

Sustainability-related disclosures (Article 10 SFDR)

Muzinich Pan-European Private Debt II, SCSp

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1. Summary



Introduction

The following disclosures are made pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (the “SFDR”)¹, as supplemented by the regulatory technical standards (“RTS”), in relation to Muzinich Pan-European Private Debt II, SCSp (the “Fund” or “financial product”). The information in this document does not alter or supersede the Fund’s prospectus and supplement, including relevant disclosures made in accordance with Articles 6-8 SFDR and Annex II of the RTS. The disclosures in the document are made by Muzinich & Co. (Ireland) Limited (the “AIFM”) and Muzinich & Co. Limited (the “Portfolio Manager”, together with the AIFM the “Fund Managers”).

The following terms (as defined in SFDR) are used in this disclosure:

“sustainable investment” means, (i) an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy; or (ii) an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations; or (iii) an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any environmental or social objective and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

“sustainability risk” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. This financial product does not commit to making any sustainable investments.

Environmental or Social Characteristics of the Fund

This financial product promotes a combination of environmental and social characteristics by avoiding investing in companies which the Portfolio Manager considers to be fundamentally unsustainable (in accordance with its ESG scoring methodology) and seeking to engage with investee companies to improve their ESG score during the course of investment. Moreover, the Portfolio Manager will invest in companies that follow good governance practices.

Investment Strategy

The financial product has a debt investment strategy as defined by Annex IV of the Commission Delegated Regulation (EU) No 231/2013 and will primarily seek to invest in senior secured and unitranche debt issued by companies headquartered or with material business and operations in the European Investment Region. It may occasionally take positions in junior securities. The financial product’s exclusion criteria and ESG due diligence (using the ESG score methodology) are binding elements of the investment strategy and therefore have the potential to reduce the scope of investment opportunities.

¹ The SFDR or Regulation (EU) 2019/2088 is available online <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20200712>

Proportion of Investments

The proportion of investments used to meet the environmental and social characteristics of the financial product will, in principle, comprise 100% of the positions within the financial product. However, the Portfolio Manager anticipates certain “Other” investments such as cash or cash equivalent holdings, money market instruments and certain hedging instruments including derivatives to which the environmental and social characteristics of the product cannot be reasonably applied.

Monitoring of Environmental or Social Characteristics

The Portfolio Manager’s Risk Team, working alongside the Deal Team, is responsible for monitoring the ESG profile of each investee company. The Risk Team will conduct a full review of each investee company’s ESG profile at least once a year and revise the investee company’s ESG score accordingly, reconsidering the position as appropriate. The Fund Managers also monitor the financial product’s exposure on an ongoing basis to ensure compliance with the binding criteria and will correct passive breaches as soon as possible.

Methodologies

The ESG score is determined by the Portfolio Manager using its proprietary Private Debt ESG Scorecard. Industry exclusions are assessed using information gained directly from investee companies and public sources, to determine whether the company exceeds the relevant revenue thresholds.

Data Sources and Processing

As privately held companies typically disclose very little ESG information publicly, the Portfolio Manager sources ESG data directly from companies and from parallel lending partners. The Portfolio Manager’s ESG team members conduct regular spot checks on aspects such as data quality, materiality weighting, and adjustments, and commits to a periodic review of its critical ESG services and external data providers.

Limitations to Methodologies and Data

There are various limitations to the methodologies and data used by the Portfolio Manager including relating to gaps in data, that data is inherently backwards looking, and that assumptions may be incorrect. The Fund Managers are mindful of these limitations and will take measures to overcome these limitations where possible (such as engaging with issuers and ESG data providers to enhance the provision of timely, robust and comparable ESG data and conducting scenario analysis to consider long-term sustainability concerns).

Due Diligence

The Fund Managers are responsible for initial due diligence and ongoing monitoring of the holdings of the financial product. Initial due diligence includes exclusions screening, consideration of sustainability risks and ESG scoring.

Engagement Policies

The Portfolio Manager may seek to engage, on a reasonable efforts basis, with certain issuers of securities held in the Fund in an effort to improve ESG management.

Designated Reference Benchmark

The financial product does not have a specific index designated as a reference benchmark.

