AQUA CAPITAL

DISCLOSURE STATEMENT - OPERATING PRINCIPLES FOR IMPACT MANAGMENT

November 2023

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Aqua Capital hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles").

This Disclosure Statement applies to Aqua Capital's Fund II and Fund III. The total assets under management in alignment with the Impact Principles amount to approximately equivalent to USD1.1 billion as of November 30, 2023.

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About Us:

Aqua Capital is a private equity firm that manages investments in innovative and sustainable businesses throughout the Agribusiness & Food value chain across the Americas. The firm's team of experts focuses on investing in fragmented markets that offer substantial growth opportunities and strategic value. Aqua Capital's investment strategy revolves around identifying and supporting themes and opportunities that have the capacity to revolutionize their industries through technology, innovation, sustainability, and globalization. For further information please contact investor.relations@aqua.capital

PRINCIPLE 1:

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Since the firm's inception in 2011, we have incorporated ESG aspects of our investments within a well-structured risk management focused approach. During the years we have transitioned to an impact and value creation strategy while continuing to prevent harmful practices, these elements combining to create our ESG+I (environmental, social and governance + impact) approach.

Aqua Capital' s ESG+I Vision

Aqua Capital's ESG+I vision is to transform Ag & Food sectors and companies in a manner that amplifies both their sustainability and their positive impacts associated with climate change, food security and health & wellness.

Guided by this vision, Aqua Capital has developed its Theory of Change (ToC), with the intent to achieve the following impacts: (i) increasing sustainability across the Ag & Food sectors; (ii) strengthening the fight against climate change, while avoiding deforestation/land degradation and protecting freshwater; (iii) enabling sustainable healthy foods targeting a healthier population; and (iv) contributing to better performing societies and economies, as detailed below.

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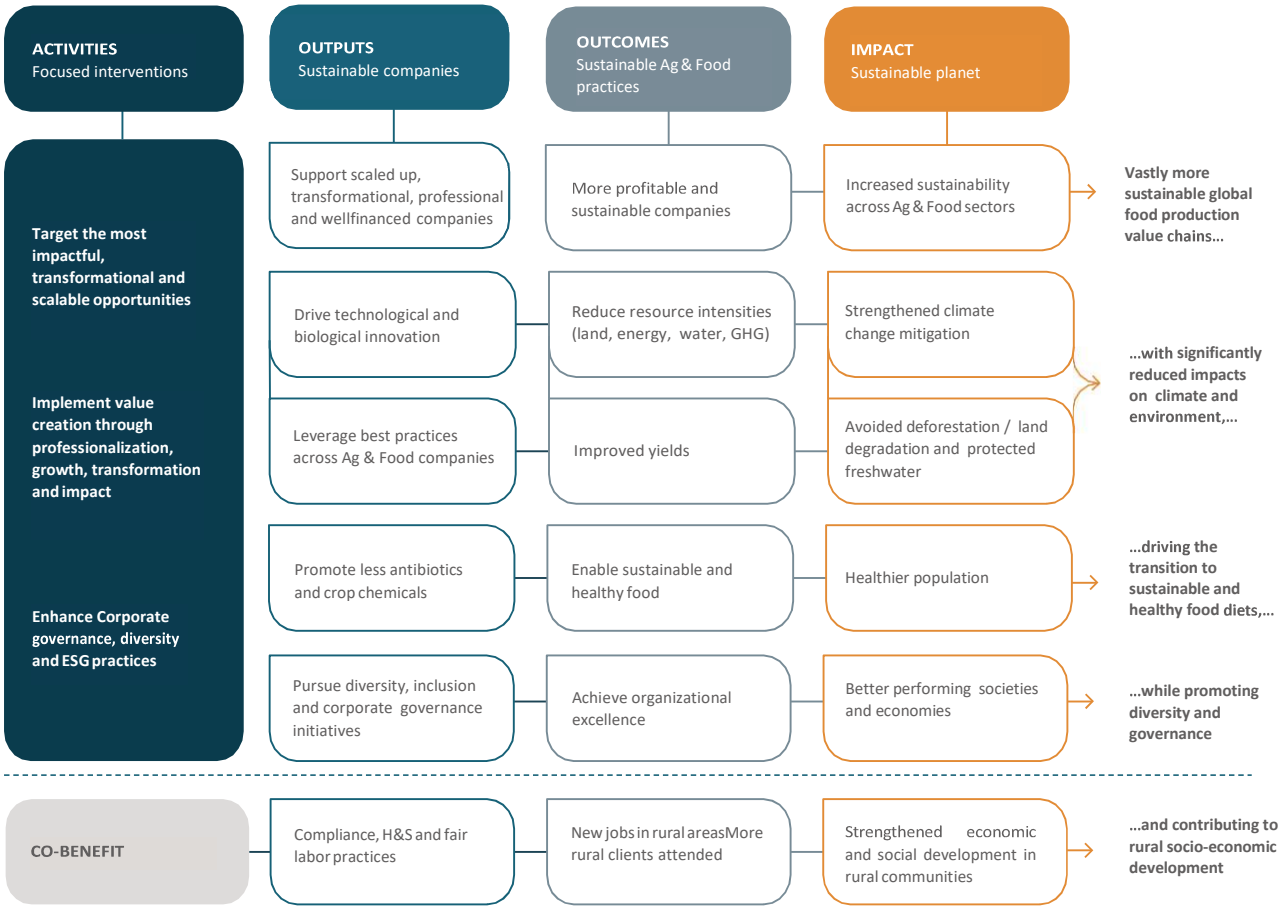
Aqua Capital's Theory of Change

