

IMPACT REPORT

2022 - 2023



THE MELOY FUND



TABLE OF CONTENTS

- 02 Welcome
- 04 Why Coastal Fisheries
- 07 Key Objectives
- 08 Impact in Numbers
- 09 Impact Approach
- 13 Key Lessons Learned
- 15 Impact in Action
- 30 Appendix

The Meloy Fund for Sustainable Community Fisheries invests in and provides technical assistance to small and medium-sized enterprises that operate in coastal areas of Indonesia and the Philippines.

Our goal: to help our investee companies generate triple-bottom-line results, provide commensurate financial returns to our investors, and benefit coastal communities and the ecosystems on which they depend.

RARE WELCOME

Dear Friend,

Today, coastal communities are in crisis. Small-scale fisheries – the lifeblood of coastal communities across the Global South – are imperiled.

Contributing to the catastrophe is chronic under-investment. Without adequate resources, communities are unable to effectively manage their fisheries, opening the door to overfishing and other destructive practices. Without healthy coastal ecosystems these communities face growing food insecurity, their livelihoods are jeopardized, and the effects of climate change are made even worse.

But this presents an opportunity. Investing private capital in small-scale fisheries offers the potential for triple bottom-line returns: for communities, for nature, and for investors. And thanks to the Meloy Fund, we have a blueprint for how to make this happen.

Eight years ago, there was little impact investing in the blue economy, no established pipelines for coastal fishery investments, and no reliable methods for evaluating risk. Most investors concluded small-scale fisheries were simply too big a risk.

Because of Rare’s history of working with coastal communities in the Philippines and Indonesia, we saw an opportunity. Hopefully, within this Impact Report you will see the same.

If we want to protect blue carbon, boost climate resilience, and help coastal communities generate, retain, and build wealth, we must invest in these efforts. The Meloy Fund demonstrates how this can be done thoughtfully. And it’s why the team behind the Meloy Fund’s success was recently tapped to manage the Investment Fund within the large-scale Global Fund for Coral Reefs coalition.

The Meloy Fund was born from our belief that investing in small-scale fishers and fishing-related enterprises makes business sense and is aligned with Rare’s mission. As you read this report, I hope you come away inspired, not only by what has been achieved, but by the lives that are benefitting along the way.



Brett Jenks
CEO
Rare



DELIBERATE CAPITAL WELCOME

To our Investors, Partners, and Friends,

When we established the Meloy Fund in 2016, little to no attention was given to investing on behalf of coastal communities and the ecosystems that support them in the most climate-vulnerable places on earth.

Since then, while we have been encouraged to witness more attention given to ESG-compliance and impact investing on behalf of oceans writ large, it is nowhere near enough. For example, Sustainable Development Goal (SDG) 14: Life Below Water, continues to be the most underinvested of all SDGs,¹ while investment on behalf of climate adaptation also lags far behind mitigation efforts. In other words, coastal communities are still being left behind.²

As the Meloy Fund nears the end of its investment period, our portfolio of 13 current and exited investments have thus far demonstrated an ability to achieve triple-bottom-line results (i.e., environmental, social, and financial). A big part of our ability to achieve outsized impact is due to our non-dilutive Technical Assistance (TA) facility, which helps to address one of the primary problems with impact investing for the oceans – the oceans are a common-pool resource. In our view, any model for ocean-focused impact investment must pair private capital deployment with commensurate efforts to improve management of marine habitats.

We are pleased to provide this Impact Report describing the progress the Meloy Fund and our investees have made during 2022 and 2023 toward reaching our impact goals and supporting SDG 14. In this report, you will read stories

about how the Meloy Fund, working hand-in-hand with our investee partners, created new fishery management programs, developed strategies to improve top-line results without increasing fishing effort, and implemented new methods to ensure small-scale fishers escape debt bondage and improve prospects for safety at sea.

All of these efforts demonstrate how the Meloy Fund's investment capital, in combination with technical assistance, ultimately creates more value to be shared across all stakeholders – from portfolio companies through to first-mile fishers and farmers working at the local level.

With your ongoing interest and support, we look to develop innovative ways to create value and generate impact through our focus on ocean impact investing. We look forward to sharing our insights with you and the benefits accruing to coastal communities and ecosystems in the years ahead.

**Dale Galvin**

Fund Manager & CEO
Deliberate Capital



¹ https://www3.weforum.org/docs/WEF_Tracking_Investment_in_and_Progress_Toward_SDG14.pdf

² <https://unctad.org/news/investment-tackle-climate-change-falls-amid-global-crises>

WHY COASTAL FISHERIES?

Seafood is the largest traded food commodity in the world. Over three billion people rely on wild-caught and farmed seafood as a significant source of animal protein.³

In addition to supplying essential food and nutrition to people around the world, coastal fisheries provide livelihoods for over 100 million people, including fishers and those who ready the catch for sale or further processing. Roughly 85 percent are small-scale fishers and workers, and most operate in developing countries

Coastal marine ecosystems around the world are in crisis.

where families in coastal communities are often impoverished. About half of those employed in capture fisheries and aquaculture are women.

Thirty-five percent of coastal fish stocks are considered overfished or in collapse. The vast majority of overexploited fisheries are in coastal

areas of developing countries and island nations. These fisheries are subject to unsustainable fishing practices that threaten livelihoods, food security, and nutrition for the most climate-vulnerable communities.

As Figure 1 shows, we estimate that in the Fund’s target regions of Indonesia and the Philippines alone, managing coastal fisheries sustainably could create upwards of \$4 billion of value, benefit over four million fishers and improve over 21 million hectares of coastal habitat.

