SFDR WEBSITE DISCLOSURE

SFDR product category: Article 9

GAIA RENEWABLES REIT LIMITED

VERSION: November 2023

This document constitutes the website product disclosure for financial products that have sustainable investments as their objective. Under the EU Sustainable Finance Disclosure Regulation (SFDR), all article 9 SFDR funds are required to publish sustainability-related information document on their website.

CONTENTS

GLOSSARY

"Additional PAIs"	means the SFDR PAIs selected by Gaia Renewables REIT Limited being 1) Non-recycled waste (E13) and 2) Rate of accidents (S2);
"Article 9 Fund"	means a financial product targeting a sustainable investment objective as per SFDR;
"DNSH"	means do no specific harm;
"ESG"	means Environmental, Social, and Governance;
"ESMS"	means an 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;
"EU Taxonomy"	means EU 2020/852 Taxonomy Regulation, a unified classification system designed to identify economic activities that can genuinely be classified as environmentally sustainable on a measurable and empirical basis for the purposes of establishing the degree to which the investment is environmentally sustainable and avoid greenwashing;
"EU Taxonomy Compass"	means the EU Taxonomy Compass, which provides a visual representation of the contents of the EU Taxonomy, starting with the Delegated Act on the climate objectives (climate change mitigation (Annex I) and climate change adaptation (Annex II)), as published in the Official Journal on 9 December 2021;
"EU Taxonomy Sustainable Investment"	means an investment that 1) Contributes substantially to one or more of the six environmental taxonomy objectives as defined, 2) Does not significantly harm any of the other environmental objectives, 3) Is carried out in compliance with the minimum safeguards as defined, and 4) Complies with Technical Screening Criteria as defined;
"EU Taxonomy Sustainable Objectives"	includes 1) Climate Change Mitigation, 2) Climate Adaption, 3) Sustainable use and protection of water and marine resources, 4) Transition to a circular economy, 5) Pollution prevention and control, and 6) Protection and restoration of biodiversity and ecosystems;
"Financial Products"	means under SFDR, financial products categorised under the Scope of Article 6, 8, or 9;
"FMPs"	means a Financial Market Participant;

"Gaia Renewables REIT" or "the Fund"	means Gaia Renewables REIT Limited (Registration number 2023/632420/06) a limited-liability public company duly registered and incorporated in accordance with the company laws of South Africa;
"Gaia Renewables REIT Sustainable Investment Objective"	means the Gaia Renewables REIT objective selected which is investing in investments with a focus on renewable energy (Climate Change Mitigation), which is aligned with the Paris Agreement;
"Gaia Renewables REIT Taxonomy Objectives"	means the Gaia Renewables REIT objectives of climate mitigation and adaptation, which the Fund contributes to;
"Gaia Fund Managers" or "Gaia"	means Gaia Fund Managers Proprietary Limited, the investment manager of Gaia Renewables REIT Limited;
"Mandatory PAIs"	means the SFDR mandatory PAIs, which include 1) GHG emissions scope 1,2,3; 2) Carbon footprint; 3) GHG intensity of investee companies; 4) Exposure to companies active in fossil fuel sector; 5) Share of non-renewable energy consumption and production; 6) Energy consumption intensity per high impact climate sector; 7) Activities negatively affecting biodiversity-sensitive areas; 8) Emissions to water (companies), and 9) Unadjusted gender pay gap (companies);
"Material"	means financially material ESG factors that could have a significant impact – both positive and negative – on a company's business model and value drivers, such as revenue growth, margins, required capital, and risk;
"PAI considerations"	means 18 mandatory PAIs and 1 additional Environmental, and 1 Social PAIs;
"PAIs"	means Principle Adverse Sustainability Impacts;
"Paris Agreement"	means a legally binding international treaty on climate change adopted by 196 parties at COP21 in Paris on 12 December 2015 and entered into force on 4 November 2016;
"SFDR"	means 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;
"Sustainable Investment"	means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices;
"Sustainability Risk" or "ESG Risk"	means an environmental, social, or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment;

“Taxonomy Regulation”	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088;
“Technical Screening Criteria” or “TSC”	means the conditions / criteria under which an economic activity qualifies as contributing substantially to climate change adaptation or mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives in the Taxonomy; and
“UN SDGs” or “SDG”	means the United Nations’ Sustainable Development Goals.

