#  **WEBSITE DISCLOSURE UNDER ARTICLE 10 OF SFDR**

**FOR A FINANCIAL PRODUCT HAVING A SUSTAINABLE INVESTMENT AS THEIR OBJECTIVE ACCORDING TO ARTICLE 9 OF SFDR**

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| **Product name:** NIXDORF KAPITAL IMPACT FUND S.C.S., SICAV-RAIF – BURNING ISSUES IMPACT FUND |  |
| **Legal entity identifier/ISIN: N/A** |  |
| **Publication date:** 31 December 2024 |  |

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| Version 2 |  |
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| 1. **Summary**
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| Sustainable Investment Objective:The Burning Issues Impact Fund (the ‘Fund’) invests directly in innovative entrepreneurial solutions which contribute to the overall transition to a regenerative economy. Its investment objective is to help achieve the most critical/”burning” United Nations’ Sustainable Development Goals (‘SDGs’) by investing into European based mid-/ late venture or early growth stage companies (the ‘Portfolio Companies’ or ‘Portfolio Company’), that provide transformative solutions to help reach these most critical/burning SDGs. The Fund sees the following SDGs as the most critical/burning goals for achieving its sustainable investment objectives, including certain social goals:1. Environmental related:
* Climate Action (13),
* Responsible Consumption & Production (12),
* Innovation & Infrastructure (9)
* Affordable & Clean Energy (7)
* Sustainable Cities & Communities (11)
* Zero Hunger (2),
* Life below water (14),
* Life on Land (15)
1. Social related :
* Gender Equality (5),
* Good Health & Wellbeing (3).

The Fund invests on a sector-agnostic basis across five impact verticals, which support the achievement of the pre-defined SDGs:1. Green Innovation & Energy Efficiency,
2. Food Safety & Food Systems Transformation,
3. Circular Economy & Conscious Commerce,
4. Affordable Healthcare,
5. Smart Cities & Smart Infrastructure

The Fund will invest at least 85% of its Assets under Managements (‘AuM’) in direct investments which qualify as sustainable investments contributing to environmental objectives and at least 5% of its AuM which qualify as sustainable investments contributing to social objectives.At the time of the launching of the Fund, the Fund does not commit to making sustainable investments which are aligned with the EU Taxonomy and the minimum percentage of sustainable investments aligned with EU Taxonomy is 0%. The minimum share of investments in transitional and enabling activities is 0%. The Fund currently expects a minimum of 85% of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.The amount of liquid assets, such as cash (#2 Not Sustainable) as ancillary liquidity will be up to 10% of AuM and the use of these investments does not affect the delivery of the sustainable investment objective on a continuous basis. There are no minimum environmental or social safeguards for these investments.Impact indicators:The Fund uses a range of sustainability indicators to measure the attainment of its sustainable investment objective depending on the economic activity and the business model of the Fund’s Portfolio Companies (e.g. reduction in levels of CO2 or GHG emitted, CO2 removed (i.e. from air), costs for energy supply reduced, decrease energy utilized for fridge storage, reduction levels of water used, reduction in plastic use, amounts of reused electric car batteries).For each Portfolio Company the Fund will define up to three draft impact indicators (the ‘Draft Impact Indicators’) pre-investment stage. Post-investment, the pre-defined Draft Impact Indicators will be further discussed and agreed in close collaboration with each Portfolio Company and set as final impact indicators (the ‘Final Impact Indicators’) based on the initial Draft Impact Indicators. All Final Impact Indicators will be matched with the IRIS+ framework. Chi Impact Capital (the ‘Investment Advisor’) closely collaborates with the Fund’s Portfolio Companies in defining, measuring and monitoring the Final Impact Indicators throughout the life-time of each investment. The Draft and Final Impact Indicators of the Fund’s Portfolio Companies are defined on a case-by-case basis depending on the specific sector the Portfolio Company operates in and on the specific business model of the Portfolio Company. The status and progress of the Final Impact Indicators will be reported by the Portfolio Companies on a periodic (bi-annualy) basis and tracked by the Investment Advisor.DNSH assessment:The Fund will perform a DNSH assessment for each investment opportunity. Such assessment will be performed by (i) taking into account Principles of Adverse Impact indicators (the ‘PAI indicators’) and (ii) applying a Minimum Safeguards Questionnaire (‘MS’) excluding Portfolio Companies falling within any of the following categories (i) human rights, (ii) anti-Corruption, (iii) tax compliance, (iv) fair competition.Good governance practices policy:The Investment Advisor conducts a Conscious Company Check (the ‘CCC’) pre-investment stage. As part of the CCC and for any investment considered, the Fund will apply the MS as regards the sustainable investment alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Next to the MS the Fund will monitor good governance practices of each Portfolio Company throughout the investment's holding period. Investment process:Each Portfolio Company will go through stringent investment process steps including during the holding period. The Investment Advisor will carry out the relevant steps and during the due diligence of each investment opportunity and will be responsible in the ongoing monitoring of Final Impact Indicators, the DNSH assessment and good governance practices during the investment's holding period. The investment process applied to any investment opportunity of the Fund will include a two-step due diligence approval of the Investment Advisor before the investment recommendation is sent to the Fund’s Alternative Investment Fund Manager (‘AIFM’) in Luxembourg for final approval. The Investment Advisor will apply several screening and monitoring checks as regards the monitoring and management of sustainability indicators, such as:1. Due diligence/ pre-investment:
	* Draft Impact Indicators
	* First Conscious Company Check (CCC)
2. During holding phase:
	* Final Impact Indicators
	* Impact Dashboard for each of the Fund’s Portfolio Companies, including
		+ SDG template,
		+ Continued Conscious Company Check (CCC),
		+ Impact indicator template (incl. IRIS+)
		+ Impact Management Project (the ‘IMP’) template (from 2023 onwards)

