FIMM

Framework for Impact Measurement and Management

2022

alphamundi

Contents

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Report Highlights

Updates to our approach to impact

Introducing a new framework for **impact measurement**, with **8 objectives across 3 levels**

Introducing a new framework for **impact management**, with **6 areas of action**

Manager-level impact achievements

Outstanding investments

USD **51.4 M**

24 COMPANIES

Investments in 2021

USD **20.2 M**

5 NEW COMPANIES

Portfolio-level impact achievements

Direct beneficiaries (clients / suppliers)

399 K
INDIVIDUALS

5,686
SMEs

Portfolio company employees

3,493

On average **39% female**

Sectoral impact achievements

Financial Services

84 K
INDIVIDUALS

1,291
SMEs

Beneficiaries with loans

Food & Agriculture

73 K

Smallholder farmer beneficiaries

Energy

72 K

Renewable energy systems sold

Foreword

Tim Radjy
Founder & Managing Partner, AlphaMundi Group Ltd.

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The impact investing industry has grown significantly in both sophistication and scale since the expression was first coined by the Rockefeller Foundation in 2007. Today, the industry manages about 1 trillion US dollars in assets, with a relatively even allocation between developed markets and emerging economies, and an increasing spread from alternative investments to other asset classes including listed securities and real estate. New regulatory regimes like the Sustainable Finance Disclosure Regulation and the European taxonomy are pushing mainstream finance into greater transparency with regards to its sustainability policies and commitments, paving the way for an exponential rise in impact assets by 2030.

The industry's momentous growth naturally raises the worrying specter of green or rainbow washing. As a senior representative of WWF Switzerland declared on 9 June 2022 in Zurich during the launch of the country's annual survey on sustainable finance, "sustainability is not relative, it's absolute", underlining that many ESG approaches like exclusion should not be labeled as sustainable. Impact investing industry stakeholders have already mobilized to reinforce the transparency of impact assessment methodologies, for example under the banner of the IFC Operating Principles for Impact Management. Meanwhile, a number of specialized service providers are attempting to digitalize and centralize impact data to enhance its comparability and facilitate pattern recognition and impact management. The Harvard Business School is developing Impact-Weighted Accounts to drive the creation of financial accounts that reflect a company's financial, social, and environmental performance, in tandem with the world's leading financial accounting standards.

AlphaMundi Group has followed its own learning journey on impact measurement and management over the past 15 years. We have always endeavored to contribute to the emergence of industry standards, ultimately to help mainstream investors understand and commit to them. Over time, with the support of the AlphaMundi Foundation, we've increased the range of what we assess and the tools we use for these assessments, from GIIRS and field beneficiary surveys to IRIS then IRIS+, the IFC, 2X Challenge criteria and now the SFDR.

We wish to see more alignment among impact investors, to ease the reporting burden of our portfolio companies and help us be more catalytic as an industry, as our time on the Sustainable Development Goals is running out.

In a perfect world, we would aspire to see our portfolio companies delivering most of their impact data regularly and seamlessly, through AI-powered information systems. We hope public-private partnerships between regulators, standards agencies and investors make it easier or even compulsory to shift a significant percentage of mainstream capital to investment strategies with measurable economic, social and environmental impacts. Complying with our fiduciary duty to adequately assess risks and opportunities is no longer feasible while operating blindly on true sustainability. By 2030, we believe that the world's wealthiest nations and most populous countries should be well on their way to becoming impact economies that are dynamic, just, inclusive, resilient, sustainable and regenerative.

01 AlphaMundi Group

Impact investing with a gender lens

AlphaMundi Group (AMG) is an investment advisor dedicated to impact investing: making investments that seek appealing risk-adjusted returns while contributing to measurable positive economic, social and environmental impact. We currently manage two funds, the SocialAlpha Investment Fund (SAIF) and the AlphaJiri Investment Fund (AJIF), and also facilitate co-investments for our fund investors and third parties (see next page). Through these products we provide debt, equity, and mezzanine financing to impact ventures in Latin America and Sub-Saharan Africa across a number of sectors (Figure 1), thereby contributing to several Sustainable Development Goals (SDGs). We also adopt a gender lens throughout the investment lifecycle. To further enhance our impact, our sister organization the AlphaMundi Foundation (501c3), based in Washington DC, provides grants and facilitates third-party technical and financial support to our portfolio and pipeline companies.

As an impact investor, taking into account the effects and sustainability benefits of our investments is embedded into the core of our organization. This report sheds light on this aspect of our work by describing our updated **Framework for Impact Measurement and Management (FIMM)**, consisting of three components: the **AMG essentials** (Chapter 2), **the impact measurement framework** (Chapter 4), and **the impact management framework** (Chapter 5). The report also demonstrates the new impact measurement framework with data from 2021 (Chapter 6).

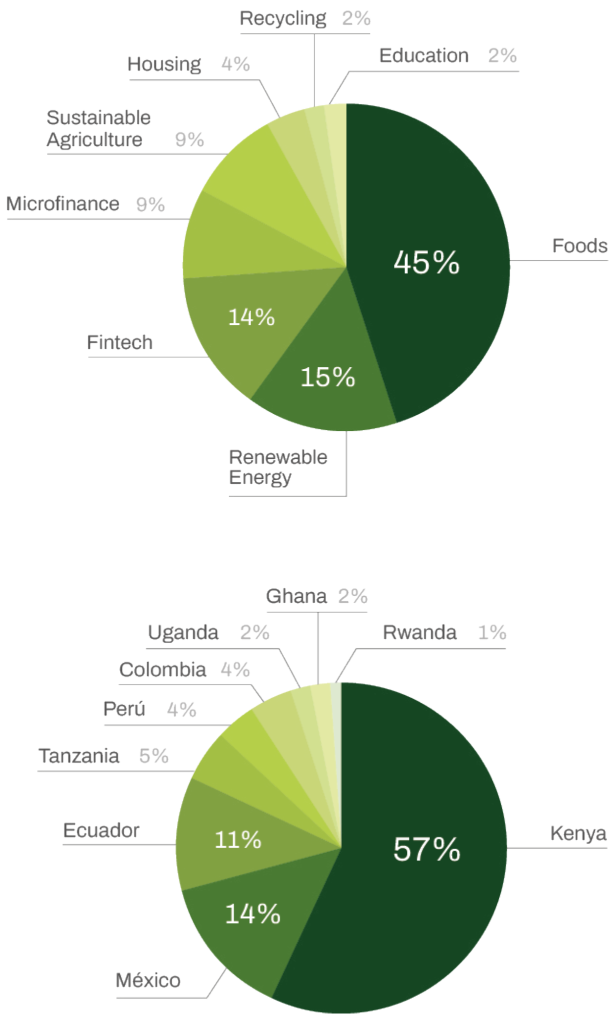

Figure 1. AMG sectoral and geographical focus

02

The essentials

Vision, mission, products, objectives

Our vision

Help finance the 2030 Agenda for Sustainable Development and the global transition to an impact economy.

Our mission

Finance the growth of privately-held impact ventures in Latin America and Sub-Saharan Africa, and contribute to the mainstreaming of impact investing.

Our investment products

* Status on 31 Dec, 2021

SocialAlpha

The SocialAlpha Investment Fund (SAIF) aims at improving the lives of the poor by investing in sustainable impact ventures in **Latin America and in Africa**, covering sectors such as **microfinance, agriculture and renewable energy**.

AUM USD 22M

Current Portfolio 20 COMPANIES

AlphaJiri

The AlphaJiri Investment Fund (AJIF) provides debt, mezzanine and equity finance to fuel the growth of impact ventures in the **sustainable food and renewable energy** sectors, with an emphasis on **Sub-Saharan Africa**.

AUM USD 21M

Current Portfolio 6 COMPANIES

Co-Investment Portfolio

AlphaMundi facilitates **direct co-investments** by its fund investors to help them **customize their exposure** and to **increase their overall impact** and risk-adjusted returns.

AUM USD 21M

Current Portfolio 8 COMPANIES

General Theory of Change

We understand our impact as the change in economic, social and environmental parameters achieved by our activities (see Kölbel et al., 2020). Elaborating on this basic idea, AMG's approach to impact builds on a general theory of change that spells out the challenge motivating our work, the solutions we propose, and the impact objectives that we pursue.

Investors ⟷ **Impact ventures** ⟷ **Sustainability issues**

Challenge
- Lack of focus on impact investing
- Availability of financing for impact ventures

Our solutions
- Promoting and de-risking impact investing
- Channeling capital to promising ventures

Challenge
- Sustainable scaling up of impact ventures
- Achieving impact on sustainability issues

Our solutions
- Providing flexible financing and technical assistance to facilitate investee growth
- Working with investees for enhanced impact outcomes

OUR WORK

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OUR IMPACT

L1

AMG operations

Objective 1: Support the growth of impact ventures

Objective 2: Contribute to the growth of the impact investing industry

Objective 3: Ensure the social and environmental sustainability of our own operations

L2

Portfolio companies

Objective 4: Maximize lives reached through investees

Objective 5: Promote gender considerations towards investees

Objective 6: Ensure investees apply the principle of 'do no harm'

L3

Products and services of portfolio companies*

Objective 7: Ensure that investees create explicit benefits to the people and planet

Objective 8: Maximize the benefits delivered by investees

* See the sectoral theories of change below for details on our sector-specific objectives at this level

Challenge

At the inauguration of the SDGs, the UN estimated that their achievement would require annual investments of USD 5-7 trillion, with USD 3.3-4.5 trillion needed specifically for developing countries (UNCTAD, 2014). Until now, the resources available have significantly lagged compared to these targets. Pre-COVID estimates placed this financing gap in the developing countries at USD 2.5 trillion per year, while the pandemic has increased this gap further by up to 70% (OECD, 2020; UN, 2022). A dramatic increase in financing towards sustainable development is therefore urgently needed. This increase is, however, unlikely to materialize through the public sector or private philanthropy[1]. Instead, **more private capital needs to be mobilized towards sustainable development** through a variety of tools and incentives, including blended finance.

[1]Official development assistance (ODA) amounted to USD 179 billion in 2021 (+4.4% compared to 2020; OECD, 2022), and private philanthropy for development is approximately USD 10 billion per year (OECD, 2021).

Our solutions

AMG contributes to solutions on several aspects of the challenge:

Promoting and de-risking impact investing

We encourage investors to increase the share of assets allocated to impact investing and contributing towards the SDGs by de-risking such investments through diligent screening, portfolio diversification, collaterals, technical assistance and leadership engagement. We also employ blended finance instruments, with 60% of the SAIF portfolio under collateral, including a 43% loan guarantee facility from USAID and SIDA. Furthermore, we actively contribute to the growth of the impact investing industry by leading and participating in a number of market-building initiatives.

Financing impact ventures

We search for promising impact ventures in underserved capital markets aiming to serve base-of-the-pyramid clients, and help to finance them through debt, mezzanine, and equity instruments, as well as through direct co-investments. Our strategic focus is in privately-held impact ventures in Latin America and Sub-Saharan Africa that have a proven track record of performance and whose products and services are effective and scalable in providing positive outcomes to their beneficiaries.

Achieving impact

To enhance the breadth and depth of the positive impacts of our investments and to mitigate the risk of any negative impacts, we work together with the investees to set appropriate impact objectives and targets. To support their achievement, we seek to provide flexible financing solutions to facilitate investee growth, while the AlphaMundi Foundation, our non-profit sister organization, provides grant-based technical assistance on product innovation, market expansion, impact assessment and gender diversity, equity, and inclusion.

