Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites

In accordance with Article 10 of Regulation (EU) 2019/2088

Summary

This statement is published by **Lendable Transportation and Energy Fund** (the "**Fund**"), which qualifies as an Article 9 fund under the Sustainable Finance Disclosure Regulation ("**SFDR**").

The Fund pursues a sustainable investment objective of advancing to accelerate decarbonisation and climate resilience in emerging markets by financing companies that reduce greenhouse gas (GHG) emissions or strengthen the capacity of households and businesses to adapt to climate shocks.

To achieve this objective, the Fund:

- **Defines its sustainable objective** (financial inclusion and economic resilience for underserved populations);
- **Ensures no significant harm** by integrating ESG due diligence, adverse impact indicators, and exclusion lists;
- **Verifies good governance practices** of investees in line with OECD, ILO, UNGP, and IFC Performance Standards;
- **Allocates at least 80% of assets** to sustainable investments with a social objective, with up to 20% in liquidity;
- **Monitors performance** through proprietary data systems, investee reporting, impact scorecards, and site visits;
- **Uses a robust methodology** combining IRIS+, IMP, and client protection standards;
- **Manages data quality** through triangulation and audits, while minimizing reliance on estimations;
- **Engages with investees** to strengthen ESG and impact alignment, even without shareholder rights; and
- **Reports transparently** on results, risks, and limitations of its methodology.

No significant harm to the sustainable investment objective

The Fund applies a structured framework to ensure that its investments do not significantly harm environmental or social objectives. This process involves the following protections:

- **Impact Measurement and Management System ("IMS"):** All of the investments within the Fund adhere to the principle of generating a positive impact. The Fund's investment process integrates an impact scorecard that aligns with recognized benchmarks, such as the Impact Management Project, IRIS + and the Operating Principles for Impact Management. This tool is integral to the Fund's IMS and helps assess the degree of alignment between a potential investment and the Fund's sustainability objectives.
- **International standards:** The Fund also employs a Responsible Investment Code ("**RIC**") to uphold a clear framework for sustainable investment practices. The RIC incorporates well-established principles and standards such as the eight International Labour Organization ("ILO") fundamental conventions, the OECD Guidelines for Multinational Co-operation and Development ("OECD") Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Finance Corporation ("IFC") Performance Standards (and specifically Performance Standard 2).
- **Exclusion List**: The Fund does not directly invest in sectors which are prohibited by the harmonized EDFI Exclusion List, to avoid investments in harmful sectors (e.g., fossil fuels, weapons, predatory lending).
- **Adverse Impact Indicators:** The Fund incorporates the indicators listed in Table 1 of Annex I of the SFDR RTS. Where relevant, additional indicators from Tables 2 and 3 are considered.

Sustainable investment objective of the financial product

The Fund focuses on scalable business models that reduce emissions or improve resilience, while also supporting inclusive economic development for underserved end customers. To achieve this, the Fund provides structured debt to companies delivering clean technology solutions or enabling services across four core sectors:

- Energy: including renewable energy such as solar energy and clean cooking technologies that reduce reliance on diesel or other high-emission sources.
- Mobility: such as electric two- and three-wheelers, charging infrastructure, and related financing models that reduce transport-related emissions.
- Sustainable Agriculture: including solar-powered irrigation, climate-smart technologies, and other digital tools that help smallholder farmers adapt to climate impacts. o Carbon Markets: supporting early-stage and verified carbon credit developers that direct additional capital into tech-based mitigation solutions.

Investment strategy

The Fund primarily invests in senior loans to eligible fintechs and financial institutions. The strategy combines:

- **Sustainability Alignment:** All investments must demonstrate a clear theory of change linked to financial inclusion.
- **Good Governance Screening:** Investee governance is reviewed during due diligence, including management structures, employee relations, remuneration practices, and tax compliance. Only companies meeting minimum governance thresholds, or which agree to meet such standards within an acceptable timeframe are eligible.
- **Continuous Engagement:** ESG and governance covenants are embedded in loan agreements, with follow-up monitoring and corrective action where needed.

Proportion of Investments

Sustainable: The Sub-Fund allocates at least 80% of its net assets to sustainable investments with a social objective.

