Last update : April 2023

Sustainability-related disclosures for Regulation (EU) 2019/2088

Website disclosure for Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR)

Glossary

"Minimum Safeguards" requested by the Sustainable Finance Disclosure Regulation refer to principles highlighted in:

- the International Labor Organization (ILO) to promote fair treatment, equal opportunity for workers and decent work conditions,
- the International Bill of Human Right (UN),
- the Guiding Principles on Business and Human Rights (UN), and
- when applicable, the OECD Guidelines for Multinational Enterprises.

"Sustainable Finance Disclosure Regulation" or "SFDR" means the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-Related Disclosures in the Financial Services Sector.

"Sustainability Risks" are defined as environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. This definition is aligned with the Sustainable Finance Disclosure Regulation.

"Principal Adverse Impacts indicators" ("**PAIs**") are the mandatory principal adverse impact indicators outlined in Table 1/Annex I of the Commission Delegated Regulation (EU) 2022/1288, as may be amended from time to time ("**CDR**"), and the two additional principal adverse impact indicators selected as optional indicators dedicated for the sub-fund GRAMEEN CREDIT AGRICOLE FUND – FIR. For the purpose of the do no significant harm test pursuant to Art.2, Number 17 of SFDR, all these indicators will be referred collectively as PAIs.

(a) Summary

The Grameen Credit Agricole Fund (the "**GCA Fund**") and its sole sub-Fund, the FIR[1] (hereafter referred as the "**sub-Fund**") were initiated by the Grameen Credit Agricole Foundation, also Investment Advisor of the GCA Fund (the "**Investment Advisor**" or the "**Foundation**"). Innpact Fund Management S.A. is the alternative investment fund manager of the sub-Fund (the "**AIFM**"). The GCA Fund qualifies as an alternative investment fund in accordance with the Law of 12 July 2013 on alternative investment fund managers.

The sub-Fund promotes social characteristics within the meaning of Article 8 of the SFDR. The sub-Fund aims at offering financial instruments to partner microfinance institutions ("**MFIs**"), which are selected according to their social goals and caters in priority to rural MFIs whose core mission is to combat poverty and promote the financial inclusion of the poorest, and mostly women, through a range of suitable and accessible microfinance services. The social characteristics of the sub-Fund are integrated throughout the investment process of the sub-Fund as reflected in eligibility criteria and monitoring systems. Both allow to check compliance with Minimum Safeguards and are adapted to the ESG risk profile of the potential investee. In addition, the sub-Fund is actively engaging with partner

[1] FIR stands for *Finance Inclusive en milieu Rural* in French, which translates as Rural and Inclusive Finance in English.

MFIs to encourage the adoption of better management practices on environmental, social and governance issues when risks are identified.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Nevertheless, the sub-Fund commits to make sustainable investments in accordance with article 2 (17) of SFDR (the "**Sustainable Investments**") and ensures that such Sustainable Investments do no significant harm throughout its investment process, by taking into account sustainability factors in the initial screening of counterparties, in the due diligence process, in the loan documentation and through an adapted on-going monitoring of investees. All steps of the investment process ensure compliance with Minimum Safeguards while the reporting and monitoring steps includes PAIs.

In addition, all potential investments are screened against the sub-Fund's exclusion list and an ESG risk matrix defining relevant due diligence and mitigating measures. This step also serves to ensure that investees implement good governance practices and commit to the Client Protection Pathway. The ESG rating approach, eligibility criteria and processes are detailed in the ESG policy of the sub-Fund (available upon request). The investment committee of the GCA Fund (the "**IC**") is informed of Sustainability Risks related to any proposed investment and of its compliance with ESG eligibility criteria.

i) Integration of adverse impacts on sustainability factors

As part of the sub-Fund's management of adverse impacts, the AIFM and the Investment Advisor are progressively implementing a consistent approach to collect data on PAIs. All PAIs will be reported with data at the investee level and not at the end-client level. When the investee is able to report the required data, the sub-Fund will report data provided by the investee and verified by the Investment Advisor. When this is not the case, the sub-Fund will report ratios provided by a specialized provider able to generate relevant proxies based on the characteristics of the investee's loan portfolio.

