Sustainability & ESG Policy

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23/11/2018	1.1	Reviewed by staff	Good for implementation
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29/06/2022	1.3	Reviewed by Risk and Impact Team	Approved
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Introduction

The core objective of Inpulse Investment Manager (Inpulse in hereafter) is to promote sustainable investments throughout our fund management duties applying an ESG approach which integrates social, environmental and governance dimensions. Integration and contribution to UN Sustainable Development Goals are at the heart of Inpulse mission. Our goal is to provide investors with strategies to reconcile the search for financial return with a positive impact on society and the environment where the funds we manage are invested in.

Through its Funds, Inpulse aims to foster economic development via the provision of long-term funding to responsible Financial Institutions. Priority is given to investments in microfinance institutions, banks and institutions with mutual or cooperative status and/or background.

Inpulse commitment for social and financial inclusion addresses projects and institutions with a strong social and environmental impact in their region and country, for the benefit of the most vulnerable populations.

Inpulse believes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mission and in compliance with market regulations. In this respect, the primary principles that guide Inpulse with its clients are embedded in the “2030 UN Agenda for Sustainable Development”.

Scope and objectives

This Sustainability and ESG Policy (Policy in hereafter) is addressed to all stakeholders investing into the products provided by Inpulse and its Funds. This policy applies to all investment activities conducted by Inpulse, including those related to the funds it manages, the advice it provides, and the Alternative Investment Fund Manager (AIFM) services offered.

This policy aims to:

- Describe how sustainability risks are integrated into Inpulse Investment Manager's investment processes.
- Ensure sustainability risks are identified, assessed, and integrated into investment decisions process and Inpulse’s portfolio management services.
- Take into consideration adverse sustainability impacts in our processes.
- Enhance transparency and reporting in how ESG risks are managed.
- Align with SFDR requirements and industry best practices.
- Support sustainable financial performance by mitigating ESG-related financial risks.

In accordance with Article 3 of EU Regulation 2019/2088 on Sustainable Finance Disclosure Regulation (SFDR) we

Legal framework

Inpulse further seeks to advance to a greener and more social inclusive economy and to respect the transparency and accountability requirements in accordance with the legal regulations recalled below:

- Applicable legal provisions referred by the Directive 2011/61/EU concerning the Alternative Investment Fund Managers.
- Applicable legal provisions referred by the Regulation 2019/2088/EU involving the Sustainable Finance Disclosure Regulation (SFDR).
- Applicable legal provisions referred by the Regulation 2020/852/EU of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending.

Definitions

By **Sustainability risk** we refer to environmental, social or governance event or situation that, if it occurs, could have a significant negative impact on the value of the investment (SFDR, art. 2).

In the same way as market risk, counterparty risk, or liquidity risk, the following sustainability risks have to be taken into account in all investment and advisory activities:

- **Environmental risks**
  Transition risks, as result of the implementation of a low-carbon economic model (regulatory and legal risks, technological risks, reputational risks and risk of market opportunities);
  Environmental and physical risks, as result of damages caused by extreme climatic and meteorological events. These can be acute (due to natural events such as wildfires) or chronic (related to rising temperatures and long-term geographical changes such as tides), including heat waves, cold waves, droughts, tropical cyclones, wildfires and floods.

- **Social and fundamental human rights risks**, negatively impacting workers and their communities (forced labor and slavery, child labor, respect for indigenous peoples and their cultural heritage, property rights, discrimination, freedom of association, health and safety of persons, decent working conditions, remuneration and social protection, right to privacy).

- **Governance and other ethical risks** such as sanctions and embargoes, terrorism, corruption and influence peddling, appropriation of resources, tax evasion, data protection.

Identification and management of sustainability risks

In line with his investment philosophy and commitments, Inpulse aims for more sustainability and social responsibility in its investments enabling institutional and private clients to contribute to the positive and necessary changes and protect the value of its investments. Foreseeing and managing the transition to more sustainable business models are important elements to consider in the investment analysis, knowing the risks and opportunities they may occur in the short, medium and long term. Therefore, Inpulse identifies the impact of sustainability risks by screening the intrinsic characteristics of each investment (financing needs, competitive positioning, risk of default, etc.) over time. To assess the expected profitability of an investment, the financial information is supplemented by analyzing extra financial criteria and ESG KPIs :

When providing investment advice and portfolio management, Inpulse considers the exclusion of certain companies while implicitly taking sustainability aspects into account. As impact investor we continuously assess how different sustainability outcomes may negatively affect our investments. Through a dedicated tool (B4Finance), we monitor controversies to complement our sustainability risk assessment.

- ***Environmental criterion (E),*** including information over strategy, direction and communication of environmental management, internal environmental risk management (ex. greenhouse gas reduction, waste treatment), external risk management, green financial and non-financial products (ex. energy efficiency products), climate change risks and impacts perception.

