regmifA

Sustainable Investment Objective Summary

Updated as of 10 December 2022

As a financial product with sustainable investments as its objective, the Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF ("REGMIFA") publishes the following statement that summarizes the Funds' alignment with Article 10 of Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability related disclosures in the financial services sector ("SFDR"), and further described on the Website.

The Fund's Sustainable Investments with a social objective are first screened to ensure they do not cause significant harm to any environmental or social sustainable investment objective through the use of an exclusion list; an ESG assessment based on international standards including minimum safeguards; commitment from PLIs to implement Environmental and Social risk Management practices; as well as Environmental and Social Action Plans to actively engage with PLIs that would need to improve on such practices.

In pursuing its Social Investment Objective, in line with its mission further described on the Website and in the Issue Document, the Fund will actively contribute to United Nations **Sustainable Development Goals 1, 5 and 8** by: providing low-income individuals with access to financial services, including microfinance and savings products, providing women with equal access to economic resources and opportunities through fostering their access to financial services, and promoting job creation by financing micro, small and medium enterprises, and expanding access to financial services.

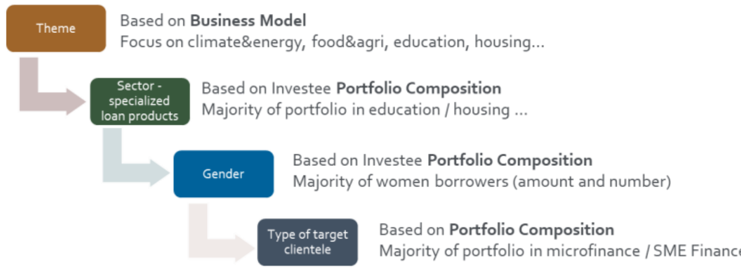
The sustainable investment objective is part of all the founding documents of the Fund and its achievement is monitored by the Board. The Fund strives to maximize its impact by shortlisting only Sub-Saharan African countries for the Fund's investments and pays particular attention to deepening outreach to smaller microfinance institutions. In order to be selected as suitable PLIs, any financial intermediary should notably, at the time of investment by the Fund, commit to adopt responsible lending principles, comply or commit to comply within a reasonable timeframe with environmental and social guidelines and have adequate corporate governance structures. The Fund will not invest in PLIs that do not contribute to achieve a targeted SDG, unless the PLI contributes to other SDG that can be linked to the overall mission of the Fund. PLIs will also be excluded from the investment universe if their E&S risk management system is not commensurate with their exposure to E&S risk, according to the E&S risk assessment.

The Fund will make a minimum of 70% of total assets in sustainable investments with a social objective. The Fund aims to invest marginally in Sustainable Investments that have an indirect environmental objective(s), but only if they have an impact intent that is predominantly social (e.g., access to a clean source of energy for low-income individuals).

The social performance of the Fund's investment in PLIs is annually monitored and reported based on evolving social performance standards. Some of the key non-financial indicators used by the Fund to measure the attainment of its Social Investment Objective include, on top of the share of investments allocated to each of the targeted SDGs:

SDG1 ***Number of end borrowers reached with micro loans***
SDG5 ***Number of women end borrowers reached***
SDG8 ***Number of end borrowers reached with SME loans***

The Investment Manager designed an SDG allocation methodology to define whether an investment is contributing to reach the sustainable investment objective of the Fund. It describes how each of the deal can contribute to the SDGs and follows the following determination rules:



In parallel, Symbiotics' ESG assessment, conducted for each PLI before an investment is made, evaluates the company's exposure to E&S risks and its practices towards such risks. The ESG Rating focuses on the assessment of the company's risk of doing harm:
i) the measurement of the exposure to ESG risks:

- E: risk of doing harm to the environment (ecosystems, air, water, land, biodiversity, etc.)
- S: risk of doing harm to people (employees, clients, communities)
- G: risk of doing harm due to governance weaknesses (such as non-transparency, lack of commitment to company's values, weak internal controls, etc.)

ii) the assessment of the management of ESG risks: policies, practices and E&S risk management procedures in place to efficiently mitigate E&S risks and protect the People & the Planet from such risks.

Third parties or third-party originators currently propose a minority of the target PLIs, often through syndications. For those deals, an assessment of their ESG-related methodologies is undertaken to ensure their equivalence.

Data flow within the fund	**Description**
Data sources	Directly via PLIs, and indirectly via end-beneficiaries through PLIs. Particularly via field visits and annual collection of monitoring indicators.
Data quality	Data quality is ensured by a compliance check realized when these are received by the Analyst in charge of the PLI. For SDG Contribution, the allocation process is also audited internally and potential errors historized, documented and corrected.
Data processing	Collected data is then further cleaned and aggregated at portfolio level to ensure transparent reporting to stakeholders.
Data estimation	KPIs are based on actual data retrieval except for GHG emissions and share of non-renewable energy which are estimated thanks to a proxy calculation. Data coverage is expected range between 80-100%.

Any limitation to methodologies are mentioned in the described methodologies on the Website. Data limitations can occur while the PLI is failing to provide the requested indicators, because collection at end-borrowers level can be cumbersome to setup. A few Principal Adverse Impact Indicators will, in this respect, be calculated through the use of proxy data only, as PLIs are not able to provide them. It is the case for GHG emissions and share of non-renewable energy. For a few other PAI Indicators, the Investment Manager will provide complementary indicators and explanations as it did not find any option to provide reliable and quality data. For those, only exposure to the related risks will be provided as complementary indicators, while not reporting on the quantification of the occurred risk: Energy consumption intensity per high impact climate sector, Activities negatively affecting biodiversity-sensitive areas, Emissions to water, Hazardous waste ratio.

Investment analysts are in charge of screening the target PLIs through a due diligence process. Analysis is based on interviews with key personnel, review of core documentation (policies and procedures), field visits and observation of business practices. On top of the expert evaluation of the Analyst, the IM performs independent reviews and monitoring, to ensure a proper level of internal controls.

When an investee is evaluated with potential areas for improvement on its management of social and environmental matters, engagement action plans are setup as part of the loan agreements with the goal to foster sustainable growth. Four categories of actions are identified: improvement related to policies, procedures, governance and communication.