Sustainable Investment Objective

Updated on November 2025

a) Summary

A summary of the following Sustainable Investment Objective section is downloadable here in the Funds' Website dedicated version.

b) No significant harm to the sustainable investment objective

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.

The evaluation of the risk of occurrence of Principal Adverse Impacts[1] is at the core investment process of the Fund. In its research, analysis and decision-making processes, the Investment Manager uses:

- An **exclusion of any investment** that significantly harms any environmental or social investment objective via a pre-defined exclusion list[2]. Examples of excluded investments: production or trade in weapons, commercial logging operations for use in primary tropical moist forest, and production or activities involving harmful or exploitative forms of forced labour, whenever possible depending on the type of Target Partner Lending Institutions ("PLIs");
- **A negative screening of Target PLIs** based on the Investment Manager's **ESG risk assessment tool** *(see details in the section "g) Methodologies")*, aligned to the Minimum Safeguards, which assesses the risk of occurrence of the PAIs a Target PLI can cause on sustainability factors and the level of adequacy of its Environmental and Social Management System. The Investment Manager will coordinate with its peers to maximize the chances to collect relevant data and, if not possible, provide estimations (for example on GHG emissions related indicators) or complementary indicators and explanations. The two additional PAI indicators selected from Table 2 and 3 of Annex I are the following: Carbon emission reduction initiatives and Grievance Mechanisms. For more information, please refer to the section "*i) Limitations to methodologies and data*" in this document and the Notes of the Principal Adverse Sustainability Impacts Statement in the Fund's website.

  The Fund has been considering Principal Adverse Impacts on Sustainability Factors all along the investment value chain, especially at assessment, monitoring and reporting levels since 2022, when a new tool was launched to support in their collection and measurement.

- Definition of **Environmental and Social Action Plans**, potentially supported by technical assistance ("Technical Assistance") to actively engage particular PLIs to improve their environmental and social risk

[1] See definition in the Sustainability-related disclosures section of Symbiotics' Website.

[2] See the full list below

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management processes, including the integration of sustainability risks in product development, human resource development, social performance management, governance and risk management.

- **Commitment of PLIs** to implement or maintain adequate policies and practices to manage the environmental and social risks and avoid causing harm to any sustainability factor. By contract, PLIs must commit to the following:
  - comply with national laws, including consumer protection laws,
  - comply with or commit within a certain time frame to meet environmental and social guidelines and implement an environmental and social risk management system, and/or
  - have adequate policies and procedures regarding lending to micro, small and medium-sized enterprises to adhere to the principles of responsible finance broadly aligned with the Client Protection Standards promoted by the Social Performance Task Force (e.g. fair pricing, prevention of over-indebtedness).

The ESG Risk Assessment of PLIs is partly based on the Equator Principles and the International Finance Corporation Performance Standards "IFC PS", which are broadly based on three out of four of the Minimum Safeguards: the United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights and International Labour Organization Standards.

This rating is not based on the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises as the Fund invests mostly in small to mid-size companies in emerging and frontier economies and thus are out of scope of the Fund's investment strategy.

SFDR Minimum Safeguard	Consideration and Implementation by the Fund
International Bill of Human Rights	Integrated within the ESG Risk Assessment Tool
ILO International Labour Standards	Integrated within the ESG Risk Assessment Tool
UN Guiding Principles on Business and Human Rights	Broadly integrated within the ESG Risk Assessment Tool Adapted on a case-by-case to PLIs
OECD Guidelines for Multinational Enterprises	The OECD Guidelines for MNEs are not applicable as the Fund invests mostly in small to mid-size companies in emerging markets. Note that all transversal standards, such as human rights, employment, environment, bribery, consumer interests, competition and taxation, are broadly considered and adapted to the companies targeted. Science and technology fall out of scope. The "Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises" are more applicable to the Fund given that the PLIs of the Fund are mostly microfinance institutions, SME banks and leasing companies. These 6 key considerations for banks are broadly covered by the Investment Manager's methodology. Measure 1: Embed responsible business conduct into policies and management systems

	Measure 2: Identify and assess actual and potential adverse impact Measure 3: Cease, prevent and mitigate adverse impacts Measure 4: Track implementation and results Measure 5: Communicate how impacts are addressed Measure 6: Provide for or cooperate in remediation when appropriate

c) Sustainable investment objective of the financial product

The mission of the Fund is to build a unique public-private partnership between donors, development finance and international finance institutions, private investors and African stakeholders to foster economic development and prosperity in Sub-Saharan Africa, through the provision of demand-oriented financing to qualified and, to the extent necessary, technically supported partner lending institutions servicing micro, small and medium enterprises and low and middle income households (hereinafter referred to as the "**Social Investment Objective**" in accordance with Article 9 of the SFDR).