The Final Impact Indicators of the Portfolio Companies will be aligned with the IRIS+ metrics of the Global Impact Investing Network (GIIN). The alignment with IRIS+ metrics can be both, quantitative and qualitative (e.g. good governance, empowerment, social inclusion).There are limitations around data availability and quality for privately owned companies which need to be individually considered by the Investment Advisor. Information from third party data providers is rarely available for privately held companies, in particular as regards companies in the mid-/ late venture and early growth stage phase the Fund seeks to invest in. Due to scarcity of external data for the Fund’s Portfolio Companies the Fund may use a combination of data sources (to the extent relevant for each Portfolio Company). Data related to Draft and Final Impact Indicators, may be based on* proxy methodology
* best-in-class approach
* data provided from the individual Portfolio Company.

The Final Impact Indicators will be updated bi-annually and reported to the Fund’s investors on a bi-annually basis. The Investment Advisor will undertake a Do-not-significant-harm (‘DNSH’) assessment for each investment.Controversies will feed into the bi-annual investor report as regards the impact performance of each Portfolio Company. The resulting actions will be defined individually for each Portfolio Company as part of the ongoing engagement process.No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of the Fund. |
| 1. **No significant harm to the sustainable investment objective**

The Fund’s investments do not cause significant harm to any environmental or social sustainable investment objectives, as the Fund only invests into companies with core-regenerative business models. Core regenerative businesses are businesses that per se do not cause any significant harm on an environmental or on a social level but rather help contribute with their transformative business models to positively create environmental- or social impact with the company’s core product or service. The Fund also conducts DNSH assessments, taking into account PAI indicators as well as applying a Minimum Safeguards Questionnaire (‘MS’). Sustainability- or impact- related controversies will feed into the annual review of the Portfolio Company’s impact performance:1. PAI indicators: taking into account the indicators relating to the principal adverse impacts on sustainability factors ("PAI Indicators") in Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288 ("SFDR RTS") and one PAI indicator each in Tables 2 and 3 of the same Annex I (see Section 2.1 below) AND
2. Minimum Safeguards Questionnaire: described in more detail below (Section 2.2 below)
 |
| * 1. **How are indicators for adverse impacts in Table 1 of Annex I of Delegated Regulation (EU) 2022/1288 and any relevant indicators in Tables 2 and 3 of that Annex taken into account?**
 |
| PAI indicators will be taken into account pre- and post-investment as follows:* 1. Pre-investment: all mandatory PAI indicators based on Table 1 of Annex I SFDR RTS by reviewing collected PAI indicator data in the context of each investment and ensuring that investments do not significantly harm any environmental or social objectives. The Fund applies two additional PAI indicators, one in Table 2 and one in Table 3 of the same Annex I, namely:
		1. Investments in companies without water management policies;
		2. Lack of a human rights policy.
	2. Post-investment/ holding period: evaluation of PAI indicators across the entire portfolio on a quarterly basis, where possible, to ensure that at least stable and/or improving levels are achieved. In case there is an adverse move, the Investment Advisor will evaluate on a case-by case basis, which consequences this change might have on the DNSH assessment and consequently on the classification of the particular investment as a sustainable investment.

