



## ABPEP Fund VII-A SCSp (For English, please scroll to page 3)

### Samenvatting

ABPEP Fund VII-A SCSp (hierna: het 'Fonds') bevordert milieu- of sociale kenmerken, maar heeft niet als doelstelling om duurzaam te investeren.

Het beleggingsdoel van het Fonds is het bieden van aantrekkelijke risico-gecorrigeerde rendementen door voornamelijk te investeren via deelnames in Private Equity limited partnerships en andere vennootschappen die opereren als collectieve beleggingsvehikels, primair gericht op het lagere en middensegment van de markt. Deze vehikels worden de "Portefeuillefondsen" genoemd. Het Fonds kan ook investeren in co-investeringen ("Co-Investeringen") die worden gedaan naast Private Equity fondsen (inclusief de Portefeuillefondsen), direct in portfoliobedrijven, evenals via deelnames in limited partnerships en andere vennootschappen die als collectieve beleggingsvehikels opereren. Deze vehikels worden de "Portefeuillebedrijven" genoemd.

Het Fonds bevordert een combinatie van milieu-, sociale en governance ("ESG") kenmerken met betrekking tot haar Primaire Investeringsen en Co-Investeringen (samen in deze toelichting aangeduid als de "In-Scope Investeringsen") die:

- i. voldoen aan ESG-uitsluitingscriteria ("Uitsluitingscriteria");
- ii. een ESG-score ("ESG Score") krijgen toegekend, waarbij 75% van deze In-Scope Investeringsen moet voldoen aan een minimale ESG Score zoals bepaald door een eigen ESG-scoremodel ("Proprietary Scoring Framework") dat de onderliggende of co-investerende fondsbeheerder ("Underlying of Co-Invest General Partner (GP)") beoordeelt; en
- iii. betrokkenheid en overleg met de Underlying of Co-Invest GP's om de mogelijkheid te ondersteunen om de ESG Score te kunnen verbeteren.

Deze kenmerken zijn overeengekomen in een gezamenlijke ESG-aanpak tussen Anthos Fund & Asset Management als de AIFM en Bregal Investments LLP als de Adviseur.

Het Fonds streeft ernaar om 75% te investeren in beleggingsfondsen die in lijn zijn met de milieu- of sociale kenmerken van het Fonds. Om het behalen van de kenmerken te meten (en op bredere basis voor de Uitsluitingscriteria), volgen de AIFM en Adviseur de volgende duurzaamheidsindicatoren:

#### Uitsluitingscriteria

- % van de In-Scope Investeringsen die voldoen aan de Uitsluitingscriteria (en zoals overeengekomen in side letters met Underlying GP's voor Primaire Investeringsen)

#### ESG-score

- % van Underlying en Co-Invest GP's waaraan een ESG Score is toegekend in het Proprietary Scoring Framework;
- % van Underlying GP's en Co-Invest GP's die voldoen aan de minimale ESG Score in het Proprietary Scoring Framework.



#### ESG-betrokkenheid

- % van Underlying GP's en Co-Invest GP's die akkoord zijn gegaan met ESG-betrokkenheid in side letters;
- % van Underlying GP's en Co-Invest GP's waarmee in het rapportagejaar contact is geweest over ESG-onderwerpen.

Gegevens worden verzameld van de Underlying GP's en de Co-Invest GP's tijdens de due diligence-fase en tijdens voortgangsgesprekken gedurende de looptijd van het Fonds. De ontvangen informatie wordt gecontroleerd door de portfoliomanagers en hun analisten en gebruikt voor de interne beoordeling die resulteert in een ESG-score. De relevante informatie wordt minimaal één keer per jaar herzien.

Het Fonds investeert in andere beleggingsfondsen en de gegevens worden rechtstreeks ontvangen van de Underlying GP's en de Co-Invest GP's. De AIFM en de Adviseur vertrouwen op het verstrekken van juiste en correcte informatie door de Underlying GP's en de Co-Invest GP's. Momenteel maken de AIFM en de Adviseur geen gebruik van een externe dataleverancier om de ontvangen informatie te verifiëren.

Hieronder volgt meer informatie (in het Engels) over hoe het Fonds milieu- of sociale kenmerken bevordert.



## ABPEP Fund VII-A SCSp (the “Partnership”)

### Summary

The ABPEP Fund VII-A SCSp (hereinafter: the ‘Fund’) promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The investment purpose of the Fund is to provide attractive risk-adjusted returns by investing predominantly in “Primary Investments” through subscriptions to private equity limited partnerships and other limited liability vehicles that operate as pooled investment vehicles primarily focused on the lower and middle market, and such vehicles being the “Portfolio Funds”. The Partnership may also invest in co-investment opportunities (“Co-Investments”) made alongside private equity funds (including the Portfolio Funds), directly into portfolio companies as well as by way of subscriptions to limited partnerships and other limited liability vehicles that operate as pooled investment vehicles, and such vehicles being the “Portfolio Companies”.

