

Article 10 (SFDR)

Website disclosure for an Article 9 fund

SocialAlpha Investment Fund (SAIF) SICAV-SIF – Bastion

Product name: SocialAlpha Investment Fund (SAIF) SICAV-SIF - Bastion		Legal identity identifier: 391200R2CI15RFZVNE25	
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 sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 		<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics 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"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective 	
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 80 %		<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	



A. Summary / Résumé / Zusammenfassung / Resumen

(Résumé français ci-dessous - Deutsche Zusammenfassung unten - Resumen en español a continuación)

English

This document is published by SocialAlpha Investment Fund (SAIF) SICAV-SIF, a company organised as a société anonyme, société d'investissement à capital variable – fonds d'investissement spécialisé (the "Fund"), together with AlphaMundi Group Ltd, the appointed investment advisor (the "Investment Advisor") of the Fund, in accordance with Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR"). The document concerns in particular the sub-fund "BASTION" (the "Sub-Fund"), and has as its purpose to provide transparency on the sustainability objectives of the Sub-Fund and on the strategies and methodologies used to address those objectives, while avoiding excessive risks.

In accordance with Article 9 of the SFDR, the Sub-Fund makes sustainable investments with a social objective. Specifically, the Sub-Fund's mission is to *improve the lives of low-income consumers in Latin America and Africa, while providing its shareholders with a financial return resulting from the Sub-Fund's direct loans to early and growth-stage SMEs*. The Sub-Fund seeks to achieve its investment objective by identifying promising impact ventures in underserved capital markets in Latin America and Africa, and by providing flexible financing solutions, primarily debt and convertible debt instruments, to facilitate their growth.

To attain the sustainable investment objective, the selection of investments for the Sub-Fund follows a strict due diligence procedure that ensures that all of the approved investments contribute to the attainment of the objective while avoiding excessive risks. Furthermore, the performance of selected portfolio companies as well as related risks are continuously monitored and, when necessary, appropriate engagement methods developed, in order to avoid mission drift. The monitoring includes the use of dedicated indicators, which are used to concretize the Sub-Fund's overall objective into practicable metrics, and which allow for the tracking and communication of the achieved performance against the objective.

Français

Le présent document est publié par SocialAlpha Investment Fund (SAIF) SICAV-SIF, une société organisée sous forme de société anonyme, société d'investissement à capital variable - fonds d'investissement spécialisé (le « Fonds »), conjointement avec AlphaMundi Group Ltd, le conseiller en investissement désigné du Fonds, conformément à l'article 10 du Règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27 novembre 2019 sur la publication d'informations en matière de durabilité dans le secteur des services financiers (le « SFDR »). Le document concerne en particulier le sous-fonds " BASTION " (le « Sous-fonds »), et a pour but de fournir de la transparence sur les objectifs de durabilité du Sous-fonds et sur les stratégies et méthodologies utilisées pour atteindre ces objectifs, tout en évitant les risques excessifs.

Conformément à l'article 9 du SFDR, le Sous-fonds réalise des investissements durables avec un objectif social. Plus précisément, la mission du Sous-fonds est d'améliorer la vie des consommateurs à faibles revenus en Amérique latine et en Afrique, tout en offrant à ses actionnaires un rendement financier résultant des prêts directs du Sous-fonds aux PME en phase de démarrage et de croissance. Le Sous-fonds cherche à atteindre son objectif en identifiant des entreprises prometteuses sur des marchés de capitaux mal desservis en Amérique latine et en Afrique, et en fournissant des solutions de financement flexibles, principalement des instruments de dette et de dette convertible, pour faciliter leur croissance.

Pour atteindre l'objectif d'investissement durable, la sélection des investissements pour le Sous-fonds suit une procédure de diligence raisonnable stricte qui garantit que tous les investissements approuvés contribuent à la réalisation de l'objectif tout en évitant les risques excessifs. En outre, la performance des entreprises sélectionnées dans le portefeuille ainsi que les risques qui y sont liés sont suivis en permanence et, si nécessaire, des méthodes d'engagement appropriées sont développées, afin d'éviter toute dérive de la mission. Le suivi comprend l'utilisation d'indicateurs dédiés, qui sont utilisés pour concrétiser l'objectif global du Sous-fonds en paramètres pratiques, et qui permettent le suivi et la communication de la performance réalisée par rapport à l'objectif.

