AMC V SCA SICAV-RAIF

Sustainability-related Disclosure

1. Summary

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.

It does so by preferring to choose portfolio companies along the lines of exclusion criteria and ESG profile.

Other than that, this financial product does not take ESG into consideration:

- This financial product does not have a minimum proportion of sustainable investments pursuant to the Sustainable Finance Disclosure Regulation.
- This financial product does not have a minimum proportion of environmentally sustainable investments pursuant to the Taxonomy Regulation. This financial product also does not have a minimum proportion in transitional or enabling activities.
- This financial product does not consider principal adverse impacts of investment decisions on sustainability factors.
- This financial product does not apply the "do no significant harm" principle pursuant to the Sustainable Finance Disclosure Regulation or pursuant to the Taxonomy Regulation. Investments of this financial product may therefore significantly harm one or more objectives set forth by the Sustainable Finance Disclosure Reglation for sustainable investments or by the Taxonomy Regulation for environmentally sustainable investments.
- This financial product does not use any designated benchmark for the purpose of attaining the environmental or social characteristics which it promotes.

This financial product 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.

It is expected that at least 80 % of the portfolio will be treated as aligned with the environmental and/or social characteristics that this financial product promotes. This financial product may invest the rest of its underlying assets without any regard to environmental and/or social characteristics.

The environmental or social characteristics are monitored on a regular basis throughout the lifecycle of this financial product.

For the purpose of measuring and assessing the sustainability indicators, adequate and professional IT solutions (besides conventional office software we might also use specialized third-party software solutions) may be used in order to gather, compile and assess the available data in a reliable manner.

Data sources used to attain the environmental and/or social characteristics promoted by this financial product are both publicly available sources (for example by the portfolio company itself or by independent third parties) as well as non-publicly available sources (for example gathered through correspondence/meetings with the portfolio companies).

Required information which this financial product relies on may not be up to date, or may not be provided at all. Other required information may not be available in quantitative and/or qualitative shape that is robust enough to rely on. Generally, there is a distinct lack of appropriate sustainability-related data in most cases. Considering the lack in robust data on sustainability factors and sustainability indicators of financial products, certain data points can either not be verified or have to be deduced from other data points (which themselves may or may not have been possible to verify) on a "best estimate" basis. This can lead to variances in data and lack of consistency. Thus, there is the high risk that despite all efforts to the contrary the investment process relies on data that is at least partially incomplete, inaccurate or incorrect.

The nature and extent of the due diligence carried out on the underlying assets depends on the quantity, quality, and accurateness of provided information by the portfolio company or potential portfolio company. It also depends on the potential portfolio company's ESG risk profile and potential impacts.

The due diligence process itself follows multiple stages and is highly formalized. Already 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.

As part of all stages in the due diligence process (pre-investment as well as post-investment on a regular basis), extensive ESG questionnaires are circulated to portfolio companies.

Portfolio companies are encouraged to actively manage ESG-related impacts and carry out active reporting on pre-determined ESG related key performance indicators in an ongoing engagement process.

2. No Sustainable Investment Objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.

3. Environmental or Social Characteristics of the Financial Product

3.1. Overview

This financial product promotes environmental or social characteristics.

It does so by preferring to choose portfolio companies along the following lines:

1. Excluding involvement in activities listed on the exclusion list (see in chapter "Exclusion List").

2. Integrating certain environmental, social and governance considerations in due diligence (see in chapter "ESG Profile").

3. Encouraging portfolio companies to actively manage ESG-related impacts and carry out active reporting on pre-determined ESG related key performance indicators in an ongoing engagement process.

Not every portfolio company will necessarily meet those criteria. For more details, see in chapter "Proportion of Investments".

3.2. Exclusion List

This financial product shall not finance the following activities ("Exclusion List"):

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora.
- Production or trade in weapons and munitions.[1]
- Production or trade in alcoholic beverages (excluding beer and wine).[1]
- Production or trade in tobacco.[1]
- Gambling, casinos and equivalent enterprises.[1]
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 %.
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Production or activities involving harmful or exploitative forms of forced labor[2]/harmful child labor.[3]

This financial product, except when engaged in microfinance activities as specified below, must also apply the following exclusions in addition to the above Exclusion List:

- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

Alternatively, when investing in microfinance activities, this financial product will apply the following items in addition to the Exclusion List:

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.

