

PG IMPACT INVESTMENTS II (USD) S.C.A., SICAV-RAIF

Société en commandite par actions

Société d'investissement à capital variable – fonds d'investissement alternatif réservé

Registered office: 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg

Grand-Duchy of Luxembourg

R.C.S. Luxembourg: B236670

(the “Fund”)

Sustainability related disclosures required for Article 8 funds under the EU Disclosure Regulation

I. Summary

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “**Disclosure Regulation**”) aims at providing more transparency to investors on sustainability risk integration, on the consideration of adverse sustainability impacts in the investment processes and on the promotion of environmental, social and/or governance (“**ESG**”) factors. In particular, it requires fund managers and advisers to disclose specific ESG-related information to investors on their websites.

The Disclosure Regulation will be complemented by the EU implementing measures (so-called regulatory and technical standards or “**RTS**”), which at the time hereof are not yet available. All sustainability-related disclosures herein are therefore based on the first draft RTS published by the European Supervisory Authorities on 23 April 2020 in a Joint Consultation Paper and will (if necessary) be adjusted upon adoption of the final RTS.

PG IMPACT INVESTMENTS II (USD) S.C.A., SICAV-RAIF (the “**Fund**”) is being formed to invest in private equity and private debt. The Fund is managed by its alternative investment fund manager, Alter Domus Management Company S.A. (the “**Manager**”). PG Impact Investments AG acts in the capacity as Adviser to the Manager. The below information from the Manager is based on the consultation, information and recommendations received from the Adviser. The Manager is committed to investing in a responsible way by actively integrating ESG considerations in its investment selection and ongoing monitoring process.

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment. The Fund will not at this stage consider principal adverse sustainability impacts as defined in the Disclosure Regulation but follows a comprehensive impact assessment including an analysis of risk factors based on the IMP¹ methodology.

¹ Impact Management Project; www.impactmanagementproject.com

The Fund has a private market strategy aiming at both generating positive financial return and at achieving positive social impact, as framed by the SDGs, while aiming to protect the environment. To achieve these objectives, the Fund integrates impact considerations throughout the investment lifecycle, including a best-in-class impact assessment and reporting methodology.

The Manager invests in the growth of attractive social enterprises with a proven business model, high development potential and a measurable and scalable social/environmental impact. The Fund invests across all impact sectors while prioritizing financial inclusion, affordable housing, energy access, food & agriculture, healthcare and education. Investment strategies are defined for each priority sector on the basis of the long-term viability of business models, growth/value-creation opportunities, as well as scale and depth of impact.

The Fund invests : (i) 100% in Investments aligned with E/S characteristics; (ii) 80 - 100% in Investments that qualify as sustainable investments; and (iii) 0-20% in other E/S characteristics Investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Manager will do a qualitative assessment of sustainability indicators on a regular basis and will actively monitor sustainability indicators and ESG incidents and will review ESG progress on an annual basis.

The Manager's impact and ESG assessment and management methodology is based on the following tools: (1) Impact Management Project; (2) Logic Model ("Theory of Change"); (3) United Nations Sustainable Development Goals; (4) IRIS metrics; and ESG Due Diligence Tools.

Investments will be selected only after multiple assessment points in the investment lifecycle, from deal sourcing and due diligence through exit, for their potential to generate environmental and social impact in line with the Fund's mandates.

The Fund pursues an active investment management strategy and does not invest by reference to any index and does not intend to do so.

II. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

A sustainable investment ("**Sustainable Investment**") means, in accordance with article 2 (17) of the Disclosure Regulation, an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an

investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Where the Fund holds assets that qualify as sustainable investments, the Manager will apply screening procedures which shall enable it to identify and assess any significant harm. In case there should be significant harm which is unlikely to be remediated by way of active value creation through the Manager, the Fund will abstain from investing in such asset. For the avoidance of doubt, the Manager may consider making Investments that initially involve significant harm to sustainability indicators if it anticipates that such significant harm can be materially reduced through the Manager's value creation approach.

Due to the type of the Target Investments and since the Fund does not intend to invest in multinational enterprises, sustainable investments are not aligned with the OECD Guidelines for Multinational Enterprises. The Manager establishes a risk-based approach to the alignment of sustainable investments with the UN Guiding Principles on Business and Human Rights.

The Fund will not at this stage consider principal adverse sustainability impacts as defined in the Disclosure Regulation but follows a comprehensive impact assessment including an analysis of risk factors based on the IMP methodology.

III. Environmental or social characteristics of the financial product

PG Impact Investments AG acts in the capacity as Adviser to the Manager. The information herein from the Manager is based on the consultation, information and recommendations received from the Adviser. The Manager is committed to investing in a responsible way by actively integrating environmental, social and governance ("ESG") considerations in its investment selection and ongoing monitoring process. By integrating ESG factors into the investment process, the Manager aims at:

- (i) enhancing investment returns and protect value for the Fund; and
- (ii) ensuring that the companies and assets in which the Fund invests ideally benefit, investors, society and the environment.