1 SUMMARY

1.1 No significant harm to the sustainable investment objective

The Fund is committed to measuring the negative impacts of its Sustainable Investments by implementing the best sustainability market practices across its investment process. The Fund has integrated sustainability considerations across all its stages of the investment processes, and sustainability due diligence will be completed on investees prior to the investment decision.

1.2 Sustainable investment objective of the financial product

Gaia Renewables REIT aims to invest in assets with a primary focus on renewable energy contributing to climate change mitigation through the reduction of carbon emissions (hereinafter referred to as the "**Sustainable Investment Objective**").

The Sustainable Investment Objective of the Fund takes an environmental facet as it directly contributes to the EU Environmental Objectives. Sustainable Investments will contribute to Climate Change Mitigation in alignment to the COP21 Paris Agreement adopted in 2015.

1.3 Investment Strategy

The REIT's mission is to play a catalytic role in promoting a sustainable project development cycle and crowd in more investors at all stages of the funding ecosystem by (1) being the preferred partner to increase business resilience by reducing risk and stabilise future potential energy expenditure and dependence on sustainable energy provision, and (2) drawing in private capital into the project funding ecosystem.

ESG and impact risk management is integrated into the Fund's investment cycle and is integral to the Environmental and Social Management System ("**ESMS**").

1.4 Proportion of Investments

The Fund will not make investments that do not fit its investment strategy. Consequently, the Fund commits to invest at least 90% of its assets in investments considered sustainable under the Fund's SFDR Annexure III disclosure. Of the sustainable investments with environmental objectives, 0% will be taxonomy-aligned.

1.5 Monitoring of Sustainable Investment Objective

The extent to which the sustainable investment objective has been achieved is continuously monitored and reported annually. Included in this assessment is the performance of the principle adverse indicators in a quantitative manner.

1.6 Methodologies

The Fund uses the Gaia proprietary methodology set out in the ESMS to measure and manage impact. The methodology is based on reducing negative and maximizing positive impacts during the holding period. The Fund uses two logic models, Theory of Change and the Impact Management Project's five dimensions of why, to unpack the impact and manage the impact risk.

1.7 Data sources and processing

ESG and impact risk management is integrated into the Fund's investment cycle and is integral to the Environmental and Social Management System. The performance of a potential investee against the Guiding ESG & Impact Principles will determine whether it is suitable for investment in terms of ESG and impact risk. Exclusion lists and ESG Due Diligence Questionnaire (DDQ) are tools to evaluate and categorize the potential risks posed by the investee's activities.

1.8 Limitations to methodologies and data

Gaia sees the creation of the ESMS as the current best practice but understands that the field and application of methodologies are in their infancy and continuously evolving. The limitations of the current research constrain the maturity of the methodologies created. While Gaia looks to only invest in qualifying investments and investee companies, not all investees will have perfect sanitised data from which to (1) benchmark, (2) continuously monitor, and thus (3) allow for accurate decision-making when consulting, not improve measures. Gaia aims to engage and improve on these with the investees continuously. Still, there will always be a dependency on 3rd party data due to the degree of separation between the Fund and the Investee company.

Gaia's Chief Risk and Impact Officer continuously assesses the market for best practices, the latest regulations and methodologies, and technologies/platforms to enable more effective data management and reporting. These are then evaluated for suitability into the investment process and integrated accordingly.

1.9 Due Diligence

The Due Diligence (DD) stage enables a comprehensive sustainability assessment of the investment opportunity. Assessment includes verification of compliance with applicable national laws on environment, health, and safety guidelines, minimum safeguards, and good governance practices. The applicability of IFC Performance Standards and World Bank Environmental, Health, and Safety Guidelines will also be determined (1) to identify opportunities to avoid adverse impacts and, if impacts are unavoidable, (2) to identify required mitigation and compensation; (3) to identify opportunities to improve environmental and social performance of projects seeking support; and (4) to establish specific performance requirements for the Renewable Energy sector.

1.10 Engagement Policies

As a shareholder and through investor stewardship, Gaia seeks to partner with our investee companies. Through engagement, we help them implement best practices by offering tools, training, and expertise, managing ESG risk factors, ensuring minimum safeguards, implementing good governance practices, and measuring progress. We have identified priority ESG topics that we believe can most affect our ability to build strong companies of enduring value.

1.11 Attainment of the Sustainable Investment Objective

The Fund Sustainable Investment Objective supports the transition toward more sustainable and resilient societies, which requires an integrated approach. We recognize that the SDGs are interrelated and that impact needs to be considered from a net perspective. The Fund is committed to high impact, creating a systemic solution, and supporting a worldwide pathway to net zero.