Deutsch

Dieses Dokument wurde von SocialAlpha Investment Fund (SAIF) SICAV-SIF veröffentlicht, einer Gesellschaft in der Rechtsform einer société anonyme, société d'investissement à capital variable - fonds d'investissement spécialisé (der "Fonds"), zusammen mit AlphaMundi Group Ltd, dem beauftragten Anlageberater des Fonds, gemäß Artikel 10 der Verordnung (EU) 2019/2088 des Europäischen Parlaments und des Rates vom 27. November 2019 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (die "SFDR"). Dieses Dokument betrifft insbesondere den Teilfonds "BASTION" (der "Teilfonds") und hat zum Ziel, Transparenz über die Nachhaltigkeitsziele des Teilfonds und über die Strategien und Methoden zu schaffen, die zur Erreichung dieser Ziele eingesetzt werden, wobei übermäßige Risiken vermieden werden sollen.

In Übereinstimmung mit Artikel 9 der SFDR tätigt der Teilfonds nachhaltige Anlagen mit sozialer Zielsetzung. Konkret besteht die Aufgabe des Teilfonds darin, die Lebensbedingungen einkommensschwacher Verbraucher in Lateinamerika und Afrika zu verbessern und gleichzeitig seinen Anteilseignern eine finanzielle Rendite zu bieten, die sich aus den Direktkrediten des Teilfonds an KMU in der Früh- und Wachstumsphase ergibt. Der Teilfonds versucht sein Anlageziel zu erreichen, indem er vielversprechende Unternehmen in unterentwickelten Kapitalmärkten in Lateinamerika und Afrika ausfindig macht und flexible Finanzierungslösungen, in erster Linie Darlehen und Wandeldarlehen, bereitstellt, um deren Wachstum zu fördern.

Um das Ziel der nachhaltigen Investitionen zu erreichen, erfolgt die Auswahl der Investitionen für den Teilfonds nach einem strengen Due-Diligence-Verfahren, das sicherstellt, dass alle genehmigten Investitionen zur Erreichung des Ziels beitragen und gleichzeitig übermäßige Risiken vermeiden. Darüber hinaus werden die Leistung ausgewählter Portfoliounternehmen sowie die damit verbundenen Risiken kontinuierlich überwacht und, falls erforderlich, geeignete Methoden für ein Engagement entwickelt, um ein Abdriften von Zielen zu vermeiden. Die Überwachung umfasst die Verwendung spezieller Indikatoren, die zur Konkretisierung des Gesamtziels des Teilfonds in praktikable Messgrößen verwendet werden und die die Verfolgung und Kommunikation der erzielten Leistung im Vergleich zum Ziel ermöglichen.

Español

Este documento ha sido publicado por SocialAlpha Investment Fund (SAIF) SICAV-SIF, una sociedad organizada como société anonyme, société d'investissement à capital variable - fonds d'investissement spécialisé (el "Fondo"), junto con AlphaMundi Group Ltd, el asesor de inversiones designado del Fondo, de conformidad con el artículo 10 del Reglamento (UE) 2019/2088 del Parlamento Europeo y del Consejo, del 27 de noviembre de 2019, sobre la divulgación de información relativa a la sostenibilidad en el sector de servicios financieros (el "SFDR"). El documento se refiere en particular al subfondo "BASTION" (el "Subfondo"), y tiene por objeto proporcionar transparencia sobre los objetivos de sostenibilidad del Subfondo y sobre las estrategias y metodologías utilizadas para abordar dichos objetivos, evitando al mismo tiempo riesgos excesivos.

