



**ESG INVESTMENT POLICY STATEMENT
of the
ROTVOGEL ESG PRIVATE DEBT FUND**

19th October, 2022

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GLOSSARY

Board	Management Board of Rotvogel GP.
Renewable Energy Sectors	Renewable Energy segment includes business related to short-term and long-term production of energy from solar, wind, and in general derived from every natural sources included hydrogen.
ESG	Environmental, Social and Governance factors.
ESMS	Environmental and Social Management System, a “set of policies, procedures, tools and internal capacity to identify and manage a financial institution's exposure to the environmental and social risks of its clients/investees”, as defined by FIRST for Sustainability.
GIIN	Global Impact Investing Network, a non-profit organization dedicated to increasing the scale and effectiveness of impact investing.
Impact investing	Investments made with the intention to generate positive and measurable impact on environmental and/or social factors, alongside targeting financial returns
IMP	Impact Management Project, a framework on measuring, assessing and reporting impacts on people and the natural environment.
Investor	Investors who purchased one or more debt or equity securities emitted by the SPVs
Impact Objectives	Set of goals defined with the aim of generating one or several specific positive ESG outcomes
IRIS+	Impact Reporting and Investing Standards, an easy-to-navigate and tailored system managed by the GIIN that provides streamlined, practical, how-to guidance that impact investors need to manage impact
MFI	Microfinance Institution, a type of financial services that targets private persons and small businesses that do not have access to conventional banking services; Rotvogel ESG Private Debt Fund's MFIs provide services of financing through the investment in Private Debts Instruments to entrepreneurs and small businesses with an ESG approach.
Rotvogel Sicav	Rotvogel S.C.A. SICAV RAIF a private liability company under the Luxembourg law, with a registered address at 3, place de Clairefontaine, L-1341 Luxembourg, Grand Duchy of Luxembourg, and registered in the Luxembourg Trade and Companies Register.

RV ESEL	Rotvogel ESG Private Debt Fund Environmental and Social Exclusion List, the list of excluded industries and business activities from Rotvogel ESG Private Debt Fund's investment universe because of their environment-damaging or ethically questionable nature
SME	Small and Medium-sized enterprises are defined in the EU recommendation 2003/361
OPIM	Operating Principles for Impact Management, a network and non-profit organization for impact investment that has defined 9 impact management principles which all signatory firms must respect and disclose on
Portfolio Company	Companies that are invested by the SPVs
SDG	Sustainable Development Goals, 17 goals set up by the United Nations in 2015 and intended to be achieved by 2030, for each of which a variety of targets and metrics were defined
SPVs	Special Purpose Vehicles, an entity created to fulfil narrow, specific or temporary objectives through the issuing of specific ESG Private Debt Instruments
Sustainability risk	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the financing
Target company	MFIs Debt Instruments that Rotvogel ESG Private Debt Fund consider ESG compliant.
UN	The United Nations is an intergovernmental organization aiming to maintain international peace and security

INTRODUCTION

How Rotvogel ESG Private Debt Fund invests

Responsible investment, and more specifically impact investing, has been an integral part of Rotvogel ESG Private Debt Fund's strategy and activities since the firm's creation in 19th October 2022.

As a supporter of small and medium sized enterprises (MSMEs), Rotvogel ESG Private Debt Fund continued to champion SMEs in its European regions included Switzerland through the presence of its Holding the ROTVOGEL SA.

Rotvogel ESG Private Debt Fund's purpose is to create positive impact by mainly financing institutions and corporations with a deep ESG approach. This purpose is reflected in the way Rotvogel ESG Private Debt Fund conducts and manages all of its future debt activities.

To Rotvogel ESG Private Debt Fund, responsible investment is about incorporating environmental, social and corporate governance (ESG) criteria in investment decisions while following the ultimate goal of creating positive and mitigating negative impact.

Rotvogel ESG Private Debt Fund is convinced of being able to provide the most benefit to society and investors by choosing Portfolio Companies with great potential to move in a more responsible and impact-oriented direction, as well as by choosing to invest in targets which are already there.

Rotvogel ESG Private Debt Fund demonstrates responsibility by incorporating sustainability considerations into all stages of the investment process: in the selection of potential new portfolio companies and the ongoing monitoring and evaluation of investments. For instance, Rotvogel ESG Private Debt Fund assesses the ESG strengths, weaknesses, risks and opportunities of potential targets with a full range of ESG debt portfolio companies. This represents a significant part of the fundamental information Rotvogel ESG Private Debt Fund uses to select investments, build portfolios of debt instruments, monitor companies and engage with them through a stewardship approach.

