

## Bamboo Financial Inclusion Fund II

Article 10 (SFDR)

Website disclosure for an Article 9 fund

**Bamboo Financial Inclusion Fund II, S.A., SICAV-SIF- MICROFINANCE  
EQUITY ALLIANCE II**

<b>Product name: Bamboo Financial Inclusion Fund II, S.A., SICAV-SIF- MICROFINANCE EQUITY ALLIANCE II (the “Sub-Fund”)</b>		<b>Legal identity identifier: N/A</b>	
Does this financial product have a sustainable investment objective?			
<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>		<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>	
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 70%</b>		<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	

A. Summary

**English Version:** The Sub-Fund aims to broaden access to financial services for low-income populations in an easy and cost-effective manner through business models that leverage technology. The Sub-Fund seeks to catalyze the spread and adoption of digital financial services and foster the development of “non-traditional” banks and intermediaries that have a clear technological approach.

To ensure that the Sub-Fund attains its sustainable investment objective, the Sub-Fund has defined clear steps as part of its investment strategy. First, during the pre-investment phase, the investment team check potential clients against both the Sub-Fund’s impact criteria as well as the Sub-Fund’s Exclusion List. Second, during the due-diligence phase, the investment team conducts further on-site analyses on the expected impact of the company towards the SDGs targeted by the Sub-Fund, especially SDGs 1,2,5,8,9 and 10. Third, an investment memo is prepared and submitted to the Sub-Fund’s investment committee, containing a description of the alignment of the company with the impact goals of the Sub-Fund, and which informs the investment committee’s decision to finance the company or not. Fourth, during the negotiation of terms for investment, the Sub-Fund team and the investee agree on selected output/outcome indicators which the investee will report on to the Sub-Fund team on a defined frequency. Fifth, during the duration of the investment, investee companies send regular reports on the defined list of impact indicators on a defined frequency. The Sub-Fund team monitors the data collected and reviews assumptions based on new evidence. Through this monitoring process, the Sub-Fund further seeks to capture and assess information to support performance improvements. As an equity and quasi-equity investor, the Sub-Fund purports to sit on the board of its investee companies, overseeing and contributing to social performance and impact issues alongside financial matters. Sixth, the Sub-Fund seeks to divest to trustworthy investors who will allow and enable the companies to pursue their mission and vision. The Sub-Fund also aims for an organized, simple, fair, and transparent divestment process.

The Sub-Fund's impact and ESG management process is deployed throughout the lifetime of each investment. The binding elements of the investment strategy must be applied by the Sub-Fund investees at each stage of the investment process: (i) Alignment with the Sub-Fund's impact objective of accelerating the financial inclusion of low-income communities around the world; (ii) Alignment with the Sub-Fund's Exclusion List; (iii) Compliance with national applicable national laws on labour, environment, health, safety and social issues, as well as with international principles of respect for human rights and international conventions of the International Labour Organization (ILO); (iv) Possession of all necessary environmental and social permits applicable to the activity of the company.

Finally, in an effort to measure the attainment of the social objectives of the Sub-Fund's sustainable investments, key indicators that will be measured across the portfolio have been defined (cf. 'Monitoring of sustainable investment objective').

**Version française :** Le Sous-Fonds vise à promouvoir l'accès aux services financiers pour les populations à faible revenu de manière simple et rentable grâce à des modèles commerciaux qui tirent parti de la technologie. Le Sous-Fonds vise à catalyser la diffusion et l'adoption des services financiers numériques et à favoriser le développement de banques et d'intermédiaires « non traditionnels » qui ont une approche technologique claire.

