Environmental and/or social characteristics

Product name: SIF (Specialized investment fund) unit **Legal entity identifier:** /

Date: 2nd of July 2026

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

•• Yes	• × No
It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective:** ___%	It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **90%** 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 promotes E/S characteristics, but **will not make any sustainable investments**

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

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What environmental and/or social characteristics are promoted by this financial product? *[indicate the environmental and/or social characteristics promoted by the financial product and whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

In line with its investment strategy and policy, ALFI Green II invests in projects in the field of electricity generation from renewable energy sources (RES), i.e. wind and solar. Starting with the development stage of every project, one of its key objectives is to have an impact on reducing greenhouse gas emissions and therefore carbon dioxide emissions, thereby meeting the long-term global warming targets of the Paris Agreement, because every successful investment project in electricity generation, where the electricity is produced entirely from wind and solar energy, means a higher proportion of green electricity generated and consumed, and a lower proportion of fossil-fuel electricity generated.

Consequently, in the context of sustainability, the main objective of sustainable investments is to mitigate climate change by reducing greenhouse gas emissions in the context of electricity production or consumption. At the same time, this effect also results in less use and burning of fossil fuels, as the additional generation capacity, which uses wind and solar power, also means less need for electricity generated from lower quality coal, which is still the main fossil fuel source of electricity generation in the region where ALFI Green II focuses its activities. In order to achieve these objectives, the Fund has established a way of measuring the impact of its investments, using benchmarks defined by the Fund and publicly available data on the share of electricity generation by source in the country of investment to identify the impact of GHG and fossil fuel reductions at investment level and overall at Fund level. The data, the explanation of the calculation and the results will be available on the relevant website of the Fund once the investment becomes operational.

• ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

ALFI Green II will measure, for each of its investments in electricity generation from RES, the impact on the reduction of carbon dioxide emissions from electricity generation. The calculation will be based on a comparison to the amount of carbon dioxide emissions from fossil fuel consumption as a conventional energy source for electricity generation in the South East Europe (SEE) region.

The positive impact of each ALFI Green II investment on sustainability in terms of reducing the share of electricity generated from non-renewable energy sources is measured in the amount of electricity generated by each power plant over a given period of time. In calculating the reduction of carbon dioxide emissions, we take as a reference the last published emission factor for electricity generation in the country where the ALFI Green II investments are located, and assume that in the case of electricity produced from ALFI Green II investments, carbon dioxide emissions are zero and therefore reduced by the corresponding amounts of carbon dioxide emitted in a country for the generation of the same amount of energy.

ALFI Green II will also measure the impact of its RES electric energy production investments in every state where ALFI Green II investments will be present and operative. The calculation will derive from the amount of electric energy

produced by ALFI Green II investments and then will be compared with an average yearly household power consumption.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of sustainable investments is the development, construction and operation of renewable electricity generation facilities which produce electricity from on-shore wind and solar photovoltaic technology. The objective in terms of sustainability is to contribute to climate change mitigation by producing electric energy with almost no greenhouse gas emissions which is needed by the offtakers and will not be produced by sources with a much higher environmental impact.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund is aware of possible adverse impacts of investment decisions at each investment. Consequently, it has identified a set of indicators which will be regularly monitored, measured and in relation to which certain targets will be set in advance. Also, the internal procedures for evaluation of investment possibilities, project evaluations, internal and external due diligence procedures will be organised in a way to enable the responsible persons to identify eventual adverse impact manifestation possibilities and to act in advance to prevent such an outcome or to determine an effective measure to diminish the influence of said impacts and to monitor effectively the actual presence and weight of every adverse impact.

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 have the indicators for adverse impact on sustainability factors been taken into account?*

In line with its obligations under the SFDR and the principle of transparency towards the investors, ALFI Green II will publish its sustainability impact and policy statement, which will present specific and general risks and adverse impacts identified, how it integrates risks into its investment decisions and operations, and how it monitors, records and reports possible and actual adverse impacts on sustainability factors. All the information on these topics will be publicly available on the website.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

ALFI Green II follows these guidelines with regard to its operations and adapts its work processes in terms of due diligence requirements and the implementation of specific procedures to mitigate environmental, social and governance risks that may affect the value of investments. As part of this, during the development, construction and operation phases of its RES electricity generation plants as investments, ALFI Green II sets out and requires certain procedures, permits and expert opinions to reduce or prevent the occurrence of the following identified risks: adverse land disturbance during construction, biodiversity loss, impact on life in protected areas, negative impact on the life of the local community, and negative impact on workers and workers' rights.

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

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.