- ***Social criterion (S),*** especially concerning respect for: client protection standards (SPTF and CERISE - Dimension 4 of the Universal Standards-*Treat Clients Responsibly*), human and workers' rights, health and safety of workplace, HR gender balance;

- ***Governance criterion (G),*** especially concerning the independence of the boards of directors, gender on the BoD and respect for the rights of minority shareholders.

By continuously tracking sustainability risks, we monitor their possible negative impact on our investors, our investees, on final beneficiaries and their environment. The complete integration of the sustainability approach in the investment process aims to minimize our exposure to this kind of risks.

SUSTAINABILITY RISK MAPPING

Pillar	Identified risk	Nature of the risk	Probability of impact		Risk management system	Net risk	
			Impact	Probability of occurrence		Impact	Probability of occurrence
Environment	Risk related to European economy transition towards a low carbon model, e.g. energy efficiency in buildings	- Operational risk - Market and financial risk - Regulatory risk - Commercial and reputational risk	3 - Moderate	5 - Almost certain	Risk evaluation during investment eligibility. Contractual clause allowing early repayment of the investment. Shareholder activism and dialogue.	3 - Moderate	5 - Almost certain
Environment	Risk related to failures in waste and hazardous substances management	- Operational risk - Regulatory risk	3 - Moderate	2 - Unlikely	Contractual clause allowing early repayment of the investment. Shareholder activism and dialogue.	2 - Low	2 - Unlikely
Environment	Physical risk related to the consequences of climate change and/or the loss of biodiversity	- Operational risk	3 - Moderate	3 - Possible	Technical assistance actions to provide investees with new methods	3 - Moderate	3 - Possible
Environment	Risk related to failures in water management and reprocessing	- Operational risk - Regulatory risk	3 - Moderate	2 - Unlikely	Technical assistance actions to provide investees with new methods	3 - Moderate	2 - Unlikely
Pillar	Identified risk	Nature of the risk	Probability of impact		Risk management system	Net risk	
			Impact	Probability of occurrence		Impact	Probability of occurrence

Social	Employee turnover risk	- Operational risk	2 - Low	1- Rare	Annual survey of investees. Shareholder activism and dialogue	2 - Low	1- Rare
Social	Risk related to failures in managing discrimination based on gender, disability, religion or belief. age, etc.	- Operational risk - Regulatory risk	5 - Major	1- Rare	Annual survey of investees. Shareholder activism and dialogue. Technical Assistance	3 - Moderate	1- Rare
Social	Risk related to failures in preventing work-related accidents and deseases (if applicable)	- Operational risk - Regulatory risk	5 - Major	1- Rare	Annual survey of investees. Shareholder activism and dialogue. Technical Assistance	4 - Important	1- Rare
Social	Risk related to failures in fighting against illegal employment	- Regulatory risk - Commercial and reputational risk	5- Major	3 - Possible	Contractual clause allowing early repayment of the investment. Shareholder activism and dialogue	3 - Moderate	2 - Unlikely
Governance	Risk related to the lack of diversity in governance bodies	- Operational risk - Commercial and reputational risk	2 - Low	3 - Possible	Annual survey of investees. Shareholder activism and dialogue	2 - Low	2 - Unlikely
Governance	Risk related to the lack of anti-corruption policies	- Operational risk - Regulatory risk - Commercial and reputational risk	5 - Major	3 - Possible	Continuous monitoring of AML/CFT/Corruption policies	4 - Important	2 - Unlikely

Integration of sustainability risks into the investment process

Being a responsible impact fund manager, our operations follow a rigorous process to consider and integrate sustainability risks for each fund under management and advice. In this section, we provide further information on how we identify, prioritise and integrate these sustainability risks in our investment decisions.

Sustainability risk management must cover equity and loans operations in companies in which Inpulse can invest through managed and advice funds. Inpulse investment policy consists of defining its investment universe by integrating ESG criteria and integrating ESG analysis systematically alongside financial analysis when making investment choices.

The search for sustainability is applied across our investment process, from ex-ante integration of sustainable development objectives within the investment criteria of all our funds, and ex-post reporting on environmental, social and governance impact.

We make sure that all our investees are institutions that are not only financially sustainable, but also that seek to alleviate socio-economic problems, while applying the "do no significant harm" (DNSH) principle to their final clients and to the environment the operate in.

At the operational level, the ESG criteria are fully integrated throughout all the phases of the investment process thanks to 5 main steps:

1. **Assessment**
2. **Selection**
3. **Monitoring**
4. **Control**
5. **Reporting & transparency**

ASSESSMENT

As recalled above, Inpulse is committed to the fundamental principle that it must avoid doing harm through its investments. To exclude institutions engaged in activities, practices or countries with high sustainability risks we verify that the potential investee doesn't breach our Exclusion List (Annex 1) as well as local and international policies. For doing so the front office (either from Investment or Impact teams) collect relevant information through desk reviews, due diligences and exchanges with various stakeholders with an in-depth knowledge of the context/investee.