Pour s'assurer que le Sous-Fonds atteigne son objectif d'investissement durable, le Sous-Fonds a défini des étapes claires dans le cadre de sa stratégie d'investissement. Premièrement, pendant la phase de préinvestissement, l'équipe d'investissement vérifie que les clients potentiels remplissent les critères d'impact du Sous-Fonds et qu'ils ne sont pas sur la liste d'exclusion du Sous-Fonds. Deuxièmement, au cours de la phase de diligence raisonnable, l'équipe d'investissement effectue d'autres analyses sur place sur l'impact attendu de l'entreprise et sa contribution aux ODD ciblés par le Sous-Fonds, à savoir les ODD 1, 2, 5, 8, 9 et 10. Troisièmement, une note d'investissement est préparée et soumise au comité d'investissement du Sous-Fonds, contenant une description de l'alignement de la société aux objectifs d'impact du Sous-Fonds, et qui informe la décision du comité d'investissement de financer ou non l'entreprise. Quatrièmement, lors de la négociation des conditions d'investissement, l'équipe d'investissement du Sous-Fonds et le client conviennent d'indicateurs d'impact sélectionnés, dont les entreprises clientes feront rapport à l'équipe du Sous-Fonds à une fréquence définie. Cinquièmement, pendant la durée de l'investissement, les entreprises bénéficiaires envoient des rapports réguliers sur la liste définie d'indicateurs d'impact à la fréquence convenue. L'équipe du Sous-Fonds surveille les données collectées et examine les hypothèses sur la base de nouvelles preuves. En tant qu'investisseur en fonds propres et quasi-fonds propres, le Sous-Fonds prétend siéger au conseil d'administration de ses sociétés bénéficiaires, supervisant et contribuant à la performance sociale et environnementale et aux questions d'impact parallèlement aux questions financières. Sixièmement, le Sous-Fonds cherche à céder ses parts auprès d'investisseurs dignes de confiance qui permettront aux entreprises de poursuivre leur mission et leur vision. Le Sous-Fonds vise également un processus de désinvestissement organisé, simple, équitable et transparent.

Le processus de gestion d'impact et ESG du Sous-Fonds est déployé tout au long de la durée de vie de chaque investissement. Les éléments contraignants suivants de la stratégie d'investissement doivent être appliqués par les bénéficiaires du Sous-Fonds à chaque étape du processus d'investissement : (i) Alignement avec l'objectif d'impact du Sous-Fonds d'accélérer l'inclusion financière des communautés à faible revenu dans le monde ; (ii) Alignement avec la liste d'exclusion du Sous-Fonds ; (iii) Respect des principes internationaux de respect des droits de l'homme et des conventions internationales de l'Organisation Internationale du Travail (OIT) et des conventions internationales relatives à l'environnement ; (iv) Possession de tous les permis environnementaux et sociaux nécessaires applicables à l'activité de l'entreprise.

Enfin, dans le but de mesurer l'atteinte des objectifs sociaux des investissements durables du Sous-Fonds, des indicateurs qui seront mesurés sur l'ensemble du portefeuille ont été définis (cf. 'Monitoring of sustainable investment objective').



**B. No significant harm to the sustainable investment objective**

**How are the indicators for adverse impacts taken into account?**

The indicators for adverse impacts on sustainability factors taken into account by the Sub-Fund are presented in the table below (indicators from Table 1 of Annex I – Regulation (EU) 2019/2088). Details on how are they are considered are also provided:

Adverse sustainability indicator	Metric	Actions taken	
<b>Climate and other environment-related indicators</b>			
<b>Greenhouse gas emissions</b>	1. GHG Emissions	Scope 1 GHG emissions Scope 2 GHG emissions Scope 3 GHG emissions Total GHG emissions	As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team check potential investee companies against the Fund’s impact criteria and their contribution towards broadening access to financial services for low-income populations by investing in micro and SME banks as well as new fast-growing companies using digital solutions such as mobile money, remittances, and correspondent banking. As such, companies operating in sectors that are the largest contributors to GHG emissions or who are active in the fossil fuel sector are not eligible for financing by the Sub-Fund, as they do not meet any of these criteria.
	2. Carbon footprint	Carbon footprint	
	3. GHG intensity of investee companies	GHG intensity of investee companies	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
<b>Biodiversity</b>	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team check potential clients against the Sub-Fund’s Exclusion List, which includes companies involved in the destruction of high conservation areas as well as companies whose activities involve the production or trade of wildlife or products regulated under the Convention on International Trade in

