Article 10 (SFDR)

Website disclosure for an Article 9 fund

OXFAM NOVIB DISCRETIONARY PORTFOLIO

Product name: OXFAM NOVIB DISCRETIONARY PORTFOLIO	Legal identity identifier: Not applicable
Does this financial product have a sustainable investment objective?	
☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective: 45%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective: 45%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

A. Summary

The Discretionary Portfolio seeks to support the resilience to and recovery from climate change related sudden and slow-onset disasters of vulnerable groups such as low-income, rural, small, microentrepreneurs, women and small-scale farmers by providing funds to financial institutions (FIs) operating in developing countries affected by climate change. In so doing the Discretionary Portfolio aims to contribute to the Taxonomy Regulation objective of climate change adaptation and to the following United Nations Social Development Goals (SDGs): SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (promoting economic growth and employment) and SDG 13 (climate action).

The investment manager strives to invest at least 90% of the total assets in investment considered as sustainable under SFDR considering the annual average. Sustainable investments have social and environmental objectives. The Discretionary Portfolio's investment have in most of the cases both social and environmental objectives. Social and environmental objectives are cumulative and not exclusive and will represent a total of 90% of assets. While the environmental objective aligns with the Taxonomy Regulation objective of climate change adaptation, the financial institutions sector targeted by the Discretionary Portfolio are not an activity included in the technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139.

By screening potential investments and monitoring existing investments against the principal adverse impacts on sustainability factors (PAIs) of Annex I of the SFDR Delegated Regulation, the Investment Manager seeks to ensure its investments do not cause any significant harm. PAIs are collected and monitored through the use of the Alinus SPI4 questionnaire and the use of proxy data for the PAIs related to GHG emissions.

The Manager uses comprehensive methodologies for evaluating, monitoring and servicing investments in Financial Intermediaries and related investment entities and will undertake a due diligence of each potential debt investment and candidate Financial Intermediary, including assessing management structures, employee relations, remuneration of staff and tax compliance.

B. No significant harm to the sustainable investment objective

How are the indicators for adverse impacts taken into account?

By screening potential investments and monitoring existing investments against the principal adverse impacts on sustainability factors (PAIs) of Annex I of the SFDR Delegated Regulation, the Investment Manager seeks to ensure its investments do not cause any significant harm. PAIs are collected and monitored through the use of the Alinus SPI4 questionnaire and the use of proxy data for the PAIs related to GHG emissions.

Due to the fact that the Discretionary Portfolio investees are outside the EU and are often small and non-listed, the collection of reliable PAI indicators is a challenge. As methodologies and tools used to measure the PAIs evolve with time, the Investment Manager will continue to make its best efforts to assess and report PAIs, and increase the accuracy of indicators. This will be done through seeking information directly from investees and by carrying additional research to estimate PAI results.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The SPI4 Alinus questionnaire used to assess the Financial Intermediary's social and environmental performance management capacities are based on the Universal Standards for Social and Environmental Performance Management and the Client Protection Pathway which have been developed specifically for the financial inclusion sector and integrate global standards such as the IFC Performance Standards, the OECD Guidelines for Multinational Enterprises, the main ILO conventions and the UN Guiding Principles on Business and Human Rights.

C. Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

The Discretionary Portfolio seeks to support the resilience to and recovery from climate change related sudden and slow-onset disasters of vulnerable groups such as low-income, rural, small, microentrepreneurs, women and small-scale farmers by providing funds to financial institutions (FIs) operating in developing countries affected by climate change. With these funds FIs are able to provide loans to clients that contribute to their growth, development and resilience. In so doing the Discretionary Portfolio aims to contribute to the Taxonomy Regulation objective of climate change adaptation and to the following United Nations Social Development Goals (SDGs): SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (promoting economic growth and employment) and SDG 13 (climate action).

Triple Jump

Hence the Discretionary Portfolio investments have in most of the cases both social and environmental objectives. Social and Environmental are cumulative and not exclusive.

D. Investment strategy

What investment strategy does this financial product follow?

The Investment Manager, in its capacity as manager of the Discretionary Portfolio, will target to support MFIs with adequate social and financial performance, primarily operating in countries affected by climate change and serving specific vulnerable groups: women, rural households & small-scale agricultural producers. The Oxfam Novib mandate aims to support MFIs and their clients to build resilience to climate change, by supporting their overall growth and development, as well as recovery after a disaster.

Selected MFIs provide clients with debt funding (loans) before, during, and after disaster, actively promote risk management awareness among their clients and have mandate, skills, and resources to professionally organize disaster risk management (or will obtain Oxfam's support on the same). MFIs that offer disaster or contingency related products (such as savings, insurance, adaptation or rehabilitation funding) will have a higher chance of being selected.

