

## Article 10 (SFDR)

### Website disclosure for an article 8 fund

# **The Enterprise Expansion Platform RAIF - ENEF II Western Balkans (the "Compartment")**

The purpose of this disclosure is to provide investors with the information to be made available in accordance with Article 10 of the 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 **"EU SFDR"**).

The AIFM with the assistance of the European Bank for Reconstruction and Development (the **"Investment Advisor"**) has drafted this disclosure in alignment with the Commission Delegated Regulation (EU) 2022/1288 supplementing EU SFDR with regard to regulatory technical standards specifying the details of various matters under EU SFDR (the **"EU SFDR CDR"**).

Version	Date	Description of the amendment
1.0	Example: 26 September 2023	For example: First issuance of the website disclosure
1.1		

A	<u>SUMMARY</u>
	<p>Le Compartiment favorise les caractéristiques environnementales et sociales en investissant dans des petites et moyennes entreprises, ainsi que dans des sociétés privées de plus grande taille constituées dans les Balkans occidentaux ou investissant dans des projets destinés à être mis en œuvre dans cette région. Le Compartiment a pour vocation de promouvoir les caractéristiques environnementales et sociales 1) en améliorant les performances environnementales, sociales et en matière de gouvernance (ESG) des entreprises bénéficiaires et 2) en évitant, par le recours à des critères d'exclusion, les activités préjudiciables aux facteurs environnementaux, sociaux et de bonne gouvernance. Le Compartiment favorise les caractéristiques environnementales ou sociales, mais n'a pas pour objectif l'investissement durable.</p> <p>Le Compartiment se consacre plus particulièrement à l'amélioration des performances ESG des entreprises bénéficiaires en adoptant une démarche active de dialogue avec lesdites entreprises avant et surtout après investissement. Le Compartiment applique dans un premier temps des critères d'exclusion aux investissements potentiels (voir plus loin). Les entreprises bénéficiaires potentielles retenues à l'issue de cette sélection (et qui ne font l'objet d'aucune autre restriction d'investissement du Compartiment) sont ensuite évaluées pour déterminer les risques et les opportunités ESG qu'elles présentent, afin de quantifier les améliorations qui pourraient potentiellement être réalisées et d'élaborer un plan d'action ESG adapté engageant l'entreprise bénéficiaire. Après l'investissement, le conseiller en placement assiste l'entreprise bénéficiaire dans la mise en œuvre du plan d'action ESG.</p> <p>La gouvernance de chaque entreprise bénéficiaire est évaluée au cours des vérifications effectuées au titre de la diligence raisonnable. Le cas échéant, le Compartiment aide l'entreprise bénéficiaire à améliorer sa gouvernance et les recommandations appropriées sont intégrées dans le plan d'action ESG qui lui est destiné.</p> <p>Au moins 75 % des investissements du Compartiment sont alignés sur les caractéristiques environnementales et sociales promues par celui-ci. La part des investissements du Compartiment n'étant pas alignés sur les caractéristiques environnementales et sociales promues par celui-ci est plafonnée à 25 %. Le Compartiment n'a pas vocation à réaliser des « investissements durables » au sens de l'article 2, point 17, du règlement de l'UE sur la publication d'informations en matière de durabilité dans le secteur des services financiers (SFDR). La part minimum des investissements du Compartiment conformes au Règlement (UE) 2020/852 du Parlement européen et du Conseil du 18 juin 2020 sur l'établissement d'un cadre visant à favoriser les investissements durables (« taxonomie de l'UE ») est de 0 %.</p> <p>Le conseiller en placement effectue un suivi des caractéristiques environnementales et sociales que le Compartiment cherche à favoriser et des indicateurs de durabilité utilisés pour mesurer la réalisation desdites caractéristiques en demandant à chaque entreprise bénéficiaire de soumettre un rapport ESG annuel. Le conseiller en placement examine les rapports ESG annuels afin de surveiller les performances des entreprises bénéficiaires. Dans certains cas, un consultant externe indépendant est chargé de vérifier les performances des entreprises bénéficiaires.</p> <p>Le Compartiment définit des indicateurs de durabilité appropriés afin de mesurer le degré de réalisation des caractéristiques qu'il cherche à promouvoir. Le Compartiment peut, pour évaluer l'amélioration des performances ESG des entreprises bénéficiaires, recourir à une</p>