To continuously monitor its investment engagements, Rotvogel ESG Private Debt Fund and its portfolio companies use internal tools to share data and knowledge across entities. Any progress is discussed in the relevant investment teams and at internal forums. Thanks to its active engagement with portfolio companies, Rotvogel ESG Private Debt Fund gains insight into ESG and impact opportunities as well as risks that investments face. The ideal for Rotvogel ESG Private Debt Fund is to have a frank but constructive two-way dialogue with portfolio companies, and to openly discuss about views on key short- and long-term issues as well as how to address them. Through a materiality-based approach, Rotvogel ESG Private Debt Fund focuses on issues where it sees potential for meaningful impact on corporate value and sustainability.

Rotvogel ESG Private Debt Fund considers that the involvement of team members at every hierarchical level within a solid governance structure is key in the success of its sustainability ambitions. This ambition is therefore supported across all business areas and the set-up of a centralized ESG governance.

Moreover, as a leader in impact and responsible investing, Rotvogel ESG Private Debt Fund adopts internationally recognized standards and is committed to collaboration with organizations that are aligned with its own approach to responsible investment. The full list of all commitments is to be found in Rotvogel ESG Private Debt Fund's Sustainability Risk Policy.

Aim of the policy

It is Rotvogel ESG Private Debt's priority to meet and exceed the expectations of clients, investors, regulators and society regarding responsible and impact investing. Rotvogel ESG Private Debt Fund decided to formalize the Operating Principles for Impact Management (OPIM) in October 2022. The impact principles provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle.

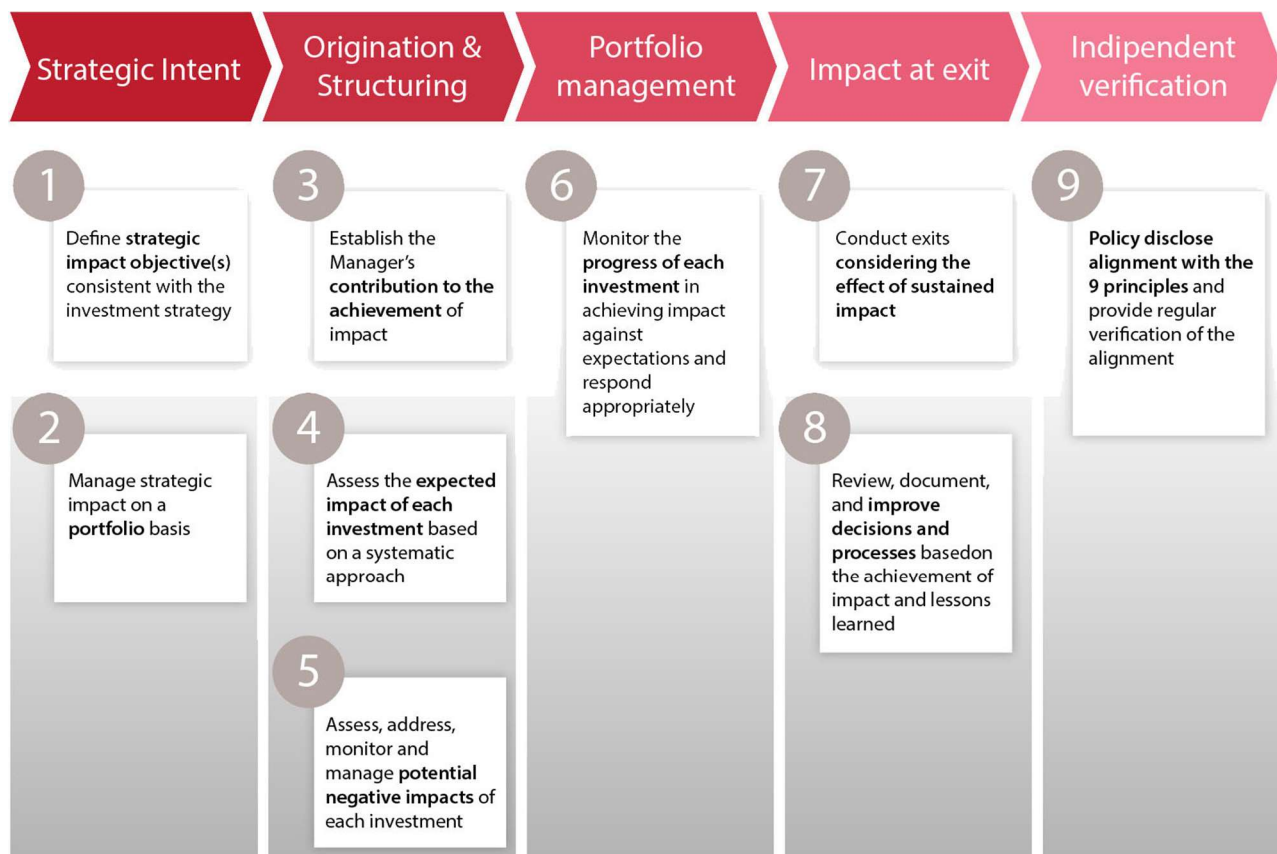


Figure 1 reflects the 9 OPIM principles that all signatories must adopt.