In pursuing its Social Investment Objective 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 service, and
- promoting job creation by financing micro, small and medium enterprises, and expanding access to financial services,

The following table provides more precisions on the Fund's contribution to these SDGs:

SDG Target	**Fund contribution**
SDG 1: No Poverty	
Target 1.4: "By 2030, ensure that all men and women, in particular **the poor and the vulnerable**, have equal rights to economic resources, as well as **access to basic services**, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, **including microfinance**."	*"Ensuring that low-income individuals have access to financial services, including microfinance and savings products."* Our Sustainable Investments contribute to SGD1, target 1.4 when the funds go in majority[3] to a **portfolio that serves the needs of low-income households (**microcredits as well as small loans for household needs, housing or education).
SDG 5 : Gender Equality	
Target 5.1: "**End all forms of discrimination** against all **women** and girls everywhere."	*"Providing women with equal access to economic resources and opportunities."* Our Sustainable Investments contribute to SDG 5, target 5.1 when the funds go in their **vast majority**

	to a loan **portfolio** of **women borrowers** (i.e., showing that the investee is doing significant efforts to ensure women are not discriminated).
SDG 8: Decent Work and Economic Growth	
Target 8.3: "Promote **development-oriented policies** that support productive activities, decent job creation, **entrepreneurship**, creativity and innovation, and encourage the formalization and **growth of micro-, small- and medium-sized enterprises**, **including through access to financial services.**" Target 8.10: "Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all."	"*Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all.*" *"Encouraging the growth of SMEs."* Our Sustainable Investments contribute to SDG 8, target 8.3 when the funds go in majority to a loan portfolio of **SME loans.**

d) Investment strategy

The Fund achieves its social investment objective through assessing target PLIs' alignment with at least one of the social investment objectives of the Fund, i.e., contributing to SDG1, SDG5 or SDG8 and more generally with the mission of the Fund.

The Fund strives to maximize its impact by shortlisting only Sub-Saharan African countries for the Fund's investments. The Fund pays particular attention to deepening outreach to smaller microfinance institutions. Generally, the majority of PLIs financed by the Fund are located or operating in countries classified as having a low level of human development as per the UN Human Development Index and average or below average banking penetration.

The sustainable investment objective is part of all the founding documents of the Fund and its achievement is monitored by the Board. More specifically, the eligibility criteria of PLIs are specified in the issue document of the Fund, which are then the basis of the investment policies and procedures of the Fund, as well as its impact framework, client protection framework and environmental and social risk management framework which are validated by the Board of the Fund.

In order to be selected as suitable PLIs, any financial intermediary should notably meet the following criteria at the time of investment by the Fund (in each case as reasonably determined by the investment committee of the Fund upon recommendation by the Investment Manager, and as reflected in the agreements entered into by the Fund with the Investment Manager and the PLIs.):

(i) adopt or are committed to adopting within a reasonable timeframe socially responsible lending principles in the delivery of all financial services (in terms of products, pricing, marketing, etc);
(ii) comply or be committed to complying within a reasonable time frame with environmental and social guidelines and commit to implement an environmental and social risk management system within a pre-agreed time frame;
(iii) have ownership and management structures that follow the principles of good corporate governance and have developed or are committed to develop and comply with anti-money laundering and anti-terrorism financing standards in accordance with the Financial Action Task Force 40 recommendations and 9 special recommendations on terrorist financing for financial institutions as updated from time to time ("FATF 40 + 9 Recommendations").

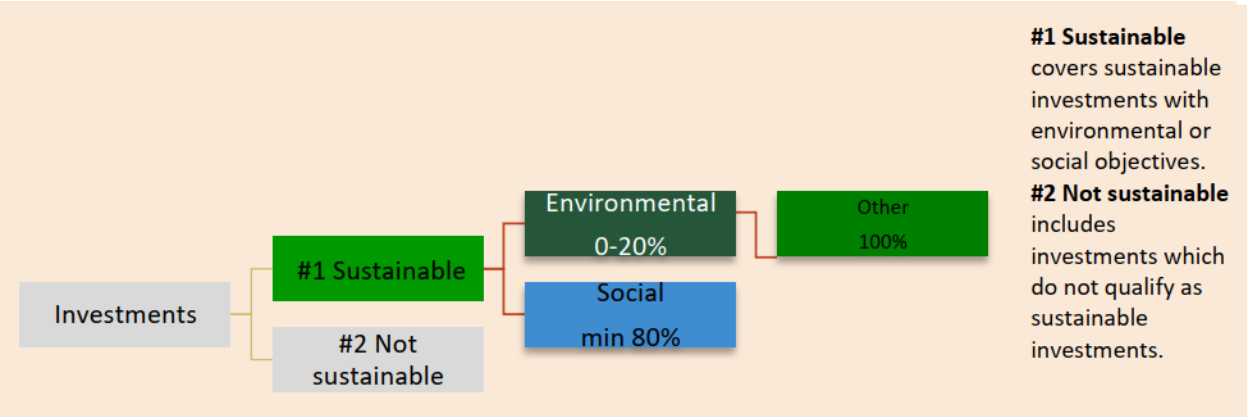
The Fund will not invest in PLIs:

