

'ANNEX III'

Template pre-contractual 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: **Helenos**

Legal entity identifier: **700.505.789**

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective: ___%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: 100%**

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

Helenos aims to enhance financial inclusion and employment creation by investing in greenfield, early stage or developing investees targeting micro-entrepreneurs, small and medium enterprises and social enterprises such as, for instance, microfinance institutions and financial technology companies, through the provision of long-term funding, in accordance with the Investment Strategy. Priority is given to Investments in microfinance institutions, banks and institutions with

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.



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

mutual or cooperative status and/or background. In pursuing its development goal, Helenos will observe principles of sustainability and profitability, and compliance with market conditions and regulations.

Helenos pursues the following sustainable objectives: to promote social inclusion; to strengthen microcredit's structuring role in the economy; to boost the micro-entrepreneurial sector; to develop the social entrepreneurship ecosystem and contribute to local and/or regional development in Europe; to support and foster the sustainable development and socially responsible initiatives; to enhance financial inclusion and employment creation.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

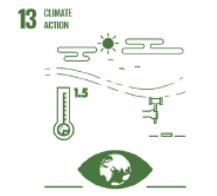
To track non-financial performance, progress and compliance with Helenos sustainable investment objective all along the investment period we require to our investees to complete on yearly basis the "ESG Smartsheet", a matrix of quantitative and qualitative indicators (see explanation below). To measure the achievement of objectives, a specific impact report is produced annually based on a list (non-exhaustive) of related-UN SDGs indicators presented below. The methodology used by Helenos to measure non-financial performances is based on Inpulse ESG System built on the best global practices for inclusive finance to measure, analyze, follow-up and score economic, social and environmental impact. We apply the UN SDGs as the key language to show our involvement to global sustainable development: we measure and score the level of SDG achievement of our investees. We are aligned with the Universal Standards of the Social Performance (USSPM) Task Force, the Global Investing Network (GIIN-IRIS) guidelines and the Smart Campaign for client protection principles. We evaluate our environmental performance in line with the CERISE SPI4 Green Index and assess the effects of climate change on investees portfolios. Additionally, women empowerment is analysed more in-depth through the benchmarks used by 2xChallenge initiative. Good governance control is heavily inspired by the European Code of Good Conduct for Microcredit provision. We make sure that Helenos investees are institutions that are not only financially sustainable, but also seek to alleviate socio-economic problems, while avoiding to harm their final beneficiaries. Via the ESG System we collect investees information through the ESG Smartsheet, a matrix of quantitative and qualitative indicators over 9 dimensions: 1. Mission, 2. Environmental Performance, 3. SPM Practices, 4. Products & Services, 5. Outreach, 6. Client Treatment, 7. Staff Treatment, 8. Governance, 9. PAI-SFDR. Data are verified to ensure quality and coherence and then are integrated to our MIS. The analysis and scoring of the data results in final outputs, which are used for both external (reporting) and internal purposes (due diligence). As regards, the investment process an "ESG Scorecard" is issued for every new potential deal to rate and benchmark the non-financial performance of a

potential investee over four key elements. The main purpose of the ESG scorecard is to help decision makers taking investment decisions aligned with the objectives of Helenos. Moreover, the indicators analysed will contribute to establish impact objectives to be included in the loan agreements with Helenos investees.

<p>1 NO POVERTY</p> 		<ul style="list-style-type: none"> # Bottom of the pyramid clients (n° loans < GNI pc) % Lone-parent families % Rural clients % Educational needs loans # Breadth of outreach (# total final beneficiaries) % Rural financial inclusion (% rural loans) – East % Rural financial inclusion (% rural loans) – West # Extra-EU clients
<p>2 ZERO HUNGER</p> 		<ul style="list-style-type: none"> % Agriculture/livestock portfolio % Micro-enterprises in agriculture % N° Loans to smallholders farmers
<p>5 GENDER EQUALITY</p> 		<ul style="list-style-type: none"> % Women in senior managerial positions (FIs) % Loans to women # Women clients % Loans to women for business development % Women in the workforce (FIs) # Business funded by women % Financial products for women # FIs offering additional benefits to women
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 		<ul style="list-style-type: none"> # Jobs maintained/created # New business created % Microenterprises financed % Income generating activities portfolio # Business transitions from informal to formal # Start up financed % Enterprises survival rate (after 3Y) % Cumulated annual growth rate (portfolio FIs) # FIs from Tier3 to 2/1 % Staff satisfaction in MFIs and SEs (staff satisfaction rate)



