

PRODUCEPAY

Environmental & Social Policy.

2024

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Environmental, Social, and Governance (ESG) Policy

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1. ESG at ProducePay: A Commitment to Purpose

ProducePay was born in 2015 with the sole focus of alleviating the cash-flow issues faced by fresh produce growers and distributors. Our co-founders, Pablo Borquez and Ben Dusastre, with their extensive familial and professional experience across Mexican and US Ag-Supply chains, were well-positioned to understand these issues. 21st century technology was virtually absent in the US Fresh Produce industry - one characterized by a lack of capital and stagnating payment infrastructures, inefficient logistics, and barriers to market access. These issues were exacerbated by the delicate perishability cycles of fresh fruits and vegetables - increasing the need for a sophisticated, and ultimately, transformative financial product.

5 years later - ProducePay is proud to have played a pivotal role in facilitating the consumption of over \$2.5 Billion worth of fruits and vegetables to the people of the United States. Our Inseason and Preseason capital solutions have helped source over 100 different commodities and allowed us to cultivate meaningful relationships with over 700 growers and distributors across Latin America. Furthermore, our recent pursuits into the data landscape via our Insights Pro and Preferred Network products allow us to help entities make well-informed, critical decisions effortlessly. Our goal at Produce Pay has always been to help feed the world in a sustainable way. While our efforts have generated material improvements to our customers' operational stability and overall business outlook, we felt something was lacking in our pursuit of sustainability. This is why we made a formal commitment to the United Nations Global Compact to solidify our newest and proudest venture yet - a commitment to purpose

ProducePay realizes correct environmental, social and governance (ESG) practices are crucial to the success of any transformative company. We aim to infuse this consciousness into all phases of our investment cycle and product development. By integrating these guidelines into our processes, we are opening the way to a long-term path of sustainable growth. A path that will create for more quality driven risk-return profile and deliver the most value to our shareholders, customers, and employees.

Sincerely,

Pablo
Co-founder and CEO

Ben
Co-founder and CFO



2. Environmental and Social Policy

ProducePay's mission is to promote sustainable development by contributing to the economic development through financing agricultural exports of the private sector. Our E&S policy seeks the establishment of an operational framework that integrates E&S sustainability principles and ESG standards into our institutional strategy as an international institution, promoting economic and social development in Latin America.

We have established mechanisms and tools that identify current best practices in E&S management to identify, assess, and manage the E&S risks of our operations and projects supported.

ProducePay promotes sustainable initiatives that involve environmental protection and conservation through different types of E&S certifications currently on the market and that are required by the main international markets and consumers.

This E&S Policy is supported and approved by our Senior Management. Staff training and capacity building in environmental and social management is also an integral part of our sustainability commitment.

To achieve this goal, we are implementing an Environmental and Social Management System (ESMS) aligned with IDB and IFC's Exclusion Lists, national laws of the corresponding countries where we invest and IDB Environmental and Social Sustainability Policy, and IFC Performance Standards 2012 including the World Bank Group's Environmental, Health and Safety guidelines.

This E&S Policy is publicly disclosed and communicated internally.



3. Pillars and Principles

Our commitment to the United Nations Global Compact is targeted towards developing a value-based ecosystem and a principle driven approach to conducting business. Companies aligned with the UNGC must adapt their operations to meet fundamental responsibilities in areas of human rights, labor, environment, and anti-corruption. These four pillars have been further subdivided into 10 major principles - drawn from the Universal Declaration of Human Rights, Rio Declaration and on Environment and Development, and a handful of others.

ProducePay strives to promote the highest ethical standards in all stages of its operations, in line with national regulations and international best practices. This includes, but is not limited to, anti-bribery, anti-corruption practices and grievance mechanisms. Where not covered by applicable laws and regulations, implementation of the following practices is expected of all Growers and Partners at all Facilities.

ESG Definitions

Environmental

You reap what you sow. Our core business operations (Preseason and Inseason) support financial expenditures from start to finish of fresh produce farming. Therefore, our commitment to environmental sustainability has the ability to be impactful at each step. Produce Pay realizes the importance of preserving the natural environment and ensuring its care is a key factor that will be considered in investment decisions, wherever reasonably applicable:

- Water Management
- Soil Health
- Waste Management
- Fertilizers and Pesticides
- Emission of Gases
- Energy Conservation
- Recycling Practices





Social

Equality, Diversity, and Inclusion are important considerations in relation to the way in which farms operate, and by extension - our business operates. Labor Practices have taken center-stage in the corporate landscape for good reason: Companies have the ability to uplift developing countries with their far-reaching supply chains. There are increasing holistic benefits for operations which have inclusive and diverse ethics and practices; and we assess the impact a company has on its employees, local communities, and society as a whole. The main areas of consideration are:

- Worker Safety
- Non-discriminatory employment practices
- Ensuring the absence (and ultimate elimination) of child labor or indentured servitude
- Pay practices aimed at social/gender equality (considering the sensitivity of different local ecosystems)
- Welfare programs aimed at upliftment of the local community



Governance

This pillar refers to structures, corporate values, and the accountability process of the management of the company. It also pertains to the ethical and safe use of client data and privacy policy of the same.