	<p>série d'indicateurs de durabilité en fonction du secteur, de la taille et du stade de développement desdites entreprises (voir la section G plus loin). Des indicateurs de durabilité spécifiques sont définis au cas par cas pour chaque entreprise bénéficiaire et sont, lorsque cela est possible, agrégés pour l'ensemble du portefeuille du Compartiment. Le conseiller en placement veille à disposer de capacités internes lui permettant d'évaluer le risque ESG des investissements. Dans le souci d'éviter les activités préjudiciables aux facteurs ESG, le Compartiment examine tout investissement potentiel au regard des critères d'exclusion et mesure la réalisation de chaque caractéristique à l'aune desdits critères (en faisant état du pourcentage (%) du capital attribué aux entreprises bénéficiaires entrant dans le champ des critères d'exclusion, qui, pour éviter toute ambiguïté, devrait être de 0 %) (voir la section G plus loin). Avant l'investissement, le conseiller en placement examine tout investissement potentiel à l'aune des critères d'exclusion, en procédant à des demandes d'informations justifiées.</p> <p>Le conseiller en placement s'informe directement auprès des entreprises bénéficiaires et peut également avoir recours à des sources complémentaires (publiques ou protégées), variables selon les pays et les secteurs où exerce l'entreprise bénéficiaire potentielle. Dans certains cas, des consultants externes peuvent être chargés d'effectuer les vérifications qui s'imposent au titre de la diligence raisonnable. Les données et la documentation fournies par les entreprises bénéficiaires sont analysées par le conseiller en placement et servent à suivre les progrès réalisés par rapport au plan d'action ESG de l'entreprise concernée. Le conseiller en placement prend des mesures raisonnables pour assurer la qualité des données.</p> <p>Étant donné la taille modeste des entreprises bénéficiaires prévues, il est probable que la qualité des données soit quelque peu limitée. Le conseiller en placement tient compte de cet aspect. Cette qualité limitée ne devrait pas affecter la manière dont sont réalisées les caractéristiques environnementales et sociales que le Compartiment s'efforce de favoriser.</p> <p>Le conseiller en placement effectue des vérifications préalables approfondies concernant chaque entreprise bénéficiaire potentielle, en s'appuyant sur un cadre établi de politiques et de procédures en matière de diligence raisonnable. Le Compartiment se consacre plus particulièrement à l'amélioration des performances ESG des entreprises bénéficiaires des investissements dans le cadre d'une démarche active de dialogue avec lesdites entreprises avant et après investissement.</p> <p>Aucun indice n'est désigné comme référence permettant de déterminer si le Compartiment se conforme bien aux caractéristiques environnementales et sociales qu'il entend promouvoir.</p>
B	<u>NO SUSTAINABLE INVESTMENT OBJECTIVE</u>
	This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.
C	<u>ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT</u>
	The Compartiment will invest in small or medium-sized enterprises and larger private companies incorporated, or investing in projects to be implemented, in the Western Balkans. The Compartiment intends to promote the following environmental and social characteristics:

