

SUSTAINABLE INVESTMENT POLICY

SYMBIOTICS ASSET MANAGEMENT SA

Summary	This policy describes how the Funds managed or advised by Symbiotics Asset Management SA ("the Company" or "SYAM") target sustainable investment within the meaning of Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR").	Date
Approved by	Executive Committee	03/06/2024
Target audience	Public	

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1. PURPOSE

The purpose of this policy (“the Policy”) is to establish the framework utilized by SYAM in pursuit of its impact objectives outlined in its Articles of Incorporation, and to uphold Symbiotics Group’s Impact Promise. The Company is positioned as a long-term oriented asset manager of reference for impact-driven strategies through primarily debt instruments that yield a positive social and environmental impact in emerging and frontier economies.

For the sake of clarity, all investment products managed by SYAM are classified under Article 9 SFDR, meaning they have sustainable investment as their objective.

2. SCOPE

This Policy applies to SYAM and shall be complied with by all employees of the Company (the “Employees”). Sustainability serves as a fundamental principle throughout the entire investment decision-making process of the Company, from the inception of the investment concepts, portfolio development, investment decision making process, and ongoing monitoring and assessment. This commitment extends to the services provided by the Company to all the Funds, whether discretionary or advisory mandates.

The Company commits to applying this Policy consistently across its activities through procedures and methodologies.

3. DEFINITIONS

“Deal Originator” means an external entity providing certain investment services to SYAM comprising, but not limited to, analysis and research, due diligence, deal origination, deal documentation, investment servicing, investment monitoring and when applicable, distressed investment recovery.

“Do No Significant Harm” (“DNSH”) refers to a precautionary principle under SFDR ensuring that no environmental or social objective is significantly harmed by an investment. The DNSH principle requires that the environmental and social risks are sufficiently low or mitigated, which is demonstrated by using PAI (as defined below) indicators.

“ESG” means Environmental, Social and Governance.

“Financial Product” means a Fund domiciled within the EU managed or advised by the Company.

“Greenhouse Gas (GHG) emissions” means emissions of carbon dioxide (CO₂), methane (CH₄), nitrous dioxide (N₂O), and fluorinated gasses, including sulfur hexafluoride (SF), hydroflouorocarbons (HFCs) and perflouorocarbons (PFCs).

“Impact Investing” refers to investments intended to generate a measurable, beneficial social and/or environmental impact alongside a financial return. Important differentiating factors are the intentionality of an investment in a sector, or an activity that has such a positive impact; the management process that allows for a direct impact or an impact approach; and the measurability of the impact through relevant key performance indicators.

“Investee” means a borrower financed by the Company through discretionary or advised Funds as further defined in each Fund’s prospectus according to its investment strategy.

“Principal Adverse Impact” (“PAI”) is a negative effect that an investment may have on Sustainability Factors (e.g. adverse impacts on the physical, natural, or cultural environment and on surrounding community and workers resulting from the business activity supported by an investment).

“Regulatory Technical Standards” (“RTS”) refers to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of “DNSH”, including methodologies and presentation of information in relation to Sustainability Indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

“Sustainable Development Goals (SDGs)” means the 17 United Nations Sustainable Development Goals 2030 adopted by all United Nations Member States in 2015.

“Sustainable Finance Disclosure Regulation” (“SFDR”) refers to 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.

“Sustainability Factors” means environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

“Sustainability Risk” means an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

“Sustainable Investment” means an investment in an economic activity that contributes to an environmental or social objective. This doesn't just mean they avoid causing harm, but also that they actively contribute to positive change. Additionally, these businesses should be well-managed and operate ethically.

“Sustainable Indicators (SIs)”: means measurable environmental or social indicators used to monitor the achievement of the SIOs, which must be reported in the Funds' documentation.

“Sustainable Investment Objective” (“SIO”) means the environmental and/or social objective pursued by the Fund.

“Symbiotics Group” refers to Symbiotics Group SA, the holding company of SYAM.

“Target Investee” meaning a potential Investee for which financing is under consideration.

4. SYMBIOTICS IMPACT PROMISE

Throughout its investment value chain, SYAM implements Symbiotics Group's Impact Promise:

- **Emerging Economies:** the Company's investment universe is defined as emerging and frontier economies, targeting low- and middle-income markets and Target Investees. The Company seeks to deploy capital to where it normally does not flow, reaching out through investments.

- **Responsible Investments:** ESG risks that might affect the value of its investments are integrated into the Company's investment process. The Company also screens for environmental and social adverse impact that its activities may have on its target markets.
- **Sustainable Objectives:** sustainable objectives are assigned to each investment and the Company reports on the key impact indicators tracking them, aligned with the SDG framework. The Company thereby aims to measure the positive development and contributions of its activities.