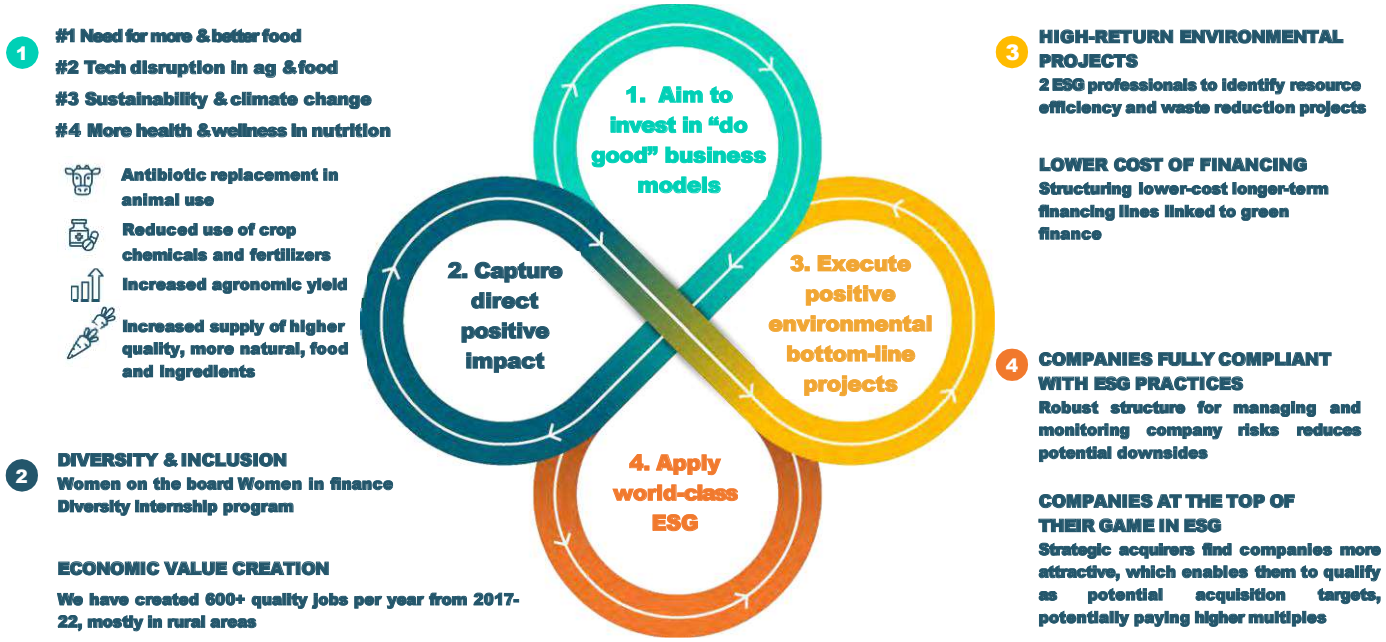


Throughout the lifecycle of our investments, we strive to achieve these impacts through three principal activities: (i) targeting more impactful, transformational and scalable opportunities during the origination stage; (ii) implementing our PGTI (professionalization, growth, transformation and impact) methodology; and (iii) enhancing corporate governance, diversity and ESG practices. These activities are conducted in such a way as to achieve the outcomes anticipated in our ToC.

Aqua Capital seeks transformational and impactful investments within the Ag & Food sectors, with a strong focus on fighting climate change, and selects targets that are naturally oriented to contribute to the UN Sustainable Development Goals (SDGs) #13 Climate action, #2 Zero hunger, #9 Industry, innovation and infrastructure and #12 Responsible consumption and production. Aqua Capital works together with its portfolio companies to enhance their contribution to these SDGs while ensuring that they contribute to SDGs #5 Gender equality and #8 Decent work and economic growth.

Aqua Capital believes that impact is an important source of value creation and has developed a specific ESG+I approach for value creation, based on four pillars: (i) aim to invest in "do good" business models; (ii) capture direct positive impact; (iii) execute bottom-line environmental projects; and (iv) apply world-class ESG, as further described below. This approach is applied to every portfolio company regardless of their level of impact.

ESG+I Approach for Value Creation



Aim to invest in "do good" business models

The Ag & Food sectors have a critical role to play in the significant reduction of global GHG emissions through more sustainable products and practices, as well as in improving food production efficiency. Aqua Capital's investment strategy aims to invest in companies that can drive positive-impact outcomes while maximizing financial performance.

Capture direct positive impact

