GAWA CAPITAL Life changing investments

KUALIFUND Creating ecosystems to increase climate resilience

Sustainability-related Disclosures

1. SUMMARY

Kuali's sustainable investment objective is the enhancement of the SMEs and farmers mitigation and adaptation capacity (GHG emissions prevented, and resilience achieved) in global-south countries. The aim is to create an ecosystem for smallholders, SMEs, and other impacted communities to access tailored climate solutions. 100% of investments of the Fund qualify as sustainable investments. The invested Financial Service Providers (FSPs) maintain a low environmental and social risk profile, and environmental and social due diligences are carried out before any investment to ensure that economic activities do not cause significant harm to any sustainable investment objective.

2. NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

The invested entities on average have low environmental and social risks, especially with regards to MFI's activity and not relevant events have been identified in 2025.

Nonetheless, environmental and social due diligences are carried out before any investment to ensure they are not carrying out economic activities that do significant harm to any sustainable investment objective. Moreover, all financing agreements systematically verify compliance with an exclusion list aligned with the IFC Performance Standards (PS1–PS8)

The SPI5 has been monitored throughout the year and serves as an indicator to monitor that entities do not cause significant harm. The Fund ensures through its Environmental and Social Risk Management System that the investee companies manage the E&S risks of both their internal dimension and their external dimension (investment activity).

Lastly, the Fund takes into account the indicators for adverse impacts on sustainability factors, analysing Table 1 (indicators 1 to 14), Table 2 (indicators 11 and 15), and Table 3 (indicators 1, 5, 8, 9, 10, 14, 15 and 17) of the SFDR delegated regulation.

The invested entities do not qualify for the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, as the fund invests primarily in small and medium-sized enterprises in emerging and frontier economies.

With respect to the United Nations Guiding Principles on Business and Human Rights, Kuali incorporates clauses in all its financing agreements in which the investee company commits to continue its social mission during the time horizon of the investment, respect the ICF exclusion list, the U.S. DFC categorical prohibition list, and the protection of workers' rights. In addition, Cerise's Alinus/SPI5 tool monitors the implementation of the Universal Standards for Social Performance Management, including the Smart Campaign's Client Protection Principles.

3. SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

Kuali has a sustainable investment objective within the meaning of Article 9 of the SFDR. The sustainable investment objective is the enhancement of the SMEs and farmers mitigation and adaptation capacity in global-south countries. The aim is to create an ecosystem for smallholders, SMEs, and other impacted communities to access tailored climate solutions.

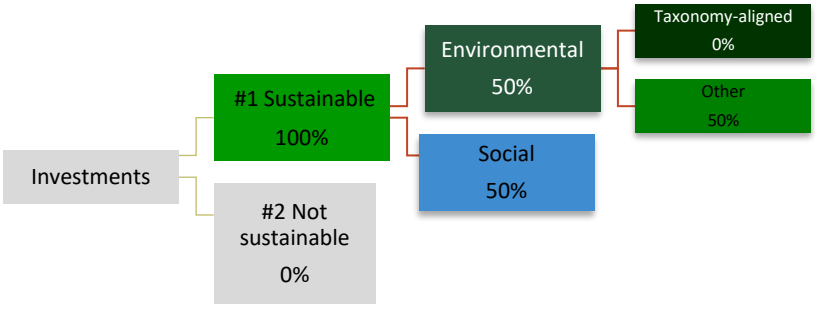
4. INVESTMENT STRATEGY

The Fund aims to promote the transformation of the Latin American and Indian financial sectors into a more inclusive and greener industry. The Fund expects to invest in microfinance institutions, other financial service providers (SME lending) with an agricultural presence, and innovative companies focused on climate solutions. These organizations shall often be in the growth stage.

During the due diligence process on potential investee companies, the AIFM assesses good governance practices of the investee companies, reviews their management structures, employee relations, remuneration of staff and tax compliance.

5. PROPORTION OF INVESTMENTS

100% of the Fund's investments (excluding cash and Temporary Investments, if any) qualify as sustainable investments. Each investment pursues a dual environmental and social objective, and is therefore allocated 50% towards an environmental objective and 50% towards a social objective.



6. MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVE

Through the quarterly monitoring of the investees, the progress made by the entities is measured, and an annual GAWA Capital report ranks institutional impact. Metrics such as SPI5, the Green Index 3.0, and 2X gender alignment assessments are monitored periodically to track improvements in the Impact Performance System of the investees. The Fund strictly monitors social covenants, such as mission preservation and client protection. Lastly, an external audit of the sustainability indicators will be conducted by an independent third party upon exit from the investments.

7. METHODOLOGIES

To achieve the Fund's sustainable objective, the AIFM uses the following impact catalytic tools: impact management & measurement, and technical assistance.