De conformidad con el artículo 9 del SFDR, el Subfondo realiza inversiones sostenibles con un objetivo social. En concreto, la misión del Subfondo es mejorar la calidad de vida de los consumidores de bajos ingresos de América Latina y África, al tiempo que proporcionar a sus accionistas una rentabilidad financiera derivada de los préstamos directos del Subfondo a Pequeñas y Medianas Empresas en fase inicial y de crecimiento. El Subfondo trata de alcanzar su objetivo de inversión identificando empresas de impacto prometedoras en mercados de capitales desatendidos de América Latina y África, y proporcionando soluciones de financiación flexibles, principalmente instrumentos de deuda y deuda convertible, para facilitar su crecimiento.

Para alcanzar el objetivo de inversión sostenible, la selección de inversiones para el Subfondo sigue un estricto procedimiento de diligencia debida que garantiza que todas las inversiones aprobadas contribuyan a la consecución del objetivo, evitando al mismo tiempo riesgos excesivos. Además, el rendimiento de las empresas seleccionadas, así como los riesgos relacionados, se supervisan continuamente y, cuando es necesario, se desarrollan métodos de compromiso adecuados, con el fin de evitar la desviación de la misión. La supervisión incluye el uso de indicadores específicos, que se utilizan para concretar el objetivo general del Subfondo en métricas viables, y que permiten el seguimiento y la comunicación del rendimiento alcanzado en relación con el objetivo.



B. No significant harm to the sustainable investment objective

How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The Sub-Fund strives to ensure the effective management of potential adverse impacts associated with its investments in order to do no significant harm to any environmental or social objectives. Toward that end, the Investment Advisor takes an active approach, consisting of three main elements, to ensure that all investments of the Sub-Fund meet adequate environmental and social sustainability criteria:

Firstly, the IFC Exclusion List for environmentally and socially harmful industries and activities is applied in the pipelining phase to screen out investments with potential adverse impacts¹. Secondly, during the due diligence process, an evaluation of potential negative effects on environmental and social factors is performed. Where the actual or potential adverse impacts are too high and cannot be mitigated to a satisfactory extent the investment will not proceed. Thirdly, the Investment Advisor monitors the aforementioned potential negative effects throughout the investment life cycle. When deemed necessary, appropriated measures are adopted to mitigate any negative outcomes in collaboration with the investee in question.

How are the indicators for adverse impacts taken into account?

The due diligence process for all potential investees for the Sub-Fund includes an evaluation of potential negative effects on environmental and social factors as part of the clarification of the investee's overall business model and impact. The evaluation is informed by the mandatory indicators for adverse impacts on sustainability factors defined in Annex I of Commission Delegated Regulation (EU) 2022/1288². In particular,

¹ <http://www.ifc.org/exclusionlist>

² https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj

each potential investee's performance on these indicators is compared to portfolio averages and to relevant peers operating in the same sector. Results of the due diligence analysis form an integral part of each investment proposal presented to the Investment Committee of the Sub-Fund. If the due diligence analysis identifies that the risk for adverse impacts is too high and that it cannot be mitigated to a satisfactory extent, the investment will not proceed. Periodical analysis of the indicators for adverse impacts on sustainability factors also forms a part of the ongoing monitoring of the investees during the investment. When the indicators point to possible increased adverse impacts, the Investment Advisor takes appropriate measures to mitigate any negative outcomes in collaboration with the investee in question.

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

To align the investments of the Sub-Fund with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, prior to any investment a due diligence process is implemented to analyze potential investees. The process involves a questionnaire that covers the topics included in the aforementioned frameworks. Based on the results of the questionnaire, risk profiles of the candidate investees are created, including risks of the investment being in conflict with the OECD Guidelines and the UN Guiding Principles. If the analysis identifies that these risks are too high and that they cannot be prevented or mitigated to a satisfactory extent, the investment will not proceed. Furthermore, once investments have been made, the Investment Advisor monitors these risks and, when necessary, considers appropriate engagement methods with the company in question in order to develop targeted remedial measures.



C. Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

The Sub-Fund has as its mission to *improve the lives of low-income consumers in Latin America and Africa, while providing its shareholders with a financial return resulting from the Sub-Fund's direct loans to early and growth-stage SMEs.*

The Sub-Fund is predicated on a multidimensional definition of poverty, which states that in addition to lack of direct income, poverty is also caused by lack of or unequal access to various services and opportunities. The Sub-Fund therefore takes a multi-sectoral approach and invests in impact ventures that in various ways contribute to the overall mission of improving the lives of low-income consumers in Latin America and Africa.