For more information about the Fund Managers’ policies on sustainable and responsible investing, please visit: www.muzinich.com/about/responsible-investing. The Fund Managers’ disclosures under SFDR are available online here: <https://www.muzinich.com/marketing/sfdr>

2. No Sustainable Investment Objective



This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. This financial product does not commit to making any sustainable investments.

3. Environmental or Social Characteristics of the Fund



This financial product promotes a combination of environmental and social characteristics by avoiding investing in companies which the Portfolio Manager considers to be fundamentally unsustainable (in accordance with its ESG scoring methodology) and seeking to engage with investee companies to improve their ESG score during the course of investment. Moreover, the Portfolio Manager will invest in companies that follow good governance practices. A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by this financial product.

Sustainability indicators

To measure, monitor and ensure the attainment of the environmental and social characteristics promoted by this financial product, the Portfolio Manager uses the following sustainability indicators:

1. *Compliance with exclusion list*: whether the investee companies comply with the financial product's and the Portfolio Manager's exclusion lists. For further details regarding the exclusion lists please see the disclosure in section 4 below (Investment strategy): "*Binding elements – Exclusion criteria*".
2. *ESG score*: the ESG score of investee companies, which the Portfolio Manager may seek to improve through engagement, on a reasonable efforts basis, during the course of investment. The ESG score will be applied in respect of all investments held by the financial product. The Portfolio Manager applies specific minimum ESG score criteria at investee company and portfolio-level which are summarised below in section 4 (Investment strategy): "*Binding elements – ESG score*".

4. Investment Strategy



Investment strategy

The financial product has a debt investment strategy as defined by Annex IV of the Commission Delegated Regulation (EU) No 231/2013 and will primarily seek to invest in senior secured and unitranche debt issued by companies headquartered or with material business and operations in the European Investment Region. It may occasionally take positions in junior securities.

The financial product's exclusion criteria and ESG due diligence (using the ESG score methodology) are binding elements of the investment strategy and therefore have the potential to reduce the scope of investment opportunities.

Binding elements

Exclusion criteria

In accordance with the financial product's constitutional documents and the Fund Managers' policies, the financial product will not invest in any entity that the Portfolio Manager deems to have breached, or to be at severe risk of breaching, certain recognized norms and/or international standards relating to respect for human rights, labor relations, protection from severe environmental harm, and fraud and/or gross corruption standards and will not invest in any entity:

- whose business derives substantial revenues directly or indirectly from: (i) gambling operations; (ii) pornography; or (iii) ammunition (including landmines);
- whose business, to the Portfolio Manager's knowledge, derives substantial revenues directly or indirectly from: (i) predatory lending; (ii) conventional weapons; (iii) asbestos extraction and/or production; (iv) cannabis or cannabis derivatives; (v) tobacco products; or (v) distilled alcohol for human consumption;
- that has been identified by the Portfolio Manager, in accordance with its controversial weapons policy, as being involved in manufacturing controversial weapons or core essential components intended to be used in controversial weapons;
- whose business, to the Portfolio Manager's knowledge, derives substantial revenues directly or indirectly from extracting fossil fuels, including coal, oil and gas;
- which, to the Portfolio Manager's knowledge, undertakes research and/or use of human embryonic stem cell and fetal tissue; or
- which the Portfolio Manager deems to have breached, or to be at severe risk of breaching, certain recognized norms and/or international standards relating to respect for human rights, labor relations, protection from severe environmental harm, and fraud and/or gross corruption standards.

As this financial product invests in an illiquid market, the Portfolio Manager cannot assure investors that it will be able to reverse passive breaches of its exclusion criteria within the lifetime of the investment.

ESG score

The Portfolio Manager will determine an ESG score for each investee company within the financial product to ensure the following:

- All of the financial product's portfolio investments have an ESG score of at least 9 out of 50 at the time of acquisition.
- At any one time, the total acquisition cost of the financial product's portfolio investments with an ESG score of less than 18/50 at the time of acquisition does not exceed 10% of its Total Fund Commitments.
- Upon the termination of the Investment Period, the total acquisition cost of the financial product's portfolio investments with an ESG score of less than 27/50 at the time of acquisition does not exceed 60% of Total Fund Commitments.