UN SDGs supported are SDG 7 *Affordable and Clean Energy*, SDG 9 *Industry, Innovation and Infrastructure*, SDG 11 *Sustainable Cities and Communities*, SDG 12 *Responsible Consumption and Production*, and SDG 13 *Climate Action*.

To measure the attainment of the Sustainable Investment Objective of the Fund, identified KPIs at the Portfolio Level will be measured, monitored, and reported. Most KPIs are aligned to the IRIS+ framework, while additional tailored indicators have been identified case-by-case.

2 NO SIGNIFICANT HARM TO SUSTAINABLE INVESTMENT OBJECTIVES

The Fund is committed to measuring the negative impacts of its Sustainable Investments by implementing the best sustainability market practices across its investment process. The Fund has integrated sustainability considerations across all its stages of the investment processes, and sustainability due diligence will be completed on investees prior to the investment decision. In particular, investments are screened and assessed against the following:

- Gaia Africa Climate Fund Exclusion List in line with IFC and EDFI Exclusion List;
- BII Fossil Fuel Policy;
- Minimum Safeguards (The OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business & Human Rights, The Declaration of the International Labour Organisation on Fundamental Principles and Rights at work & The International Bill of Human Rights);
- Taxonomy technical screening criteria;
- Good Governance Practices (IFC Corporate Governance and Business Integrity);
- Principal Adverse Impacts ("**PAIs**");
- IFC Performance Standards ("**IFC PS**") to assess & categorize ESG risks;
- World Bank Group's General Environmental and Health and Safety ("**H&S**") Guidelines ("**WBG EHS Guidelines**"); and
- The Impact Management Project ("**IMP**") framework uses the Impact due diligence on the investees.

3 SUSTAINABLE INVESTMENT OBJECTIVES OF THE FINANCIAL PRODUCT

Gaia Renewables REIT aims to invest in assets with a primary focus on renewable energy contributing to climate change mitigation through the reduction of carbon emissions (hereinafter referred to as the "**Sustainable Investment Objective**").

In particular, the REIT aims to reach its Sustainable Investment Objective by catalysing the infrastructure development cycle, ensuring skills transfer, and ultimately providing access to sustainable clean energy by:

- **Renewable Energy development capital**
  Accelerate the development of climate infrastructure projects through the funding of energy infrastructure to support a just transition to a net-zero South Africa, by supporting renewable energy deployment and provide financial additionality by crowding in private investors.

- **Providing Access to Clean Electricity**
  Prioritise and promote exemplary governance structures, policies, and procedures to ensure effective operation and continued supply of clean electricity.
- **Energy Resilience of Businesses**
  Increasing energy resilience for businesses in South Africa.

UN SDGs supported are, SDG 7 *Affordable and Clean Energy*, SDG 9 *Industry, Innovation and Infrastructure*, SDG 11 *Sustainable Cities and Communities*, SDG 12 *Responsible Consumption and Production*, and SDG 13 *Climate Action*.

The Sustainable Investment Objective of the Fund takes an environmental facet as it directly contributes to the EU Environmental Objectives. Sustainable Investments will contribute to Climate Change Mitigation in alignment to the COP21 Paris Agreement adopted in 2015.

4 INVESTMENT STRATEGY

Gaia Renewables REIT aims to invest in assets with a primary focus on renewable energy contributing to climate change mitigation through the reduction of carbon emissions.

The REIT's mission is to play a catalytic role in promoting a sustainable project development cycle and crowd in more investors at all stages of the funding ecosystem by (1) being the preferred partner to increase business resilience by reducing risk and stabilise future potential energy expenditure and dependence on sustainable energy provision, and (2) drawing in private capital into the project funding ecosystem.

ESG and impact risk management is integrated into the Fund's investment cycle and is integral to the Environmental and Social Management System.

