

Systemiq Capital Fund II SCSp, SICAV-RAIF

Sustainability-related disclosures

(a) Summary

These Sustainability-related disclosures relate to Systemiq Capital Fund II SCSp, SICAV-RAIF (the “Fund” or “financial product”, as applicable) and are made pursuant to Article 10(1) of Regulation (EU) 2019/2088 (“SFDR”).

Investment Objective

The Fund is categorised as falling under Article 8 of SFDR, meaning that the fund promotes, amongst other characteristics, environmental or social characteristics, but does not have a sustainable investment objective.

Its investment focus is on portfolio companies that are seeking to have a positive impact on climate change and biodiversity. It is expected that in excess of 50% of the Fund’s investments, excluding short term investments held for cash management purposes, will qualify as sustainable investments with an environmental objective.

The objective of the Fund is to invest equity and equity like investments in early-stage climate technology companies (late seed to series A/B), deploying capital, networks, climate expertise and strategic support to rapidly and effectively scale their businesses.

Investment Strategy

The Investment Adviser shall pursue the sustainable investment objective of the Fund by advising the Manager (or causing the Fund to invest where it is the portfolio manager) to invest predominantly in portfolio companies that are seeking to have a positive impact on climate change and biodiversity that operate in the four key investment themes of the Fund:

1. Sustainable foods and materials: how goods are produced;
2. Clean transport: how people and goods are moved;
3. Climate intelligence & finance: how the production and transport of goods are financed and risk-assessed;
4. Climate restoration: carbon and methane removal, biodiversity restoration.

In these areas, the Investment Adviser believes clusters of new technologies and innovative business models are approaching adoption tipping points and where the Investment Adviser and its partners have deep networks and content knowledge.

The Fund will seek to take minority positions (typically 5-10% ownership) in early-stage climate technology companies (late seed to Series A/B) that are using technology to accelerate the transition to a net zero and planet-positive economy. The Fund will deploy capital, networks, climate expertise and strategic support to rapidly and effectively scale their businesses.

The Investment Adviser and the Manager’s assessment of the governance practices of portfolio companies is carried out at the due diligence phase of the investment strategy outlined above, and is monitored and reassessed after any perceived or real change to the portfolio company’s strategy, capital allocation, end-markets exposure, etc.

Monitoring of environmental or social characteristics

The Investment Adviser's impact approach begins with ensuring that it invests in companies operating in systems and sectors that have significant potential for climate and biodiversity impact, i.e., that the "impact TAM" is big enough. During due diligence, the Investment Adviser considers whether the company can make a meaningful difference to that system and sector. Upon making a decision to recommend investment, the Investment Adviser then works with founders to agree a bespoke set of impact KPIs that they will report on annually to track progress towards realising the company's impact potential.

The Investment Adviser's ESG approach starts with an exclusion list. There are certain business models and sectors the Investment Adviser does not invest in which include companies engaged in the production or trade, loosely modelled on the International Finance Corporation's exclusion list. During due diligence, the Investment Adviser looks to understand the target company's approach to ESG and the extent to which it has considered ESG risks in its business. The Investment Adviser asks a set of ESG questions that help it to understand if there are any ESG "red flags". These questions also track the "Principle Adverse Indicators" under SFDR. Companies will report annually on this a set of ESG questions.

Where the Investment Adviser leads investments, it seeks to have an impact and ESG clause accepted as part of the term sheet.

The Investment Adviser uses a combination of qualitative and quantitative performance indicators to assess each portfolio company's attainment of the environmental characteristics promoted by the financial product.

Annual reporting KPIs are agreed with each portfolio company, and reporting quality is assessed annually.

Engagement

The Fund actively supports and encourages portfolio companies to integrate sustainability at its core of the business model, products and operations. This can be via the regular discussion with founders, management, or participation in the board meetings.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Fund is categorised as falling under Article 8 of SFDR, meaning that the fund promotes, amongst other characteristics, environmental or social characteristics.

Its investment focus is on portfolio companies that are seeking to have a positive impact on climate change and biodiversity. It is expected that in excess of 50% of the Fund's investments, excluding short term investments held for cash management purposes, will qualify as sustainable investments with an environmental objective.

The Investment Adviser asks a set of ESG questions that help it to understand if there are any ESG "red flags". These questions also track the "Principle Adverse Indicators" under SFDR. Companies will report annually on this a set of ESG questions.