Diversity, inclusivity, and good governance are key to building lasting, sustainable, and high-performing organizations. We promote gender equality and the inclusion of women at all levels of our portfolio companies, and have an unwavering commitment to outstanding corporate governance in every investment. As company builders, a natural by-product of our stewardship is the distribution of direct economic value, through developing companies, as well as networks of suppliers and producers, that encourage the use of best practices and technology, creating high quality jobs and contributing to the economic development of the regions in which we operate. These regions are mostly rural areas, of significant importance to developing countries.

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Execute bottom-line environmental projects

Aqua Capital also seeks opportunities to help the planet through identifying emissions reduction and resource efficiency projects, with high returns (>30% IRR). Once identified, we bring experts on board to systematically execute these projects across our portfolio.

Apply world-class ESG

Aqua Capital works closely with portfolio companies, not only to ensure full compliance with ESG best practices and to monitor their sustainability-related risks, but also to encourage and drive them to position themselves at the forefront of this critical agenda.

PRINCIPLE 2:

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Aqua Capital systematically monitors ESG+I indicators across its portfolio companies semi-annually, based on IRIS+, Harmonized Indicators for the Private Sector (HIPSO) and Global Reporting Initiative (GRI), and analyzes the performance at a company, fund and portfolio level using a digital platform called Aplanet[1]. This platform allows portfolio companies to create dashboards to analyze their own performance, and enables Aqua Capital to compare performances within its portfolio.

Quarterly, Aqua Capital assesses the portfolio using the "ESG+I Scoring System", which covers seven main topics (ESG management system, licenses and permits, environmental aspects, occupational health and safety, employment and working conditions, other social aspects, and supply chain management) addressing the risks and positive impacts of each investment. This tool provides a score that represents the development stage of each investment, where 1 is considered incipient, 2 shows partial development, 3 represents compliance with Aqua Capital's requirements, and 4 demonstrates excellence, and enables Aqua Capital to compare ESG+I performances across its investments, as well as the development of the portfolio.

