

## APPENDIX 8: SFDR Annex

**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.



### Annex

## Pre-contractual 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:** AMC V SCA SICAV-RAIF (the “Fund”)    **Legal entity identifier:** Not available

## Environmental and/or social characteristics

<b>1 Does this financial product have a sustainable investment objective?</b>	
<b>2</b> <input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<b>3</b> <input checked="" type="radio"/> <input type="checkbox"/> No
<b>4</b> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%	<b>7</b> <input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
<b>5</b> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<b>8</b> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<b>6</b> <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<b>9</b> <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<b>11</b> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<b>10</b> <input type="checkbox"/> with a social objective
<b>12</b> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	

### What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes both environmental and social characteristics by:

- Not investing in any portfolio companies that are involved in activities listed on the exclusion list (“Exclusion List”)
- integrating certain environmental, social and governance (“ESG”) considerations in its due diligence; and
- through an ongoing engagement process by encouraging portfolio companies actively manage ESG-related impacts, carry out active reporting on pre-determined ESG related Key Performance Indicators (“KPIs”).

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

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

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

The Fund will use the following sustainability indicators to measure the performance of each of the environmental or social characteristics:

- the percentage of the Fund's assets invested in line with the Exclusion List
- the percentage of the Fund's assets where ACP carried out and considered the ESG due diligence prior to making investments;
- the percentage of the portfolio where portfolio companies have agreed to carry out ESG-related reporting;
- reporting against KPIs

The KPIs are selected for each portfolio company individually and may include, but are not limited to:

- (i) GHG emissions;
- (ii) energy performance;
- (iii) water management;
- (iv) waste and hazardous materials management;
- (v) product design and lifecycle management;
- (vi) existence of policies and procedures for supply chain management;
- (vii) employee health and safety;
- (viii) diversity and inclusion indicators;
- (ix) existence of policies and procedures for anti-corruption and anti-bribery; and
- (x) percentage of the portfolio that are members of the UN Global Compact.

This list of indicators will be reviewed annually.

● ***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?***

Not applicable as the Fund does not commit to make any sustainable investments.

● ***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?***

Not applicable.

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

**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-

Not applicable.

*How are 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 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*



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



Yes.

The AIFM considers the principal adverse impacts of investment decisions on sustainability factors. The AIFM (via ACP) will consider the principal adverse impact indicators (“**SFDR PAIs**”) as set out in Annex I of the SFDR RTS<sup>1</sup> with respect to all portfolio companies. The required data will be collected on a quarterly basis and the relevant assessment will be performed as part of annual review of each portfolio company.

Information on principal adverse impacts on sustainability factors will be made available in the annual reports of the Fund published in accordance with the Directive 2011/61/EU.



No



**What investment strategy does this financial product follow?**

<sup>1</sup> Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (the “**SFDR RTS**”)

The Fund will primarily make mezzanine and private equity investments in unquoted mid-market companies, with the objective of achieving substantial current income and long-term capital growth

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

Most investments should be used to attain the environmental or social characteristics promoted by the Fund. However, the AIFM may consider investing in portfolio companies, which have significant negative environmental or social impact where it believes that it can improve their ESG performance. All such portfolio companies would be considered as investments that do not promote environmental or social characteristics, unless they are able to improve performance through active engagement.

● ***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?***

All potential investments will go through the comprehensive ESG due diligence process and the review against the Exclusion List. The level of ESG due diligence will be based on the potential portfolio company's ESG risk profile and potential impacts.

The ESG due diligence process, broadly, involves:

- Initial Analysis.
  - ACP conducts high-level due-diligence, and carefully evaluates the company's profile and industry in accordance with ESG Principles outlined in Section 7 of the PPM;
  - Dialogue with shareholders and management to assess any ESG related considerations;
  - Compliance with local applicable labour and human rights laws.
- In-principle view
  - Detailed analysis of the company and industry, such as the business plan, to ensure that ESG standards are met. ESG standards may be company-specific or common to the industry as a whole.
  - Engage senior management of prospective borrowers or portfolio companies for disclosure of potential ESG considerations.
  - ESG questionnaire is circled internally to ACP's investment team, as well as ACP's investment committee.
  - ACP subsequently considers whether the ESG risks and impacts are deemed unacceptable and may reject the investment opportunity on ESG related grounds or determine what additional ESG due-diligence is necessary.
- Further Due-Diligence
  - Engage senior management of prospective borrowers or portfolio companies for more detailed disclosure of potential ESG considerations;
  - The ACP's head of ESG is responsible for assessing and evaluating the answers and applying a risk score based on ACP ESG Risk Score Methodology. This score is based on a scale of 1-3, with 3 being very

high risk, and 1 being very low risk.

- ESG considerations are included in internal investment papers, and is presented to, and considered, by the Investment Committee;
- Depending on the risk-profile of the industry, ACP may test for all necessary ESG policies in place through third-party advisors to ensure their validity and to conduct industry specific analysis.
- ACP subsequently considers whether the ESG risks and impacts are deemed unacceptable and may reject the investment opportunity on ESG related grounds.
- In cases where pertinent ESG risks and impacts are identified, yet deemed acceptable, a plan is developed by ACP to ensure that potential issues are addressed and remedied.
- As a result, ACP determines and defines the tailored ESG covenants and KPI's to be monitored.

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

At the post-investment stage, ACP ensures on-going monitoring through ESG reporting packages and informal discussions with senior management. Portfolio companies are required to provide a standardised or tailored reporting package to ACP on an annual basis. Additionally, portfolio companies are required to complete ACP's Stage 2 questionnaire on an annual basis, ensuring that the company's overall ESG risk rating is reviewed and assessed regularly.

Further support for ESG initiatives and increased governance will be provided to portfolio companies, where necessary.

