

Sustainability-related disclosures

Product Name: Incus Capital European Credit Fund V B SCSp (the "Fund")¹

Legal entity identifier: 213800GMOG4GKCHI5532

a) Summary

- **No sustainable investment objective:** this financial product promotes environmental or social characteristics for 90% of the capital invested. While it does not have as its objective sustainable investment, it will have a minimum proportion of 10% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.
- **Environmental or social characteristics of the financial product:** The Fund will promote the exclusion of investments that do not meet the credible standard of ESG, and the improvement of the environmental, social and corporate governance (ESG) performance of its investments. By integrating ESG considerations into the investment process, the Fund seeks to promote the improvement of ESG performance.
- **Investment Strategy:** The Fund, in line with SFDR Article 8, emphasizes environmental, social, and corporate governance (ESG) in its investment approach. Key strategies include:
 - **Exclusionary Approach:** The Fund excludes investments in sectors that the Fund believes to be intrinsically adverse from a sustainability perspective. These sectors include weapons manufacturing, oil and gas, tobacco production and distribution, prostitution, coal-based businesses, gambling, pornography, drugs and alcohol-related activities, and any operations involving serious or systematic human rights violation.
 - **Ongoing Risk Management:** The Fund will regularly engage with the borrowers in connection with the ESG risks that were identified during the due diligence phase.
- **Proportion of investments:** The Fund expects to allocate 90% of its capital to investments that promote the aforementioned environmental and social characteristics. The remaining 10% will be allocated to sustainable investments in accordance with Article 9 (2) of Regulation (EU) 2019/2088.
- **Monitoring of environmental or social characteristics:** The monitoring of the environmental and social characteristics promoted, and the associated sustainability indicators occurs throughout the entire lifecycle of the Fund.
- **Methodologies:** Every investment is evaluated through a materiality assessment to identify the most pertinent indicators for inclusion in loan covenants, which are then monitored annually. This evaluation leverages SASB's financial materiality approach. For the proportion of capital allocated to sustainable investments, certain methodologies are used to calculate the fund-level KPIs and the PAI indicators.
- **Data sources and processing:** The Fund engages with borrowers on a quarterly basis to monitor progress throughout the reporting year.
 - **Data sources:** Information is gathered directly from the portfolio companies. PAI indicators are collected via a data request Excel sent to the appropriate person.
 - **Data quality:** The Fund may engage with an external advisor to check and review the information to ensure data quality. In cases where data quality is put into question, the Fund,

¹ Further information about the environmental and social characteristics is available in the Fund's 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.

with the help of the external advisor, will engage with the borrower to iterate the data until it is correct and undertakes an internal validation.

- o **Data processing:** The data is obtained from borrowers and is processed by the Fund.
- o **Data estimation:** The Fund relies on real data provided by borrowers and does not use estimates to the extent possible, with the limitations outlined below.
- **Limitations to methodologies and data:** Limitations to the methodologies and data referred to in the above sections include, but are not limited to:
 - o limited capacity to measure or report from borrowers,
 - o different reporting periods and group perimeters,
 - o human error in the provision of data,
 - o data collection is done by email and Excel, which could lead to human error.

The Fund expects to improve data quality and minimize the limitations mentioned above as it improves the data collection process.

- **Due diligence:** The ESG due diligence process of the Fund follows a structured and formal approach that ensures a thorough evaluation of the environmental, social, and governance aspects of potential investments.
- **Engagement policies:** The investment team holds quarterly meetings with the borrowers to monitor and assess the progress made.
- **Designated reference benchmark:** The Fund has not designated a reference benchmark.
- **Summary provided in the official language of the home Member State of where the fund is made available (Luxembourg):**