The Partnership promotes a combination of environmental, social and governance (“ESG”) characteristics with regards to its Primary Investments and Co-Investments (together referred to in this disclosure as the “In-Scope Investments”) that are:

- i. compliant with ESG exclusionary criteria (“Exclusionary Criteria”);
- ii. assigned an ESG score (“ESG Score”), with 75% of such In-Scope Investments required to meet a minimum ESG Score as determined by a proprietary ESG scoring framework (the “Proprietary Scoring Framework”) that assesses the underlying or co-investing GP (“Underlying or Co-Invest GP”); and
- iii. engagement with the Underlying or Co-Invest GPs to support the opportunity to improve the ESG Score results.

These Characteristics are as agreed in a joint approach to ESG between Anthos Fund & Asset Management as the AIFM and Bregal Investments LLP as the Adviser.

The Fund aims to invest 75% in investment funds aligned with the environmental or social characteristics of the Fund. To measure the attainment of the Characteristics promoted (and on a wider basis for the Exclusionary Criteria), the AIFM and Adviser track the following sustainability indicators:

#### Exclusionary Criteria

- % of In-Scope Investments compliant with the Exclusionary Criteria (and as agreed in side letters with Underlying GPs for Primary Investments)

#### ESG Scoring

- % of Underlying and Co-Invest GPs assigned an ESG Score in the Proprietary Scoring Framework;
- % of Underlying GPs and Co-Invest GPs that meet the minimum ESG Score in the Proprietary Scoring Framework.

#### ESG Engagement

- % of Underlying GPs and Co-Invest GPs that have agreed to ESG Engagement in side letters;
- % of Underlying GPs and Co-Invest engaged with on ESG matters in the reporting year.

Data is collected from the Underlying GP’s and the Co-Invest GP’s during the due diligence phase and during engagement conversations. The received information is checked by the portfolio managers and



their analysts and used for the internal assessment resulting in an ESG score. The relevant information is reviewed at least once a year.

The Fund invests in other investment funds and the data is directly received from the Underlying GP's and the Co-Invest GP's. The AIFM and the Adviser rely on the provision of accurate and correct information by the Underlying GP's and the Co-Invest GP's. Currently, the AIFM and the Adviser do not use any external data provider to verify the received information.

The below provides more information about how the Fund promotes environmental or social characteristics.

### **No sustainable investment objective**

ABPEP Fund VII-A SCSP promotes environmental or social characteristics but does not have as its objective sustainable investment.

### **Environmental or social characteristics of the financial product**

The Partnership's investment objective is to predominantly invest in "Primary Investments" through subscriptions to private equity limited partnerships and other limited liability vehicles that operate as pooled investment vehicles primarily focused on the lower and middle market, and such vehicles being the "Portfolio Funds".

The Partnership may also invest in co-investment opportunities ("Co-Investments") made alongside private equity funds (including the Portfolio Funds), directly into portfolio companies as well as by way of subscriptions to limited partnerships and other limited liability vehicles that operate as pooled investment vehicles, and such vehicles being the "Portfolio Companies".

The Portfolio Funds and the Portfolio Companies are together, the "Portfolio Entities".

The Partnership promotes a combination of environmental, social and governance ("ESG") characteristics with regards to its Primary Investments and Co-Investments (together referred to in this disclosure as the "In-Scope Investments") that are:

- i. compliant with ESG exclusionary criteria ("Exclusionary Criteria");
- ii. assigned an ESG score ("ESG Score"), with 75% of such In-Scope Investments required to meet a minimum ESG Score as determined by a proprietary ESG scoring framework (the "Proprietary Scoring Framework") that assesses the underlying or co-investing GP ("Underlying or Co-Invest GP"); and
- iii. engagement with the Underlying or Co-Invest GPs to support the opportunity to improve the ESG Score results.

These Characteristics are as agreed in a joint approach to ESG between the Anthos Fund & Asset Management as AIFM and the Bregal Investments LLP as the Adviser.

No reference benchmark has been designated to attain the promoted environmental or social characteristics.



## Investment strategy

The investment objective of this Fund as set forth in the (binding) fund documentation is to provide attractive risk-adjusted returns by investing in the Portfolio Entities as described above. Furthermore, the Fund uses the following investment strategy to meet the environmental or social characteristics promoted by the Fund.