- # Unbanked / financially excluded clients
- # Youth financed
- # Refugee financed
- % of clients with low academic background (to be defined)
- % Smart Campaign investees
- % FIs offering non-financial services
- % Housing improvements portfolio
- # First time investors in SE/MFIs (non-listed assets)
- % Invested by DFIs (DFIs funding/total fund size)



- # Green loans
- % Investees with environmental exclusion list
- % Investees with environmental strategy
- % Monitoring internal ecological footprint
- # Energy efficiency loans
- # Renewable energy loans
- # Sustainable agriculture project (bio, ecological trans)
- # Greenhouse gas emission reduction (PCAF)

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.

- **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?** (How have the indicators for adverse impacts on sustainability factors been taken into account? How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?)

As regards PAI indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters required under SFDR, Helenos has engaged to assess, collect and report over (5) mandatory and (2) additional social indicators in compliance with regulatory deadlines and within the limits of the availability of data among our investees. Where applicable (to investees) Helenos engages to measure the following indicators: % violations of UN Global Compact/OECD Guidelines for Multinationals; % investees without policies to comply with UN Global Compact/OECD Guidelines for Multinationals; Avg % adjusted gender pay gap; Avg % male/female to BoD; % investees involved in manufacturing/selling of controversial weapons; % investees without human rights policy; % investees lacking grievance/complaints mechanism. These indicators have been integrated into the “ESG Smartsheet” used for data collection from investees.

Moreover, Helenos enforces the DNSH (“Do No Significant Harm”) principle through promoting the implementation of internal policies of good conduct among its investees to mitigate any possible negative impact over six sustainable environmental objectives while respecting basic human rights and labour standards. In this way Helenos will push forward “sustainable economic activities” paradigm as defined by the Article 2 of SFDR.

A Controversy Note may be issued referred to either an existing accident or a situation that an investee may face because of allegations of misleading behavior among parties (employees, communities, environment, shareholders, the company in the broad sense), bad practices related to several ESG indicators. The Controversy Note is also a warning measure of the reputational and operational risks to which companies are exposed when they directly or indirectly contravene the principles of the United Nations Global Compact in the field of human rights, international labor standards, environment and fight against corruption. The application of the DNSH makes sense here. Helenos uses Factiva Dow Jones to assess the Controversy Note. If a very serious controversy happens after the investment approval, Helenos tries to solve the problem through dialogue but this can lead to heavy financial penalties for the investee.



Does this financial product consider principal adverse impacts on sustainability factors ?

Being an impact-driven investment fund, Helenos acknowledges the responsibility of climate change risks and other principal adverse impacts through the investment decisions and ESG tools used for selecting, monitoring and reporting. Helenos methodically takes into account potential negative impacts of investment decisions on sustainability factors relevant for target clients. Sustainability risk management covers equity and loans operations in companies in which Helenos can invest. Helenos investment policy consists of defining its investment universe by integrating ESG criteria and on integrating ESG analysis systematically alongside financial analysis when making investment choices. The search for sustainability is applied all across the investment process, from ex-ante integration of sustainable development objectives within the investment criteria specific to Helenos, and ex-post reporting on environmental and social impact. Helenos targets investees that are not only financially sustainable, but also that seek alleviating socio-economic problems while applying the “do no harm” principle (to their final clients and to the environment they operate in). At the operational level, ESG criteria are fully integrated throughout all the phases of the investment process thanks to 4 main steps: 1) Assessment; 2) Selection; 3) Monitoring and Control; 4) Reporting.

For more in-depth information on the integration of sustainability risks into investment process please refer to Inpulse Sustainability & ESG Policy (www.inpulse.coop/wordpress/wp-content/uploads/2016/12/220629-Sustainability-ESG-Policy.pdf).



What investment strategy does this financial product follow?