Our impact

We envision having direct effects at three levels, and through them contributing to the broader SDGs (see the general theory of change on page 6). We elaborate each of the three levels by specific objectives:

1

LEVEL 1

AMG operations

The first level concerns the immediate effects of our activities and internal organization. The objectives at this level include supporting the growth of impact ventures (Objective 1), contributing to the growth of the impact investing industry (Objective 2), and organizing our operations in a socially and environmentally sustainable manner (Objective 3).

2

LEVEL 2

Portfolio companies

The objectives at this level refer to the operational scale and quality of our investees, and include maximizing the number of lives reached (Objective 4), promoting gender considerations (Objective 5), and ensuring that our investees' beneficial impacts occur while doing no harm to other sustainability factors (Objective 6).

3

LEVEL 3

Products and services of portfolio companies

The third level of our impact concerns the impacts created by our investees' products and services. The objectives at this level are to ensure that the investees create explicit benefits for the people and planet (Objective 7) and to maximize the scale and depth of these benefits (Objective 8). More specific objectives and SDGs targeted at this level are defined sectorally, as described below.

Sectoral objectives and theories of change

In addition to the general theory of change and objectives presented above, we also define **specific objectives** for the different sectors in which our portfolio companies operate, and develop **sectoral theories of change** to help us select appropriate indicators to measure sector-specific impacts.

Financial Services

Portfolio: FACTS / Bien para Bien / CAPEM / B-Wise / Fundación Espoir / Insotec / Grupo R5 / 4G Capital

Principal SDG contributions

1 NO POVERTY

Target 1.4.
Equal access to economic resources and basic services

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.3.
Support job creation, entrepreneurship and SMEs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.3.
Access of small-scale enterprises to financial services, value chains and markets

Objectives

1 Financial inclusion

- Improving the access to and use of responsible financial services.
- Improving the financial health of individuals and SMEs.

2 Quality jobs

- Improving earnings through employment and entrepreneurship.
- Supporting decent jobs and economic development.

Theory of change

Problem

The lack of access to financial resources in the Global South hampers the ability of local microentrepreneurs and SMEs to develop their productive activities.

Solution

Introducing technological and product innovation into the financial sector can bridge the finance gap, particularly when combined with appropriate auxiliary services and training.

Desirable investment outcomes

- Availability of financial services with fair effective costs
- Improved income and financial resilience of clients
- Creation of new jobs

Food and agriculture

Portfolio: Phoenix Foods / Villa Andina / Kiwa / Twiga Foods / Tocache / Apollo Agriculture / Asili Farms / Countryside

Principal SDG contributions

1 NO POVERTY

Target 1.2.
Reduce poverty in all its dimensions

2 ZERO HUNGER

Target 2.3.
Enhance incomes of small-scale producers

Target 2.4.
Ensure sustainable food production

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.3.
Support job creation, entrepreneurship and SMEs

Objectives

1 Smallholder agriculture

- Increasing farm profitability and access to better, stable value chains
- Increasing access to information and quality inputs

2 Sustainable agriculture

- Improving food security and food system resilience
- Improving ecosystem health through agriculture

3 Quality jobs

- Improving earnings and job security along the food value chains

Theory of change

Problem

Millions of farmers in the Global South continue to live in poverty, and food supply systems are marked by lack of resilience.

Solution

Providing farmers with agricultural training and quality inputs can enhance their income and resilience, and a technology-supported integration of food systems can provide better value and stability across the value chain.

Desirable investment outcomes

- Improved income and financial resilience of clients
- Improved agricultural yield of clients
- Increase of land area applying sustainable cultivation practices

Energy

Portfolio: SunCulture / SolarNow / Zola / Amped / Redavia

Principal SDG contributions

Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services

Target 7.1.
Access to affordable, modern energy

Target 7.2.
Increase share of renewable energy

Target 8.3.
Support job creation, entrepreneurship and SMEs

Objectives

1 Clean energy
- Mitigating climate change and air pollution through clean energy technologies

2 Energy access
- Improving energy access for households and businesses

3 Quality jobs
- Improving earnings through employment and entrepreneurship

Theory of change

Problem

Communities in the Global South continue to suffer from lack or instability of energy supply, in particular in terms of access to renewable energy technologies.

Solution

Designing bespoke systems based on latest renewable energy technologies can enhance access to stable energy supply and reduce harmful emissions, in particular when combined with auxiliary services and financing options.

Desirable investment outcomes

- Reduction of greenhouse gas emissions
- Reduction of days with energy outages
- Improved income and financial resilience of clients
- Creation of new jobs

Education

Portfolio: Finae

Principal SDG contributions

Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services

Target 4.3.
Equal access to affordable and quality education

Objectives

1 Access to education
- Improving equitable access to education for all
- Improving the successful transition of youth into the workforce and society

2 Financial inclusion
- Improving access to and use of responsible financial services

Theory of change

Problem

High costs of university education and lack of financing options create a barrier for youths from low and middle income families to pursue higher education.

Solution

Innovative and targeted financial services can help students otherwise lacking necessary financial means to pursue higher education.

Desirable investment outcomes

- Availability of financial services with fair effective costs
- Improved educational outcomes and job placements for clients

Housing

Portfolio: Comvive

Principal SDG contributions

Target 7.3.
Improved energy efficiency

Target 11.1.
Access to affordable housing and services

Target 11.3.
Enhance sustainable urbanization

Target 11.b.
Use of integrated housing policies

Target 12.5.
Reduce waste generation

Objectives

1 Green buildings

- Constructing resource saving and pollution reducing housing
- Mitigating climate change through clean energy

2 Affordable quality housing

- Improving housing quality and affordability
- Improving neighborhood quality and social cohesion

Theory of change

Problem

Housing constitutes a major factor of both social and environmental sustainability, while affordability of and access to quality housing remains challenging, in particular in the Global South.

Solution

Using the latest construction and energy technologies, and applying integrated neighborhood planning approaches can create housing that is both socially and environmentally beneficial.

Desirable investment outcomes

- Reduced energy and material consumption of housing
- Improved tenant satisfaction and retention rate
- Improved local social cohesion

Circular economy

Portfolio: Mr Green Africa

Principal SDG contributions

Target 1.2.
Reduce poverty in all its dimensions

Target 8.3.
Support job creation, entrepreneurship and SMEs

Target 12.5.
Reduce waste generation

Objectives

1 Quality jobs

- Improving earnings through employment and entrepreneurship
- Increasing job security and stability for workers in precarious employment

2 Pollution prevention

- Reducing plastic and other pollution

3 Resource efficiency

- Improving circularity of resource use

Theory of change

Problem

Countries in the Global South lack infrastructures for waste management and recycling, while informal waste pickers are exposed to unstable and unhealthy working conditions.

Solution

Introducing the latest technologies can improve economic attractiveness of waste recycling, while applying appropriate social programs and education can reduce the precarity of waste pickers.

Desirable investment outcomes

- Increased amount of waste recycled
- Increased number of suppliers earning a living wage
- Increased job security of suppliers

03 The building blocks of our approach to impact

AMG's approach to impact complies with and builds on a number of elements that include both regulations and industry standards. The most important elements are briefly introduced in this section, with further details found in the bibliography. As mapped out in Figure 2, these elements contribute to the framework at three different levels:

■ **General principles**
High-level postulates that form the basis for our approach to impact

▲ **Impact management**
The steps taken to enhance positive outcomes and mitigate risks across the investment lifecycle

● **Impact measurement**
The indicators and indicator frameworks used to measure the impact of our investments

EU regulation 2019/2088 (SFDR)	■	▲	●
GIIN Core Characteristics	■		
IFC Operating Principles for Impact Management	■	▲	
Criterion Institute´s Gender Lens framework	■		●
IFC Exclusion List		▲	
OECD Due Diligence		▲	
B Corp Impact Assessment		▲	●
IMP 5 Dimensions of Impact			●
IRIS+			●
2X Challenge			●

Figure 2. Building blocks of AMG's approach to impact

> "We're entering a new era for the reporting landscape [...] Standard-setters are coming together to cut the complexity, regulators are making sustainability reporting requirements mandatory and we're seeing greater rigor in reporting, driven by stakeholder scrutiny and the introduction of mandatory assurance requirements."
>
> –
>
> **Peter Bakker (2021),** President and CEO,
> World Business Council for Sustainable Development

EU Sustainable Finance Disclosure Regulation 2019/2088 (SFDR)

The European Union's (EU) **Regulation 2019/2088** on sustainability-related disclosures in the financial services sector (**SFDR**) imposes requirements on investors concerning both the measurement and management of sustainability-related impacts. The regulation, one of the most comprehensive regulatory initiatives to date in the area of sustainable finance, forms an important part of the 2018 EU action plan aiming to reorient capital flows towards a more sustainable economy, mainstream sustainability into risk management, and foster transparency and long-termism in financial activities.

The SFDR contains disclosure requirements towards all financial market participants and financial advisors, both at the entity and product levels. Complying with the requirements entails developing capacity and disclosing choices made in three particular focus areas:

Areas

1. Integration of **sustainability risks** in investment decisions
2. Consideration of **principle adverse sustainability impacts (PASI)** in investment decisions
3. Definition of the **objectives of financial products**; the regulation distinguishes products without sustainability objectives (Art. 6), those promoting social and environmental objectives among other objectives (Art. 8), and those having sustainability as a central objective (Art. 9)

The application of the SFDR is aided by regulatory technical standards (**'draft RTS'**) that specify indicators, methodologies and templates for reporting on the PASIs and other elements of the SFDR.

The two investment funds managed by AMG (SAIF and AJIF) both meet the definition of Art. 9 as sustainability-oriented investment funds, and consequently our approach to impact entails integrating the management of sustainability risks and PASIs to our procedures, and disclosing the particular objectives pursued by these products as well as how they are met.

An important complement to the SFDR is EU's Regulation 2020/852, commonly referred to as the **'EU Taxonomy'**. It provides criteria for qualifying an investment as sustainable and requires investment funds categorized under Art. 8 or Art. 9 of the SFDR to report the share of the underlying investments meeting those criteria. However, for the moment the Taxonomy only concerns investments that aim to contribute to the environmental dimension of sustainability. Since the stated direct objectives of the SAIF fund are exclusively social (and the AJIF fund is not subject to the SFDR as it is domiciled in Mauritius), AMG has decided to postpone the implementation of the EU Taxonomy until it is amended to also cover investments targeting the social dimension of sustainability.

GIIN Core Characteristics of Impact Investing

The Global Impact Investing Network (GIIN) is a non-profit organization dedicated to the promotion of impact investing around the world. The **GIIN Core Characteristics of Impact Investing** define baseline expectations for practicing credible impact investing.

The characteristics include:

* Explicit **intention** to contribute to defined and measurable social or environmental objectives.
* **Using evidence** and impact data to guide investment strategy, goal setting and evaluation.
* **Managing investments** towards the intended objectives by having the necessary feedback loops and risk mitigation plans in place.
* **Contributing to the growth** of impact investing by using shared terms, practices and indicators, and by disseminating learnings where possible with others in the field.