The AIFM and Adviser are committed to embedding ESG factors in the Partnership's investment strategy, implemented at various stages throughout the investment lifecycle, including:

### 1. Exclusionary Criteria

The Partnership will not invest in Primary Investments or Co-Investments where an underlying asset generates more than 5% of its revenues (unless otherwise specified) from any of the following at the time the investment is made:

- Companies involved in the manufacture and/or sale of controversial weapons<sup>1</sup>;
- Companies involved in manufacture and/or sale of conventional weapons, including: (a) assault weapons to civilians and military/law enforcement customers, (b) key components of small arms, (c) weapons and weapons systems, (d) provision of tailor-made products and/or services for weapons or weapons systems;
- Companies involved in the production and/or exploitation of pornography or the sex industry;
- Companies involved in the production and/or sale of tobacco and companies that have a significant ownership of tobacco production companies<sup>2</sup>
- Companies involved in products or services that promote termination of life;
- Companies involved in direct ownership and/or operation of a gambling establishment; manufacturing of specialised equipment used exclusively for gambling; and supporting products or services used exclusively for gambling;
- Companies involved in the production and/or distribution of computer games whose main aim is the virtual performance of realistically depicted acts of killing or cruelty;
- Companies with revenues generated from prescription opioids;
- Companies involved in animal testing and/or in breach with applicable animal welfare regulations<sup>3</sup>;
- Companies involved in the manufacture of and trade in biocides which are classified by the WHO as 'extremely or highly hazardous';
- Companies involved fossil fuel exploration, production<sup>4</sup> and supply<sup>5</sup>, except for permanent decommissioning projects
- Companies involved in research, development or technical applications relating to (i) human cloning for research or therapeutic purposes, or (ii) animal GMOs;

---

<sup>1</sup> Companies that generate any revenue from manufacture and/or sale of controversial weapons, as defined in the Nuclear Non-Proliferation Treaty (1970), the Biological Weapons and Toxin Convention (1975), the Chemical Weapons Convention (1997), the Anti-Personnel Mine Ban Convention (i.e. Ottawa Treaty, 1999), the Convention on Cluster Munitions (2010). Controversial weapons also include depleted uranium and white phosphorous munitions.

<sup>2</sup> Companies that generate any revenue from the production of tobacco are excluded from investments. Companies that derive 5% or more of their revenue from the sale of tobacco are excluded from investments. Companies that have more than 10% ownership in a tobacco producing company are excluded from investments.

<sup>3</sup> Including companies engaged in livestock farming/mass transportation of livestock or in fur farming.

<sup>4</sup> Production means exploration and production activities mapping to GICS 10102010, 10102020 and 10102050.

<sup>5</sup> Supply means the supply of controversial/unconventional sources of oil and gas include: Oil / tar sands; arctic reserves; hydraulic fracturing; deepwater reserves.



- Companies whose revenue source is the incarceration of people (private prisons), particularly where there exist financial incentives to increase incarceration rates or incarceration numbers.

## 2. ESG Scoring

As part of due diligence, an ESG Score is assigned to all Underlying and Co-Invest GPs through an ESG Due Diligence Questionnaire and Scorecard. After that, each Underlying or Co-Invest GP is re-evaluated annually through an Annual Questionnaire where the ESG Score is reviewed.

The overall aim of the Underlying/Co-Invest GP ESG Score is to determine that the Underlying/Co-Invest GP's processes and procedures are aligned with ESG expectations, that they comply with relevant industry regulations and legislation, that human rights are respected and that any Portfolio Entity(ies) managed by the Underlying GP/Co-Invest GP in which the Partnership invests is governed with high standards of integrity.

All Underlying/Co-Invest GPs will be assessed through the utilisation of a third-party ESG platform, which collects more than 50 ESG key performance indicators ("KPIs"). The sections against which Underlying/Co-Invest GP are scored are currently: (1) Policy, Regulations and Oversight, (2) Pre-Investment, (3) Post-investment, (4) Reporting and Disclosure, (5) Climate, (6) DEI, (7) Nature & Biodiversity, (8) Human Rights, (9) Cybersecurity, (10) Good Governance, (11) Impact Management Project. In the Annual Questionnaire, the KPIs include an assessment of ESG risks and opportunities connected to the Underlying/Co-Invest GP and also any Portfolio Entity(ies) in which the Partnership may invest.