[1] This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor’s primary operations.
[2] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
[3] Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, spiritual, moral, or social development.

- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples (as defined in Standard 7 of the Performance Standards), without full documented consent of such peoples.

This list of industries on the Exclusion List will be reviewed periodically.

3.3. ESG Profile

The relevant ESG aspects and corresponding key performance indicators are selected for each portfolio company individually and may include, but are not limited to**:**

- GHG emissions;
- energy performance;
- water management;
- waste and hazardous materials management;
- product design and lifecycle management;
- existence of policies and procedures for supply chain management;
- employee health and safety;
- diversity and inclusion indicators;
- existence of policies and procedures for anti-corruption and anti-bribery; and
- affiliation with the UN Global Compact.

This list of indicators will be reviewed periodically.

3.4. No Further ESG Considerations

Beyond that, this financial product does not promote any environmental or social characteristics.

In particular:

- This financial product does not have a minimum proportion of sustainable investments pursuant to the Sustainable Finance Disclosure Regulation.
- This financial product does not have a minimum proportion of environmentally sustainable investments pursuant to the Taxonomy Regulation. This financial product also does not have a minimum proportion in transitional or enabling activities.
- This financial product does not consider principal adverse impacts of investment decisions on sustainability factors.
- This financial product does not apply the "do no significant harm" principle pursuant to the Sustainable Finance Disclosure Regulation or pursuant to the Taxonomy Regulation. Investments of this financial product may therefore significantly harm one or more objectives set forth by the Sustainable Finance Disclosure Reglation for sustainable investments or by the Taxonomy Regulation for environmentally sustainable investments.

4. Investment Strategy

This financial product 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.

Most investments should be used to attain the environmental or social characteristics promoted by this financial product. However, not every portfolio company will meet those criteria. For more details, see in chapter "Proportion of Investments".

In particular, this financial product may invest in portfolio companies which have significant negative environmental or social impact but where there is potential for improvement of the 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.

5. Proportion of Investments

It is anticipated that at the end of the investment period at least 80 % of the portfolio will be treated as aligned with the environmental and/or social characteristics that this financial product promotes.

This financial product may invest the rest of its underlying assets without any regard to environmental and/or social characteristics. In particular, it is expected that a small proportion of the assets will consist of deposits and cash that will be held as ancillary liquidity. This financial product may hold derivative financial instruments for purposes of managing the interest rate and foreign currency risks. While anti-money laundering and know-your-customer checks will be carried out as required by law, applying additional social or environmental safeguards to such assets is not considered meaningful in this regard.

This financial product does not have a minimum proportion of sustainable investments pursuant to the Sustainable Finance Disclosure Regulation.

This financial product does not have a minimum proportion of environmentally sustainable investments pursuant to the Taxonomy Regulation.

6. Monitoring of Environmental or Social Characteristics

The environmental and/or social characteristics are monitored on regular basis throughout the lifecycle of this financial product.

This financial product will use the following sustainability indicators to measure the performance of each of the environmental and/or social characteristics:

- The percentage of the assets invested in line with the exclusion list (see in chapter "Exclusion List").
- The percentage of the assets where ESG due diligence was carried out and considered prior to making investments (see in chapter "Due Diligence").
- The percentage of the portfolio companies that have agreed to carry out ESG-related reporting.
- The results from such reporting against pre-defined key performance indicators.

Where circumstances (for example being only a minority shareholder) impact the ability to assess, set, or monitor ESG-related indicators, 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. Such assets will not be deemed to be promoting environmental and/or social characteristics.

7. Methodologies

For the purpose of measuring and assessing the sustainability indicators, adequate and professional IT solutions (besides conventional office software we might also use specialized third party software solutions) are used in order to gather, compile and assess the available data in a reliable manner.

8. Data Sources and Processing

Data sources used to attain the environmental and/or social characteristics promoted by this financial product are mainly:

- Publicly available information provided by the portfolio company, such as a capital market prospectus (if available), key information documents, sustainability-related disclosures or regular reports.
- Publicly available information provided by independent third parties such as NGO (for example registry of signatories of Principles of Responsible Investments) or professional investment portals (for example Bloomberg).
- Non-publicly available information provided directly by the portfolio company (for example on the basis of an ESG questionnaire, through correspondence or in meetings).