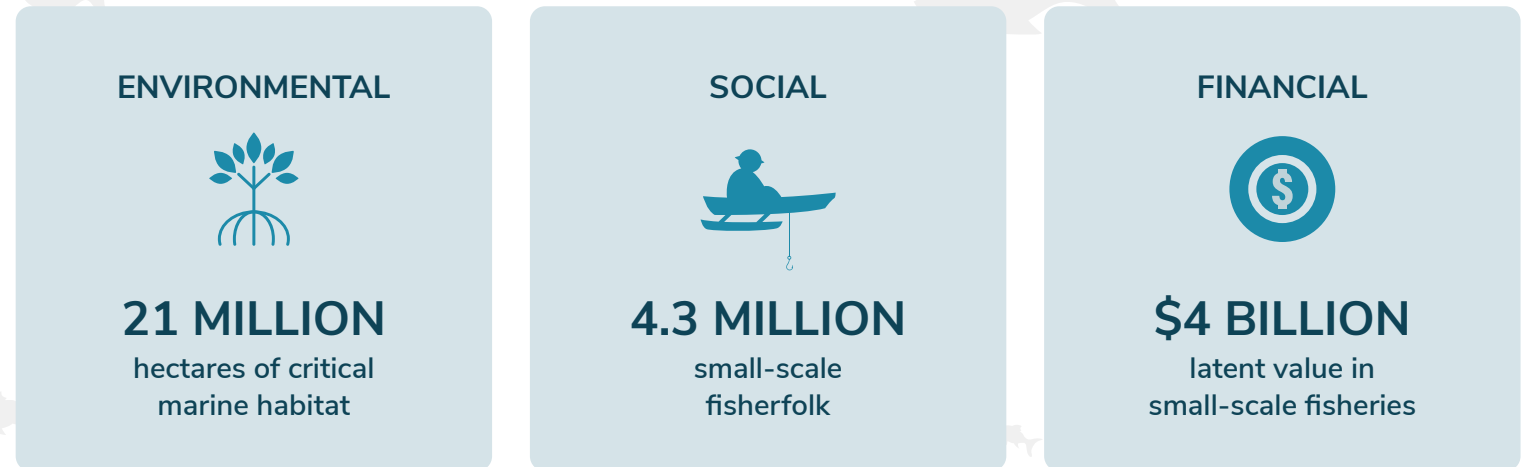


Figure 1: Triple Bottom Line Opportunity

³ <https://www.worldwildlife.org/industries/sustainable-seafood>

WHY INDONESIA?



The world's largest island nation, with globally important fisheries

4,000

Species are supported by the country's coastal waters



One of the top 10 fish-dependent nations in the world in terms of fish consumption

12 M

People employed in the country's fisheries industry



The majority of Indonesia's fisheries are most likely "fished to the largest possible catch". Due to the country's large marine area, regulations to stop illegal fishing are not fully enforced.

OUR IMPACT



456,205 hectares of seascape under more sustainable management



Safer working conditions and more secure income for 10,722 fisherfolk

WHY THE PHILIPPINES?



One of the world's top fish-producing countries, located at the heart of the coral triangle

2.1 M

Filipinos work in seafood-related industries

OVER 85%

of the Philippines' wild-caught seafood comes from artisanal or small-scale fisheries

UP TO 40%

of the country's wild-caught seafood is from illegal, unreported, and unregulated (IUU) fishing



Destructive fishing methods that use dynamite and cyanide, and fine mesh fishing nets, are contributing to a rapid decline in fish stocks and harming habitats.

Overfishing is common, and mangrove resources that are essential to the ecosystem have suffered considerable damage.

OUR IMPACT



943,469 hectares of seascape under more sustainable management



Safer working conditions and more secure income for 6,370 fisherfolk





KEY OBJECTIVES

THE MELOY FUND'S KEY OBJECTIVES GUIDE OUR INVESTMENT DECISIONS AND ACTIVITIES ACROSS THE PORTFOLIO:



Transform Businesses:

We support small and medium sized enterprises (SMEs) that impact coastal ecosystems, focusing on businesses that process and sell wild-caught seafood, mariculture, and aquaculture products, and those in related supply chains. We guide businesses to:

execute new growth strategies, increase efficiencies, and modernize operations

improve ESG characteristics

expand into new markets

implement value-added processes that reduce costs and/or improve revenues for local fishers



Transform Supply Chains:

We work with supply chains to bolster sustainable practices that support and protect the natural resources that coastal fisheries need to survive and thrive. This includes:

enabling technologies (fintech, agtech, traceability, etc.)

cold chain infrastructure

green (ocean-friendly) materials and waste management

more sustainable inputs (including feed and gear)



Transform Sectors:

We pursue sector-building investments, including:

