ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
Alteralia III ELTIF SCA SICAV-RAIF

Legal entity identifier:
B270250

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

●● ☐ **Yes**

☐ It made **sustainable investments with an environmental objective:** ___%

☐ 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 made **sustainable investments with a social objective:** ___%

●○ ☒ **No**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion 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 promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The environmental and social (E&S) characteristics promoted by the Fund have been met by integrating E&S factors in the Fund's investment decision process and holding period.

In this sense, specific Environmental, Social and Governance Key Performance Indicators (ESG KPIs) have been defined and monitored during the lifetime of each investment and have been linked to the investment's margin ratchet in most cases, as shown in their loan documentation. If linked to the margin ratchet, the interest rate of the loan will either increase or decrease depending on the evolution of such ESG KPIs.

As a result, the E&S characteristics promoted by the Fund depend on the ESG KPIs defined for each portfolio company and seek to relate to the most financially material E&S aspects identified for each company in the due diligence process, based on their activity, country and background.

Companies are normally given a 6-month period to define the ESG KPIs linked to the margin ratchet.

At 31 December 2023, ESG KPIs have been linked to the margin ratchets of all (4 out of 4) financing instruments. Based on the ESG analysis performed, the Fund, together with the companies' management teams, is currently defining the most material ESG KPIs to be linked to the loan's margin ratchet of 3 out of 4 companies.

The other company has complied with the defined ESG KPIs included in their loan documentation and therefore, has contributed to the following E&S characteristics:

Environmental and/or social characteristic	ESG Key Performance Indicator defined
Renewable energy use	% of renewable energy consumed
Talent retention	Employee turnover rate

In addition to the specific KPIs per portfolio company, the Company has also measured the progress of the integration of ESG in the investment process through the KPIs defined in the pre-contractual information. The results can be encountered in the following section.

How did the sustainability indicators perform?

Below are the results related to the selected sustainability indicators for achieving the E&S characteristics promoted by the Fund. All data provided refers to 31/12/2023:

- **Exposure to excluded economic sectors: 0%**

  None of the companies of the Fund belong to excluded economic sectors defined in the Fund's exclusion list, found on the Precontractual template (Annex I of the Offering Memorandum).

- **Portfolio companies which have fulfilled the ESG questionnaire pre-investment: 100%**

  4 out of 4 companies have dully filled out an ESG questionnaire prior-investment, as part of the Due Diligence process, in order to identify the material E&S characteristics that are to be promoted throughout the investment period. 2 out of the 4 companies have undergone an external ESG due diligence process.

- **Portfolio companies with loan linked to sustainability performance: 100%.**

  4 out of 4 companies have subscribed to a loan pertaining margin ratchet linked to the sustainability-related performance, measured through the specific ESG KPIs selected for each company.

  At 31st December 2023, 1 company has linked the following ESG KPIs to the loan's margin ratchet, seeking to promote the following E&S characteristics:
  - Proportion of renewable energy consumed increase. ESG KPI: % of renewable energy consumed.
  - Talent retention increase. ESG KPI: employee turnover rate.

  Based on the ESG analysis performed, the Fund, together with the companies' management teams, is currently defining the most material ESG KPIs to be linked to the loan's margin ratchet of the remaining three companies. The defined ESG KPIs will be included into their loan documentation during the 2024 exercise.

- **Portfolio companies that complied with the defined ESG KPIs set: 100%.**

  1 out of 1 company which has already defined the ESG KPIs linked with the loan margin ratchet has been able to verify compliance with the 2 KPIs. In this case: % of renewable energy consumed and employee turnover rate.

…and compared to previous periods?

Not applicable. This is the first periodic report.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable. The Fund does not have a sustainable investment objective.

How did the sustainable investments that the financial product partially made, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable. The Fund does not have a sustainable investment objective.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

Not applicable. The Fund does not have a sustainable investment objective and it does not consider principal adverse impacts (PAI).

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

Not applicable. The Fund does not have a sustainable investment objective.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

Not applicable. The Fund does not consider principal adverse impacts (PAI).

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01st January to 31st December 2023

Largest investments	Sector	% Assets	Country
Alvic	Software	20.9%	Spain
Crippa	Industrial	28.2%	Italy
Conversia	Software	21.6%	Spain
Berceau des Rois	Education	29.3%	France

As of 31/12/2023

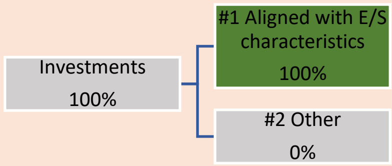
What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What was the asset allocation?