The Portfolio Manager may seek to improve a portfolio investment's ESG score during the course of the investment process through engagement on a reasonable efforts basis. Further details of the Portfolio Manager's approach to engagement can be found in the Responsible Investment Policy (a copy of which is available at www.muzinich.com).

The ESG score is determined by the Portfolio Manager using its proprietary Private Debt ESG Scorecard which comprises the following ESG factors:

1) The ESG credentials of the investee company's beneficial owners (e.g., senior management and/or private equity sponsor)

2) Governance Risks:

- Poor ESG management, transparency, and/or accountability
- Evidence of bribery and/or corruption
- Lack of risk management

3) Environmental Risks:

- Management of climate change impacts
- Planned natural resource use
- Evidence of environmental degradation

4) Social Risks:

- Poor employee engagement and welfare
- Stakeholder risks, such as company/product boycotts
- Lack of diversity and inclusion in HR and/or hiring practices

For each ESG factor, a borrower is assigned a score of zero to five, giving a potential score of 50 of 50. The scorecard includes further breakdown of good practices, possible policies and procedures to identify robust ESG risk management, underlying ESG metrics to consider and other factors to guide the Portfolio Manager's deal team (the **"Deal Team"**) in scoring a company. Further details on the scoring methodology are available to investors and results of the annual scoring updates are presented to investors in annual fund reviews.

There are three main sources of information used by the Portfolio Manager to construct the proprietary ESG score: (i) conversations with the borrower's management, (ii) notes to the borrower's financial statement, and, if available, (iii) the borrower's sustainability statement.

Assessment of the ESG credentials of a company's senior management or private equity sponsor includes building an understanding of their internal ESG policies, governance, procedures and resourcing; evidence of dedicated corporate responsibility or ESG staff; routine and comprehensive ESG reporting to external stakeholders; evidence of relevant ESG codes of conduct including anti-bribery and corruption policies among other factors.

The Portfolio Manager's risk team (the **"Risk Team"**), working alongside the Deal Team, is responsible for monitoring the ESG profile of each investee company. The Risk Team will conduct a full review of each investee company's ESG profile at least once a year, and/or as soon as any relevant information has been acquired by the Deal Team, and will revise the investee company's ESG score where appropriate to reflect any changes in the investee company's ESG profile. If there is a change to an investee company's ESG score, the Portfolio Manager will reconsider the position. The Fund Managers also monitor the financial product's exposure on an ongoing basis to ensure compliance with the binding criteria outlined above and will correct passive breaches as soon as possible (depending on the liquidity of the asset in question).

Policy to assess good governance practices of investee companies

The Portfolio Manager will assess, among other factors, management structures, employee relations, remuneration of staff and tax compliance. Specifically, the Portfolio Manager expects borrowers to demonstrate good governance practices through their alignment with international frameworks such as the International Corporate Governance Network Principles, the UN Global Compact Principles, and national governance standards. The Deal Team will benchmark a borrower's alignment with those frameworks based on its review of various factors as outlined in the Responsible Investment Policy.

The Portfolio Manager has appointed an internal ESG Eligibility Committee which is responsible for determining whether a potential investee company follows good governance practices and is therefore eligible for investment. Where appropriate, the Portfolio Manager may seek to engage, on a reasonable efforts basis, with a borrower on a specific governance issue to manage related risks and promote good governance practices on an ongoing basis.

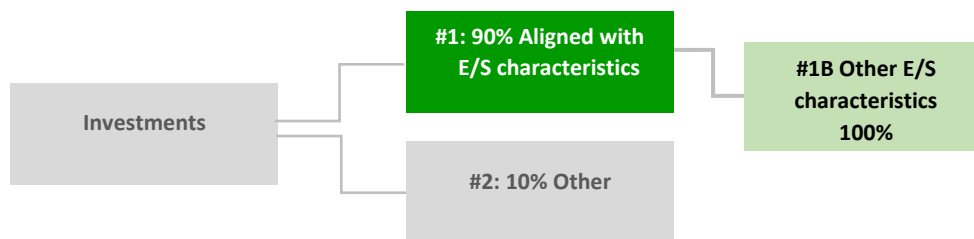
Further details of the Portfolio Manager's policy to assess good governance practices of borrowers can be found in the Responsible Investment Policy (a copy of which is available at www.muzinich.com).

