Africa Agriculture and Trade Investment Fund sustainability impacts statement:

A. The Sustainable Investment Objective of the Fund (Art. 10 SFDR)

The Africa Agriculture and Trade Investment Fund's (AATIF's) mission is to realize the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor. AATIF aims to provide additional employment and income to farmers, entrepreneurs and labourers alike. Increasing productivity, production, and local value addition by investing in efficient value chains and providing knowledge transfer are paramount. In this context a dedicated effort will also be made to support contract farming arrangements.

AATIF provides risk capital directly to companies and indirectly via intermediary investment companies as well as financial institutions (together "Partner Institutions") to final beneficiaries. In the process of choosing an investment, the investment's viability as well as their developmental and social and environmental impact is taken into account ("Sustainable Investments"), according to Art. 9 of the SFDR. Important risk mitigants and safeguards are implemented through Social and Environmental Management Systems (SEMS) to protect Investments as well as farmers, entrepreneurs and labourers concerned.

B. Integration of Sustainability Risks into AATIF's investment decision-making process (Art. 3 SFDR)

The mission of AATIF is intended to generate positive impact with regards to environmental and social developments, thus adhering to industry good practice. The mission and investment objective of the Fund aims to realise the potential of Africa's agricultural production and related manufacturing, service provision and trade through Sustainable Investments across the entire value chain pursuant to the Taxonomy Regulation through financing Investments which meet AATIF's investment guidelines, covering its impact dimensions.

Investments along the African agriculture value chain primarily face risks related to labour and working conditions including child labour, resource efficiency and pollution, land acquisition and (involuntary) resettlement, biodiversity, management of living natural resources, indigenous peoples and cultural heritage. If left unmanaged, sustainability risks can have a direct influence on repayment capacity and thus credit risk, in addition to a negative impact on reputation and AATIF's ability to achieve its development impact.

Sustainability risks are mitigated by refraining from financing investments of high social and environmental risk and by implementing AATIF's Social and Environmental Policy which defines the framework, processes and responsibilities for identifying and managing social and environmental risks and impacts. It is based on the IFC Performance Standards on Environmental and Social Sustainability, national and international social and environmental laws and regulations, whichever is more stringent.

During concept stage, the Investment Advisor uses an S&E screening tool and receives support from the compliance advisor to assess activities against AATIF's exclusion list and S&E risk category A. During due diligence, the compliance advisor performs an S&E assessment based on desktop research and an onsite visit, resulting in a Social & Environmental Assessment Report, in which the S&E risk category is assigned. S&E conditions precedent and undertakings are integrated into the relevant financing agreement and additional Technical Assistance can be granted to support timely implementation of S&E undertakings. The risk assessment is reviewed periodically based on monitoring of S&E undertakings. Any change in S&E category will be reported to the Investment Committee/Board of Directors.

C. No Significant Harm to the Sustainable Investment Objective/PASI (Art 4 SFDR)

Through the established SEMS, AATIF strives to ensure that its investment activities do not significantly harm any other environmental or social objectives. AATIF is required to screen every potential investment against its investment criteria which includes several outcomes and impact dimensions. In accordance with Annex I of the draft Regulatory Technical Standards of the SFDR issued on 2 February 2021, the annual financial statements of AATIF to be published starting with the 04/2021–03/2022 financial statements, will include, where feasible based on available data, detailed information regarding AATIF's approach to identify principal adverse impacts, the indicators used, and an assessment of the potential impact where relevant.

D. Remuneration Practices (Art 5 SFDR)

AATIF's culture for responsible finance and social and environmental management is reflected in its remuneration practices. For the members of AATIF's Board of Directors and Investment Committee, a basic pro-rata temporis annual remuneration scheme, benchmarked to rates in comparable development finance funds and organisations, is subject to approval by the Shareholders or the Board of AATIF as the case may be. For more information regarding the role of the AATIF's governance bodies in safeguarding the social and environmental requirements of AATIF, please see section C. The Investment Advisor on the other hand is receiving an investment advisory fee which is linked to the type of Investments and the outstanding balance of Investments. The Investment Advisor may also be entitled to receive a performance fee from AATIF which depends inter alia on achieving developmental goals set by the Board. Similar to the Board of Directors and Investment Committee remuneration, the Investment Advisor's rates are comparable to other development finance funds and organisations.