	<p>1) <b>Improvement of environmental, social and governance ("ESG") performance of investee companies:</b> The Compartment will seek to improve the ESG performance of investee companies by promoting the environmental and / or social characteristics most relevant to each investee company, which will be determined on a case-by-case basis and tailored to the specific ESG risks and opportunities associated with each investment. The promoted environmental and social characteristics may include, but will not be limited to:</p> <ul style="list-style-type: none"> <li>a) Reduction of greenhouse gas emissions;</li> <li>b) Reduction of waste and pollution;</li> <li>c) Increase in the use of recyclable and recycled materials;</li> <li>d) Increase the adoption of practices consistent with the circular economy;</li> <li>e) Improvements in energy and resource efficiency;</li> <li>f) Improvements in particular environmental, social or good governance factors in respect of supply chains;</li> <li>g) Improvements in the health &amp; safety conditions of the operations;</li> <li>h) Increase the diversity of the employees; and</li> <li>i) Increase the opportunities or employment and training of youth.</li> </ul> <p>2) <b>Avoiding activities detrimental to environmental, social and good governance factors:</b> The Compartment will seek to identify and invest in companies that do not engage in activities that are detrimental to environmental, social and good governance factors by applying exclusion criteria agreed with the Compartment's investors ("<b>Exclusion Criteria</b>"). The Exclusion Criteria are explained more fully in section D below and a complete list can be found at Annex A to this website disclosure.</p>
D	<p><u><b>INVESTMENT STRATEGY</b></u></p>
	<p>The Compartment will focus on providing development and expansion capital through secured and unsecured financing instruments (including equity) to private companies incorporated or investing in projects to be implemented in the Western Balkans. The target companies are likely to be small/medium in size and with high growth potential. In line with the ESG strategy of the Compartment and with respect to co-investments that will be made together with the Investment Advisor, specific focus will be put on improving the ESG performance of the investee companies using an active approach to engaging with the investee companies pre- and post-investment.</p> <p>The Compartment will aim to screen potential investments for ESG-related risks and will develop a company specific ESG action plan that will be binding on the investee company. The Compartment intends to engage with investee companies post-investment to support the implementation of the relevant ESG action plan and intends to monitor the investee companies' progress towards the ESG action plan.</p> <p>The binding elements of the Compartment's investment strategy used to select the investments to attain the environmental and social characteristics sought to be promoted are as follows:</p> <ul style="list-style-type: none"> <li>i. <b>Initial Screening:</b> during the preliminary analysis stage, the Investment Advisor will screen each potential investment using the Exclusion Criteria (see below). The potential</li> </ul>

investee companies that pass this negative screening test (and which are not subject to any other investment restriction of the Compartment), would then be subjected to a preliminary assessment aiming to identify the main areas of ESG opportunities and risks in their operations;

- ii. **ESG Due Diligence and Development of an ESG Action Plan:** during the detailed analysis stage, the Investment Advisor will conduct more detailed due diligence in the main areas of ESG opportunities and risks, with a view to quantifying the potential improvements that can be achieved and devising a suitable action plan. External consultants would be engaged in this exercise where suitable. This stage would typically result in development of a detailed ESG action plan, which would be agreed with the investee company and documented in the investment/loan agreement;
- iii. **Implementation of the ESG Action Plan:** following the signing of the investment/loan agreement, the Investment Advisor will support the investee company in the implementation of the ESG action plan. This would be done by involving suitable consultants, where necessary to provide the investee company with the required expertise to achieve the specific objectives set out in the ESG action plan;
- iv. **Monitoring and Reporting:** each investee company will be required to report periodically (typically once a year) on the execution of its ESG action plan. The Investment Advisor will monitor this process closely and will devise corrective measures, where for some reason the implementation is behind schedule or not on track; and
- v. **Reporting to the Compartment Investors:** the Investment Advisor will report periodically (typically once a year) on the ESG achievements of the individual investee companies and the whole portfolio to the Compartment Investors to ensure accountability as well as to share lessons learned.

The Compartment intends to rely on the significant in-house capabilities of the Investment Advisor (which will co-invest alongside the Compartment), as well as on external consultants, where relevant.