5. Proportion of Investments



Asset allocation

The proportion of investments used to meet the environmental and social characteristics of the financial product will, in principle, comprise 100% of the positions within the financial product. The Deal Team anticipate that 100% of investments will be direct exposure to investee entities. However, the Deal Team anticipates certain "Other" investments such as cash or cash equivalent holdings, money market instruments and certain hedging instruments including derivatives to which the environmental and social characteristics of the product cannot be reasonably applied. The Deal Team anticipates that no more than 10% of Total Fund Commitments will fall into that category at any given time.



#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.

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

Use of derivatives

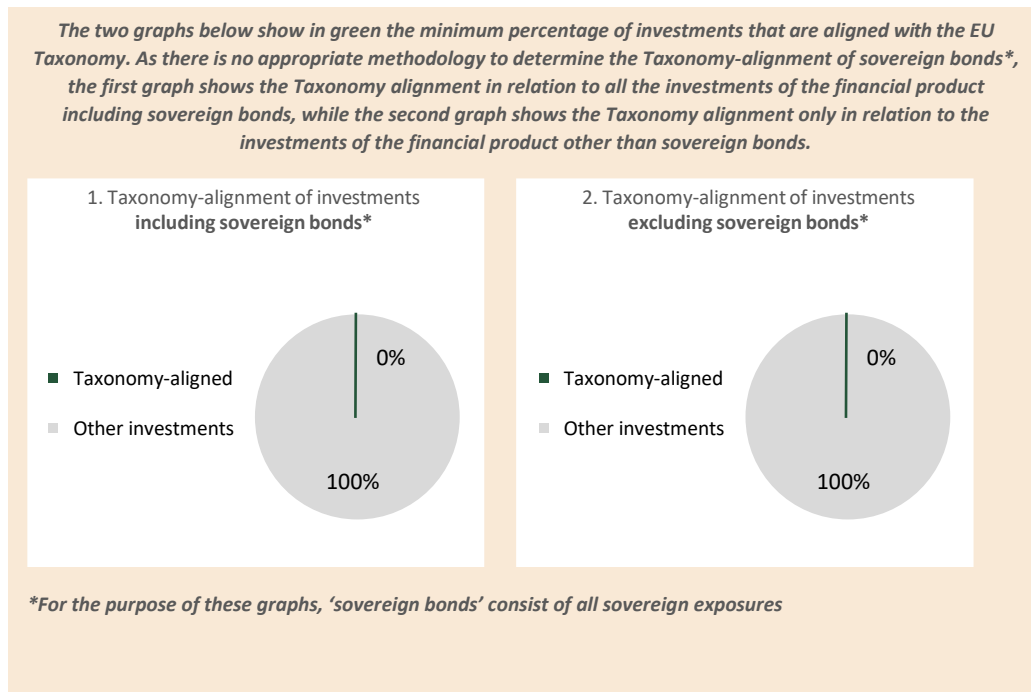
The financial product will not enter into derivative contracts other than: (i) for hedging purposes; (ii) any option where the counterparty is a portfolio company or one of its affiliates, or (iii) any option where the underlying asset is an instrument issued by a portfolio company. For the avoidance of doubt, warrants will not be considered derivatives for the purposes of this paragraph. In the event that the financial product uses derivatives, those holdings will not be used to attain the environmental and social characteristics promoted by the financial product.

Minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy

The financial product does not currently commit to invest in sustainable investments. It is nevertheless possible that this financial product may incidentally make sustainable investments which contribute to climate change

mitigation and which are considered aligned with the EU Taxonomy. However, there is no minimum extent to which sustainable investments with an environmental objective will be aligned with the EU Taxonomy.

Details of the investments made by the financial product (and their extent of Taxonomy-alignment, if any) will be included in its annual report.