The aim of the present document (hereafter: the “Policy”) is to define a clear framework for Rotvogel ESG Private Debt Fund regarding impact management that is aligned with the 9 OPIM principles. The Policy sets up a process to manage impact achievement for the whole portfolio, as required by the second principle. It defines the rules, procedures and governance to be followed throughout Rotvogel ESG Private Debt Fund's investment decision-making process (from initial screening to exit) for all investments made via the SPVs. Once they are invested by an SPV, each Portfolio of ESG Debt Instruments will have to be aware of the requirements laid out in this Policy. This is relevant because portfolio companies indirectly fall under the Policy's scope, as Rotvogel ESG Private Debt Fund must receive the necessary documents and information from portfolio companies to be able to monitor and report on their impact. They shall take the necessary measures to meet minimum requirements in order for the investment to be compatible and aligned with the Policy.

The philosophy behind this Policy is thus to define Rotvogel ESG Private Debt Fund's approach towards impact investment and management, as well as the consideration of environmental, social and governance (ESG) issues. The policy is founded on an objective of generating value and making a difference through

integration of sustainability in the investment process and by driving positive change. Rotvogel ESG Private Debt Fund firmly believes that defining such rules enhances positive impact while generating long-term returns.

Scope of the Policy

The Policy applies to Rotvogel ESG Private Debt Fund, SPVs, Portfolio Companies and more specifically to each Rotvogel ESG Private Debt Fund employee and function involved along one or more stages of the investment decision-making and monitoring process. It is for internal use only and shall not be shared outside of Rotvogel ESG Private Debt Fund without prior consent of Management Board of Rotvogel ESG Private Debt Fund. A public document that reflects the key principles of the Policy, will be derived annually from this document (or any potential updated versions), and made available on the website of the OPIM in form of a “Disclosure statement” on Rotvogel ESG Private Debt Fund’s impact management practices.

It should be specified that through this Policy, Rotvogel ESG Private Debt Fund defines impact management measures and processes on a voluntary basis, but in alignment with the OPIM principles. It is not required by any law or regulation.

Policy governance and monitoring

The owner of this Policy is Rotvogel ESG Private Debt Fund’s Head of ESG Department. The general oversight of the Policy is performed by the ESG Committee (by the CEO until the Committee is formed). There shall be no exceptions to the application of this Policy.

The Policy was approved by the Management Board of Rotvogel ESG Private Debt Fund and any amendments to it must be approved by the same governance body. The Policy and its execution shall be formally evaluated by the Management Board at least annually in order to perform updates or address gaps where required or appropriate.

The various employees and functions directly impacted by this Policy shall develop their own templates and standard documents to ensure an efficient and effective implementation of the Policy on a daily basis. Moreover, all processes defined in the Policy must be duly documented by Rotvogel ESG Private Debt Fund, as this documentation will be reviewed by an independent verifier on a regular basis, in alignment with Principle 9 of the OPIM.

Assessment and revision of the Policy

Rotvogel ESG Private Debt Fund performs regular assessment on the effectiveness and efficiency of its investment process with regards to responsible impact, as defined in this Policy. Following such assessments, Rotvogel ESG Private Debt Fund’s top management determines improvements to be implemented within the investment decision-making and monitoring processes. When validated, such improvements result in the revision of this Policy. To ensure constant coherency between this Policy and the actual processes in place, Rotvogel ESG Private Debt Fund also performs regular ad-hoc controls of this Policy, which is reviewed and updated at least annually.

IMAPCT OBJECTIVES OF ROTVOGEL ESG PRIVATE DEBT FUND AND ALTERNATIVE

Consistent with the SPVs' investment strategies, Rotvogel ESG Private Debt Fund has defined strategic impact objectives that are aligned with the IRIS+ framework developed by the GIIN (Global Impact Investing Network) and the Sustainable Development Goals (UN SDGs) defined by the United Nations. This meets the requirements of the first OPIM principle.