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

Not applicable. The Fund will apply the ESG framework outlined in this disclosure with respect to all investments.

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

As part of its pre-investment due diligence process, an assessment will be made on whether a portfolio company follows good governance practices, applicable law and industry standards and best practice relating to sustainability factors. Every portfolio company is assessed against four key criteria on good governance: management structures, employee relations, remuneration of staff and tax compliance. ACP will also carry out an ongoing annual monitoring of each portfolio company which would include good governance considerations.



**What is the asset allocation planned for this financial product?**

It is anticipated that at the end of the investment period at least 80% of the Fund's portfolio will be treated as "#1 Aligned with E/S characteristics". This would cover the investments that meet the following requirements:

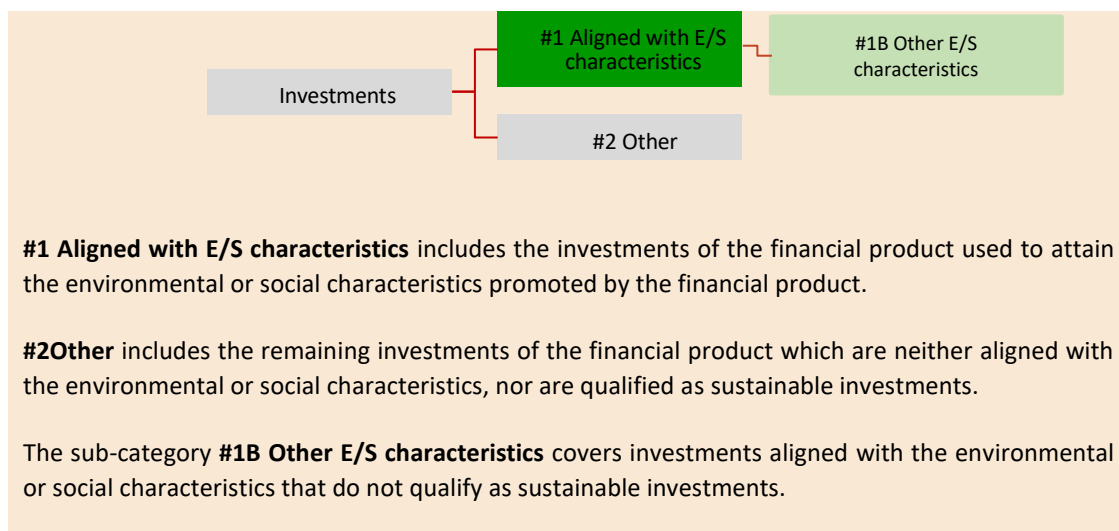
- Investments do not fall within the Exclusions List;
- Investments were subject to ESG due diligence prior to making an investment decision; and

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

- Investments that carry out an active reporting on pre-determined ESG related KPIs.

The Fund does not commit to make any sustainable investments.

Information on the remaining investments of the Fund which are in “#2 Other” is set out below in the section “What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?”.



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.

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

It is not currently anticipated that the Fund will use derivatives to attain the environmental or social characteristics promoted by the Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not have as its objective sustainable investments and does not commit to make investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy. Even where an investment is eligible for consideration under the EU Taxonomy, scalable and systematic data on portfolio companies required to accurately report EU Taxonomy alignment will not always be available. This is particularly where such investments are not themselves required to report EU Taxonomy alignment. Therefore, confirming alignment may not be immediately possible and so approaches may need to develop and evolve over time. To the extent the Fund invests in any EU Taxonomy aligned sustainable investments, such information would be reported in the annual report of the Fund.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

Yes:

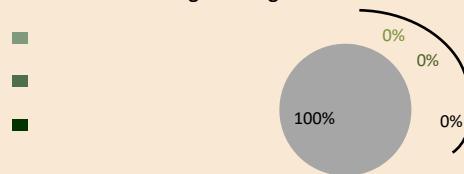
**13**  In fossil gas

**14**  In nuclear energy

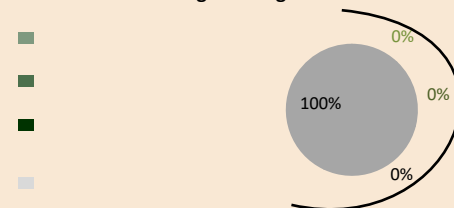
No

**15** *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.*

1. Taxonomy – alignment of investments including sovereign bonds\*



2. Taxonomy – alignment of investments excluding sovereign bonds\*



**16**

**17** \* 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?**

The concept of investments in transitional and enabling activities applies to sustainable investments with an environmental objective aligned with the EU Taxonomy. As stated above, the Fund does not commit to make investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy.




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

Not Applicable. As stated above, the Fund does not commit to make sustainable investments.

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.

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

<sup>2</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.



### What is the minimum share of socially sustainable investments?

Not Applicable. As stated above, the Fund does not commit to make sustainable investments.



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

It is expected that a small proportion of the assets will consist of deposits and cash that will be held as ancillary liquidity. The Fund may enter into derivative financial instruments for purposes of managing the Fund's interest rate and foreign currency risks. While the AIFM (via ACP) will carry out anti-money laundering and know-your-customer checks, as required by law, in respect of any counterparty, in respect of these types of financial instruments, it does not consider it meaningful to apply additional social or environmental safeguards to such assets.

Where the Fund is a minority investor or where other circumstances impact the ability to assess, set, or monitor ESG-related performance KPIs, or where material ESG issues are identified that cannot reasonably be addressed, a full implementation of the ESG policies and procedures may not be carried out and such assets will not be deemed to be promoting environmental or social characteristics.



### 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?

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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





### **Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.acp-group.eu](http://www.acp-group.eu).