Negative criteria and exclusion policies

Each fund managed by Inpulse defines the investment universe according to either the topics or investment areas targeted. Inpulse requires all its clients to comply with applicable present and future local laws and regulatory requirements, including international conventions of the International Labour Organization and UN Global Compact principles. Inpulse clients will ensure at any moment their compliance with applicable normative framework within the entire duration of the investments.
Inpulse can invest in existing companies that do not presently meet all the above-mentioned principles but can demonstrate its capacity to come back to a positive profile and/or to improve environmental and social sustainable practices.

The general exclusion principles applied are as follows:

- Exclusion of companies exposed to international sanctions (UN, OFAC, EU, France, ...);
- Exclusion of companies involved in the manufacture of controversial weapons (Oslo Treaty of 2008 and Ottawa Convention of 1997);
- Exclusion of companies that do not respect certain fundamental principles, due to serious misconduct such as the violation of human rights, via significant environmental damage or serious cases of corruption;
- Exclusion of companies involved in new development projects and/or exceeding certain thresholds of exposure to thermal coal (production, exploration, extraction, transformation, production of electricity) and not having put in place a clear strategy to eventually exit from this sector.
- Exclusion of companies which have activities in certain controversial business areas/sectors. The application of exclusionary criteria is mandatory to all investments made by Inpulse and represents an initial screening on the universe of potential activities that could go against Inpulse core values and pose significant reputational risk. The exclusion list used by Inpulse (Annex 1) relies on the exclusion list provided by the European Investment Bank and must be part of any contract.

AML-CFT screening

Inpulse implements a careful screening of each new potential investees to be sure they comply with all AML-CFT essential requirements. For doing so we have access to B4Finance tool to screen the key stakeholders (shareholders, board members, senior managers, UBOs, etc) involved in the management and ownership of the company we wish to invest in.

SELECTION

During due diligences, all potential investees are required to complete an ESG Survey trough which we collect the most relevant indicators to score the ESG sustainability of the company. The data are then scored to produce an ESG Scorecard which will be used to select/reject the potential investment. The Investment Committee of Inpulse Investment Manager engages to not invest in companies with low ESG scores and/or ESG controversy in place.

ESG Scorecard (positive criteria)

The front office (either from Investment and Impact teams) collects every year information through the ESG Survey, a matrix made by quantitative and qualitative indicators. During the due diligence process every new potential investee must fill in the questionnaire which is composed by 83 indicators spread over eight dimensions:

- Mission
- Environmental Performance
- SPM Practices
- Products & Services
- Outreach
- Client Treatment
- Staff Treatment
- Governance

The information received by the investee are verified to ensure quality and coherence of the data. Completed ESG Survey is checked by the Impact Team who indicates whether there are further controls (i.e. existence of valid documents, justified practices, etc.).

Once the ESG data are approved, an evaluation is issued by the Impact Team to rate and benchmark the sustainability of every potential investee: the ESG Scorecard (see Annex 2), an internally developed rating tool is used to:

- test the consistency of the investee operations with its stated social mission.
- compare the results with benchmarks provided by the existing portfolios of the Funds supported by Inpulse.

The main purpose of the ESG Scorecard is to provide an immediate overview of the ESG sustainability of a potential investee by visually highlighting strengths and weaknesses on a multidimensional dashboard bringing forward (through graphs and diagrams) the results obtained after data processing with automatic formulas. The scoring method is based on a system of weights which results in a final score between 0 and 100 for each of the four categories considered.
The Impact Team elaborates the ESG Scorecard which is integrated in any new Investment Note prepared by the Investment Team for every new potential deal to be approved by the Investment Committee. The purpose of the Scorecard is to help decision makers take informed investment decisions aligned with the mission of the Funds we support.

Moreover, the indicators analysed contribute to establish impact objectives to be included in the loan agreements with investees.

- select/reject new deals based on ESG risks.
- to set up impact targets for the entire duration of the investments and reflected as social “soft” covenants in the legal contracts subscribed with the investee.

MONITORING

To track ESG performance, progress and compliance all along the investment period we require to our investees to complete on yearly basis the ESG Survey. Thanks to the data collected and verified every year we can identify the main strengths and weaknesses in our ESG criteria & KPIs, and to follow up over the accomplishment of the impact targets agreed.

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

- Technical Assistance: we put in place actions to support the needs of the investees for reducing sustainability risks and to improve the competences about ESG/Impact management.
- Shareholder Activism: we do our best to influence responsible corporate behaviour through initiating conversations with the management, submitting and voting proxy resolutions, engage dialogue with shareholders and taking active Board seats. These actions are more current for equity investment deals but not limited to them.