FRENCH VERSION

- Sans objectif d'investissement durable : ce produit financier promeut des caractéristiques environnementales ou sociales pour 90% du capital investi. Bien qu'il n'ait pas pour objectif l'investissement durable, il aura une proportion minimale de 10 % d'investissements durables avec un objectif environnemental dans des activités économiques qualifiées de durables sur le plan environnemental selon la taxonomie de l'UE.
- Caractéristiques environnementales ou sociales du produit financier : le Fonds favorisera l'exclusion des investissements qui ne répondent pas à la norme crédible ESG, ainsi que l'amélioration de la performance environnementale, sociale et de gouvernance d'entreprise (ESG) de ses investissements. En intégrant les considérations ESG dans le processus d'investissement, le Fonds vise à promouvoir l'amélioration de la performance ESG.
- Stratégie d'investissement : le Fonds, conformément à l'article 8 du SFDR, met l'accent sur la gouvernance environnementale, sociale et d'entreprise (ESG) dans son approche d'investissement. Les stratégies des comprennent :
 - o Approche d'exclusion : Le Fonds exclut les investissements dans des secteurs qu'il estime intrinsèquement défavorables du point de vue de la durabilité. Ces secteurs comprennent la fabrication d'armes, le pétrole et le gaz, la production et la distribution de tabac, la prostitution, les entreprises basées sur le charbon, les jeux de hasard, la pornographie, les activités liées à la drogue et à l'alcool, ainsi que toute opération impliquant des violations graves ou systématiques des droits de l'homme.
 - o Gestion continue des risques : le Fonds collaborera régulièrement avec les emprunteurs en ce qui concerne les risques ESG identifiés lors de la phase d'audit.
- Proportion des investissements : Le Fonds prévoit d'allouer 90% de son capital aux investissements qui favorisent les caractéristiques environnementales et sociales susmentionnées. Les 10% restants seront alloués à des investissements durables conformément à l'article 9 (2) du Règlement (UE) 2019/2088.

- Contrôle des caractéristiques environnementales ou sociales : le contrôle des caractéristiques environnementales et sociales promues, ainsi que des indicateurs de durabilité associés, sera effectif tout au long du cycle de vie du Fonds.
- Méthodes : chaque investissement est évalué au moyen d'une analyse approfondie pour identifier les indicateurs les plus pertinents à inclure dans les clauses de prêt, qui sont ensuite suivis annuellement. Cette évaluation s'appuie sur l'approche de matérialité financière du SASB. Pour la proportion de capital allouée aux investissements durables, certaines méthodes sont utilisées pour calculer les KPI du niveau du fonds et les indicateurs PAI.
- Sources et traitement des données : le Fonds interagit avec les emprunteurs sur une base trimestrielle pour suivre les progrès tout au long de l'année de déclaration. a. Sources de données : les informations sont collectées directement auprès des entreprises du portefeuille. Les indicateurs PAI sont collectés via une demande de données envoyée à la personne appropriée. b. Qualité des données: le Fonds peut faire appel à un conseiller externe pour vérifier et examiner les informations afin d'assurer la qualité des données. Dans les cas où la qualité des données est remise en question, le Fonds, avec l'aide du conseiller externe, interagira avec l'emprunteur pour itérer les données jusqu'à ce qu'elles soient correctes et entreprendra une validation interne. c. Traitement des données : les données sont obtenues auprès des emprunteurs et sont traitées par le Fonds. d. Estimation des données : le Fonds s'appuie sur des données réelles fournies par les emprunteurs et n'utilise pas d'estimations dans la mesure du possible, avec les limitations décrites ci-dessous.
- Limites aux méthodes et aux données : les limites aux méthodes et aux données mentionnées dans les sections ci-dessus comprennent, sans s'y limiter : a. capacité limitée à mesurer ou à rapporter des informations par les emprunteurs, b. périodes de déclaration et périmètres de groupe différents, c. erreurs humaines dans la fourniture de données, d. la collecte de données se fait par e-mail et Excel, ce qui pourrait entraîner des erreurs humaines.
- Le Fonds prévoit d'améliorer la qualité des données et de minimiser les limitations mentionnées ci-dessus à mesure qu'il améliore le processus de collecte des données.
- Diligence raisonnable: le processus de diligence raisonnable ESG du Fonds suit une approche structurée et formelle qui garantit une évaluation approfondie des aspects environnementaux, sociaux et de gouvernance potentielle des investissements.
- Politiques d'engagement : l'équipe d'investissement tient des réunions trimestrielles avec les emprunteurs pour suivre et évaluer les progrès réalisés.
- Indice de référence désigné : le Fonds n'a pas désigné d'indice de référence.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. However, 10% of the Fund is committed towards sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