			Endangered Species or Wild Fauna and Flora (CITES). In addition, given the Sub-Fund's focus on financial inclusion, companies whose activities negatively affect biodiversity-sensitive areas are not eligible for financing by the Sub-Fund.
<b>Water</b>	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	As per the Sub-Fund's impact framework, during the due-diligence phase, the investment team conducts field visit(s) to company headquarters and/or branch offices to assess potential investee companies' commitment to and supervision of environmental objectives and to assess environmental risks, if relevant, which includes potential clients' treatment of effluents. As such, companies whose activities involve emissions to water are not eligible for financing by the Sub-Fund.
<b>Waste</b>	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as weighted average	As per the Sub-Fund's investment strategy, during the pre-investment phase, the investment team potential clients against the Sub-Fund's Exclusion List, which includes companies involved in the production or trade of radioactive materials and unbounded asbestos fibres. In addition, companies whose activities include the generation of hazardous and radioactive waste are not eligible for financing by the Sub-Fund.
<b>Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters</b>			
<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	As per the Sub-Fund's investment strategy, exclusion list and ESG evaluation of potential investee companies, companies that do not uphold the UN Global Compact Principles are highly unlikely to meet the Fund's investment objective and therefore are not eligible for financing. Similarly, potential investee companies who do not uphold the general policies stipulated by the OECD Guidelines for Multinational Enterprises are also highly unlikely to meet the Sub-Fund's investment objective and therefore are not eligible for financing
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	As per the Sub-Fund’s investment strategy, during the due-diligence phase, the investment team collects information on board members, including gender. In addition, gender-disaggregated impact data is collected at the investee company level. Companies are also requested to comply with international principles of respect for human rights and international conventions of the International Labour Organization (ILO) which include the fair and equal treatment of women.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investment in investee companies involved in the manufacture or selling of controversial weapons	As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team potential clients against the Sub-Fund’s Exclusion List, which includes companies who activities involve the production or trade of weapons and munitions where they form a substantial part of a project’s primary financed business activities. During the due-diligence phase, the investment team assesses potential investee companies against the Sub-Fund’s investment objective, and, as such, companies involved in the manufacture or selling of controversial weapons are not eligible for financing by the Sub-Fund.

In addition, the Sub-Fund further takes into account the indicators for adverse impacts on sustainability factors presented in the following table (indicators from Tables 2 and 3 of Annex I – Regulation (EU) 2019/2088). Details on how they are considered are also provided.


Adverse sustainability indicator	Metric	Actions taken
<b>Climate and other environment-related indicators</b>		
<b>Emissions</b>	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
		As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team check potential clients against the Sub-Fund’s Exclusion List, which includes companies involved in the production or trade in ozone depleting substances. Companies whose activities involve emissions of ozone-depleting substances are therefore not eligible for financing by the Sub-Fund.
<b>Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters</b>		
<b>Human rights</b>	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
		As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team check potential clients against the Sub-Fund’s Exclusion List, which includes companies whose activities involve child labour.

	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation	As per the Sub-Fund’s investment strategy, during the pre-investment phase, the investment team check potential clients against the Sub-Fund’s Exclusion List, which includes companies whose activities involve forced labour.
<b>Anti-corruption and anti-bribery</b>	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Number of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	As per the Sub-Fund’s investment strategy, a full KYC is conducted during the due-diligence phase to ensure investee companies or any of their members have been convicted for violations on anti-corruption and anti-bribery laws.

**Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

As per the Sub-Fund’s impact framework, similar safeguards to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises are used by the Sub-Fund to screen potential investees of the Sub-Fund. As signatories to the UN-supported Principles for Responsible Investing (PRI), to the Principles for Investors in Inclusive Finance (PIIF) and the Operating Principles for Impact Management (OPIM), Bamboo Capital Partners and the Sub-Fund have embedded responsible investment policies and procedures in the Sub-Fund’s investment process.

In addition, companies who do not uphold the general policies stipulated by the OECD Guidelines for Multinational Enterprises are also highly unlikely to meet the Sub-Fund’s impact criteria and therefore are not eligible for financing.


C. Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

The Sub-Fund aims to take equity and quasi-equity participations in financial institutions that contribute to increased financial inclusion of unbanked populations. More specifically, the Sub-Fund invests in microfinance institutions (MFIs) and regulated banks responsibly serving micro, small and medium-sized enterprises, as well as companies involved in developing products and delivery channels that contribute to more efficient and effective delivery of financial services to disadvantaged populations, including mobile banking, ATM and POS development, micro-insurance, remittance transfers, correspondent banking, financial IT / financial intelligence, trading platforms, financial literacy / education, etc. By doing so, the Sub-Fund aims to make sustainable investments that contribute to achieve significant progress towards the Sustainable Development Goals (SDGs) in emerging countries, especially SDGs 1,2,5,8,9 and 10. In order to attain it sustainable investment objective, the Sub-Fund invests in accordance with its investment policy in target businesses which are considered as contributing to driving positive social and environmental change, aligned with its impact thesis.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.