The Exclusion Criteria include, but are not limited to:

- a) investments which are included in the Compartment's 'Prohibited Investments List' which include, but are not limited to: illegal activities; arms manufacturing; production of /or trade in tobacco products or distilled alcoholic products; the operation of casinos or other gambling facilities; pornography and/or prostitution; and racist and/or anti-democratic media;
- b) investments which are included in the Compartment's 'Environmental And Social Exclusion List', which includes activities relating to: the trade in certain illegal and/or hazardous substances; unsustainable fishing; activities which are prohibited by laws and conventions protecting biodiversity resources or cultural heritage; child or forced labour; keeping of animals for fur production; and the force-feeding of ducks and geese;
- c) investments in SMEs and larger companies working in carbon intensive sectors, including, but not limited to: thermal coal mining; coal-fired electricity generation; mining and quarrying; manufacture of rubber and plastic products; manufacture of cement, lime,

	<p>plaster, leather-related products, pulp and paperboard, coke and refined petroleum products; production of aluminium, lead, zinc, tin, copper and other non-ferrous metals; logging; processing of nuclear fuel; wholesale of solid, liquid and gaseous fuels; retail sale of automotive fuel in specialised stores; and freight transport by road (except when it involves hybrid or electric vehicles);</p> <p>d) investments in entities included on the Investment Advisor's 'List of Ineligible Entities', which is updated from time to time and can be found on the Investment Advisor's website (<a href="https://www.ebrd.com/ineligible-entities.html">https://www.ebrd.com/ineligible-entities.html</a>); and</p> <p>e) Investments which are included in the 'KfW Group and IFC Exclusion List' which include, but are not limited to: production or trade in controversial weapons or critical components thereof, alcoholic beverages, tobacco, radioactive material, asbestos or any product or activity which is illegal or subject to an international ban or national phase-out or prohibition; destruction or significant impairment of areas particularly worthy of protection; destructive fishing methods; nuclear power plants; gambling and casinos; and coal mining activities.</p> <p>A full list of The Exclusion Criteria is contained in Annex A to this disclosure.</p> <p>The Compartment's policy to assess good governance practices of the investee companies is to assess the corporate governance of each investee company during the due diligence phase (see section J below), taking into account the size of the company and the local practices. In particular, the Compartment will take into account management structures, employee relations, remuneration of staff, financial and other reporting, and tax compliance though incorporation of such factors into its due diligence and monitoring procedures.</p> <p>Where necessary, the Compartment will support the investee company in improving its corporate governance and the appropriate recommendations will be included in the ESG action plan for that company (see section K below).</p>
E	<p><u>PROPORTION OF INVESTMENTS</u></p>
	<p>The minimum proportion of the Compartment's investments that will be aligned with the environmental and social characteristics sought to be promoted is 75% of the investments.</p> <p>The remaining proportion of the Compartment's investments will be kept to a maximum of 25% of investments. Such investments will include investments in companies operating in sectors that do not pose any significant ESG-related challenges or in companies that have already achieved a good level of ESG performance and any subsequent ESG-related gains generated by the Compartment's investment may be small. A typical example would be a company that operates in the software industry, which has a small environmental footprint, good working practices and proper corporate governance. The purpose of these investments is to achieve diversification of the Compartment's portfolio and enhance its returns, while supporting companies that already adhere to good ESG practices. All investments will be subject to appropriate ESG-related due diligence and the Exclusion Criteria applies to all of the Compartment's investments.</p> <p>The Compartment does not intend to make any 'sustainable investments' within the meaning of Article 2(17) of the EU SFDR. The Compartment will have a minimum share of 0% of investments</p>