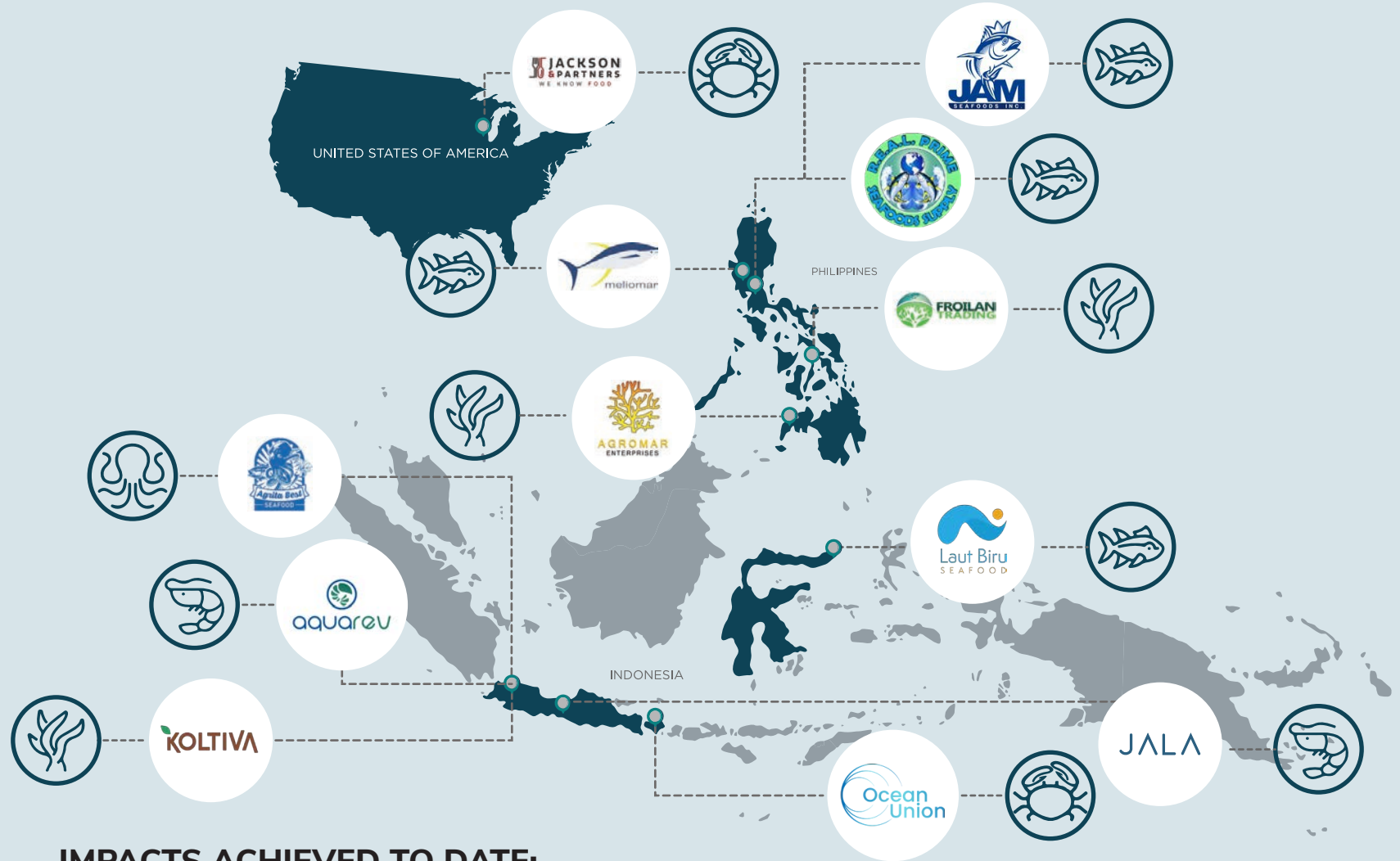
market platforms

creative financing to reduce indebtedness and increase equity for fishers

certification and labeling programs

climate-smart adaptations and more

IMPACT IN NUMBERS
PORTFOLIO COMPANIES



IMPACTS ACHIEVED TO DATE:



1,360

Jobs (permanent and temporary)



USD 41M

Annual purchases from fishers / farmers



77,727

Household members positively impacted



1,444,923⁴

Hectares of seascape under improved management

⁴ This number of hectares includes seascapes in Madagascar and India, where the fund has also made an impact



IMPACT APPROACH

Triple-bottom-line impact goals are at the heart of everything we do.

When we launched the Meloy Fund in 2016 as the first-of-its-kind impact investment fund focused on sustainable fisheries in Indonesia and the Philippines, we established a robust impact measurement and management (IMM) framework. This included Environmental, Social, and Corporate Governance (ESG) due diligence for each investee based on International Finance Corporation (IFC) performance standards. Investees were scored using a broad Environmental and Social (E&S) performance scorecard, and we developed a customized Corrective Action Plan for each company. We used estimates for high-level impact metrics and worked with each investee to develop customized Technical Assistance (TA) plans.

Over time, we learned that the risk categories in the original E&S Performance Scorecard were too general; they did not allow us to adequately identify, monitor, and mitigate risks at the local community and fishery level. Also our investees found it difficult to improve their scores because performance levels were not sufficiently granular or specific. The high-level impact metrics did not adequately describe changes happening in the coastal communities and ecosystems.

As we implemented TA projects with investees, we began to understand the E&S risk areas better. Over the past year, based on these new insights, the Meloy Fund has made important evolutionary improvements to strengthen our impact approach. We built a customized and proprietary E&S Scorecard that reflects E&S risks observed first-hand across seven fisheries that supply our investee companies. This helps to highlight risks that are most common in small-scale fisheries, and provides investees with better guidance in addressing E&S risks specific to their supply chains and improving their performance levels.