CONTROL

The controls related to sustainability risks copy with the three lines of defence implemented within Inpulse.

The Investment Committee is responsible for setting up and carrying out controls to ensure that management is in line with the stated principles.

The so-called second-level control functions, risk and compliance, advise the Investment Committee on the implementation of appropriate policies, tools, processes and controls and ensure the proper functioning of these controls and monitor and report on risks and compliance.

As part of its periodic control functions, the Internal Audit Department (externalized) carries out the audit assignments scheduled in its annual action plan.

The Controversy Note

An ESG controversy refers to either an existing accident or a situation that company faces 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.

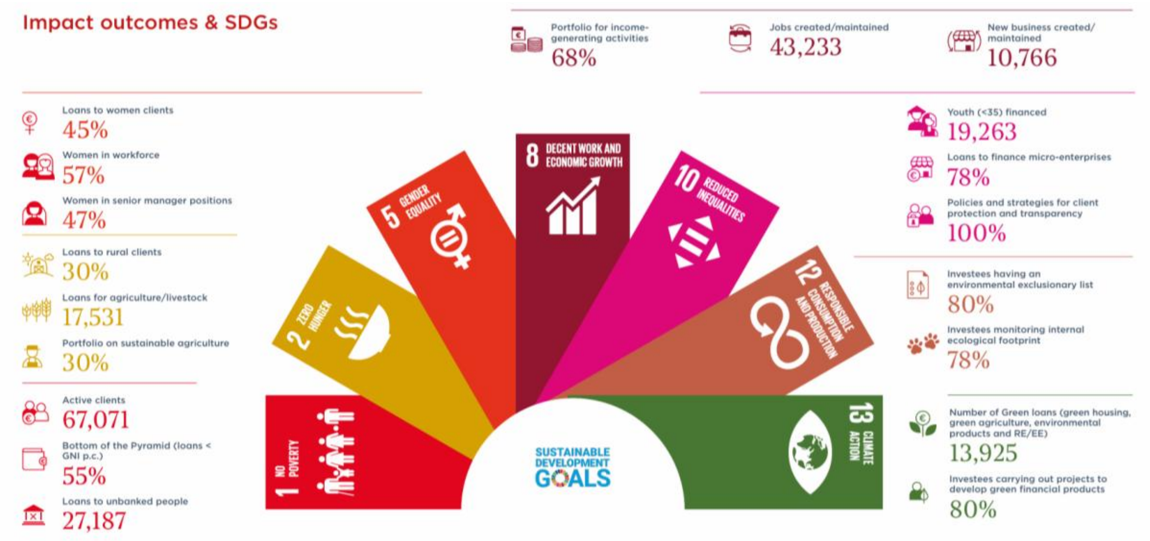
Through the B4Finance tool we monitor controversies to complement our sustainability risk assessment. By continuously tracking sustainability risks, we monitor their possible negative impact on our investors, our investees, on final beneficiaries and their environment. The complete integration of the sustainability approach in the investment process aims to minimize our exposure to this kind of risks.

If a very serious controversy happens after the investment approval, Inpulse tries to solve the problem through dialogue, but this can lead to heavy financial penalties for the client. The objective of ESG controversy analysis is to assess the severity of the negative impact of each event or situation that an investment might face.

REPORTING & TRANSPARENCY

Since 2016 an Impact Report at entity level is published annually in our website (https://www.inpulse.coop/news-and-media/) to disclose the consolidated ESG results of the funds supported by Inpulse. Moreover, for each of the investment Fund we support, Impact Reports are individually consolidated on yearly basis. This information is reported to the bondholders and shareholders of each Funds and disclosed publicly.

Since integration and contribution to UN Sustainable Development Goals (SDGs) are at the heart of Inpulse mission the annual Impact Reports track the evolution of ESG performance of all investees taking in account UN SDGs framework. Our analysis (as shown in the example below for one of our funds) is axed over 7 SDGs which are the most significantly impacted by our investments. These results are published on our website in commitment to Article 10 and 11 of the SFDR.



Coopmed, ESG performance, 2023. https://www.inpulse.coop/inpulse-activity-report-2023/

In line with SFDR we provide transparent and enhanced information in terms of environmental, social and governance responsibility of our financial products, in particular through the provision of quantitative data on ESG performance of our investments.

Governance and Responsibilities

Head of the Risk & Compliance Manager

The Head of Risk Management is responsible for identifying, assessing, and mitigating Sustainability risks within the investment portfolio. This includes integrating ESG considerations into the overall risk management framework, ensuring alignment with regulatory requirements, and reporting key ESG risk indicators to senior management and the Board of Directors.

The Head of Risk & Compliance Management provides yearly sustainability ESG risk reports to senior management and the Board, highlighting emerging risks, regulatory updates, and key performance indicators related to sustainability.

