



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 5

ANNEX

to the

Commission Delegated Regulation (EU) .../....

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 ‘do no significant harm’, specifying the content, 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

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: FEFISOL 2,

Legal entity :SICAV-FAIF

identifier: B262326

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to 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 type="checkbox"/> It made sustainable investments with a social objective: 75%	<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 under section 4. ‘Investment Mission, Objective and Strategy’ of the Offering document the fund’s objectives are:

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

- The financing and strengthening of African Microfinance Institutions (MFIs) that contribute to the continent’s socially sustainable economic growth, by providing a range of inclusive, client tailored and responsible products adapted to the needs of both vulnerable populations and small enterprises; targeting in particular rural populations and agricultural businesses, in order to reduce poverty and generate employment. As of 31/03/2024 the fund has invested into 15 MFIs for a total of 11,8 million.

- The financing and strengthening of African Agricultural Entities (AE), engaged in the production and/or processing and sale of agricultural products, sourcing the majority of their raw materials from smallholder farmers, targeting the local, regional and international premium markets and committed to implementing sustainable agricultural practices, in order to strengthen agricultural value chains, create employment in rural areas, increase local value added and reduce vulnerability to climate change. As of 31/03/2024 the fund has invested into 14 AEs for a total of 5 million.

The sub-fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

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

Microfinance Institutions	<i>(31/03/2022-31/03/2023)</i>	<i>(31/03/2023-31/03/2024)</i>
Number of MFIs financed	6	15
MFI retention rate	100%	100%
Number of active clients & active depositors	188 748	843 079
% of women client beneficiaries	70%	63%
% of women among staff	42%	47%
MFIs having improved their ALINUS score/obtained CPP certification	NA	NA
Number of points of sale	190	688
Number of MFIs with partially or fully digitalized operations	5	10
Number of clients	1 054 479	2 015 411
Number of employees	1 856	5 850
% of MFIs that finance the agricultural sector	50%	73% ¹
Agricultural Entities		
Number of AE financed	12	14
AE retention rate	100%	92%
Number of suppliers that have sold to the AE	75 335	83 024

¹ Here all MFIs which dedicate more than 0% of their portfolio to the financing of agriculture have been included.

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.

% of women among suppliers	30%	16%
% of women among staff	41%	46%
Value of agricultural raw material purchased by AEs	150 331 277 EUR	149 093 817 EUR
Equity of AEs	13 079 514 EUR	13 593811 EUR
Permanent employees of AEs	471	547
Number of seasonal staff of AEs	2 486	2 178
Sales for local consumption markets	9%	12%
Value of sales : certified organic, certified fair trade	Certified organic : 9% of sales Certified fair trade : 31% of sales	68% of sales certified
Number of AE having received TA	1	3
Number of AE that have carried out training sessions for their suppliers on improved sustainable agricultural practices	11	12
Number of farmer-suppliers implementing improved sustainable agricultural practices (estimate through field surveys/ implementation agro-ecological grid)	>54 322 small holder producers	>45 332

● **...and compared to previous periods? NA**

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

In pursuing its sustainable objective, the Fund has adopted specific procedures to do no significant harm to any area of environmental or social concern. Toward that end, the Fund has implemented throughout all the reference period (31/03/2023-31/03/2024) a specific S&E management system that enables the Coordinator to identify, access and manage the social and environmental risks in respect of the Fund in accordance with the S&E Requirements, i.e. the social and environmental obligations to be undertaken by Target Entities to ensure compliance with: (i) the Exclusion List; (ii) applicable S&E Laws; and (iii) any other requirements established by the S&E Management System.