For those investments that fall within the 10% that the Fund will commit towards sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy:

- **How the sustainable investment does not significantly harm any of the sustainable investment objectives:** The Fund will primarily invest in renewable energy infrastructure projects that qualify as environmentally sustainable according to Regulation (EU) 2020/852 (Taxonomy Regulation). An investment will therefore be determined to contribute to an environmental objective without significantly harming any other environmental objective if it complies with the technical screening criteria (TSC) established by the European Commission for that economic activity. Compliance with these criteria will be assessed in the due diligence phase through engagement with the technical ESG advisor who will assess the potential investment's performance against the specific criteria for that economic activity.

- **How the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, are taken into account:** The Fund considers all mandatory PAIs and "Emissions of ozone depletion substances" and "Investments in companies without workplace accident prevention policies" only for the capital allocated to making sustainable investments. Incus collects data during the initial due diligence phase and ongoing monitoring phases on an annual basis.
- **Whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights:** The Fund has developed questionnaire to assess compliance with the minimum social safeguards in the pre-investment phase. This questionnaire assesses the investment's alignment with the OECD Guidelines for MNEs, the UN Guiding Principles on Business and Human Rights including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and the International Bill of Human Rights

c) Environmental and social characteristics of the financial product

The Fund will promote the exclusion of investments that do not meet the credible standard of ESG, and the improvement of the environmental, social and corporate governance (ESG) performance of its investments. By integrating ESG considerations into the investment process, the Fund seeks to promote the improvement of ESG performance through mechanisms, such as:

- The reduction of negative impacts caused on the environment through the investment's activities;
- The promotion of safe working conditions for all employees;
- The improvement of corporate governance structures and the establishment of strong compliance policies.

d) Investment Strategy

The Fund's investment strategy to meet the environmental and social characteristics: The Fund, in line with SFDR Article 8, emphasizes environmental, social, and corporate governance (ESG) in its investment approach.

Key strategies include:

- **Exclusionary Approach:** The Fund excludes in sectors that the Fund believes to be intrinsically adverse from a sustainability perspective. These sectors include weapons manufacturing, oil and gas, tobacco production and distribution, prostitution, coal-based businesses, gambling, pornography, drugs and alcohol-related activities, and any operations involving serious or systematic human rights violation
- **Ongoing Risk Management:** The Fund will regularly engage with the borrowers in connection with the ESG risks that were identified during the due diligence phase.

Policies to assess good governance:

The Fund uses an ESG questionnaire, based on the UN PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire and a KYC process to ensure compliance with anti-bribery, anti-money laundering and anti-corruption laws and regulations. The questionnaire also assesses the governance practices of potential investments, including topics of sound management structures, employee relations, remuneration of staff and tax compliance. "The investment is monitored on an annual basis and any identified risks are addressed in the Investment Advisory Committee.

e) Proportion of Investments

The Fund expects to allocate 90% of its capital to investments that promote the aforementioned environmental and social characteristics. The remaining 10% will be allocated to sustainable investments in accordance with Article 2 (17) of Regulation (EU) 2019/2088.