Risks & Compliance Analyst & officer

The risk & compliance analysis & officer ensures adherence to Sustainability and ESG-related regulations, including SFDR and relevant sustainability disclosure requirements.

Internal Audit

Internal Audit performs independent assessments of Sustainability risk management processes, ensuring that the Sustainability and ESG policies are effectively implemented. They provide recommendations for improvements and report any deficiencies to the Board of Directors and relevant committees.

ESG Committee or Impact team:

The ESG Committee or Impact team is responsible for overseeing ESG risk integration, prepare, present to internal stakeholders and update relevant policies, and ensuring that sustainability risks are considered in investment decisions process. They facilitate discussions on ESG strategy, KPIs, tools, benchmarks, reports and address key sustainability concerns within the funds.

The Role of the Board of Directors and Senior Management

The Board of Directors provides strategic oversight on sustainability risk management, ensuring that sustainability considerations and ESG criteria are embedded in the investment strategy. Senior management is responsible for implementing Sustainability and ESG policies, fostering a sustainability-oriented culture, and ensuring appropriate resource allocation for Sustainability initiatives.

Specific IT tools used to manage sustainability data

Inpulse management of environmental and social sustainability is based on an internal Impact Measurement & Management (IMM) System to analyse, monitor and report on non-financial performance of potential investments made by our managed funds. Our **IMM System** is based on the best global practices for inclusive finance to measure and follow-up on economic, social and environmental impact. We apply the UN SDGs as the key language to show our contribution to global sustainable development: we are able to measure the level of SDG achievement of our investees. Inpulse pleads for the use of best practices to minimize any adverse social and environmental impacts and to close the gender gap through the empowerment of women in the conduct of its operations.

Our System is 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 in depth through the benchmarks used by 2xChallenge initiative. Good governance control is inspired by the European Code of Good Conduct for Microcredit provision.

In 2023, Inpulse established a partnership with **Hedera Connect**[1] to make our IMM System (ESG data collection and management) 100% digital.

Inpulse uses this IT tool to collect, analyse, monitor and report on non-financial performance of all investments made by our managed funds. We make sure that all our investees are institutions that are not only financially sustainable, but also that seek to alleviate socio-economic problems, while applying the "do no significant harm" principle to their final clients and to the environment the operate in. The ESG performance results and scorecard are visualized in different visualizations dashboards that allows to generate detailed analysis and reports.

As underlined above Inpulse uses **B4Finance** to enforce controls at different levels, and also for monitoring eventual controversies. B4Finance is the industry's leading solution for streamlining investor onboarding and automating KYC/AML processes.

Statement on Principal Adverse Impact (PAI) on sustainability factors

Being an impact-driven investment manager, Inpulse acknowledges the responsibility climate change issues and other principal adverse impacts through the investment decisions that we make and ESG tools we use for selecting, monitoring and reporting. Although Inpulse does not have more than 500 employees (threshold for the mandatory application of article 4 of the SFDR Regulation), we methodically consider and measure the negative impacts of investment decisions on sustainability factors relevant to our target clients.

However, the (9) climate and environmental related indicators required under SFDR regulation are not relevant for our overall investment strategy. The usual investees targeted by Inpulse are small financial intermediaries (microfinance institutions, local cooperative banks) and small social enterprises with clear social missions. The potential negative/material effect caused on sustainability factors by these companies is very low; moreover, they don't have neither the competences neither the capacities to measure on related metrics provided under RTS SFDR.

As regards indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters required under SFDR, even if Inpulse is below the threshold of 500 employees recalled above, we are engaged to assess, collect and report over mandatory and additional social indicators in compliance with regulatory deadlines and within the limits of the data. Data on PAI are available annually for each of the investment funds managed by Inpulse and are consolidated at the level of Inpulse ("Principal adverse sustainability template_Annex 1") and available on Inpulse website.

Finally, we enforce the DNSH ("Do No Significant Harm") principle through promoting among our clients the implementation of internal policies of good conduct to mitigate any possible negative impact over six sustainable environmental objectives while respecting basic human rights and labor standards. In this way we push forward "sustainable economic activities[2]" paradigm as defined by the article 2 of SFDR

[1] Hedera Connect is an expert European provider of digital solutions with extensive experience in measuring impact on social and environmental financial inclusion.
[2] At the core of the Taxonomy Regulation is the definition of a sustainable economic activity. Article 2.17 of the SFDR defines sustainable investments as "investments in an economic activity that contribute to an environmental or social objective, provided that such investments do not significantly harm any other environmental or social objectives and that the investee companies follow good governance practices".