IFC Operating Principles for Impact Management

AMG is a founding signatory to the **Operating Principles for Impact Management** ('The Impact Principles'), launched in 2019 by the International Finance Corporation (IFC) to support the development of the impact investing industry. The Impact Principles draw on emerging best practices to provide a reference point against which impact management systems can be assessed and are currently supported by over 150 signatories representing more than USD 400 billion of assets under management. In total there are 9 principles within 5 themes:

Strategic intent

Principle 1: Define strategic impact objective(s), consistent with the investment strategy;

Principle 2: Manage strategic impact on a portfolio basis.

Origination & structuring

Principle 3: Establish the manager's contribution to the achievement of impact;

Principle 4: Systematically assess the expected impact of each investment.

Portfolio management

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment;

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

Impact at exit

Principle 7: Conduct exits considering the effect on sustained impact;

Principle 8: Review, document, and improve decisions and processes based on the lessons learned.

Independent verification

Principle 9: Publicly disclose alignment with the impact principles and provide regular independent verification of the alignment.

Criterion Institute´s Gender Lens Investing framework

AMG incorporates gender concerns throughout the investment lifecycle. To structure this work, in 2017 we adopted the Criterion Institute's framework (Figure 3), which defines 3 lenses to analyze potential gender impacts in investing:

- **Workplace gender equity**
  Considering workplace equity in investment decisions, or influencing investee internal policies
- **Access to capital for women**
  Emphasizing female entrepreneurs and female-led companies in investments
- **Products and services aimed at women**
  Investing to serve female consumers' needs

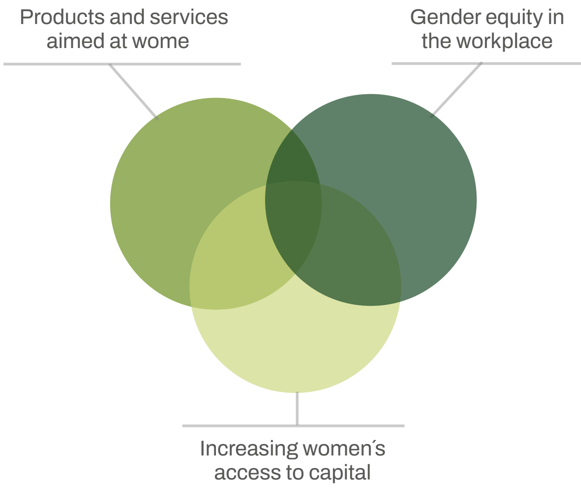


Figure 3. The three gender lenses in investing.

IFC Exclusion List

To avoid potential adverse impacts of our investments, AMG applies an exclusion list to screen out all companies involved in harmful and high-risk industries and activities. The exclusion list is aligned with the International Finance Corporation's **(IFC) Exclusion List**:

1. Products or activities deemed illegal or subject to bans under host country or international laws (e.g., pharmaceuticals, pesticides/herbicides, wildlife)
2. Weapons and munitions, alcoholic beverages, tobacco, gambling
3. Radioactive materials, asbestos fibers
4. Fishing with nets over 2.5 km in length
5. Activities involving harmful or exploitative forms of forced labor or child labor
6. Commercial logging in primary tropical forest, and forestry products other than from sustainably managed forests
7. Production or use of hazardous chemicals
8. Activities that impinge on the lands owned or claimed by Indigenous Peoples

OECD Due Diligence Guidelines

Another part of our mitigation strategy against adverse impacts is to follow the **OECD guidelines on Due Diligence for Responsible Corporate Lending and Securities Underwriting** (Figure 4).

The guidelines support aligning with 2 frameworks (OECD Guidelines for Multinational Enterprises; UN Guiding Principles on Business and Human Rights) central to the SFDR requirements. The guidelines cover the following due diligence **topics**:

Topics

- Human Rights
- Employment and Industrial Relations
- Environment
- Bribery and Extortion
- Consumer Interests
- Disclosure

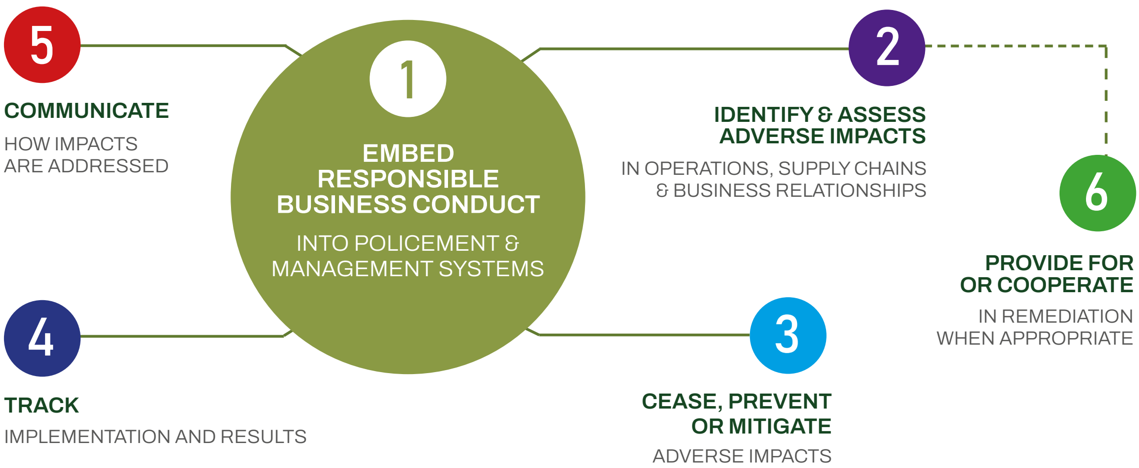


Figure 4. OECD procedure for due diligence.

B Corp Impact Assessment

To enhance our operational impact, AMG is currently seeking the B Corporation certification. The certification, established in 2006 and now held by over 4,600 companies, is developed and managed internationally by the non-profit B Lab. The certification is based on the **B Impact Assessment**, which sets out a series of questions concerning a company's practices and performance across **5 categories**: governance, workers, community, environment, and customers.

The Impact Management Project's (IMP) five dimensions of impact

The Impact Management Project (IMP) was a global forum running from 2016 to 2021, convened for gathering knowledge on how to measure, assess and report the impacts of investments and enterprises. Among its outputs is the definition of **5 dimensions of impact**, commonly used by impact investors, AMG among them, to comprehensively understand the impact of an investment:

What

What is the outcome the enterprise is contributing to, and how important is it?

Who

Which stakeholders are experiencing the outcome?

How Much

How many stakeholders were affected, to what degree, and for how long?

Contribution

How different were the outcomes from what would have occurred otherwise?

Risk

What is the likelihood the impact will differ from expectations, and how is this managed?

IRIS+

IRIS+ is an impact indicator system widely used among impact investors. It was released in 2019 and is managed by the Global Impact Investing Network (GIIN). The system relies on the four-level model shown in Figure 5, ranging from the most general (Impact category) to the most concrete (Core metrics set). In addition, the categories, themes and goals are systematically connected to the SDGs. In practice, the system recommends a specific core metrics set based on the user's selection of impact categories, themes and goals, thereby allowing to coherently translate impact intentions to appropriately constructed evaluations. These metrics are furthermore structured according to the IMP's 5 dimensions of impact.

Figure 5. IRIS+ conceptual hierarchy

2X Challenge

The **2X Challenge** is an initiative established by the Development Finance Institutions of the G7 nations to promote gender-lens investment, particularly in developing countries. The initiative defines a set of assessment criteria, and fulfilling even one qualifies an investment for the challenge:

* **Entrepreneurship**
  51% women ownership or the business founded by a woman
* **Leadership**
  30% women in senior leadership, on the Board or in Investment Committee
* **Employment**
  30-50% share of women in the workforce (depending on the sector) and one policy in place, beyond legal requirements, addressing barriers to women's employment
* **Consumption**
  Products or services that specifically or disproportionally benefit women

Futhermore, an investment fund qualifies for the 2X Challenge if 30% of the investees meet at least one of the above criteria.

04

Impact measurement framework

AMG's impact measurement approach is structured along the **three levels of impact** and the objectives illustrated in Chapter 2. The indicators used to assess the attainment of the objectives are shown on the next page. As some of the objectives and indicators have only recently been introduced to our framework, parts of it are still to be implemented. This is particularly the case for Objectives 6 and 8.

The results presented in Chapter 6 of this report are based on data from 2021. The data on the portfolio companies is reported in aggregate (as sum or average depending on the indicator), both at the manager level (total portfolio) and at the product level (1. SAIF; 2. AJIF; 3. Co-investments). See Appendix A for more details.

	Objectives	Indicators
AMG OPERATIONS		
L1	**Objective 1** Support the growth of impact ventures	**1.1.** Outstanding investments **1.2.** SME growth since the first AMG investment **1.3.** Support provided by the AlphaMundi Foundation
	Objective 2 Contribute to the growth of the impact investing industry	**2.1.** Contributions to market-building initiatives
	Objective 3 Ensure the social and environmental sustainability of our own operations	**3.1.** B Impact Assessment Operations Score
PORTFOLIO COMPANIES		
L2	**Objective 4** Maximize lives reached through investees	**4.1.** Number of investee employees **4.2.** Number of direct beneficiaries (clients and suppliers)
	Objective 5 Promote gender considerations towards investees	**5.1.** Share of female employees **5.2.** Share of female senior managers **5.3.** Share of female board members **5.4.** Share of female ownership **5.5.** Share of female direct beneficiaries **5.6.** Share of portfolio companies fulfilling 2X Challenge criteria
	Objective 6 Ensure investees apply the principle of 'do no harm'	*Indicators to be selected soon based on the SFDR PASI indicator list*
PRODUCTS & SERVICES OF PORTFOLIO COMPANIES		
L3	**Objective 7** Ensure that investees create explicit benefits to the people and planet	**7.1.** Impact narratives
	Objective 8 Maximize the benefits delivered by investees	**8.1.** Sector-specific output indicators **8.2.** Sector-specific outcome indicators[2]

[2] Outputs concern the immediate results of company activities and outcomes the value created to beneficiaries. The sector-specific output and outcome indicators are selected based on sectoral objective and theories of change (see Chapter 2).

05 Impact management framework

Our **strategy for managing the impact of our investments** builds on the framework depicted in Figure 8. The framework is aligned with both the IFC Impact Principles and the GIIN Core Characteristics of Impact Investing. It is designed to cover all relevant aspects from strategic decisions to everyday operations, and to **ensure that impact considerations are fully integrated into all phases of the investment lifecycle**, including pipeline screening criteria, due diligence assessments, investment monitoring, and exit. Furthermore, as implied by the circular character of Figure 6, we consider impact management to be a continuous process where learning from practice feeds into an iterative refinement of our impact objectives and impact management procedures.

Figure 6. AMG's framework for impact management

1 Impact vision

(IFC Principle 1)

- Clarify and periodically review our strategy for **impact management**
- Identify and periodically review our **impact objectives**, including the related metrics and theories of change

2 Operationalization

(IFC Principles 2, 3)

- Align **policies, practices and incentives** with impact objectives
- Track **impact achievement** at the portfolio level

3 Forecasting & due diligence

(IFC Principles 4, 5)

- Apply **exclusion** lists and **due diligence** assessments to pipeline companies
- Build and assess the **impact case** of potential investees, and create an impact **risk management** plan
- Establish impact **KPIs and targets** with investees

4 Monitoring & steering

(IFC Principles 6, 7)

- **Monitor** the impact achieved and impact risks periodically
- **Engage** with investees when necessary
- Ensure a continuity of impact at **exit**

5 Feedback & learning

(IFC Principle 8)

- **Collect feedback** from investment officers, portfolio companies and beneficiaries
- Analyze **lessons learned** and feed into review of impact objectives and impact management strategy
- Follow industry developments and seek **external verification** of the impact strategy

6 Disclosure & dissemination

(IFC Principle 9)

- **Disclose information** in alignment with relevant regulations and industry standards
- Participate in **building the field** of impact investing

06 Our impact in 2021

Objective 1 — Support the growth of impact ventures

Principal SDG contributions

Target 8.4. Decouple economic growth from environmental degradation

Target 8.8. Promote labor rights and safe working environments

Target 9.2. Promote sustainable industrialization

Target 9.3. Increase the access of enterprises in developing countries to financial services

Target 17.3. Mobilize financial resources for developing countries from multiple sources

Indicator 1.1. Outstanding investments

Total Portfolio

*Status on 31, December, 2021.