- 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;
- whose E&S risk management system is not commensurate with their exposure to E&S risk, according to the ESG Risk assessment.

Procedures all along the investment value chain are in place in order to ensure that those binding elements are strictly followed: ESG Risk assessment with minimal scoring, independent review from the Board, quarterly report on the sustainability indicators, periodic reviews, monitoring of the commitments to improve practices. In case of non-compliance with the E&S Action Plan, a Corrective E&S Action Plan to bring the transaction back into compliance within a certain time period is setup. If after the repair period the operation is still non-compliant, this is considered an act of default and the transaction is officially in default. In case of an E&S incident, an E&S Monitoring report is submitted to the investment committee of the Fund for information and decision.

e) Proportion of investments

The Fund will invest at least 80% of its Invested Portfolio in Sustainable Investments with a social objective and does not have a minimum commitment to invest in Sustainable Investments with environmental objectives, provided that the Fund's Invested Portfolio shall always consist of 100% of Sustainable Investments. The percentages are calculated in % of the Fund's assets but, excluding cash, cash equivalents, derivatives, prepaid expenses and receivables ("Invested Portfolio").



While the Fund does not set for itself a minimum of Sustainable Investments with an environmental objective: the Fund aims to invest marginally in Sustainable Investments that have an 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).

Sustainable Investments with an environmental objective(s), if any, will be in activities that in most cases do not qualify as environmentally sustainable under the Taxonomy Regulation to reach climate change mitigation and adaptation objectives in accordance with Article 9(a) and (b) of the Taxonomy Regulation. Indeed, the Fund invests in emerging markets where the technical standards required by the European regulation are not adapted to these markets, and whose market participants are not subject to reporting requirements against European Regulations. The PLIs are nevertheless assessed in terms of environmental quality through a comprehensive assessment tool and/or, for green and sustainability bonds, through the ICMA Standards.

f) Monitoring of sustainable investment objective

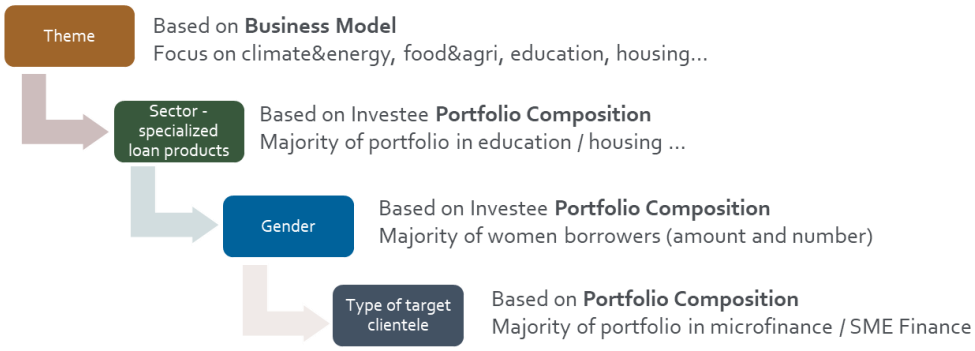
The social performance of the Fund's investment in PLIs is annually monitored and reported based on evolving social performance standards. Data is directly provided by the PLIs upon of the IM. Monitoring is internally done at different levels of the investment value chain. Some of the key non-financial 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***

g) Methodologies

1. SDG Allocation Methodology

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 deal contributes to the SDGs and applies the following determination rules:



2. ESG Risk Assessment Tool

The IM's ESG Risk Assessment, conducted for each PLI before an investment, evaluates the company's exposure to E&S risks and its practices towards such risks. It evaluates companies on their direct and indirect ESG footprint, where the indirect impact can be related to the company's borrowers, clients or suppliers.

The ESG Risk Assessment Tool focuses on assessing the company's potential 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.)