The Fund has integrated sustainability considerations across all its stages of the investment processes, as presented in the figure below:

	Screening	Due Diligence	Investment Decision	Investment Agreement	Ownership and monitoring	Exit
Objectives	• Confirm compliance with the Fund's policy, non-qualifying investments, minimum safeguards, PAIs & exclusion list. • Identify key ESG issues early. • Plan DD process and allocate resources. • Build common understanding with the company.	• Assess the ESG risks and opportunities to allow the Fund's IC to make an informed decision considering: 1) ESG factors; and 2) The company's and Fund manager's capacity to address risks ad capitalise on opportunities. • Assess Impact fit	• Enable the Fund's IC to make an informed investment decision that takes ESG, PAIs & Impact factors into account.	• Secure and formalise commitments from the company to meet applicable ESG, PAIs & Impact requirements including ESG & Impact Action Plans. • Protect the Fund from reputational, financial and/ or legal damage.	• Guide/ assist the company to ensure its ongoing compliance with applicable standards, implementation of the ESG & Impact Action Plan & improvement of ESG performance. • Stay informed and respond to new developments and/ or risks. • Stakeholder communication	• Link evidence-improved ESG performance to company's value. • Engage with buyers on ESG and prepare reference materials. • Ensure company's ESG management system is self-sustaining. • Ensure responsible exit.
Activities	• Ensure compliance with the Fund's policy, non-qualifying investments, minimum safeguards, PAIs & exclusion list. • Identify key ESG risks and opportunities. • Building a common understanding with the company. • Categorise E&S. • Plan DD (financial & Impact)	• Define scope DD, perform desktop review & site visits. • Impact DD (IMP, SDG Action Manager) • Assess company's CCTR. • Engage ESG experts (if required). • Agree ESG + Impact Action Plans. • Ensure influence and oversight. • Prepare DD report (Incl Impact). • Provide input for the IC.	• Make an investment decision taking into account ESG, PAIs & Impact factors.	• Negotiate ESG & Impact terms with the company. • Negotiate impact management incentives. • Impact goal setting + KPIs • Incorporate ESG, PAIs & Impact terms in the shareholders agreement (or equivalent document).	• Build on the relationship established during DD. • Regularly monitor & meaningful reporting: Oversee/ support on ESG, minimum safeguards and PAI matters. • Managed unplanned events. • Prepare for exit. • Engage on ESG & Impact enhancement	• Plan the exit. • Verify acquirer's impact track record and commitment to perceiving impact created. • Prepare relevant ESG documentation for potential bidders.
Outputs	• Identification of "no-go" and key ESG issues. • Initial E&S categorisation. • ESG section in the screening memorandum for the IC.	• Final E&S categorisation. • Due diligence report (Incl Impact). • ESG & Impact Action Plan(s). • Summary of finding for the IC. • DD Reports, ESAP ad supporting material saved.	• IC decisions minuted. • Conclude satisfactory completion of conditions precedent. • Update the IC in case of material changes post-IC.	• Shareholder's agreement or equivalent that includes appropriate ESG, PAIs & Impact clauses and clearly outlines how ESG & Impact matters will be handled during the life of the investment.	• Appropriate influence and oversight. • Record monitoring engagements. • Annual ESG reporting and reporting to investors. • Non-routine event communications. • Impact storytelling reporting.	• Financial model taking into account ESG & aspects. • Information memorandum including information on the company's ESG performance and improvements over past years.

Source: CDC ESG toolkit – Investment cycle. I Abbreviations: CCTR – Commitment, capacity and track record; DD – Due Diligence; IC – Investment Committee; E&S – Environmental and social; PAIs – Principle Adverse Impact

Integrating ESG factors into Gaia's investment decision and ownership is an important part of fulfilling our mission to create a strong impact and returns for our investors. Therefore, ESG considerations are to be integrated within all the stages of the investment process as per the guidance of the CDC Toolkit on ESG for fund managers. We believe that considering ESG factors not only enhances our risk assessment but also helps us identify opportunities to enable transformation and value creation.

In this line of thought, the indicators for Principal Adverse Impacts ("**PAIs**") on sustainability factors are considered by the Fund, in close collaboration with Gaia as appointed portfolio manager to the Fund, during the due diligence process, before the investment decision, and during the life of the investment. In particular, mandatory PAIs (or proxies when not available) and two additional PAIs will be monitored and reported annually. Where no data is available, proxies shall be used. The additional PAIs considered are as follows:

- **Environmental Additional PAI #13:** Non-recycled waste ratio
- **Social Additional PAI #2:** Rate of accidents

Compliance with the mandatory and additional SFDR PAIs are stipulated in the Fund's Environment and Social Management System, which the Board of Directors has adopted.