The Investment Advisor takes into account these PAI indicators by collecting data and applying minimum thresholds for each PAI indicator which must be met by the Portfolio Companies. Since the Fund invests in Portfolio Companies from different sectors with very differing business models, the Investment Advisor will define such minimum thresholds individually for each Portfolio Company, for example and if suitable by comparing the Portfolio Company's performance to that of comparable companies or publicly available sector data or by analyzing whether the Portfolio Company has undertaken reasonable steps to minimize principal adverse impacts resulting from its economic activities.The Fund will undertake best efforts to obtain available data on the PAI indicators. "Best Efforts" means that the Fund is committed to obtain data on each of the PAI indicators: for example either directly from the Portfolio Company, or by carrying out additional research, working with third party data providers or if necessary external (sector) experts or by making reasonable assumptions.Reporting on PAI indicators will be made available to investors as part of the Fund’s annual disclosure. |
| * 1. **Is the sustainable investment aligned with the OECD Guidelines for Multinational Enterprises and the UN Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?**
 |
| The Investment Advisor uses a Minimum Safeguards Questionnaire (‘MS’), which is an integral part of the DNSH check for each Portfolio Company of the Fund. To ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the Fund will apply the MS and excludes Portfolio Companies falling within any of the following categories:* Human rights,
* Anti-Corruption,
* Tax compliance,
* Fair competition.

Pre-Investment: the Fund will check all potential Portfolio Companies for positive and negative criteria across the four mentioned dimensions. Examples of questions are:* Human rights:
	+ Has your company been convicted by a court of violating labor rights, human rights or consumer rights?
	+ Has your company made any type of commitment in relation to human rights, e.g. on your homepage, in your statutes, in a policy or in any other document?
* Bribery & corruption:
	+ Has your company been convicted by a court of bribery or corruption?
	+ Has your company been accused of bribery or corruption?

The result will be an overall evaluation, if the Portfolio Company adheres to the MS. Relevant changes will be reported to the Investment Advisor as an obligation set out in the side letter (the ‘Side Letter’). |
| 1. **Sustainable investment objective of the financial product**
 |
| The Fund is a sector agnostic impact venture fund investing in European based companies, which offer solutions, that have the potential to contribute to the transition towards a sustainable economy for the specific sector the Portfolio Company operates in.The Fund’s investment objective is to achieve a contribution to the most critical SDGs, namely:1. Environmental related:
* Climate Action (13),
* Responsible Consumption & Production (12),
* Innovation & Infrastructure (9)
* Affordable & Clean Energy (7)
* Sustainable Cities & Communities (11)
* Zero Hunger (2),
* Life below water (14),
* Life on Land (15)
1. Social related :
* Gender Equality (5),
* Good Health & Wellbeing (3).

Each sustainable investment should positively contribute to at least one of those SDGs. The Fund invests across five thematic impact verticals, which support the achievement of the pre-defined SDGs, namely:* Green innovation & energy efficiency,
* Food safety & food systems transformation,
* Circular economy & conscious commerce,
* Care & affordable healthcare,
* Smart cities & smart infrastructure.
 |
| 1. **Investment strategy**
 |
| * 1. **What investment strategy is used to attain the sustainable investment objective?**
 |
| The Fund invests exclusively in innovative entrepreneurial solutions which contribute to the overall transition to a regenerative economy and where the achievement of a social- and/or environmental impact is a core component of the DNA of the respective Portfolio Company, aligning the Fund’s strategy towards the impact definition of the Global Impact Investing Network (the ‘GIIN’): “Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”The Fund invests directly in mid-/ late venture and early growth stage companies based in Europe that help solving the most burning SDGs. In order to achieve the defined sustainable investment objectives, the Fund follows a consistent sustainability-/ impact related investment process, and applies certain criteria throughout the investment process:* Contribution
* DNSH (MS and PAIs)
* Good governance
* Reporting.

The Fund applies a stringent sustainability-/ impact investment process where sustainability/ impact indicators as well as potential risk factors are considered before investing and throughout the investment process/ holding period. Such sustainability assessments are an integral part of the Fund's investment strategy:* Contributions: The Fund will consider sustainability indicators before investing, and throughout the investment process. All sustainable investments in the Fund will aim to positively contribute to at least one of the defined SDGs outlined above. The Fund also applies good governance practices as well as DNSH assessments.
* Exclusions: the Fund will not knowingly invest in any activity that has any exclusion criteria as set out above in the MS.

