

## ANNEX

### Template 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

**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Product name:** VER CAPITAL CREDIT PARTNERS S.A. SICAV-SIF - VCCP VIII

**Legal entity identifier:** 222100WI3IYIJHY3OY57

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_%



It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but will not make any sustainable investments

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

*The investment team goal is to identify the relevant and quantifiable ESG factors in order to assess the ex-ante, on going and ex-post sustainability trajectory of the issuers. The Sub-Fund's aim is to promote at least one of the following environmental and social characteristics:*

- Environmental: climate change impact and CO2 emissions; energy efficiency and renewable energy and waste treatment and recycling;
- Social: workplace health & safety; employees development and third party/supply chain labour standards;
- Governance: inclusion and diversity; transparency among the main stakeholders.

*These characteristics are measured and monitored using an internal ESG rating score, further described below. Sectors deemed harmful are excluded by Ver Capital SGRpA (the "Investment Manager").*

*The Sub-fund does not use a specific index designated as a benchmark index to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics it promotes.*

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

**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.

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

*The Investment Manager has developed a proprietary model based on the qualitative/quantitative assessment of ESG factors. Specifically, each asset in the portfolio is subjected, both in the preliminary investment phase and in the subsequent monitoring and reporting phase, to an internal analysis aimed at determining an ESG score, taking into account the initiatives and/or targets that the company, object of the potential investment, intends to pursue.*

*The goal of the analysis is to assign a score, on a numerical scale 1-5 (where "1" indicates an excellent ESG profile and "5" an inadequate ESG profile), to each ESG key indicator. Specifically, the ESG key indicators considered are as follows:*

- 1. Environmental factors: climate change impact and CO2 emissions; pollution reduction; energy efficiency and clean energy; waste treatment and recycling; any other factors;*
- 2. Social factors: workplace safety; personal data protection and privacy; poverty reduction; human rights and community relations; any other factors;*
- 3. Governance factors: ethical considerations; strategy, internal controls and risk management; inclusion policies and reducing inequality; transparency and reporting; any other factors;*

*Once a score has been assigned to each of the previous indicators, an aggregate weighted score for each of the three ESG (Environmental, Social and Governance) factors is calculated and, finally, a final score for the asset in question is identified by means of an arithmetic average. The score identified during analysis is updated each time the Investment Manager receives new documentation from the company or agent regarding the practices, initiatives, and goals identified by the issuing company (e.g., sustainability report, ESG report, or any ESG questionnaire).*

*Furthermore, companies in contradiction of the Investment Manager's Responsible Investment Policy will be excluded from investment, such as those that do not respect international conventions or national regulations, and those involved in controversial business.*

● **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?**

*The Sub-Fund does not have the objective of making sustainable investments, and it is not committed to doing so.*

● **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?**

*The Sub-Fund does not have the objective of making sustainable investments, and it is not committed to doing so.*

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

*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 environmental or social objectives.



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

- Yes
- No



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

The Sub-Fund aims to achieve superior returns by investing primarily in senior secured loans and senior secured floating rate notes issued primarily by sub investment grade European companies. In addition, in order to enhance the performance, providing more liquidity and improving the flexibility, the Sub-Fund may also invest, on an ancillary basis in:

- Senior secured fixed rate notes;
- Unsecured debt instruments;
- Subordinated debt obligations;
- Money market instruments and bank deposits; and
- Derivatives.

The ESG score is incorporated into the company's fundamental and valuation analysis and is reflected in its information memorandum. The Investment Manager consistently evaluates the companies' practices related to environmental, social, and governance matters. This analysis forms an integral part of the selection process and serves as a tool to mitigate the potential negative impact of investments.

### 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?

The Sub-Fund has the following binding elements:

- The average ESG portfolio score should be below 3 on the basis of the Investment Manager's internal model. At least 50% of the invested portfolio must have an ESG score lower than 3.
- Identify any ESG red flags for consideration in due diligence process;
- The Sub-fund's portfolio should be compliant with the Investment Manager's Exclusion Policy and with the Sub-fund excluded sectors, that do not allow to invest in companies whose main business activity is involved in any of the following business areas:
  1. provide any financing, or invest, guarantee or otherwise provide financial or other support directly or indirectly to any company whose business activity consists of an illegal economic activity;
  2. provide any financing to any company whose business activity is focused on the financing and production of and trade in weapons and ammunition of any kind, it being understood that this