Pursuant to the indicators set out in Annex 1 of the Regulatory Technical Standards under the EU 2019/2088 SFDR Regulation, Gaia Fund Managers Proprietary Limited, acting as the Portfolio Manager of the Fund, will endeavor to assess its investment opportunities and monitor the performance of its investees against the PAIs as follows:

- **Due diligence process:** Principal Adverse Impact indicators (or proxies if no direct data is available) are collected during the due diligence phase prior to the investment decision. They may lead to deciding not to invest or a mitigation plan.
- **Investment Commitment**: The term sheets may include a mitigation plan in case of gaps. In that case, Gaia can also provide some assistance to improve the performance on the PAIs.
- **Monitoring & Reporting through portfolio life**: Principal Adverse Impacts indicators will be collected on a rolling basis or at least quarterly according to the KPI to monitor the portfolio effectively and report annually. An annual verification will be made.

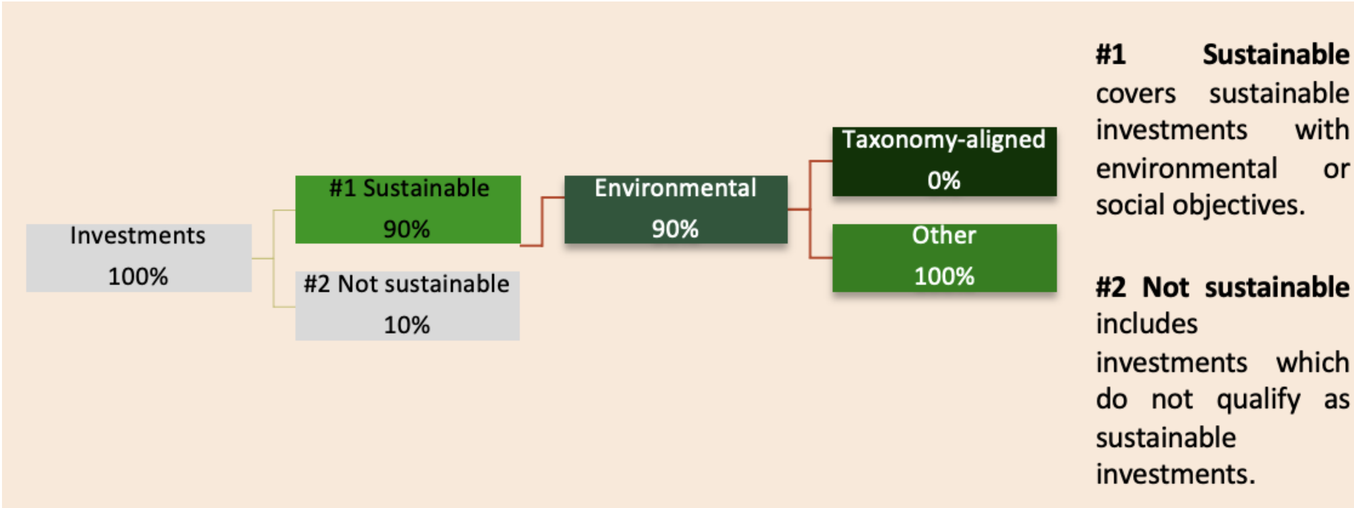
5 PROPORTION OF INVESTMENTS

The Fund will not make investments that do not fit its investment strategy. Consequently, the Fund commits to invest at least 90% of its assets in investments considered sustainable under the Fund's SFDR Annexure III disclosure. Out of the sustainable investments with environmental objectives, 0% will be taxonomy-aligned.

The Fund is only allowed to keep up to 10% of its assets in liquid instruments to ensure the right level of liquidity (#2 Not sustainable).