IV. Investment strategy

The Manager seeks to generate investment returns in a way that complies with relevant local and international laws, including adherence to international protocols on banned products, and potential for negative impacts on society or the environment. The investment approach includes a best-in-class impact assessment and an analysis of Investments against SDGs.

The Manager follows dedicated processes in deciding from a responsible investment perspective whether it is appropriate to invest in a company or other asset. The Manager applies specific tools and processes to ensure a thorough integration of ESG factors. Furthermore, the Manager

monitors the Investments on an ongoing basis to ensure any potential ESG issues are quickly identified.

For Private Debt Investments, the Manager establishes a comprehensive risk-based approach to ESG integration throughout the life cycle of a direct deal.

For Direct Investments in private equity, depending on the Fund's role as investor, the Manager establishes a comprehensive approach to ESG integration throughout the life cycle of a direct deal.

The Manager actively includes impact and ESG criteria in its investment process. Investment themes are defined in alignment with the environmental and social characteristics promoted by the Fund. During the deal sourcing, business models are identified which are attractive both from a commercial and from an impact point of view. During the due diligence process, impact is assessed based on a best-in-class impact methodology. A logic model is developed linking the investment to potential outputs, outcomes and ultimately SDG/SDT impacts. This is used as the basis to set key impact targets. A specific ESG analysis and assessment will be completed to identify and mitigate material Sustainability Risks² (as defined below). Both impact assessment and ESG analysis are presented to and discussed in the investment committee.

When potentially material Sustainability Risks are identified through the proprietary ESG assessment tool, the investment teams work together to deepen their understanding of material Sustainability Risks through conversations with borrowers, sponsors and external advisors. The investment teams monitor the management of Sustainability Risks during ownership and engage as needed, subject to the Fund's role as investor.

The Manager may also invest via funds managed by other investment managers.

For primary Fund investments, the underlying funds in which the Manager is considering a potential investment are required to complete a Fund investments ESG Assessment to explain how they take into account ESG factors. The assessment is based on the United Nations Principle for Responsible Investment's ("UN PRI") limited partners' responsible investment due diligence questionnaire to assess the strength of an underlying manager's approach to ESG integration.

In the case of secondary investments into target funds, to identify Sustainability Risks and seek to avoid potentially high-risk Secondary Investments, the Manager considers whether target fund Investments could include illegal or potentially harmful products and services or business practices:

- (i) Harmful products generally include those that are threatening to human health, such as tobacco and firearms;

² Sustainability risks ("**Sustainability Risks**") are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the Fund's portfolio and the returns of the Fund. Environmental risk factors could be (without limitation) events like earthquakes, climate change, flood risk or other environment-related factors. Social risk factors could be circumstances like social unrest, changes to social or labor laws or other social factors, and governance risks could be factors like bribery and corruption, compliance risks or similar. Sustainability Risks that could occur and which might potentially affect the performance of the Fund may vary from one Investment to another and no exhaustive list can be given, and these risks will also vary from time to time.

- (ii) Harmful services often target vulnerable populations or resources, such as gambling or mining;
- (iii) Harmful business practices may be unfair, deceptive, or threatening, such as bribery and corruption, irresponsible deforestation, or forced labor and child labor in supply chains.

The Manager will, where possible, evaluate the strength of an underlying manager's approach to ESG integration and engage in potential mitigation measures, if needed.

The Fund has a private market strategy aiming at both generating positive financial return and at achieving positive social impact, as framed by the SDGs, while aiming to protect the environment. . To achieve these objectives, the Fund integrates impact considerations throughout the investment lifecycle, including a best-in-class impact assessment and reporting methodology.

Target companies and assets are selected only after thorough impact assessment, during both deal sourcing and due diligence for their potential to generate positive SDG-relevant environmental and social impacts. The results of impact assessments are considered by the Fund as one of the key factors in deciding whether or not to invest.

Impact-related metrics are monitored throughout the ownership and reported in annual impact reports. Upon exit, thorough consideration is given on how the impact mission can be protected under a new ownership structure. The Fund will integrate learnings on how to create and sustain impact into new and existing impact Investments.

The Manager invests in the growth of attractive social enterprises with a proven business model, high development potential and a measurable and scalable social/environmental impact. The Manager flexibly invests through equity and debt structures. Depending on the Fund's role as investor, it works closely with the respective management teams throughout the life of the Investments to achieve the growth, value and impact creation targets.

The Manager complements its Direct Investments with commitments to select impact investment managers. Through a flexible combination of these investment strategies, the Fund benefits from specialist sector and market know-how and build a more diversified, global impact investment portfolio.