The above overall sustainable investment objective is translated into a set of operational sub-objectives pursued by the Sub-Fund:

- Support the growth of portfolio companies
- Maximize lives reached through portfolio companies
- Promote gender considerations with portfolio companies
- Ensure that portfolio companies create explicit benefits for the people and planet
- Maximize the benefits delivered by portfolio companies

Through its mission, multisectoral approach, and sub-objectives, the Sub-Fund contributes to the following Sustainable Development Goals (SDGs):

SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 11: Sustainable Cities and Communities, SDG 17: Partnerships for the Goals.

No benchmarks in the sense defined in Regulation (EU) 2016/1011 have been designated as reference benchmarks for the purpose of attaining the sustainable investment objective of the Sub-Fund.



D. Investment strategy

What investment strategy does this financial product follow?

General strategy

The Sub-Fund seeks to achieve its investment objective by identifying promising impact ventures in underserved capital markets and by providing flexible financing solutions to facilitate their growth. The strategic focus is on small and middle-sized privately-held impact ventures that may include commercial companies, cooperatives, nonprofit institutions or projects, and at least 80% of the Sub-Fund's assets will be invested in Latin America and in Africa.

The Sub-Fund takes a multi-sectoral approach and invests in impact ventures that address various aspects of the Sub-Fund's overall mission, including financial inclusion, sustainable agriculture, renewable energy and energy access, employment and economic development, access to education, and affordable green housing. To enhance the breadth and depth of positive impacts of the investments, the Investment Advisor, via its non-profit sister organization the AlphaMundi Foundation, provides grant-based technical assistance to the Sub-Fund's portfolio and pipeline companies on various topics, including product innovation, market expansion, impact assessment, and gender diversity, equity, and inclusion.

Investment instruments

The Sub-Fund invests at least 80% of its assets into debt and convertible debt in impact ventures. Up to 25% of the Sub-Fund's assets can be leveraged as collateral for loan guarantees to impact ventures. The Sub-Fund may hold warrants, mezzanine and convertible loans as part of a loan contract with an impact venture. Furthermore, investments may be carried out through ad hoc SPVs controlled by the Investment Advisor.

The Sub-Fund may not invest directly in new equity instruments. The Sub-Fund may however temporarily hold equity instruments, in particular as a result of a conversion from another type of financial instrument. Any equity instrument held by the Sub-Fund shall in principle be disposed of within two calendar quarters unless otherwise decided by the Board of Directors on an exceptional basis. Within the limits set forth in the Private Place Memorandum and on an ancillary basis, the Sub-Fund may also hold cash and cash equivalents.

Selection criteria of investees

The selection of investees for the Sub-Fund is made balancing three basic criteria: 1) the potential of the investee to grow and to provide attractive commercial or quasi-commercial risk-adjusted financial returns on a short- to mid-term basis; 2) the potential of the investee to generate measurable positive impacts that contribute to economic, social and environmental sustainability, while doing no harm to any other sustainability factors; 3) the potential of the Sub-Fund and the Investment Advisor to play a catalytic role in the growth trajectory and positive impact of the investee. For an investment to move forward, a minimum threshold needs to be first reached for each of the three basic criteria.

Investment process

The Investment Advisor for the Sub-Fund is responsible for the management of the Sub-Fund's investment activities. In this task, the Investment Advisor follows the Sub-Fund's Investment Management Policy, which is applied by the Investment Advisor's regional teams in their respective geographical areas (Africa and Latin America). The Investment Management Policy defines a framework for impact management over the entire investment lifecycle, and its purpose is to ensure the alignment of the outcomes of each investment with the Sub-Fund's investment objective. The framework draws from the Operating Principles for Impact Management, which are based on industry best practices to help investment funds enhance their impact and their impact reporting capabilities³.