5. SUSTAINABLE FINANCE FRAMEWORK

5.1 Regulatory Compliance

As a Fund Manager of EU-domiciled investment Funds, the Company complies with SFDR and associated sustainable finance regulations such as the RTS and the Taxonomy Regulation ("TR"). SFDR introduces obligations related to disclosures at Company and Financial Product level, including pre-contractual and periodic disclosures. These disclosures ensure that investors have greater transparency before investing in a Financial Product or soliciting investment advice.

The Company's core competency lies in managing Financial Products which are investment funds (the "Funds") with sustainable investment objectives as per Art. 9 SFDR. Funds classified under Article 9 SFDR are required to monitor their impact achievements and to assess their portfolios against the DNSH principle by considering the PAI of investment decisions on Sustainability Factors and incorporating considerations of the minimum safeguards specified in the TR.

Additionally, as a Swiss regulated asset manager, SYAM complies with FINMA Guidance 05/2021 Preventing and Combating Greenwashing. The Guidance sets out its expectations and current practice regarding the management of sustainability-related criteria at Financial Product and Company level.

As a member of the Asset Management Association Switzerland (AMAS), SYAM complies with AMAS Self-regulation on transparency and disclosure for sustainability-related collective assets. These standards align with SFDR requirements, ensuring compliance with AMAS Self-regulation.

5.2 Minimum Safeguards

SYAM sets a number of minimum investments safeguards in compliance with relevant international sustainability standards. The methodology used by SYAM partly relies on the International Finance Corporation Performance Standards, the United Nations (UN) Guiding Principles on Business and Human Rights, International Bill of Human Rights, International Labour Organization Standards, and Equator Principles.

SYAM also considers the OECD Guidelines for Multinational Enterprise for investments into multinational companies and more specifically its key considerations for banks implementing the OECD Guidelines for Multinational Enterprises. Although these standards are not always appropriate considering most of SYAM's investments flow through small to mid-size enterprises, all transversal standards such as human rights, employment, environment, corruption and bribery, consumer interests, competition and taxation, are considered and adapted to the Target Investee.

6. SUSTAINABLE INVESTMENT PROCESS

6.1. Integration of Social or Environmental Objective

All Funds define their Sustainable Investment Objectives ("SIO") using the SDGs and define the share of social and environmental objectives of the Fund in pre-contractual disclosures.

These SIOs are then used as a criteria to select investment opportunities. Nevertheless, a Fund can target an evolving list of SDGs as long as they remain in line with the prospectus' investment strategy.

During the investment decision making process, SYAM ensures that the Target Investee contributes to at least one SDG and that this SDG corresponds to the specific SIOs of the Financial Product. This assessment relies on an internal methodology which is applicable to the full list of asset classes SYAM may be exposed to.

When the investments are made through Financial Institutions, the measurement of the contribution to a social or environmental objective is done by analyzing the use of the investments' proceeds. If not available, the portfolio composition, outreach or other relevant KPIs of the Financial Institution is used to measure contribution.

The Company utilizes different approaches to assess whether an investment aligns with the Fund's SIO, depending on the investment type:

- **Private Investments:** Information provided by the Deal Originator is used alongside internal analysis to assess the potential contribution to the Fund's SIO. The specific methods used are detailed in the SDG Allocation Methodology.
- **Listed Investments:** Public information and internal research are leveraged to evaluate the potential contribution to the Fund's SIO.

Based on this approach, SYAM delivers its mission and is able to assess its contribution to each SDG target.

6.2. Do No Significant Harm ('DNSH') Principle

To comply with SFDR and more specifically the DNSH principle, the Target Investee must also avoid causing significant harm while focusing on generating positive impact. For that purpose, SYAM uses two tools to filter out investments:

i. Exclusion list

For private debt instruments, SYAM ensures that the Target Investees do not finance activities included in the SYAM Exclusion list, or additional activities included in the Exclusion list required by the specific Fund, if applicable. SYAM's Exclusion list adheres to international standards set by development finance institutions such as the IFC and FMO. Specifically, Target Investees are prohibited from performing activities listed in the Exclusion list or financing any borrower involved in the activities listed in the list. The Exclusion list is incorporated into loan agreements and promissory notes for each Target Investee.

While direct control is limited for listed debt, SYAM utilizes global databases and internal analysis to identify potential conflicts with SYAM's Exclusion list at the time of investment and throughout the holding period.

ii. ESG integration in Investment Decisions

SYAM considers ESG factors of the Target Investee in its investment decision making process. SYAM relies on different sources:

- For **Private Investments**, the Deal Originator provides SYAM with the required level of ESG

information for each Target Investee. SYAM establishes minimum information requirements with each Deal Originator to uphold the 'DNSH' principle.