	<p>that are aligned with the EU Taxonomy. The Compartment does not invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy.</p> <p>All of the Compartment's exposures to investee companies are expected to be direct exposures, meaning that the Compartment will be providing direct equity in, or lending to, such companies. However, there may be a number of limited occasions where the Compartment's exposure to investee companies is an indirect exposure e.g. through an investment in a holding company.</p>
F	<p><b><u>MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS</u></b></p> <p>Throughout the lifecycle of the Compartment, the environmental and social characteristics sought to be promoted and the sustainability indicators used to measure the attainment of each characteristic will be monitored by the Investment Advisor. More specifically, each investee company will be required to submit an annual ESG report, where it will provide data on progress with implementation of the ESG action plan (including the promoted environmental and social characteristics) and any other relevant items. The annual ESG reports submitted by the investee companies will be reviewed by the Environmental and Social department and other relevant units of the Investment Advisor. This review aims to ensure the data integrity and the availability of sufficient details to track the relevant indicators. In certain cases, for example when the financing instrument provided to an investee company has sustainability-linked features, it may be necessary to involve an independent external consultant to verify the performance of the investee company against the key performance indicators and confirm the achievement of the ESG improvements stipulated in the financing instrument.</p> <p>Based on the annual ESG reports of the investee companies, the Investment Advisor will prepare an annual report for the ESG performance of the Compartment. This report will summarize the performance of the individual investee companies and provide aggregate portfolio-level metrics and indicators, where feasible.</p>
G	<p><b><u>METHODOLOGIES</u></b></p> <p>To measure how the characteristics sought to be promoted by the Compartment are attained, the Compartment will use the following sustainability indicators:</p> <ol style="list-style-type: none"> <li>1) <b>Improvement of ESG performance of investee companies:</b> due to the significant diversity of the potential investments of the Compartment with regards to the sector, size and stage of development of the investee companies, there are a wide range of potential sustainability indicators that the Compartment may identify in order to measure the attainment of this characteristic. Accordingly, specific sustainability indicators will be defined on a case-by-case basis for each investee company and aggregated across the portfolio of the Compartment, where feasible. The Compartment may identify indicators such as (but not limited to):</li> </ol>



- i. Reduction in the CO<sub>2</sub>e emissions of the investee company as a whole, measured in tonnes per annum or per unit of output, measured in kg;
- ii. Reduction in the use of energy from fossil fuels, measured by the share of energy usage from fossil fuels in total energy usage;
- iii. Reduction in the use of water, measured in m<sup>3</sup> per unit of output;
- iv. Reduction in the use of non-recycled or non-recyclable materials, measured in tonnes per unit of output or as the share of non-recycled or non-recyclable materials in all materials;
- v. Reduction in the amount of waste, measured in kg per unit of output or in tonnes per annum for the whole company;
- vi. Increase in the use of energy from renewable energy sources, measured in MWh in aggregate or in kWh per unit of output;
- vii. Attainment of third-party verification in respect of real estate such as production facilities and other buildings (for example, attainment of "Very Good" status from BREEAM);
- viii. Improvements in the energy efficiency of production facilities, buildings measured by the amount of primary energy reduced during the reporting period GJ/year;
- ix. Implementation of appropriate health & safety and HR policies, as well as Occupational Health and Safety Management Systems, that meet and/or exceed the Investment Advisor's applicable requirements;
- x. Implementation of appropriate environmental management systems;
- xi. Improvements in the diversity of the investee company's employees as a ratio of a given group of employees in the total number of employees;
- xii. Development and implementation of a Stakeholder Engagement Plan; and
- xiii. Other suitable indicators, which are relevant to the promoted environmental and / or social characteristics.

2) **Avoiding activities detrimental to ESG factors:** The Compartment shall consider all potential investments against the Exclusion Criteria and will measure attainment of this characteristic with reference to compliance with the Exclusion Criteria in respect of all investments (reporting on percentage (%) of capital deployed to investee companies that fall within the scope of the Exclusion Criteria which, for the avoidance of doubt, is expected to be 0%).