Remuneration policy & sustainability risks

General principles

Inpulse, in accordance with article 40 of the OPCA *(Organismes de Placement Collectif Alternatifs)* law, implements remuneration policies and practices that are compatible with sound and efficient risk management. The remuneration policy does not encourage risk-taking that is incompatible with the risk profiles, regulations or statutes of the OPCA. We comply with the principles laid down in article 41 of the OPCA law in a manner and to an extent appropriate to its size and internal organization, to its variable remuneration scheme and to the nature, scope and complexity of its activities.

Whatever the nature of the OPCAs (self-managed or managed), the remuneration policy is based on a pay scale organized into 3 families (Management/Expert/Support), 5 categories (1 to 5) and 8 roles (job categories). According to this structure, each role is located in a family and in a category. Each category is linked to a salary level with an indicative minimum and maximum. Inpulse staff may be awarded bonuses, which are non-recurring and are essentially based on the achievement of objectives and cost control at both management company and personal level. The objectives are set by the Management Committee in agreement with the staff members concerned.

Management Committee bonus policy

The Board of Directors of Inpulse Investment Manager has decided not to set up an ad hoc Remuneration Committee, given the small size of the management company and the small size of the self-managed or managed OPCAs, in accordance with article 43 of the OPCA law.
It is then up to the Board of Directors to fulfil this role. The Board of Directors thus sets the objectives allocated to the members of the Management Committee, evaluates their achievement, decides on the variable part envelope and decides whether or not to allocate it, in accordance with the principles set out in article 41 of the OPCA law.
With regard to the specialized internal control functions, the Risk and Compliance functions, the Board of Directors ensures that the staff engaged in these functions are remunerated on the basis of the achievement of the objectives linked to these functions, independently of the performance of the funds controlled.

Integration of sustainability risks in the policy

As part of the implementation of Article 5 of the SFDR Regulation, the remuneration policy for Executive Managers incorporates sustainability risk management criteria. Since March 10, 2021, Inpulse has integrated §1 of article 5 of the SFDR Regulation and has updated its remuneration policy which, from now on, considers "sustainability" criteria in its part relating to the determination of the variable component of the remuneration of the Executive Managers. The inclusion of sustainability risks in the remuneration policy of Inpulse is based on objectives established at company and funds level. These objectives are updated annually and considers the risks identified by the Board of Directors. The objectives are set at two levels:

- <u>At the level of the management company</u>: objectives are defined by the Board of Directors to ensure that the operations of Inpulse respect social and governance standards (25% weight);

- At the level of the funds managed: the results of the respect of ESG objectives of each of the funds managed are taken into account for the determination of the bonus of the managers of Inpulse Investment Manager. (75% weight)

Remuneration for non-executive managers

The members of the Board of Directors of Inpulse do not receive any attendance fees.

Engagement policy

We place at the heart of our mission the challenges of sustainable models in order to propose solutions that benefit not only investors, but also all of society's stakeholders, in a long-term perspective. We support the idea that investors may influence market players not only thanks to their financing but also, through individual and collective engagement actions with their management.

In 2022 we have published our Engagement Policy to generally present how we target sustainable investments, with the view to foster societal impact and long-term value creation through adopting ESG principles. The Engagement Policy describes how Inpulse integrates his engagement approach in the investment strategies of the advised Funds. Engagement is understood as the influence that can be exercised on the investees directly by the Funds under management or by the AIFM. We define engagement as dialogue with investees on ESG factors that can impact their businesses and strengthen their ESG practices.

We believe that by encouraging investees to improve their ESG practices, we can also help channeling positive changes for the environment and society in line with the UN SDGs. The full “Engagement Policy” is available on demand.

Closing remarks

We understand this Policy as a first step towards a more exhaustive version. Hence, Inpulse engages to periodically review and update this policy, also depending on the circumstances and based on what has been learned from its implementation. The main concern is to ensure that this Policy evolves proportionately with the progressions of international regulations and best practices.

All of the parties of this Policy should be approved by Board of Director.

Annexes

ANNEX 1: EXCLUSION LIST

I. The Borrower shall comply and shall ensure that it complies with all laws or regulations applicable to the Company, including but not limited to anti-money laundering and terrorist financing regulations; insider trading laws and regulations embargos regulations applicable in applicable in other EU jurisdictions and in the United-States of America.

II. The Borrower shall not lend (directly or indirectly) in Final Recipients that fulfil the following conditions:
   (i) they perform (A) activities considered as illegal according to the applicable legislation in the country of the relevant Final Recipient or (B) activities excluded as referred to in Article 19 of the Regulation EU (no) 1291/2013 of the European Parliament and of the Council:

- research activity aiming at human cloning for reproductive purposes;
- research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads);
- research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

(ii) they are in an Exclusion Situation;

(iii) they are established in or do maintain business relationship with entities incorporated in a Non-Compliant Jurisdiction.

