

**PCP SEE Fund II S.C.Sp.**  
**Sustainability-related Disclosure**

## **1. SUMMARY**

**PCP SEE Fund II S.C.Sp.** (“**PCP SEE Fund II**” or the “**Fund**”) focuses on providing buyout capital to SME and Mid Cap enterprises in the SEE (the “**Region**”). The Fund promotes environmental and social characteristics but does not aim for sustainable investment as its primary objective.

Identifying environmental, social and governance (“**ESG**”) related risks and opportunities is an integral part of PCP’s due diligence process. All prospective investments must be compatible with the responsible investment principles, as well as in compliance with the exclusions prescribed by the Responsible Investment Policy. In addition, the Fund maintains an ESG Policy which further details consideration of sustainability risks in the decision-making process, as well as the monitoring and oversight of portfolio companies with regard to ESG risks and opportunities.

The evaluation of investment opportunities will always include the identification and assessment of relevant ESG-related risks. In order to assist the relevant Investment Team with its ESG risk assessment in the pre-investment stage, the Fund has put in place an Environmental and Social Risk Tool. The ESG Risk Tool is a high-level proprietary risk scoping tool, which generates key risk categories based on the industry/sector/sub-sector classification of the portfolio company. This guides the relevant Investment Team as they design their approach to the ESG risk assessment during the pre-investment stage. A summary of ESG due diligence findings must be included in the Investment Committee Memorandum alongside the investment thesis for a proposed investment. A mandatory ESG risk-screening and summary assessment of ESG factors relevant to an investment are mandatory aspects of the presentation made to the Investment Committee before its determination.

## **2. NO SUSTAINABLE INVESTMENT OBJECTIVE**

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

## **3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS**

The Fund promotes environmental and social characteristics by engaging in board discussions regarding ESG impacts and risks. Additionally, Fund seeks to encourage portfolio companies to develop ESG strategy, adopt ESG policies and periodically report on sustainability performance in line with the predetermined set of ESG indicators.

This Fund promotes environmental and social characteristics by:

1. Excluding involvement in activities listed on the exclusion list.
2. Integrating environmental, social and governance considerations in due diligence.
3. Encouraging portfolio companies to actively manage ESG matters related to the Funds ESG strategy during ownership phase.

#### **4. INVESTMENT STRATEGY**

The Fund focuses on providing buyout capital to SME and Mid Cap enterprises in the South Eastern Europe (“SEE”), invests in reputable and profitable companies operating in SEE with the aim to increase value over the medium term. The Fund aims to promote sustainable practices in the portfolio companies owned, either wholly or partly, by the Fund.

ESG considerations are integrated throughout the investment process in line with the Responsible Investment Policy. For the purpose of mitigating and preventing negative environmental and social impacts, and to promote the environmental and social characteristics of this financial product, the Fund manager will apply the exclusion list as a binding element of the investment strategy. The Fund exclusion list is part of the Responsible Investment Policy.

Prior to each investment, the Fund will perform an analysis of various ESG factors in order to identify the potential investments' ESG performance and any relevant sustainability risk. This is achieved through the use of proprietary methodology, i.e. the ESG scoring model. Fund manager’s proprietary ESG Score contains four grades, ranging from A to D, where A is the best and D the the lowest rating. D-rated companies are excluded from the investment universe as such rating implies negative environmental and social impact.

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

Portfolio companies are required to comply with applicable laws and regulations in the markets in which they operate, including environmental, labor, anti-corruption and anti-money laundering laws and regulations. Prior to making an investment and as part of the ESG due diligence, the Fund will assess whether the underlying company complies with these expectations.

#### **5. PROPORTION OF INVESTMENTS**

The Fund will allocate 100% of the funds in line with the above outlined investment strategy and will require those investments to align with the promoted E/S characteristics by the end of the ownership phase.

#### **6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS**

This Fund will use the following sustainability indicators to monitor the alignment with the environmental and social characteristics of the Fund:

- Share of investee companies that adopted ESG strategy
- Share of investee companies reporting on pre-defined set of sustainability indicators to the Fund manager
- Share of investee companies measuring GHG emissions in scope 1 and 2
- Share of investee companies with ESG score above C

Environmental and social characteristics will be monitored in the pre-investment phase as part of the due diligence and regularly in ownership phase as part of annual reporting from portfolio companies. The aim is to achieve progress on E/S indicators throughout the life cycle of the Fund.

## **7. METHODOLOGIES**

ESG Director calculates ESG score for investee companies based on the proprietary scoring model which includes environmental, social and governance criteria. The Fund ESG scoring model (ESG Risk Tool) was developed according to ESRS, EIF and PAI indicators. The ESG score can range from D to A, where A is the best score indicating positive impacts on sustainable development and significant progress in regards to management of ESG matters. ESG score is monitored throughout the investment process and used as an indication of alignment with social and environmental characteristics promoted by the Fund.

## **8. DATA SOURCES AND PROCESSING**

Data used to assess the attainment of the environmental and social characteristics promoted by the Fund is sourced directly by the portfolio companies. To ensure data quality, especially for the calculation of the ESG score, ESG Director supports the investee companies in structuring data collection system. Upon receiving the ESG data from the investee companies, the investment professional checks the quality, consistency and accuracy of the data received. In case of inconsistencies or issues in the data received, the investment professional engages with the portfolio companies or provides direct technical assistance. Data is collected, processed and stored in line with respective internal guidelines regarding integration of ESG in the investment process by the investment professionals and ESG Director. All data is requested directly from the investee companies, therefore there will be no estimations.

## **9. LIMITATIONS TO METHODOLOGIES AND DATA**

The main limitations relate to:

- The availability of ESG data for calculating ESG score
- The reliability and accuracy of the ESG data used for calculating ESG score, as there are no universal standards related to ESG information and third party verification is not systematic

Such limitations do not affect how the environmental or social characteristics promoted by the financial product are met as investment professional continuously seeks to cooperate with the Portfolio companies to improve availability, reliability and accuracy of the collected data.

## **10. DUE DILIGENCE**

ESG is integrated in the due diligence conducted as part of the investment selection process. Fund manager will assess companies' sustainability impacts and risks based on the proprietary ESG scoring model by requiring completion of questionnaire which involves PAI, ESRS and EIF indicators.

## **11. ENGAGEMENT POLICIES**

Fund manager's approach to engagement with investee companies is described in the Responsible investment policy. Fund manager through active ownership is committed to guiding and developing portfolio companies by investing time, resources and expertise in improving the companies' resilience.

The Fund aims to:

1. co-develop ESG plan for portfolio companies to be implemented during ownership phase
2. regularly monitor ESG indicators and discuss ESG matters at Board meetings.
3. support companies on their ESG journey when needed
4. support in preparing annual ESG reports on the progress

During the ownership phase the Fund will engage with portfolio companies to support them in generating positive environmental and social impact and achieving E/S characteristics of the Fund. In case of sustainability-related controversies in investee companies, ESG director will engage with the portfolio companies to gain understanding of the context and mitigate the impact. Engagement may take several forms, including, but not limited to Board discussions, direct dialogue with executive management or ESG teams and formal correspondence.

## **12. ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE**

No specific index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Date:** 21.05.2025