The Fund invests across all impact sectors while prioritizing financial inclusion, affordable housing, energy access, food & agriculture, healthcare and education. Investment strategies are defined for each priority sector on the basis of the long-term viability of business models, growth/value-creation opportunities, as well as scale and depth of impact.

The Manager operates a comprehensive and sophisticated investment process to identify and invest in the most attractive impact investment opportunities. This process is consistently applied across all investment opportunities, ensuring the assessment and management of any social and/or environmental impact forms an integral part of the investment process.

(i) Sourcing

The Manager defines specific impact themes for each Investment Strategy, based on the societal challenges a specific Investment Strategy aims to address. For each investment theme, the

Manager proactively sources investment opportunities globally by means of the internal teams, network of social entrepreneurs, industry experts and platforms, impact investment managers and the local teams of Partners Group's global offices. To benchmark the global investment opportunity set, the Manager identifies those areas with the greatest potential for financial and social return in the prevailing market environment and defines the sectors, regions and strategies likely to offer higher investment value and impact relative to other segments. Based on the opportunity set available, the Manager defines the most appropriate investment approach to achieve the targeted outcomes and risk-adjusted returns.

(ii) Due Diligence

During the due diligence process, the Fund undertakes the following steps:

- a) Assessment of Target Investments against the Fund's impact criteria as well as potential contribution and undertaking of overall impact assessment;
- b) ESG assessment framework to identify and manage ESG risks and opportunities. All ESG risks are classified and addressed for each Direct Investment. The Manager negotiates responsible investment standards into legal documentation and strives to monitor its Investments on an ongoing basis to ensure that any potential ESG or reputational issues are quickly identified and properly managed;
- c) Development of a logic model to map out how the Target Investments' products and services may lead to outputs, outcomes and how society experiences the impacts generated by the activities of a company or asset, both positive and negative;
- d) Identification of appropriate impact related metrics for impact measurement and ongoing reporting. Where relevant and helpful, the Fund aligns impact metrics with the Global Impact Investment Network's IRIS; and
- e) Alignment of the impact targets, ESG risks to be addressed, measurements and reporting standards with the management.

(iii) Ownership

The Fund continues to integrate impact considerations throughout the holding period by:

- a) pro-actively monitoring the impact generated against plan, and (where possible and meaningful) engaging with management throughout the holding period to ensure impact deliverables and to avoid "mission drift"; and
- b) providing standardized and detailed quarterly investment reports to all its clients. The Fund produces a comprehensive Impact Report to all clients on an annual basis. The report provides detail on the performance of the portfolio against key impact-related metrics, highlighting noteworthy trends or improvements with case studies

Depending on the Manager's role as investor, the Fund monitors ESG risks addressed, and (where possible and meaningful) reports on progress made on key ESG indicators.

(iv) Exit

Exit planning is addressed from the outset of the deal evaluation process and forms an important part of the investment decision making process. The Fund works closely with management to ensure that thorough consideration is given to how the impact mission & sustainability of its Investments can be protected after exit.

Before an exit decision is adopted, the Fund will be required to analyze a set of common factors related to impact sustainability (such as timing of exit and impact alignment of stakeholders) in order to assess potential exit options from both an impact & sustainability and a commercial perspective. The Fund will utilize exits as an opportunity to reflect on lessons learned over the period of ownership of the asset in terms of creating, optimizing and sustaining positive impact. These learnings will be reflected in the selection of new assets, and the management of current assets.

V. Proportion of investments

#1	Investments 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	100%
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#1A - Investments that qualify as sustainable Investments.	80 - 100% focused on social-oriented sustainable investments
#1B - Other E/S characteristics Investments aligned with the environmental or social characteristics that do not qualify as sustainable Investments.	0 - 20% focused on environmental-oriented investments

#2	Other Investments that include the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments	0%
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VI. Monitoring of environmental or social characteristics

The Manager will do a qualitative assessment of sustainability indicators on a regular basis. In particular, the Manager will assess any potential Target Investment against the United Nations Sustainable Developments Goals (“SDGs”).

The Manager will actively monitor sustainability indicators and ESG incidents and will review ESG progress on an annual basis.

The Manager follows dedicated processes in deciding from a responsible investment perspective whether it is appropriate to invest in a company or other asset. The Manager applies specific tools and processes to ensure a thorough integration of ESG factors. Furthermore, the Manager shall monitor the Investments on an ongoing basis to ensure any potential ESG issues are quickly identified.

The Manager will do a qualitative assessment of sustainability indicators on a regular basis and will actively monitor sustainability indicators and ESG incidents and will review ESG progress on an annual basis.