III. The Borrower shall not perform activities considered as illegal according to the applicable legislation in the country of the Borrower ;

IV. The Borrower shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

(i) performing activities considered as illegal according to the legislation applicable in the country of the company or entity;

(ii) performing the activities excluded as referred to in Article 19 of the Regulation EU (no) 1291/2013 of the European Parliament and of the Council:

- research activity aiming at human cloning for reproductive purposes;
- research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads);
- research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer; or

(iii) whose business activity consists of an illegal economic activity (i.e. any activity, which is illegal under the laws or regulations applicable to the company or entity.

V. The Borrower shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities which substantially focus on the financing of:

(i) the production of and trade in tobacco and distilled alcoholic beverages and related products;

(ii) the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;

(iii) casinos and equivalent enterprises; or

(iv) the research, development or technical applications relating to electronic data programs or solutions, which:

- aim specifically at:
  - supporting any activity referred to the items (a) to (d) above;
  - internet gambling and online casinos; or
  - pornography;

- or which are intended to enable to illegally:

- enter into electronic data networks; or
- download electronic data.

VI. The Borrower shall not invest (directly or indirectly) in Final Recipients:

(i) which export weapons to any country under arms embargo from France, the European Union, the United States of America and the United Nations, or which has been accused by the United Nations of grave violations and abuses against children during a conflict;

(ii) which perform, are involved in and/or substantially focus on the financing of activities such as (a) the sale of weapons and military equipment to non-state entities (states or state-controlled companies) outside NATO and/or EU countries, or weapons transactions involving a state on the FATF list of states that show serious shortcomings in legislation designed to combat financing of terrorism or money laundering and whose defence sector is not guaranteed by membership in NATO or the EU; (b) the manufacture, sale, storage or maintenance of weapons which do not comply with existing legislation, licensing obligations, or international conventions ratified by their host countries; or (c) the production, trade, manufacture or storage of anti-personnel mines, cluster weapons, nuclear weapons, biological and chemical weapons and depleted uranium munitions activities;

(iii) which perform, are involved in and/or substantially focus on the financing of activities such as the upstream or downstream palm oil value chain or wood pulp value chain;

(iv) which (a) construct, operate or provide critical equipment to nuclear power plants (excluding, for the avoidance of doubt, companies primarily engaged in providing maintenance, detection, safety and/or other similar support services to companies whose primary activities involve the construction or operation of nuclear power plants); or (b) own a nuclear power plant, operate a nuclear island, or participate in the nuclear fuel cycle;

(v) which perform, are involved in and/or substantially focus on the financing of activities such as (a) the construction (including expansion and upgrading) of a coal-fired power plant; or (b) which are an utility company involved in the power generation sector that own or operate coal-fired power plants and for which coal-fired power accounts for at least thirty (30) percent of its total installed power generation capacity;

(vi) which perform, are involved in and/or substantially focus on the financing of activities such as (a) the exploration, development and production of oil sand and/or shale oil and gas, or (b) arctic oil and gas exploration projects or (c) pipelines transporting a significant volume of oil sand and/or shale oil and gas, as well as LNG export terminals supplied by a significant volume of shale gas (excluding, for the avoidance of doubt, companies primarily engaged in providing maintenance, detection, safety and/or other similar support services to such pipelines and LNG export terminals and the manufacture or production of flanges, fittings or similar products used in oil or gas refineries);

(vii) which (a) are involved in greenfield and/or expansion of existing mining projects, covering mine planning and development, operation, on-site processing of extracted ore, mine closure and rehabilitation; or (b) own mining assets representing a significant share of their total assets and are involved in exploration, development or operation of such mining assets;

(viii) which (a) use child or forced labour; (b) do not respect the right of workers to organize in a trade union; (c) are engaged in illegal land grabbing practices; or (d) illegally develop farming projects in protected areas;

(ix) which produce, trade or use drift nets over two and a half (2.5) kilometres in length;

(x) which produce asbestos fibres;

(xi) which produce or trade products containing polychlorinated biphenyls;

(xii) which are involved in the trade of any plant or animal species or products governed by the Convention on International Trade in Endangered Species of Wild Fauna or Flora (CITES) which are not authorised by a CITES permit;

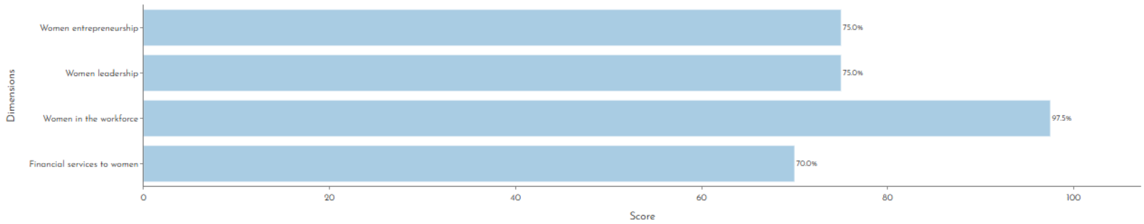
(xiii) which produce tobacco or cigarettes,

The Borrower shall provide Helenos with undertakings that the Final Recipients is not active in the abovementioned activities.

