

Website Disclosure for Financial Products with a **Sustainable Investment Objective**

As referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

Sustainable investment objective of the financial product

The Fund's investment strategy incorporates opportunities that align with the EU Taxonomy's climate change mitigation or climate adaptation goals, by financing economic activities that reduce GHG emissions as well as technologies that minimise the negative impacts of climate change.

The Fund invests in energy transition and resource efficiency. Adjacent opportunities in sustainable industry, sustainable mobility and eliminating pollution are also in scope.

The foregoing activities include, but are not limited to;

Climate Change Mitigation

- generating, transmitting, storing, distributing or using renewable energy in line with including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- improving energy efficiency, except for power generation activities;
- increasing clean or climate-neutral mobility;
- switching to the use of sustainably sourced renewable materials;
- increasing the use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage (CCS) technologies that deliver a net reduction in greenhouse gas emissions;
- establishing energy infrastructure required for enabling the decarbonisation of energy systems;
- producing clean and efficient fuels from renewable or carbon-neutral sources;

Climate Change Adaptation

- adaptation of solutions that reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity or substantially reduce that adverse impact, without increasing the risk of an adverse impact on people, nature or assets; or
- provide solutions that, contribute substantially to preventing or reducing the risk of the adverse impact of the current climate and the expected future climate on people, nature or assets, without increasing the risk of an adverse impact on other people, nature or assets.

The Fund aims to align with the EU Taxonomy methodology, and we will screen investee company for its percentage of alignment. We are aware however, that lack of effective data, and our position as a new product may currently reflect an artificially low EU Taxonomy alignment in comparison to our overall investments in investee companies.

In addition to screening investments for alignment with the EU Taxonomy, the DNSH principle and minimal social safeguards, we will use our bespoke assessment and scoring methodology to ensure individual investments either (i) already have a strong score on sustainability indicators or (ii) have the potential to create a large 'delta' by engaging with a portfolio company to transition in alignment with EU Taxonomy.

This Fund does not have a specific index designated as a reference benchmark to achieve its sustainable investment objective.

Monitoring of sustainable investment objective

Throughout the entire investment lifecycle, we will set company specific KPIs related to two themes: ESG Management and Sustainability Impact.

As part of the Fund's active management, we plan to assist our investee companies to set, meet and, where possible, exceed portfolio company specific ESG objectives. The investment strategies' bespoke methodology is available upon request. Our Assessment and Scoring Methodology will involve the following steps:

- Investigating Industry Exposure;
- Determining Key Material Themes for each of the Fund's portfolio companies;
- Setting Short, Medium and Long term KPIs for each investee company roadmap; and
- Assessing progress across each individual investee company and across the Fund.

Each company will break down long-term targets into intermediary steps across 5-year time frames. The Fund will then identify and develop action plans to drive progress on ESG Management and Sustainability Impact performance overall across each investee company and the Fund.

Methodologies

The Fund aims to align with the EU Taxonomy methodology, and we will screen investee company for its percentage of alignment. We are aware however, that lack of effective data, and our position as a new product may currently reflect an artificially low EU Taxonomy alignment in comparison to our overall investments in investee companies.

In addition to screening investments for alignment with the EU Taxonomy, the DNSH principle, minimal social safeguards, and the Principal Adverse Impact indicators, we will use our bespoke assessment and scoring methodology to ensure individual investments either (i) already have a strong score on sustainability indicators or (ii) have the potential to create a large 'delta' by engaging with a portfolio company to transition in alignment with EU Taxonomy.

Data sources and processing

The collection of data used to attain the sustainable investment objective of the financial product is divided into two phases: the due diligence conducted during the pre-investment phase and monitoring and reporting during the hold period.

During the initial due diligence phase, we will break down the process into a four-stage process;

- Industry Exposure Assessment
- Determine Key Material Themes
- Assessing the Company Performance
- Develop Roadmap

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The data we gather may vary based on topics such as industry of the company or local and national requirements, and availability of the data.