Moreover, the Fund will apply exclusion criteria excluding Portfolio Companies falling within any of the following categories:* Nuclear companies;
* Fossil fuel projects or fossil fuel producing companies;
* Companies that undertake de-forestation;
* Companies that undertake illegal fisheries or harmful fishery activities;
* Hydropower damn projects;
* Mining companies.
 |
| * 1. **What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?**
 |
| The Investment Advisor conducts a Conscious Company Check (the ‘CCC’) pre-investment stage/ during due diligence. As part of the CCC and for any investment considered, the Fund will apply the MS as regards the sustainable investment alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Next to the MS the Fund will monitor good governance practices (e.g. management structure, employee relations, remuneration of staff, tax compliance) of each Portfolio Company throughout the investment's holding period.  |
| 1. **Proportion of investments**
 |
| Investments#1SustainabeEnvironmentalOther #2 Not sustainableSocial**#1 Sustainable**covers sustainable investments with environmental or social objectives.**#2 Not sustainable**includes investments which do not qualify as sustainable investments. |
| The Fund will invest 85% of its AuM in sustainable investments (#1 Sustainable) contributing to environmental objectives and 5% of its AuM in sustainable investments contributing to social objectives. The Fund’s holding of liquid assets, such as cash (#2 Not Sustainable) can be up to of 10% of its AuM. All investments are direct investments.  |
| * 1. **How does the use of derivatives attain the sustainable investment objective?**
 |
| Not applicable. |
| * 1. **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**
 |
| The Fund does not commit to making sustainable investments which are aligned with the EU Taxonomy (i.e. which meet all requirements of Art. 3 EU Taxonomy); therefore, the minimum percentage of sustainable investments aligned with EU Taxonomy is 0%. |
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| *The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.* |
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\*  *For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures* |

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| * 1. **What is the minimum share of investments in transitional and enabling activities?**
 |
| 0% |
| * 1. **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**
 |
| As mentioned under Section 5.2 above, the Fund's commitment to EU Taxonomy alignment of sustainable investments is 0%. Therefore, the Fund currently expects a minimum of 85% of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Fund invests in sustainable investments with an environmental objective that are not EU Taxonomy-aligned for the following reasons: * Limited / no available data to determine EU Taxonomy-alignment;
* underlying economic activities of the Portfolio Companies may not be eligible under the EU Taxonomy's currently available technical screening criteria or may not comply with all requirements set out in such technical screening criteria.
 |
| * 1. **What is the minimum share of sustainable investments with a social objective?**
 |
| The Fund is still in the investment period and will most likely also invest a minimum of 5% in sustainable investments with a social objective. |
| * 1. **What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**
 |
| Investments included under ‘#2 Not sustainable” include cash. The amount of cash and other assets will be up to 10% of the AuM. The use of these investments will not affect the delivery of the sustainable investment objective on a continuous basis. There are no minimum environmental or social safeguards for investments included under '#2 Not sustainable'. |
| 1. **Monitoring of sustainable investment objective**
 |
| * 1. **How are the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective monitored throughout the lifecycle of the financial product?**
 |
| The Fund uses a range of impact indicators to measure the attainment of the sustainable investment objective of the Fund depending on the type of Portfolio Company, its sector as well as its business model. Pre-investment: for each Portfolio Company the Fund defines a set of up to three draft impact indicators (the ‘Draft Impact Indicators’). This is a pre-investment high level qualitative assessment undertaken by the Investment Advisor during due diligence. Post-investment: the pre-defined Draft Impact Indicators will be further discussed and agreed in close collaboration with each Portfolio Company and collaboratively agreed as final impact indicators (the ‘Final Impact Indicators’). On the basis of the Final Impact Indicators the Investment Advisor and the Portfolio Company will define individual impact targets (the ‘Impact Targets’) based on the Portfolio Company’s product and business model, which can be both quantitative and qualitative. All Final Impact Indicators will be matched with the IRIS+ framework. The status of Final Impact Indicators and the progress on the Impact Targets will be reported by the Portfolio Companies on a periodic (bi-annual) basis and tracked by the Investment Advisor. The measurement of the Final Impact Indicators will enable the assessment of the positive contribution of each investment according to the defined SDGs and thematic impact verticals.Since the Fund invests in mid-/ late venture/ early growth stage Portfolio Companies from different sectors with very differing business models, applying general Impact Targets and/ or minimum thresholds for the above outlined impact indicators across the entire portfolio is currently not suitable and/ or possible. The Investment Advisor will define such Impact Targets individually for each Portfolio Company, for example and if suitable by comparing the Portfolio Company's product and business model to that of comparable companies or publicly available sector data or by assessing whether and to what extend the Portfolio Company contributes to the individual Impact Target based on its economic activities.In order to define the Final Impact Indicators and apply the most realistic individual Impact Targets for each investment, each Portfolio Company will go through a stringent impact investing process including the following steps:1. Due diligence/ pre-investment:
	* Draft Impact Indicators
	* First Conscious Company Check (CCC)
2. During holding phase:
	* Final Impact Indicators
	* Impact Dashboard for each of the Fund’s Portfolio Companies, including
		+ SDG template,
		+ Continued Conscious Company Check (CCC),
		+ Impact indicator template (incl. IRIS+)
		+ Impact Management Project (the ‘IMP’) template (from 2023 onwards)

