NEXT BILLION DIGITAL GROWTH I, SLP

Sustainability-related disclosure for Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019

WEBSITE DISCLOSURE FOR ARTICLE 9 ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR (SFDR)

a) Summary

Next Billion Digital Growth I, SLP (the "Fund") aims to invest in companies that will to serve millions of low-income households, women, and micro, small and medium enterprises (MSMEs) in emerging markets with digital tools that increase access to key goods and services and improve financial health.

The Fund intends to achieve a positive impact via three impact strategies:

1. Provide households access to affordable goods and services;
2. Create employment and services for women; and
3. Improve productivity and access to finance for MSMEs.

The Fund's objective aligns with a number of the United Nations Sustainable Development Goals ("SDG"), specifically with SDG 1 "No Poverty", SDG 5 "Gender Equality", SDG 8 "Decent Work and Economic Growth", and SDG 9 "Industry, Innovation and Infrastructure".

For all activities, the Fund will ensure that it is not contributing to potential negative effects on any sustainable objective. Prior to investment in a company, the Fund will outline principal adverse impact indicators and key ESG risks as part of the evaluation process; following investment, the Fund will work with the investee to mitigate them.

By executing on these impact strategies and mitigating ESG risks, the Fund aims to contribute to the economic development of developing countries in Southeast Asia, Middle East & Africa, and Latin America, with a particular focus on low-income households, women, and MSMEs.

b) No significant harm to the sustainable investment objective

The Fund complies with the "do not significantly harm" principle of SFDR. For all activities, the Fund will ensure that it is not contributing to potential negative effects on any sustainable objective.

The Fund will address, manage or mitigate the risk of significant harm throughout the whole investment period. ESG criteria are fully embedded in the investment process, from sourcing and selection through portfolio management and exit. Prior to investment, the Fund will outline key ESG risks and work with the investee to mitigate them following investment.

For each investment, the Fund will identify the most relevant indicators for principal adverse impact. Each potential investee company will answer an ESG questionnaire, in which a key section outlines principal adverse indicators. The ESG questionnaire will guide the ESG analysis with the end goal of decreasing potential adverse sustainability impacts.

The Fund will follow the guidelines set out by the OECD for responsible business conduct (RBC) in the financial sector. Also, the Fund will not invest in any activities, or in investee companies, engaged in activities on the IFC Exclusion List.

The Fund and its investee companies will:

- Comply with all applicable ESG laws and regulations
- Comply with, as relevant, the IFC Performance Standards, ILO core conventions and the World Bank Group Environmental, Health and Safety ("EHS") guidelines
- Minimize negative ESG impacts and enhance positive ESG impacts, where applicable
- Commit to continuously improving ESG management
- Implement applicable international best practices
- Effectively address ESG risks and use ESG opportunities to enhance company value.

c) Sustainable investment objective of the financial product

The Fund will primarily focus on, but not limit itself to, a social impact objective, by contributing to the economic development of developing countries in Southeast Asia, Middle East & Africa, and Latin America. It will do so by investing in digital economy companies that serve specific target beneficiaries within these markets, namely low-income households, women, and MSMEs.

The Fund aims to foster digital and financial Inclusion for 100 million people and 1 million MSMEs, delivering outsized social impact per dollar invested. In particular, the Fund will focus on investing with a gender lens by investing in companies that empower women; the Fund's portfolio intends to more than double the thresholds set by the 2X Challenge.

More specifically, the Fund intends to achieve a positive impact via three strategies:

1. Provide households access to affordable goods and services;
2. Create employment and services for women; and
3. Improve productivity and access to finance for MSMEs.

Executing these impact strategies successfully will lead to other significant societal benefits, key among which are inclusive creation of skilled jobs and reduction in GHG emissions stemming from improved resource efficiency.

Given the above, the Fund's objective aligns with a number of the United Nations Sustainable Development Goals, specifically with SDG 1 "No Poverty", SDG 5 "Gender Equality", SDG 8 "Decent Work and Economic Growth", and SDG 9 "Industry, Innovation and Infrastructure".

d) Investment strategy

The Fund's strategy is to invest preferred equity in technology companies across emerging markets at the growth stage. Through these investments, the Fund seeks to generate top-quartile commercial returns while helping scale companies that align with its three impact strategies.

The Fund's investment strategy is to provide growth capital to businesses that already meet impact and ESG criteria. Value creation following investment will be to help scale these sustainable companies and to provide best practices to further improve impact and mitigate ESG risk.

The following are the essential elements of the Fund's investment strategy:

- Sourcing – The Fund will focus on digital business models that have proof points in developed markets. The Fund will immediately "screen out" models that appear on the IFC Exclusion List and "screen in" models that, upon evaluation, are sufficiently aligned with its impact strategies.

- Selection & Due Diligence – Beyond commercial analysis, the Fund will use its proprietary impact and ESG evaluation tools for the purposes of ensuring alignment with impact strategies and the avoiding significant harm to other sustainable investment objective.
- Portfolio Management – Impact and ESG monitoring are an essential part of every investee company's reporting. Using this reporting as basis, the Fund will collaborate with investees to maximize impact and mitigate risks in the portfolio.

In order to execute this strategy, the Fund will work with a designated Impact Officer and ESG Officer through the investment process. The Impact Officer will be responsible for viewing every investment from an impact angle during the due diligence phase and leading value creation from an impact perspective. On the other hand, the ESG Officer will help to assess and improve ESG issues at investee companies, including around such ESG concerns particular to technology companies as transparency practices around data protection, cybersecurity, and various internal controls on the technology side.

e) Proportion of investments

The Fund expects that all investments will be sustainable with social objectives. In addition to the social objectives, 20% of investments will be sustainable with environmental objectives.

f) Monitoring of sustainable investment objective

Careful monitoring of impact and ESG factors is the central part of the Fund's investment process.