³ The Investment Advisor's disclosure statement of compliance with the Operating Principles for Impact Management can be found at:
https://www.alphamundi.ch/_files/ugd/25ea0b_96b88354eb504f48904c92d23400b605.pdf

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

The following binding elements are used in the investment selection to ensure that all investments contribute to the Sub-Fund's sustainable investment objective:

The IFC Exclusion List for environmentally and socially harmful industries and activities is applied in the pipeline phase to screen out investments with potential adverse impacts⁴. The exclusion covers, for example, weapons, tobacco and alcohol, fossil fuel-based energy, hazardous chemicals and materials, pesticides, and activities involving forced or child labour.

Also in the pipeline phase, an analysis of the investee candidates' potential for contributing towards the Sub-Fund's sustainability objectives is performed based on a standard scorecard. The factors considered in the scorecard include the potential of the core business model of the investee to generate positive impacts in alignment with the sustainable investment objective of the Sub-Fund, the measurability of the impact and the investee's corresponding reporting capacity, and the potential of the investment to play a catalytic role in enhancing the scale and/or depth of the investee's positive impacts. In order to move forward in the selection process, each investment is required to obtain a score above a minimum threshold level.

During the due diligence process, the potential adverse impacts of investee candidates are assessed with a dedicated checklist, resulting in a company-specific risk profile. Results of this assessment are presented to the corresponding investment committee of the relevant Sub-Fund for approval. Where the risks of adverse impacts cannot be mitigated to a satisfactory extent, the investment will not proceed.

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

The assessment of good governance practices – including sound management structures, employee relations, remuneration of staff and tax compliance – forms part of the due diligence analysis performed prior to any investment. Where sub-standard practices are discovered, the investment will not proceed further unless corrective actions are taken by the investee candidate.

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

- Yes
 No

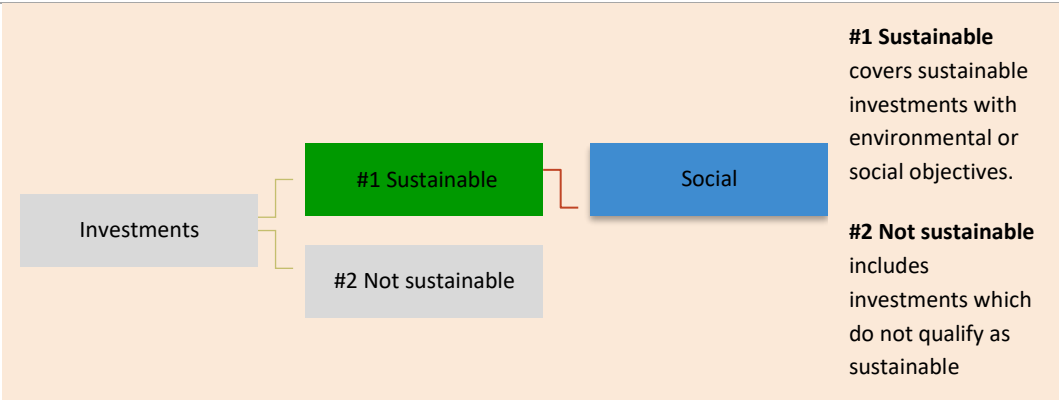
As mentioned above, the Investment Advisor of the Sub-Fund considers principal adverse impacts on sustainability factors using a three-pronged approach: 1. Applying an exclusion list of environmentally and socially harmful industries; 2. Evaluating potential adverse impacts during the due diligence process; 3. Monitoring potential and realized adverse impacts during the investment and applying appropriate remedial measures. Please see additional information under question "How have the indicators for adverse impacts on sustainability factors been taken into account?".

⁴ <http://www.ifc.org/exclusionlist>



E. Proportion of investments

What is the planned asset allocation for this financial product?



The Sub-Fund commits to allocate a minimum of 80% of its assets in sustainable investments (#1 Sustainable) according to the definition of the SFDR. 100% of the sustainable investments of the Sub-Fund have a social objective.

The Sub-Fund is allowed to hold a maximum of 20% of its assets in liquid instruments to ensure the right level of liquidity (#2 Not sustainable). No specific environmental or social safeguards are in place for these assets.