The commitment of the AIFM and Adviser is for 75% of In-Scope Investments to obtain a Leader, Professional or Novice ESG Score at Underlying or Co-Invest GP level (i.e. not a Laggard score). The ESG Score is included in the memorandum for the In-Scope Investment to be considered by the Investment Committee as part of the approval process for the In-Scope Investment. As further data becomes available and as methodologies evolve, the AIFM, alongside the Adviser, will keep under review and may, in their sole discretion, update the Proprietary Scoring Framework and minimum ESG Score. Any changes to the Proprietary Scoring Framework and minimum ESG Score shall be confirmed in the Partnership's SFDR periodic reporting, as appropriate.

For transparency, there will be limited, if any, assessment by the AIFM or Adviser of the underlying assets invested in by the Portfolio Funds or Portfolio Companies in which the Partnership in turn is invested.

## 3. ESG Engagement

As informed by the ESG Score, the AIFM and/or Adviser will engage with the Underlying and Co-Invest GPs on the implementation of ESG-related practices in their investment decision-making process or ongoing portfolio management in relation to the Portfolio Entities.

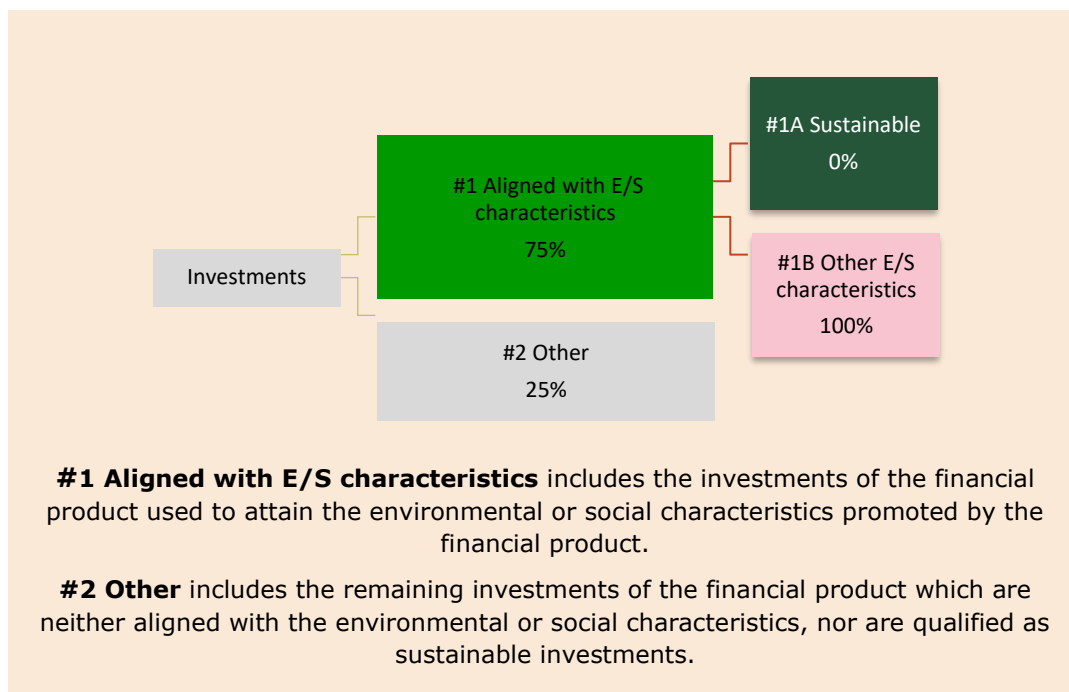
The Fund considers the following principal adverse impacts (PAI) on sustainability factors:

- PAI 4: Exposure to companies active in the fossil fuel sector
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)



## Proportion of investments

The Fund aims to invest 75% in investment funds aligned with the environmental or social characteristics of the Fund.



## Monitoring of environmental or social characteristics

The following elements of the investment strategy are considered to be binding on the investment strategy in support of the promotion of the Characteristics:

1. **Exclusionary Criteria:** the Exclusionary Criteria is made binding via side letter agreements with the Underlying GP or Co-Invest GP – the Partnership will be an excused investor should any investments be made by an Underlying GP in a Portfolio Fund that is not be compliant with the Exclusionary Criteria.
2. **ESG Scoring:** the Proprietary Scoring Framework will be applied to every In-Scope Investment with each Underlying GP and Co-Invest GP having assigned to it an ESG Score. For 75% of In-Scope Investments made there will also be a requirement to meet the minimum ESG Score as set out in the Proprietary Scoring Framework. The inclusion of the ESG Score for a potential In-Scope Investment will be included in the Investment Committee memorandum.
3. **ESG Engagement:** the AIFM and/or the Adviser will engage with each Underlying GP and Co-Invest GP on ESG-related practices in investment decision-making or ongoing portfolio management in relation to the Portfolio Entities at least annually. Annual engagement will be agreed to by the Underlying GP or Co-invest in the relevant side letter.