100% of the fund's investments promote social or environmental characteristics.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made?

Investments were made in software (42.5%), industrial (28.2%) and educational (29.3%) sectors.

To comply with the EU taxonomy, the criteria for **fossil gas** include emissions limitations and a switch to renewables or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management standards.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy[1]?

Not applicable. The Fund does not have a sustainable investment objective and does not invest in activities aligned with EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

☐ **Yes**

☐ **In fossil gas** ☐ **In nuclear energy**

☒ **No**

What was the share of investments made in transitional and enabling activities?

Not applicable. The Fund does not have a sustainable investment objective.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable. The Fund does not have a sustainable investment objective and it does not invest in activities aligned with EU Taxonomy.

[1] Fossil gas and/or nuclear related activities Will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy

Not applicable. The Fund does not have a sustainable investment objective.

What was the share of socially sustainable investments?

Not applicable. The Fund does not have a sustainable investment objective.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

There were no investments classified as "Other".

The "Other" Investments may include investments in liquid assets (cash) held for the purposes of servicing the day-to-day requirements of the Company or investments for which there is insufficient data for them to be considered ESG-related Investment. This lack of data along with the intended use of this portion of the portfolio, precludes the existence of any E&S safeguards from being in place.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During 2023, the fund applied its investment strategy, as found on the pre-contractual information (Annex I of the Offering Memorandum), incorporating the consideration of sustainability risks in the investment analysis phases and the holding period in 100% of its investments. The ESG-related actions taken in this regard during the investment process are:

Prior to any investment, the Fund carries out a **negative screening process** that ensures that the Fund avoids investing in companies operating in controversial sectors or in activities which are not considered to be aligned with the Fund's investment philosophy. These activities include energy-intensive and high CO_2-emitting industries and fossil fuel-based energy production. The complete list of excluded economic sectors can be found on the Precontractual template (Annex I of the Offering Memorandum).

Additionally, the team carries out a **due diligence process** to identify the most material ESG aspects for each investment. The due diligence process consists of an internal ESG questionnaire; an ad hoc assessment on each investment based on their financial activity and sector; and if applicable, an external due diligence. As per 31/12/2023, 4 out of 4 companies have dully filled out an ESG questionnaire prior-investment and 2 out of 4 companies have undergone an external ESG due diligence process.

The Company **monitors the ESG KPIs** defined in the due diligence phase for each portfolio company, at least on annual basis. In this way, the Fund continuously tracks the degree of progress and performance of each portfolio company against the predefined ESG objectives and collaborates with the management team of the portfolio companies to develop action plans that help achieve the ESG objectives defined.

At 31st December 2023, 4 out 4 companies have incorporated ESG KPIs linked to the loan's margin ratchet. From which one company has already defined and complied with the specific two ESG KPIs set for the 2023 period: (1) % of renewable energy consumed; and (2) employee turnover rate. To achieve the objectives established, the portfolio company developed several initiatives including the increase of renewable energy production (e.g. installation of a photovoltaic panel system and of electric vehicle chargers) and the reduction of employee turnover through the development of improved employee engagement initiatives (e.g. satisfaction surveys, strategic sessions between management teams and their employees and improved internal communication).

The remaining three companies have linked the loan's margin ratchet to ESG KPIs but are currently defining the most material KPIs to be included in the loan documentation. The defined ESG KPIs will be included into their loan documentation during the 2024 exercise.

In the **divestment phase**, the percentage of achievement of the designated KPIs will also be evaluated and an analysis of the potential clients will be performed to ensure that these share the Company's core values related to ESG management.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

Not applicable. The Fund has not designated a reference benchmark.

- **How does the reference benchmark differ from a broad market index?**

  Not applicable. The Fund has not designated a reference benchmark.

- **the alignment of the reference benchmark with the environmental or social characteristics promoted?**

  Not applicable. The Fund has not designated a reference benchmark.

- **How did this financial product perform compared with the reference benchmark?**

  Not applicable. The Fund has not designated a reference benchmark.

- **How did this financial product perform compared with the broad market index?**

  Not applicable. The Fund has not designated a reference benchmark.