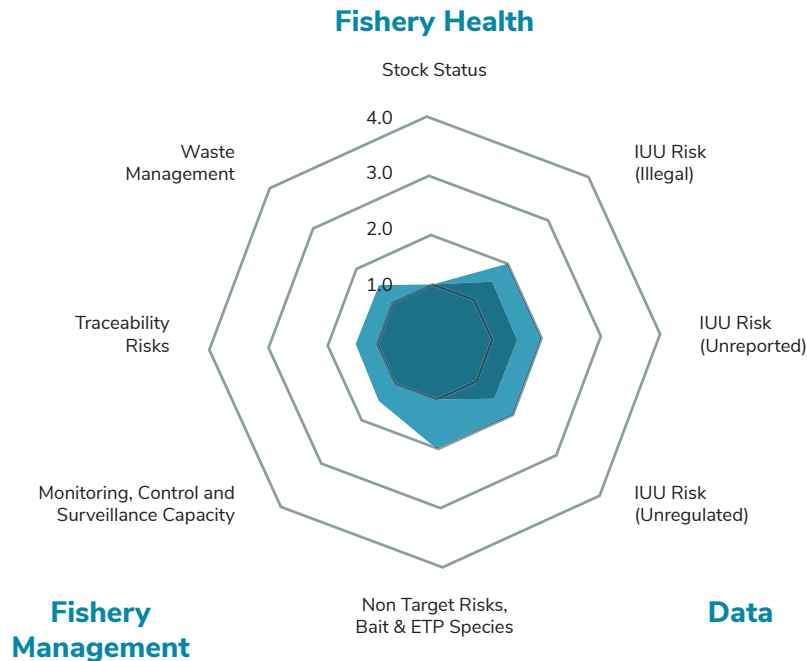
The Meloy Fund recently adopted the Impact Management Project's (IMP's) five dimensions of impact – What, Who, How Much, Contribution, and Risk – including new outcome-level metrics that are more closely related to the risk areas in the E&S Performance Scorecard and an improved standard of living for fishers/farmers. This has allowed us to track outcome-level metrics that focus on changes for fishers/farmers and in the water.

We can now also deploy more targeted TA projects (which we continuously refine based on fishery-level insights). We are currently re-scoring wild-caught investee companies and collecting outcome-level metrics from fishers. We will adapt the E&S Scorecard and the IMP's Five Dimensions of Impact for our mariculture and aquaculture portfolio.

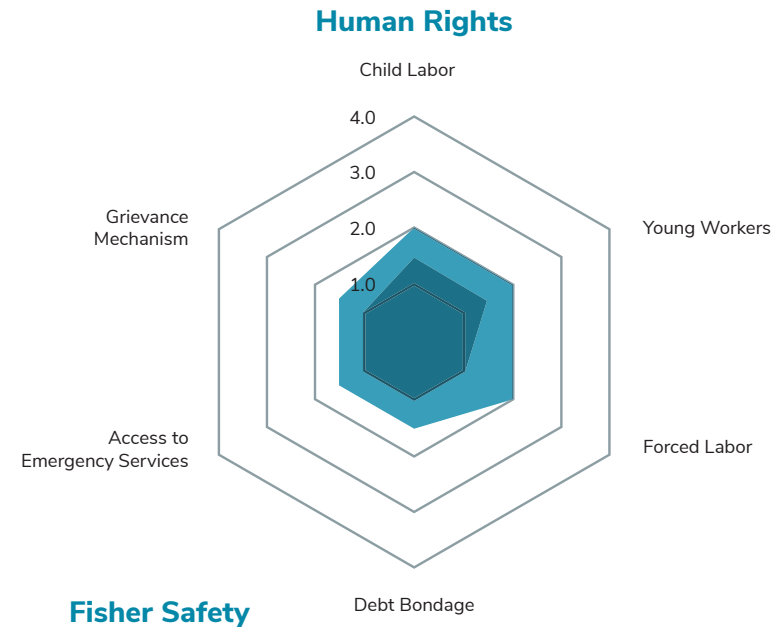
An Improved Performance Scorecard that Better Identifies E&S Risks in Coastal Fisheries and Communities

The Meloy Fund’s improved Scorecard assesses investees against a 4-point scale, giving them more guidance on how they can address E&S risks specific to their supply chains. It also helps us to prioritize TA projects and the tools and resources needed to provide the support that will have the greatest impact. The following examples show how the revised Scorecard addresses our investees’ sustainability practices using fishery-specific guidelines:

EXAMPLE: ENVIRONMENTAL SCORECARD Wild-Caught or Capture Fisheries



EXAMPLE: SOCIAL RESPONSIBILITY SCORECARD Wild-Caught or Capture Fisheries



Under Environmental risks, we look at:






- Whether the stock is overfished
- Data availability, largely with respect to IUU Risks
- Whether any type of fishery governance or controls are in place
- How far investee can trace their supply chain
- How fishers deal with waste while at sea

Under Social Responsibility risks, we examine:

- Human rights issues arising from the use of child labor, young workers, and forced labor
- Level of indebtedness between fishers and traders
- How fisher safety is being handled
- Fishers’ access to grievance mechanism

APPLYING THE FIVE DIMENSIONS OF IMPACT TO COASTAL FISHERIES AND COMMUNITIES

To complement the Meloy Fund’s improved Scorecard, we have augmented our analysis of our investees by also applying the Five Dimensions of Impact. The Impact Management Project convened a Practitioner Community of over 3,000 enterprises, investors, and experts in order to build global consensus on measuring, improving and disclosing positive and negative impacts (known as “impact management”). The consensus gained from that process over the period from 2016 to 2018 now provides a common logic to help enterprises and investors understand their impacts on people and the planet to help reduce the negative and increase the positive. Impacts of investee enterprises on people and the planet can be understood across five dimensions.