(c) Environmental or social characteristics of the financial product

The objective of the Fund is to invest equity and equity like investments in early-stage climate technology companies (late seed to series A/B), deploying capital, networks, climate expertise and strategic support to rapidly and effectively scale their businesses. It is expected that in excess of 50% of the Fund's investments, excluding short term investments held for cash management purposes, will qualify as sustainable investments.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this financial product.

(d) Investment strategy

The Investment Adviser shall pursue the sustainable investment objective of the Fund by advising the Manager (or causing the Fund to invest where it is the portfolio manager) to invest predominantly in portfolio companies that are seeking to have a positive impact on climate change and biodiversity that operate in the four key investment themes of the Fund:

1. Sustainable foods and materials: how goods are produced;
2. Clean transport: how people and goods are moved;
3. Climate intelligence & finance: how the production and transport of goods are financed and risk-assessed;
4. Climate restoration: carbon and methane removal, biodiversity restoration.

In these areas, the Investment Adviser believes clusters of new technologies and innovative business models are approaching adoption tipping points and where the Investment Adviser and its partners have deep networks and content knowledge.

The Fund will seek to take minority positions (typically 5-10% ownership) in early-stage climate technology companies (late seed to Series A/B) that are using technology to accelerate the transition to a net zero and planet-positive economy. The Fund will deploy capital, networks, climate expertise and strategic support to rapidly and effectively scale their businesses.

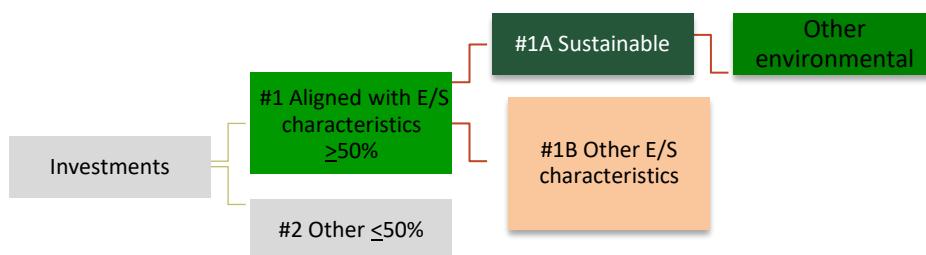
The Investment Adviser and the Manager's assessment of the governance practices of portfolio companies is carried out at the due diligence phase of the investment strategy outlined above, and is monitored and reassessed after any perceived or real change to the portfolio company's strategy, capital allocation, end-markets exposure, etc.

The Manager, with the support of the Investment Adviser will assess the corporate governance structure of portfolio companies within the Fund's eligible investment universe, or of portfolio companies within the Fund, according to the good governance criteria as outlined in the SFDR (sound management structures, employee relations, staff remuneration, tax compliance). Where relevant, the Manager with the support of the Investment Adviser, may assess additional governance factors, such as business ethics, transparency, board independence, quality, diversity and accountability, shareholders' rights, ownership structure.

(e) Proportion of investments

The Fund promotes environmental characteristics and, while its sole objective is not sustainable investment, its investment focus is on portfolio companies that are seeking to have a positive impact on climate change and biodiversity. It is expected that in excess of 50% of the Fund's investments, excluding short term investments held for cash management purposes, will qualify as sustainable investments with an environmental objective. Given the asset class of the Fund, all exposures in investee entities (portfolio companies) will be direct.

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.*

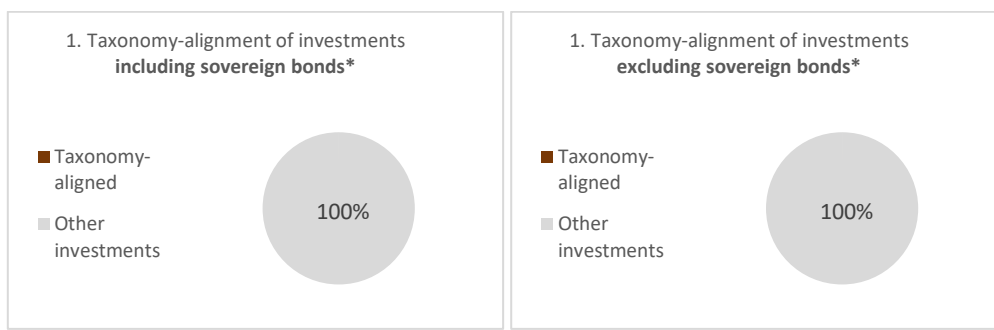


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#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 category **#1 Aligned with E/S characteristics** covers:

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



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

(f) Monitoring of environmental or social characteristics

The Investment Adviser's impact approach begins with ensuring that it invests in companies operating in systems and sectors that have significant potential for climate and biodiversity impact, i.e., that the "impact TAM" is big enough. During due diligence, the Investment Adviser considers whether the company can make a meaningful difference to that system and sector. Upon making a decision to recommend investment, the Investment Adviser then works with founders to agree a bespoke set of impact KPIs that they will report on annually to track progress towards realising the company's impact potential.

The Investment Adviser's ESG approach starts with an exclusion list. There are certain business models and sectors the Investment Adviser does not invest in which include companies engaged in the production or trade, loosely modelled on the International Finance Corporation's exclusion list. During due diligence, the Investment Adviser looks to understand the target company's approach to ESG and the extent to which it has considered ESG risks in its business. The Investment Adviser asks a set of ESG questions that help it to understand if there are any ESG "red flags". These questions also track the "Principle Adverse Indicators" under SFDR. Companies will report annually on this a set of ESG questions.

Where the Investment Adviser leads investments, it seeks to have an impact and ESG clause accepted as part of the term sheet.

(g) Methodologies for environmental or social characteristics

As described above, in addition to its exclusion list, during due diligence the Investment Adviser looks to understand the target company's approach to ESG and the extent to which it has considered ESG risks in its business. The Investment Adviser asks a set of ESG questions that help it to understand if there are any ESG "red flags". These questions also track the "Principle Adverse Indicators" under SFDR. Companies will report annually on this a set of ESG questions.

Where the Investment Adviser leads investments, it seeks to have an impact and ESG clause accepted as part of the term sheet.

(h) Data sources and processing

The Investment Adviser uses a combination of qualitative and quantitative performance indicators to assess each portfolio company's attainment of the environmental characteristics promoted by the financial product.

Annual reporting KPIs are agreed with each portfolio company, and reporting quality is assessed annually. For each portfolio company, the Investment Adviser will:

- discuss and agree a small set of impact KPIs that will give it both a good indication of the progress that portfolio company is making towards its climate and biodiversity impact goals;
- set annual targets for the impact KPIs; and
- encourage the portfolio company to report on a set of ESG questions that track the 14 Principle Adverse Indicators.

Investors should note that a balanced approach will be taken regarding the merits of investing in the portfolio company, taking into account that the Fund will be a minority investor in early-stage portfolio companies and accordingly it may be that, at least prior to investment, less information may available than if the Fund were investing in later stage companies. As such, some data may be estimated, but it is impossible to assess what proportion of data may be estimated at this stage.

(i) Limitations to methodologies and data

As mentioned above, investors should note that a balanced approach will be taken regarding the merits of investing in the portfolio company, taking into account that the Fund will be a minority investor in early-stage portfolio companies and accordingly it may be that, at least prior to investment, less information may available than if the Fund were investing in later stage companies.

Furthermore, the quality of understanding of the requirements are under SFDR at portfolio company level is likely to vary based on the size or location of the enterprise. In particular, the Investment Adviser expects that there may be limitations to any data received from non-EU based portfolio companies, or those that do not receive a significant investment from EU based firms (which therefore place similar reporting obligations on them).

(j) Due diligence

As part of its pre-investment due diligence and ongoing monitoring, the Investment Adviser assesses each targets wider approach to ESG, including:

1. seeking to understand its approach to ESG and the extent to which it has considered ESG risks in its business; and

2. asking a set of ESG questions that help the Investment Adviser to understand if there are any ESG “red flags”. These questions track the “Principal Adverse Indicators” under SFDR that the Investment Adviser will encourage portfolio companies to report against annually.

All investment decisions are based on commercial, financial, legal and ESG due diligence, as well as estimated return and key risk components.

External controls on this due diligence process include the use of questions that track the Principal Adverse Indicators and the fact that the presentation of investment proposals is ultimately subject to an investment decision being made (or overseen) by the independent Manager.

(k) Engagement policies

The Fund actively supports and encourages portfolio companies to integrate sustainability at its core of the business model, products and operations. This can be via the regular discussion with founders, management, or participation in the board meetings.

(l) Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this financial product.