Detailed information and list of eligibility criteria are provided under section 4.3 “Investment Strategy” of the Offering Document and section 5.2 “Minimum Eligibility Criteria” of the Investment Policy and Procedures Document. In addition to those criteria, and as mentioned under section 4.6 “Social and Environmental Matters” of the Offering Document,

All the Fund’s transactions have been concluded with reference to the following terms and conditions:

- the Client shall comply with all applicable laws (including S&E Laws) and regulations, as well as relevant S&E Requirements, especially in the area of financial services and consumer protection;
- S&E risks of Clients will be compliant with the terms of the S&E Policy and Procedures Document;
- the Clients MFIs shall provide their customers (final beneficiaries) with clear and comprehensive information on the characteristics of the financial services the customers seek, in a way easily understandable for the customer;
- the Clients (Agricultural Entities) shall provide their providers (smallholder farmers) with clear and comprehensive information on the price and other necessary information on the goods bought to them;
- the Clients (Agricultural Entities) shall encourage their providers to adopt sustainable agricultural practices;
- the Clients shall disclose all the S&E information required by the Fund both at pre-selection and due diligence stage, once the investment is approved on a regular basis and as regularly as requested by the Fund. This will allow the Fund to closely monitor the Target Entities performance including their social and environmental performance, and their impact.;
- the agreements entered into between the Clients and their customers shall contain such information and shall be drafted in a manner that the relevant customer is able to understand their content;
- the Clients shall review the customer's repayment capacity before signing a loan agreement and shall refrain from any form of unfair or harmful debt collection practices; and
- the Coordinator shall encourage the Clients to obtain a social rating from any of the established microfinance rating companies or a social audit at a mutually agreeable time and to provide the results of such rating to the Shareholders;

Also, for all the investment the Fund have applied a strict Exclusion List.

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

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
	2022	2023
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0%	0%

Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	54%	30% ²
Unadjusted gender pay gap	NA	NA
Board gender diversity	36%	20%
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0%	0%
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Rate of accidents ³	0%	0%
Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	18%	11% ⁴

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

The Fund's investments are aligned with both sectors' best practices. ALINUS is a complete social audit tool aiming at evaluating an MFI's social and environmental performance (HR practices, product pricing, governance) and includes indicators related to international conventions (declaration of HR, ILO...). All MFIs are screened via this ALINUS tool. ALINUS tool is aligned with OECD MNE and the UN Global Compact. EAs are analysed via internal tool developed according to the sector's best practices, notably FAO standards.

² This is referred to agricultural entities in the portfolio, as MFIs do monitor this indicator.

³ All Borrowers in the portfolio are obliged by contract to notify within 48 (forty-eight) hours, any environmental, social, labour, gender-based violence, sexual exploitation and abuse, health and safety, or retaliation incident, accident or circumstance that (a) adversely affects or is likely to affect the Borrower its business, workforce, environment, communities or the Lender, or (b) involves or causes, or is likely to involve or cause, any material breach of the social and environmental requirements (S&E eligibility criteria).

⁴ This is referred Ivory Coast Coops Cacao (internally classified with "M" by risk scoring on this category).



How did this financial product consider principal adverse impacts on sustainability factors?

Refer to previous table on PAI.

Asset allocation describes the share of investments in specific assets.



What were the top investments of this financial product?

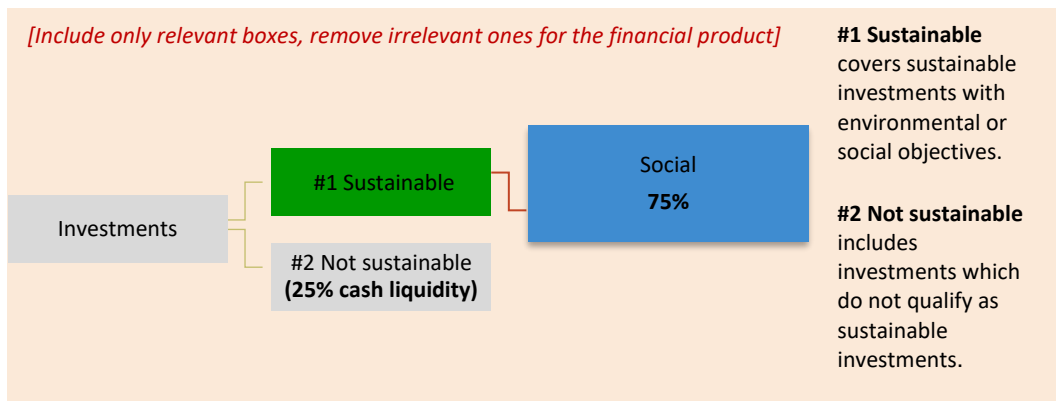


Largest investments	Sector	% Assets	Country
<i>ASA Tanzania</i>	<i>Microfinance</i>	<i>11%</i>	<i>Tanzania</i>
<i>ASA Kenya</i>	<i>Microfinance</i>	<i>8%</i>	<i>Kenya</i>
<i>Juhudi Kilimo</i>	<i>Microfinance</i>	<i>8%</i>	<i>Kenya</i>
<i>Socak</i>	<i>Agriculture</i>	<i>6%</i>	<i>Ivory Coast</i>
<i>Pamecas</i>	<i>Microfinance</i>	<i>6%</i>	<i>Senegal</i>