IMPACT DIMENSION	IMPACT QUESTIONS EACH DIMENSION SEEKS TO ANSWER	HOW MELOY FUND APPLIES THE IMP
 <p>WHAT</p>	<p>What outcome occurred over the period? Is the outcome positive or negative? How important is the outcome to the people (or planet) experiencing them?</p>	<p>What: Outcomes measured are closely related to E&S risk areas in the Performance Scorecard, developed from site visits with fishers, farmers, and others affecting the investee’s supply chain. The outcomes will ultimately affect the investee’s long-term financial viability, and thus their employees, as well as the livelihoods of the fishers and farmers and their families.</p>
 <p>WHO</p>	<p>Who experiences the outcome? How underserved are the affected stakeholders in relation to the outcome?</p>	<p>Who: Expanding our impact data collection to include fishers and farmers will provide direct insights into their needs and how they depend on their sourcing relationship with an investee company. This will, in turn, inform investees’ sustainability sourcing policies and TA projects.</p>
 <p>HOW MUCH</p>	<p>What is the size of the outcome in terms of depth and duration?</p>	<p>How much: We have been measuring the scale of impact by the number of fishers impacted and hectares of seascape under improved management, but the depth of change has been less clear. We have added depth-based metrics to our impact measures.</p>
 <p>CONTRIBUTION</p>	<p>Would this change likely have happened anyway?</p>	<p>Contribution: Showing the benefits of sustainable practices is key to what we do. We not only provide SMEs that struggle to access funding with investment capital, we work closely with them to demonstrate how sustainability improves the bottom line with non-dilutive TA grants.</p>
 <p>RISK</p>	<p>What is the risk to people and planet that impact does not occur as expected?</p>	<p>Risks: If overfishing and deteriorating conditions in coastal communities is not reversed, the impact on people and planet will be catastrophic. Harmful practices in coastal communities destroy coral reefs and mangrove forests that help to keep oceans healthy. Overfishing threatens to destroy an essential food source and may cause millions of fishers to lose their livelihoods.</p>

KEY LESSONS LEARNED

With 13 total investments (three successfully exited), along with nine Technical Assistance (TA) projects and one more in development, we have gained key insights and learned important lessons that we believe will increase our triple-bottom-line impact going forward.

As fiscal year 2024 marks the transition from the Fund's investment period to its harvest period, we believe this is an appropriate time to share these insights about how best to achieve our impact goals, knowing that they will continue to evolve:

The Meloy Fund Technical Assistance Facility

All of our investee companies are eligible for grants through the Meloy Fund's Technical Assistance (TA) Facility. These grants help investees to strengthen their business and governance practices and improve supply chain impact in fisheries and communities.

TA Facility projects impact stakeholders throughout coastal ecosystems, as the world's oceans are shared public resources that must be safeguarded for all.

01 Improve Investee-Fisher Relationships

Developing relationships with fishers gives investee companies a better understanding of the ESG risks those fishers face, helping to uncover improvements needed to achieve the Fund's impact goals. We have identified the following key ways to support this relationship-building:

- Comprehensive supply chain mapping during ESG due diligence identifies investees that have strong relationships with their fishers
- Focused TA funding to kickstart projects that:
 - Strengthen relationships between investees and fishers
 - Connect investees with new and sustainable supply chains
 - Help investees expand into new target market segments

02 Address fishers' common challenges

In 2022 - 2023, visits to seven fisheries in our investees' supply chains revealed these common challenges fishers face:

- Obtaining or renewing fisher and vessel registration
- Safety at sea issues
- A lack of grievance mechanisms
- Debt bondage
- A lack of financial literacy
- A need for alternative livelihoods

To address these challenges, we streamlined the process of identifying local partners that can provide fishers, who are essential to our investees' success, with basic services they need to pursue their livelihoods safely and sustainably (e.g. facilitating access to government services to obtain and renew licenses, safety at sea training, a grievance hotline, etc).

TA projects have shown how burdens such as debt bondage can greatly affect fishers' income (traders can offer lower prices to fishers who owe them money, essentially increasing the interest rate fishers pay on their loans). Recognizing the potential positive impact on fishers who can access financing under favorable terms, the Fund's latest investment in the Philippines is the first time investment capital has been earmarked specifically to pre-finance fishing trips.

03 Leverage technology

Investee company LBS's well-integrated traceability system shows how technology can provide much-needed transparency into what is happening on the water and help to ensure minimum documentation requirements for exports are met. It also provides accurate real-time online data to inform management decisions while ensuring safety at sea for fishers. Other technologies can be added to help protect endangered, threatened, and protected species, and prevent forced labor, help improve the quality of the catch, resulting in better prices, and direct e-Payments to fishers.

The Fund also invests in enabling technology companies like Koltiva which has set up a digital wallet that allows users in Indonesia to make and receive split payments, receive loans, obtain micro-insurance, pay for supplies, and store savings. Koltiva is currently testing this technology with another portfolio company, Aquarev, to offer loans to smallholder shrimp farmers to support efforts to increase sustainable intensity aquaculture.

04 Enhance government engagement

Establishing sustainable fishery management practices, which is essential to the Meloy Fund's impact mission, is a long and arduous process. Our E&S Performance Scorecard system now assesses relevant authorities' interest in and ability to create fishery management plans in fisheries that supply our investees. This helps us to identify existing enabling conditions as well as gaps the Fund can address through investing and TA funding.

05 Encourage investees to capture value added by diversifying across markets and products

Increasing the value of a catch supports investees' financial growth and trickles down the supply chain to the fisher level while reducing the risk of overfishing. In a still-uncertain global economy, our investees are exploring new export markets and identifying more value-added products to capture higher margins. As one investee said, "With this new value-added product I can get

the same margin from one container that I used to get from three." Long-term purchase orders allow investees to share part of those higher margins with fishers, reinforcing the value of sustainable sourcing practices.

We view these insights as tools to help guide our ongoing efforts. The Fund is excited to be working closely with our investees and local partners to refine and implement what we have learned to further enhances the value of our investors' capital and the TA projects to achieve the impact the Fund seeks, improving and promoting sustainability for coastal fishing communities and ecosystems.