For the microfinance investments of the SPVs, the targeted IRIS+ Impact Objectives for all lending and leasing activities are one or more of the following:

Improving access to and use of responsible financial services for historically underserved populations;

Improving earnings and wealth through employment and entrepreneurship (particularly for disadvantaged and excluded groups);

Improving rural economies through financial inclusion;

Increasing farm profitability;

Increasing financial health of farmers;

Increasing gender equality through financial inclusion;

Supporting decent jobs and fostering economic development.

Rotvogel ESG Private Debt Fund has translated these IRIS+ Impact Objectives into SDGs 5 (Gender Equality), 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure) and 10 (Reduced inequalities).



Rotvogel ESG Private Debt Fund has identified that its investment activities contribute to SDGs 5 (Gender Equality), 8 (Decent work and economic growth), 10 (Reduced inequalities), 11 (Sustainable cities and communities) and 17 (Partnerships for the Goals).



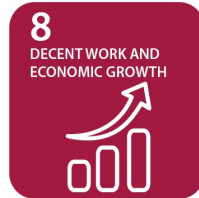
For other investments, the targeted IRIS+ Impact Objectives are:

Improving access to and use of responsible financial services for historically underserved populations;

Improving earnings and wealth through employment and entrepreneurship (particularly for disadvantaged and excluded groups);

Supporting decent jobs and fostering economic development.

Rotvogel ESG Private Debt Fund has translated these IRIS+ Impact Objectives into SDGs 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure) and 10 (Reduced inequalities).



RESPONSIBLE INVESTMENT AND IMPACT MANAGEMENT THROUGHOUT THE INVESTMENT PROCESS

A key aspect of the strategy of Rotvogel ESG Private Debt Fund is to detain a controlling ownership of portfolio companies, allowing Rotvogel ESG Private Debt Fund to invest into its own network of MFIs and car sharing entities, while still performing inorganic growth through acquisitions. Rotvogel ESG Private Debt Fund strongly believes that this long-term oriented investment strategy favours and enhances the achievement of positive impact.

Typically, an investment lifecycle consists of five key phases: Pre-screening, Due Diligence, Monitoring and Engagement, Reporting, and Exit. Rotvogel ESG Private Debt Fund's Responsible Investment Policy establishes responsible investment and impact management procedures to be followed by relevant Rotvogel ESG Private Debt Fund employees for all five stages of the process.

It should be noted that while impact has always been a part of Rotvogel ESG Private Debt Fund's purpose, no formal impact framework was defined or applied to the investment pre-selection and due diligence stages by Rotvogel ESG Private Debt Fund before the first version of the present Policy was adopted in late 2021. This infers that no prior investment made by the SPV has addressed all of the requirements set out in sub-sections a. Pre-screening and b. ESG and impact due diligence of this policy.

Pre-screening

During an initial pre-screening phase, Rotvogel ESG Private Debt Fund's investment team assesses the activities of a potential target Portfolio of ESG Debt Instruments against the SPV's Impact Objectives. This step shall allow Rotvogel ESG Private Debt Fund to establish a credible basis for achieving the respective SPV's impact objectives through an investment into the target.

If Rotvogel ESG Private Debt Fund identifies that the potential target does not align with any of the SPV's impact objectives, Rotvogel ESG Private Debt Fund checks whether it potentially contributes to other impact objectives not selected by the SPVs but in line with the investment strategy. If such is the case, Rotvogel ESG Private Debt Fund's Management Board can consider adapting the impact objectives of the SPV.

As a next step, the deal team shall assess the alignment of the target's activities against Rotvogel ESG Private Debt Fund's Environmental and Social Exclusion List (Appendix №1 - MK ESEL). This list is composed of industries and business activities, the nature of which has been assessed as environment-damaging or ethically questionable. As stated in the Sustainability Risk Policy, the exclusion list helps Rotvogel ESG Private Debt Fund mitigate risks and lessen the negative effects of sustainability threats.

If target activities contradict with MK ESEL, Rotvogel ESG Private Debt Fund shall oblige the target to align with MK ESEL upon investment into the company; otherwise the target will be abandoned.

The pre-screening phase culminates with a high-level sustainability risks assessment of potential targets against international standards (SASB and MSCI materiality maps), as laid out in Rotvogel ESG Private Debt Fund's Sustainability Risk Policy section 7.a. Pre-screening.

The above non-financial pre-screening is performed in parallel to the financial pre-screening compliant with Rotvogel ESG Private Debt Fund's financial assessment and risk appetite procedures. Details about the financial assessment are not covered by the Responsible Investment Policy.

ESG and impact due diligence

Assessment of the target's ESG risks and performance

Rotvogel ESG Private Debt Fund performs a qualitative assessment of material ESG (Environmental, Social and Governance) risks faced by the target firm in alignment with its Sustainability Risk Policy.