 **D. Investment strategy**

**What investment strategy does this financial product follow?**

The Sub-Fund aims to broaden access to financial services for low-income populations in an easy and cost-effective manner through business models that leverage technology. The Sub-Fund seeks to catalyse the spread and adoption of digital financial services and foster the development of “non-traditional” banks and intermediaries that have a clear technological approach.

The Sub-Fund aims to reach its sustainable investment objective by investing principally in organizations specialized in financial intermediation such as MFIs and regulated banks serving micro, small, and medium-sized enterprises, or companies offering specialized financing such as housing or education to the low income segment in addition to other companies involved in developing products and delivery channels that contribute to more efficient and effective delivery of financial services to disadvantaged populations.

In certain cases, where it makes investment and operational sense, the Sub-Fund may consider extending convertible debt to its target entities.

To ensure that the Sub-Fund attains its sustainable investment objective, the Sub-Fund has defined clear steps as part of its investment strategy.

First, during the pre-investment phase, the investment team check potential clients against both the Sub-Fund’s impact criteria as well as the Sub-Fund’s Exclusion List.

Second, during the due-diligence phase, the investment team conducts further on-site analyses on the expected impact of the company towards the SDGs targeted by the Sub-Fund, especially SDGs 1,2,5,8,9 and 10.

Third, an investment memo is prepared and submitted to the Sub-Fund’s investment committee, containing a description of the alignment of the company with the impact goals of the Sub-Fund, and which informs the investment committee’s decision to finance the company or not.

Fourth, during the negotiation of terms for investment, the Sub-Fund team and the investee agree on selected output/outcome indicators which the investee will report on to the Sub-Fund team on a defined frequency.

Fifth, during the duration of the investment, investee companies send regular reports on the defined list of impact indicators on a defined frequency. The Sub-Fund team monitors the data collected and reviews assumptions based on new evidence. Through this monitoring process, the Sub-Fund further seeks to capture and assess information to support performance improvements. As an equity and quasi-equity investor, the Sub-Fund purports to sit on the board of its investee companies, overseeing and contributing to social performance and impact issues alongside financial matters.

Sixth, the Sub-Fund seeks to divest to trustworthy investors who will allow and enable the companies to pursue their mission and vision. The Sub-Fund also aims for an organized, simple, fair, and transparent divestment process.

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**



The Sub-Fund's impact and ESG management process is deployed throughout the lifetime of each investment. The binding elements of the investment strategy must be applied by the Sub-Fund investees at each stage of the investment process to ensure that the Sub-Fund makes a minimum of 70% investments with a social objective:

- Alignment with the Sub-Fund's impact objective of accelerating the financial inclusion of low-income communities around the world by investing in companies that offer innovative financial products and services, new distribution channels for financial inclusion or new ways of accelerating financial literacy, awareness of inclusion needs and entrepreneurship;
- Compliance with the Sub-Fund's Exclusion List, which includes any activity involving:
  1. Forced labour<sup>1</sup> or child labour<sup>2</sup>.
  2. Activities or materials deemed illegal under the host country laws or regulations or international conventions and agreements, or subject to international phase-out or bans such as:
    - Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
    - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
    - Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
  3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
  4. Destruction<sup>3</sup> of High Conservation Value areas<sup>4</sup>.
  5. Radioactive materials<sup>5</sup> and unbounded asbestos fibres.
  6. Pornography and/or prostitution.
  7. Racist and/or anti-democratic media.
  8. In the event that any of the following products form a substantial part of a project's primary financed business activities<sup>6</sup>:
    - a) Alcoholic beverages (except beer and wine);
    - b) Tobacco;
    - c) Weapons and munitions; or
    - d) Gambling, casinos and equivalent enterprises.
- Compliance with national applicable national laws on labour, environment, health, safety and social issues, as well as with international principles of respect for human rights and international conventions of the International Labour Organization (ILO);
- Possession of all necessary environmental and social permits applicable to the activity of the company.

