

## Sustainability-related disclosure:

Statement on consideration of principal adverse impacts on sustainability factors



### Statement on principal adverse impacts of investment decisions on sustainability factors

#### Financial market participant

Financial market participant and product name: THE GREEN FOR GROWTH FUND SA, SICAV-SIF

Legal entity identifier: 549300HT8QKBNTS8D166

#### Summary

THE GREEN FOR GROWTH FUND SA, SICAV-SIF (GGF, the Fund), LEI: 549300HT8QKBNTS8D166, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Green for Growth Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

As of 31 December 2022, the Fund had 68 active investees (Partner Institutions, PIs). The Table below reflects data of 65 PIs combining self-reported and proxy data. The remaining three PIs were excluded from the report due to lack of data availability. The Fund will work to enhance data availability for the next reporting period.

The Fund's sustainable investment objective is to support mitigation of climate change and promote sustainable economic development. The Fund's objective is in line with the long-term global warming targets of the Paris Climate Agreement. The Fund works towards this objective by investing in measures that reduce

energy consumption, resource use, and CO2 emissions. The Fund primarily provides dedicated private debt financing to SMEs, households and eligible projects and companies indirectly through eligible financial intermediaries, as well as direct private debt and equity financing to renewable energy companies, and corporate PIs, including energy service companies and companies implementing renewable energy and energy efficiency projects. Although likely to be limited given the nature of its investments, adverse impacts on sustainability related factors may occur, particularly in relation to emissions and pollution; biodiversity and natural habitats; human rights; social and employee matters; anti-corruption and anti-bribery matters. Against this background, GGF places a priority on the effective management of (potential) principal adverse impacts of its investment decisions on these factors.

The consolidated results of the Fund's overall performance on the principal adverse impact indicators outlined in Table 1/Annex I of the SFDR Regulatory Technical Standards (RTS) during the reference period are summarized in the table below.

Description of the principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 2022 <sup>1</sup>	Impact 2021 <sup>2</sup>	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1050 tCO2	N/A	The indicator reflects 95% of reported PIs. 23% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.
		Scope 2 GHG emissions	869 tCO2	N/A	The indicator reflects 95% of reported PIs. 23% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.

<sup>1</sup> Results are rounded to whole numbers. Results are based on investee level data.

<sup>2</sup> GGF has only started measuring the PAIs performance as of 1 January 2022 and therefore, reported values for impact year n-1 (i.e., 2021) are not available. As the first results presented in this statement are published in 2023, the first year reflecting a comparison to the previous year will be 2024.

					to exposure per investee.	
		Scope 3 GHG emissions	To be reported in 2024	N/A	To be reported in 2024	The focus for the next period will be on enhancing data availability and quality.
		Total GHG emissions	1918 tCO2 (attributed)	N/A	The indicator reflects 95% of reported Pls. 23% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.
	2. Carbon Footprint	Carbon footprint	2.55 tCO2 / MEUR	N/A	The indicator reflects 95% of reported Pls. 23% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.
	3. GHG intensity of investee companies	GHG intensity of investee companies	40 tCO2 / MEUR revenue	N/A	The indicator reflects 95% of reported Pls. 23% of values are self-reported emissions. Other values are	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.

					based on country proxies. Results are weighted according to exposure per investee.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	The indicator only reflects the Funds reported direct corporate and renewable energy (RE) PIs (9% of PIs). Of these, 100% of values are based on publicly available data. Financial institution PIs are considered to not be active in the fossil fuel sector, as per the definition. In addition, the Fund's Exclusion List prohibits the utilization of the Fund's financing for the prospection, exploration and extraction of fossil fuels as well as for power plants, heating stations and cogeneration facilities essentially	Indicator considered in investment decision.

