria/process will be made available as part of the yearly communication.

- **Environmental pollution and greenhouse gas emissions causing climate change**

Agri Resources has put in place measures to reduce CO2 emissions linked to energy consumption with the introduction of solar panels at its plantations.

- **Use of freshwater resources**

Agri Resources does not currently use irrigation on plantations, and all species we cultivate are adapted to local meteorological conditions. In addition, the company has implemented measures to reduce water consumption at the vanilla packaging facility (whose water consumption is limited and concerns mainly sanitation use) and at the

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essential oils production facility through a fast cooling tower that would allow faster water reuse (enabling us to work with less water). The company's internal policies are currently being updated to formalise current actions undertaken to reduce water consumption and we are developing a specific strategy to reduce water consumption for future projects. One of the eligible projects is an R&D centre dedicated to irrigation, to improve water efficiency in agricultural production.

### • **Integration of environmental factors in the supply chain**

Agri Resources is addressing the integration of environmental factors in the supply chain through training on organic farming and environmental best practices provided through the NGO *Inside Madagascar* to potential suppliers. The project aims to create a traceability system through registering potential suppliers, coupled with training on best practices, and is the first step towards introducing a certification system and environmental standards. Furthermore, Agri Resources is currently addressing these issues as part of the Environmental & Social Action Plan developed with IFC, which includes the following actions for all farmers.

- Identify where the supply is coming from and the habitat type of the area
- Provide an ongoing review of supply chains
- Limit procurement to suppliers who can demonstrate that they are not contributing to the significant conversion of natural and/or critical habitats
- Where possible, require actions to shift the client's primary supply chain over time to suppliers who can demonstrate that they are not negatively impacting these areas

## SOCIAL RISKS

### • **Respect of human and labour rights**

Agri Resources carries out onsite inspections in order to ensure the respect of human and labour rights. The company is currently developing its HR Policy ("Règlement Intérieur") which includes all aspects needed to define working conditions, working hours and overtime, occupational health and safety, and disciplinary measures. The current HR policy is being updated in order to address and include provisions related to: forced and child labour, harassment and non-discrimination. Furthermore, Agri Resources has signed the Code of Conduct for the Protection of Children issued by the Government of Madagascar and, as part of the recruitment process, verifications are done regarding the age of workers to prevent child labour at 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 the company level, however, receipt and treatment of grievances/complaints from workers are ensured by representatives of labour unions in Madagascar. Agri Resources can demonstrate,

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through concrete examples, our commitment to mitigating risks of displacing people living in plantations that the company acquires.

### • **Health and safety risks**

Agri Resources Madagascar manages health and safety risks in the packaging facility and on its plantations through the use of preventative measures, such as safety equipment and safety training. To improve its practices Agri Resources will start maintaining accident records and put in place fire emergency procedures within the context of the environmental and social management system the company has committed to implement.

### • **Improving incomes and livelihoods of vanilla farmers**

Improving incomes and livelihoods of vanilla farmers is a critical component of the Sustainable Vanilla Initiative, which is firmly endorsed by Agri Resources.

In terms of quality of employment conditions, Agri Resources Group's 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. Agri Resources uses fixed term contracts, where seasonal workers are paid like permanent workers. All permanent salaries are paid into bank accounts with the company bearing the cost of any additional bank fees.

### • **Safety of final products**

The safety of the final products is ensured through a Quality Manual following HACCP standards (monitored by a quality manager), training and traceability of production lots. Agri Resources is currently working to obtain an FSSC22000 accreditation, which covers the food safety management system throughout the whole supply chain.

### • **Responsible purchasing practices**

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.

### • **Social requirements when working with sub-contractors and suppliers**

Agri Resources Madagascar practises strict controls 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. Agri Resources Group's suppliers are grouped in cooperatives and we work with a local NGO who raises awareness on the prevention of child labour.



AGRI RESOURCES GROUP S.A.

## CONTACT

Frédéric Dalmasie  
Chief Executive Officer  
Agricorp S.A.M

Tel + 377 97 98 41 50  
Mob + 33 6 40 62 51 78  
Email [f.dalmasie@agri-corp.com](mailto:f.dalmasie@agri-corp.com)

Nicolas Frigot  
Chief Financial Officer  
Agricorp S.A.M

Tel + 377 97 98 43 00  
Mob + 33 6 40 61 80 36  
Email [n.frigot@agri-corp.com](mailto:n.frigot@agri-corp.com)

James Keane  
Group Executive Vice President  
Monaco Resources Limited

Tel + 44 203 405 6418  
Mob + 44 746845 2117  
Email [jkeane@monacoresources.com](mailto:jkeane@monacoresources.com)

[www.agri-resources.com](http://www.agri-resources.com)