Mandatory indicators of Table 1/Annex I of CDR 2022/1288

#	PAIs	Level	Source	Comment
1	GHG emissions	Investee	Work with data providers	
2	Carbon Footprint	Investee	Work with data providers	
3	GHG intensity of investee companies	Investee	Work with data providers	
4	Exposure to companies in fossil fuel sector	Investee	Reported by investee	Negligible risk
5	Renewable energy % consumption, production	Investee	Proxy based on national data	
6	Energy Consumption per high impact climate sector	Investee	Work with data providers	Negligible risk
7	Activities near biodiversity sensitive areas	Investee	Plan to work with data providers	Negligible risk
8	Emissions to water	Investee	Plan to work with data providers	Negligible risk
9	Hazardous waste	Investee	Plan to work with data providers	Negligible risk

#	PAIs	Level	Source	Comment
10	Violations to UNGC principles and OECD Guidelines	Investee	Reported by investee	
11	Monitor compliance with UN Global Compact	Investee	Reported by investee	
12	Unadjusted Gender Pay Gap	Investee	Reported by investee	
13	Board gender diversity	Investee	Reported by investee	
14	Exposure to controversial weapons	Investee	Reported by investee	Excluded from financing

Additional indicators selected in Tables 2 & 3 /Annex I of CDR 2022/1288

#	PAIs	Level	Source	Comment
1	Investments in companies without carbon emission reduction initiatives	Investee	Reported by investee	
2	Lack of grievance/ complaints handling mechanism related to employee matters	Investee	Reported by investee	

The AIFM will work in close collaboration with the Investment Advisor, the Grameen Credit Agricole Foundation, on this process. The aim is to analyze PAIs throughout the investment process and determine if relevant a remediation plan on negatively assessed PAIs. Based on this assessment, the AIFM will not knowingly approve any investment which is expected, or is determined, to do significant harm to any Environmental or Social Objective as detailed in Article 2(17) of SFDR.

The AIFM will engage with the Investment Advisor to capture relevant PAIs data for the first PAIs reporting in 2023 and to ensure that data on PAIs regarding the investees is collected on periodic basis depending on the investees' capacity to report and the availability of proxies where needed.

ii) Alignment with Minimum Safeguards

Each new investment is evaluated with dedicated questionnaires (including the SPI4-ALINUS tool and the AML-FT questionnaire) administrated during due diligence and that include specific questions on the processes implemented at the investee level with respect to Minimum Safeguards. The Investment Advisor will ensure that Sustainable Investments comply with Minimum Safeguards related to human rights such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights including the declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the International Bill of Human Rights. Although OECD Guidelines for Multinational Enterprises may not always be applicable to the sub-Fund's investees since the latter are not multinational enterprises, the underlying principles are assessed as part of the due diligence questionnaire.

In addition, each new investee is screened on relevant online softwares and search engines to ensure that it is not involved in bribery or corruption or in violations of human rights, labour rights or consumer rights. The results are presented in the investment proposal submitted to the IC. The aim is that Minimum Safeguards are analyzed throughout the investment process and based on this analysis, the AIFM will not knowingly approve any investment which is expected, or is determined, not to respect the Minimum Safeguards.

The contractual documentation between the GCA Fund and each Sustainable Investment also ensures that the investee undertakes to (i) remain compliant with Minimum Safeguards and (ii) comply with the sub-Fund's exclusion list during the life of the loan and (iii) report to the Fund in case of compliance breach. Specific reporting through the SPI4-ALINUS tool is completed during the life of the loan and verified by the Investment Advisor which also ensures that Sustainable Investments remain aligned with Minimum Safeguards. In case of breach with Minimum Safeguards, the Investment Advisor will engage with the investee to design a remediation plan as agreed upon in the contractual documentation.

(c) Environmental or social characteristics of the financial product

The investment objective of the Sub-fund is to contribute to the fight against poverty in developing countries by providing access to adapted financial services to communities in rural areas. The sub-Fund's investments therefore promote social characteristics and contribute to one or several of the following United Nations Sustainable Development Goals (“**SDGs**”):

1. **SDG 1**: *Helping to fight poverty*: The sub-Fund helps fight poverty by financing and supporting organizations that facilitate access to financial and essential services for vulnerable segments of the population: rural populations and micro-entrepreneurs.
2. **SDG 2**: *Strengthening food security in rural areas*: The sub-Fund contributes to food security by financing food-producing agriculture in rural areas.
3. **SDG 5**: *Supporting the empowerment of women through entrepreneurship and financial inclusion*: the sub-Fund finances and supports microfinance institutions that promote financial inclusion and the empowerment of women through entrepreneurship.
4. **SDG 8**: *Promoting sustained economic growth and decent work*: The sub-Fund seeks to promote economic development that creates quality jobs by financing small and medium-sized businesses. It uses the ALINUS tool to measure the social performance of microfinance institutions, including responsible treatment of employees.