In addition, all investee companies are required to provide reporting on agreed-upon impact indicators at an agreed frequency.

### What is the policy to assess good governance practices of the investee companies?

<sup>1</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO Conventions

<sup>2</sup> Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

<sup>3</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

<sup>4</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of **outstanding significance** or **critical importance** (see <http://www.hcvnetwork.org>).

<sup>5</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

<sup>6</sup> For companies, "substantial" means more than 10% of their consolidated balance sheets and earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.

As part of the Sub-Fund ESG Risk Assessment, the governance risks of all investee companies are analysed to ensure that all investee companies meet minimum requirements in term of good governance practices prior to the disbursement of any financing. The following components of good governance practices are analysed:

- Commitment to good governance, which includes the analysis elements such as:
  - Basic corporate formalities - board of directors, shareholder identification and meetings, charter/articles of Incorporation/Association
  - Board independency from management
  - Core functions identified
  - Governance structure development
- Functioning of governing bodies, which includes the analysis elements such as:
  - Frequency of board meetings
  - Review of organizational policies
  - Board management reports
  - Skill requirements of board members
  - Fairness of board elections
  - Board rotation
- Strategic vision, which includes the analysis of elements such as:
  - Existence and quality of strategic plan
  - Strategic plan development, monitoring and evaluation
- Transparency and ethics, which includes the analysis of elements such as:
  - Accounting and auditing practices
  - Internal audit practices
  - Financial statements disclosure
  - External audit practices
  - Conflict of interest
  - Political independency
  - Confidentiality
  - Written guidelines for ethical behaviour
- Risk management, which includes the analysis of elements such as:
  - Environmental and social risk management systems
  - Risk identification
  - Stakeholder engagement and consultation

Under the analysis of social risks of potential investee companies, the following components are analysed: working conditions, social conditions in supply chains, customer satisfaction and impact on local communities. All investees are required to comply with national regulations related to labour law.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the Sub-Fund aims to mitigate principal adverse impacts on sustainability factors through its investment strategy by considering the principal adverse impact indicators during the pre-investment phase. For more information, please refer to question “How have the indicators for adverse impacts on sustainability factors been taken into account?”.

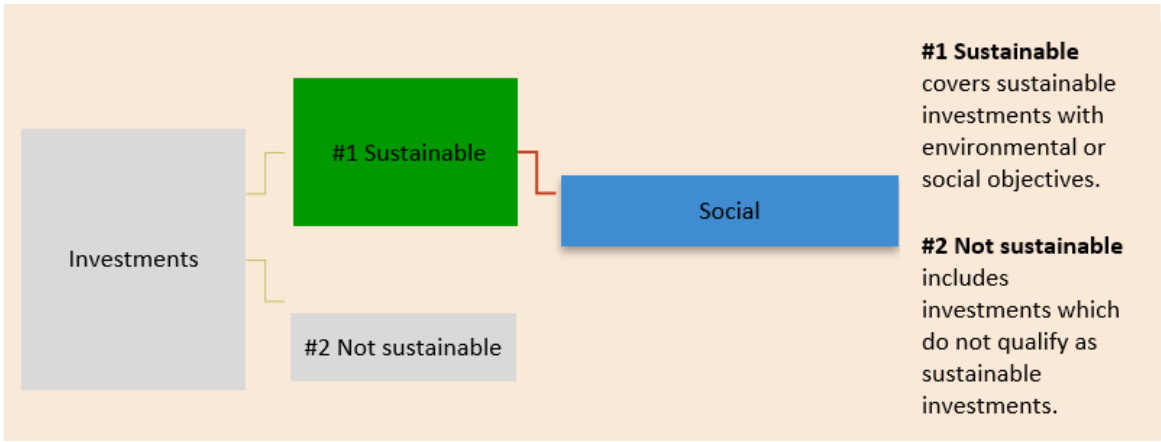
No

**E. Proportion of investments**

**What is the planned asset allocation for this financial product?**

A minimum of 70% of the Sub-Fund’s net assets are invested in companies contributing towards increased financial inclusion of unbanked populations, and, which by doing so, contribute to achieve significant progress towards the Sustainable Development Goals (SDGs) in emerging countries, especially SDGs 1,2,5,8,9 and 10 and will therefore be sustainable investments with a social objective.