Minimum share of investments in transitional and enabling activities

There is no minimum share of investments in transitional and enabling activities. Details of the investments made by the financial product (and the extent of investments in transitional and enabling activities, if any) will be included in its annual report.

Minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

The financial product has not committed to making sustainable investments with an environmental objective that are not aligned with the EU Taxonomy and therefore the minimum share of such investments is 0%.

Minimum share of socially sustainable investments

The financial product has not committed to making socially sustainable investments and therefore the minimum share of such investments is 0%.

Investments included under '#2 Other'

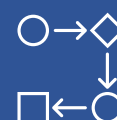
The investments included under "#2 Other" represent cash and cash equivalents, money market instruments and certain hedging instruments including derivatives. The Deal Team believes that those holdings do not relate directly to a specific issuer and therefore do not relate to the management of sustainability risks and/or principal adverse sustainability impacts. The Deal Team therefore does not believe that it would be possible to make a reasonable determination regarding considerations relating to minimum environmental or social safeguards, in part due to the lack of relevant data relating to such instruments.

6. Monitoring of Environmental or Social Characteristics



The Risk Team, working alongside the Deal Team, is responsible for monitoring the ESG profile of each investee company. The Risk Team will conduct a full review of each investee company's ESG profile at least once a year, and/or as soon as any relevant information has been acquired by the Deal Team, and will revise the investee company's ESG score where appropriate to reflect any changes in the investee company's ESG profile. If there is a change to an investee company's ESG score, the Fund Managers will reconsider the position. The Fund Managers also monitor the financial product's exposure on an ongoing basis to ensure compliance with the binding criteria outlined above and will correct passive breaches as soon as possible (depending on the liquidity of the asset in question).

7. Methodologies



ESG scoring methodology

The ESG score is determined by the Portfolio Manager using its proprietary Private Debt ESG Scorecard, which comprises the ESG factors described above in section 4 (investment strategy).

In the final stage of the scoring process the analyst can adjust the initial score up or down based on factors including expectations of near-term ESG improvements or deteriorations, recent engagement outcomes, or discrepancies with third party data relating to the target company.

Industry exclusions methodology

The Portfolio Manager assesses potential portfolio assets to determine whether they derive revenues from involvement in excluded sectors or industries (as listed above in section 4 (investment strategy) – “*Binding elements – Exclusion criteria*”). Information for this assessment is typically gained directly from potential investee companies, private equity firms which may be the beneficial owners of those companies, or from public sources. Companies with revenues exceeding revenue thresholds of involvement in excluded sectors will not be eligible for investment.

Corporate conduct and controversy screening methodology

Information on controversial conduct and poor governance practices is gathered from monitoring news sources, issuer announcements or indirectly from external ESG data providers.

Further details of the ESG scoring methodology, industry exclusions methodology and corporate conduct and controversy screening methodology is available in the Responsible Investment Policy (a copy of which is available here: <https://static.muzinich.com/docs/Muzinich-Responsible-Investment-Policy.pdf>).

8. Data Sources and Processing



The process of gathering and processing ESG data is specialized and resource intensive. The Portfolio Manager's analysts collect financial and non-financial information as part of their research process. This includes information gained directly from potential investee companies and private equity firms which may be the beneficial owners of

those companies. The Portfolio Manager may also source data from government and non-governmental organisations, academic sources, and other publicly available sources to fill any gaps.

The Fund Managers note that a significant proportion of such data is modelled or estimated due to factors including gaps in corporate reporting and the need to extrapolate certain data points in order to generate more forward-looking metrics. The Fund Managers recognise the need to decrease the use of estimated data and will frequently engage both data providers and issuers to improve the quality of ESG data. As the use of such data will vary on a case-by-case basis, it is not possible to provide a proportion of estimated data.

The Fund Managers are committed to reviewing their data sources at least every two years to ensure it is able to source appropriate data in a cost effective manner. Decisions on data providers are reviewed by the Portfolio Manager's ESG Advisory Group and ultimately approved by the Fund Managers' board of directors. Among the considerations for ESG data providers are the quality of the data in terms of accuracy, timeliness, coverage and the additional insight they bring, the efficiency with which they can process data and the general user-friendliness of the data platforms.