Assessed risks include risk of fraud, corruption, occupational injury, over-indebtedness of end-beneficiaries, or causing environmental damage, among others.

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.

The rating is conducted by Symbiotics' investment analysts during the on-site due diligence, as described in the section "*Due diligence*".

Each potential investee's ESG risk assessment grade determines its risk level, on a scale ranging from γ (extreme risk) to ααα (negligible ESG risk).

The full ESG risk assessment report is included in the information package reviewed by the Investment Committee and is taken into account in the investment decision making.

The IM monitors any changes to the PLI's ESG practices at subsequent due diligences (every 12 to 18 months) and engages with the PLIs in case of material deviation compared to the previous rating. If it turns out that the company is no longer aligned with an acceptable ESG risk level, the IM does not renew its loan beyond the current outstanding one or may even decide to terminate the relationship with the investee.

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 with the Investment Manager's ESG Risk Assessment Tool.

h) Data sources and processing

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 (see below). Data coverage is expected range between 80-100%.

i) Limitations to methodologies and data

Any limitations to the methodologies are disclosed in the respective detailed sections. Data limitations can occur while the PLI is failing to provide the requested indicators, because collection at end-borrowers level can be cumbersome to set up. 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.

j) Due diligence

The Investment Manager's investment analysts are in charge of the prospection of the target PLIs and screening is done through a due diligence process. The Investment Manager ensures that investment analysts have sufficient knowledge of global, regional and local markets, as well as local laws to properly perform these reviews.

They collect all the necessary information during the due diligence of the target investee, including ESG factors as described in the section "g) *Methodologies"*. Analysis is based on interviews with key personnel, review of core documentation (policies and procedures), field visits and observation of business practices.

Due diligence is a fundamental part of the investment analysis. Investment analysts perform the assessments on-site (when possible) and meet and interview key target investee staff.

The analysis of ESG factors is an integral part of the due diligence conducted on potential target PLIs, both from an impact and risk perspective.

In addition to using investment analysts' expertise, and as an internal control system, the Investment Manager's Market and Credit Risk (MCR) unit independently reviews the ratings proposed by the Investment Analysts and performs its own risk monitoring. The MCR team ensures that the methodologies for the assessment of the target PLIs are properly applied and that cross-regional assessments remain consistent.

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 with the Investment Manager's ESG Risk Assessment Tool.

k) Engagement policies

The Fund implemented in 2022 an environmental and social management system. When an investee is evaluated with potential areas for improvement on its management of social and environmental matters, engagement action plans are set up 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. Part of the action plans are more specifically related to client protection when it comes directly to achieving contribution to SDGs 1 and 5.

Finally, the PLIs are required to report to the Investment Manager on any E&S incident that would occur in their operations and a grievance mechanism is directly in place at Fund level to enable any stakeholder to raise concerns towards the Fund or its PLIs. Please also refer to section "d) *Investment Strategy*".

Exclusion list

REGMIFA will not finance any activity, production, use of, trade in, distribution of or involving:

- Production of or trade in any product or activity deemed illegal under applicable laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides and other toxic substances, ozone depleting substances, PCBs[4], wildlife or products regulated under CITES[5].

Production or trade in weapons or components thereof and munitions.

- Production or trade in alcoholic beverages (excluding beer and wine).

Production or trade in tobacco.

- Pornography and/or Prostitution.

Activities involving or relating to racist and/or anti-democratic media.

- Activities leading to, or which could be associated with, the destruction or significant impairment of High Conservation Value Areas[6]without adequate compensation in accordance with international standards.

Gambling, casinos and equivalent enterprises.

- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source can be demonstrated to be trivial and/or adequately shielded.

Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

- Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

Production or activities involving harmful or exploitative forms of forced labor[7], harmful child labor[8] or any form of human trafficking.

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.

Production or activities leading to cross-border waste and waste products, unless compliant with the Basel Convention and the underlying regulations.

- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

Nuclear power plants and mines with uranium as an essential source of extraction.

- Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines[9]

[4] PCBs: Polychlorinated biphenils – a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

[5] CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flaura

[6] An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level

[7] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

[8] Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development

[9] Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the

Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.

REGMIFA will not finance any new project that would not respect all of the following conditions:

1. Outside the EU and the OECD high income countries, large agricultural or forestry enterprises producing palm oil or wood must either comply with recognized international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions or must be in the process of achieving compliance.
2. Large dam and hydropower projects must use the recommendations of the World Commission on Dams (WCD) as orientation.
3. Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards i) that no material groundwater drawdown or contamination is to be expected, ii) that measures for resource protection (in particular water) and recycling are taken, iii) that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

share of coal-based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.