As an Aqua Capital standard procedure each department sets yearly macro goals and specific quarterly goals, which are presented and discussed with the entire firm, led by the head of people and the managing partner. The ESG+I team goals are tailored to the implementation of the ESG+I management system, form part of team member appraisals, and are linked to annual bonuses.

Portfolio companies have corporate targets that influence the company's collective annual bonus, which have incorporated specific ESG+I targets since 2022. These ESG+I targets and the influence they bear on the overall bonus are defined by the company and reviewed by Aqua Capital.

[1] Aplanet.org

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PRINCIPLE 3:

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence

Aqua Capital has a well-developed approach to operations focused on value creation and based on its professionalization, growth, transformation and impact (PGTI) methodology. Aqua Capital is involved in the operation of all its investments, ensuring that the right people have appropriate roles within each company. Aqua has three main professional figures for every portfolio company to monitor and oversee operations: lead partner, execution leader and operating partner, all of whom interact directly with the company and Aqua's other functional departments. The lead partner is sourced from within Aqua's senior management team, and is responsible for the company's oversight, providing strategic guidance and participating as an active member of the board of directors; the execution leader supports the lead partner, provides operational guidance, supports the company on key processes and executes Aqua's internal processes; and the operating partners are specialists with deep knowledge of areas that are critical to the company, such as legal, PMO, information technology, internal controls, people and ESG+I.

All four pillars of the PGTI methodology are fundamental to enhancing a portfolio company's impacts, by promoting its sustainable development. The impact pillar is embedded across the entire investment cycle, but it is during the monitoring stage that Aqua can contribute most towards achieving meaningful impact.

ESG+I plays a role within each step towards value creation: (i) planning, which includes the elaboration of the 180 day-plan, the business plan, and the long-term value creation plan; (ii) tactical execution of key projects; (iii) operational execution with goal alignment; and (iv) exit preparation. Aqua Capital ensures that every portfolio company has a designated employee responsible for implementing the ESG+I agenda, who works together with Aqua Capital's ESG+I staff to structure and implement this agenda. Aqua Capital itself employs dedicated staff to support its companies in the identification and implementation of bottom-line environmental projects that are financially feasible while improving environmental performance. These employees also support and monitor impact initiatives, alongside tracking ESG+I indicators and the companies' ESG+I management system, as well as promoting and monitoring the implementation of the company's ESG+I action plan, which is prepared following pre-acquisition ESG+I due diligence.

Aqua Capital understands that it is important that portfolio companies take responsibility for the ESG+I agenda. Capacity building and knowledge sharing is fundamental to achieve this, and Aqua Capital conducts several workshops with portfolio companies to enhance knowledge sharing, including value creation day, CXOs forums, performance excellence week and ESG+I forums, enabling the sharing of best practices, portfolio company interaction and strategic planning.

Additionally, Aqua trains each new member of the portfolio companies' ESG+I team on our framework, KPI reporting and in calculating GHG emissions. The training is conducted by our specialist, who is also responsible for identifying and implementing the bottom-line environmental projects and tracking the environmental and economic results at company and portfolio level.

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PRINCIPLE 4:

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

ESG+I aspects are considered throughout the entire investment cycle, commencing with the origination and pipeline construction. When considering any origination theme and its related investment opportunities, Aqua reviews the broad industry and identifies synergies of the thesis and targets both to Aqua's Theory of Change and the UN SGDs. In order to systematically assess the expected impact of each investment, as well as to help identify actions that can enhance impacts and create value, we have developed the "Aqua Impact Assessment tool", which comprises four steps:

(i) Step 1 – **negative screening**, ensures that the investment target does not violate Aqua Capital's exclusion list or present major negative risks and impacts which might jeopardize the impact intent in our ToC;

(ii) Step 2 – **ToC and SDG alignment**, places the potential impacts of the investment alongside the ToC and the SDGs. During this step, Aqua identifies the impacts of the ToC with which the investment is most aligned, separating primary impact and secondary impacts, as well as identifying the SDGs to which the investment is most likely to contribute;

(iii) Step 3 – **impact classification**, is based on a matrix developed by the Impact Management Project[2] and adapted to Aqua's investments. During this step, we analyze the five dimensions of impact for the principal impact identified during step 2, and attribute a score from 1 to 5 for each of the impact dimensions. Using the average score, we determine whether the investment lies in one of the following categories: "may cause harm", "does cause harm", "act to avoid harm", "benefits stakeholders", or "contributes to solutions";

(iv) Step 4 – **ESG+I value creation approach**, is the point at which we identify how closely aligned an investment is to each of the four pillars of the ESG+I value creation approach, determining whether it has "low", "medium" or "high" alignment, as well as bringing a list of value creation examples for each pillar.