Before an investment is made, a comprehensive Environmental and Social Due Diligence (ESDD) is conducted utilizing a specialized suite of standardized tools: SPI5-Alinus for FSPs, SBS Light for Innovative Companies, and the Green Index 3.0 to evaluate green readiness. These metrics are integrated with an Expected Impact Rating and Outcome/Output Maps to provide a data-driven projection of the investment scale and alignment with specific SDG outcomes

All detected deficiencies, as well as identified areas for improvement, will be captured and will serve for the establishment of improvement plans or social clauses in the contractual information, which are periodically monitored along with their performance.

Through the quarterly monitoring of the investees, the progress made by the entities is measured.

Furthermore, the fund's Technical Assistance is a tool that fosters the fulfillment of Kuali's objectives, transforming investees to better serve their end customers.

8. DATA SOURCES AND PROCESSING

(a) Data sources used to attain the sustainable investment objective of the financial product;

All data used for the measurement and monitoring of the sustainable investment objective is primary data collected for this specific purpose through questionnaires (SPI5 and other customized set of indicators).

The data gathering is an Accompanied Self-Assessment where the investee fills in the questionnaire with support from Gawa's Impact and Investment team. This way the investee benefits from an external, more objective perspective. Normally the investee fills in the questionnaires first, and the Gawa's Impact staff can then review, comment and complete the questionnaire during the on-site visit.

All questionnaires are then remotely updated quarterly following the same logic.

(b) the measures taken to ensure data quality;

Gawa`s dedicated Impact measurement and management staff (3 FTE) is involved in gathering documents, interviewing stakeholders, reviewing evidence, and working with the investees focal point to fill in the different questionnaires.

(c) how data is processed;

The data inputted is validated, sorted, summarized and aggregated using digital tools (iLevel). Then the impact measurement and management staff are responsible for producing meaningful information that feeds the investors quarterly reports, the annual impact report and all regulatory reports.

(d) the proportion of data that are estimated.

All data is primary data collected through questionnaires. However, the level of GHG emission in CO2 tons equivalent is estimated using the Joint Impact Model tool.

9. LIMITATIONS TO METHODOLOGIES AND DATA

(a) any limitations to the methodologies and the data sources referred (b) why such limitations do not affect the attainment of the sustainable investment objective.

The completeness, accuracy and availability of impact data in the microfinance/other financial service providers climate innovative companies sectors are generally uneven. This requires additional processes of impact measurement and management work than can over-burden or alienate the impact and investment team.

GHG emissions for microfinance entities in global-south countries require several assumptions, as the investees do not track their GHG emissions. The Joint Impact Model tool GHG emissions factors reflect the GHG emissions per unit of revenue in a certain country and sector. They are derived by dividing the total GHG emissions by the total output in a certain country and sector. The total GHG emissions per country and sector are derived from the Global Trade Analysis Project (GTAP), more specifically the GTAP11C release. The GTAP 11C release includes data for 141 countries (covering 99.1% of World GDP), 19 aggregate regions, and 65 sectors extended to 76 with the power module[1]. GTAP 11C retains the same regional and sectoral coverage as GTAP 11 while incorporating updates to the capital stock, depreciation, and savings data.

These limitations and risks are mitigated by dedicating enough human resources (2 FTE) from across the organization to ensure that a minimum level of quality information is reached. Also, the continuous customization of tools, revision of data sources, indicators, and methodologies over time ensures ease of use by the team. Regarding GHG estimation, the JIM tool is used by several DFI and Impact Investing Firms in their GHG estimations[2], assuring consistency and comparability among market players.

[1] More details about the methodology can be found in the following link: https://www.jointimpactmodel.org/documentation

[2] Among others: African Development Bank Group, FinDev Canada, FMO, KFW, PROPARCO, Blue Orchard, Developing World Markets, Finance in motion, Symbiotics or Triple Jump.

10. Due Diligence

A comprehensive Environmental and Social Due Diligence (ESDD) is carried out before investing to analyze the entity's impact status. The process evaluates critical dimensions such as social and environmental strategy, climate risk management, gender practices (2X alignment), and responsible product design. The resulting ESDD Report incorporates an Environmental and Social Risk Assessment (ESMS), which establishes the baseline for performance monitoring and serves as the primary roadmap for the Fund's Technical Assistance.

The SPI5 Alinus tool monitors financial service providers' implementation of the Universal Standards for Social and Environmental Performance Management (USSEPM), including the Smart Campaign's Client Protection Principles. It is used to assess the entity's readiness to serve clients through a social and "green" lens and serves as an indicator to monitor that entities do not cause significant harm.

11. Engagement policies

Not applicable concerning the type of investments done.

12. Attainment of the sustainable investment objective

No index has been designated as a reference benchmark and the Fund doesn't have reduction in carbon emissions based on EU taxonomy as its objective.