F) Monitoring of environmental or social characteristics

The monitoring of the environmental and social characteristics promoted, and the associated sustainability indicators occurs throughout the entire lifecycle of the fund:

Acquisition Phase

Every investment undergoes a thorough review against the fund's exclusion criteria. Should any activities from this list surface during the evaluation, the investment is promptly declined. Comprehensive due diligence ensures full legislative compliance. Concurrently, a materiality assessment identifies the pertinent sustainability KPIs tailored to the particular investment. Potential investments are equally screened against the Sustainable Development Goals (SDGs) to assess whether they contribute to one or more of the goals. When directly applicable to one of the SDGs, KPIs will be selected and monitored on an annual basis.

Control Mechanisms:

- All investments are scanned against the Fund's exclusion list
- ESG covenants included in the loan agreement

Holding Period

During the holding period, the borrower will report the aforementioned KPIs to the Fund on an annual basis.

Control Mechanisms:

- KPIs will be tracked on a regular basis by the Fund as part of its regular asset management engagement with the borrowers (typically on a quarterly basis).
- Non compliance with any of such ESG undertakings will follow the ordinary course of remedies set out in the loan documentation. These can reach from cure mechanisms all the way to acceleration events or events of default, depending on the severity of the breach.

Sustainable Investments:

In the case of investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy, monitoring of the relevant sustainability indicators occurs throughout the entire lifecycle of the Fund.

Acquisition

The Fund channels investments into renewable energy initiatives that align with the objective of climate change mitigation set by the Taxonomy Regulation. In its pursuit of taxonomy alignment, the Fund's due diligence will meticulously evaluate each prospective investment based on the technical criteria tailored to its economic activity, such as solar or wind energy. Should any gaps arise in achieving taxonomy alignment, we promptly devise a corrective action plan.

In addition, two indicators have been set to assess whether an investment contributes towards the Fund's 10% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy:

- Emissions avoided (tCO₂e); and
- MWh of renewable energy for sale.

Control Mechanisms:

- Due diligence completed by an external third party to assess alignment.

Holding Period

The fund annually reviews progress on the action plan for Taxonomy alignment. Likewise, fund-level KPIs undergo yearly monitoring.

Control Mechanisms:

- KPIs will be tracked on a regular basis by the Fund as part of its regular asset management engagement with the borrowers (typically on a quarterly basis).
- Non compliance with any of such ESG undertakings will follow the ordinary course of remedies set out in the loan documentation. These can reach from cure mechanisms all the way to acceleration events or events of default, depending on the severity of the breach.

g) Methodologies

Every investment is evaluated through a materiality assessment to identify the most pertinent indicators for inclusion in loan covenants, which are then monitored annually. This evaluation leverages SASB's financial materiality approach.

For the proportion of capital allocated to sustainable investments, the following methodologies are used to calculate the fund-level KPIs and the PAI indicators.

Fund-Level KPIs:

- Emissions avoided (tCO2e)
- MWh of renewable energy for sale

PAI Indicators (for sustainable investments only):

Environmental:

- Carbon emissions (Scope 1 & 2) in tCO2e
 - *Scope 1 emissions are defined as direct emissions at company facilities and company-owned vehicles.*
 - *Scope 2 emissions are defined as indirect emissions from energy purchased and used by the organization.*
- Carbon footprint intensity (tco2eq/€)
 - *Carbon footprint intensity is calculated per company as the total scope 1, 2 and 3 emissions, divided by the company's revenues, in€, multiplied by the weight of the current investment.*

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- GHG intensity (tco2eq/€revenue)
 - *GHG intensity of investee companies is calculated per company as the sum of current value of investment divided by the current value of all investments, multiplied by the company's Scope 1, 2 and 3 GHG emissions divided by the investee company's revenue in millions of euros.*

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- Renewable and non-renewable energy consumed, expressed as a percentage.
 - *Information provided by companies based on their office/facility energy bills. Where no information is available, a proxy is used based on the national electricity mix.*
- Renewable and non-renewable energy produced (if the company produces energy), expressed as a percentage.
 - *Information provided by companies based on their office/facility energy bills. Where no information is available, a proxy is used based on the national electricity mix.*