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

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

*restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;*

3. *provide any financing to any company whose business activity is substantially focused on:*
    - i. *the production of and trade in tobacco and distilled alcoholic beverages;*
    - ii. *casinos and equivalent enterprises; or*
    - iii. *the research, development or technical applications, which (x) aim specifically at supporting any activity set forth in sub-clauses 1, 2 and 3(i) and (ii) (including internet gambling, online casinos or pornography) or (y) are intended to enable the illegal entry into electronic data networks or downloading of electronic data;*
  4. *provide support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (GMOs), without appropriate control by the Investment Manager of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.*
- *In the case of 2 above, to the extent investments are made pursuant to the provision that these are accessory to any European Union policies (i) none of such investments will be linked directly or indirectly to the proliferation, development, manufacturing or distribution of outlawed weapons and weapons of mass destruction, (ii) such investments will pursue a lawful purpose within the meaning of the applicable rules, laws, regulations and international treaties, (iii) such investments are in full compliance with the applicable rules, laws, regulations, and international treaties.*

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

*The Fund does not have a committed minimum rate to reduce the scope of investments prior to the application of the investment strategy. Rather the Fund will invest at least 50% of its commitments in bonds or loans of companies with an ESG score below 3.*

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

*The Investment Manager undertakes initial and ongoing due diligence of the corporate governance structure of issuers. This analysis is presented in the documentation sent to the investment committee and incorporated into the governance component of the ESG score. The Investment Manager assesses whether the governance structure is commensurate with the ownership structure of the business and analyzes key governance risk factors on a case-by-case basis. Governance risks assessed can include company ownership, the board and management structures, legal and tax compliance, quality of reporting and audits, employee retention and relations, and staff remuneration.*

(Add)



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

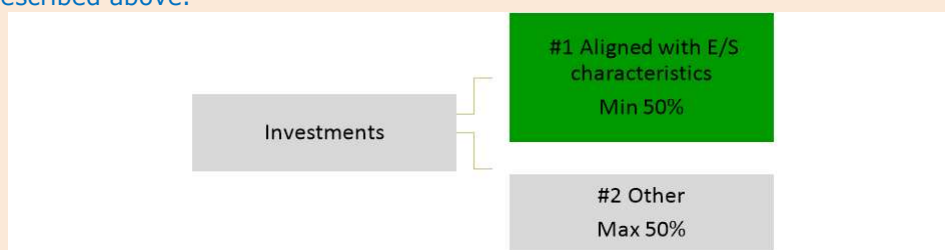
### Asset allocation

describes the share of investments in specific assets.

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.

The Fund will invest at least 50% of its commitments in bonds and loans of companies that exhibit positive environmental, social and governance (ESG) characteristics in accordance with the binding elements of the investment strategy described above.



**#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.

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.

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

*Not applicable.*



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

*The Sub-Fund does not commit to make any sustainable investments with or without an environmental objective aligned with the EU taxonomy.*

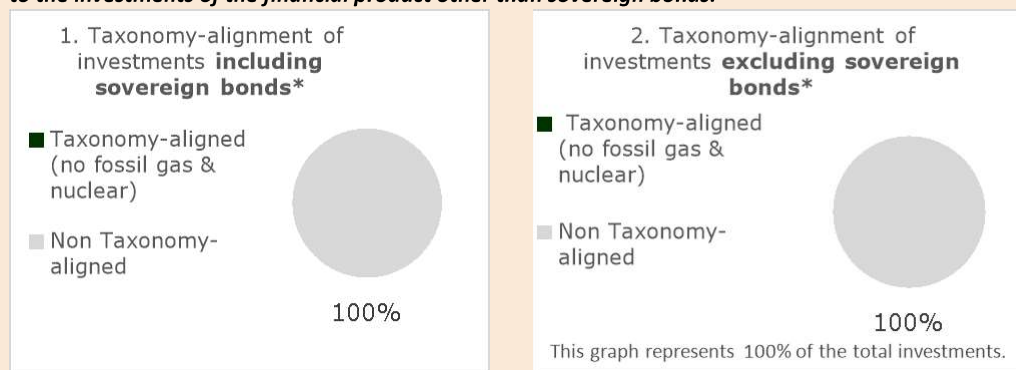
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas     In nuclear energy

No

**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.**



\* 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?**

*Not applicable. The Sub-Fund does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum share of sustainable investments aligned with the EU Taxonomy.*

<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.

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



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

*The Sub-Fund will not allocate any fixed minimum proportion of its assets to sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.*



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

*The Sub-Fund will not allocate any fixed minimum proportion of its assets to socially sustainable investments.*



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

*The assets included under "#2 Other" are to pursue the attainment of the Fund's broader investment strategy and consist of cash or cash equivalents and investments which are neither aligned with the environmental or social characteristic, have no minimum environmental or social safeguards, nor are qualified as sustainable investments.*



**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?**

*The Sub-fund does not use a specific index designated as a benchmark index to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics it promotes.*

- **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:**

*Please see the relevant product page for the Fund at <https://www.vercapital.com/>*