Furthermore, Rotvogel ESG Private Debt Fund requests to review the target firm's internal policies and practices, including for instance labour and human rights policies, environmental or ESG policy, responsible credit policy, etc. These policies and practices are assessed against best market practices and compliance with international norms such as the UN Global Compact, UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Paris Agreement under UNFCCC etc.

Rotvogel ESG Private Debt Fund's deal team is required to document potential gaps identified and determine required actions and feasibility to close these gaps. If relevant gaps cannot be closed, Rotvogel ESG Private Debt Fund must consider excluding the target.

In parallel, Rotvogel ESG Private Debt Fund evaluates the target's own ESG performance by collecting from the target information on all ESG initiatives taken. Examples of such initiatives are the improvement of building envelope's energy efficiency, low energy office lighting, employee trainings, protecting customer data privacy and security, etc. Each initiative shall be assessed on a scale from 1-5 regarding the level of ambition (or expected positive impact) and the effectiveness of its implementation.

Assessment of the target's ESG

For each target, Rotvogel ESG Private Debt Fund assesses the level of maturity of the retained target's Environmental and Social Management System (ESMS)¹. This step is crucial as the SPVs either finance into portfolio companies with a strong ESMS or into less ESMS-advanced portfolio companies, supporting the latter in building such capacities. Figure 2 represents the 5 key aspects that Rotvogel ESG Private Debt Fund shall take into consideration when evaluating the maturity of a target's ESMS.



1

Transaction screening: Rotvogel ESG Private Debt Fund assesses the strictness of the ESG selection currently applied exclusion list (pre-financing) and the extent to which it is respected.

2

E&S Due Diligence: Rotvogel ESG Private Debt Fund analyses which qualitative and quantitative ESG information the MFI collects at the beginning of the borrowing process in order to assess its own positive and negative impacts on ESG factors once it has granted the loan or lease to the end-borrower. It also checks whether, and if so how, ESG factors are taken into account within the loan or lease application process. The E&S Due Diligence step also includes a review of the MFI's lending and/or leasing portfolio so as to identify the business activities of the end-borrowers and for what concrete investment the loan or lease is made.

3

E&S Risk: Rotvogel ESG Private Debt Fund reviews how the MFI assesses borrowers' exposure to E&S risks and how such risks could affect the end-borrower's ability to repay the MFI.

4

E&S Monitoring: Rotvogel ESG Private Debt Fund checks which environmental and social data points the MFI collects from borrowers after the loan has been granted, and through which means.

5

Technical assistance: Rotvogel ESG Private Debt Fund evaluates the MFIs initiatives to educate end-borrowers on the adverse sustainability impacts of their activities, environmental and social risks and how to manage and mitigate them.

Based on the five ESMS aspects assessed, Rotvogel ESG Private Debt Fund shall identify and document good practices and potential ways for improvement of the ESMS. It shall also evaluate whether the target's current ESMS meets the Policy's minimum requirements as defined in the following sub-section c. Monitoring, engagement and remedial action and if not, whether Rotvogel ESG Private Debt Fund will have the legitimacy to influence the target's practices.

Assessment of the target's current impact management activities

Rotvogel ESG Private Debt Fund shall identify whether and if so, to what extent, the target currently manages impact. If it has an impact management approach, Rotvogel ESG Private Debt Fund reviews this process thoroughly to identify similarities and differences between the present Policy. Based on whether Rotvogel ESG Private Debt Fund considers becoming a minority or majority shareholder of the target company, it must evaluate whether the existing impact management framework meets the minimum requirements defined by the Responsible Investment Policy and whether its impact management practices could be adapted to meet Rotvogel's standards.

For Rotvogel ESG Private Debt Fund, the framework to be used by portfolio companies to monitor impact shall be IRIS+.

Assessment of the expected impact by investing into the target

Before investing into a target, Rotvogel ESG Private Debt Fund needs to assess the expected impact created by the investment. This is in line with the fourth OPIM principle.

After the assessment of the target's current impact management activities has been performed and Rotvogel ESG Private Debt Fund has gained a good view on the differences in approach and maturity of impact management between the target and the other portfolio of Private Debt Instruments belonging to the SPVs, Rotvogel ESG Private Debt Fund shall identify concrete capacity building opportunities for one or both parties.

Subsequently, Rotvogel ESG Private Debt Fund assesses and quantifies the concrete and realistic positive impact potential of the financing, searching for evidence where possible, and applying the Impact Management Project (IMP) framework:

What: positive/negative impact and its importance to stakeholders;

Who: stakeholders and how underserved are they;

How much: how many stakeholders, degree of change, how long is change happening, how significant is the impact;

Contribution: better/worse outcome;

Risk: risk factors, likelihood of risks to occur and their effect on the initial impact expectations.