What was the proportion of sustainability-related investments?

- *What was the asset allocation?*

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **[complete]**



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

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.

● **In which economic sectors were the investments made?**

As of 31/03/2024, the fund has invested in the following sectors:

- Agriculture
 - Cacao
 - Nuts
 - Honey
 - Grains and cereals
 - Coffee
 - Fruits and vegetables
- Microfinance
 - In rural and urban areas



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

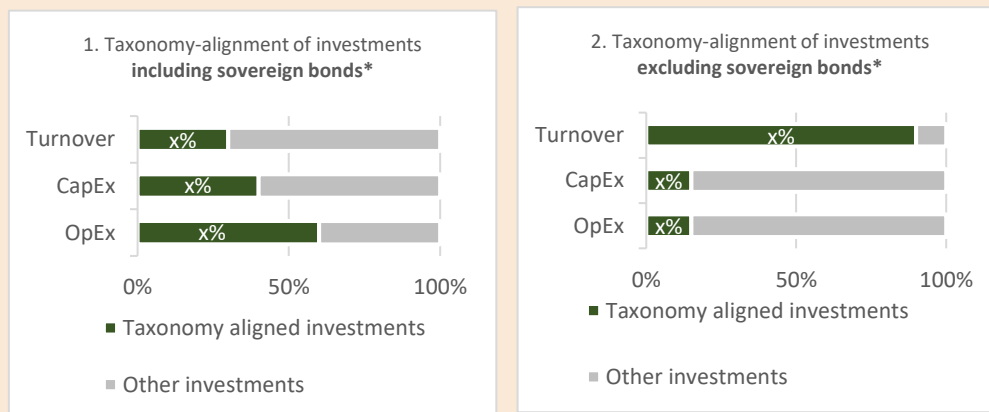
NA. Only sustainable investments with social objectives.

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

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.*



*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?**
[include a breakdown of the proportions of investments during the reference period]

NA

- **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?** *[include where at least one previous periodic report was provided]*

NA



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy? *[include only for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 where the financial product included investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities and explain why the financial product invested in economic activities that were not taxonomy-aligned]*

NA



What was the share of socially sustainable investments? *[include only where the financial product includes sustainable investments with a social objective]*

During the reference period the Fund invested 75% of its assets in investments considered as sustainable under the SFDR (#1 Sustainable).

100% of the sustainable investments of the Fund (#1 Sustainable) have social objectives.



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

The Fund kept at least 25 % of its assets in liquidity to ensure the right level of liquidity (#2 Not sustainable). The Fund uses hedging mechanisms, which are non-sustainable investments under the SFDR.



What actions have been taken to attain the sustainable investment objective during the reference period? *[list the actions taken within the period covered by the periodic report to attain the sustainable investment objective of the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the sustainable investment objective]*

Engagement with MFIs and AEs, including on ESG matters, is an integral component of the Fund’s investment cycle and contribution to positive development impact. The Fund monitors its investments through the use of reports and follow-up visits.

The Fund integrates sustainability considerations into decision-making and Target Entities engagement throughout the investment process. The Advisor’s and Coordinator evaluation of Target Entities includes an ESG risk screening and an E&S due diligence,

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

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



How did this financial product perform compared to the reference sustainable benchmark? *[include section only for the financial products referred to in Article 9(1) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the designated index can be found]*

[include note for the 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 objective.

- ***How did the reference benchmark differ from a broad market index?***
NA
- ***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?***
NA
- ***How did this financial product perform compared with the reference benchmark?***
NA
- ***How did this financial product perform compared with the broad market index?***
NA