ANNEX 2: ESG SCORECARD

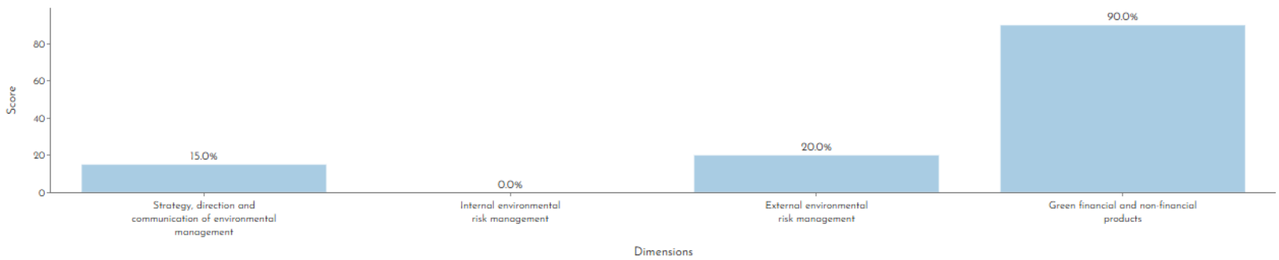
The ESG Scorecard final dashboard consists of a summary table resuming the score (0 to 100) of the 4 ESG criteria and KPIs.

GENDER



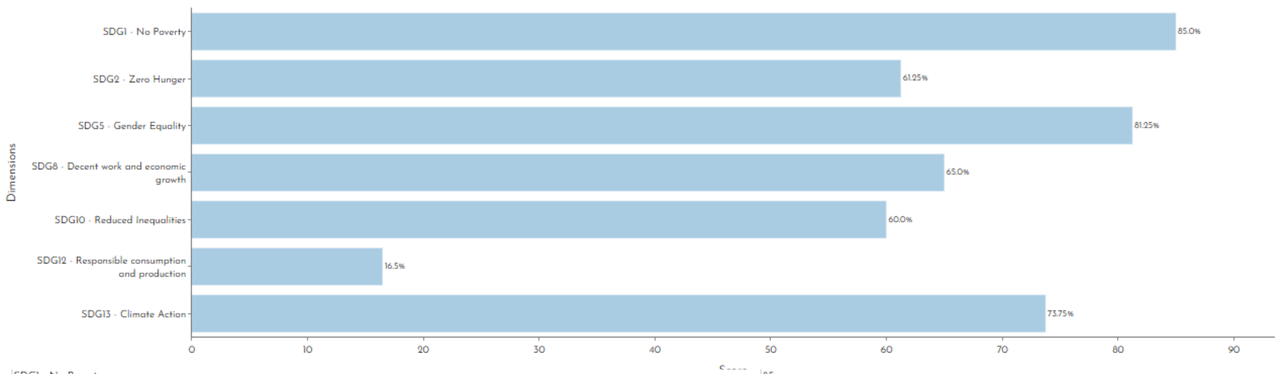
Women entrepreneurship	75
Women leadership	75
Women in the workforce	97.5
Financial services to women	70
Gender	79.38

ENVIRONMENTAL



Strategy, direction and communication of environmental management	15
Internal environmental risk management	0
External environmental risk management	20
Green financial and non-financial products	90
Environment	31.25

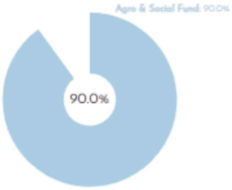
SDGs



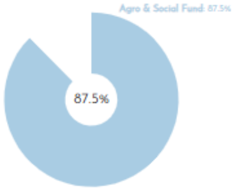
SDG1 - No Poverty	85
SDG2 - Zero Hunger	61.25
SDG5 - Gender Equality	81.25
SDG8 - Decent work and economic growth	65
SDG10 - Reduced Inequalities	60
SDG12 - Responsible consumption and production	16.5
SDG13 - Climate Action	73.75
SDGs	63.25

GOVERNANCE

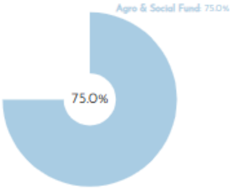
Business Planning



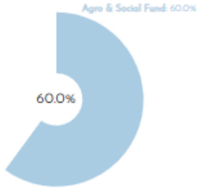
Board Effectivness
& Independence



Management, HR
& Operational manuels



External Accountability



Business Planning	90
Board Effectivness & Independence	87.5
Management, HR & Operational manuels	75
External Accountability	60
Governance	78.12