

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: **ImpaktEU Pricaf**

Legal entity identifier: **98450075783C474TU540**

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the sustainable investments]*

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It made sustainable investments with a social objective: 100%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

To what extent was the sustainable investment objective of this financial product met?



As mentioned in the Placement Memorandum (Annex 9, Theory of Change) the Fund aims at contributing to built “a financial EU ecosystem more inclusive and environmentally sustainable. ImpaktEU wants to build a platform of responsible investors and financial institutions contributing to reduce social inequalities while taking care of the most fragile populations and our environment. ImpaktEU wants to boost job creation making economic growth more sustainable and inclusive. ImpaktEU wants to shape a greener Europe for everyone, reducing the environmental footprint of our society. ImpaktEU wants to grow a new generation of social

entrepreneurs and investors bringing disruptive models and innovative solutions to generate social impact”

To showcase ImpaktEU contribution to social cohesion and a more inclusive society the Fund has set 5 key impact objectives which will be regularly measured and reported on. These longterm objectives drive the investment strategy, encourage transparent reporting and will foster Impact Management & Measurement (IMM) implementation among ImpaktEU’s investees.

Outcomes	Impact Objectives (ToC)	
1. Fragile populations and excluded microentrepreneurs have improved their life conditions	30.000 Jobs created/ preserved	20.000 Beneficiaries at the bottom of the pyramid
2. Financial Institutions (FIs) have access to new resources to boost sustainable growth and strengthen their impact practices	65% FIs adopting formalized IMM strategies	15% FIs portfolio invested in labelled green products
3. Social Enterprises (SEs) have proven their sustainability and demonstrated their mission towards society	25% Fund size invested in sustainable social enterprises	

As of 31/12/2023, the Fund has a 4,7M€ outstanding portfolio over 7 investees: 80% MFIs, 10% small cooperative banks, 10% social enterprises. The average ticket per investee was 587k€.

● **How did the sustainability indicators perform?**

In 2023, the Fund pursued his impact objectives recalled above. The performance key impact indicators are analysed in the table below.

Sustainability indicators	As of 31/12/2023
SDG 1 – No Poverty	
# Active clients	20,709
% BoP Loans (loans < national GNI p.c.)	85%
# Loans to unbanked clients	10,536
# Rural clients	19,044
SDG 2 – No Hunger	
# Rural loans	20,507
% Portfolio dedicated to agriculture/livestock	28%
% Portfolio to micro-entreprises in agriculture	2%
# Loans to smallholders	2,781
SDG 5 – Gender Equality	
# Loans to women	11,497
# Loans to women for business development	7,145
% Women senior managers (at investee level)	42%
% Women in the work force (at investee level)	41%
SDG 8 – Decent Work & Economic Growth	
# Jobs created/maintained	30,871
# New business created	6,797
% Portfolio financing income generating activities	73%
SDG 10 – Reduced inequalities	
# Youth financed (<35)	4,439

# Unbanked clients	10,536
# Start-ups financed	190
Client retention rate	42%
% Investees offering non-financial services	100%
SDG 12 – Responsible Consumption & Production SDG 13 – Climate Action	
# Green loans	1,557
% Investees with environmental exclusion lists	83%
% Investees with environmental strategy	100%
% Investees monitoring internal ecological footprint	100%

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **...and compared to previous periods?** *[see previous table for indicators performance both in 2022 and 2023]*

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

In the pursuit of its sustainable objectives throughout all the reference period of this reporting, the Fund used Inpulse ESG System to avoid significant harm to any area of environmental or social concern related to every new investment. The search for sustainability was applied all across our investment process, from ex-ante integration of sustainable development objectives within the investment criteria of the Fund, and ex-post reporting on environmental and social impact. For 2023 ImpakteEU made sure that all investees were not only financially sustainable institutions, but they were also seeking to alleviate socio-economic problems, while applying the “do no harm” principle to their final clients (and to the environment they operated in).

In line with this principles, all due diligences made by the Investment Department were integrated by social due diligences made by the ESG Department.