USD 51.4 M

24 COMPANIES

SocialAlpha	AlphaJiri	Co-Investments
USD 21.7 M	USD 8.4 M	USD 21.3 M
20 companies	6 companies	8 companies

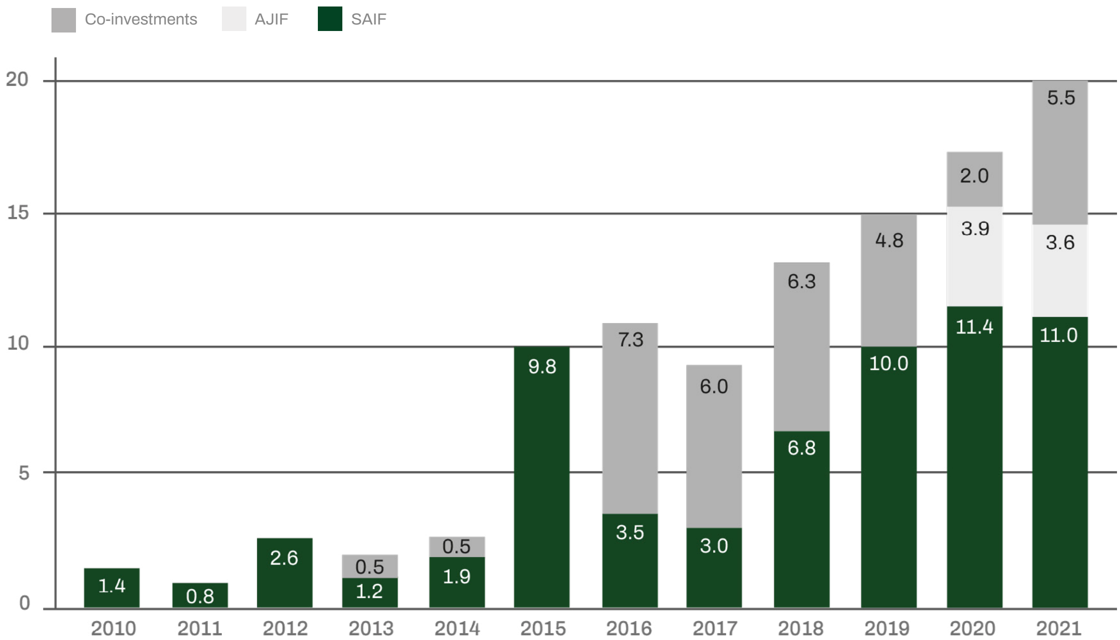


Figure 7. AMG's annual transactions, in million USD

A key measure of our success as an impact investor is the amount of financing we successfully raise and invest in impact ventures. At the end of 2021 our outstanding investments totaled USD 51.4M across 24 impact ventures. New entries into our portfolio in 2021 include CAPEM, Grupo R5, Comvive in Latin America, and Mr Green Africa and Redavia in Africa. Our historical track record of transactions (Figure 7) shows an upward trend that we expect will grow exponentially in the coming years.

Objective 1

Support the growth of impact ventures

Indicator 1.2.
SME growth since the first AMG investment

Sub-indicator

Average revenue growth since first AMG investment

Total Portfolio

35% per annum over average 2.5 years

SocialAlpha	AlphaJiri	Co-Investments
40%	46%	21%
per annum over average **2.5 years**	per annum over average **1.2 years**	per annum over average **2.5 years**

Sub-indicator

Average growth in loans payable since first AMG investment

Total Portfolio

35% per annum over average 2.5 years

SocialAlpha	AlphaJiri	Co-Investments
24%	105%	23%
per annum over average **2.5 years**	per annum over average **1.2 years**	per annum over average **2.5 years**

Another key indicator of our success in supporting impact ventures is the business growth experienced by the ventures after our initial investment. We typically enter an investment when the company is at an inflection point in its growth and the financing provided can be catalytic in scaling the business.

Above, 2 metrics are provided to demonstrate this indicator, the first one (revenue) measuring the operational growth of the companies, and the second one (loans payable) measuring the companies' ability to attract investments.

On average, our portfolio companies have displayed strong growth since our initial investment. As is to be expected, however, there is significant variation behind the average numbers, with some ventures more successful than others (see the example of Amped Innovation below).

Indicator 1.3.
Support provided by the AlphaMundi Foundation

	In 2021	Comulatively since 2018
Sub-indicator **Impact ventures given technical assistance**	17	29
Sub-indicator **Value of R&D grants**	446 K USD	2.7 M USD

A further indirect measure of AMG's impact within this objective is the support given to impact ventures by the AlphaMundi Foundation, our non-profit sister organization. The Foundation's core activities include delivering targeted technical assistance and research and development (R&D) grants to impact ventures.

In 2021, the Foundation facilitated technical assistance to 17 companies.

This included gender-smart technical assistance, as well as assistance within the Water and Energy for Food (WE4F) and the Powering Agriculture programs. Technical assistance grants given out in 2021 amounted to USD 446K. More information on the Foundation's work can be found at: *https://www.alphamundifoundation.org/*

Example of AMG´s work towards Objective 1

Amped Innovation: Affordable renewable energy solutions for African communities

Amped Innovation designs affordable solar-powered products for low-income communities across Sub-Saharan Africa. Its clients are rural households and small and medium-sized enterprises (SMEs) residing in off-grid or weak grid locations. AMG first invested in the company through AJIF in May 2020 to support the development of the company's range of solar-powered appliances.

The company, founded in 2016, experienced strong revenue growth in its first years (Table 1), but during 2020 and 2021 its business operations were hampered by manufacturing issues in China and COVID19-related movement restrictions. After these difficulties, however, the company is back on track, recording revenues of USD 874K in the first quarter of 2022 (a 22% year-on-year increase from Q1/2021) against an annual target of USD 5M.

	revenue (USD)
2017	0.1 M
2018	2.1 M
2019	3.1 M
2020	2.9 M
2021	2.8 M

Table 1. Amped Innovation annual revenue.

Objective 2

Contribute to the growth of the impact investing industry

Principal SDG contributions

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.4.
Decouple economic growth from environmental degradation

Target 8.8.
Promote labor rights and safe working environments

17 PARTNERSHIPS FOR THE GOALS

Target 17.3
Mobilize financial resources for developing countries from multiple sources

Target 17.16
Enhance multi-stakeholder partnerships for the SDGs

Indicator 2.1.
Contributions to market building initiatives

Sub-indicator

Industry association memberships

7

AMG is a member of 7 associations globally, including being an active member of the Global Steering Group for Impact Investment (GSG), being a first adopter and signatory to the IFC's Operating Principles for Impact Management, and being a founding member of the Swiss Sustainable Finance (SSF) association.

Sub-indicator

Market building initiatives supported in Switzerland

4

AMG supports market building initiatives in Switzerland through the INVEST2030 series, the Gender Lens Initiative for Switzerland (GLIS), the Swiss National Advisory Board (NAB) for impact investing in collaboration with the GSG, and by being a founding sponsor of the Building Bridges conference.

Sub-indicator

Educational outreach

9

In 2021, AMG organized 9 investment webinars, attended by over 250 people, on topics such as Gender Lens, Climate Action, Good-Health & Well-Being, and held speaker roles in a dozen more webinars.

AMG's contributions to the impact investing industry can be assessed by the number of industry associations, market building initiatives and knowledge dissemination events that we participate in or organize.

In this sense, 2021 was a successful year with AMG actively contributing on a number of fronts to the development and recognition of the industry

Example of AMG´s work towards Objective 2

Gender Lens Initiative for Switzerland (GLIS)

The Gender Lens Initiative for Switzerland (GLIS) is a working group set up by Sustainable Finance Geneva in March 2021, at the initiative of AMG and with the support of GenderSmart. GLIS has the mission to enhance the Swiss contributions to SDG 5 (Gender Equality) through public-private partnerships, research, product development and promotion, organizational model assessments, awareness-building events and media coverage. The GLIS consists of a secretariat, an Academic Research Committee (ARCO), and an Investment Solutions Committee (ISCO):

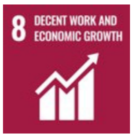
- The secretariat supports awareness raising and educational activities, for example hosting webinars and an onsite session at the Building Bridges conference in 2021, and publishes the GLIS annual report.
- The ARCO comprises experts representing various academic institutions, helping to design and implement research related to gender lens investing.
- The ISCO comprises advisors from various financial industry segments, working to promote gender lens investing standards and terms in investment products

Objective 3

Ensure the social and environmental sustainability of our own operations

Principal SDG contributions

Target 5.5.
Ensure women's full participation and equal opportunities for leadership



Target 8.4.
Decouple economic growth from environmental degradation

Target 8.8.
Promote labor rights and safe working environments

Indicator 3.1.
B Impact Assessment Operations Score

A foundational belief of AMG is that business can be a force for good, and that businesses must take on a proactive role in addressing today's pressing societal and environmental challenges. In keeping with this belief, in early 2022 we began the process to become a certified B Corporation.

We embark on this journey with the intention to ensure that in addition to creating positive impacts through our investments our own operations adhere to appropriate standards of sustainability. Through this assessment process we expect to gain a detailed roadmap for reaching that objective.

A first step in the process is to perform a B Impact Assessment, which evaluates companies both in terms of their operational performance ('Operations Score') and the ways in which the companies' business models are designed to generate positive outcomes for their stakeholders ('Impact Business Model Score'). Although as an impact investor AMG's strength lies in the latter, to assess our objective of 'ensuring the social and environmental sustainability of our own operations' we focus here on the Operations Score.

Total

46.4 POINTS

6.8/15	Governance	Policies and practices pertaining to the company's mission, ethics, accountability and transparency
18.9/50	Workers	Employees' financial, physical, professional, and social well-being
18.4/42	Community	Economic and social well-being of the communities in which the company operates
1.3/20	Environment	The company's overall environmental stewardship
1.0/5	Customers	The value created for the direct customers and the consumers of the company's products or services

The current numbers represent unverified self-assessed scores, but give a first idea of our status at this point of our B Corporation journey. The relatively low scores reflect the fact that AMG is only in the beginning of the process, and that many internal policies are currently only in an informal and/or initial stage and therefore not eligible for verified points in the assessment. We look forward to vigourously improving the scores over the short to medium term.

Objective 4

Maximize lives reached through investees

Principal SDG contributions

1 NO POVERTY

Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.3.
Support job creation, entrepreneurship and SMEs

Target 8.5.
Achieve full employment and decent work for all

Indicator 4.1.
Number of investee employees

3,493

Total Portfolio

*Status on 31, December, 2021.