9. Limitations to Methodologies and Data



The Fund Managers understand that considerations relating to sustainability can be highly complex, subjective, and reliant on imperfect information provided by issuers and third-party data providers. While the Fund Managers do not believe this is a reason to disregard such information, they recognise the need to constantly monitor and improve its methodologies, procedures and data sources to ensure the Fund Managers' approach to sustainable investment is robust.

The Fund Managers consider that some of the limitations to its methodologies and sources of data include the following:

- Gaps in corporate sustainability reporting can lead to imperfect ESG research coverage.
- Complex corporate structures can lead to mapping of ESG data points to the wrong entity.
- The delay in corporate ESG disclosures means that ESG data is inherently backwards looking.
- The complexity and interconnectedness of ESG factors means that reduction of multiple underlying ESG indicators into a small number of metrics rarely provides a complete picture of sustainability risks.
- Models created to estimate ESG information are reliant on a variety of assumptions which may prove to be incorrect.

These limitations do not affect how the environmental and social characteristics promoted by the product are met. The Fund Managers are mindful of the need to engage issuers and ESG data providers to enhance the provision of timely, robust and comparable ESG data. The Fund Managers also seek to educate the Portfolio Manager's research team on the materiality of certain ESG factors and understanding of ESG best practice among corporates. To consolidate the backward-looking nature of ESG data with the need to consider long-term sustainability concerns, the Portfolio Manager may use scenario analysis to plot a range of possible outcomes.

10. Due Diligence



The Fund Managers' due diligence procedures encompass the following:

Initial due diligence:

- *Exclusions screening:* The Portfolio Manager will screen investments for compliance with the industry exclusions criteria (as described above in section 4 (investment strategy): “*Binding elements – Exclusion criteria*” and in section 7 (methodologies): “*industry exclusion methodology*”).
- *Consideration of sustainability risks:* The Portfolio Manager integrates ESG into its investment decision-making process to identify sustainability risks. The analysts are not required to consider a prescriptive or exhaustive list of ESG factors when conducting ESG analysis or creating ESG scores. Instead, they aim to identify the issues which they consider to be most material depending on an individual company's regional, sectoral, jurisdictional, social and environmental context. There are, however, certain ESG factors which may exacerbate the potential for a sustainability risk to materialise. These factors may be specific to certain industries or applicable to several sectors.
- *ESG scoring:* The Portfolio Manager will score investments in accordance with its proprietary Private Debt ESG Scorecard (as described above in section 4 (investment strategy): “*Binding elements – ESG score*” and in section 7 (methodologies): “*ESG scoring methodology*”).

Further details of the due diligence procedures outlined above can be found in the Responsible Investment Policy (a copy of which is available here: <https://static.muzinich.com/docs/Muzinich-Responsible-Investment-Policy.pdf>).

Ongoing due diligence: As described above in section 6 (monitoring of environmental and social characteristics), the Fund Managers, supported by the Portfolio Manager's ESG Integration group and risk teams, are responsible for ongoing due diligence of the Fund's holdings. The Fund Managers believe their approach to ESG due diligence is robust and can be evidenced by the low rate of breaches of the Responsible Investment Policy across the Fund Managers' range of funds.

11. Engagement Policies



The Fund Managers believe engagement with corporates, with the aim of improving ESG management, forms a critical part of the investment process and is generally a more powerful tool than outright divestment from an entity, except on occasions where specific industry or conduct exclusions apply. The Portfolio Manager therefore engages with certain investee companies, on a reasonable efforts basis, with the aim of improving ESG management. However, there is no guarantee with respect to outcomes that may be achieved as a result of this engagement.

As corporate debt investors, the Portfolio Manager does not typically hold rights to vote on a company's management practices. Nevertheless, as a lender of capital for critical business expenditures and growth, the Portfolio Manager can express opinions about and exert a certain amount of influence over the businesses that it lends to. The Portfolio Manager believes it is important to use this influence and engage with companies in its

investment universe to actively identify, manage, and mitigate potential sustainability risks. The Portfolio Manager is committed to the following:

- using engagement as a key responsible investment tool to manage material ESG risks relating to the companies it invests in;
- participating in collaborative engagements either as a signatory to high-level engagement letters, or as a participant or leader in investor collaborations with issuing entities;
- transparency around the Fund Managers' engagement procedures, its priority engagement themes, and information about the progress of the Portfolio Manager's engagement activities including data and case studies;
- engaging with public policy makers as the primary drivers of sustainability-related policy for both corporates, and financial market participants;
- engaging investors to educate and better understand their requirements relating to ESG; and
- where the option exists, to exercising voting rights in favour of corporate ESG initiatives, actions and governance structures which are in the best interests of investee entities.