The Fund may engage with third-party providers to conduct due diligence on our behalf. In addition to assuring alignment with the relevant Taxonomy and PAI reporting and threshold requirements, due diligence will assess any data and risk in line with commonly accepted frameworks such as SASB, UN Global Compact, UN PRI and our third-party providers proprietary scoring methodology.

Throughout the investment holding period, we will monitor company-specific KPIs related to two themes, as discussed above.

As part of the Fund's active management, we plan to assist our investee companies to set, meet and, where possible, exceed portfolio company-specific ESG objectives. The investment strategies' bespoke methodology is available upon request. Our Assessment and Scoring Methodology will involve the following steps:

- Investigating Industry Exposure;
- Determining Key Material Themes for each of the Fund's portfolio companies;
- Setting Short, Medium and Long term KPIs for each investee company roadmap; and
- Assessing progress across each individual investee company and across the Fund.

Each company will break down long-term targets into intermediary steps across 5-year time frames. The Fund will then identify and develop action plans to drive progress on ESG Management and Sustainability Impact performance overall across each investee company and the Fund.

The Fund will periodically assess the strategic plan established with company management to include commercial opportunities and new products/solutions to seize the growth opportunity brought by climate change mitigation and/or adaptation.

At exit, we aim to showcase the improvements in Sustainability Impact and ESG Management that have taken place under our ownership to potential buyers.

Limitations to methodologies and data

As described above, given the nature of our business we will have direct access to the companies that we invest in during the pre-investment process and throughout the lifecycle.

Although we may have direct access to our companies, there may still be limitations to what we can gain access to and report. Such limitations include, but are not limited to;

- Data availability will be dependent on the information available at the time. This includes estimated data provided in lieu of confirmed data.
- Aggregation of fragmented data, which may not fully represent the position of the company holistically
- Limitations due regulatory requirements restricting the access of data, as well as national and industry standards across jurisdictions and owners.
- Narrative information – as part of the due diligence process, the Fund may gather data from interviews or guidance from key stakeholders at the company of which they will place a certain reliance; and
- Third-party assistance in conducting due diligence and ongoing monitoring.

As previously mentioned, given the high level of access and engagement with our companies, we are able to gain access to various documentation to mitigate limitations.

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The Fund will act, where possible, to address limitations in its data and methodologies.

Actions taken to mitigate limitations

The Fund will continue to stay abreast of developments in ESG and will apply the most commonly accept and best-in-class standards and guidance in data process.

As previously mentioned, the firm will continue to abide by its Engagement Policy which provides oversight and hands-on engagements in the companies it invests in and provides access to information and data.

The Fund will only engage with third-party providers that are considered best-in-class aligned with the highest ESG standards. In addition, the Fund will, no less frequently than annually, conduct a due diligence on its third-party providers of ESG and sustainability services.

No significant harm to the sustainable investment objective

All investment opportunities are screened on their alignment with the EU Taxonomy, the Do No Significant Harm ('DNSH') principle, Principal Adverse Impacts (PAIs) and minimal social safeguards.

Our investment process establishes and identifies progress in our portfolio companies based on objective measurements. We have a bespoke measurement and scoring methodology based on two Key Fund Indicators: ESG Management and Sustainability Impact. This methodology includes an initial measurement of a portfolio companies' alignment to the EU Taxonomy, as well as quantitative indicators on material ESG themes which are determined on an investee company basis.

Whilst each investment's initial measurement and scoring will vary on Sustainability Impact and ESG Management performance, we focus on driving progress and minimising harm throughout the value chain.

As part of our active management, we plan to put the development, approval, and execution of such plans on the agenda of each investee company's Board of Directors and take an active approach to ensure there is no significant harm caused to any environmental or social sustainable investment objective.

In addition to active engagement with management to ensure no significant harm, the Fund also restricts investing in activities that violate the EIF's Guidelines on Restricted Sectors, including Paris Alignment Restrictions.

Whilst the investment strategy naturally provides us with a focused scope of opportunities, we also apply a set of exclusions to a number of products, services and activities which guide our investment process and align with our principles to do no significant harm in the investment activities we undertake.