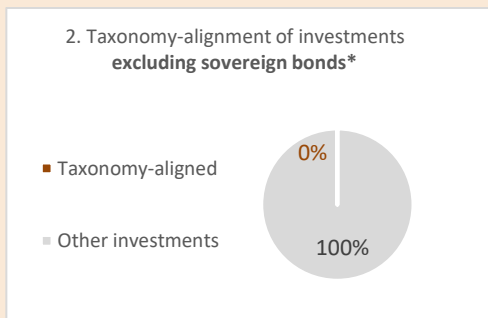
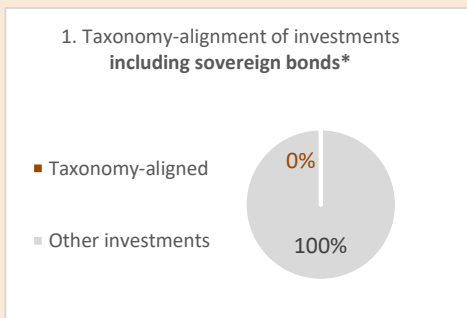
How does the use of derivatives attain the sustainable investment objective?

The Sub-Fund does not use structured products, including derivatives.

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)

Not applicable given the social objective of the Sub-Fund.

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 an environmental objective that are not aligned with the EU Taxonomy?
Not applicable given the social objective of the Sub-Fund.
What is the minimum share of sustainable investments with a social objective?
100% of the sustainable investments of the Sub-Fund have 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 purpose of the share of assets under the category of “#2 Not sustainable” is to optimize the Sub-Fund’s cash management and to ensure adequate level of liquidity. No specific environmental or social safeguards are in place for these assets.



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 Sub-Fund tracks the attainment of its sustainable investment objective by measuring progress against the sub-objectives listed above (see section “C. Sustainable investment objective of the financial product”). The indicators selected to express the sub-objectives are shown in the following table, which also links the sub-objectives to contributions made to particular SDGs. The data collection and analysis is among the tasks assigned by the Sub-Fund to the Investment Advisor.

Sub-objective	Indicators	Related SDGs
Support the growth of portfolio companies	<ul style="list-style-type: none"> Amount of outstanding investments Investee growth since the first investment by the Sub-Fund 	<ul style="list-style-type: none"> SDG 8 (Targets 8.4; 8.8) SDG 9 (Targets 9.2; 9.3) SDG 17 (Target 17.3)
Maximize lives reached through portfolio companies	<ul style="list-style-type: none"> Number of investee employees Number of direct beneficiaries 	<ul style="list-style-type: none"> SDG 1 (Targets 1.2; 1.4) SDG 8 (Targets 8.3; 8.5)
Promote gender considerations with portfolio companies	<ul style="list-style-type: none"> Female employment Female leadership Female entrepreneurship Female beneficiaries 	<ul style="list-style-type: none"> SDG 5 (Targets 5.1; 5.5) SDG 8 (Target 8.5)
Ensure that portfolio companies create explicit benefits for the people and planet	<ul style="list-style-type: none"> Company-specific impact narratives 	<ul style="list-style-type: none"> SDGs 1, 2, 4, 7, 8, 11 (varies depending on the portfolio company)
Maximize the benefits delivered by portfolio companies	<ul style="list-style-type: none"> Sector-specific impact indicators 	<ul style="list-style-type: none"> SDGs 1, 2, 4, 7, 8, 11 (varies depending on the portfolio company)

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 is open-ended. Therefore, instead of having a fixed target point to reach, the Sub-Fund's sustainable investment objective translates into an aspiration of a continuous, sustained, and whenever possible, increasing impact. In practice, the realization of this aspiration is continuously monitored based on data collected from the portfolio companies, which are then aggregated to measure the impact achieved at the fund level, and benchmarked against past performance.

To provide transparency and the possibility for external controls, the Investment Advisor provides regular updates on the Sub-Fund's performance through its quarterly newsletter as well as through the Sub-Fund's annual activity report, sent to all shareholders after the end of each financial year.