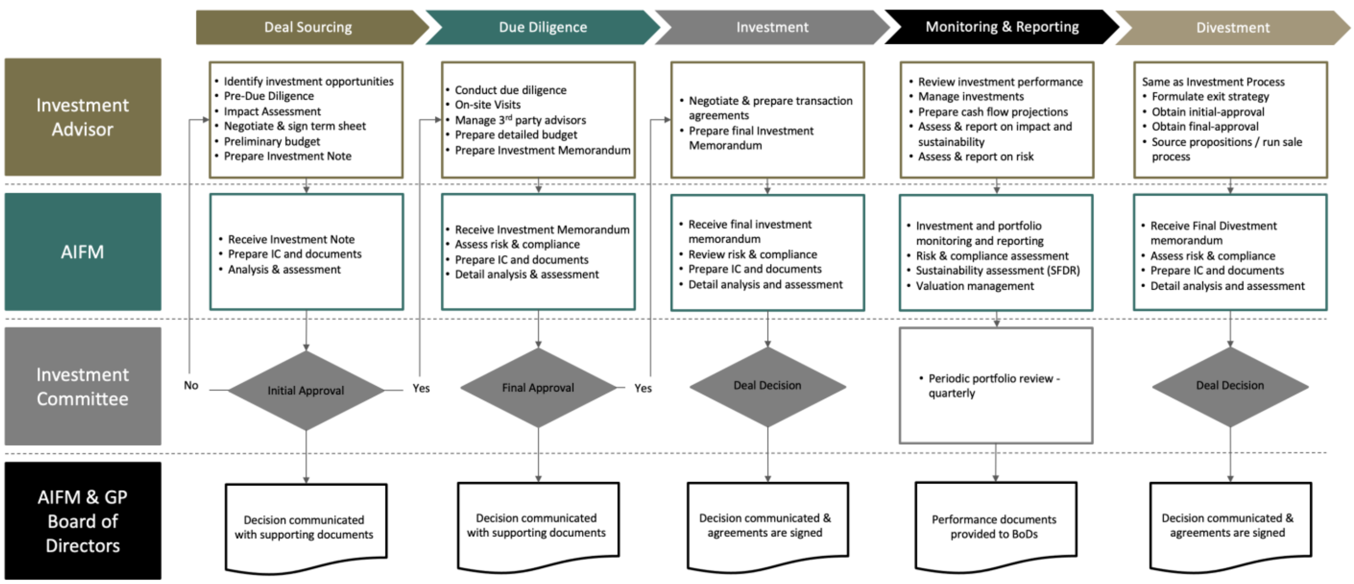
90% of the sustainable investments of the Fund (#1 Sustainable) have environmental objectives.

Out of the sustainable investments with environmental objectives, 0% will be taxonomy-aligned, given the general immature nature of African infrastructure.



6 MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVES

An overview of the Fund's monitory and reporting system is set out in the figure below.



At the Investee level, the Fund generally uses an annual ESG survey and data collection process post-investment to monitor our investee companies as set out below:

Minimise negative impact	KPIs & PAIs
Identify, assess, monitor, and report on ESG and impact Risks	Identify, assess, monitor & report on KPIs and PAIs
Apply strategies to avoid, mitigate, and compensate for sustainability risks	Measure and monitor Mandatory PAIs and Additional PAIs

Participation in our survey and data collection is expected for investees for whom we hold a minimum shareholding of 20%. Portfolio companies undergo ongoing monitoring based on KPIs, PAIs, ESG Risks, compliance with Minimum Safeguards, and EU Taxonomy.

In addition, the Fund commits to the required SFDR Article 9 pre-contractual disclosures, periodic reports, and website disclosures to report on portfolio sustainability performance to relevant stakeholders.

7 METHODOLOGIES

The following process will be followed to ensure the investee's compliance with the ESG regulatory requirements. Investment opportunities are screened against:

- Exclusion List as set out in Appendix A;
- Fund's Investment Objective (as defined);
- Fund Values and Sustainable Investment Objectives;
- Fund's Impact eligibility requirements (based on the 5 (five) dimensions of the Impact Management Project) as set out below;
- Minimum Safeguards ;
- Good governance practices;
- Investment opportunities are assessed against the [EU Taxonomy Compass] to ensure eligibility;
- Preliminary ESG and Impact Risks Assessment; and
- PAIs applicability and capacity for monitoring & reporting.

The following ESG and impact Standards have been implemented.

On a Gaia/Fund level:

- Exclusion List in line with the IFC, EDFI Exclusions List, and BII Fossil Fuel Policy
- BII Fossil Fuel Policy
- IFC Performance Standards ("**IFC PS**")
- IFC Corporate Governance and Business Integrity
- World Bank Group General and sectoral EHS Guidelines ("**WBG EHS Guidelines**")
- Impact Management Platform ("**IMP**")
- UN Global Compact ("**UNGC**")
- BII/CDC ESG Toolkit

On an Investee level:

- IFC PS and associated good governance notes, handbooks, and ESMS
- World Bank Group General and Sectoral EHS Guidelines
- OECD Guidelines for Multinational Enterprises (when applicable)
- International Bill of Human Rights
- ILO International Labour Standards
- UN Guiding Principles on Business and Human Rights

The Fund is aligned with SFDR and eligible for EU Taxonomy.

8 DATA SOURCES AND PROCESSING

ESG and impact risk management is integrated into the Fund's investment cycle and is integral to the Environmental and Social Management System. The performance of a potential investee against the Guiding ESG & Impact Principles will determine whether it is suitable for investment in terms of ESG and impact risk. Exclusion lists and ESG Due Diligence Questionnaire (DDQ) are tools to evaluate and categorize the potential risks posed by the investee's activities.