In addition, the Fund applies PAI indicators as well as MS in order to adhere to the sustainable investment objective (see 2.1 and 2.2 above). |
| * 1. **What are the related internal and external control mechanisms?**
 |
| Throughout the holding period the Investment Advisor is in close alignment and frequent exchange with the Portfolio Companies, both on their financial as well as their impact performance.The Investment Advisor’s portfolio management function will carry out the above steps and the Investment Advisor’s risk management function will check the application of the Final Impact Indicators as well as the assessment of the CCC during the due diligence of each investment opportunity and will be involved in the ongoing monitoring of DNSH criteria as well as good governance practices during the Portfolio Company’s holding period.As an external control mechanism serves the close and intense collaboration with the Fund’s AIFM IQEQ in Luxembourg. The Investment Advisor closely collaborates with the various teams of IQEQ with respect to the investment approval and regarding risk controlling and valuation/revaluation of the Portfolio Companies of the Fund.  |
| 1. **Methodologies**
 |
| * 1. **What are the methodologies used to measure the attainment of the sustainable investment objective and how are the sustainability indicators to measure the attainment of that sustainable investment objective used?**
 |
| The Investment Advisor uses a number of sustainability indicators consisting of the Final Impact Indicators as set out in the below tables in order to measure the attainment of its sustainable investment objective depending on the economic activity and the business model of the Portfolio Company.

|  |  |  |
| --- | --- | --- |
| **Green innovation & energy efficiency** | **Food safety & food systems transformation** | **Circular economy & conscious commerce** |
| Reduction in levels of CO2 or GHG emitted | Reduction food loss - reduction levels of CO2 | Amounts of waste reduced |
| CO2 removed (i.e. from the air) | Reduction levels of methane emitted | Reduction levels of CO2 or other GHG emitted |
| Amounts of material (i.e. biochar) stored in soil | Decrease energy utilized for fridge storage | Reduction in plastic use |
| Costs for energy supply reduced | Reduction levels of water used | Amounts of reused electric car batteries |
| Amounts of CO2 turned into minerals – reduction in energy storage costs | Reduction levels of food losses caused by molds | Reduction of collection costs of the recyclable waste |
|  | Numbers of animals saved / replacement of livestock |  |

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| --- | --- |
| **Smart cities and smart infrastructure** | **Care & affordable healthcare** |
| Reduction in fossil driven car traffic | Number of individuals benefitted |
| Reduce levels of CO2 / carbon emissions reduced (i.e. direct carbon sequestration and storage) | Number of individuals with increased wellbeing |
| Reduced building energy for heating and/or cooling | Reduce levels of CO2 |
| Air quality improved | Reduction in hospital stay |
| Urban heat island effect mitigated |  |

For each Portfolio Company the Fund will define up to three individual Draft Impact Indicators pre-investment stage. Post-investment, the pre-defined Draft Impact Indicators will be further elaborated and set as Final Impact Indicators during the investment’s holding period. On the basis of the Final Impact Indicators the Investment Advisor and the Portfolio Company will define individual impact targets (the ‘Impact Targets’) based on the Portfolio Company’s product and business model, which can be both quantitative and qualitative. All Final Impact Indicators will be matched with the IRIS+ framework.The individual Final Impact Indicators and related Impact Targets are oriented at the IRIS+ framework (IRIS Catalog of Metrics) and defined on a case-by-case basis to allow for the individual specifications as regards business model and/ or product of the Portfolio Company and to also provide for each “Theory of Change” approach. The Final Impact Indicators and Impact Targets are tracked on an annual basis and will reported to the investors of the Fund. All Impact Targets contribute towards the achievement of the sustainable objectives of the Fund as set out under Section 3 above. |
| 1. **Data sources and processing**
 |
| * 1. **What data sources are used to attain the sustainable investment objective of the financial product?**
 |
| Due to scarcity of the external data for private equity portfolio companies, in particular with regards to mid-/ late venture/ early growth stage companies, the Fund predominantly uses * In-house data provided by the Portfolio Companies, notably gathered through questions that are asked during the due diligence process and post-investment engagement;
* In-house/ own research on the basis of the economic activities, the business model and/ or product of the Portfolio Companies.