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

- **Yes,** ALFI Green II takes into account, in its own professional judgement, several potential specific and general adverse impacts on the sustainability of its business, which it discloses to all investors and which will be made publicly available on the Fund's website in the Statement on principal adverse impacts of investment decisions on sustainability factors in accordance with the provisions of Articles 3 and 4 of the SFDR. The Fund considers that, given the nature of the Fund's investments, specific and general sustainability risks have a decisive impact on the realisation and therefore the return on the Fund's investments. Appropriate risk mitigation thus enables each of the Fund's investments to be developed, constructed and operated.

□ No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow? *[provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]*

The Fund's investment strategy is based on investing in the development, construction and operation of electricity generation plants using onshore wind and solar energy. The Fund's activities are therefore focused on potential and existing projects in the target region, as defined in the Fund's rules, which, in the Fund's professional judgement, represent and can achieve the potential to justify the Fund's investment and thus the reasonable expectations of investors in the financial product, as presented by ALFI Green II to investors in its pre-contractual disclosures and the Fund's rules.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund's investment strategy, which is consistently implemented in the Fund's rules and in all of the Fund's work processes and is based exclusively on investments in onshore wind and solar power generation in the target region (with the possibility to invest in stand-alone battery energy storage systems – BESS), represents a major and extremely important element enabling ALFI Green II to fully achieve its objectives in all its investments in terms of promoting environmental characteristics of its investments, but also compliance with the EU Taxonomy and the "do no significant harm" principle when applicable.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy?***

The investment strategy of the Fund is set at the time of the creation of the Fund and will not change during the time of its existence. The Fund will invest only in electricity generation projects, with on-shore wind and solar photovoltaic technology as the source of energy (with the possibility to invest in stand-alone battery energy storage systems – BESS) throughout the entire time of its operations.

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

ALFI Green II identifies a number of risks and adverse impacts in its operations, both specific and general, that could affect the Fund's operations, including from a governance perspective in the context of sustainability, and explicitly identifies and evaluates these in its Statement on principal adverse impacts of investment decisions on sustainability factors. In the case of companies with which the Fund may carry out its activities in accordance with its strategy, ALFI Green II shall perform reviews, KYC procedures and evaluations, ensuring respect of the rules, principles and compliance processes in place in areas of good corporate governance, prevention of money laundering and terrorist financing, protection of personal data and handling of personal data, prevention of risks of conflicts of interest and corruption risks, to the extent reasonably foreseeable and with a sufficient degree of due diligence. The Fund ensures this through defined work processes and proper adherence to established standards in contractual clauses.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product? *[include a narrative explanation of the investments of the financial product, including the minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where that financial product commits to making sustainable investments, and the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards]*

[Include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852]

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

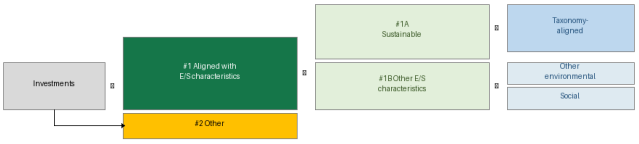
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

ALFI Green II plans to invest 90% of its resources in sustainable investments aligned with the declared environmental characteristic of contributing to climate change mitigation. The same percentage of investments will be sustainable and aligned with EU Taxonomy at the same time. The remaining 10% of funds will be directed to investments that promote the same mentioned environmental characteristics and will represent investments in renewable on-shore wind or solar photovoltaic electric power generation, but for which a full compliance with EU Taxonomy and sustainable investment characteristics cannot be proven with actual monitored and registered data.

Exceptionally, the Fund or SPV for investments may, for the purposes of future investment, reinvestment, redemption or for the purposes of liquidity management or cash management or risk management, such as currency risks, for a limited period of time retain cash in time deposits, liquid money market instruments, debt securities or money market funds. The Fund or SPV owned by the Fund may not invest in derivatives for the purpose of hedging, but a portfolio undertaking of the Fund may invest in derivative financial instruments for the purpose of hedging against fluctuations in interest rates or exchange rates. ALFI Green II will not enter into these transactions, but there may be a need to do so in appropriate circumstances on the level of the Fund's portfolio undertaking.

[Include only relevant boxes, remove irrelevant ones for the financial product]



#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.
[Include the note below where the financial product commits to making sustainable investments]
The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Each portfolio undertaking as an investment of ALFI Green II may enter into derivative transactions as part of its activities, provided that these mitigate the risks arising from possible changes in interest rates, changes in the value of relevant currencies and changes in market prices of electricity. Each derivative transaction entered into is thus a means of reducing risk in the portfolio undertaking of the Fund's core business and, by the very nature of all investments under the Fund's strategy, an indirect instrument for achieving the objective of sustainable investments.