Not Sustainable: The Sub-Fund may retain no more than 20% of its assets as non-sustainable investments in liquid instruments and hedging instruments. The Fund is restricted from any form of derivatives speculation and uses these instruments only for liquidity and risk management.

Monitoring of sustainable investment objective

The Fund monitors all of its investments using the following approach:

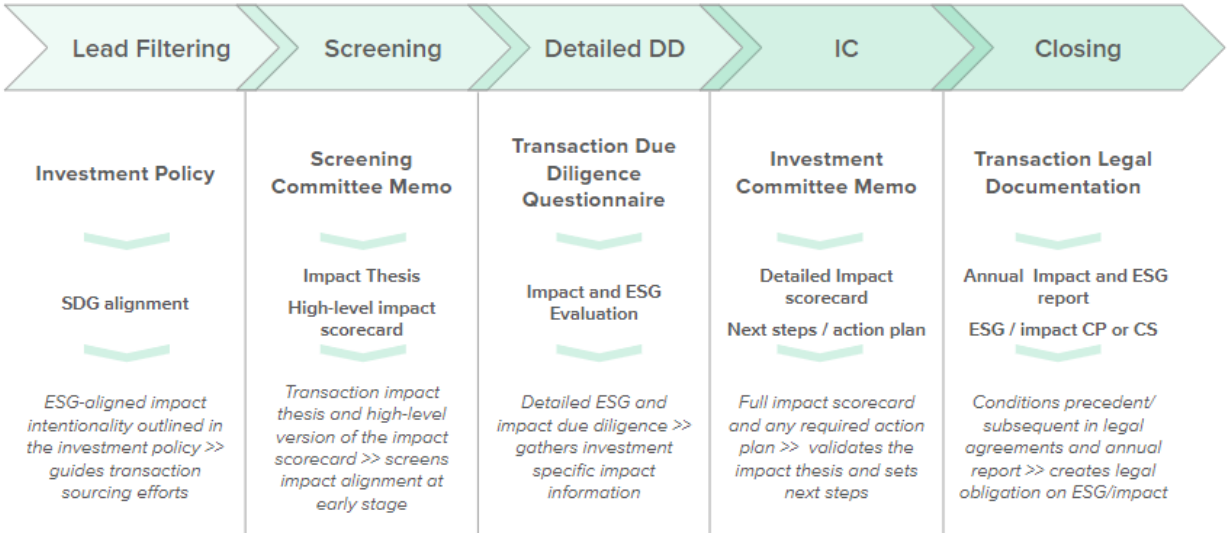
- **Selection Process Monitoring:** Prior to investment, the Fund assesses whether an investment aligns with the theme of financial inclusion and economic livelihood improvement. This evaluation is conducted using a high-level Impact Scorecard to determine inclusion in the portfolio.
- **Annual Impact and ESG Evaluation**: Once an investment is in the Fund, the investees are required to complete an annual Impact and ESG Evaluation to assess the extent to which they have met the sustainable objectives of the Fund. This evaluation involves reporting against particular KPIs, including the total value and number of loans disbursed, average loan size disbursed, and the number of end clients reached, segmented by the type of investee. As part of this evaluation, investees are also required to respond to questions around ESG compliance. This step is important for assessing their continuous alignment with the Fund's Responsible Investment Code and the Fund’s sustainability principles.

- **Monitoring Trips and End-investee Engagement:** In addition to the annual Impact and ESG Evaluation, the risk and investment teams conduct monitoring trips (where feasible) to engage directly with investees. During these on-site visits, the teams conduct interviews with senior management and, when possible, interact with end investees. These engagements are designed to address issues related to impact and to gauge alignment with the Fund's sustainable objectives.
- **ESG and impact covenants**: Ongoing undertakings and obligations of the investees are embedded in the lending contracts relating to continuing compliance with ESG and Impact covenants.

Methodologies

The Fund employs an Impact Measurement and Management System as its primary tool for impact oversight. This framework integrates fundamental principles derived from the Impact Management Project, IRIS+ metrics, the Cerise & SPTF Client Protection Pathway Framework, along with various other established best practice frameworks. These combined frameworks determine how well the Fund's investments align with its sustainability goals.