The remaining 30% is held as cash, some of which is used to cover management fees, and other operational expenses.



**What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)**

Non-applicable given the social objective of the Sub-Fund.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>7</sup>?**

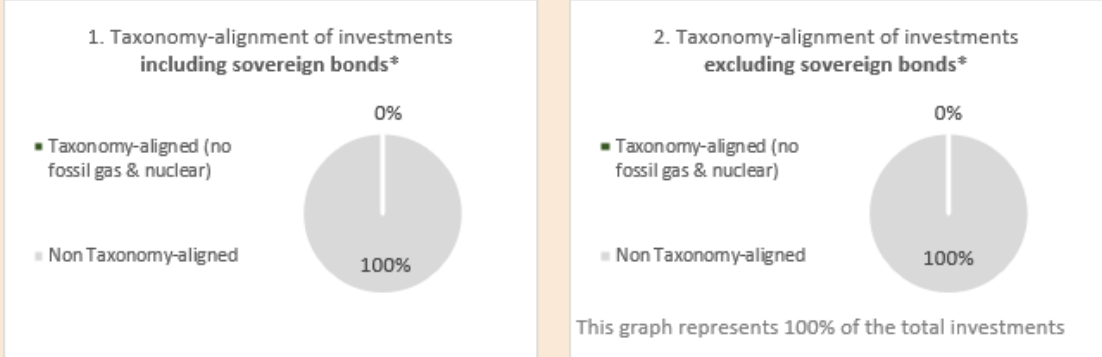
Yes

In fossil gas  In nuclear energy

No

<sup>7</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of sustainable investments with a social objective?**

The Sub-Fund aims to invest a minimum share of 100% of its sustainable investments in economic activities with a social objective.

**What investments are included under “#2 Not Sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining include pure cash, some of which is used to cover management fees and operational expenses.

 **F. Monitoring of sustainable investment objective**

**What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?**

The following key indicators are currently being measured across the portfolio:

- Number of companies financed
- Number of fintech transactions performed by investees
- Number of people impacted with access to financial services
- Number of people reached through technology solutions
- Number of people employed by investee companies
- Number of women employed by investee companies

**How are the sustainable investment objective and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?**

The Sub-Fund’s impact and ESG management process is deployed throughout the lifetime of each investment, and ensures that the social objectives of the Sub-Fund’s sustainable investments are met and that the associated sustainability indicators are monitored throughout the lifecycle of the financial product:

- **Pre-investment – screening:** Prior to investing in a company, the Sub-Fund checks that the potential investment is aligned with its impact thesis to improve financial inclusion and drive progress towards the SDGs in emerging countries.
- **Pre-investment – due diligence:** Following the screening phase, a thorough due diligence is performed on selected companies to analyze the expected impact of the company.
- **Pre-investment – investment committee:** The analysis on the potential development impact of the investment (positive impact generated) is included in the investment memorandum submitted to the Investment Committee and forms part of the investment decision.
- **Investment negotiation – definition of impact metrics:** Upon approval of the investment, the Sub-Fund defines with the investee company the selected impact indicators to be monitored and reported on a regular basis.
- **Investment period – ongoing impact monitoring:** the Sub-Fund monitors the impact data reported by its investees at the agreed upon frequency. Additional in-depth impact analyses beyond “core” impact metrics may be carried out upon availability of resources. As an equity investor, the Sub-Fund usually sits on the board of investees to oversee and enhance the impact strategy and analysis of social performance as well as contribute to financial matters.
- **Divestment:** The Sub-Fund seeks to divest to trustworthy investors who will allow and enable the companies to pursue their missions and visions. The Sub-Fund also aims for organized, simple, fair and transparent divestment processes.



**G. Methodologies**

**What is the methodology to measure the attainment of the sustainable investment objective using the sustainability indicators?**

As highlighted above, upon conclusion of the investment, the Sub-Fund’s team and the investee client agree on selected impact indicators which the client will report on to the Sub-Fund’s team at a defined frequency. Depending on the specific business model of the investee company, a certain number of the Sub-Fund’s sustainability indicators will be included in the company’s selected impact indicators. Then, at least on a yearly basis, the Sub-Fund team will collect data from investee companies on the company’s selected impact and sustainability indicators and aggregate the data at the level of the Sub-Fund to measure its attainment of the social objectives of the Sub-Fund’s sustainable investments.