## Methodologies

To measure the attainment of the Characteristics promoted (and on a wider basis for the Exclusionary Criteria), the AIFM and Adviser track the following sustainability indicators:



#### Exclusionary Criteria

- % of In-Scope Investments compliant with the Exclusionary Criteria (and as agreed in side letters with Underlying GPs for Primary Investments)

#### ESG Scoring

- % of Underlying and Co-Invest GPs assigned an ESG Score in the Proprietary Scoring Framework;
- % of Underlying GPs and Co-Invest GPs that meet the minimum ESG Score in the Proprietary Scoring Framework.

#### ESG Engagement

- % of Underlying GPs and Co-Invest GPs that have agreed to ESG Engagement in side letters;
- % of Underlying GPs and Co-Invest engaged with on ESG matters in the reporting year.

The AIFM and Adviser will also report on any improvement in ESG Scores in relation to the Underlying GPs and Co-Invest GPs. For the avoidance of doubt, sustainability indicators will not be applied to any ancillary assets held, such as cash. The measurement of sustainability indicators will be reliant on the co-operation and information shared from Underlying GPs and Co-invest GPs

### **Data sources and processing**

Data is collected from the Underlying GP's and the Co-Invest GP's during the due diligence phase and during engagement conversations. The received information is checked by the portfolio managers and their analysts and used for the internal assessment resulting in an ESG score. The relevant information is reviewed at least once a year. Since all the information is received directly from the Underlying GP's and the Co-Invest GP's, the AIFM and the Adviser do not use any estimated data at the moment.

### **Limitations to methodologies and data**

The Fund invests in other investment funds and the data is directly received from the Underlying GP's and the Co-Invest GP's. The AIFM and the Adviser rely on the provision of accurate and correct information by the Underlying GP's and the Co-Invest GP's. Currently, the AIFM and the Adviser do not use any external data provider to verify the received information.

Assessing the information shared by the Underlying GP's and the Co-Invest GP's may be influenced by the amount of knowledge of the AIFM and the Adviser staff performing the assessment on ESG scores. The AIFM and the Adviser mitigate this limitation by providing regular training to its staff, either on processes or specific topics (for example climate training and human rights workshops). The RI Team also review the ESG scores completed by the investment team to ensure the correctness of the scores.

The AIFM and the Adviser believe that the use of internal methodologies and the data restrictions do not constrain the Fund to attain the promoted environmental characteristic as Anthos applies periodic controls to ensure the best quality of the data.

### **Due diligence**

As part of the due diligence process the Underlying GP's and the Co-Invest GP's as well as the investment fund are investigated by the portfolio manager. Therefore, the Underlying GP's and the Co-Invest GP's have to provide the information necessary for Anthos to be able to perform the ESG score. Once the information is received, Anthos will assess the information resulting in an ESG score 'Laggard', 'Novice',





‘Professional’ or ‘Leader’. The fund will not invest in investment managers and funds with an ESG score Laggard.

Anthos assesses the governance structure and resources of the Underlying GP’s and the Co-Invest GP’s to manage environmental, social and governance issues and integrate in the investment process. The assessment contributes to the final rating of the managers on ESG (Laggard-Leader) which helps the portfolio managers make a decision.

During the due diligence, the first assessment is done by the portfolio manager, together with their analysts. The assessments are also reviewed by the Anthos Responsible Investments Team on a need basis and the tools are continuously improved to keep up with market standards.

### Engagement policies

The fund invests in investment funds managed by Underlying GP’s and the Co-Invest GP’s, and it relies on these Underlying GP’s and the Co-Invest GP’s for engagement in connection to the investee companies. However, the AIFM and the Adviser believe it also needs to address active ownership through additional engagement activities, either via a service provider or, where possible, directly. This enhances investor stewardship and the pursuit of responsible investment.

The AIFM and the Adviser have high expectations of the Underlying GP’s and the Co-Invest GP’s selected for this Fund and incorporates ESG considerations into the entire due diligence and relationship lifecycle. The AIFM and the Adviser expect the selected Underlying GP’s and the Co-Invest GP’s to be signatories of the Principles for Responsible Investment (PRI) and to support the Principles of the European Fund and Asset Management Association (EFAMA) Stewardship Code or a similar guidance, which clearly outlines engagement and voting good practices for direct investors.

Internally, engagement is carried out by the investment team, who assess the ESG integration capacity and quality of the Underlying GP’s and the Co-Invest GP’s of the investment funds that this Fund invests in. In this way the AIFM and the Adviser give their voice to the pool of like-minded investors wanting meaningful change.