- *What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?*

Investees

Helenos invests in financial intermediaries (i.e. microfinance institutions, cooperative bank, non-bank financial institution, crowdfunding platform, etc.) with the following principal characteristics:

- Start-up, small and emerging institutions (MFIs, FIs);
- Viable business model;
- Tier 3 and Tier 2;
- Banks and NBFIs with a clear focus on social enterprises;

Helenos investees shall comply with the following key eligibility criteria:

- shall not include in its business activities any illegal activities according to the applicable legislation in their country of establishment;
- shall not have a substantial focus on one or more Restricted Sectors (as defined in the Exclusion List annexed in Inpulse Sustainability & ESG Policy);
- maximum 15% of the Fund Size will be invested in Investment Instruments consisting in quasi-equity and senior loans issued by Investees which have reported a negative income in at least one of the past three years.

Eligible Countries

- Member States of the European Union;
- Turkey, Iceland, Albania, Republic of North Macedonia, Montenegro, Serbia;
- Kosovo, Norway, Switzerland, Moldova.

With the prior approval of the Advisory Committee, it may be included an additional country in the list of eligible countries during the term of the Fund.

Diversification ratios

As from the end of the investment period, Helenos shall also comply with the following diversification ratios:

- The aggregate nominal amount invested in investees established in one eligible country shall not exceed 25 % of Fund size;

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

[include note only for financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852

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

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 aggregate nominal amount invested in investees established in Kosovo, Norway, Switzerland and Moldova shall not exceed 15% of fund size; and
- Investment in any investee will be capped to 10% of the fund size;
- Any equity investment in any investee may not exceed 10% of the fund size;
- Any equity Investment in any investee will be capped to 49% of the capital of the concerned investee at the time of the investment;
- Senior loans and quasi-equity investments will be up to 50% of the fund size.

Investment instruments

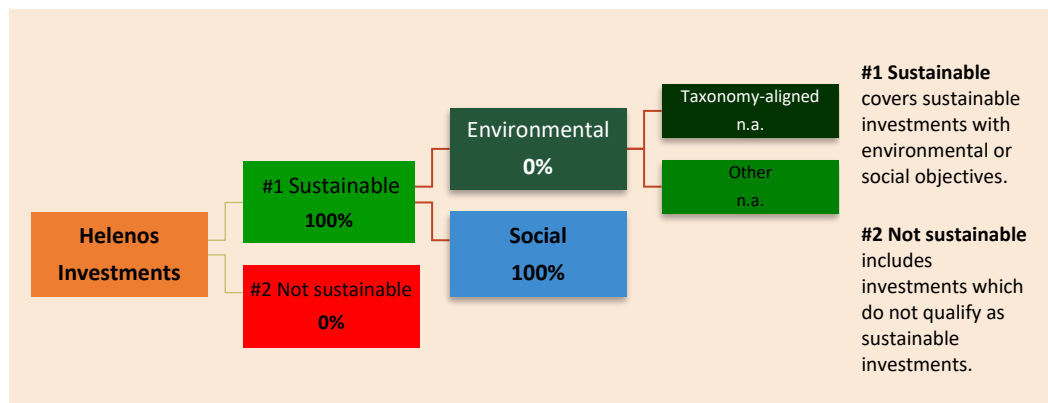
Helenos investment instruments will include the following:

- equity (corresponding to at least 50% of the fund's total Investments at the end of the investment period);
- quasi-equity, i.e. subordinated loans, convertible loans, reverse convertible loans, hybrid capital instruments and any form of similar instruments;
- senior loans.

● **What is the policy to assess good governance practices of the investee companies?**

Governance practices of Helenos investees are assessed thanks to the indicators collected through the ESG Smartsheet (explained above) which gathers around 30 indicators, qualitative and quantitative. Every potential investee must fill in the ESG Smartsheet for reporting (yearly) or during due diligence phase. In fact "Governance" is one of the 4 main dimensions (together with Environment, Social and Gender) assessed through the ESG Scorecard whose objective is to score potential investees ESG performance. The Governance dimension of the ESG Scorecard is axed over 4 subdimensions: i) Business Planning; ii) Board effectiveness & Independence; iii) Management, HR & Operational manuals; iv) External Accountability.

What is the asset allocation and the minimum share of sustainable investments?



- **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Not applicable.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

- **What is the minimum share of sustainable investments with a social objective?**

100%

- **What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Not applicable.

- **Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Not applicable.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable.

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 not significantly harm any EU Taxonomy objectives - 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.

[include note for financial products referred to in Article 9(1) of Regulation (EU) 2019/2088]

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



[include note for financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]



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

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.inpulse.coop