3,346	1,189	2,093
SocialAlpha	AlphaJiri	Co-Investments

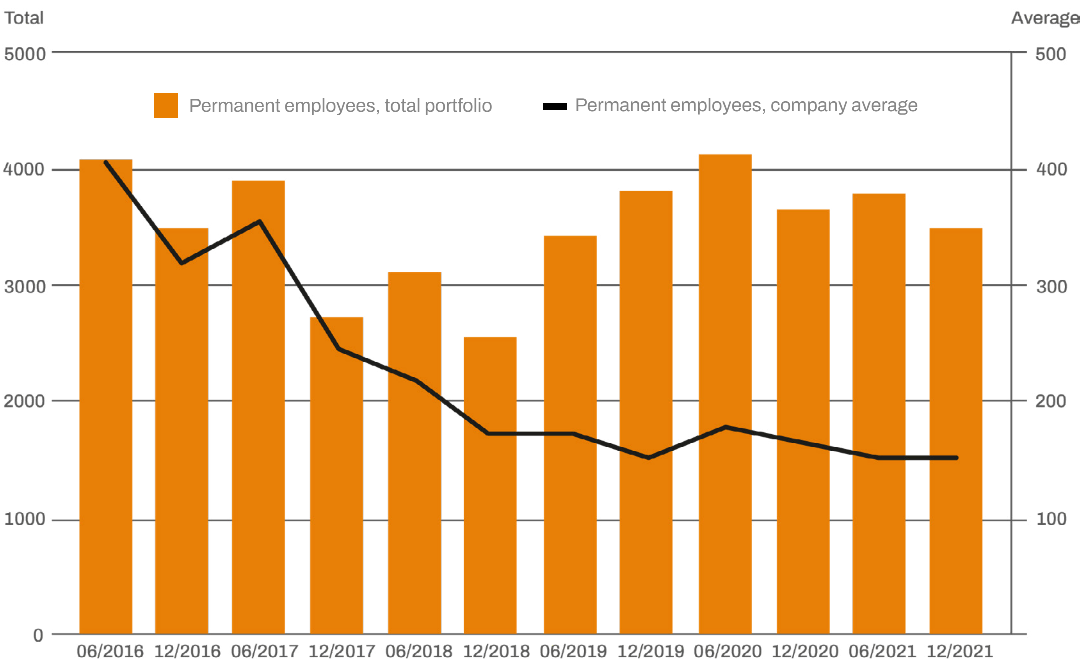


Figure 8. Portfolio company employees, total and average

We measure the lives reached by our investments through the number of people employed and the number of direct beneficiaries reached by our portfolio companies. At the end of 2021, AMG portfolio companies had almost 3,500 permanent employees. This number has remained relatively constant since 2016 (Figure 8), with some variation due to companies exiting and entering the portfolio, and a tendency towards investing in smaller companies.

During the second half of 2021, approximately 399K individuals were direct beneficiaries of our portfolio companies, out of which around 50% were female and 60% were living in rural areas. A further 5,686 organizations, the majority of them local SMEs, were beneficiaries of our portfolio companies.

Objective 4 — Maximize lives reached through investees

Indicator 4.2.
Number of direct beneficiaries, including clients and suppliers

Sub-indicator

INDIVIDUALS

399 K

Total Portfolio

202 K WOMEN | 240 K RURAL

SocialAlpha	AlphaJiri	Co-Investments
377 K	149 K	296 K

*Numbers for H2/2021.

Sub-indicator

ORGANIZATIONS

5,686

Total Portfolio

SocialAlpha	AlphaJiri	Co-Investments
5,598	88	2,012

*Numbers for H2/2021.

Example of AMG´s work towards Objective 4

Kentaste: Supporting smallholder farmers on the Kenyan coastline

Kentaste was in AMG's portfolio from 2018 to 2021. The company is Kenya's leading manufacturer of coconut-based products, specializing in oil, cream and milk. They sell their products in 400 stores across Kenya and 500 stores across East Africa, sourcing coconuts from a network of over 2,000 Organic and Fair-Trade certified smallholder farmers. As of 2021, Kentaste employed 140 permanent staff, had 2,885 clients, and worked with 2,966 farmer suppliers.

"AlphaMundi took time to understand our business operationally and provide feedback that was valuable to the business growth – other investors haven´t done this."

–

CEO, Kentaste Products Limited

Objective 5

Promote gender considerations towards investees

Principal SDG contributions

5 GENDER EQUALITY

Target 5.1.
End all discrimination against women

Target 5.5.
Ensure women's full participation and equal opportunities for leadership

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.5.
Achieve full employment and decent work for all

AMG monitors the integration of gender considerations among our portfolio companies, particularly by tracking metrics defined by the 2X Challenge framework (see Chapter 3). Our portfolio performs on aggregate relatively well on metrics related to female employment (Indicator 5.1) and consumption (Indicator 5.5). However, room for improvement remains on metrics measuring female leadership (Indicators 5.2 and 5.3) and entrepreneurship (Indicator 5.4).

As a positive trend, an increasing share of investees today collect data on 2X metrics, which demonstrates an enhanced attention given to gender-based issues. In addition, the majority of companies in our portfolio (58%) meet at least one of the 2X Challenge criteria (Indicator 5.6), thus meeting the criterion (> 30%) to qualify our portfolio as a whole as 2X eligible.

	Total portfolio	SocialAlpha	AlphaJiri	Co-Investments
Indicator 5.1. Share of female employees, portfolio average	39%	41%	27%	39%
Indicator 5.2. Share of female senior managers, portfolio average	23%	22%	25%	21%
Indicator 5.3. Share of female board members, portfolio average	17%	17%	18%	18%
Indicator 5.4. Share of female ownership, portfolio average	15%	12%	20%	4%
Indicator 5.5. Share of female direct beneficiaries, portfolio average	43%	43%	52%	41%
Indicator 5.6. Share of portfolio fulfilling 2X Challenge criteria	58%	65%	50%	63%

The indicators in *italics* (5.2. and 5.4) miss data from a significant number of companies.

* Status on 31 Dec, 2021.

Example of AMG´s work towards Objective 5

Fundación Espoir: Microfinance with a gender lens

Fundación Espoir is an Ecuadorian microfinance institution (MFI) offering loans to low-income microentrepreneurs typically lacking access to formal financing. 75% of the company's clients are women. In response to the COVID19 pandemic, Espoir performed a study among their female clients, as well as an in-depth gender assessment with support from the AlphaMundi Foundation. As a result, the company was able to better tailor their services to their female clients' needs, as well as develop internal policies to support female staff.

Espoir also boasts 62% female employees, 37.5% female ownership, 40% female board members, and 22% female managers. For its efforts on gender equality in the workplace, in March 2021 Espoir was awarded the Violet Award for Good Business Practices to Support Women's Employment by the Government of Ecuador.

Indicator 7.1.
Impact narratives

Objective 7

Ensure that investees create explicit benefits to the people and planet

To assess this objective, we create a standardized qualitative analysis of the impact of the portfolio organizations, as shown below with an example.

Example: Twiga Foods impact narrative

Challenge

Kenya's food system is marked by inefficiencies that, despite the abundance of arable land, lead to high commodity prices and uncertainties at both the producer and retailer ends of the supply chain. These challenges affect in particular the country's informal retailers and marketplaces that in Nairobi alone number approximately 180,000.

Outcomes sought

1 Increased income and financial stability of farmers

2 Improved agricultural yield and reduced food losses along the value chain

3 Increased income and job security of food retailers

4 Reduced consumer prices of food

Solution

Twiga's aim is to build efficient, digitized, and integrated supply chains for both fresh produce and processed foods. Their solutions add value in the following ways:

* By aggregating demand from small-scale retailers Twiga creates a volume market that allows for efficiency improvements through economies of scale;
* Twiga enhances the economic stability of farmers by presenting a reliable and stable demand and by providing them with access to finance and farm management services;
* Twiga increases the efficiency and flexibility of retailers by letting them place orders via a mobile device, delivering the produce within 24 hours, and by granting the retailers 48 hours of interest-free credit to give them time to sell what they have ordered;
* By removing many intermediaries in the supply chain, and by providing food safety assurance, Twiga significantly lowers the cost and increases the quality of food for consumers

Our contribution

At the time of AMG's first investment in Twiga in 2016, we were the company's only debt investor. Our investment helped the company in a crucial point in time to establish the needed broader investor confidence. Since then, the company has experienced phenomenal growth, posting average annual growth rates of 230% in its revenues and 45% in its number of staff from 2016 to 2021.

Today, we are invested in Twiga through all of our products (SAIF, AJIF, and co-investment portfolios) for a combined exposure of around USD 18.5M, consisting of both debt and equity. To complement our financial support, the AlphaMundi Foundation is providing technical assistance with Value for Women to strengthen Twiga's capabilities on gender-smart strategic development.

Objective 8

Maximize the benefits delivered by investees

Sector: Financial Services

Principal SDG contributions

1 NO POVERTY — **Target 1.4.** Equal access to economic resources and basic services

8 DECENT WORK AND ECONOMIC GROWTH — **Target 8.3.** Support job creation, entrepreneurship and SMEs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — **Target 9.3.** Access of small-scale enterprises to financial services, value chains and markets

Indicator 8.1.
Sector-specific output indicator:
Number of active loans granted

Sub-indicator	SocialAlpha	Co-Investments
INDIVIDUALS	**84 K CLIENTS** Average loan **USD 2,189**	**17 K CLIENTS**

Sub-indicator	SocialAlpha	Co-Investments
ORGANIZATIONS	**1,291 CLIENTS** Average loan **USD 73,723**	**740 CLIENTS**

Sub-indicator	SocialAlpha	Co-Investments
INDIRECT BENEFICIARIES	**312 K**	**63 K**

* Status on 31 Dec, 2021. Note that AJIF portfolio does not cover this sector.

AMG is committed to supporting companies that enhance the financial inclusion of women, rural communities and business owners who in the past have been excluded from the traditional banking sector. Access to financial products and services is a potential game changer for countless micro, small and medium enterprises in emerging economies, thereby providing opportunities for escaping the poverty trap not only for the entrepreneurs themselves, but also for their families and broader communities.

Indicator 8.2.

Sector-specific outcome indicators - *To be implemented*

AMG is considering options for measuring the outcomes generated by our portfolio companies in this sector.

Possible metrics to be implemented include:
- **Income of MFI clients; Jobs in directly supported/financed enterprises**

Example of AMG´s work in the Financial Services sector

Bien para Bien: Loans for SMEs in underserved markets

Bien para Bien is a fintech non-bank lender that supports underserved SMEs that do not have access to traditional financial institutions due to limited credit or operational history. The company has a high indirect impact on employment, with its current portfolio companies employing on average 19 people. In addition, 37% of the loans were given to women or women-led businesses. Most of their clients have medium to medium-low income levels (socio-economic segments C and D+). Bien para Bien was awarded for best financial inclusion Fintech startup at the 2020 Mexico e-Awards.

	SME clients	average loan
12/2019	266	USD 60,000
06/2020	357	USD 53,739
12/2020	368	USD 57,431
06/2021	391	USD 59,714
12/2021	405	USD 68,326

Table 2. Number and magnitude of Bien para Bien`s loans.