The Investment Manager will in principle allocate the Discretionary Portfolio to debt instruments. As such, equity investments will not be part of the Discretionary Portfolio. With the Discretionary Portfolio the Investment Manager aims to provide debt financing (senior and subordinated) with maturities up to 8 years maximum. Next to debt instruments, the investments may consist of, guarantees, letters of credit, or other products destinated to support the development of innovative financial-non financial products. These instruments are valuable options to consider for the Investment Manager in cases where, due to regulatory restrictions, the Investment Manager might experience difficulties in facilitating a direct loan or might encounter difficulties expatriating capital from a country.

The Discretionary Portfolio has three credit lines with different risk-return expectations. It offers a combination of instruments to finance MFIs portfolio growth, provides financial support for MFI 's recovery after acute shocks and stimulates innovation in financial services offered by MFIs.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The complete list of binding elements of the investment strategy can be found in the section "Investment Guidelines" of the Annex C Investment Guidelines & Investment Criteria to the IMA. It includes among others:

- A minimum score of 60% on the SPI4 Alinus tool
- A score of yellow or green on the gender 2X Challenge questionnaire
- A score of yellow or green on the interest traffic light
- More than 50% of total assets invested in focus countries Kenya, Burkina Faso, Ethiopia, Mali, Niger, Nigeria, Senegal, Uganda, Cambodia, Myanmar, Philippines, Vietnam, Indonesia, Laos, India, Colombia, Honduras, Ecuador, Guatemala, Peru.

What is the policy to assess good governance practices of the investee companies?

The Manager uses comprehensive methodologies for evaluating, monitoring and servicing investments in Financial Intermediaries and related investment entities and will undertake a due diligence of each potential debt investment and candidate Financial Intermediary, including assessing management structures, employee relations, remuneration of staff and tax compliance.

Evidencing good governance is a relevant indicator in the SPI4 Alinus questionnaire for Financial Intermediaries, including assessment on committed leadership, borrower protection, human resource management. These elements are monitored on an annual basis. In addition investees are required to comply with national laws, including those related to environmental and social performance, health and safety of employees and to adhere to principles of good corporate governance. Lastly the Investment Manager's "Know your customer" process identifies sanctions and signals of corruption.

Does this financial product consider principal adverse impacts on sustainability factors?

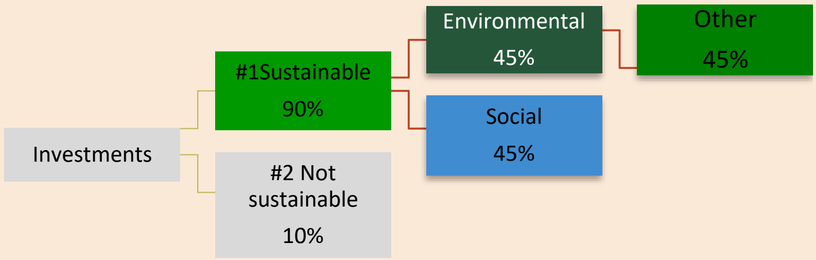
☒ Yes

☐ No

E. Proportion of investments

What is the planned asset allocation for this financial product?

The investment manager strives to invest at least 90% of the total assets in investment considered as sustainable under SFDR (#1 Sustainable) considering the annual average. Sustainable investments have social and environmental objectives. The Discretionary Portfolio's investment have in most of the cases both social and environmental objectives. Social and environmental objectives are cumulative and not exclusive and will represent a total of 90% of assets. While the environmental objective aligns with the Taxonomy Regulation objective of climate change adaptation, the financial institutions sector targeted by the Discretionary Portfolio are not an activity included in the technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139. Hence investments are not aligned with the EU Taxonomy. In addition, considering the Portfolio Targets Geographies (implying a different regulatory context) and investment strategy, availability of data to demonstrate alignment would be insufficient.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

How does the use of derivatives attain the sustainable investment objective?

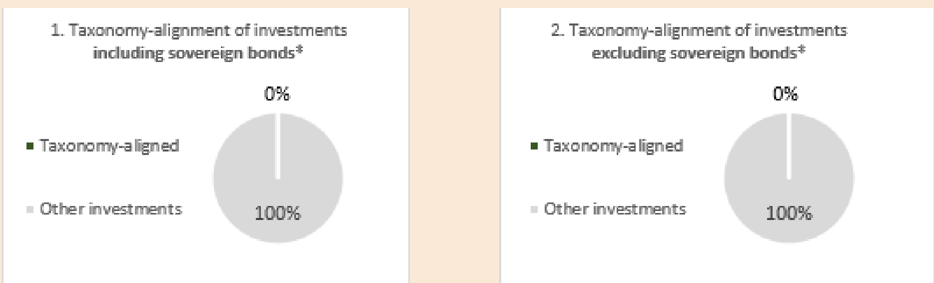
Derivatives are only used to manage currency exchange and interest rate risk and thereby contribute to the objective to provide adequate local financing to local Financial Intermediaries.