- Management structure – power balance between the CEO and Board, separation of Chairman from CEO, appropriate checks, and balances for members of the management team.
- Employee relations and workplace grievances
- Executive remuneration
- Corporate Codes of Conduct



We became a signatory to the United Nations Global Compact in June 2020 as part of our response to the challenges of monitoring and reporting on ESG.



Ten Principles



Human Rights

- | | |
|-------------|--|
| Principle 1 | Businesses should support and respect the protection of internationally proclaimed human rights; and |
| Principle 2 | Make sure that they are not complicit in human rights abuses. |

Labor

- | | |
|-------------|--|
| Principle 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. |
| Principle 4 | The elimination of all forms of forced and compulsory labor; |
| Principle 5 | The effective abolition of child labor; and |
| Principle 6 | The elimination of discrimination in respect of employment and occupation. |

Environment

- | | |
|-------------|---|
| Principle 7 | Businesses should support a precautionary approach to environmental challenges; |
| Principle 8 | Undertake initiatives to promote greater environmental responsibility; and |
| Principle 9 | Encourage the development and diffusion of environmentally friendly technologies. |

Anti-Corruption

- | | |
|--------------|--|
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery. |
|--------------|--|



4. Incorporating ESG into the Business

ESG principles are integrated throughout the Produce Pay business cycle using the support of the IRIS+ Framework. In addition to our own general guidelines, the IRIS framework provides streamlined and practical metrics for clarity and comparability.

01.

Pre-Investment

Research and Due Diligence

A significant amount of time will be spent studying and identifying any risks or opportunities as they pertain to ESG principles. The research is aimed to be carried out through a variety of sources - including but not limited to financial statements, media-reports, anti-bribery, and holistic risk evaluations. Produce Pay also scrutinizes the corporate governance of the prospective companies, ascertains levels of transparency and professionalism of reporting.

All asset pools are to report against the five-six core KPIs, and more are devised as necessary to reflect material company-specific considerations. We use the IRIS+ framework to recognize relevant and most up to date KPI's.

ProducePay's ESG team works in conjunction with the client management to determine these bespoke, company specific ESG KPIs and their subsequent tracking and monitoring.

The investment decision-making process ESG risks or issues may be identified. This process revolves around a comprehensive questionnaire and detailed compliance checklist administered by the risk and client care team.

Upon thoroughly reviewing the above, ProducePay will weigh up whether our principles will be best served by avoiding prospects that are poorly governed or that have shortcomings in the environmental or social pillars. ProducePay may also determine whether any risk is acceptable with further management, rectification, and improvement during the investment.

02.

Investment in Progress

03.

Post-Investment / Closing Evaluations



4. Incorporating ESG into the Business

01.

Pre-Investment
Research and Due Diligence

02.

Investment in Progress
Monitoring and Adapting

The process to follow is a post-investment phase that ideally will start immediately to monitor ESG policies and ensure risk mitigation with earlier discoveries.

All ProducePay members involved in the relationship are mindful of the commitment to ESG and there is attentive discussion to ensure that all clients take responsibility and act accordingly to ESG principles.

Monitoring of progress occurs through a series of regular site inspections or monitoring visits (closely aligned with our funding schedules). ProducePay also aims to maintain dialogue with its portfolio clients through formal meetings, ad hoc meetings, and random calls between ProducePay's ESG representatives and the inspection team.

Updates are discussed weekly meetings and necessary changes are made.

03.

Post-Investment / Closing Evaluations



4. Incorporating ESG into the Business

01.

Pre-Investment
Research and Due Diligence

02.

Investment in Progress
Monitoring and Adapting

03.

Post-Investment/Closing Evaluation
Performance Evaluation and ESG Assessment

ESG KPI data are typically to be captured and reviewed quarterly by the Risk and ESG teams. If the KPIs contain anomalies or discrepancies, they are interrogated further and examined alongside a member of senior management and the deal representative.

These are evaluated alongside the specified IRIS metrics and entire ESG deal document.

The financial performance of deals is recorded and discussed weekly during the Preseason and Inseason check-in calls. ESG performance is also monitored during these calls and matters are tended to on a case by case basis. Comprehensive reviews take place (i) during the weekly update meetings of the deals and (ii) during board meetings when these are discussed with the leadership team.

Note: Core ESG Integrations are focused on the Financing Products. We strive for a more general approach towards the Ten Principals throughout our other products and offerings.



5. The ESG Team

We are establishing an ESG Team to oversee integration, reporting frameworks, and OKR's for the upcoming year.

Person	Responsibility
Ben Dusastre	President
Risk VP	Roberto Albanes
Daniela García	Environmental and Social Officer
Karan Kothari	Associate
Adam Gordon (UNGC)	UNGC Local Network Contact Person

PRODUCEPAY
A better way to grow.