[Include note only for the financial products referred to in

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? *[include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU)*

Article 6, first paragraph, of Regulation (EU) 2020/852]

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

[Include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

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

[Include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

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

2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation and the information referred to in Article 15(2) and (3) of this Regulation]

A proportion of 90% of the Fund's investments will be aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

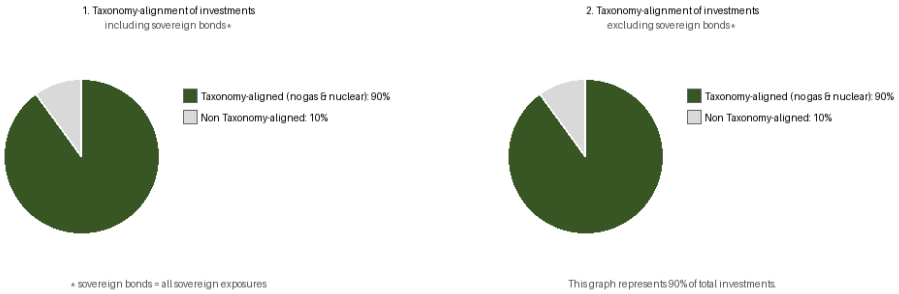
□ Yes: [specify below, and details in the graphs of the box]

□ In fossil gas □ In nuclear energy

- **No**

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.*

[only include in the graphs the figures for Taxonomy aligned fossil gas and/or nuclear energy as well as the corresponding legend and the explanatory text in the left hand margin if the financial product makes investments in fossil gas and/or nuclear energy]



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

- ***What is the minimum share of investments in transitional and enabling activities?***

We estimate that the Fund will not have any investments in transition and enabling activities (0%).

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

A proportion of 10% of the Fund's investments will promote specific environmental characteristics (climate change mitigation) but will not be aligned with EU Taxonomy.

- ***What is the minimum share of socially sustainable investments?***

In its operations, ALFI Green II identifies risks and the potential for adverse impacts in the context of social aspects of sustainability, while also establishing mechanisms to measure and mitigate these risks and adverse impacts. Nevertheless, ALFI Green II does not set or envisage specific sustainability targets in social terms or to make socially sustainable investments.

- ***What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?***

All investments included in the #2 Other group represent investments in electricity generation projects from renewables (on-shore wind, solar photovoltaic technology) but for which it can be said and proven with fair certainty that they are in line with EU Taxonomy and sustainable investments as defined in applicable law.

[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.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

ALFI Green II defines criteria for achieving sustainable investment objectives in the context of reducing carbon dioxide emissions by reducing the overall share of electricity not generated from RES and reducing the consumption of fossil fuels as non-renewable resources by increasing the share of electricity generated from RES. Given the specific nature of the Fund's investments, once operational, each investment contributes to the long-term global warming goals of the Paris Agreement. For this reason, ALFI Green II does not use generic indices or benchmarks, but sets specific benchmarks for measurement and calculation, depending on the characteristics of each investment and the country of investment. As a result of the selected criteria, ALFI Green II monitors for each RES generation project an estimated timeline for the start of operation and therefore the start of meeting the sustainable investment objectives. Once the project is operational, ALFI Green II will record the impact of each power plant and refresh the data and objective achievement on an annual basis for each power plant and collectively for all ALFI Green II investments in operation.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Due to the very nature of the Fund's investments, in conjunction with the strict sustainability criteria set out in the Fund's strategy, the sustainability aspects set out above are necessarily taken into account on an ongoing basis alongside all of the Fund's activities, as the achievement of the sustainability objectives is entirely dependent on the Fund's core activity of investing in the generation of electricity produced from RES from onshore wind and solar energy.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The calculation method is set out in a relatively simple and, above all, transparent way. Taking into account the ALFI Green II strategy, there cannot be a mismatch between the investment strategy and the way the sustainability objectives are calculated.

- ***How does the designated index differ from a relevant broad market index?***

The chosen calculation method is specific to ALFI Green II activities and potential projects in development and operation. In addition to the above, ALFI Green II will provide stakeholders with a transparent view of the impact of ALFI Green II investments.

- ***Where can the methodology used for the calculation of the designated index be found?***

The ALFI Green II calculation does not refer to any specific index as explained above. It is however explained in the documents accessible to stakeholders.

Where can I find more product specific information online?

More product-specific information can be found on the website: Further information on a specific product can be found on the alfi.si website.