The following processes and tools will be used in the ESG/ due diligence process:

Environmental Taxonomy Objective	ESG & Impact Risk Profile	Minimum Safeguards	PAIs	Good Governance
Taxonomy Technical Screening to determine deal eligibility Determine substantial contribution criteria DNSH criteria & deal-specific operational procedures EU Taxonomy Compass	Identify and integrate ESG & Impact Risks IFC Performance Standards Apply the British International Investment – ESG Toolkit UN Global Compact	UN Guiding Principles of Business and Human Rights ILO on Fundamental Principles and Rights at Work International Bill of Human Rights	Determine PAIs data availability – Elaborate considering PAIs and Taxonomy	FMO Corporate Governance Toolkit for Corporate/ Private Equity IFC Business Integrity

Given the nature of the Fund Investments and small team size, investees do not fall under the Minimum Safeguard OECD Guidelines for Multinational Enterprises.

The UN Guiding Principles on Business and Human Rights, especially the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, compliance with minimum safeguards will be ensured as follows across the different stages of the investment process:

- **Pre-investment phase:** Verified during the origination, screening, and due diligence process
- **Investment Commitment**: Investees will be required to commit and ensure compliance with these principles and rights in the term sheets.
- **Portfolio life**: An annual verification through a questionnaire will be made.

9 LIMITATIONS TO METHODOLOGIES AND DATA

ESG and Impact management, investment, and reporting are young compared to their financial counterparts. It requires a focus on research on various parts of the field, its integration into the research process, and its full alignment with the latest regulatory requirements.

Gaia has created a best-in-breed ESMS, which sets out the required systems and processes to ensure we fulfill our promises and objectives to investors. However, we understand the limitations of the research in the field and that the ESMS will continuously evolve to ensure it aligns with the best in the market. These are dependent on the research and outcome of section 7 above.

While Gaia looks to only invest in qualifying investments and investee companies, only some investees will have perfect sanitised data from which to (1) benchmark, (2) continuously monitor, and thus (3) allow for accurate decision-making when consulting on improvement Gaia aims to engage and improve on these with the investees continuously, but there will always be a dependency on 3rd party data due to the degree of separation between the Fund and the Investee company.

These are improved through continuous interaction, but also through the utilisation of data collection and reporting tools. These are required through the three phases in the investment process: The pre-investment phase, investment commitment, and portfolio life. Section 8 above drives the requirements for tools/platform technologies utilised by Gaia to manage these investments.

The ESMS is the responsibility of the Gaia team but, ultimately, the Chief Risk and Impact Officer.

10 DUE DILIGENCE

ESG and impact risk management is integrated into the Fund's investment cycle and is integral to the Environmental and Social Management System. The performance of a potential investee against the Guiding ESG & Impact Principles will determine whether it is suitable for investment in terms of ESG and impact risk. Exclusion lists and ESG Due Diligence Questionnaire (DDQ) are tools to evaluate and categorize the potential risks posed by the investee's activities.

During the screening and due diligence stage, potential investments will all be evaluated for environmental, social, and governance risk ("**ESG or Sustainability Risk**") where, under SFDR 2019/2088, Sustainability Risk means an environmental, social, or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

The Due Diligence ("**DD**") stage enables a comprehensive sustainability assessment of the investment opportunity. Assessment includes verification of compliance with applicable national laws on environment, health, and safety guidelines, minimum safeguards, and good governance practices. The applicability of IFC Performance Standards and World Bank Environmental, Health, and Safety Guidelines will also be determined (1) to identify opportunities to avoid adverse impacts and, if impacts are unavoidable, (2) to identify required mitigation and compensation; (3) to identify opportunities to improve environmental and social performance of projects seeking support; and (4) to establish specific performance requirements for the Renewable Energy sector.

The following processes and tools will be used in the ESG/ due diligence process:

Environmental Taxonomy Objective	ESG & Impact Risk Profile	Minimum Safeguards	PAIs	Good Governance
Taxonomy Technical Screening to determine deal eligibility Determine substantial contribution criteria DNSH criteria & deal-specific operational procedures EU Taxonomy Compass	Identify and integrate ESG & Impact Risks IFC Performance Standards Apply the British International Investment – ESG Toolkit UN Global Compact	UN Guiding Principles of Business and Human Rights ILO on Fundamental Principles and Rights at Work International Bill of Human Rights	Determine PAIs data availability – Elaborate considering PAIs and Taxonomy	FMO Corporate Governance Toolkit for Corporate/ Private Equity IFC Business Integrity

Given the nature of the Fund Investments and small team size, investees do not fall under the Minimum Safeguard OECD Guidelines for Multinational Enterprises.