What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

0%

While the environmental objective aligns with the Taxonomy Regulation objective of climate change adaptation, the financial institutions sector targeted by the Discretionary Portfolio are not an activity included in the technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139. Hence investments are not aligned with the EU Taxonomy. In addition, considering the Portfolio Targets Geographies (implying a different regulatory context) and investment strategy, availability of data to demonstrate alignment would be insufficient.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Manager aims at investing a minimum share of 45% of total assets in investments with an environmental objective that are not aligned with the EU Taxonomy is 45%.

What is the minimum share of sustainable investments with a social objective?

The Manager aims at investing a minimum share of 45% of total assets in investments in economic activities with social objectives.

What investments are included under "#2 Not Sustainable", what is their purpose and are there any minimum environmental or social safeguards?

"#2 Not sustainable" includes cash and cash equivalent instruments (including cash placements and money market instruments) and derivatives which are only used to manage currency exchange and interest rate risk.

While the Manager does not apply minimum environmental and social safeguards to such investments which do not qualifiy as sustainable investments within the meaning of the SFDR, they are not expected to affect the delivery of the Sub-Fund's sustainable investment objective.

F. Monitoring of sustainable investment objective

What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?

The Investment Manager will track the following indicators related to its sustainability objectives and has formulated specific targets related to these metrics on which it will report at least quarterly:

- Weighted Average Global Climate Risk Index at portfolio level
- Total number of clients financed
- Number of FIs' clients having access to climate resilience funding
- Number of FIs' clients having access to climate recovery funding
- Percentage of clients financed that are based in rural areas
- Percentage of clients financed that are women

How are the sustainable investment objective and the sustainability indicators monitored throughout the lifecycle of the financial product and what are the related internal/external control mechanisms?

Data on sustainability indicators is collected directly from investees on a monthly basis through Triple Jump reporting platform. This data is then aggregated at fund level and results are compared to the targets set for the fund on a quarterly basis. Over and underperformance are analysed and conclusion are drawn to inform future investment decisions and portfolio allocations.

The data reported by investees is checked through several approaches. First, the data management capabilities and management information system are assessed by Triple Jump during due diligence to ensure the meet the requirements for accurate reporting. Second, monthly data is compared to previous reports to identify potential inconsistencies. Third, Triple Jump officers visit investees and check for any discrepancies with the reported. Forth, audited financial statements are checked against any discrepancies with the reported data. Lastly, it is foreseen that outcome surveys will be conducted on a sample of investees in order to obtain qualitative information that can complement and be compared to the quantitative data received from investees.

G. Methodologies

What is the methodology to measure the attainment of the sustainable investment objective using the sustainability indicators?

The main methodology used to measure the attainment of the sustainable investment objective is quantitative data analysis of the results achieved by investees in terms of outreach. Contribution analysis is applied to reflect the share of results that can be attributed to the ON portfolio financing. To this quantitative methodology and qualitative methodology will be applied to a sample of investees in order gain insights on the outcomes achieved at end-beneficiary level.

H. Data sources and processing

What are the data sources used to attain the sustainable investment objective of the financial product including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

Data is sourced mainly from the portfolio investees, who report through Triple Jump's reporting platform. Results are processed through semi-automatic tools in excel and powerBi. Data is only secondary indicators such as GHG emissions are estimated in the case investees are not able to provide reliable data.

I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the sustainable investment objective and the actions taken to address such limitations)

The main limitation to the methodologies used is the fact that quantitative data gathered relate mostly to outreach and lack outcome level information. This is addressed by including outcome survey on a sample of investees.

J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?
Due diligence assessment is conducted on each potential investee before submitting the investment proposal for approval by the investment committee. It is usually conducted on-site and includes interviews with management, middle management, front office (loan officers), end-clients and internal control and audit. The result of the due diligence is summarised in an investment memo. The ESG & impact due diligence is captured by the filling out and verification of the Alinus questionnaire.

K. Engagement policies

Is engagement part of the environmental or social investment strategy?

☒ Yes

☐ No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Along with providing capital to investees, the ON portfolio aims to improve the capacity of its investees. This is also true for ESG and impact. Based on the result of the due diligence assessment Triple Jump may identify areas that either need improvement to reach the portfolio's requirements or that offer opportunities for enhancement. These may or may not involve technical assistance and will be agreed upon with the investee on a case by case basis. Since the ON portfolio is investing mostly in debt instruments to non-listed companies, engagement is not achieved through exercise of shareholder rights like for listed companies.

L. Attainment of the sustainable investment objective

Has a reference benchmark been designated?

☐ Yes

☒ No

How is the index designated as a reference benchmark aligned with the sustainable investment objective of the financial product? (Including the input data, the methodologies used to select that data, the rebalancing methodologies and how the index is calculated)

Not applicable

Does the reference benchmark qualify as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark?

Not applicable