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| * 1. **What measures are taken to ensure data quality?**
 |
| The Investment Advisor ensures high data quality through regular consultations with its Portfolio Companies. The Investment Advisor carefully assesses the data source, quality and the methodology used, if any. The Portfolio Companies are encouraged to pro-actively inform the Investment Advisor about most recent data and provide regular reports.  |
| * 1. **How are data processed?**
 |
| Data from all possible sources are processed and stored internally, including the information provided by the Portfolio Companies.  |
| * 1. **What is the proportion of data that are estimated?**
 |
| Data related to the Final Impact Indicators (including the Impact Targets) (see above) may be based on in-house assessment and/ or proxy methodology, in particular in the early stages of the investment process for a new investment, see also Section 6 above. |
| 1. **Limitations to methodologies and data**
 |
| * 1. **What are limitations to the methodologies and the data sources?**
 |
| There are limitations around data availability and quality for privately owned companies, in particular for mid-/ late venture/ early growth stage companies, which need to be considered by the Fund on an individual basis. The Portfolio Companies usually do not issue public reports on non-financial issues and information from third party data providers is rarely available for privately held Portfolio Companies.  |
| * 1. **Why do such limitations not affect the attainment of the sustainable investment objective?**
 |
| As regards data limitations, the Investment Advisor does not expect that these limitations will affect the attainment of the sustainable investment objective, because the Fund will mainly rely on data from the potential Portfolio Companies under review and/ or proxy methodology, where applicable. |
| 1. **Due Diligence**
 |
| * 1. **What due diligence is carried out on the underlying assets of the financial product?**
 |
| The Investment Advisor aims to complete a full Due Diligence ("DD") process within 3 months. The Investment Advisor has a stringent DD process that is displayed on a high level below:1. Preliminary screening stage:

After having kicked off the dialogue with the potential Portfolio Company, the DD continues with a primary screen of topics such as: fund alignment, growth potential/burning SDG/megatrend, intrinsic impact, market, team, business model/scalability, funding. 1. Concept DD stage: In this stage, the Investment Advisor focuses on: firm-specific fundamentals, risk-return assessment, financials & macroeconomic analysis.
2. Pre-investment decision stage: Based on the concept DD, the Investment Advisor prepares a proposal for the Investment Committee ("IC") and the IC decides to pursue the investment opportunity with a requirement of a ‘unanimity minus one’ vote.
3. Extended DD stage: Following the IC pre-investment decision, the process enters into extended DD including: financial valuation, milestone agreement, stakeholder reference checks, interviews/possibly side visits, external specialist input if necessary, non-binding term sheet and pre-investment proposal, review of legal documentation and negotiation, performance of the SFDR Art. 9 checks (i.e. (1) Do No Significant Harm Test, which is composed of the PAI questionnaire and the MS, (2) Contribution Test and (3) good governance check).
4. Final investment decision stage: A final investment proposal is submitted to the IC which then needs to vote a second time on the basis of a ‘unanimity minus one’ vote. Given a positive IC vote, the final investment advice is submitted to IQEQ for final approval and execution (including final legal documents).
 |
| * 1. **. What are internal and external controls on that due diligence?**
 |
| The Investment Advisor’s portfolio management function will carry out the relevant steps (see Section 10.1) and the Investment Advisor’s risk management function will check the application of the Final Impact Indicators as well as the assessment of the CCC during the due diligence of each investment opportunity and will be involved in the ongoing monitoring of DNSH criteria as well as good governance practices during the Portfolio Company’s holding period.As an external control mechanism serves the close and intense collaboration with the Fund’s AIFM IQEQ in Luxembourg. The Investment Advisor closely collaborates with the various teams of IQEQ with respect to the investment approval and regarding risk controlling and valuation/revaluation of the Portfolio Companies of the Fund. |
| 1. **Engagement Policies**
 |
| * 1. **What are the engagement policies implemented?**
 |
| As part of the ongoing investment process, the Investment Advisor will determine Final Impact Indicators in close collaboration with each Portfolio Company. The ongoing engagement with the Portfolio Companies is intended to help improve the impact performance of each Portfolio Company and support to alignment with the overall sustainable objective of the Fund.Information as regards impact performance of each Portfolio Company will be updated bi-annually. The specific level of engagement and the resulting actions will be defined individually for each Portfolio Company together with the Investment Advisor.  |
| * 1. **If applicable, what are management procedures applicable to sustainability-related controversies in investee companies?**
 |
| Sustainability-related controversies will feed into the bi-annual review of the impact performance of each Portfolio Company. In addition, each Portfolio Company has undertaken to inform the Investment Advisor of any convictions or accusations relating to controversies in the four dimensions of the MS (see Section 2.2 above). The resulting actions will be defined individually for each Portfolio Company as part of the ongoing engagement process. |
| 1. **Attainment of the sustainable investment objective**
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| No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of the Fund.  |

**ANNEX**

**Appendix 1: Translation of “1. Summary” in German**

**Zusammenfassung**

Nachhaltiges Anlageziel:

Der Burning Issues Impact Fund (der „Fonds“) investiert direkt in innovative unternehmerische Lösungen, die zum Übergang zu einer regenerativen Wirtschaft beitragen. Das Anlageziel ist das Beitragen zur Erreichung der wichtigsten/brennendsten Ziele für nachhaltige Entwicklung der Vereinten Nationen („SDGs“). Dazu investiert er in europäische Unternehmen in der mittleren/späten oder in der frühen Wachstumsphase (die „Portfoliounternehmen“), die transformative Lösungen zur Erreichung dieser wichtigsten/brennendsten SDGs anbieten.

