GREEN FOR GROWTH FUND

Sustainability-related disclosure:

Statement on principal adverse impacts

Table 1

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.

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 investees (Partner Institutions, 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.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

As of 31 December 2023, the Fund had 69 active investees, PIs. The Table below reflects data of all investments of the Fund combining self-reported and proxy data. In line with the Fund's target region, the large majority of these are non-EU entities, which is affecting the overall data availability. In limited cases, due to lack of self-reported data or relevant proxy data, PIs were excluded from the estimation of certain PAI indicators. The Fund continuously makes reasonable efforts to engage with the PIs to enhance data availability, including during the due diligence process, annual Environmental & Social (E&S) performance monitoring and targeted capacity building on non-financial data collection.

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 2023[1]**	**Impact 2022[1]**	**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	516 tCO2	459 tCO2	The indicator covers 93% of the Fund's PIs, out of which 28% of values are self-reported emissions. Other values are estimated utilizing the JIM[2]. Results are weighted according to exposure per investee.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
		Scope 2 GHG emissions	863 tCO2	717 tCO2	The indicator covers 91% of the Fund's PIs, out of which 25% of values are self-reported emissions. Other values are estimated utilizing the JIM. Results are weighted according to exposure per investee.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
		Scope 3 GHG emissions	506,363 tCO2	N/A	The figure covers 94% of the Fund's PIs, out of which 20% of values are self-reported emissions. Other values are estimated utilizing the JIM. Results are weighted according to exposure per investee. In line with regulatory requirements, Scope 3 GHG emissions are reported for the first time in the current reference period.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.

[1] Results are rounded to whole numbers. Results are based on investee level data.

[2] The Joint Impact Model (JIM), is a web-based tool for impact-oriented investors in developing markets. The results are calculated using economic modelling and do not represent actual figures, rather, they are estimates and should be interpreted as such. Under the GHG protocol, some emissions are not yet included, and these are: end-of-life treatment of sold products, use of sold products and downstream transportation and distribution Emissions do not include downstream. This does not affect GGF's disclosure.

		Total GHG emissions	507,742 tCO2	1,175 tCO2	The indicator covers 94% of the Fund's PIs, out of which 24% of values are self-reported emissions. Other values are estimated utilizing the JIM. Results are weighted according to exposure per investee. The YoY increase of values is due to the inclusion of Scope 3 GHG emissions in the calculation.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
	2. Carbon footprint	Carbon footprint	683.68 tCO2 / MEUR	1.6 tCO2 / MEUR	The indicator covers 94% of the Fund's PIs, out of which 24% of values are self-reported emissions. Other values are estimated utilizing the JIM. Results are weighted according to exposure per investee. The YoY increase of values is due to the inclusion of Scope 3 GHG emissions in the calculation.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
	3. GHG intensity of investee companies	GHG intensity of investee companies	5,733 tCO2 / MEUR revenue	27 tCO2 / MEUR revenue	The indicator covers 93% of the Fund's PIs, out of which 24% of values are self-reported emissions. Other values are estimated utilizing the JIM. Results are weighted according to exposure per investee. The YoY increase of values is due to the inclusion of Scope 3 GHG emissions in the calculation.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	The indicator covers 100% of the Fund's PIs, out of which 17% of values are self-reported by direct corporate and renewable energy PIs. Financial institution PIs are considered to not be active in the fossil fuel sector, as per the definition. 83% of values are proxies based on the reasonable assumption explained above.	The indicator is considered in the investment decision. 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 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	67%	65%	The indicator covers 97% of the Fund's PIs. All values are based on country-level proxies developed using reasonable assumptions.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs 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	0.088 GWh / MEUR	0.068 GWh / MEUR	The indicator covers 88% of the Fund's PIs, out of which 2% are self-reported values by corporate PIs. The Fund's financial institution PIs and renewable energy PIs are not active in high impact climate sectors, as per definition indicator. 92% of the values are based on proxies as explained above.	The indicator is considered in the investment decision. The Fund's financial institution PIs are not (and will not be) by definition, active in any high impact climate sector. The Fund engaged and will continue engaging with corporate PIs on enhancing data availability and quality.
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	0%	0%	The indicator covers 100% of the Fund's PIs. The Fund's financial institution PIs are located in populated areas and are considered to not negatively affect biodiversity sensitive areas, as per the definition. All values are proxies based on reasonable assumptions explained above. The Fund's	The indicator is considered in the investment decision. In addition, the Fund's exclusion list prohibits using the Fund's financing for activities that would involve destruction of high conservation value areas.

		companies negatively affect those areas			corporate and renewable energy PIs comply with applicable national environmental laws and regulations, carry out their activities in conformance with IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources as well as in conformance with relevant principles and standards contained in the EU environmental legislation.	In line with the investment strategy, the Fund targets to maintain this share at 0% going forward.
Water	8. Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	3.19 t/MEUR	0.88 t/ME UR	The indicator covers 88% of the Fund's PIs, out of which 2% of the values are self-reported by corporate and renewable energy PIs. The Fund's financial institution PIs are considered to not have direct emissions to water of priority substances, as per the definition. 98% of values are proxies based on the reasonable assumption explained above.	The indicator is considered in the investment decision. The Fund's financial institution PIs do not (and will not) by definition, have direct emissions to water of priority substances.
Waste	9. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.085 t/MEUR	0.027 t/MEUR	The indicator covers 75% of the Fund's PIs, out of which 20% is self-reported data. Other values are based on proxies calculated based on the number of employees per company. Results are weighted according to exposure per investee.	The indicator is considered in the investment decision.