Impact Management Flow Chart



The flow of activities for an impact assessment in the Fund's process involves several key steps:

- First, each investment is assessed against the sustainable objectives of the Fund, ensuring that the Fund's origination strategy only includes investments likely to yield positive outcomes for end-investees.
- Next, an impact thesis is developed, utilizing a high-level scorecard to screen for early alignment with the Fund's impact goals.

- In the third step, a detailed due diligence assessment is conducted, which includes the Impact and ESG evaluations. This stage also entails direct engagement with investees to understand the Impact and ESG risks and opportunities. The investment teams gather relevant data and in-person feedback to support the impact thesis.
- Following this, a more detailed impact scorecard is created, which evaluates whether the hypothesis on how well the investment aligns with the Fund's objectives still holds. This scorecard is closely scrutinized by the investment committee.
- Lastly, legal obligations are established in relation to ESG and Impact through conditions precedent/subsequent which are included in the investee agreement.

Under the RIC the Fund also documents how environmental, social and corporate governance factors are embedded into the investment process. By considering these ESG factors, the Fund proactively identifies and addresses potential risks, minimising adverse impacts on both investments and sustainability objectives.

Data sources and processing

The Fund's data primarily originates from two sources: a proprietary system, Maestro, and self-reported data from investees.

Data Sourced from Maestro:

- The first data source is Maestro, an internal proprietary system that directly integrates with the loan management systems of the Fund's investees. This integration provides anonymized transaction information, which forms a part of the metrics reported on an annual basis.
- To ensure data accuracy, the information obtained from Maestro undergoes a thorough verification process. It is cross-referenced against bank accounts and audited financial statements to confirm its authenticity.
- Less than 20% of the sustainability metrics reported by the Fund come from data sourced through Maestro.

Self-reported Data:

- The majority of the information used comes from self-reported data provided by the Fund's investees and is sourced by the investment and impact teams through direct due diligence and engagement with the investees.
- Internally, the Fund reviews this self-reported data to ensure its accuracy and relevance. The investment and impact teams work closely together to assess the alignment of the investees' objectives with the fund's sustainability goals.

While some level of estimation may be unavoidable in the data analysis, the Fund strives to keep it

to a minimum by leveraging Maestro and self-reported data sources.

Limitations to methodologies and data

Current limitation: Quantitative metrics capture outreach (loans disbursed, number of clients reached) but less outcome-level data. In addition some investees might not report on all requested data if they do not collect such data consistently or accurately.

Mitigation: Outcome surveys at end-investee level and verification of investee data are aimed at mitigating the risk of bias.

Impact: Limitations do not materially compromise the attainment of the Fund's financial inclusion objective.

Due diligence

Before submitting an investment proposal for approval by the Investment Committee ("IC") , a due diligence assessment is conducted on each potential investee. The due diligence process includes two key phases: a positive screening to assess the investment's potential to generate positive outcomes for the end-investees, as well as a negative impact 'screen' to evaluate its effects on both people and the planet. Every investment case considers impact, risk, and return.

As detailed in the Methodology section, the Fund's due diligence process begins with the administration of an Impact and ESG questionnaire to the investee. This questionnaire serves to gain a deeper understanding of their alignment with the Fund's sustainability objectives and their broader adherence to established sustainability best practices. Once completed, the investment team then conducts on-site visits and engages in interviews with various stakeholders, including senior management, middle management, front office staff (including loan officers), and end-investees. The outcomes of these evaluations are then documented within a more detailed version of the Impact Scorecard, which is subsequently integrated into the IC memo. The IC members evaluate the findings in detail and determine what follow up Impact and/or ESG activities are to be included in investee covenants.

Engagement policies

Following the due diligence assessment results, the IC may identify areas that require improvement to meet the Fund's ESG standards. These improvements may or may not require technical assistance and will be determined through individual agreements with the investee. Given that the Fund primarily invests in debt instruments related to non-listed companies, engagement is not accomplished by exercising shareholder rights. Furthermore, the Fund does not assume any board seats that would allow direct interaction with the investee's board on Impact and ESG issues.

Attainment of the sustainable investment objective

The Fund measures success against its impact framework rather than an index, as there is no suitable external reference benchmark. Performance is monitored continuously and reported annually through sustainability and impact reporting.