(d) Investment strategy

Investment Strategy used to meet the social characteristics promoted by the sub-Fund
The sub-Fund aims at offering financial instruments to partner MFIs, which are selected according to their social goals. These should be in line with the social characteristics of the sub-Fund. The Fund caters in priority to rural MFIs whose core mission is to combat poverty and promote the financial inclusion of the poorest, mostly women, through a range of suitable and accessible microfinance services.

The sub-Fund works in Sub Saharan Africa, Asia, Middle East and North Africa, and Central Europe. Its countries of operations are developing countries with relatively high levels of poverty and financial exclusion. The sub-Fund offers mostly unsecured senior loans in local currency, with a loan tenor typically ranging from three to four years and a pricing reflecting the level of risk-taking and the general market conditions.

The investment strategy is implemented into four phases, each one considering the sub-Fund’s impact and sustainability objectives through an analysis of key characteristics of the investee and related sustainability factors:

(i) Initial presentation of investment opportunities to the Fund’s IC, aiming at confirming the due diligence, conditioning the deal or discarding proposals that would not be in line with the sub-Fund’s sustainability requirements and social characteristics.
(ii) Due diligence performed by the Investment Advisor to gather and check the information presented in the initial presentation. If the Investment Advisor has recently performed a due diligence on the investee (either for the Sub-Fund or for another mandate), the initial presentation to the IC and due diligence steps are considered to be complete.

(iii) Investment proposal submitted to the IC for approval, including all relevant information for the IC to decide whether the proposed investment is aligned with the sub-Fund's social characteristics and investment objective.
(iv) Implementation of contractual documentation, including covenants, undertakings and warranties to ensure that the investment complies with the sub-Fund's social characteristics and sustainability factors.

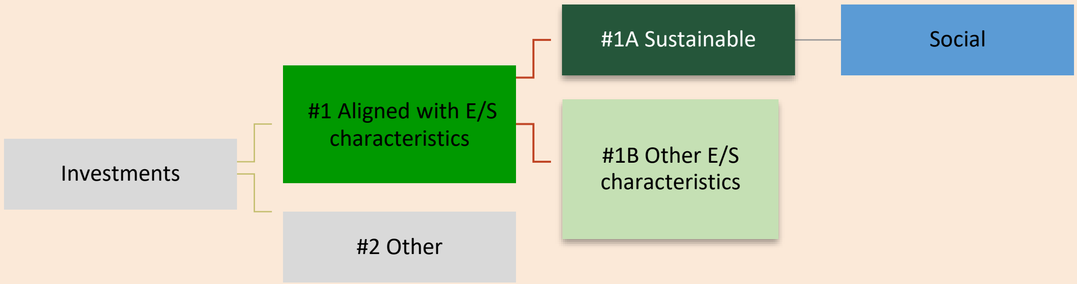
Post-investment, the Investment Advisor performs an on-desk on-going monitoring to ensure that the investment remains in line with the sub-Fund's sustainability requirements, social characteristics and investment objective.

Policy to assess good governance practices of investee companies
To ensure that all investees follow good governance practices as defined in article 2(17) of SFDR, each investee is assessed against an amended version of the British International Investment ("**BII**") corporate governance standards defined for financial institutions, as adapted to microfinance by the Grameen Credit Agricole Foundation. In addition, each investee has to comply with the BII's minimum elements of corporate governance, also adapted to microfinance by the Grameen Credit Agricole Foundation.