The Portfolio Manager's investment team members are responsible for engaging companies within their research coverage with support from the Portfolio Manager's ESG team. Engagement activity is either driven by bottom up factors relating to the specific circumstances of an individual company, or by top down themes such as climate change, impacts on biodiversity, or diversity and inclusion issues. Most commonly, the Portfolio Manager's analysts engage companies to seek better transparency around a specific ESG issue (such as potential sustainability risks) to support better decision making. Ensuring ESG topics are discussed in meetings with company management also raises the awareness of these topics.

The Fund Managers typically prioritise engagements based on criteria such as: severity of the ESG issue or potential sustainability risk, investment exposure, exposure to one of the Fund Managers' priority ESG themes, the Portfolio Manager's access to management, and the Fund Managers' expectations of a successful outcome. The Fund Managers believe it is critical to be targeted with engagement activity as resource constraints will limit the effectiveness of the Portfolio Manager's interactions with a corporate. The Portfolio Manager typically finds opportunities to engage companies during bilateral meetings or phone calls with those companies, discussions with intermediaries or underwriters, and during investor events or company road shows.

Where the Fund Managers perceive poor management of ESG risks, or exposures to sustainability risk, or a lack of transparency, the Portfolio Manager provides feedback directly to the company and occasionally via intermediaries, particularly when choosing not to participate in a primary offering on ESG grounds. Findings from the Portfolio Manager's company engagements support the Fund Managers' ongoing monitoring and the Portfolio Manager's research on an issuer and are fed back into the Portfolio Manager's ESG scores and research templates to be shared with the wider investment team.

While every engagement will take a slightly different course, a typical escalation process for one of the Portfolio Manager's engagements will run as follows:

- The Portfolio Manager identifies or learns of an ESG issue that is specific to one company (such as a potential sustainability risk), or identifies a company with high levels of exposure to one of the Fund Managers' priority ESG themes (e.g., climate change or biodiversity).
- An analyst (alongside the Portfolio Manager's ESG team) will research the ESG issue, past impacts or potential risks relating to the target company, and possible solutions.

- The analyst contacts the company to start an initial engagement and gather further details of the ESG issue with the target company.
- During one or more follow-up meetings the analysts may set specific KPIs for the target company (e.g., publishing a target to reduce carbon emissions).
- The analyst will review progress (e.g., against the KPIs) to determine next steps and feed back their research to the investment team.
- On reaching a pre-determined deadline or KPI, the analyst will determine whether they are satisfied with the outcome and decide whether further engagement (and KPIs) is required, or decide that the engagement has been unsatisfactory and may ultimately decide to avoid, reduce their position or divest from the company's securities entirely.

12. Designated Reference Benchmark



The financial product does not have a specific index designated as a reference benchmark.

The Portfolio Manager notes that the financial product invests in privately held middle market companies, and that there does not currently exist an appropriate financial index by which to determine whether the financial product is aligned with the environmental and/or social characteristics that it promotes.

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V.1	Pan Euro II - Sustainability-related disclosures (Article 10 SFDR)	30 December 2022

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Risk warnings: Alternative investments can be speculative and are not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing and able to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks include: (a) Loss of all or a substantial portion of the investment; (b) Lack of liquidity in that there may be no secondary market for interests in the Fund; (c) Volatility of returns; (d) Restrictions on transferring interests; and (e) Potential lack of diversification and resulting higher risk due to concentration within one or more sectors, industries, countries or regions.

Consideration of Sustainability Risks in the investment process may result in the avoidance or exclusion of certain securities. Therefore, results may differ, and the investment might underperform a portfolio that does not consider such risks.

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