- For **Listed Investments**, SYAM utilizes a multifaceted approach to assess ESG factors, including external ESG data providers, and analysis of Target Investees' publications (ie annual reports).

For discretionary mandates, SYAM's Investment Committee Charter defines the specific role of ESG assessment in the investment decisions as per the prospectus of each Fund. This involves using ESG criteria as a filter or adjusting the approval process according to the potential risk of doing harm to Sustainability Factors.

For advisory mandates, the ESG assessment serves as a filter for selecting deals presented to the external portfolio manager. The specific filtering criteria are clearly defined in the mandate contractual documentation.

6.3. Principal Adverse Impact on Sustainability Factors

SYAM considers Principal Adverse Impacts ("PAI") on Sustainability Factors throughout the investment value chain, as required under SFDR.

Notably, the ESG assessment conducted during the initial due diligence and on-going monitoring of Target Investees plays a key role in identifying potential PAI risks. During the due diligence, the ESG assessment considers, when possible, the Target Investees' exposure to:

- the fossil fuel sector;
- high impact climate sectors;
- sectors potentially generating emissions to water;
- hazardous waste, and
- activities likely to affect biodiversity sensitive areas.

The Company's ESG assessment also considers the human resources practices of the Target Investees including gender considerations. Additional adverse impacts, specific to the Target Investees' activities, such as the lack of grievance/complaints handling mechanisms for employees, are assessed. This ESG assessment guides SYAM in understanding the potential PAI of its investment decisions.

For Private Investments, SYAM collaborates with Deal Originators to gather specific data points directly from the Investees on an annual basis. This allows the Company to report mandatory PAI indicators as defined by the RTS, alongside other relevant indicators. When investing in financial institutions, SYAM prioritizes a "look-through approach" to analyse the impact of the ultimate borrowers. This approach provides a more accurate picture of the PAI associated with the investment.

For Listed Investments, SYAM relies on external data providers who collect information from the Target Investees' annual reports or utilize proxy calculations for specific indicators.

Recognizing that certain PAI indicators are especially difficult to collect from non-EU Investees, SYAM may use proxy calculations. This is done notably for GHG emissions when necessary. SYAM

actively collaborates with industry peers to align data collection and calculation methodologies. This promotes consistency and facilitates the provision of relevant and comparable data by Target Investee.

7. MONITORING

7.1 Compliance with the minimum shares of sustainable investment

Based on the pre-contractual disclosures of each Financial Product, SYAM monitors on an on-going basis if each Fund fulfills its obligations towards investors, especially the minimum share of Sustainable Investments, whether Social or Environmental (TR aligned or not), in the Funds' portfolios.

A breach on the SIOs should be avoided.

Active Breaches: Investment decisions bringing the portfolio in breach of the minimum Sustainable Investment share for a specific Fund are considered active breaches of investment restrictions. SYAM should rectify such breach as soon as possible.

Passive Breaches: These can occur due to unforeseen circumstances beyond SYAM's control, such as:

- Material changes in an ESG assessment or SDG contribution, rendering it no longer sustainable and pushing the Fund's exposure below the minimum share of its respective SIOs,
- External events such as FX market movements, impacting the portfolio composition.

Passive breaches should be resolved in due course, by acting in the best interests of the investors.

Both active and passive breaches fall in the coverage of the following SYAM's procedures:

- Investment Compliance Procedure, which provides more in-depth explanation of the roles and responsibilities related to breach management, and
- Operational Incident Management Procedure.

7.2 Achievement of SIOs and related Sustainability Indicators

The environmental or social characteristics of the Financial Product, as well as its overall sustainable impact are periodically assessed based on evolving sustainable performance standards, through sustainability indicators. Sustainability Indicators measure the contribution of investments to the main SDG targets of the Fund. They include outreach indicators reported by investees on a recurring basis, when possible.

Throughout the life of an investment, SYAM periodically monitors these Sustainability Indicators and reviews whether their performance is in line with the SIOs of each Fund. Results of these reviews are presented to the relevant stakeholders.

8. SUSTAINABILITY RISK

8.1 Sustainability Risks approach

The Company utilizes a proprietary tool to assess Sustainability Risks associated with investments. This approach uses publicly available quantitative and qualitative information, complemented by an internal assessment (the "Sustainability Risk Approach").

The approach used to assess Sustainability Risks is limited by the level of information available and the use of proxy, potentially introducing a degree of subjectivity. As such, the level of detail may vary, impacting the consistency of the assessment across the portfolios.