					fired with coal and infrastructure essentially used for coal.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	65%	N/A	The indicator reflects 94% of reported PIs. 1% of these values are based on self-reported data. 99% of these values are based on country-level proxies.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.068 GWh per million EUR	N/A	The indicator only reflects the Funds reported direct corporate PIs (1% of PIs). 100% of these values are based on proxies (developed based on self-reported data). Financial institution PIs and direct renewable energy PIs are not active in	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.

					high impact climate sectors as per the definition of the indicator.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A	The indicator only reflects the Funds reported corporate and renewable energy PIs (9% of PIs). 100% of values are based on self-reported and publicly available data. As financial institutions, the Fund's remaining PIs are located in populated areas, and are considered to not negatively affect biodiversity sensitive area, as per the definition. In addition, the Fund's Exclusion List prohibits using the Fund's financing for activities that would involve destruction of high conservation value areas, and those activities	Indicator considered in investment decision.

					prohibited by national legislation or international conventions relating to the protection of, or activities which could have significant adverse risks and/or impacts on, biodiversity.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.000001t/MEUR	N/A	The indicator reflects the Funds reported direct corporate and renewable energy PIs (9% of PIs), and represents 67% of these PIs. 100% of these values are based on self-reported data. Financial institution PIs are considered to not have direct emissions to water of priority substances, as per the definition of the indicator.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.



Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.021 t/MEUR	N/A	The indicator reflects 95% of PIs. 94% of values are based on proxies, and 6% of values are based on self-reported data. Results are weighted according to exposure per investee.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.
<b><u>Indicators for social and employee, respect for Human Rights, anti-corruption and anti-bribery matters</u></b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	The indicator reflects 100% of PIs and is based on self-reported data	Data collection has commenced, indicator considered in investment decision.

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	9%	N/A	The indicator reflects 84% PIs. 100% of these values are based on self-reported data.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	24%	N/A	The indicator reflects 78% of PIs. 42% of these values are based on self-reported data. 58% is based on proxy data.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	22%	N/A	The indicator reflects 92% of PIs. 100% of these values are based on self-reported data.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	The indicator reflects 97% of Pls. 100% of these values are based on publicly available data.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
Environmental	15. GHG intensity	GHG intensity of investee countries		N/A	Not applicable to the Fund.	Not applicable to the Fund.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law		N/A	Not applicable to the Fund.	Not applicable to the Fund.

<b>Indicators applicable to investments in real estate assets</b>						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels		N/A	Not applicable to the Fund.	Not applicable to the Fund.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets		N/A	Not applicable to the Fund.	Not applicable to the Fund.
<b>Other indicators for principal adverse impacts on sustainability factors</b>						
<b>Additional climate and other environment-related indicators</b>						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	69%	N/A	34% of these values are based on self-reported data.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality.
<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	5%	N/A	75% of these values are based on self-reported data. No data available for 25% of reported PIs.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality. Moreover, the Fund is requiring investees to have in place a grievance mechanism for employees. A decrease of the indicated share is therefore expected over time.

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

The Fund maintains a comprehensive environmental and social management system (ESMS) and a detailed risk-based AML/CFT framework that define the Fund's commitments to managing adverse impacts of its investments. The GGF ESMS guided the Fund's approach to assessing, mitigating, and monitoring potential adverse impacts at every stage of the investment process. The key document summarizing the Fund's ESMS is the GGF Environmental and Social (E&S) Policy complemented with the GGF Exclusion List and detailed E&S procedures and tools to support implementation. The Fund's Board of Directors has overall responsibility for setting the E&S Policy and overseeing its implementation, both directly and via the Fund's Board-appointed Investment Committee. Primary responsibility for day-to-day implementation rests with the Fund Advisor's expert teams.

The GGF Exclusion List is an integral part of the E&S Policy and prohibits the use of GGF funding for activities with an elevated risk of causing adverse impacts, such as activities related to coal, oil and gas sectors, large hydropower dams, and those involving destruction of high conservation value areas, among others.