Indicators for social and employee, respect for Human Rights, anti-corruption, and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation 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	1%	0%	The figure covers 100% of PIs, out of which 100% of values is based on the Fund's regular incident monitoring using external databases.	The indicator is considered in the investment decision. In cases where violations occur and is feasible, the Fund may engage with the PI to build and improve relevant processes and capacities.
	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	7%	12%	The indicator covers 99% PIs, out of which 100% of the values is based on self-reported data.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality as well as enhancing relevant PI's E&S risk management processes and capacities to align with UNGC principles and OECD Guidelines for Multinational Enterprises.

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15%	18%	The figure covers 94% of the Fund's PIs, out of which 78% of values is self-reported. Other values are estimated based on proxies using country-level data.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs 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%	22%	The indicator covers 83% of Fund's PIs, out of which 100% of values is self-reported.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs 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%	0%	The figure covers 100% of the Fund's PIs. The Fund considers that financial institutions are not involved in the manufacture or selling of controversial weapons, as defined by the regulation. The exposure of direct corporate and renewable energy investees to controversial weapons is eliminated according to the Fund's exclusion list.	The indicator is considered in the investment decision. In line with the investment strategy, the Fund targets to maintain this share at 0% going forward.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries			Not applicable to the Fund as it did not make any investments in sovereigns in sovereigns and supranationals.	

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			Not applicable to the Fund as it did not make any investments in sovereigns in sovereigns and supranationals.	
<u>Indicators applicable to investments in real estate assets</u>						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
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			Not applicable to the Fund as it did not make any investments in real estate assets.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets			Not applicable to the Fund as it did not make any investments in real estate assets.	

Other indicators for principal adverse impacts on sustainability factors						
Table 2 **Additional climate and other environment-related indicators**						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**[3]	**Impact 2022**[3]	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
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	32%	69%	The indicator covers 51% of the Fund's PIs, out of which 100% of values is self-reported.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs on enhancing data availability and quality.
Table 3						
Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters						
Indicators applicable to investments in investee companies						
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	1%	5%	The indicator covers 97% of the Fund's PIs, out of which 100% of values is self-reported.	The indicator is considered in the investment decision. The Fund engaged and will continue engaging with PIs 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.

[3] Results are rounded to whole numbers. Results are based on investee level data.

Description of policies to identify and prioritize 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 (last updated and approved by GGF Board of Directors in September 2023) 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 (last updated and approved in December 2022) 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. If material gaps in the PIs' practices and capacities to address and mitigate against these impacts are identified, the PI will be required to address these gaps.

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 (e.g. modelling of the data for PAI 1-3 via the JIM) 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. PAI indicators are prioritized using a combination of criteria reflecting on:

- The Fund's investment approach primarily focused on intermediated finance as well as the respective probability of occurrence and the severity of principal adverse impacts based on the specifics of the investments in the financial sector as well as corporate and renewable energy investments;
- the Fund's environmental objective and commitment to climate change mitigation;
- activities excluded from the Fund's financing as per the exclusion list;
- overall balance between Environmental, Social, and Governance factors in investment decisions with particular focus on E&S requirements of Fund.

The Fund prioritizes the following principle adverse impact indicators: 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. The received data was reviewed by the Advisor's expert teams. For the reference period of 1 January to 31 December 2023, 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 calculation of the specific indicator. Taking into account that 1) self-reported data is considered reliable and additionally reviewed by the Advisor's sustainability experts, 2) the financial data is audited and 3) recognized industry sources are used for proxies-based estimated data the margins of error are overall expected to be low but cannot be entirely eliminated.
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, which were identified during the due diligence and/or monitoring phase, more specifically regarding PAI 11 Table 1 (lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and PAI 5 Table 3 (lack of grievance/complaints handling mechanism related to employee matters). Engagement mechanisms primarily included sustainability-related 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 E&S action plans and contractual undertakings were put in place where 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.

The Fund Advisor is a signatory of the Principles for Responsible Investment (PRI) and regularly reports on its responsible investment activities.

During the reference period, the Fund Advisor also commenced formalizing GGF's alignment with the targets of the Paris Agreement against the MDB Joint Assessment Framework for Paris Alignment, based on which GGF financing can be considered aligned with the Paris Agreement's mitigation and adaptation goals, given its climate change mitigation focus, established procedures for climate risk assessments, the provisions made for intermediated financing in the MDB Joint Assessment Framework and additional guardrails formulated for future GGF investments.

Given GGF's ambition to align eligible investments with the EU Taxonomy, the Fund conducts a screening of climate risks for all direct investments and for selected investments via financial intermediaries to confirm that those investments fulfil the EU Taxonomy's do no significant harm (DNSH) criterium on climate change adaptation. If such screening identifies material risks, the Fund may commission a more in-depth climate risk and vulnerability assessment that incorporates climate projections, i.e., can entail different scenarios. Moreover, the Fund's credit risk analytics adopts a risk-based approach and incorporates a high-level analysis of climate risks as one of many risk factors in the credit risk rating of financial institution PIs. For the corporate and renewable energy PIs, the credit risk analytics draws from climate risk screening results and (where applicable) from the more in-depth climate risk and vulnerability assessment mentioned above.

Historical comparison

A historical comparison of the reference period of this statement and the previous period reported on is provided in the section 'Description of the principal adverse impacts on sustainability factors' above.

Version history

Version date	Description of the publications
9 March 2021	First publication in accordance with Article 4 (5) of SFDR
30 June 2023	Statement for the reference period 1 January – 31 December 2022 in line with Annex I of the SFDR RTS
30 June 2024	Statement for the reference period 1 January - 31 December 2023 in line with Annex I of the SFDR RTS