**H. Data sources and processing**

**What are the data sources used to attain the sustainable investment objective of the financial product including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**


As per the Sub-Fund’s investment strategy, upon conclusion of each investment, the Sub-Fund’s team and the investee client agree on selected impact indicators on which the client will report to the Sub-Fund’s team on a defined frequency. Across its portfolio, the Sub-Fund will seek to collect and consolidate data for the sustainability indicators of the Sub-Fund. In addition to these core

impact indicators, each investment will have its own set of metrics depending on its sector and business model.

To ensure data quality, the selection of impact metrics has been guided by the following overarching principles:

- **Measurability:** selected indicators need to be easily measurable and aligned with existing market data based on the existing and planned resources;
- **Relevance:** indicators should be relevant to the specific silo and to measure the impact objectives of the Sub-Fund;
- **Proportionality,** considering the Sub-Fund’s ticket sizes and the early stage of target investees;

The Sub-Fund aims to define impact indicators for which investee companies have readily available data to ensure a minimum share of this data is estimated. Investee companies will report against the agreed-upon impact indicators on a defined frequency and at least annually. As mentioned above, the Sub-Fund team then aggregates the data at the level of the Sub-Fund to measure its attainment of the social objectives of the Sub-Fund’s sustainable investments.

 **I. Limitations to methodologies and data**

**What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the sustainable investment objective and the actions taken to address such limitations)**

The main limitation to the methodology is that the Sub-Fund depends on self-reporting by investee companies for the agreed-upon impact indicators against which they have to report on at an agreed frequency. This limitation is mitigated by the fact that, prior to investing in any company, the Sub-Fund conducts a thorough, on-site due diligence during which the baseline for the selected impact indicators is collected and can be verified. Based on the financial analysis conducted by the investment team, business model of the company, and intended use of the Sub-Fund’s investment by the company, the credibility of variations against the baseline for each impact indicator can be assessed. Furthermore, as an equity and quasi-equity investor, the Sub-Fund purports to sit on the board of its investee companies, overseeing and contributing to social performance and impact issues alongside financial matters. The Sub-Fund therefore is therefore directly involved in investee companies’ operations and can verify the credibility of impact data submitted. In addition, all investee companies will be screened prior to investment against the Sub-Fund’s impact objectives and will therefore inherently contribute to the impact objectives and the social objectives of the Sub-Fund’s sustainable investments through their regular business operations. Finally, by applying the principles of measurability and relevance described above to the selection of metrics against which portfolio companies will have to report, the Sub-Fund aims to maximize response rates and the quality of the data received.

 **J. Due diligence**

**What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?**

The objective of this phase is to validate the investment and impact thesis by analysing and reviewing in detail the operations, the business model, ownership, governance and management structures, the competition and market structure, the impact and sustainability performance and

the financial performance of the potential investee in detail. This Due Diligence phase includes one or more on-site visits.

Upon completion of detailed due diligence and agreement-in-principle with the investee on the basic structure of the deal, an Investment Memorandum summarizing the key deal aspects and the impact thesis is submitted to the relevant Risk Committee for formal review. If approved by the Risk Committee, the Investment Memorandum is forwarded to the Investment Committee. All investment and divestment decisions require the explicit approval of the Investment Committee.

 **K. Engagement policies**

**Is engagement part of the environmental or social investment strategy?**

- Yes
- No

**If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)**

The Sub-Fund’s engagement with investees, including on sustainability-related matters, is an integral component of the Sub-Fund’s investment cycle and contribution to positive development impact. Prior to investing in any company, The Sub-Fund conducts an ESG assessment of investees, during which any potential sustainability-related controversies are identified, and monitors progress through annual reporting. Incident reporting further facilitates the Sub-Fund’s management of such sustainability-related incidents. In addition, the Sub-Fund requires its investees to comply with a set of ESG requirements and, where necessary, engages with investees to ensure improvement of their ESG performance. Finally, as previously mentioned, as an equity and quasi-equity investor, the Sub-Fund purports to sit on the board of its investee companies, overseeing and contributing to social and environmental performance and impact issues alongside financial matters.

 **L. Attainment of the sustainable investment objective**

**Has a reference benchmark been designated?**

- Yes
- No