

EU Sustainable Finance Disclosure Regulation (the SFDR) – AIB Foresight SME Limited Partnership (the Fund)

Fund Website Disclosure

1 SUMMARY

<p>No Sustainable Investment Objective</p>	<p>The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.</p>
<p>Environmental or social characteristics of the financial product</p>	<p>The Fund promotes the environmental and social characteristics of decarbonisation and transition to a low carbon economy through its focus on investing in sustainable SMEs which support the low carbon transition.</p> <p>To measure the attainment of the characteristics promoted, the following Principal Adverse Impact (PAI) indicators are considered at investee company level in selecting the sustainability indicators for the Fund:</p> <ul style="list-style-type: none"> • GHG emissions; • GHG intensity of investee companies; • Board gender diversity; • Unadjusted gender pay gap; • Jobs; and • Company gender diversity. <p>In addition, exposure to companies active in the fossil fuel sector is considered at Fund level as a PAI indicator, in selecting the sustainability indicators for the Fund.</p>

Investment Strategy	<p>The Fund will make investments in SMEs that will support Ireland’s transition to a low carbon economy whilst generating strong commercial returns, utilising the various strengths of the Foresight Group, across venture, growth capital, shareholder restructuring and low carbon infrastructure.</p> <p>The Fund shall not invest more than 15% of aggregate commitments in any single portfolio company (including the initial investments and any follow-ons).</p> <p>The Fund will be permitted to invest up to 25% of the Fund's aggregate commitments in SMEs based in Northern Ireland that have a reasonable likelihood of making a positive contribution to the low carbon transition in Ireland or SMEs based elsewhere (mostly likely Great Britain), that will open a presence in Ireland and have a reasonable likelihood of making a positive contribution to the low carbon transition in Ireland.</p>
Proportion of Investments	At least 90% of the Fund’s assets are aligned with the environmental and social characteristics promoted by the Fund, which do not qualify as sustainable investments. Up to 10% of the investments of the Fund are not aligned with these characteristics, these investments may include cash.
Monitoring of environmental or social characteristics	The Investment Committee has adopted a five-principle framework (awareness, environment, social, governance and third party interactions) as the main areas where it is possible to evaluate, monitor and encourage investee companies to develop their environmental, social and governance (ESG) standards. A rating from 1-5 is recorded against each of the five principles annually, supported by underlying quantitative and qualitative analysis, for each company.
Methodologies	In order to measure the attainment of the social and environmental characteristics promoted, all potential investments are assessed using the sustainability indicators as noted above. The Fund is also subject to an annual assessment with KPI reporting to ensure a continual improvement approach.
Data sourcing and processing	The data is collected from the investee companies for aggregation purposes to assess the portfolio’s overall sustainability performance and enable reporting of this information to investors and regulators.
Limitations to methodologies and data	The management of the investee companies is responsible for measuring and presenting these data in accordance with the guidance set by the board of the investee company.
Due Diligence	The due diligence conducted on investments includes a comprehensive review of each investee company’s ESG credentials according to the Foresight’s Group's five ESG principles with a particular focus on the potential to make improvements and a description of any risks identified. In addition, analysis of ESG issues is incorporated into the regular monitoring of all investments. Monitoring includes a particular focus on areas of weakness identified in due diligence.
Engagement Policies	The AIFM takes an active role in improving ESG awareness at its portfolio companies through regular attendance at board meetings of investee companies. It also seeks to hold non-executive directorship positions on the majority of portfolio company boards to influence, support and, where necessary, challenge management to ensure ESG values are maintained.
Designated Reference Benchmark	No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.

2 NO SUSTAINABLE INVESTMENT OBJECTIVE

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

3 ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes the environmental and social characteristics of decarbonisation and transition to a low carbon economy through its focus on investing in sustainable SMEs which support the low carbon transition. To measure the attainment of the characteristics promoted, the following Principal Adverse

Impact (PAI) indicators are considered at investee company level in selecting the sustainability indicators for the Fund:

- GHG emissions;
- GHG intensity of investee companies;
- Board gender diversity;
- Unadjusted gender pay gap;
- Jobs; and
- Company gender diversity.

In addition, exposure to companies active in the fossil fuel sector is considered at Fund level as a PAI indicator, when selecting the sustainability indicators for the Fund.

4 INVESTMENT STRATEGY

The Fund will make investments in SMEs that will support the Ireland's transition to a low carbon economy whilst generating strong commercial returns, utilising the various strengths of the Foresight Group, across venture, growth capital, shareholder restructuring and low carbon infrastructure. The Fund will generally make initial investments of between €2,000,000 and €5,000,000 into SMEs that have a principal place of business or a material part of its operations, people or trading in Ireland. They will be growth companies with potential for significant value and jobs growth. The Fund will invest in companies at a variety of stages, balancing the risk of the portfolio. Some investees will be established and revenue-generating but several will be early-stage. The Fund shall not invest more than 15% of aggregate commitments in any single portfolio company (including the initial investments and any follow-ons).