Consolidation under Ocean Union

With our latest investment in Indonesia, the Fund is consolidating a number of entities that process different species under one group. This will optimize utilization rates by processing multiple species in the same facilities, reducing fixed costs. This consolidation creates a new platform with the scale and experience to become one of the largest and most sustainable seafood companies in Southeast Asia.



IMPACT IN ACTION: FIVE ILLUSTRATIVE PROFILES OF PORTFOLIO COMPANIES



The Company - Agrita | Founded in 2010

An Indonesia-based octopus processing company that sources octopus from community-based fisheries across Indonesia, processes it locally, and exports to Europe, the U.S., and Asia.

The Meloy Fund's Investment

Our loan allowed Agrita to build a new, professionally-managed processing facility and provides working capital that helps the company to source from a greater number of smallholder fishers.

Impact at a Glance

Number of farmers sourced from	1,500
Hectares of coastal ecosystem under improved management	252,000

Insight in Action Address Fishers' Common Challenges

The octopus trade in Indonesia lacks basic catch accounting, stock assessments, stock-wide fisheries management plans, regulations, and fishing vessel licensing requirements. In 2021, Agrita convened the first multi-stakeholder gathering of provincial and district local governments, NGOs, academics, fishers, and buyers in East Nusa Tenggara to discuss the vision and workplan for a Fishery Improvement Project (FIP).

Supported by the Fund's TA Facility, Agrita launched **Indonesia's first FIP for octopus** (only the third globally) in May 2022. The goal: create basic fishery management structures to help achieve the Fund's impact metric of hectares of seascape under improved management. First year activities focused on:



1 Catch Accounting



- Designing data collection procedures and management systems that apply basic sustainability standards to the octopus catch.

< Enumerator measures the mantle length of an octopus

2 Building Capacity



- Helping fishers to obtain licenses, register their vessels, and create fisher associations.
- Training fishers in financial literacy and organizational management.

< A fisher proudly shows the Fisher ID obtained with the FIP's support

3 Analyzing Fishing Grounds



- Mapping fishing grounds using vessel tracking devices to see how fishing activities are distributed. A safety feature will be added to the tracking device.

< A vessel tracking device is installed on a fisher's boat



Insight in Action
Enhance Government Engagement

In developing and implementing the FIP, Agrita and its local partners engaged with district and provincial governments and is also partnering with a coalition of NGOs to engage the National Research and Innovation Agency in conducting octopus stock assessments and aligning with the national FIP.

Insight in Action
Encourage Value-Added Production

We reinforce the concept that increasing the value of a catch increases revenue without needing to increase the volume of a catch. Agrita is pursuing innovative products and marketing efforts to process and/or cook octopus in different ways to capture new customers and higher margins. Selling higher margin products means Agrita needs fewer octopus, improving sustainability by reducing the risk of over-harvesting. The company can share part of these higher margins with its fishers, improving their livelihoods.



Agrita's value-added products maximize the value of octopus of different quality



IMPACT IN ACTION: FIVE ILLUSTRATIVE PROFILES OF PORTFOLIO COMPANIES



The Company - Agromar | Founded in 2015

A seaweed trading company based in the Philippines, Agromar has been a pioneer in cultivating seaweed in the Zamboanga area since the 1980s, supplying raw dried seaweed to local and international processors.

The Meloy Fund's Investment

Our loan allowed Agromar to continue sourcing raw materials from, and provided income to seaweed farmers during the pandemic.

Impact at a Glance

Number of farmers sourced from	1,455
Hectares of coastal ecosystem under improved management	6,693



Insight in Action

Improve First-Mile Relationships

Cultivating close relationships with fishers and aquaculture/mariculture farmers helps our investee companies to better understand the environmental and social risks those fishers and farmers face. Agromar is a prime example of how this insight led to improvements that have increased our ability to achieve our impact goals.



Yields from seaweed farming have declined in recent years, particularly in Zamboanga where Agromar is located, due to:

- Limited availability of high-quality seedlings
- Farmers harvesting their crops early, hurting quality and ultimately reducing the prices they receive
- Use of chemical fertilizers, with an adverse impact on the environment (e.g., algal blooms) and lower yields over time



To overcome these challenges, Agromar is partnering with Rare in a new TA project to:

- Triple production of up to 100 seaweed farmers in Silingan, RT Lim, one of 13 coastal Local Government Units (LGUs) where Rare operates
- Build the capacity of Rare’s key local partner, COMFAS (a coalition of municipal fisherfolk) as a key business aggregator and focal point for promoting sustainable seaweed farming
- Demonstrate seaweed’s contribution to reducing fishing pressure as part of Rare’s “managed access with reserves” model
- Develop a consistent supply of high-quality seaweed for Agromar

If the model is successful, Rare will replicate it in other LGUs with up to 20,000 seaweed farmers. This would promote Zamboanga Sibugay Province as the high-quality seaweed producer in the Philippines.



Through this partnership, Rare will promote sustainable seaweed cultivation behaviors that:

- Reduce the use of plastics, such as replacing soft ties (A) with the double muddy loop system (B)
- Impose strict prohibitions on the use of fertilizer
- Require a minimum 45-day seaweed cultivation period





IMPACT IN ACTION: FIVE ILLUSTRATIVE PROFILES OF PORTFOLIO COMPANIES



The Company - Jalatech | Founded in 2015

An integrated shrimp aquaculture technology company, Jalatech provides data-driven management solutions to help transform shrimp aquaculture in Indonesia into a more sustainable industry.

The Meloy Fund's Investment

In 2021, the Fund invested in Jala to grow the business and help it to reach more farmers with its sustainability technology.

