

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

Product name: Moonstone Lending Fund 1

Legal entity identifier: 549300T033C3QNHQB66

## Environmental and/or social characteristics

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

<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**To what extent were the environmental and/or social characteristics promoted by this financial product met?** *[list the environmental and/or social characteristics promoted by the financial product. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed. For financial products that made sustainable investments with social objectives, list the social objectives]*

The Fund systematically promotes environmental, social, and governance criteria corresponding to the material challenges for lending platforms. In this context, here is a non-exhaustive list of ESG indicators used in the evaluation and extra-financial analysis of the Fund.

Examples of indicators used for the analysis and evaluation of business finance platforms:

- **Governance theme:** share of women on the Executive Committee, existence of a sustainable development and/or CSR referent, integration of social criteria in

**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.



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

- purchasing/subcontracting practices.
- **Environmental theme:** formalisation of a long-term environmental strategy, existence of an environmental management system, greenhouse gas emissions for scopes 1 (direct emissions) and 2 (indirect emissions linked to energy) (ton CO2 eq.).
- **Social theme:** job turnover rate, share of women in the management workforce, share of the workforce having an annual individual assessment interview.

● **How did the sustainability indicators perform?**

Not applicable due to the nature of the underlying assets

● **...and compared to previous periods?** *[include for financial products where at least one previous periodic report was provided]*

Not applicable due to the nature of the underlying assets

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?** *[include for financial products that made sustainable investments, where not included in the reply to the above question, describe the objectives. Describe how the sustainable investments contributed to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed]*

Not applicable due to the nature of the underlying assets

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?** *[include where the financial product includes sustainable investments]*

Not applicable due to the nature of the underlying assets

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

Not applicable due to the nature of the underlying assets

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

Not applicable due to the nature of the underlying assets

*[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.*

**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 did this financial product consider principal adverse impacts on sustainability factors?** *[include section if the financial product considered principal adverse impacts on sustainability factors]*

The Fund does not consider Principal Adverse Impacts (PAI) due to the nature of the underlying assets.



**What were the top investments of this financial product?**

Largest investments of the Moonstone Lending SICAV SIF refer to investment through online lending platform.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference **period** which is: **01/01/2022 –**

Largest investments	Sector	% Assets	Country
Upstart	Consumer Loans	33%	US
Marlette	Consumer Loans	20%	US
Lending Club	Consumer Loans	10%	US
Flender	SMB Loans	3.2%	Ireland
Biz2Credit	SMB Loans	2.6%	US
Linked Finance	SMB Loans	1.7%	Ireland



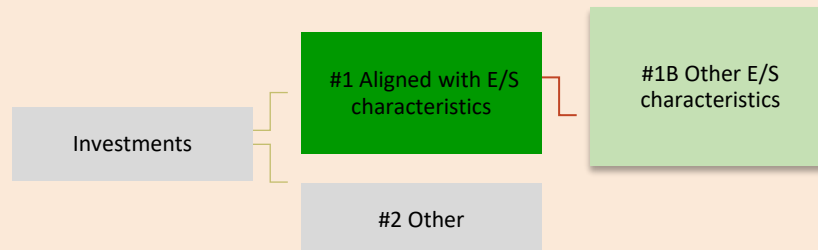
**Asset allocation** describes the share of investments in specific assets.

**What was the proportion of sustainability-related investments?**

● **What was the asset allocation?**

0% (zero per cent) as there is no sustainable investments in the Fund.

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



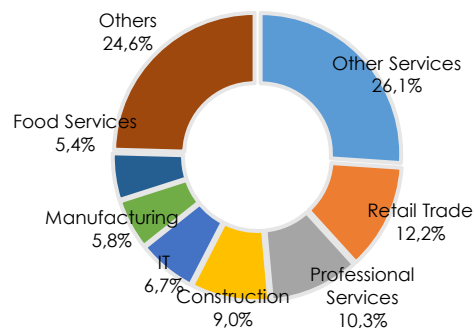
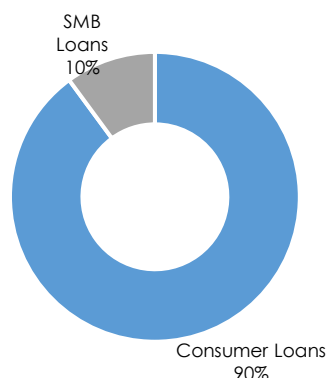
**#1 Aligned with E/S characteristics** includes investments in loans through business finance and consumer credit platforms which have an ESG scoring above 50/100 to attain the environmental or social characteristics promoted.  
**#2Other** includes the remaining investments in loans through business finance and consumer credit platforms for which data are not available to establish a scoring. These investments are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

*[include note only for the financial products referred to in 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 fully renewable power or low-carbon fuels by the end of 2035.