The UN Guiding Principles on Business and Human Rights, especially the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, compliance with minimum safeguards will be ensured as follows across the different stages of the investment process:

- **Pre-investment phase:** Verified during the origination, screening, and due diligence process
- **Investment Commitment**: Investees will be required to commit and ensure compliance with these principles and rights in the term sheets.
- **Portfolio life**: An annual verification through a questionnaire will be made.

After all the assessments defined above have been performed, if no major concerns are identified during the assessment, the investment can be proposed to the Investment Committee for review (and approval) alongside its tailored ESG Action Plan and legally binding sustainability covenants for the Investee to be discussed and confirmed by the IC.

11 ENGAGEMENT POLICIES

As a shareholder and through investor stewardship, Gaia seeks to partner with our investee companies. Through engagement, we help them implement best practices by offering tools, training, and expertise, managing ESG risk factors, ensuring minimum safeguards, implementing good governance practices, and measuring progress.

We have identified priority ESG topics that we believe can most affect our ability to build strong companies of enduring value.

- **Climate Change Mitigation, Resiliency, and Adaptation**

  We recognise that climate change is a systemic issue affecting all sectors and geographies. We aim to partner with our investees to help them reduce carbon emissions through our engagement, assess climate‘s physical and transition risks, and support investees in introducing mitigants.

- **Diversity, Equity, and Inclusion (DEI)**

  We focus on driving diversity by setting a broad diversity target for our investee companies. We also work to foster employment opportunities through skills transfer and training programs specifically focusing on women for our investee companies. We have adopted 2X Global's 2X Challenge to provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.

- **Net zero commitments**

  As part of our net-zero commitment strategy, we will engage with investee companies to make net-zero commitments and improve net-zero data transparency and reporting.

- **Good Governance**

  We believe good governance is essential for financially sound companies. Therefore, we support our investees at various stages of their life cycle to implement good governance practices spanning board governance to controls.

12 ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

To measure the attainment of the Sustainable Investment Objective of the Fund, identified KPIs at the Portfolio Level will be measured, monitored, and reported. Most KPIs are aligned to the IRIS+ framework, while additional tailored indicators have been identified case-by-case.

The Fund will quarterly monitor & annually report on the following KPIs per Impact Objective/ UN SDG:

To measure the attainment of the Sustainable Investment Objective of the Fund, identified KPIs at Portfolio Level will be measured, monitored, and reported. Most KPIs are aligned to the IRIS+ framework, while additional tailored indicators have been identified on a case-by-case basis.

IMPACT OBJECTIVE	UN SDGs	KEY PERFORMANCE INDICATORS
i. Renewable Energy development capital	SDG 9.4 SDG 12.a	Access to reliable clean energy. • Number of business connections to reliable energy (IRIS+ PI8053) • MW under development (own KPI) • MW completed (own KPI) Reduced GHG emissions. • Clean energy produced for sale (kWh) (IRIS+ PI8706) • GHG emissions avoided (IRIS+ PI2764) • Number of private capital investments made in the structure (own KPI).
ii. Providing Access to Clean Energy	SDG 7.2, 7.b SDG 9.4 SDG 11.6 SDG 13.a	Reduced GHG Emissions • Amount of greenhouse gas (GHG) emissions avoided by the organisation during the reporting period. (IRIS+ PI2764) • Clean energy produced for sale (kWh) (IRIS+ PI8706) Access to reliable clean energy Number of business connections to reliable energy (to utilities and services provided by the organization as of the end of the reporting period) (IRIS+ PI8053)
iii. Energy resilience of businesses	SDG 7.1 SDG 12.a	Number of households and Business Connections Number of residential and commercial connections to utilities and services provided by the organization as of the end of the reporting period (IRIS+ PI8053)

No index has been selected as a reference benchmark for the Fund as no EU-approved index is currently available in the market in alignment with the Fund’s investment strategy. Nonetheless, the Fund will monitor and report on the progress of its portfolio by providing stakeholders with an indication of the performance of its Key Performance Indicators (“**KPIs**”) against its baseline and pre-set targets. As outlined in the following section, KPIs align with the UN Sustainable Development Goals (“**UN SDGs**”) and IRIS+.