The Methodologies used in respect of the above indicators are as follows:

a) **Improvement of ESG performance:** the Investment Advisor has developed its internal capabilities to assess the ESG risk of the investments. More specifically, it has specialized teams providing advice on Environmental, Health and Safety issues, energy efficiency and climate change, gender and social inclusion, as well as corporate governance. Inputs from

	<p>these teams (where available), and, otherwise, input from external consultants engaged on behalf of the Compartment, will be used in screening of the potential investee companies as well as in defining the indicators to measure ESG performance. In cases where a sustainability-linked instrument is structured, a second-party opinion from an external advisor may be also sought on the materiality of the chosen indicators and the level of ambition for their improvements.</p> <p><b>b) Avoiding activities detrimental to ESG factors:</b> the Investment Advisor's pre-investment due diligence processes take into account the Exclusion Criteria. The Investment Advisor will screen all potential investments against the Exclusion Criteria based on the Investment Advisor's reasonable enquiries and will not proceed with a potential investment if it is not compliant.</p>
H	<p><u>DATA SOURCES AND PROCESSING</u></p>
	<p><b>a. data sources used to attain each of the environmental and social characteristics promoted by the Compartment</b></p> <p>As part of the pre-investment due diligence, each potential investee company will be required to fill in questionnaires developed by the Investment Advisor, as well as provide any relevant data and documentation with regards to its ESG performance and other relevant matters.</p> <p>Where non-company level data is required, the Investment Advisor may use additional sources (publicly available or proprietary), which will vary depending on the country and sector of the potential investee company. In certain cases, the Investment Advisor may also engage external consultants to carry out various due diligence and data collection activities.</p> <p>In terms of ongoing monitoring, the Investment Advisor will obtain data directly from investee companies (through the submission of an annual ESG report and additional engagement (see section K below)) and by carrying out its own due diligence (or using external consultants).</p> <p><b>b. the measures taken to ensure data quality</b></p> <p>Given that some of the investee companies will be small and medium-sized enterprises, it is expected that the initial amount and quality of the data available on their ESG performance may be limited and not always of consistently high quality. This can be mitigated to some extent in two main ways:</p> <ol style="list-style-type: none"> <li>1) by collecting data on readily observable or measurable indicators; and / or</li> <li>2) by providing Technical Assistance to the investee companies to improve their capacity to collect and report such data</li> </ol> <p>The data will be reviewed by the Investment Advisor and if there are inconsistencies or other data quality issues, reasonable efforts will be made to address them to the extent possible.</p>

	<p><b>c. how data are processed</b></p> <p>The data and documentation that will be provided by the potential investee companies before an investment is made will be analyzed by the Investment Advisor for the purposes of establishing the baseline and devising the ESG action plan. Where feasible, it will be compared to similar data available for other companies operating in the same line of business.</p> <p>The data and documentation that will be provided by the investee companies post investment will be analyzed by the Investment Advisor for the purposes of tracking the progress in the achievement of the ESG action plan and the general compliance with other applicable obligations of the investee company. Where feasible, the data on ESG indicators applicable to several investee companies in the Compartment's portfolio will be aggregated to track the overall impact achieved by the Compartment's investments.</p> <p><b>d. the proportion of data that are estimated</b></p> <p>The proportion of data that will be estimated will depend on what indicators will be used and the data availability for each of them. This is likely to vary from one investee company to another. To the extent possible, the Investment Advisor will make efforts to use standardized indicators with observable data points. However, on occasions, this may not be possible. In such cases, estimates may be used to the extent they can be reliably obtained, using a recognized methodology.</p>
I	<u>LIMITATIONS TO METHODOLOGIES AND DATA</u>
	<p><b>a. limitations to the methodologies described under section G above and the data sources described under section H above</b></p> <p>The Compartment intends to invest in SMEs and larger companies in the Western Balkans, which are relatively small by international standards and, as such, are not always well-equipped to provide high quality data on all ESG-related matters. The Investment Advisor will take this into account when processing any data provided by the potential investee companies and will not place undue reliance on data points that cannot be easily verified.</p> <p>The Investment Advisor does not expect to process or rely on primary data received from investee companies for the purpose of deriving ESG ratings or assessing against screening criteria. It will conduct its own due diligence for these purposes. Therefore, any primary data limitations are not expected to significantly affect the assessment of a potential investee company's eligibility for an investment by the Compartment.</p> <p>Where quantitative data is not available, the Investment Advisor may undertake a qualitative assessment of relevant areas of ESG risks and opportunities, utilizing its significant internal capacity and experience in working in the region covered by the Compartment.</p>