The two main dimensions embedded in the Sustainability Risk Approach are:

- i. The **transition risk** which integrates the inherent risks for each Target Investee of a transition towards a society with greener, more environmentally-friendly practices, and higher social standards;
- ii. The **physical risk** which refers to the potential damages and losses that may occur due to the physical consequences of climate change and global warming.

Sustainability Risks can translate into negative impacts on the value of the Funds' investments by impairing assets or revenues, or by increasing liabilities, capital expenditures, operating and financing costs. Thus the severity of these risk depends on the sector and country of exposure of the Target Investees. As the country of exposure's information is easier to find, SYAM's Sustainability Risk Approach only relies on the Target Investees' country of exposure for now.

8.2 Integration within the Investment Process

The Sustainability Risk Approach is integrated in the investment decision process for all discretionary or advisory Funds via a sustainability risk assessment on each Target Investee.

For discretionary Funds subject to an Internal Investment Committee (the "Internal IC"), this is outlined in the "Internal Investment Committee Charter" of the Company. The Sustainability Risk Assessment is a mandatory consideration during the final investment decision-making process by the Internal IC.

For Funds which lack an Internal IC, the Portfolio Manager or Advisor conducts the Sustainability Risk Assessment internally. The results are then alongside the investment recommendation presented to the respective external portfolio manager or decision-making body.

The assessment is periodically reviewed to ensure the Financial Products' exposure to Sustainability Risk aligns with the desired risk / return profile of the investment strategy.

9. ENGAGEMENT

9.1 Action Plans

In certain situations, and where feasible, SYAM may encourage Target Investees to develop and implement Environmental or Social Action Plans (ESAPs). These plans aim to:

- maximize the investment positive impact, and;
- minimize the risk of the investment causing significant harm to Sustainability Factors.

These may be completed with Technical Assistance facilities provided by the Group to help the Investee in implementing these ESAPs effectively.

For investments with ESAPs, SYAM conducts periodic monitoring to assess progress. If the Investee fails to make adequate progress on the ESAP, even after proposed remediation measures, no new investment would be considered.

9.2 Affiliations

To nurture Symbiotics' Impact Promise and to raise awareness on sustainable investment principles, SYAM is a member of several global well-recognized sustainable investment initiatives:

- The Global Impact Investing Network (GIIN)
- Operating Principles for Impact Management (IFC)
- United Nations Principles for Responsible Investment (UN PRI)
- The Luxembourg Finance Labelling Agency (LuxFLAG)
- The Social Performance Task Force (SPTF)

In addition, SYAM actively collaborates with Impact Investing peers to develop and implement Impact Investment standards.

10. DISCLOSURES AND REPORTING

The achievement of the SIOs claimed by a Financial Product and identified in its pre-contractual documentation is reported on a regular basis in compliance with SFDR requirements.

10.1 Product-level sustainability-related disclosures

10.1.1 Prospectus

Each Fund includes a dedicated Annex within its prospectus that details the Fund's SIO (RTS Annex III or SIO Annex).

10.1.2 Audited Financial Statements

Funds disclose their PAI indicators on an annual basis. This information is reported in accordance with the RTS Annex V within the Annual Financial Statements. The information disclosed includes:

- The extent to which the Fund invests in Environmental and Social Sustainable Investment;
- The alignment of the Fund's Environmental Sustainable Investments with TR (if applicable);
- The overall sustainability-related impact of the Fund, measured using relevant Sustainability Indicators;
- The consideration of PAIs on sustainability factors;
- The minimum safeguards in place for non-sustainable investments and their purpose (i.e. cash and liquidity management).

10.1.3 Marketing Materials

SYAM produces periodically a snapshot of the Financial Products performance using factsheets or presentations which include, among other items, information on the impact performance of the Financial Product.

10.1.4 Website Disclosures

Each Financial Product managed or advised by SyAM complies with the SFDR obligation to publish SFDR related disclosure on a webpage. The disclosures are reviewed yearly.

10.1.5 Impact Reports

At the request of a Financial Products' investors or Board of Directors, SYAM prepares an in-depth impact report for that Financial Product. This report consolidates the product-level impact assessment based on internal and external research and data provided by SYAM and its Deal Originators. It utilizes both qualitative and quantitative data to illustrate the Financial Product's contribution to sustainable development during the reporting period.

10.2 Company level sustainability-related disclosures

The Company complies with entity-level disclosure requirements under SFDR.

The disclosures, available on Symbiotics' [website](#), are reviewed yearly.

Disclosures at entity level consist in describing the following:

- Integration of Sustainability Risks into the investment decision-making process;
- Integration of PAIs in the investment decision-making process; and making the summary accessible and downloadable;
- Integration of Sustainability Risks into the Company's Remuneration Policy.

11. APPROVAL

This document was approved by the Executive Committee during the meeting held on 03-06-2024.