To this end all the 7 investments made between 01/01/2023 and 31/12/2023, were implemented through using dedicated ESG procedures (in-depth described in the “Sustainability and ESG Policy”). An ESG Opinion was issued for every new investment (to score the ESG performances) and integrated into the Investment Notes addressed to the Ethical Committee of the Fund. The Ethical Committee has expressed an opinion as regards the impact alignment of every new potential investment with the objectives of the Fund, before it went to the Investment Committee for approval/refusal.

Moreover, the ESG/impact analysis during the due diligence phase have contributed to establish precise impact objectives with the new investees. Impact objectives have been thus included in each loan agreement subscribed in 2023 in the form of “impact pledges”.

How were the indicators for adverse impacts on sustainability factors taken into account?

PAI indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		2022
The institution has been involved in violations of <i>the UN Global Compact principles</i>	Yes	
	No	100%
	Partially	
The institution has policies in place to comply with <i>UN Global Compact</i>	Yes	83%
	No	
	Partially	
The institution has a <i>gender pay gap</i>	Yes	67%
	No	
	Partially	
Board <i>gender diversity (avg women to Board of Directors)</i>		19,5%
The institution is involved in <i>manufacturing/selling of controversial weapons</i>	Yes	
	No	100%
	Partially	
The institution has <i>human rights policies in place</i>	Yes	100%
	No	
	Partially	
The institution has an <i>appropriate system in place to collect and resolve employees complaints</i>	Yes	100%
	No	
	Partially	

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

The Fund's investments were aligned with sector best practices. In particular the ESG Scorecard recalled above (and used for FIs evaluation) has been conceived strongly taking into account the SPI Cerise as a base for internal development/adaptation. In fact, the SPI tool is aligned with the Universal Standards for Social and Environmental Performance Management for inclusive finance, and measures compliance with a range of leading international standards including the Sustainable Development Goals, the UN Global Compact, and standards developed by the ILO and OECD, among others.

Moreover, in all the loan agreements signed in 2023 with investees, the borrowers committed to ensure that relevant operations comply with applicable present and future local social and environmental standards applicable in national countries indicated within the Subscription Agreement. The borrowers also committed to use best available practices to minimize any adverse environmental effects in the conduct of its operations. The borrowers have to ensure at any moment compliance with the applicable national regulations.



How did this financial product consider principal adverse impacts on sustainability factors? *[see previous table on PAI indicators]*



What were the top investments of this financial product?

Asset allocation describes the share of investments in specific assets.



	Sector	% Assets	Country
FAER	MFI Tier 2	6,51	Romania
AFK	MFI Tier 1	5,86	Albania
VITAS	MFI Tier 2	5,53	Romania
KARDITSA	Cooperative bank	3,26	Greece
LIDER	MFI Tier 2	3,26	BiH

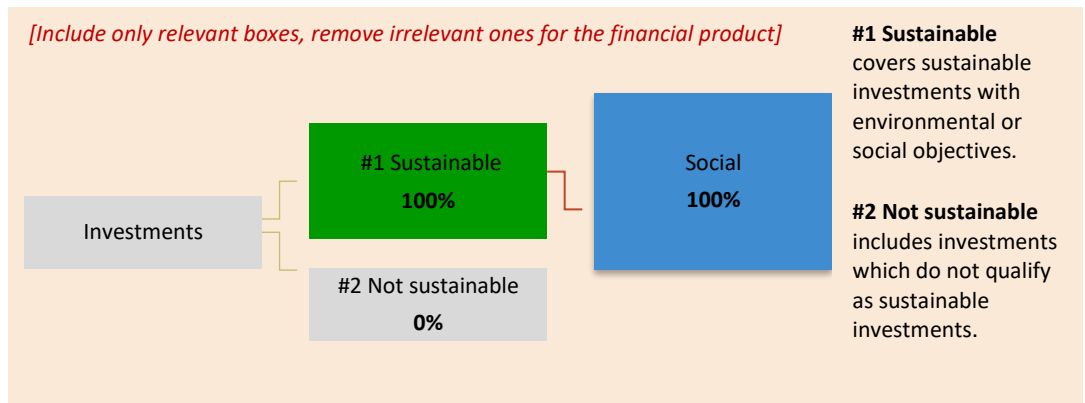
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

What was the proportion of sustainability-related investments?