Data is collected, processed and stored in line with applicable data protection law and respective internal guidelines.

9. Limitations to Methodologies and Data

Some data which this financial product relies on may not be up to date. This relates specifically to data published in annual reports. Other data may not be provided at all, based for example on the data governance principles applied by portfolio companies.

Required information may not be available at all or only in quantitative and/or qualitative shape that is not robust enough to rely on. It is the hope that those difficulties of data collection and data processing will be improved once more and more sustainability-related reporting obligations will apply. Currently however, there is a distinct lack of appropriate sustainability-related data in most cases.

Considering the lack in robust data on sustainability factors and sustainability indicators of financial products, certain data points can either not be verified or have to be deduced from other data points (which themselves may or may not have been possible to verify) on a "best estimate" basis. This can lead to variances in data and lack of consistency. Thus, there is the high risk that despite all efforts to the contrary the investment process relies on data that is at least partially incomplete, inaccurate or incorrect.

Virtually all other regulated financial market participants are experiencing the same limitations.

10. Due Diligence

The nature and extent of the due diligence carried out on the underlying assets depends on the quantity, quality, and accurateness of provided information by the portfolio company or potential portfolio company.

Especially in case publicly available information is not sufficient to assess the alignment of with environmental or social characteristics promoted by this financial product, intensive communication with portfolio companies is sought after.

Due diligence carried out in this aspect is subject to the internal control environment and subject to internal audit. External controls are not applied.

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:
    - Conduct of high-level due-diligence, and careful evaluation of the company's profile and industry in accordance with ESG principles outlined in the documentation of this financial product.
    - 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 investment team and investment committee.
    - Consideration 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.
    - Assessing and evaluating the answers and applying a risk score based on 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 presented to, and considered, by the Investment Committee.

  - Depending on the risk-profile of the industry, testing for all necessary ESG policies in place through third-party advisors to ensure their validity and to conduct industry specific analysis.
  - Considering whether the ESG risks and impacts are deemed unacceptable and potentially rejecting the investment opportunity on ESG related grounds.
  - In cases where pertinent ESG risks and impacts are identified, yet deemed acceptable, a plan is developed to ensure that potential issues are addressed and remedied.
  - Determining and defining tailored ESG covenants and key performance indicators to be monitored.

At the post-investment stage, on-going monitoring through ESG reporting packages and informal discussions with senior management is ensured. Portfolio companies are required to provide a standardised or tailored reporting package on an annual basis. Additionally, portfolio companies are required to complete ESG questionnaires 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.

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. Ongoing annual monitoring of each portfolio company is carried out, including good governance considerations.

As part of all stages in the due diligence process (pre-investment as well as post-investment on a regular basis), extensive ESG questionnaires are circulated to portfolio companies. The questionnaire includes detailed questions covering *inter alia* the following subjects:

- ESG Officer
- ESG Policy
- Environmental and Social Action Plan
- Board Level Attention
- Compliance with local laws
- Environmental Track Record/ GHG (Greenhouse Gas Emissions)
- GHG/energy Consumption
- Waste, Water, Air Effluents
- Biodiversity
- Climate change
- Supply Chain/Environmental
- Compliance with local laws
- Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises
- Supply Chain/Human Rights
- Discrimination
- Unadjusted gender pay gap
- Gender diversity/Representation of women
- Human resources

- Risk Management
- Health and safety track-record
- Business integrity of company
- Anti-bribery & Anti-money laundering
- Commitment to good corporate governance
- Control and risk management
- Transparency and disclosure
- ESG performance management
  ESG Reporting

This list of indicators will be reviewed periodically.

11. Engagement Policies

The influence on portfolio companies is extremely limited. Usually there is no control of the portfolio company. Instead, either there is no leverage at all vis-á-vis the portfolio companies. Or the leverage is very narrow both in terms of contractual rights to influence the portfolio companies and in terms of factual possibility to influence the portfolio companies.

Where possible at all, portfolio companies are encouraged to actively manage ESG-related impacts and carry out active reporting on pre-determined ESG related key performance indicators in an ongoing engagement process.

12. Designated Reference Benchmark

This financial product does not use any designated benchmark for the purpose of attaining the environmental or social characteristics which it promotes.

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