It is crucial for Rotvogel ESG Private Debt Fund to, while performing this assessment, account for the relative size of the challenge addressed and take account of the geographical context of the expected impact. It shall also evaluate the likelihood of achieving the investment's expected impact.

Rotvogel ESG Private Debt Fund then defines impact metrics (in line with those proposed by the IRIS+ framework) and ambitious but nevertheless realistic quantitative impact objectives to be achieved through the investment in the short, medium and long term. Moreover, Rotvogel ESG Private Debt Fund shall consider and document new opportunities to increase the positive impact of the financing.

In parallel to the focus on the deal's positive impact, Rotvogel ESG Private Debt Fund considers expected direct, indirect and systemic negative impact linked to the target firm and the investment (i.e. adverse impacts). Based on this, it should identify negative impacts' relevance (low, medium, high). For all issues classified as medium or high (i.e. "relevant"), the firm shall identify concrete plans for their mitigation. Metrics as well as ambitious but achievable short-, medium- and long-term quantitative and/or qualitative objectives to mitigate adverse impacts shall be formally defined for all relevant issues.

Monitoring, engagement and remedial action

As impact investor, Rotvogel ESG Private Debt Fund continuously monitors portfolio companies' ESG risk management, performance of ESG initiatives, impact objectives as well as the effectiveness of their positive and negative impact management. A diligent monitoring does not only ensure that Rotvogel ESG Private Debt Fund is aware of the Portfolio of ESG Debt Instruments's performance and potential ESG or impact related risks, but also to identify concrete areas for improvement.

Rotvogel ESG Private Debt Fund aims to influence all of its portfolio of debt instruments practices to support them in becoming even more responsible. Where Rotvogel ESG Private Debt Fund is a controlling of a portfolio of ESG Debt Instruments, Rotvogel ESG Private Debt Fund finds itself in a premium position to engage with portfolio of ESG Debt Instruments, to influence their practices and, by consequence, to amplify positive impact and mitigate risk as well as negative impact.

ESG risk and performance monitoring

Rotvogel ESG Private Debt Fund monitors ESG risks as defined by its Sustainability Risk Policy. The latter defines the detailed procedures to be followed by Rotvogel ESG Private Debt Fund's financing team in order to identify, avoid and where avoidance is not possible, mitigate and manage ESG risks as well as unexpected ESG risk events.

Furthermore, Rotvogel ESG Private Debt Fund shall perform an annual assessment of the performance of each Portfolio of ESG Debt Instruments's own ESG initiatives, considering their level of ambition and effectiveness of their implementation. Rotvogel ESG Private Debt Fund shall emit forms on an annual basis to request portfolio companies to provide the necessary information regarding ESG initiatives taken, initially fixed objectives, achieved objectives, and where available share relevant metrics.

Rotvogel ESG Private Debt Fund leverages on the insights gained from the monitoring process of various

portfolio companies, in order to identify best practices, areas for improvement and the potential for new ESG initiatives. Further, it shall leverage on and engage with portfolio companies to discuss necessary action points to close identified ESG performance gaps. Where relevant, Rotvogel ESG Private Debt Fund creates a bilateral or multilateral learning and exchange environment between portfolio companies to facilitate the mutual sharing of practices and experiences.

ESMS monitoring (for MFI portfolio companies only)

Where an MFI within Rotvogel ESG Private Debt Fund's portfolio did not yet have an ESMS in place prior to Rotvogel ESG Private Debt Fund's financing, Rotvogel ESG Private Debt Fund requires the MFI to build such an approach. During this process, and depending on the legitimacy that Rotvogel ESG Private Debt Fund has to influence the MFI (i.e. proportion of ownership detained), Rotvogel ESG Private Debt Fund shall actively engage with the MFI to ensure that the approach being built addresses the above listed five key components of an ESMS in an ambitious yet feasible way.

Where the MFI's ESMS is formalized and applied, Rotvogel ESG Private Debt Fund requests to review all documentation that testifies of its diligent implementation. Where gaps are identified between the ESMS and its carrying out, Rotvogel ESG Private Debt Fund communicates them to the Portfolio of ESG Debt Instruments and, if necessary, accompanies the MFI to identify feasible actions to close the gaps and achieve minimum standards in line with the Responsible Investment and Sustainability Risk Policies.