Aqua's ESG+I due diligence involves a deep assessment of environmental and social negative risks based on legislation and international standards, such as the IFC Performance Standards. We also conduct climate-related risk and opportunities assessment, and identify further potential impact initiatives. One of the results of this process is an action plan for each investment, to be implemented during the holding period.

[2] IMP: https://impactmanagementproject.com/

As previously mentioned, Aqua helps portfolio companies to identify and implement positive environmental bottom-line projects with high financial returns. Aqua maps potential projects using a prioritization matrix which analyzes environmental and financial impact, complexity and cost, and categorizes the projects as: (i) low complexity and high impact, (ii) low complexity and low impact, (iii) high complexity and high impact, or (iv) high complexity and low impact.

PRINCIPLE 5:

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice.[9] As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Before investing in a company, Aqua Capital ensures that the target does not violate either the ESG+I policy or its exclusion list, and carries out a strict ESG+I due diligence process developed by specialized consultants using the IFC Performance Standards and applicable legislation as benchmarks. The investment's potential environmental and social (E&S) risks are categorized using risk categories similar to the IFC's (A – High, B - Medium and C – Low risks). At the due diligence stage, Aqua Capital also assesses the capability of the potential investee to implement those adjustments necessary to reduce or eliminate any identified E&S related risks, including climate-related risks, and to generate positive impact opportunities.

The results of the ESG+I due diligence are described in a report that includes an ESG+I action plan aimed at bringing the company to full compliance. These actions, together with corporate governance actions, are included in the post-transaction 180-day plan, which includes key priorities to be implemented in the short term, as well as other medium- and long-term actions to be implemented while the company remains in the portfolio.

Once the investee enters the portfolio, Aqua Capital monitors its ESG+I progress using tools and engaging with the portfolio companies, by conducting regular meetings and reviewing evidence to understand progress regarding the implementation of each ESG+I action plan. Aqua monitors 48 key performance indicators (KPIs) semi-annually, analyzing these KPIs at a fund and investee level, and evaluates and monitors ESG+I performance using the "ESG+I scoring system", in addition to assessing investees' ESG+I performance through third-party certifications, encouraging and supporting its portfolio companies to obtain the Great Place to Work (GPTW) and the EcoVadis seals[3]. The EcoVadis assessment provides a thorough understanding of the portfolio companies' ESG management systems, identifying both strengths and areas for improvement, which are prioritized to facilitate their development.

[3] GPTW is a global workplace culture certification firm; EcoVadis is a global sustainability assessment platform.

Aqua Capital also works together with its investees to identify and implement positive impact projects that are financially feasible, and monitors the implementation and performance of each project on a regular basis.

PRINCIPLE 6:

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Aqua Capital is currently improving the assessment of the expected impact of each investment and how it monitors these impacts. Aqua monitors the ESG+I progress of its portfolio company using a variety of tools at set frequencies.

On a monthly basis, an internal meeting is held to discuss the professionalization status of each portfolio company, including the overall progress of the portfolio company and the actions that have been taken in respect of the value creation agenda, which includes ESG+I. Every meeting involves the participation of the lead partner, execution leader and head of value creation, with the ESG+I manager participating whenever necessary.

On a quarterly basis, progress against the ESG+I action plan prepared during due diligence is monitored, and the company's ESG+I performance evaluated using the "ESG+I scoring system". This is initially submitted by the portfolio companies, following which Aqua Capital revises the answers provided, adjusts the company's scores, and gives feedback on the principal issues and improvement opportunities.