(e) Proportion of investments

The sub-Fund promotes social characteristics and will have a minimum of 70% of its total assets meeting social characteristics. While it does not have as its objective a sustainable investment, it aims at having a minimum of 60% of its total assets qualifying as Sustainable Investments with a social objective. Therefore, 10% of its total assets will be composed of investments with other social characteristics which do not qualify as Sustainable Investments as per SFDR definition. The remaining portion of total assets which are neither aligned with the social characteristics of the sub-Fund, nor are qualified as Sustainable Investments is composed of liquid instruments (30%). All social investments and Sustainable Investments of the sub-Fund will be direct exposures to investee entities, although it may happen occasionally that the financing is provided to a holding company that would then affect it to one or several of its MFI affiliates.

As described in section b) (ii) above, compliance with Minimum Safeguards is assessed for each new investment at pre-investment stage and the contractual documentation between the GCA Fund and each Sustainable Investment also ensures that the investee undertakes to (i) remain compliant with Minimum Safeguards and (ii) comply with the sub-Fund's exclusion list during the life of the loan and (iii) report to the Fund in case of compliance breach. Compliance with Minimum Safeguards is ensured during the life of the investment through specific reporting and verifications undertaken by the Investment Advisor.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

(f) Monitoring of environmental or social characteristics

The sub-Fund's investment process includes the monitoring of impact and sustainability factors in order to ensure the alignment of each investment with the social objective of the sub-Fund and ongoing compliance of each investment with the ESG eligibility criteria of the sub-Fund. This monitoring process includes a quarterly review of sustainability indicators, a review of publicly available data and an annual analysis of the environmental and social performance of the partner MFI. In addition, the sub-Fund will collect and disclose annually the mandatory PAIs of table 1 and the additional indicators selected in table 2 and 3 of Annex I of the CDR, as specified in section b) (i) above. All data reported by the partner MFI to the sub-Fund is checked for consistency by the Investment Advisor. The full list of sustainability indicators used during the monitoring process and their characteristics (including frequency, source and related SDGs) are available in the sub-Fund's ESG policy.

(g) Methodologies

The sub-Fund has developed a Theory of Change which is the basis for the methodologies used to measure the attainment of the social characteristics of the sub-Fund. The Theory of Change of the sub-Fund consists in an impact model derived from the impact model of the Foundation, its initiator, given their common goal to help reduce inequality and poverty through financial inclusion. The Foundation defined this impact model in 2019 through objectives and related key performance indicators available on its website (https://www.gca-foundation.org/en/impact-report). Given the sub-Fund's objective to contribute to the fight against poverty (as detailed in section c) above), the Investment Advisor systematically assesses each potential partner MFI against the Foundation's impact model and related key performance indicators, during due diligence and monitoring phases. The key performance indicators are linked to the SDGs (also listed in section c) as detailed in the ESG policy of the sub-Fund.

The sub-Fund also monitors and reports its impact and its ability to meet its social characteristics through the collection of traditional indicators and key metrics widely used in the industry such as the SPI4-ALINUS tool measuring the social and environmental performance of investees.

(h) Data sources and processing

The sub-Fund sources its data from information provided by the investee companies crosschecked with results of the due diligence performed by the Investment Advisor and complemented with publically available data as well as data generated by specialized providers. To ensure that the sub-Fund meets its investment objective and eligibility requirements, data is collected and analyzed first during the due diligence stage prior to disbursement and second during the monitoring phase of investments after disbursement.

The due diligence on impact and sustainability factors relies on the following sources:
(i) Interviews with staff, management and governance bodies representatives within the partner MFI and with other relevant stakeholders in the country of investment.
(ii) Field visits at the head office and in branches of partner MFIs, for all new partner MFIs and when needed in case of loan renewal for existing partner MFIs.
(iii) Documentary evidence related to policies and practices of partner MFIs.
(iv) Publicly available information (such as news reports, industry data and country ratings).

The monitoring of impact and sustainability factors relies on the following sources:
(i) Information disclosed by partner MFIs via quarterly reporting.
(ii) Information disclosed by partner MFIs via annual reporting (including environmental and social reporting).
(iii) PAIs provided by specialized data providers generating PAIs proxies based on the investee's portfolio information.
(iv) Information disclosed by partner MFIs upon request of the sub-Fund.
(v) Publicly available information (such as news reports, industry data and country ratings).

The Foundation has also started commissioning impact surveys on a sample of MFIs within its own loan portfolio with tools such as the 60 decibel Microfinance Index; if such tools become market standards and affordable, the sub-Fund will consider using them in a more consistent manner to monitor its performance at a later stage.