Monitoring of strategic impact objectives

In the pre-screening phase, Rotvogel ESG Private Debt Fund has identified specific impact objectives for each Portfolio of ESG Debt Instruments. Where Rotvogel ESG Private Debt Fund already made an investment into a Portfolio of ESG Debt Instruments before the application of this Policy the firm shall, together with the Portfolio of ESG Debt Instruments, select the strategic impact objectives from section 3. Impact Objectives of Rotvogel ESG Private Debt Fund and Alternative that are aligned with the Portfolio of ESG Debt Instruments's activities.

The accuracy of the selected objectives is reassessed for each investment (i.e. portfolio of Debt Instruments) at the beginning of the financial year to ensure consistency between defined objectives and performed activities, in alignment with the steps defined in section 3 mentioned above. Moreover, at the beginning of each financial year, Rotvogel ESG Private Debt Fund shall define, for each impact objective, ambitious yet realistically achievable quantitative targets to reach on a portfolio basis, using relevant key performance indicators as defined by IRIS+ to measure impact achievement of the portfolio at the end of the period.

Annual expected impact assessment

At the beginning of each financial year, Rotvogel ESG Private Debt Fund engages with portfolio companies to determine and, where possible, quantify the expected positive impact deriving from the investment into the Portfolio of ESG Debt Instruments. In this respect, Rotvogel ESG Private Debt Fund performs the same steps as defined in section 4.b.iv. Assessment of the expected impact by investing into the target, in line with the fourth OPIM principle. Specific attention should be given to monitoring that newly developed impact targets for upcoming periods are aligned with the short, medium and long term objectives initially defined in the section referred to above. For existing portfolio investments, the definition of impact targets should start from the financial year following the year of initial impact metrics collection.

Positive impact monitoring

The crucial step for impact management is the monitoring of the extent to which the positive impact expectations defined at the beginning of each financial year are actually met.

Thanks to Rotvogel ESG Private Debt Fund's strategy of investing principally into its own network of companies (i.e. having a controlling ownership of most portfolio companies), the firm legitimately requests portfolio companies to monitor their own impact performance at least two times per financial year, using the IRIS+ frameworks aligned with the selected strategic impact objectives.

In alignment with the sixth OPIM principle, Rotvogel ESG Private Debt Fund's ESG Department collects and reviews the necessary documentation on impact progress made by portfolio companies. The advantage of this approach is that data collection is directly performed by the Portfolio of ESG Debt Instruments, which by having access to first hand data enhances data validity and reliability. Through this process, it becomes Rotvogel ESG Private Debt Fund's role to critically review the Portfolio of ESG Debt Instruments's self-assessment regarding impact achievement. Rotvogel ESG Private Debt Fund performs a first mid-term assessment at the end of the first half of the period to identify potential impact performance gaps, red flags and areas for improvement, with the aim to meet the quantitative objectives defined by the second half of the period. A final backward-looking evaluation is made at the end of the period.

Where impact expectations were not reached during the period, Rotvogel ESG Private Debt Fund shall engage with portfolio companies to understand the reasons why the objectives could not be met, identify and document potential action points to increase impact in future periods. Only where Rotvogel ESG Private Debt Fund concludes that the expected impact was unrealistically high can the quantitative measures be decreased in the following period. Lastly, even if impact objectives were reached by the Portfolio of ESG Debt Instruments, Rotvogel ESG Private Debt Fund shall, as part of the monitoring process, systematically identify opportunities to increase positive impact, through active bi- or multilateral discussions with portfolio companies.

Negative impact monitoring

Impact management does not only consist in measuring positive impacts of an investment, but also needs to consider potential negative ("adverse") impacts of activities. Rotvogel ESG Private Debt Fund requires portfolio companies to engage with internal and external stakeholders to flag relevant negative impacts of its activities.

Rotvogel ESG Private Debt Fund pays specific attention to reviewing investments' negative impact on identified material sustainability factors as listed in the Sustainability Risk Policy. Direct, indirect and systemic negative impacts shall be considered.

Rotvogel ESG Private Debt Fund shall engage with portfolio companies to identify concrete action points to mitigate the most relevant adverse impacts created.

Moving forward, Rotvogel ESG Private Debt Fund is considering to further strengthen its negative impact management practices by establishing a dedicated principal adverse impact policy in 2022.

Escalation process in case of Portfolio of ESG Debt Instruments non-compliance

Where any Rotvogel ESG Private Debt Fund stakeholder observes any breach of the present Policy performed by a Portfolio of ESG Debt Instruments, the breach shall be reported to the Management Board. In such case, Rotvogel ESG Private Debt Fund reserves the right to formulate concrete actions to establish the Port-

folio of ESG Debt Instruments's compliance, or to divest its ownership of the company.