	<p><b>b. how such limitations do not affect how the environmental or social characteristics promoted by the Compartment are met</b></p> <p>The above potential limitations are not expected to affect how the environmental and social characteristics promoted by the Compartment are met because:</p> <ul style="list-style-type: none"> <li>i. the ESG risks and opportunities can be identified and assessed in several different ways and the Investment Advisor is experienced and well-resourced for this purpose; and</li> <li>ii. an appropriate ESG action plan can be devised, even where there is limited data available upfront, and the Investment Advisor intends to provide assistance to the investee companies of the Compartment.</li> </ul>
J	<u><b>DUE DILIGENCE</b></u>
	<p>The Investment Advisor will conduct a thorough due diligence in respect of each potential investee company. The Investment Advisor is a supranational bank with a development mandate and has an established framework of due diligence policies and procedures, which will apply in respect of the investments of the Compartment. More specifically, each investment will be subject to a two-stage approval process implemented by the Investment Advisor, which will be in addition to the two-stage approval process by the Alternative Investment Fund Manager of the Compartment. As part of this approval process, each potential investment will be subject to a thorough appraisal process involving a significant number of internal departments of the Investment Advisor, which aims to ensure that any investment that is referred to the Compartment meets the applicable criteria and is structured with a view to achieving the objectives of the Compartment. In addition to the internal resources of the Investment Advisor, where necessary, the Compartment may involve specialised external consultants to carry out due diligence on certain aspects of the investee company and the proposed financing structure.</p>
K	<u><b>ENGAGEMENT POLICIES</b></u>
	<p>The Compartment will focus on improving the ESG performance of investee companies using an active approach to engaging with the investee companies pre- and especially post-investment. The Investment Advisor's active approach includes the development of a detailed ESG action plan agreed with the investee company and providing support with implementation of the ESG action plan. Where necessary, the Compartment will support the investee company in improving its corporate governance and the appropriate recommendations will be included in the ESG action plan. The execution of the ESG action plan will be monitored by the Investment Advisor and if implementation is behind schedule or not on track, the Investment Advisor will devise corrective measures.</p> <p>The engagement policies implemented by the Compartment include:</p> <ul style="list-style-type: none"> <li>1) Each investee company will be required to commit to the execution of a suitably-defined ESG action plan as part of the investment;</li> </ul>

	<p>2) Each investee company will be required to submit an annual ESG report that details its progress with the implementation of the ESG action plan;</p> <p>3) Each investee company will be required to notify the Investment Advisor and the Compartment in case any sustainability-linked breaches, incidents or controversies occur – in such cases, the Investment Advisor will follow its policies for engaging with the investee company to resolve such issues;</p> <p>4) The Investment Advisor will carry out periodic monitoring of each investee company, which, among other things, will include discussions with management on specific ESG topics of interest (not limited to those included in the ESG action plan);</p> <p>5) Through the use of external consultants, the Investment Advisor will support the investee companies in improving their performance in selected ESG areas and building their internal capacity;</p> <p>6) In cases where the Compartment holds an equity position in an investee company, it may nominate a member or observer to the board of directors of the investee company, who would be involved in any relevant decision making, including on ESG matters;</p> <p>7) In cases where the Compartment holds an equity position in an investee company, it will exercise its voting rights, whenever feasible, based on guidance provided by the Investment Advisor, in cases where a shareholders' vote is required.</p>
L	<u>DESIGNATED REFERENCE BENCHMARK</u>
	No index is designated as a reference benchmark to determine whether the Compartment is aligned with the environmental and social characteristics that it seeks to promote.