- Energy intensity (kWh/€m revenue)
 - *Energy intensity is calculated as total energy consumption per million EUR of revenue of investee companies.*
 - Emissions to water
 - *Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.*
 - Quantity of hazardous waste produced, expressed in tonnes.
 - Hazardous waste ratio
 - *Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average.*
 - Emissions of ozone depletion substances
 - *Tonnes of ozone-depleting substances equivalent per million EUR invested.*
- $$\frac{\sum_{i=1}^n \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's emissions of ozone - depleting substances}_i \text{ (in tonnes)} \right)}{\text{current value of all investments}}$$
- where n is the number of investee companies in the investments*

Social:

- Unadjusted gender pay gap: *average unadjusted gender pay gap of investee companies, where the pay gap means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.*
- Rate of accidents: *rate of accidents in investee companies expressed as a weighted average.*

Governance:

- Board gender diversity: *diversity average (woman/man ratio) in investee companies.*

h) Data sources and processing

1. **Data sources:** Information is gathered directly from the borrowers. PAI indicators are collected via a data request Excel sent to the appropriate person in the company.
2. **Data quality:** The Fund engages with an external advisor to check to review the information to ensure data quality. In cases where data quality is put into question, the fund, with the help of the external advisor, engages with the borrower to iterate the data until it is correct and undertakes an internal validation.
3. **Data processing:** The data obtained from borrowers and is processed by the advisor. The data is collected in a digital format.
4. **Data estimation:** The Fund relies on real data provided by the companies and does not use estimates to the extent possible, with the limitations outlined below.

i) Limitations to methodologies and data

Limitations to the methodologies and data referred to in the above sections include, but are not limited to:

- limited capacity to measure or report from borrowers,
- different reporting periods and group perimeters,
- human error in the provision of data,
- data collection done by email and Excel, which could lead to human error.

The Fund expects to improve data quality and minimize the limitations mentioned above as it improves the data collection process. Among other things, the Fund is currently assessing the creation of different online tools that would help mitigate those risks, as well as engage third party providers that could help not only obtain but also validate the accuracy of such data.

j) Due Diligence

The ESG due diligence process of the Fund follows a structured and formal approach that ensures a thorough evaluation of the environmental, social, and governance aspects of potential investments:

Screening: All potential deals are screened against the Fund's exclusion criteria. If any potential investment is active in one of the excluded sectors, the investment will be rejected and not pursued.

Identification of Material Themes: A comprehensive analysis is undertaken to identify the key material themes of the investment. This is based on SASB's financial materiality methodology which identifies those sustainability themes that are financially material based on sector and industry. Each theme has associated KPIs which will be monitored throughout the entire holding period and collected on an annual basis. If the potential investment contributes to a specific SDG, the appropriate KPIs related to its target will equally be monitored.

Sustainable Investments:

The sustainable investments that the Fund makes undergo an additional assessment that is carried out in the technical due diligence done by a specialised third-party advisor. This will assess the investment's compliance with the technical screening criteria of the Taxonomy Regulation based on the specific economy activity it pertains to. The purpose of this exercise is to determine the investment's current level of alignment with the Taxonomy Regulation and to elaborate an action plan to achieve full alignment if not currently aligned.

Control Mechanisms: The findings of the due diligence are summarised in the Investment Memo and presented to the Investment Advisory Committee to make a final decision.

This formal and robust ESG due diligence process ensures a comprehensive assessment of potential investments, with control mechanisms in place to ensure alignment with the Fund's environmental and social characteristics promoted.

k) Engagement Policies

The investment team holds quarterly meetings with borrowers to monitor and assess the progress made.

Failure to comply with ESG covenants will trigger the ordinary remedies foreseen in the loan documentation. These will range from customary cure remedies to loan acceleration mechanisms and/or events of default depending on the severity of the breaches.

l) Designated reference benchmark

The Fund has not designated a reference benchmark.