Data and information quality is ensured through the triangulation of the sources listed above. The quality of the information and internal control systems of each partner MFI is also taken into account. Conclusions on environmental and social matters are formalized into a dedicated due diligence questionnaire, with answers duly justified when relevant and conclusions shared with the IC of the Fund. In this process, data estimates are therefore limited.

The reporting on PAIs is currently under development and might include some estimates (proxies) for some indicators, which will be explained in related standard disclosures.

(i) Limitations to methodologies and data

As the sub-Fund invest only in non-listed companies in emerging markets, external data providers able to deliver data to measure the attainment of the sub-Fund's social characteristics have not yet developed methodologies to report on all PAIs. The data collection used to measure the attainment of the social characteristics of the sub-Fund is thus based on reported numbers by partner MFIs, which have not been externally verified. The combination of self-reported data and the lack of external verification can lead to few uncertainties in data output for measuring of the sub-Fund's social characteristics.

The sub-Fund acknowledges the general limitations in the methodologies and data sources it is currently using, which are the same limitations across the microfinance sector. To address such uncertainties and limitations, the Investment Advisor carefully checks the consistency of the data reported to the sub-Fund and is participating to industry initiatives coordinated by the Social Performance Task Force to develop the most consistent way to report on the mandatory PAIs. The sub-Fund will progressively improve its methodologies to ensure that it is comparable with the state-of-the-art in the industry.

(j) Due diligence

During due diligence, the Investment Advisor assesses each potential partner MFI in order to give its opinion in the investment proposal on the partner MFI's:

(i) Alignment with the fund's sustainability characteristics;
(ii) Impact through an analysis of its social objectives, track record and impact risks;
(iii) ESG risks and related mitigants;
(iv) Principal Adverse Impacts thanks to a detailed analysis of its compliance with Minimum Safeguards and a reporting on the PAIs.

The results are mapped using an ESG risk categorization framework in line with the BII Risk Categorization Framework and Corporate Governance Standards. This ensures that the IC becomes aware of any potential Sustainability Risk, as well as of the mitigation actions defined to minimize the negative impacts on the Fund. If an investment is categorized as high risk in terms of environmental, social or governance risks, the Fund may reject the investment opportunity or take measures to decrease this risk to an acceptable level.

The process includes an assessment and review of the responses provided by each Partner MFI, controls at the Investment Advisor level on the quality of the due diligence and two successive reviews of the investment proposal by the IC of the sub-Fund. The IC first reviews the opportunity before due diligence and then reviews the final investment proposal after due diligence.

(k) Engagement policies

The sub-Fund is actively engaging with partner MFIs to encourage the adoption of better management practices on environmental, social and governance issues when risks are identified. Even if a potential investee company is not involved in any excluded activities, it still may not fully meet the sub-Fund's eligibility criteria. In such cases, an action plan is defined and included in the relevant transaction documentation; it therefore becomes mandatory for the investee company to put in place actions to address gaps in a timely manner. Progress on the action plan is checked via monitoring reports. This approach allows the sub-Fund to track how its investments improve investee companies' ESG performance from appraisal to project close.

Throughout the investment process, the sub-Fund is attentive to sustainability-related controversies and how the partner MFIs respond to them. If a controversy reflects insufficient management practices by a partner MFI, the sub-Fund will request time bound action plans to fill identified gaps. If the partner MFI is in breach of its obligations defined under the contractual documentation, the failure will be treated as an event of default of the loan agreement.

(l) Designated reference benchmark

There is no benchmark available for the sub-Fund as no EU- approved index, which aligns to the sub-Fund's investment strategy, is currently available in the market. However, the sub-Fund monitors and reports its impact and its ability to meet its social characteristics through the collection of traditional indicators and key metrics widely used in the industry such as the SPI4-ALINUS tool (measuring the social and environmental performance of investees), which helps benchmark the performance of the sub-Fund against its peers.

The sub-Fund does not have a specific environmental objective and therefore does not have a reduction in carbon emissions as its objective. Investments are therefore not assessed for alignment with the EU Environmental Taxonomy or related environmental benchmarks. The sub-Fund however takes measures to ensure no significant harm is caused in this regard.