● What was the asset allocation?



● In which economic sectors were the investments made?

As of 31/12/2023 the Fund invested in microfinance (90%) and social enterprises (10%).



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy? *[Not applicable. The Fund made only investments with social objectives.]*

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹? [Not applicable]**

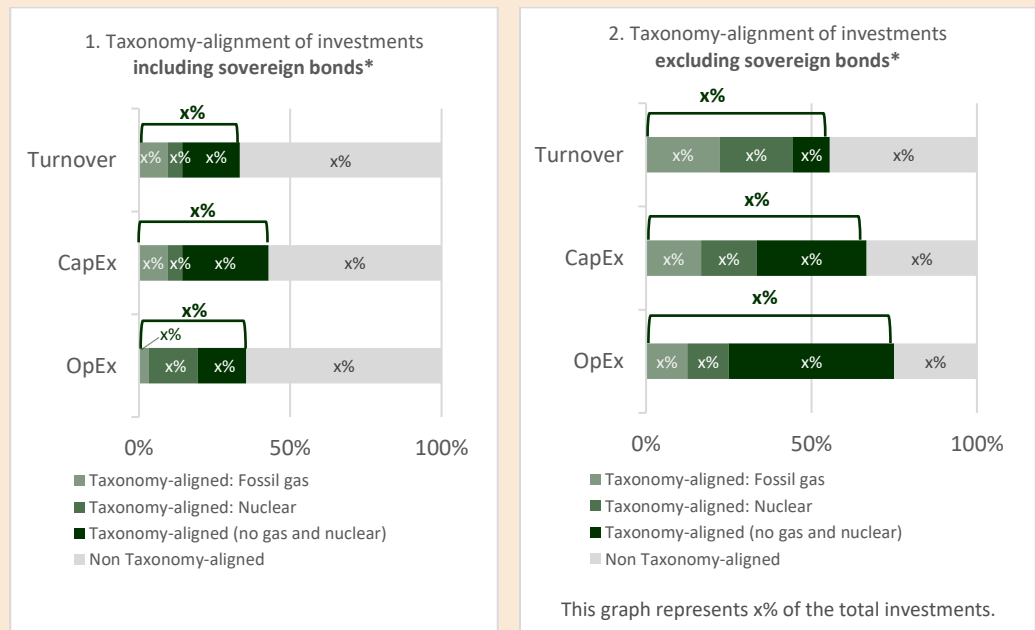
- Yes:
 - In fossil gas
 - In nuclear energy
- No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were 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.

[Include information on Taxonomy aligned fossil gas and nuclear energy and the explanatory text in the left hand margin on the previous page only if the financial product invested in fossil gas and/or nuclear energy Taxonomy-aligned economic activities during the reference period]



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities? [Not applicable]**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?** *[Not applicable]*



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy? *[Not applicable]*



What was the share of socially sustainable investments?

100%



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards? *[Not applicable]*



What actions have been taken to attain the sustainable investment objective during the reference period?

To track ESG performance, progress and compliance with impact objectives set in the loan agreements we required to all investees to complete on yearly basis the ESG Smartsheet. Thanks to the data collected (and verified) every year we are able to identify the main weaknesses and to follow up over the accomplishment of the impact targets agreed.

Moreover, to improve ESG risks which may appear during the monitoring phase we implemented mitigation measures:

- **Technical Assistance:** we put in place actions to support the needs of the investees for reducing sustainability risks and in particular through improving the competences about ESG/Impact management. In 2023, 1 technical assistance project has been formulated to set up an Impact Management & Measurement system in 1 social enterprise financed.

How did this financial product perform compared to the reference sustainable benchmark? *[Not applicable]*



- **How did the reference benchmark differ from a broad market index?**

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*
- *How did this financial product perform compared with the reference benchmark?*
- *How did this financial product perform compared with the broad market index?*