Impact at a Glance

Number of farmers sourced from	1,395
Hectares of coastal ecosystem under improved management	163

Insight in Action

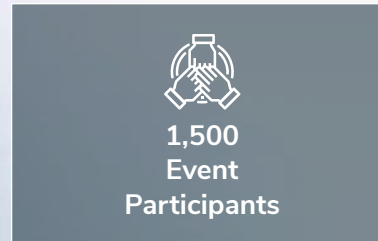
Leverage Technology to Support Smallholder Farmers

Jala’s mission is to make shrimp production more traceable and sustainable using technology. The company has helped over 15,000 users across Indonesia to improve productivity by an average of 10%. However, a large portion of shrimp production in Indonesia still comes from traditional (intensive) and semi-intensive farms that Jala has not yet reached. This represents a large opportunity to grow the company’s business and improve sustainable shrimp farming.

In February 2022, with the support of the Fund’s TA Facility, Jala launched a project to strengthen its Tebar program for smallholder shrimp farmers, offering:

- In-person farm assistance
- Water and disease monitoring
- Support with implementing Jala’s shrimp farm management software
- Farmer discussion groups
- A gender lens approach using Oxfam’s Gender Action Learning System (GALS)

Key Results





When I first began shrimp farming, I used a simple logbook and did not understand the effects of pH or salinity.

Now, with Jala's app and water monitoring service, I know exactly when and how much to feed my shrimp. Using Jala's app helped me to increase my farm productivity by 4x and the survival rate by 75.5%.

Nyoman Darna

Traditional small-scale shrimp farmer



Jala's field agents combine technology with a personal touch, and are welcomed by the shrimp farmers' communities. In the next phase of the TA project, Jala will scale Tebar to 1,000 smallholder farmers, focusing on building a business model for this market. Jala will expand its offerings to include:



A one-stop source of shrimp farming supplies (e.g., feed, probiotics, and minerals), sold in small batches to reduce farmers' debts



Micro-credit financing in conjunction with Indonesian national banks or fintech



An insurance program to minimize the risk of losses due to cultivation failure



Monitoring for better effluent management and groundwater usage



Through GALS, Jala's field agents help farmers and their wives develop a long-term vision along with short-term goals, while examining gender roles in the household. The GALS tools guide husbands and wives to work together towards those goals.

< Jala's Field Agent shares a wife's goal of setting aside savings to start a goat farm.



IMPACT IN ACTION: FIVE ILLUSTRATIVE PROFILES OF PORTFOLIO COMPANIES



The Company - JAM Seafood | Founded in 2002

JAM, a seafood processor and distributor specializing in yellowfin tuna, operates in the Philippines and internationally. The company played a key role in guiding the first small-scale yellowfin tuna handline fishery in the Philippines through to Marine Stewardship Council (MSC) certification.

The Meloy Fund’s Investment

The Fund’s investment is intended to support the company’s growth and expansion, help pre-finance fishing trips, and improve post-harvest handling of fish by establishing ice plants in key sourcing locations.

Impact at a Glance

Number of fishers sourced from	1,576
Hectares of coastal ecosystem under improved management	329,100

Insight in Action**Enhance Government Engagement**

The Fund's investment in JAM Seafood supports a decade of hard work to certify the first yellowfin tuna fishery in the Philippines under MSC standards. The critical work to sustain these efforts and reinforce those standards will include:

- Creating a harvest strategy and implementing harvest control rules
- Building on Fisheries Administrative Orders (FAOs) from the Philippines' Bureau of Fisheries and Aquatic Resources that established a tuna conservation and management zone (TCMZ) for handline fisherfolk that conserve and protect small tunas for sustainable tuna production

Together with WWF and JAM Seafood, we co-developed a proposal for TA funding to complement our investment in pre-financing fishing trips within the TCMZ implemented under the FAO.

**Insight in Action****Address Fishers' Common Challenges**

As noted earlier, fishers often borrow money from the traders who buy their catch to finance the cost of fishing trips and outfit their fishing vessels. Those traders then offer lower prices to the indebted fishers, effectively increasing the interest rate on the fishers' debts, reducing their earnings.

To address this, the Meloy Fund's investment in JAM Seafood is the first time that investment capital has been earmarked specifically to pre-finance fishing trips:

- The investment aims to provide fishers with transparent, favorable financing so they can receive the market price for their catch from traders
- Receiving the market price helps fishers to stabilize their debt load, or reduce it as a percentage of their income or share of a catch. Over time, this can help them to build savings

This investment complements the Fund's TA support that focuses on strengthening local fisher federations to help fishers improve data collection for catch monitoring and improve the quality of their catch.



IMPACT IN ACTION: FIVE ILLUSTRATIVE PROFILES OF PORTFOLIO COMPANIES



The Company - Laut Biru Seafood Founded in 2021

LBS, a recently established sustainable seafood processing company, sources seafood from small-scale fisheries in Eastern Indonesia, processes it in Bitung, and exports internationally.

The Meloy Fund's Investment

LBS was created as part of a restructuring plan between the Fund and an existing portfolio company. With the restructuring, the Meloy Fund's investment aims to establish LBS as the leading sustainable tuna processor in Indonesia.