Der Fonds betrachtet die folgenden SDGs als die wichtigsten/dringlichsten Ziele zur Erreichung seiner nachhaltigen Anlageziele, einschließlich bestimmter sozialer Ziele:

1. Umweltbezogene Ziele:

* + Klimaschutz (13),
	+ Verantwortungsvoller Konsum und Produktion (12),
	+ Innovation und Infrastruktur (9),
	+ Bezahlbare und saubere Energie (7),
	+ Nachhaltige Städte und Gemeinden (11),
	+ Kein Hunger (2),
	+ Leben unter Wasser (14),
	+ Leben an Land (15),

2. Sozialbezogene Ziele:

* + Geschlechtergleichstellung (5),
	+ Gesundheit und Wohlbefinden (3).

Der Fonds investiert branchenunabhängig in fünf Impact-Vertikalen, die zur Erreichung der vordefinierten SDGs beitragen:

1. Grüne Innovation und Energieeffizienz,
2. Lebensmittelsicherheit und Transformation von Lebensmittelsystemen,
3. Kreislaufwirtschaft und bewusster Handel,
4. Bezahlbare Gesundheitsversorgung,
5. Intelligente Städte und Infrastruktur

Der Fonds investiert mindestens 85 % seines verwalteten Vermögens in Direktinvestitionen, die als nachhaltige Investitionen gelten und zu Umweltzielen beitragen, und mindestens 5 % seines verwalteten Vermögens in nachhaltige Investitionen, die zu sozialen Zielen beitragen.

Zum Zeitpunkt der Auflegung des Fonds verpflichtet sich der Fonds nicht zu nachhaltigen Investitionen, die der EU-Taxonomie entsprechen. Der Mindestanteil nachhaltiger Investitionen, die der EU-Taxonomie entsprechen, beträgt 0 %. Der Mindestanteil von Investitionen in Übergangs- und Unterstützungsmaßnahmen beträgt 0 %. Der Fonds erwartet derzeit mindestens 85 % nachhaltige Investitionen mit Umweltzielen, die nicht der EU-Taxonomie entsprechen.

Der Betrag an liquiden Mitteln, wie z. B. Barmitteln (Nr. 2: Nicht nachhaltig), als ergänzende Liquidität beträgt bis zu 10 % des verwalteten Vermögens. Die Nutzung dieser Anlagen beeinträchtigt nicht kontinuierlich die Erreichung des nachhaltigen Anlageziels. Für diese Anlagen gelten keine Mindestanforderungen an Umwelt oder Soziales.

Wirkungsindikatoren:

Der Fonds nutzt eine Reihe von Nachhaltigkeitsindikatoren, um die Erreichung seines nachhaltigen Anlageziels zu messen. Diese Indikatoren hängen von der Wirtschaftstätigkeit und dem Geschäftsmodell der Portfoliounternehmen des Fonds ab (z. B. Reduzierung der CO2- oder Treibhausgasemissionen, Entfernung von CO2 (z. B. aus der Luft), Senkung der Energiekosten, Verringerung des Energieverbrauchs für die Kühllagerung, Reduzierung des Wasserverbrauchs, Reduzierung des Kunststoffverbrauchs, Menge wiederverwendeter Elektroautobatterien).

Für jedes Portfoliounternehmen definiert der Fonds vor der Investition bis zu drei vorläufige Wirkungsindikatoren (die „vorläufigen Wirkungsindikatoren“). Nach der Investition werden die vordefinierten vorläufigen Wirkungsindikatoren in enger Zusammenarbeit mit jedem Portfoliounternehmen weiter besprochen und vereinbart und auf Grundlage der ursprünglichen vorläufigen Wirkungsindikatoren als endgültige Wirkungsindikatoren (die „endgültigen Wirkungsindikatoren“) festgelegt. Alle endgültigen Wirkungsindikatoren werden mit dem IRIS+-Rahmenwerk abgeglichen.

Chi Impact Capital (der „Anlageberater“) arbeitet eng mit den Portfoliounternehmen des Fonds zusammen, um die endgültigen Wirkungsindikatoren während der gesamten Laufzeit jeder Investition zu definieren, zu messen und zu überwachen. Die vorläufigen und endgültigen Wirkungsindikatoren der Portfoliounternehmen des Fonds werden fallweise festgelegt, abhängig von der Branche, in der das Portfoliounternehmen tätig ist, und dem jeweiligen Geschäftsmodell des Portfoliounternehmens. Status und Fortschritt der endgültigen Wirkungsindikatoren werden von den Portfoliounternehmen regelmäßig (halbjährlich) gemeldet und vom Anlageberater verfolgt.