Within the investment process, thorough ESG due diligence was a key tool for identifying potential adverse sustainability impacts. The Fund's ESG requirements to PIs included obligations to manage adverse impacts of the GGF funded activities to avoid significant harm.

Through its ESMS, the Fund considered adverse impacts beyond the PAI indicators on sustainability factors at each stage of the investment cycle, including the Fund's investment decision making process. As part of this overall approach, as of January 2023, the Fund also considered and collected information on the PAI indicators outlined in Table 1/Annex I of the SFDR RTS. In line with the PAI management approach approved by the Fund's Board of Directors in December 2022, assessment of PAI indicators was integrated into due diligence and monitoring. Data was collected directly from the investees through questionnaires. The Fund used proxies and tools to estimate performance against the PAI indicators where data gaps existed.

As part of its PAI management approach, the Fund screens investee performance against all sustainability factors covered by the PAI indicators. Following a materiality-based approach, the Fund focused on actively managing performance against those PAI indicators which either reflected its investment objectives, and/or where adverse impact was likely to be most material for the Fund, specifically PAI 1 (GHG emissions), PAI 2 (carbon footprint), PAI 3 (GHG intensity of investee companies), PAI 4 (exposure to companies active in the fossil fuel sector), PAI 7 (activities negatively affecting biodiversity-sensitive areas), PAI 10 (violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises), and PAI 14 (Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)).

Starting January 2023, the PAI data collected at due diligence were assessed by the Fund Advisor on the basis of how the principal adverse impacts of the investment may impact the Fund's overall PAI performance. The magnitude of the potential impact is assessed either as minor, moderate adverse, or significant adverse. Where an investment was expected to have a moderate adverse or significant adverse impact on any priority PAI, the potential impact to the Fund's overall performance against the PAI indicators was considered as part of investment decision.

An annual assessment of the Fund's performance against the PAI indicators supported the Fund in portfolio steering and identifying priority areas for engagement and further monitoring. Data on the PAI indicators was collected from PIs as part of the Fund's annual environmental and social reporting process. For the reference period of 1 January to 31 December 2022, where gaps existed in the self-reported data, proxies and estimations were used to address these gaps. In cases where no data required for proxies and estimations (e.g., employment data) was reported to the Fund by the PI, publicly available data was used where possible, and where no such data was available, the PI was not considered in the overall calculation.

The Fund has not set specific targets for each indicator at this early stage of monitoring PAI, however interpretation of indicators and their correlation to GGF's investment objectives will evolve as reliability of the underlying data increases.

#### **Engagement policies**

The Fund primarily focuses on private debt transactions and has only very limited exposure to publicly traded securities or listed companies and as such did not undertake investor engagement within the meaning and context provided by Article 3(g) of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Nevertheless, engagement with PIs is an integral component of the Fund's investment process and contribution to its sustainable investment objective. During the reference period, the Fund carried out engagement, including to address capacity gaps of PIs on managing and mitigating potential adverse impacts. Engagement mechanisms primarily included technical assistance and tailored capacity building covering aspects such as ESG risk management, sustainability strategy and framework development, as well as participation, where relevant, in equity PI project governance bodies. In addition, corrective action plans and contractual undertakings were put in place where risks and gaps were identified that could have a negative impact on the achievement of the sustainable investment objective.

#### **References to international standards**

In considering adverse impacts of its investments throughout the investment cycle, the Fund applied international standards such as the IFC Performance Standards and ILO Fundamental Conventions. Violations against the OECD Guidelines for Multinational Enterprises and the UN Global Compact Principles (PAI 10) are checked as part of the Fund's PAI assessment through on-going incident monitoring drawing on external databases.

#### **Historical comparison**

N/A

Version history	
Version date	Description of the change
9 March 2021	First publication in accordance with Article 4 (5) of SFDR
30 June 2023	Update of the statement in line with Annex I of the SFDR Regulatory technical Standards (RTS)