Objective 8 — Maximize the benefits delivered by investees

Sector: Food and Agriculture

Principal SDG contributions

1 NO POVERTY — **Target 1.2.** Reduce poverty in all its dimensions

2 ZERO HUNGER — **Target 2.3.** Enhance incomes of small-scale producers. **Target 2.4.** Ensure sustainable food production

8 DECENT WORK AND ECONOMIC GROWTH — **Target 8.3.** Support job creation, entrepreneurship and SMEs

Indicator 8.1. Sector-specific output indicator: Number of rural beneficiaries

Total Portfolio

73 K FARMERS

269 K INDIRECT BENEFICIARIES

SocialAlpha		AlphaJiri		Co-Investments	
73 K FARMERS	269 K INDIRECT BENEFICIARIES	66 K FARMERS	246 K INDIRECT BENEFICIARIES	66 K FARMERS	246 K INDIRECT BENEFICIARIES

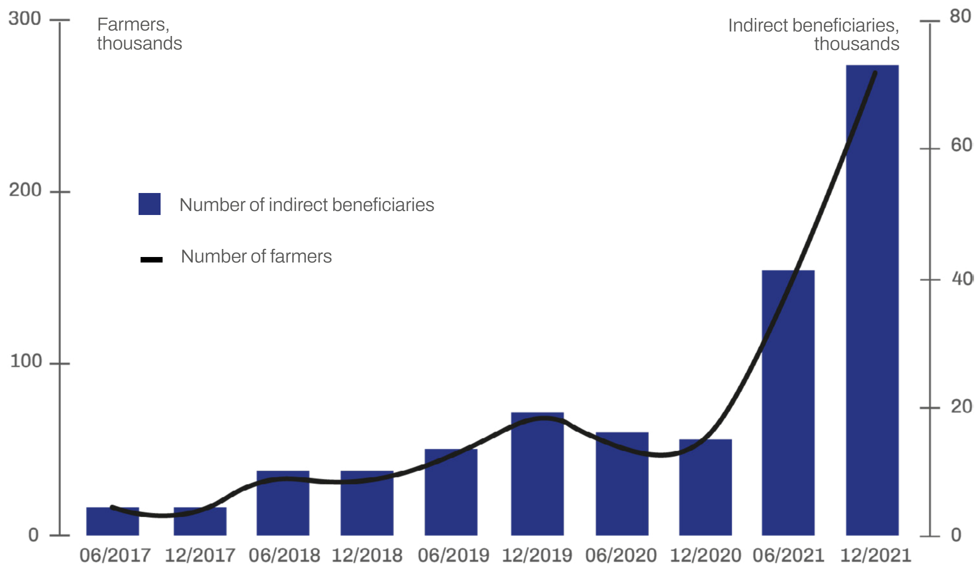


Figure 9. Number of farmers and their indirect beneficiaries reached by AMG's portfolio

Supporting rural development has been a priority in AMG's investment strategy since the beginning. In 2021, the number of farmers reached by our portfolio companies operating in the food and agriculture sector increased to 73K, with an estimated 269K further indirect beneficiaries (family members). These numbers have been on an upward trend in recent years (Figure 9).

Indicator 8.2.

Sector-specific outcome indicators - *To be implemented*

AMG is considering options to measure the outcomes generated by our portfolio companies in this sector. Possible metrics to be implemented include

- Share of clients/suppliers earning living wage;
- Agricultural yield of clients/suppliers

Example of AMG´s work in the Food and Agriculture sector

Apollo Agriculture: Quality inputs for increased agricultural productivity

Much of the recent increase in farmers reached by AMG's portfolio can be attributed to Apollo Agriculture (Table 3), whose mission is to support African smallholder farmers in increasing their productivity. Since our first investment in August 2020, the number of beneficiaries reached by the company has skyrocketed. Apollo's core product is a customized package for maize farmers, which includes high-quality seeds and fertilizers, provided on credit, and coupled with appropriate insurance and training. Today, AMG invests in Apollo through all of our three investment instruments (SAIF and AJIF funds, and co-investments).

	farmers	indirect beneficiaries
12/2019	2,720	10,064
06/2021	25,877	95,745
12/2021	64,862	239,989

Table 3. Number of farmers and indirect beneficiaries served by Apollo

Objective 8

Maximize the benefits delivered by investees

Sector: Energy

Principal SDG contributions

1 NO POVERTY

Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services

7 AFFORDABLE AND CLEAN ENERGY

Target 7.1.
Access to affordable, modern energy

Target 7.2.
Increase share of renewable energy

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.3.
Support job creation, entrepreneurship and SMEs

Indicator 8.1.
Sector-specific output indicator:
Number of renewable energy systems sold

Total Portfolio

* Numbers for 2021

72 K

SocialAlpha	AlphaJiri	Co-Investments
37 K	43 K	37 K

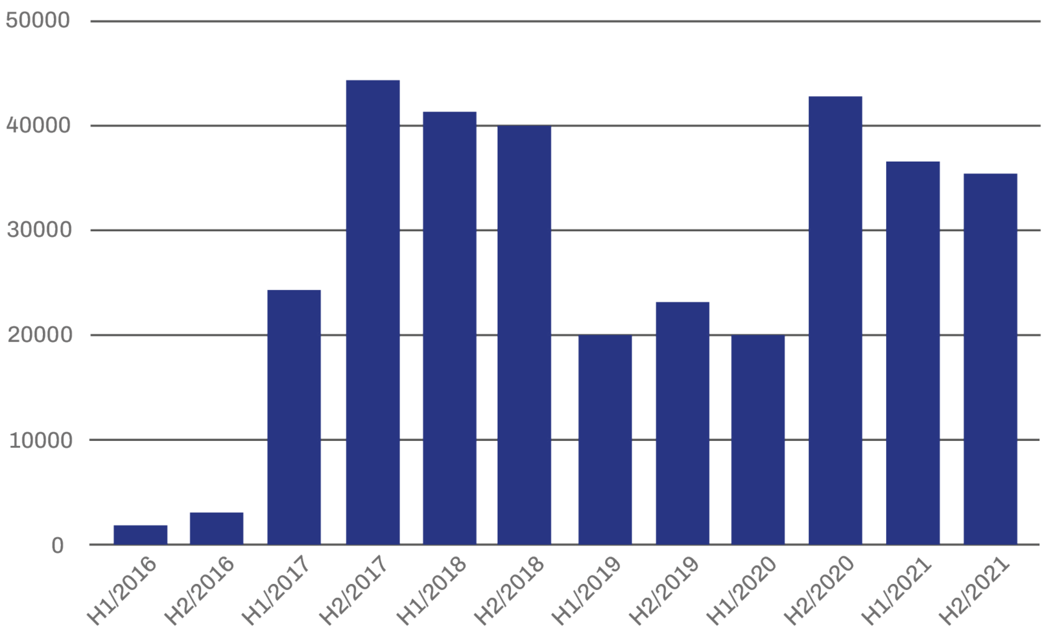


Figure 10. Number of renewable energy systems sold by AMG portfolio companies.

Financing the generation of renewable energy has been a core target in AMG's investment strategy since 2011. A key output indicator for our impact towards this target is the number of renewable systems installed by our investees. Since 2016, approximately 330k new renewable energy systems have been installed by our portfolio energy companies (Figure 10).

Indicator 8.2.

Sector-specific outcome indicators - *To be implemented*

AMG is already collecting data from investees on greenhouse gas emissions avoided through products sold, but a current lack of harmonization in calculation methodologies prevents us from reporting the numbers at the aggregate portfolio level on this key outcome indicator.

Example of AMG´s work in the Energy sector

Sistema.bio: Sustainable energy from waste

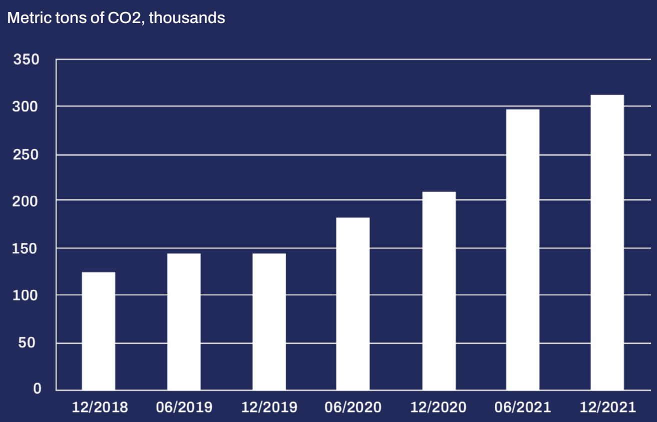


Figure 11. Cumulative amount of CO_2 avoided due to Sistema.bio's products.

Founded in 2010, Sistema.bio produces, sells, installs, and finances biodigesters, an on-site waste-to-energy system for farmers converting organic waste into biogas.

AMG first started working with Sistema.bio in 2018 Q3 and successfully divested in 2021 Q4 through full loan amortizations. Thanks to the 26,000 biodigesters installed by Sistema.bio since AMG's investment, close to 314K tons of CO_2 emissions have been avoided (Figure 11).

Objective 8

Maximize the benefits delivered by investees

Sector: Education

Principal SDG contributions

Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services

Target 4.3.
Equal access to affordable and quality education

Indicator 8.1.

Sector-specific output indicator:
Number of students supported in gaining their education, and their average loan size

2,651 STUDENTS

Average loan size: **USD 5,989**

* Status on 31 Dec, 2021

Indicator 8.2.

Sector-specific outcome indicators - *To be implemented*

To understand in more depth our impact in this sector, AMG is considering options for measuring the outcomes generated by our portfolio companies.

Options include:
- Educational achievement of clients
- Post-education job placement of clients

Example of AMG´s work in the Education sector

Finae: Affordable loans for accessing education

Currently our only investee operating in the education sector is Finae. Its client base at the end of 2021 consisted of 2,651 university students from low- and middle-income families in Mexico, where lack of financing options and high costs have led to relatively low university enrolment rates (20% vs. 60% in other OECD countries). AMG first invested in Finae in 2011, and today the company is part of both the SAIF and co-investment portfolios.

Objective 8

Maximize the benefits delivered by investees

Sector: Housing

Principal SDG contributions

7 AFFORDABLE AND CLEAN ENERGY	**Target 7.3.** Improved energy efficiency
11 SUSTAINABLE CITIES AND COMMUNITIES	**Target 11.1.** Access to affordable housing and services **Target 11.3.** Enhance sustainable urbanization **Target 11.b.** Use of integrated housing policies
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.5.** Reduce waste generation

Indicator 8.1.
Indicator 8.2.

Sector-specific output indicators – *To be implemented*

AMG is currently evaluating possible options to measure both the outputs and outcomes generated by our investees in this sector.

Options include:
Output indicators: Number of housing units constructed; number of tenants
Outcome indicators: GHG emissions avoided through housing units constructed; tenant satisfaction ratio

Example of AMG´s work in the Housing sector

Comvive: Making sustainable housing affordable

Late in 2021, through SAIF, AMG invested in Comvive, a Mexican construction company developing sustainable high-quality homes to low- and middle-income clients. The company works through an innovative approach that combines environmental sustainability (solar panels, eco-friendly construction materials, etc.) with features that improve the quality of life for the client families, such as parks, community development centers, and other amenities.

COMUNIDADES comvive UN MEJOR ESTILO DE VIDA

Objective 8

Maximize the benefits delivered by investees

Sector: Circular Economy

Principal SDG contributions

Target 1.2. Reduce poverty in all its dimensions

Target 8.3. Support job creation, entrepreneurship and SMEs

Target 12.5. Reduce waste generation

Indicator 8.1.
Indicator 8.2.