The Fund will be permitted to invest up to 25% of the Fund's aggregate commitments in SMEs based in Northern Ireland that have a reasonable likelihood of making a positive contribution to the low carbon transition in Ireland or SMEs based elsewhere (mostly likely Great Britain), that will open a presence in Ireland and have a reasonable likelihood of making a positive contribution to the low carbon transition in Ireland.

5 PROPORTION OF INVESTMENTS

At least 90% of the Fund's assets are aligned with the environmental and social characteristics promoted by the Fund, which do not qualify as sustainable investments.

Up to 10% of the investments of the Fund are not aligned with these characteristics, these investments may include cash.

6 MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Investment Committee has adopted a five-principle framework, which has been identified by the Foresight Group as the main areas where it is possible to evaluate, monitor and encourage portfolio companies to develop their ESG standards. These principles are: awareness, environment, social, governance and third party interactions.

A rating from 1-5 is recorded against each of the five principles annually, supported by underlying quantitative and qualitative analysis, for each company. A potential investee company's contribution, as well as the scope to improve in these areas, is an important part of the evaluation on initial investment. These ratings are used to generate a summary evaluation matrix, represented graphically, which is recorded alongside a narrative summary of an investee company's ESG position.

The Fund will make investments across a broad range of sectors and aims to invest across four Outcome Themes; health, research and development, quality employment at scale and sustainable, inclusive, local infrastructure and the environment. The Outcome Themes help to assess any opportunities in the business model and identify value and benefits both for the companies and for society. The Outcome Themes have been chosen with guidance and education from the Sustainability Development Goals.

In addition to the ESG updates which are provided in the quarterly investor reports, all companies held are reassessed against the initial position each year.

7 METHODOLOGIES

In order to measure the attainment of the social and environmental characteristics promoted, all potential investments are assessed using the sustainability indicators as noted above. The Fund is also subject to an annual assessment with KPI reporting to ensure a continual improvement approach.

8 DATA SOURCES AND PROCESSING

Certain data is collected from the investee companies for aggregation purposes so as to be able to assess the portfolio's overall sustainability performance and enable concise reporting of this information to investors and regulators. The AIFM also has processes and systems in place to capture the data and report on ESG aspects of the investee companies.

Foresight Group has a proprietary data platform that provides founders and management teams with intelligence and evidence to develop their ESG measures and navigate the complex process of monitoring and managing their emissions, outcome metrics and key performance indicators as the companies grow. The platform helps Foresight Group and its portfolio companies improve data quality and third party verification for auditing, increasing accountability and enabling meaningful target-setting.

9 **LIMITATIONS TO METHODOLOGIES AND DATA**

As noted above, the AIFM has processes and systems in place to capture the data and report on ESG aspects of the investee companies. The management of the investee companies is responsible for measuring and presenting these data in accordance with the guidance set by the board of the investee company.

10 **DUE DILIGENCE**

Due diligence on potential investments includes reviews by independent third party experts of the company's financial and legal position and commonly third party commercial, technical, IT/cyber and management due diligence is also commissioned.

The due diligence will also provide for a comprehensive review of the company's ESG credentials according to Foresight's five ESG principles (awareness, environment, social, governance and third party interactions) with a particular focus on the potential to make improvements and a description of any risks identified. At the same time, an independent law firm will be retained to draft and negotiate all the relevant legal documents as well as conduct legal diligence. In addition, analysis of ESG issues is incorporated into the regular monitoring of all investments. Monitoring includes a particular focus on areas of weakness identified in due diligence.

Specifically in relation to carbon, the AIFM intends to carry out carbon emissions audits as part of due diligence of its investee companies. The methodology for calculating emissions shall be the GHG Protocol Corporate Standard (the **Standard**), a multi-stakeholder partnership of businesses, NGOs, and governments, led by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This Standard is internationally accepted as best practice.

11 **ENGAGEMENT POLICIES**

The AIFM takes an active role in improving ESG awareness at its portfolio companies through regular attendance at board meetings of investee companies. It also seeks to hold non-executive directorship positions on the majority of portfolio company boards to influence, support and, where necessary, challenge management to ensure ESG values are maintained and improved.

In addition to this, Foresight Group typically appoints an experienced non-executive chairperson to most portfolio companies. They often help to introduce the appropriate standards of (or enhance existing) ESG policies and procedures, and support industry best practice.

12 **WHERE AN INDEX IS DESIGNATED AS A REFERENCE BENCHMARK TO ATTAIN THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT, DESIGNATED REFERENCE BENCHMARK**

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.