G. Methodologies

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

As mentioned above, the sustainable investment objective of the Sub-Fund is operationalized by translating the objective first into concrete sub-objectives, which are then expressed by dedicated indicators. These indicators include both some that are common for all portfolio companies and some that are selected through a collaborative process with each portfolio company depending on their specific sector and business model. In the definition of these indicators, established measurement frameworks – in particular, the IRIS+ indicator system as well as the 2X Challenge criteria – are relied upon. The requirement to provide data periodically on the selected indicators is included in the contract terms of each investment. Measuring the attainment of the sustainable investment objective is among the tasks assigned by the Sub-Fund to the Investment Advisor, who collects, analyzes and aggregates the data sent by the portfolio companies, and then regularly communicates the performance of the Sub-Fund against each of the sub-objectives.



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?

Data for the indicators used to measure the attainment of the Sub-Fund's sustainable investment objective is predominantly self-reported by portfolio companies. Both manual and automatic checks are performed on the collected data to flag outliers or otherwise suspicious data, and when necessary, the portfolio companies are requested to provide clarifications on the data they have provided. Depending on the indicator at hand, different calculation and aggregation methods are then applied on the raw data to arrive at the final reportable value. In case of missing data points, earlier data from the same company is used for making the estimates to fill the gaps, but the share of such estimated data is typically less than 20%.



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)

Three principal limitations can *currently* be identified in the measurement methodologies and data sources described above. First, defining appropriate indicators and collecting data on the impact created at the level of the portfolio companies' beneficiaries (sub-objective "Maximize the benefits delivered by portfolio companies" above) remains challenging. To address this limitation, the Investment Advisor is currently conducting a collaborative process with the Sub-Fund's portfolio companies to find appropriate and tailored solutions for measuring the impact created at the beneficiary level.

Second, the verification of the accuracy of self-reported data by the companies can be difficult. As a mitigation measure, as mentioned above, both manual and automatic checks are performed on the collected data to flag outliers or otherwise suspicious data.

Third, the capability of the Sub-Fund to measure its specific contribution to the impact created by its portfolio companies is limited. To address this limitation, the Investment Advisor is currently conducting research on best practice measurement methodologies in order to implement them during 2023.

While these limitations affect the precision and completeness with which the Sub-Fund is able to measure and report the attainment of the sustainable investment objective, the system of procedures and analyses in place both prior to the selection of investments and for monitoring portfolio companies ensure that each investment, to some extent, contributes to the sustainable investment objective.



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 due diligence procedure followed by the Investment Advisor in the analysis of potential investments for the Sub-Fund contains several aspects that ensure that the approved investments contribute to the attainment of the Sub-Fund's sustainable investment objective.

For ensuring that the selected investments contribute to the Sub-Fund's sustainable investment objective, the Investment Advisor develops an extensive analysis of the companies under consideration and then presents it using a standard investment proposal template for the Sub-Fund's Investment Committee. The factors considered in the analysis include: a) the company's alignment with the Sub-Fund's investment mandate and objectives; b) the company's business model, strategy and organization; c) the company's financial performance and potential; d) the company's impact-related performance and potential; e) the catalytic potential of the Sub-Fund for the company's growth and impact.

Also, the Investment Advisor applies the IFC Exclusion list to screen out investments involved in harmful industries and activities. Second, when developing an investment proposal for consideration of the Sub-Fund's Investment Committee, the Investment Advisor develops a full-scale analysis of the company's . The ESG profile is constructed with the help of an ESG questionnaire that covers, among others, the topics included in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The questionnaire is also informed by the mandatory PAI indicators defined in Annex I of Commission Delegated Regulation (EU) 2022/1288 . Once the ESG profile of a company is complete, a management plan is created using the procedures laid out. Results of the analysis form an integral part of each investment proposal presented to the Investment Committee. If the analysis identifies that the risks are too high and that they cannot be prevented or mitigated to a satisfactory extent, the investment will not proceed.

 **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)

Since the Fund mainly focuses on debt transactions, the available engagement methods are more limited in comparison with, for example, shareholders of listed companies. Nevertheless, when necessary, appropriate engagement methods with portfolio companies are considered to enhance the positive impact created and to mitigate realized or potential sustainability-related controversies. For example, technical assistance or capacity building may be provided by the Investment Advisor, either by itself or in collaboration with the AlphaMundi Foundation.

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

Has a reference benchmark been designated?

- Yes
- No