Impact at a Glance

Number of fishers sourced from	1,305
Hectares of coastal ecosystem under improved management	186,300



Insight in Action

Address Fishers’ Common Challenges and Leverage the Power of Technology

To become the leading sustainable tuna processor in Indonesia, LBS is working to:

- Create systematic change by promoting sustainable practices with fishers in the largest tuna port in Indonesia
- Implement cutting-edge technology for traceability from fish to fork
- Implement best business practices in food quality, seamless accounting and inventory management systems, and transparent cashless payments for fishers

LBS became a member of the Indonesian Pole & Line and Handline Tuna Fisheries Association (AP2HI), which holds the Marine Stewardship Council (MSC)

certification for skipjack and yellowfin tuna in Western and Central Pacific archipelagic waters in Indonesia. As part of the MSC requirements, LBS is submitting routine catch and production data to AP2HI, along with vessel registration and vessel tracking.

LBS’s a traceability system runs from the fish landing site (including vessel information with all required documents, crew lists, and IDs) to shipment. With this system, LBS can track what it sources down to the number of fishers and the vessels’ fishing grounds, greatly enhancing the accuracy of the Fund’s key impact metrics. LBS is currently undergoing an MSC Chain of Custody audit and will soon be able to tag and sell fish sourced from the approved vessel list under the MSC fishery.

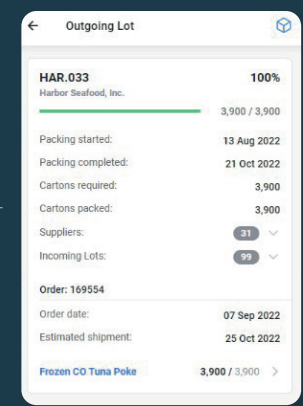
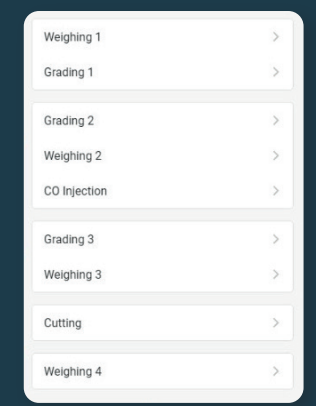
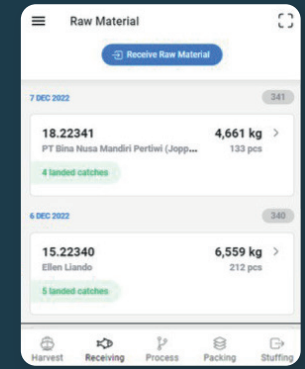
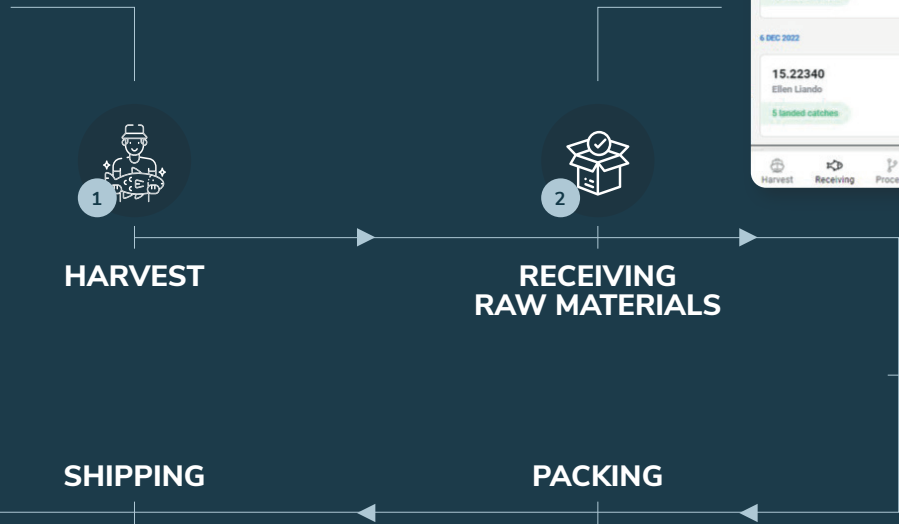
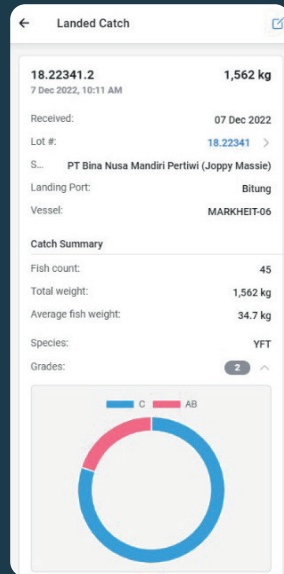
Next Steps

- Extend the traceability system from the landing site to where the fish is caught at sea
- Implement Bluetooth-enabled temperature sensors on fishing vessels to reduce the number of rejects and support better-quality catch, thus improving fishers’ income
- Conduct a social audit to understand standards for labor, health and safety, environmental performance, and ethics at the factory level
- Collaborate with AP2HI or other local partners to ensure safety at sea measures and grievance mechanisms for fishers are in place

LBS'S TRACEABILITY SYSTEM

Every vessel sourced by LBS contains the necessary documentation (vessel license, fishing permit, etc.), and a fisher/crew list with the fishers' IDs to ensure legality and minimum age requirements are met.

In addition, 20% of these vessels have tracking devices to ensure fishers operate in permitted areas, and to ensure safety at sea.



CUSTOMER

LOT NO.	PACKING STARTED	PACKING STATUS	PACKING FREQUENCY	PACKING COMPLETED
HAR.033	13 Aug 2022	100% 3,900 / 3,900 ctns		21 Oct 2022

Working closely with our investees and local partners, we continue to translate all of these Impact Insights into action.

We are confident this will:



Enhance the value of our investors' capital.



Improve outcomes of our TA projects.



Help to achieve the Fund's impact goal of promoting sustainability in coastal communities and ecosystems.





IMPACT REPORT 2022 - 2023

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