● **In which economic sectors were the investments made?**

With regards to the SMB portfolio, please see below the SMB portfolio, Split by sector as of 31.12.2022



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 the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852*

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?** *[include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include information in accordance with Article 51 of this Regulation]*

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup> ?**

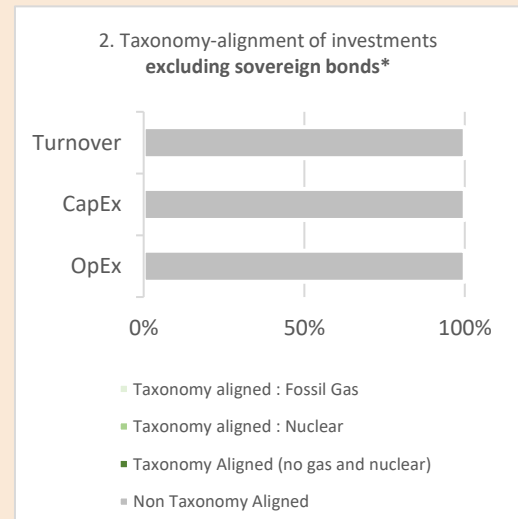
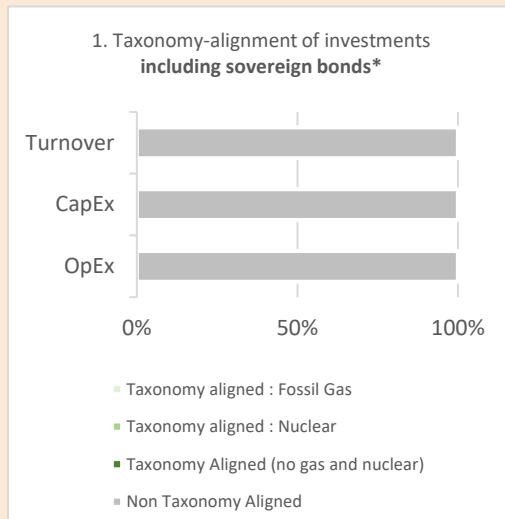
Yes :

In fossil gas

In nuclear energy

No

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?** *[include a breakdown of the proportions of investments during the reference period]*

0% (zero per cent) of the Fund's Assets, provided that the Fund may nevertheless make such investments notwithstanding the absence of any commitment in that regard.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?** *[include where at least one previous periodic report was provided]*

0% (zero per cent) as the Fund does not make any commitment to invest in sustainable investments within the meaning of SFDR.

<sup>1</sup> 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.

*[include note for the 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 Regulation (EU) 2020/852.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?** *[include section only for the financial products referred to in Article 6, first subparagraph, of Regulation (EU) 2020/852 where the financial product included sustainable investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities, and explain why the financial product invested in economic activities that were not Taxonomy-aligned]*

0% (zero per cent) as the Fund does not make any commitment to invest in sustainable investments within the meaning of SFDR.



### **What was the share of socially sustainable investments?** *[include only where the financial product included sustainable investments with a social objective]*

0% (zero per cent) as the Fund does not make any commitment to invest in sustainable investments within the meaning of SFDR.



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

Investments included under “#2 Other characteristics” are loans through business finance and consumer credit platforms which are not covered by an ESG scoring. However, Smart Lenders AM, the AIFM of the Fund, is committed to ensure that platforms that are not covered by an extra financial analysis comply with minimal social and environmental guarantee, through the analysis of controversies and the exclusion policy.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?** *[list the actions taken within in the period covered by the periodic report to meet the environmental or social characteristics promoted by the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the environmental or social characteristics promoted by the financial product]*

To attain each of the environmental or social characteristics promoted by the Fund, Smart Lenders AM, the AIFM of the Fund, applies an exclusion policy and a positive selection with a dialogue with the platforms.

The exclusion policy is based on two pillars:

- A **sectoral exclusion policy** in line with its ESG commitments and objectives, excluding the financing of projects or companies in a pre-defined list of sectors. As such, the exclusion list is transmitted to the lending platforms. An ex-post control is carried out by the management team after any investment.
- A **normative exclusion policy**. Indeed, Smart Lenders AM refuses to invest in projects led by companies that contravene the principles of the UN Global Compact or companies that specifically contravene the United Nations' guiding principles on business and human rights and the conventions of the International Labour Organisation. As such, during the due diligence phase, platforms are subject to a controversy analysis. Smart Lenders AM refuses to sign agreements with platforms that are subject to severe controversies. In addition, to ensure that minimum social and environmental guarantees are respected, Smart Lenders AM has also set up an annual monitoring of the controversies of its partner platforms. In case of identified controversies, a dialogue is initiated with these platforms to implement solutions. In the event where a controversy is identified and is not addressed by the platforms, Smart Lenders AM would cease investing with these platforms.

The positive selection and dialogue consist in a bottom-up approach to construct the ESG questionnaires. Thus, each indicator is scored according to a logic linked to the

nature of the indicator and with regards to regulations, standards, and market trends.

The strategy deployed by the Fund aims to select the most mature platforms in terms of ESG. For that purpose, lending platforms are evaluated during the due diligence process.

In addition, Smart Lenders AM has put in place an annual monitoring process of the extra-financial performance of the participatory financing platforms to measure their progress in improving their environmental, social, and governance practices.

The ESG assessments of the platforms are used for dialogue with the platforms. The latter are thus made aware of the need to set up an internal system for evaluating companies and projects that include ESG criteria and to improve their ESG practices.



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

*[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]*

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

Not applicable due to the nature of the underlying assets.

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

Not applicable due to the nature of the underlying assets.

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

Not applicable due to the nature of the underlying assets.

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

Not applicable due to the nature of the underlying assets.

*[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.