Sector-specific output indicators – *To be implemented*

AMG is currently evaluating possible options to measure both the outputs and outcomes generated by our investees in this sector.

Options include:
Output indicators: Number of informal workers employed; materials recycled
Outcome indicators: Number of informal workers earning a living wage, material consumption reduction from sold products

Example of AMG´s work in the Circular Economy sector

Mr Green Africa (MGA): Recycling plastic with a tangible social and environmental impact

AMG moved into another new sector in 2021 by investing through AJIF in MGA, a pioneer Kenyan recycling business creating sustainable social, environmental and economic impact through the collection, conversion and selling of post-consumer plastic waste.

The technology-driven business model integrates informal waste workers and micro-entrepreneurs into a formal value chain. To close the loop, MGA works closely with brand owners to supply them with ethically and locally sourced Post Consumer Recyclate (PCR).

07 Summary and next steps

This report represents both a snapshot of AMG's current impact performance and an aspirational quest to always **better understand, manage, enhance and communicate the impact** that we create in the world.

The results presented in the previous chapter exhibit some of our **strengths and certain areas that can still be improved**. The highlights include our strong performance in supporting the growth of impact ventures (Objective 1) and our contributions to the impact investing industry (Objective 2). In addition, the high share of female and rural beneficiaries (Indicator 4.2 of Objective 4) indicates that our investments are effectively reaching some of the key demographics for global sustainable development. We are also proud of meeting the portfolio-level 2X Challenge criterion (Indicator 5.6 of Objective 5), which testifies to **our commitment to promoting gender lens investing**. In contrast, we find room for improvement on certain indicators, including some of the gender-related indicators under Objective 5, as well as the B Impact Assessment Operations Score under Objective 3. We look forward to working on our impact in these areas in the future.

More generally, this report represents an **update to AMG's approach to impact, motivated by both evolving external expectations and our own desire to enhance our impact-related knowledge and practices.** This approach is captured in our framework for impact measurement and management (FIMM) consisting of our theories of change (Chapter 2), impact measurement framework (Chapter 4) and impact management framework (Chapter 5). The intention of the FIMM is not to form a structure fully etched in stone, but to set a basis upon which new features can be incorporated in the future, for example when new impact objectives arise or when new best practices for impact management are established.

As mentioned, we view impact as an ongoing quest, and Table 4 lists some of the future points of action we have set for ourselves in that quest.

Theme	Actions planned for 2022/2023
Impact measurement	- Gradual implementation of indicators for assessing Objective 6 ('Apply the principle of 'do no harm'), based on the SFDR PASI indicators. - Identification and implementation of sector-specific indicators for expressing Objective 8 ('Maximize the benefits delivered by investees'). The intention is to select indicators with the help of the IRIS+ system and in alignment with IMP's five dimensions of impact (see Chapter 3). - Develop our capacity to estimate our investments' contribution to the impact generated by our portfolio companies (Impact Frontiers, 2022a). - Elaborate further our data validation strategy; from H1/2022, we have partnered with Proof of Impact, a company specialized in ESG and impact data intelligence, in part to benefit from their expertise in automatized data validation methods.
Impact management	- Continue to deepen the integration of impact considerations into the investment lifecycle according to the framework presented in Chapter 4. - Develop impact target setting and benchmarking in collaboration with our pipeline and portfolio companies. - Integration of stakeholder perspectives in impact management (see BlueMark, 2022).
Regulations, certifications and standards	- Implement the requirements of the SFDR and the EU Taxonomy. - Complete the B Corp certification and develop a roadmap for further improvement based on the B Impact Assessment. - Complete a mapping of our investments according to the Impact Frontiers' typology of impact classes (Impact Frontiers, 2022b). - Facilitate the verification of our impact management framework; as a signatory to the IFC's OPIM framework, an independent verification of our adherence to the principles is required in 2023.

Table 4. AMG's impact-related action planning.

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** Find AMG's disclosure statement on the application of the principles here: https://www.alphamundi.ch/_files/ugd/25ea0b_96b88354eb504f48904c92d23400b605.pdf*

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Appendices

Appendix A – Indicator definitions and methodological notes

Level 1: Our operations

Objectives	Indicators	Definition	Unit	Aggregation
Objective 1: Support the growth of impact ventures	1.1. Outstanding investments	The sum value of the portfolio organizations' outstanding debt obligations and equity investments due to AMG and its co-investors at the end of the reporting period.	$	Sum
	1.2. SME growth since the first AMG investment	The average annual growth in value of the portfolio organizations' revenue and outstanding debt obligations from the reporting period when AMG made its first investment into the organization to the current reporting period.	%	Average
	1.3. Support provided by the AlphaMundi Foundation	The number of organizations that during the last reporting period were beneficiaries of technical assistance by the AlphaMundi Foundation, and the monetary value of the grants given by the Foundation.	#, $	Sum
Objective 2: Contribute to the growth of the impact investing industry	2.1. Contributions to market-building initiatives	The number of industry associations, market building initiatives, and educational outreach events supported or organized by AMG during the reporting period.	#	-
Objective 3: Ensure the social and environmental sustainability of our own operations	3.1. B Impact Assessment Operations Score	The last 'Operations Score' obtained from the B Impact Assessment.	Pts	-

Level 2: Portfolio companies

Objectives	Indicators	Definition	Unit	Aggregation
Objective 4: Maximize lives reached through investees	4.1. Number of investee employees	The sum value of the portfolio organizations' outstanding debt obligations and equity investments due to AMG and its co-investors at the end of the reporting period.	#	Sum
	4.2. Number of direct beneficiaries	The average annual growth in value of the portfolio organizations' revenue and outstanding debt obligations from the reporting period when AMG made its first investment into the organization to the current reporting period.	#	Sum
Objective 5: Promote gender considerations towards investees	5.1. Share of female employees	The average share of females employed by the organization at the end of the reporting period.	%	Average
	5.2. Share of female senior managers	The average share of paid full-time female management employees (managers) at the portfolio organizations as of the end of the reporting period.	%	Average
	5.3. Share of female board members	The average share of female members of the portfolio organizations' board of directors or other governing body as of the end of the reporting period.	%	Average
	5.4. Share of female ownership	The average percentage of the portfolio organizations owned by women as of the end of the reporting period.	%	Average
	5.5. Share of female direct beneficiaries	The average share of women among the unique individuals who were clients (or suppliers) of the portfolio organizations during the reporting period.	%	N/A
Objective 6: Ensure investees apply the principle of 'do no harm'	*To be implemented*			

Level 3: Products and services of portfolio companies

Objectives	Indicators	Definition	Unit	Aggregation
Objective 7: Ensure that investees create explicit benefits to the people and planet	7.1. Impact narratives	To assess this objective, AMG performs a standardized qualitative analysis of the impact created by the portfolio organizations, including the problem they address, the solutions they provide, the outcomes sought, and the contributions that we make towards the achievement of the impacts.	N/A	N/A
Objective 8: Maximize the benefits delivered by investees	8.1. Sector-specific output indicators	The sector-specific output indicators are selected to express the direct results of the portfolio companies' activities, based on sectorally determined objectives.	-	Sum/ Average
	8.2. Sector-specific outcome indicators	The sector-specific outcome indicators are selected to express the value produced to the portfolio companies' beneficiaries, based on sectorally determined objectives.	-	Sum/ Average

Further methodological notes

We define the direct beneficiaries of a company to be their suppliers and customers. When possible, we also estimate the number of indirect beneficiaries reached by our investees by multiplying their number of direct beneficiaries with the average family size in each company's geographical location.

As defined in the above table, depending on the metric we report either the status at the end of the reporting period or an accumulated number over the last reporting period. In those cases where the latest data was missing or the company exited during the reporting period, we used the latest data point available.

Aggregation of data from individual companies to the portfolio level is achieved either by summing or by taking a company average, depending on the indicator in question.

The portfolio-aggregated data reported in Chapter 6 does not take into account relative weights, e.g., based on the size of the investments. In the case of the total portfolio, the aggregate numbers are formed by counting each company once, i.e., without taking into account the number of product-level (SAIF, AJIF, Co-investments) portfolios that the companies are in.

Appendix B – AMG SFDR disclosure statements

Sustainability-related disclosures

Product: SocialAlpha Investment Fund (SAIF) SICAV-SIF – Bastion
In accordance with: Article 10 of Regulation (EU) 2019/2088

Summary

This statement 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 AG, 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 statement 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. The Fund has a sustainable investment objective in accordance with Article 9 of the SFDR.

No significant harm to the sustainable investment objective

The Fund strives to ensure the effective management of potential sustainability risks associated with its investments to do no significant harm to any area of environmental or social concern. Toward that end, the Investment Advisor takes an active approach ensuring that all investments of the Sub-Fund meet adequate environmental and social sustainability criteria, based on a three-pronged approach. Firstly, an environmental standards policy aligned with the IFC Exclusion List for environmentally and socially harmful industries and activities is applied in the screening phase of potential investees. Secondly, during the due diligence process, an evaluation of potential negative effects on environmental and social factors is performed as part of the clarification of the investee's overall business model and impact, and a risk mitigation plan is created. Thirdly, the responsible investment officers monitor the aforementioned potential negative effects throughout the investment life cycle, for example when changes to the business model, target customers, contextual circumstances, etc. arise.

Sustainable investment objective of the financial product

The Sub-Fund aims at improving the lives of the poor in developing countries by scaling SME solutions to the Sustainable Development Goals of the United Nations (the "SDGs") in sectors such as financial inclusion, sustainable agriculture and food, renewable energy and affordable housing. The Investment Advisor also incorporates gender-based considerations throughout the investment lifecycle, in order to enhance the positive impact created towards women.The Sub-Fund will primarily but not exclusively focus on impact ventures in Latin America and in Africa, in particular non-governmental organizations and unlisted small and middle-sized companies. In pursuing this sustainable investment objective, the Sub-Fund falls within the scope of Article 9.2 of the SFDR.

Through the above objectives, the Sub-Fund aims to contribute to the achievement of the broader SDGs. The contributions are made primarily within the areas of SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work & Economic Growth) and SDG 12 (Responsible Consumption & Production), although secondary and/or indirect contributions are expected to be made towards several SDGs, especially given their interconnected nature.

Investment strategy

Considering the challenges described above in section "Sustainable investment objective of the financial product" and building on researches and financing of impact ventures in Latin America and Africa, the Sub-Fund has the following investment strategy:

The Sub-Fund seeks to achieve its sustainable investment objectives by investing at least 80% of its assets into debt and convertible debt in impact ventures. At least 80% of its assets will be invested in Latin America and in Africa. 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. 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.

The Sub-Fund is committed to actively promoting good governance, integrity and transparency standards in its financing/investment activities. Most importantly, this commitment is realized by the Investment Advisor in the pipeline screening and due diligence processes of potential investee companies.

Impact ventures to be invested in may include commercial companies, cooperatives, non-profit institutions or projects, and will be selected on the basis of, inter alia, the following criteria: established operational track record over several years, financial profitability and growth perspectives, quality of products and services when compared to their peers, quality and stability of management team, soundness of governance structure and practices, reporting capacity, as well as country and sector risk.

In addition, specific selection criteria are applied for the attainment of the sustainable investment objective of the Sub-Fund, including: having a clear impact case that aligns with the sustainable objectives of the Sub-Fund, alignment of vision between the aspirations and objectives of the main shareholders and those of the Sub-Fund, measurability and reporting capacity of the social and/or environmental impact of the potential investee's activities, as well as responsible corporate behaviour.