VII. Methodologies

The Manager's impact and ESG assessment and management methodology is based on the following tools:

1. Impact Management Project

The Impact Management Project ("IMP") is a working group of over 700 practitioners from across geographies and disciplines. The group establishes consensus on how the impact investing industry talks about, measures and manages impact, bridging the perspectives of investment, grant-making, business, non-profits, social science, evaluation, wealth management, policy, standards bodies and accounting (among others). The approach has been global, open and iterative through in-person and virtual sessions.

The Manager actively contributes to the development of this industry-wide framework and is one of the first global impact investment firms which has adopted and integrated the work and findings of IMP in its due diligence process.

2. Logic Model ("Theory of Change")

A Logic Model (also known as "Theory of Change") is a tool used by funders, managers and evaluators of development programs to evaluate the effectiveness of a program or intervention. Logic models are usually a graphical depiction of the logical relationships between the resources, activities, outputs and outcomes of a program. For more information please see W.K. Kellogg Foundation, "Logic Model Development Guide".

While there are many ways in which logic models are used, the Manager uses logic models to:

- assess the causal relationships between inputs, outputs, short-term outcomes and long-term outcomes (impact) of an investment
- link measurable outputs of an organization to the SDTs/SDGs
- establish impact KPIs in support of SDTs/SDGs

3. United Nations Sustainable Development Goals

The Manager, the Adviser and the Fund are fully aligned with the United Nations' Sustainable Development Goals (UN's SDGs), both as an organization and through all its investment activities. To ensure alignment with the SDGs, the Adviser develops a logic model for each investment that links the investees' Outputs to Outcomes, Impact, and applicable Sustainable Development Targets (SDTs).

4. IRIS metrics

IRIS is the catalog of generally accepted performance metrics that leading impact investors use to measure social, environmental and financial success. The catalog has been developed and is being maintained by the Global Impact Investing Network (GIIN). Where possible and meaningful, the Manager aligns its impact metrics with IRIS.

5. ESG Due Diligence Tools

The goal of ESG due diligence is to protect value for clients through sustainability risk assessment and management. The ESG due diligence process aims to identify risks from ESG factors and areas for ESG engagement post-investment.

Please refer to section X “Due Diligence” below for further details.

VIII. Data sources and processing

To assess the attainment of the environmental or social characteristics promoted by the Fund, the Manager will undertake steps to understand a company or a fund's current approach to recording impact-related data through a high-level review of its relevant definitions, processes and controls.

Depending on the investee type and investment size, the Manager may not have the ability to request reporting against specific metrics. In such cases, the Manager will estimate impact data from measurable operating data, based on logic model developed for such investment during the due diligence phase.

On a quarterly basis, the Manager provides standardized and detailed investment reports. On an annual basis, the Manager produces a comprehensive Impact Report to all clients. The report provides detail on the performance of the portfolio against key impact-related metrics and the progress made on key ESG indicators, highlighting noteworthy trends or improvements with case studies.

Where possible, the Manager identifies common impact metrics that can be aggregated across assets at a sector and portfolio level. These are aggregated to show the collective impact of the portfolio and reported in the annual Impact Report.

IX. 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 the portfolio companies, human error in the provision of data, limited coverage and different reporting periods. The Manager expects its underlying assets and managers, when commercially sensible, to improve data quality and minimize the limitations mentioned above.

X. Due diligence

Investments will be selected only after multiple assessment points in the investment lifecycle, from deal sourcing and due diligence through exit, for their potential to generate environmental and social impact in line with the Fund's mandates. The results of impact and ESG assessments performed during due diligence will be considered by the Investment Committee of the Adviser as one of the key factors in deciding whether or not to invest.

The goal of ESG due diligence is to protect value for clients through sustainability risk assessment and management. The ESG due diligence process aims to identify risks from ESG factors and areas for ESG engagement post-investment.

For Direct Investments, the Manager uses a proprietary ESG due diligence tool to ensure the integration of sustainability risk factors throughout the investment process. The tool distills the wide range of potential ESG topics into those most likely to be material for a given investment. Investment teams are responsible for completing the ESG assessment, evaluating the risks identified, and where possible, identifying opportunities to add value through improved ESG management.

For primary Fund investments, the Manager undertakes a "Primary ESG Assessment" based on the UN PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire as well as alignment to leading ESG standards (e.g. from Development Finance Institutions) to assess the strength of a manager's approach to ESG integration. Responsible investment standards are further negotiated into the fund documentation.

The goal of ESG due diligence is to protect value for clients through sustainability risk assessment and management. The ESG due diligence process aims to identify risks from ESG factors and areas for ESG engagement post-investment.

Please refer to section IV "Methodologies" above for further details.

XI. Engagement policies

The Manager will actively engage with target companies/Investments.

Please also refer to section IV "Investment Strategy" above for further details.

XII. Designated reference benchmark

The Fund pursues an active investment management strategy and therefore does not invest by reference to any index and does not intend to do so.