On a semi-annual basis, the portfolio companies report their ESG+I KPIs (key performance indicators), which are compatible with IRIS+, HIPSO and GRI platforms, and allow Aqua and the companies to track progress on their ESG+I performance based on quantitative data. Using these KPIs, we monitor the performance of impacts related to gender equality, economic growth, responsible consumption, and climate actions, among other areas.

As already noted, Aqua Capital helps portfolio companies implement resource efficiency and GHG emission reduction projects which are financially attractive. During this process the ESG+I team estimates each project's results before implementation and monitors the results of each project on an ad hoc basis, comparing the results achieved to those initially estimated.

Aqua Capital conducts an assessment for each portfolio company, describing its performance following the ESG+I approach for value creation and listing the contribution of each portfolio company to six SDGs: #2 Zero hunger, #5 Gender Equality, #8 Decent work and economic growth, #9 Industry, innovation and infrastructure, #12 Responsible consumption and production, and #13 Climate action, comparing

performance against the previous year where possible. Aqua prepares a specific version of its ESG+I report including a summary of the process and results for each of its funds, containing confidential information, which is sent to investors, and each investee receives a simplified version containing information on its own performance. A public version of this report is also prepared and made available to all stakeholders.

PRINCIPLE 7:

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Aqua Capital truly believes that impact is an important lever of its PGTI methodology and the value creation bridge, as it can promote higher exit multiples, attract buyers who are concerned with sustainability, reduce operational costs, and improve access to capital, alongside other benefits. Since its inception, Aqua has worked on its four pillar ESG+I approach for value creation: (i) "Do good business", (ii) capture direct positive impact, (iii) execute bottom-line environmental projects, and (iv) apply world class ESG.

To assess how the exit process can affect sustainability, Aqua Capital prepares an exit readiness report, in which we analyze the contribution of the company towards the theory of change and SDGs, the maturity and progress of its ESG+I agenda throughout the holding period, and the implementation status of bottom-line environmental projects, mapping principal ESG-related risks and ensuring that there is an action plan to be conducted prior to the exit. In addition, Aqua Capital compares the ability of potential buyers to maintain impact, based on publicly available information on such potential buyers. This process allows us to determine whether the structure and timing for exit is appropriate, and make informed assumptions on the effects of the exit process.

In cases of partial exits, where Aqua Capital becomes a minority shareholder, the level of involvement of the whole value creation team is discussed with the buyer. Regardless of the level of involvement agreed on, the ESG+I team continues to monitor and report on the ESG+I related indicators.

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PRINCIPLE 8:

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Aqua has matured as a firm over its years of operation, and its approach has developed accordingly, transitioning from a ESG risk management approach to one that incorporates impact. Over the last few years Aqua has worked on its strategy in order to improve its impact proposition, creating its theory of change and undergoing third party impact assessments. The results of these have been used to review and enhance Aqua Capital's ESG+I system, which is constantly updated to promote scalability and keep up with market requirements.

We monitor KPIs on a semi-annual basis in order to understand the portfolio companies' ESG+I performance during the relevant period and determine the actions necessary to correct and improve that performance. We also monitor the companies' ESG+I systems every quarter, using the "ESG+I scoring system", which provides an overview of how the companies' procedures are working. We then provide feedback to the companies on how they can improve their ESG+I systems.

As a standard procedure, each area withing Aqua Capital sets significant annual goals, and defines short-term goals on a quarterly basis. Achievements are presented to the whole firm to discuss key results and lessons learned, including in relation to ESG+I. This provides an opportunity for the leadership to closely follow the development of the agenda, for everyone in the firm to engage, and to improve our processes based on the results of these discussions.

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PRINCIPLE 9:

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This is Aqua Capital's second annual disclosure, which describes the alignment of its policies and procedures to the Operating Principles for Impact Management. During 2023, BlueMark[4] conducted a third-party verification of the alignment of Aqua Capital's ESG+I management system to the Impact Principles.

Aqua Capital will undergo its next independent verification process within the next three years.

DISCLAIMER

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

[4] bluemarktideline.com