To further enhance the positive financial and non-financial outcomes of investments, the Investment Advisor collaborates with its non-profit sister organization in the US, the AlphaMundi Foundation (501c3), which provides grants and facilitates third-party technical and financial support to the Sub-Fund's portfolio and pipeline companies.
Furthermore, investments made for the Sub-Fund are guided by the following principles:

- Work with the best and most promising institutions in order to minimize risk and maximize outreach and sustainability of impact;

- Encourage best practices and insist on a high degree of transparency and quality of reporting;

- Consider institutions as long-term partners who will be accompanied in their growth while they continue to meet the standards of the Sub-Fund.

Monitoring of sustainable investment objectives

The Investment Advisor monitors the sustainable investment objective and the sustainability indicators of the Sub-Fund. A set of impact indicators has been defined for this purpose, with one subset of the indicators shared by all portfolio companies and another subset tailored for particular sectors (microfinance, agriculture, energy, etc.). The expected performance of potential investments against these indicators is assessed during the investment selection phase and actual performance is monitored post investment on a regular basis, both at the investee and the aggregate portfolio levels. Within one hundred eighty (180) days of the end of each financial year, the Fund will send to all shareholders the most recent annual impact report of the Sub-Fund.

Methodologies

In measuring the impact of the investments of the Sub-Fund, the Investment Advisor relies on the following established measurement frameworks: First, the IRIS+ indicator system is used to identify appropriate indicators for measuring the positive impact created by the portfolio companies. Some of these indicators are applied across the portfolio while some are specific to particular sectors. Second, the 2X challenge criteria are used to identify indicators for measuring gender-related impact. Third, when and where applicable, the principal adverse impact indicators defined in Annex I of the draft regulatory technical standard ("RTS") of the SFDR are used for monitoring potential negative impact.

In managing the impact of the investments of the Sub-Fund, the Investment Advisor relies on a tailored impact management framework that complies with the IFC Operating Principles for Impact Management (the "Principles"). The Principles describe the essential features of managing investment funds with the intent to contribute to measurable positive social, economic, or environmental impact, alongside financial returns. As a signatory to the Principles, the Investment Advisor, with the consent of the Fund, agrees to independent verification of its impact management system. This includes verification of the impact reporting on the Sub-Fund.

Data sources and processing

Data is predominantly self-reported by portfolio companies, with the Investment Advisor validating the data to the extent possible, with additional reviews provided as necessary by external consultants.

Due diligence

The due diligence procedure followed by the Investment Advisor in the analysis of potential investments for the Sub-Fund contains several aspects that contribute to both the attainment of the Sub-Fund's sustainable investment objective and the avoidance of harm to other sustainability factors. First, the Investment Advisor applies the IFC Exclusion list to screen out investments with potential adverse impacts. Secondly, to make sure that the potential investment would result in a positive impact, the investee's impact case is clarified and analysed using a dedicated analytical framework.

Attainment of the sustainable investment objective

No index has been designated as a reference benchmark for the purpose of attaining the sustainable investment objective of the Fund or the Sub-Fund.

Sustainability Risk Policy

In accordance with: Article 3 of Regulation (EU) 2019/2088

This policy 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 AG, the appointed investment advisor (the "Investment Advisor") of the Fund, in accordance with Article 3 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"). 'Sustainability risk' as defined by the SFDR means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment".

The Fund is exposed to sustainability risks in the form of environmental, social or governance (ESG) events and conditions that can have negative impacts on the assets, financial and/or earnings situation, or the reputation of the Fund. The Fund is exposed to sustainability risks, primarily through its exposure to and ongoing association with impact ventures and the sustainability risks they are exposed to through their client/investee operations. This risk may be amplified by the potentially weaker degree of regulation, including environmental and social laws, and enforcement thereof in the countries in which the Fund operates, as described under Part A "General information relating to the Fund", Section "General risk considerations", sub-section B "Risks related to investments in emerging countries" of the private placement memorandum of the Fund.

Investments in emerging countries face among others risks related to labour and working conditions including child labour, hazards to human health, safety and security, resource efficiency and pollution, land acquisition and (involuntary) resettlement, biodiversity, management of living natural resources, indigenous peoples and cultural heritage.

If not adequately managed, these risks can have a negative impact on the relevant impact ventures' or investee's reputation, regulatory compliance and financial viability. Given the Fund's strategic focus, such negative impacts can in turn negatively affect the Fund's risk profile, reputation and/or its financial and/or earnings situation.

The Fund integrates sustainability considerations into decision-making and investee engagement throughout the investment process. The Investment Advisor's evaluation of impact ventures and other potential investees includes an ESG risk screening and an ESG due diligence, customized according to the risk profile of the impact venture. The Fund applies an exclusion list and refrains from financing activities with a high level of environmental risk (specifically tobacco, energy from fossil fuel (coal, oil, and gas) power plants, coal or uranium mining, produce or sell pesticides, make or sell products containing fur or specialty leather) and/or a significant negative impact on the environment or society, as more fully described in the environmental standards policy of the Fund.

Results of the ESG due diligence are presented to the Board of Directors for approval of investments. Where sustainability risks cannot be mitigated to a satisfactory extent, the investment will not proceed.

Engagement with impact ventures, including on ESG matters, is an integral component of the Fund's investment cycle and contribution to positive development impact.

Furthermore, sustainability risks are mitigated by the Fund's investment strategy on providing financing to impact ventures under strict diversification rules described under section "Investment Restrictions" of the private placement memorandum of the Fund.

Finally, remuneration of the Fund's or the Investment Advisor's Directors shall not favour excessive risk taking, not limited to but explicitly with respect to sustainability risks.

Principal Adverse Sustainability Impacts Statement

In accordance with: Article 4 of Regulation (EU) 2019/2088

Summary

This policy 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 AG, the appointed investment advisor (the "Investment Advisor") of the Fund, in accordance with Article 4 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 purpose of this statement is to provide transparency on how the Fund takes into account the principal adverse impacts of its investment decisions on sustainability factors.

Description of principal adverse sustainability impacts

The Sub-Fund follows the draft regulatory technical standards ("RTS") of the SFDR in defining principal adverse sustainability impacts as "the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters." A more precise list of sustainability factors implied by the SFDR can be gleaned from the indicators laid out in Table I of the Annex I of the RTS. The latter defines a list of mandatory indicators to be reported on at the portfolio level once the SFDR fully enters into force. These indicators cover sustainability factors such as greenhouse gas emissions, energy, biodiversity, water pollution, waste generation, human rights and labour conditions, corporate behaviour, and gender equality.

Description of policies to identify and prioritise principal adverse impacts

The identification and prioritization of potential principal adverse impacts on sustainability factors forms a part of the pipeline screening and due diligence methodologies followed by The Sub-Fund. Firstly, an environmental standards policy aligned with the IFC Exclusion List for environmentally and socially harmful industries and activities is applied in the screening phase to exclude investees with potentially high adverse impacts. Secondly, during the due diligence process, an evaluation of potential negative effects on environmental and social factors is performed as part of the clarification of the investee's overall business model and impact. Results of the due diligence analysis form an integral part of each investment proposal presented to the Investment Committee of the Fund. Where the risk for high adverse impacts cannot be mitigated to a satisfactory extent, the investment will not proceed. Thirdly, the responsible investment officers monitor the aforementioned potential negative effects throughout the investment life cycle, for example when changes to the business model, target customers, contextual circumstances, etc. arise. When incidents occur that may lead to principal adverse impacts, investees are required to inform the Investment Advisor, which then considers possible remedial measures to be implemented.

Engagement policies

The Sub-Fund mainly focuses on debt transactions and has only very limited exposure to publicly traded securities or listed companies and as such does not undertake investor engagement within the meaning and context provided by Article 3(g) of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Nevertheless, engagement with impact ventures forms an integral component of the Fund's investment process both to enhance the positive impact created and to minimize any adverse impacts. For example, where appropriate, when an impact venture does not meet the required standards of ESG management, technical assistance or capacity building is provided by the Investment Advisor, either by itself or in collaboration with its sister organization, the AlphaMundi Foundation.

References to international standards

The Sub-Fund adheres to the following international standards in its management of potential principal adverse sustainability impacts:

- IFC Exclusion List
- IFC Operating Principles for Impact Management

The latest disclosure statements can be found at https://www.alphamundigroup.com/impact-alphamundi/

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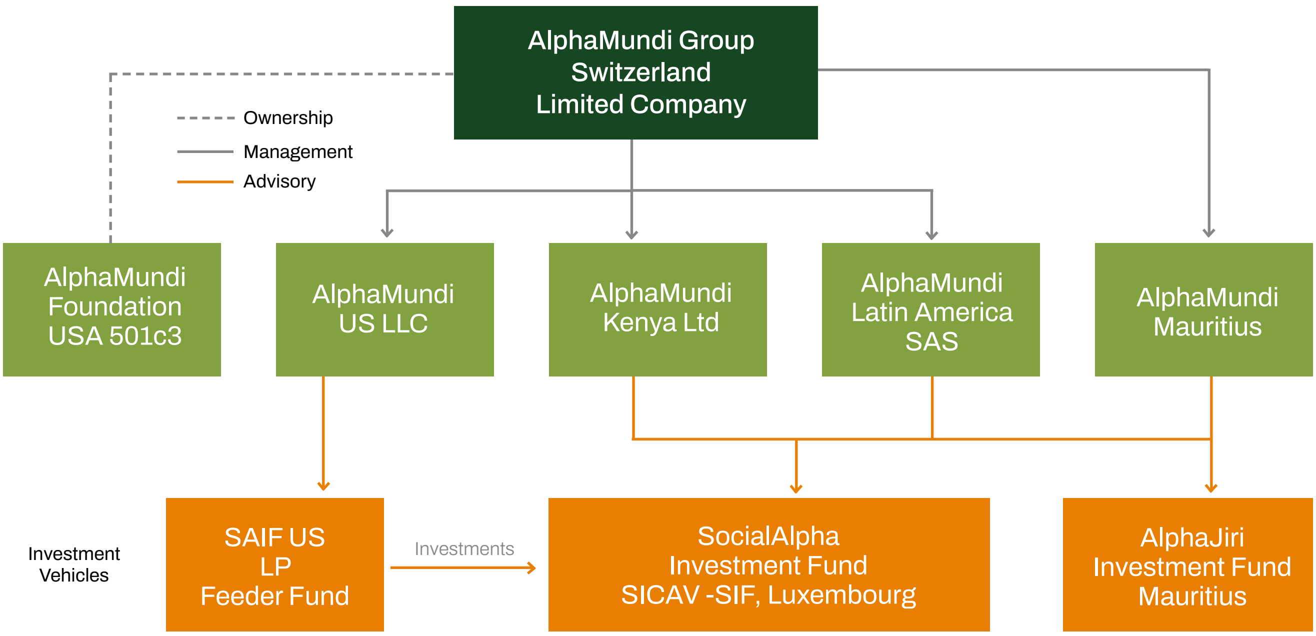
Our offices

Our team

Our organization



Impact is an idea whose time has come.
Let us move beyond the selfish capitalism
of today, overthrow the dictatorship of profit,
put impact firmly by its side to keep it in check,
and usher in a new era of impact capitalism.

–

Sir Ronald Cohen (2020), Chair,
The Global Steering Group for Impact Investment

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