

Information required under the EU Sustainable Finance Disclosure Regulation (the “SFDR”)

Integration of sustainability risks

Apera’s policy on the integration of sustainability risks in its investment decision making process is as follows.

Apera recognises the impact its underlying investments may have on the environment and society. As such, Apera is committed to considering material environmental, social and governance (ESG) issues during its due diligence and in the monitoring of portfolio investments, subject to the provisions of the Partnership Agreement and the Memorandum. For the purposes of this disclosure, “material” ESG issues are defined as those issues that Apera determines to have a direct and substantial impact on an organisation’s ability to create, preserve, or erode economic value, as well as environmental and social value for itself and its stakeholders.

In January 2018, Apera further elevated its ESG commitment by becoming a signatory to the United Nations Principles of Responsible Investment (the “UNPRI Principles”). In becoming a signatory, Apera formalised a commitment to achieving high standards of corporate governance, business integrity and professionalism in all activities. As such, Apera’s ESG Policy is based on guidelines that are consistent with these principles.

Apera believes that incorporation of ESG issues in the investment process can positively affect the performance of investment portfolios and that applying the UN PRI Principles may better align investors with broader objectives of society.

Apera considers material ESG issues throughout its investing activities, from due diligence to portfolio monitoring. The level of ESG related work is performed on a risk basis, with key considerations including the industry the business operates in, the locations it operates in and its ownership and business structure.

At the origination stage, Apera will identify any ESG red flags and consider jurisdictional ESG issues such as local governance, legal systems, ESG policy and regulation. At the due diligence stage, Apera will conduct ESG due diligence and include an ESG summary, as applicable, in the investment memorandum.

Apera will encourage the companies in which it invests to consider relevant ESG issues, with the goal of improving performance, minimising adverse impacts in these areas and ultimately providing long-term sustainability for the benefit of multiple stakeholders. Apera will include ESG reporting requirements for borrowers in terms. During the investment holding period, Apera will carry out on-going ESG monitoring, support improvements at the companies in which it invests to consider relevant ESG issues, identify the potential positive impacts of ESG considerations at the investment level and provide ESG reporting to investors. Examples of engagement activity include requesting management changes (e.g. board independence) and including ESG agenda items in regular borrower meetings.

Apera maintains a robust list of explicitly avoided areas of investment including, but not limited to, the following areas:

- Companies that utilise child or forced labour;
- Companies that maintain discriminatory policies;
- Gun-manufacturing;
- Tobacco; or
- Pornography.

Apera's commitment to responsible investing extends beyond portfolio companies. Apera embraces the ESG impact of its own operations by upholding high standards of business conduct, being a responsible employer and creating an equal opportunities culture.

The purpose and ultimate goal of this ESG work is that Apera not only adheres to all relevant regulations and compliance demands, but also that the work Apera does across its portfolio companies contributes positively to employees and, therefore, to society at large.

No consideration of sustainability adverse impacts

Apera Asset Management GmbH is required to publish information on whether it considers the "adverse impacts of investment decisions on sustainability factors" (the "Principal Adverse Impacts") under the SFDR. Apera Asset Management GmbH does not currently consider the Principal Adverse Impacts of investment decisions on sustainability factors in connection with its products and services. This is because Apera Asset Management GmbH is not currently in a position to obtain and/or measure all the data that it would be required by the SFDR to report, or to do so systematically, consistently and at a reasonable cost. This is in part because underlying investments are not widely required to, and may not currently, report by reference to the same data.

Date of publication: 10 March 2021.

Information on how remuneration policies are consistent with the integration of sustainability risks

Apera Asset Management GmbH is required to publish information on how its remuneration policy is consistent with the integration of sustainability risks. Apera Asset Management GmbH's approach to remuneration promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with its risk appetite or the risk profile of the portfolios which it manages. Apera Asset Management GmbH considers that integration of sustainability risks considerations, where relevant to investment performance, is consistent with its remuneration policy, as such considerations can positively affect the performance of its investment portfolios.