Reporting

As a responsible impact investor, Rotvogel ESG Private Debt Fund is committed to reporting transparently on the impact performance of its investments. It is a priority for Rotvogel ESG Private Debt Fund to clearly explain for each investment how the firm contributes to the creation of impact (as required by OPIM principle 3), to share case studies for illustrative purposes, and to report on non-financial key performance indicators to provide evidence of Rotvogel ESG Private Debt Fund's and portfolio companies' contribution.

To maintain the best level of transparency, relevant policies and current reporting on Rotvogel ESG Private Debt Fund's sustainable impact are publicly available. This includes, among others, Rotvogel ESG Private Debt Fund's PRI report and annual impact report. In 2022, Rotvogel ESG Private Debt Fund also expects to make its OPIM disclosure statement and SFDR disclosures publicly available. In particular, as required by the SFDR, the non-financial performance of each investment made by ROTVOGEL ESG PRIVATE DEBT FUND and ALTERNATIVE is to be disclosed through annual reports to investors. SPVs specific reports and documents are also available upon demand. Lastly, the alignment of Rotvogel's responsible investment process with the 9 OPIM principles is independently verified regularly.

Responsible Exit

Should an exit from a Portfolio of ESG Debt Instruments result necessary, Rotvogel ESG Private Debt Fund has developed an impact exit strategy that follows a strict three-fold process to ensure the exit is responsible and that, eventually, the Portfolio of ESG Debt Instruments will continue to have a positive impact even after Rotvogel ESG Private Debt Fund has exited.

Firstly, Rotvogel ESG Private Debt Fund performs a comprehensive assessment on the global impacts achieved by the Portfolio of ESG Debt Instruments (accomplishments, lessons drawn, useful tips, etc.) as well as the ongoing situation of the Portfolio of ESG Debt Instruments in view of the exit. Wherever possible, Rotvogel ESG Private Debt Fund will engage with the Portfolio of Debt Instruments and any other current relevant shareholder, to present the accomplishments and examine how to pursue successes and efforts. The assessment also includes a projective high-level assessment of the impact of the exit both on Rotvogel ESG Private Debt Fund's SPVs and the to-be-exited Portfolio of ESG Debt Instruments. Ultimately, depending on the outcome of the analysis, the timing, structure and processes of the exit are to be adapted, to ensure sustainability impacts of the Portfolio of ESG Debt Instruments is not negatively affected.

Once the pre-assessment is done, and after ensuring the impact objectives of the Portfolio of ESG Debt Instruments are clearly stated to potential buyers, Rotvogel ESG Private Debt Fund screens them based on a suitability checklist that takes into account non-financial characteristics, along with financial ones:

- Issuer's global corporate mission, culture and reputation and its compatibility with the Portfolio Of Debt Instruments
- Issuer's global social performance
- Issuer's intentions and commitment to the mission of the Portfolio of Debt Instruments
- Issuer's envisaged role in the Portfolio of Debt Instruments
- Issuer's local and regional knowledge and integration
- Issuer's financial stability, performance and funding availability

Issuer's management stability and development

Finally, a consistent operational process is put in place to ensure all stakeholders are informed and formalities duly performed:

Information to relevant stakeholders of intention to exit

Sale of holdings to willing buyer compliant with Rotvogel ESG Private Debt Fund's internal policies

Information and necessary document sharing to the Investors.

APPLICATION OF THE POLICY TO ORGANICALLY GROWN PROJECTS

To achieve its ultimate goal of creating positive and mitigating negative impact, Rotvogel ESG Private Debt Fund may be likely to create a company from scratch to be integrated in as a Portfolio of ESG Debt Instruments. In such case, the incorporation of sustainability considerations into all stages of the company-creation process remains applicable. Thereby, any new company created from scratch by Rotvogel ESG Private Debt Fund will align with this Policy. In particular, the principles guiding the assessment process described in section 4 of this Policy will uphold. This means the founding elements of the newly-created company should be in line with Rotvogel ESG Private Debt Fund's policies, including the Sustainability Risks and Responsible Investment policies.

Appendix №1 - RV ESEL

Rotvogel ESG Private Debt Fund does not finance the following projects:

Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides / herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.

Production or trade in weapons and munitions.

Production or trade in alcoholic beverages (excluding beer and wine).

Production or trade in tobacco.

Gambling, casinos and equivalent enterprises.

Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and / or adequately shielded).

Production or trade in unbonded asbestos fibers (this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%).

Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.

Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements.

Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to the RVESEL.

When investing in microfinance activities, financial institutions (including microfinance, leasing, factoring companies etc.) will apply the following items in addition to the RVELES:

Production or activities involving harmful or exploitative forms of forced labor/ harmful child labor. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labour means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.

Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.



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