The Fund identifies impact KPIs at the time of investment which are to be projected and measured by the investee company; some of these KPIs will be specific to a certain sector or business model, while others, such as job creation (overall and female) will be common and aggregated across the entire portfolio. Consistent reporting of these KPIs will enable the Fund to measure its success against the sustainable investment objectives, as defined by the Fund's impact strategies.

Investee companies will be held responsible for monitoring the ESG performance of their operations. Each investee company will report annually to the Fund on a defined set of indicators. In most cases, the ESG report templates will consist of a table that will be initially filled out and then updated on an annual basis. Companies will also report the status of the implementation of ESG actions plans, as needed.

In addition to standard reports, investee companies will be required to immediately report to the Fund in case of extraordinary events, such as any serious incidents or any breach of the ESG requirements.

g) Methodologies

The Fund has designed a methodology to maximize the impact potential and help mitigate the unique ESG risks of technology companies operating in emerging markets.

The Fund will follow the IRIS+ Five Dimensions of Impact to evaluate impact. Prior to investment, each company will be given an "Impact Score" for alignment with the Fund's three target strategies across the Five Dimensions; the Fund will only continue with evaluation of companies that meet a certain score threshold. During the due diligence process, the Fund will outline key impact KPIs that align with the Five Dimensions, which the company will report on annually. Following investment, the Fund will seek to improve impact outcomes by engaging closely with companies to serve the Fund's target beneficiaries at scale.

On the ESG side, the Fund has developed a proprietary ESG Management System ("ESGMS") that engages with each company prior to and following investment. On top of traditional ESG topics, the Fund's ESGMS focuses on risks that are specific to digital companies, e.g. data privacy and security, discrimination in technology, etc.

h) Data sources and processing

The Fund's investment universe will cover privately held, growth stage companies, where almost no impact and ESG information is publicly available. Therefore, all data will be assessed and collected by the Fund via direct engagement with each investee company during due diligence and thereafter during annual monitoring.

The data sources will primarily be (a) Impact KPIs that are discussed with the investee company and agreed upon during the due diligence process, and (b) the company's responses to the ESG questionnaire provided by the Fund, and (c) any other impact or ESG-related documents that already exist at time of investment.

The Fund will then review and analyze the data, engaging with the investee company as necessary to obtain a full and coherent data set.

i) Limitations to methodologies and data

As the Fund invests in non-listed companies in emerging markets, there are no external data providers that can deliver data that can be used to measure the accurate performance of the Fund's sustainable investment objective as well as sustainable adverse impact indicators. The data used to measure the attainment of the sustainable investment objective will thus based on reported numbers by the Fund's investees, which have not been externally verified.

The combination of self-reported data and the lack of external verification can lead to a few uncertainties in data output for the measuring of the Fund's sustainable investment objective. However, the Fund will use all reasonable efforts to verify the accuracy of the data reported but does not assume any responsibility for the accuracy and completeness of such information.

j) Due diligence

During the due diligence process, the Fund seeks to develop a deep understanding of the company's alignment with the Fund's impact strategies as well as potential issues that might create ESG-related risks.

The impact due diligence process will evaluate the company's alignment with the Fund's three impact strategies. During this process, the Fund will outline key impact KPIs to be projected by the company, as part of the company's overall financial and operational projections.

Internal control of impact due diligence will be covered by the involvement of the Impact Officer throughout the whole process. The Impact Officer will evaluate the impact merits of the company along with the investment team, clearly explaining the impact strategies of the Fund as well as the key impact KPIs that the company should plan to measure, project, and report on.

The ESG due diligence process will determine the investee company's compliance with applicable laws and regulations and will help to ensure that the company does not significantly harm any sustainable investment objective. The due diligence process will also determine an investee company's capacity to build up its compliance with the policy over the course of the investment period.

Internal control of ESG due diligence will be covered by the involvement of the ESG Officer throughout the whole process. The ESG Officer defines the scope of the ESG assessment in agreement with the investment team, performs and coordinates the due diligence, and produces an ESG report; they may also formulate a tailored ESG Action Plan where ESG risk is deemed to be meaningful. In such cases, an external ESG specialist may also be hired for a deeper assessment.

k) Engagement policies

Close and consistent monitoring of portfolio companies helps in developing long-term constructive working relationships, which considerably enhance the chances of impact and ESG improvement.

As such, the Fund will seek to improve a company's overall impact and ESG performance following investment through measuring, monitoring, and reporting on a standard set of ESG related factors as well as pre-agreed impact KPIs, where relevant data is available.

Impact reporting and ESG surveys will be performed annually to monitor the business. The Fund will seek both to maximize impact by working with the company to meet projected impact KPIs and to improve a company's overall ESG performance. Where possible, the Fund also intends to take seats on boards of investee companies for the same purposes.

The Fund may, where possible, will also collaborate with investee companies to assign responsibility for sustainability related topics at the board level, collect updates regularly, and undertake a full review annually.

l) Attainment of the sustainable investment objective

There is no external reference benchmark designated for the purpose of attaining the sustainable investment objective. However, the Fund aims to reach 100 million individuals and 1 million MSMEs in developing markets through its investee companies that provide essential, affordable services by leveraging digital tools.