LAGREEN

Sustainability-related disclosure:
Statement on principal adverse impacts

Statement on principal adverse impacts of investment decisions on sustainability factors
Financial market participant Financial market participant and product name: THE LAGREEN FUND, SICAV-SIF Legal entity identifier: 549300L085THG5WEBY60
Summary THE LAGREEN FUND, SICAV-SIF (the LAGreen Fund, LAGreen, the Fund), LEI: 549300L085THG5WEBY60, 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 LAGreen Fund. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

As of 31 December 2022, the Fund had 5 active bond investments. The Table below reflects data of 5 investments combining self-reported (public reporting by issuers) and proxy data. The Fund will work to enhance data availability for the next reporting period.

The Fund's sustainable investment objective is to support positive environmental (particularly related to climate action) and societal benefits through the provision of responsible finance predominantly via green bonds ("Green Bonds") in Latin America. 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; human rights; social and employee matters; anti-corruption and anti-bribery matters. Against this background, LAGreen places a priority on the effective management of (potential) principal adverse impacts of its investment decisions on these factors.

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

Description of the principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2022**[1]	**Impact 2021**[2]	**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	43tCO2	N/A	60% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.
		Scope 2 GHG emissions	79tCO2	N/A	60% of values are self-reported emissions. Other values are based on country proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.

---

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

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

		Scope 3 GHG emissions	To be reported in 2024	N/A	To be reported in 2024	The focus for the next period will be on enhancing data availability and quality where feasible.
		Total GHG emissions	122tCO2 (attributed)	N/A	60% of values are based on self-reported emissions. Other values are based on country-level proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.
	2. Carbon Footprint	Carbon footprint	1.4tCO2 / MEUR	N/A	60% of values are based on self-reported emissions. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.
	3. GHG intensity of investee companies	GHG intensity of investee companies	30tCO2 / MEUR revenue	N/A	60% of values are based on self-reported emissions. Other values are based on country-level proxies. Results are weighted according to exposure per investee.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.

| | | 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | 0% | N/A | The indicator only reflects the Funds corporate issuers (20% of issuers) and is based on public data. Financial institution issuers are considered to not be active in the fossil fuel sector, as per the definition. In addition, the Fund's Exclusion List prohibits the utilization of the Fund's financing for the prospection, exploration and mining of coal as well as non-conventional prospection and extraction of oil. | Indicator considered in investment decision. |

	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	32%	N/A	All values are based on country-level proxies.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.
	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	9 GWh per million EUR	N/A	The indicator only reflects the Funds corporate issuers (20% of issuers) and is based on proxy of 2020 self-reported values. For financial institution issuers, they are not considered as active in high impact climate sectors as per the definition of the indicator.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.

| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | 0% | N/A | The indicator only reflects the Funds corporate issuers (20% of issuers) and is based on collected public data. As financial institutions, the Fund's remaining issuers are located in populated areas, and are, per definition, considered to not negatively affect biodiversity sensitive areas. In addition, the Fund's Exclusion List prohibits using the Fund's financing for activities which could be associated with the destruction or significant impairment of areas particularly worthy of protection. | Indicator considered in investment decision. |

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 t/MEUR	N/A	The Fund's issuers that are financial institutions are considered to not have direct emissions to water of priority substances, as per the definition of the indicator. Corporate issuers are not included due to lack of data availability.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.0009 t/MEUR	N/A	For 80% of issuers, data is based on proxies calculated based on the number of employees per company. For 20% of issuers, data is based on proxy calculated from 2020 self-reported values. Results are weighted according to exposure per investee.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.

		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 Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	Reported value based on 100% of issuers.	Data collection has commenced, indicator considered in investment decision.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	Reported value based on 100% of issuers.	Data collection has commenced.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10.5%	N/A	Reported value represents 60% of issuers, based on proxies. There is	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.

					no data available for the remaining issuers.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	21%	N/A	Reported value represents 100% of issuers and is based on self-reported data.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	Reported value reflects 100% of issuers.	Data collection has commenced, indicator considered in investment decision. The focus for the next period will be on enhancing data availability and quality where feasible.
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries		N/A	Not applicable to the Fund.	Not applicable to the Fund.

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law		N/A	Not applicable to the Fund.	Not applicable to the Fund.
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels		N/A	Not applicable to the Fund.	Not applicable to the Fund.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets		N/A	Not applicable to the Fund.	Not applicable to the Fund.
Other indicators for principal adverse impacts on sustainability factors						
Additional climate and other environment-related indicators						

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	60%	N/A	100% of values are self-reported by issuers.	Data collection has commenced.
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
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	0%	N/A	40% of values are self-reported by issuers. No data available for 60% of issuers.	Data collection has commenced. The focus for the next period will be on enhancing data availability and quality where feasible.

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

The Fund maintains a comprehensive Environmental, Social and Governance (ESG) Management System and a detailed risk-based AML/CFT framework that define the Fund's commitments to managing adverse impacts of its investments. The LAGreen ESG Management System 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 ESG Management System is the LAGreen ESG Policy complemented with the LAGreen Exclusion List and tools to support implementation. The Fund's Board of Directors has overall responsibility for setting the ESG 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 LAGreen Exclusion List is an integral part of the Fund's ESG Policy and prohibits the use of LAGreen funding for activities with an elevated risk of causing adverse impacts, such as activities related to coal and oil sectors, 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. Issuers and recipients of bond proceeds are expected to carry out activities financed by the Fund in line with the LAGreen's ESG requirements to avoid significant harm.

Through its ESG Management System, 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 from the issuers and public sources. To the extent feasible, the Fund used proxies and tools to estimate performance against the PAI indicators where data gaps existed.

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

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

An annual assessment of the Fund's performance against the PAI indicators supported the Fund in portfolio steering and identifying priority areas for engagement and further monitoring. Data on the PAI indicators was collected from public sources and issuers (e.g., sustainability reports). For the reference period of 1 January to 31 December 2022, where gaps existed in the self-reported data, proxies and estimations were used to address these gaps. In cases where no data required for proxies and estimations (e.g., employment data) was available to the Fund through the issuer, bond reports, or publicly available data, the investment was not considered in the overall calculation of the indicator.

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

Engagement policies
The Fund 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 issuers 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 issuers. Engagement mechanisms primarily included technical assistance and tailored capacity building covering aspects such as impact reporting and framework development.

References to international standards

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

Historical comparison

N/A

Version history

Version date	Description of the change
20 December 2021	First publication in accordance with Article 4 (5) of SFDR
30 June 2023	Update of the statement in line with Annex I of the SFDR RTS