DNSH-Bewertung:

Der Fonds führt für jede Investitionsmöglichkeit eine DNSH-Bewertung durch. Diese Bewertung erfolgt (i) unter Berücksichtigung der Indikatoren der Grundsätze für negative Auswirkungen (die „PAI-Indikatoren“) und (ii) unter Anwendung eines Fragebogens zu Mindestschutzmaßnahmen („MS“). Portfoliounternehmen, die in eine der folgenden Kategorien fallen, werden ausgeschlossen: (i) Menschenrechte, (ii) Korruptionsbekämpfung, (iii) Steuerkonformität, (iv) fairer Wettbewerb.

Richtlinie zu guten Unternehmensführungspraktiken:

Der Anlageberater führt vor der Investition einen Conscious Company Check (CCC) durch. Im Rahmen des CCC und für jede in Betracht gezogene Investition wendet der Fonds die MS hinsichtlich der Ausrichtung nachhaltiger Investitionen an den OECD-Leitsätzen für multinationale Unternehmen und den UN-Leitprinzipien für Wirtschaft und Menschenrechte an. Zusätzlich überwacht der Fonds die Good-Governance-Praktiken jedes Portfoliounternehmens während der gesamten Haltedauer der Investition.

Anlageprozess:

Jedes Portfoliounternehmen durchläuft strenge Schritte des Anlageprozesses, auch während der Haltedauer. Der Anlageberater führt die relevanten Schritte und die Due Diligence jeder Anlagemöglichkeit durch und ist während der Haltedauer der Anlage für die laufende Überwachung der endgültigen Impact-Indikatoren, der DNSH-Bewertung und der Good Governance-Praktiken verantwortlich.

Der Anlageprozess für jede Anlagemöglichkeit des Fonds umfasst eine zweistufige Due-Diligence-Genehmigung des Anlageberaters, bevor die Anlageempfehlung zur endgültigen Genehmigung an den Alternative Investment Fund Manager (AIFM) des Fonds in Luxemburg übermittelt wird.

Der Anlageberater führt verschiedene Screening- und Monitoring-Prüfungen im Hinblick auf die Überwachung und das Management von Nachhaltigkeitsindikatoren durch, darunter:

1. Due Diligence/Vorinvestition:
	* Entwurf der Impact-Indikatoren
	* Erster Conscious Company Check (CCC)
2. Während der Haltephase:
	* Final Impact-Indikatoren
	* Impact Dashboard für jedes Portfoliounternehmen des Fonds, einschließlich
* SDG-Vorlage,
* Kontinuierlicher Conscious Company Check (CCC),
* Impact-Indikator-Vorlage (inkl. IRIS+)
* Vorlage für das Impact Management Project (IMP) (ab 2023)

Die finalen Impact-Indikatoren der Portfoliounternehmen werden an den IRIS+-Kennzahlen des Global Impact Investing Network (GIIN) ausgerichtet. Die Ausrichtung an den IRIS+-Kennzahlen kann sowohl quantitativ als auch qualitativ erfolgen (z. B. gute Unternehmensführung, Empowerment, soziale Inklusion).

Für privat geführte Unternehmen gibt es Einschränkungen hinsichtlich der Datenverfügbarkeit und -qualität, die vom Anlageberater individuell berücksichtigt werden müssen. Informationen von externen Datenanbietern sind für privat geführte Unternehmen, insbesondere für Unternehmen in der mittleren/späten Venture- und frühen Wachstumsphase, in die der Fonds investieren möchte, selten verfügbar.

Aufgrund der Knappheit externer Daten zu den Portfoliounternehmen des Fonds kann der Fonds eine Kombination verschiedener Datenquellen nutzen (soweit für jedes Portfoliounternehmen relevant). Daten zu den vorläufigen und endgültigen Impact-Indikatoren können auf Folgendem basieren:

* Proxy-Methode
* Best-in-Class-Ansatz
* Daten des jeweiligen Portfoliounternehmens.

Die endgültigen Impact-Indikatoren werden halbjährlich aktualisiert und den Anlegern des Fonds ebenfalls halbjährlich gemeldet. Der Anlageberater führt für jede Investition eine „Do-not-significant-harm“-Bewertung („DNSH“) durch.

Kontroversen fließen in den halbjährlichen Anlegerbericht hinsichtlich der Impact-Performance jedes Portfoliounternehmens ein. Die daraus resultierenden Maßnahmen werden im Rahmen des laufenden Engagement-Prozesses für jedes Portfoliounternehmen individuell festgelegt.

Zur Erreichung des nachhaltigen Anlageziels des Fonds wurde kein Referenzwert festgelegt.