

Investcorp-Tages Impact Fund
Sustainability-related product disclosure

Investcorp-Tages

December 2022

Contents

Contacts	2
1. Sustainability risk policies	4
2. No consideration of sustainability adverse impacts	4
3. Remuneration policies in relation to the integration of sustainability risks.....	5
4. Sustainability-related product disclosure - Investcorp-Tages Impact Fund	5
<u>a.</u> Sustainable investment objective of the financial product	5
<u>b.</u> No significant harm to the sustainable investment objective	5
<u>c.</u> Investment strategy	5
<u>d.</u> Proportion of investments	6
<u>e.</u> Monitoring of the sustainable investment objective	7
<u>f.</u> Methodologies	7
<u>g.</u> Data sources and processing	8
<u>h.</u> Limitation to methodologies and data.....	9
<u>i.</u> Due diligence	10
<u>j.</u> Engagement policies	10

Contacts

Manuela Cedarmas

Head of ESG and Impact Investing

T: +39 02873371

manuela.cedarmas@InvestcorpTages.com

Saul Benjamin

Chief Operating Officer

T: +44 (0)20 3036 6051

saul.benjamin@InvestcorpTages.com

SECTION 2

WEBSITE PRODUCT DISCLOSURE FOR FINANCIAL PRODUCTS THAT HAVE SUSTAINABLE INVESTMENTS AS THEIR OBJECTIVE

Article 37

Website product disclosure for financial products that have sustainable investments as their objective

For financial products that have sustainable investments as their objective, financial market participants shall publish the information referred to in Article 10(1) of Regulation (EU) 2019/2088 and Articles 38 to 49 of this Regulation in the following order and made up of all of the following sections titled:

- (a) 'Summary';
- (b) 'No significant harm to the sustainable investment objective';
- (c) 'Sustainable investment objective of the financial product';
- (d) 'Investment strategy';
- (e) 'Proportion of investments';
- (f) 'Monitoring of sustainable investment objective';
- (g) 'Methodologies';
- (h) 'Data sources and processing';
- (i) 'Limitations to methodologies and data';

1. Sustainability risk policies

Investcorp-Tages believes that an assessment of Environmental, Social and Governance (ESG) issues is a crucial part of investment and operational risk management across all the investments we make. This investment universe comprises a wide variety of investment managers, investment strategies and investment vehicles in the alternative space, ranging from the more liquid products to private markets. A common thread through each of these investments is the belief that mitigating ESG Risks (defined as an event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment) strengthens downside protection and enhances the investment community's reputation.

For this reason, we integrate ESG considerations within the investment process, as appropriate to the relevant investment solutions, and have adopted a dedicated ESG Policy, which can be accessed on the [ESG & Impact](#) section of our website.

ESG Risks considered by the Investment Manager as part of its investment management process include governance risks such as board composition and transparency, critical incident risk management and systematic risk management; environmental risks such as potential physical impacts of climate change and materials sourcing and efficiency; and social risks such as human rights abuses, health and safety, and data security and privacy.

In undertaking its analysis of ESG Risks, Investcorp-Tages draws on a mix of publicly available data, internal data, data provided by external consultants and data received as part of the due diligence exercise from the target investment.

With a particular reference to our Multi-manager investment solutions, the portfolio construction and risk management aim at evaluating the contribution of ESG factors to determining investment strategy and asset class. For those investment mandates that specifically requires it, the risk management also evaluates the alignment of the portfolio as a whole and the selected managers with the client's sustainability priorities.

2. No consideration of sustainability adverse impacts

Owing to the nature and feature of its investments, which are mainly focused on managed funds and other indirect investments, it is not feasible to identify, prioritize and, therefore, objectively measure the main adverse impacts of its investment decisions on sustainability factors, given that indicators and metrics by which to measure and verify adverse impacts are not readily available at the regulatory and market level.

Following the entry into force of the Regulatory Technical Standards, slated for 2023, which are expected to provide clear indicators to disclose on adverse impacts, Investcorp-Tages plans to review its approach to the consideration and management of principal adverse impacts, building on its existing engagement and responsible investing practices shared with its underlying managers.

3. Remuneration policies in relation to the integration of sustainability risks

Investcorp-Tages recognises the value of integrating ESG Risks and considerations in the investment process and adopts remuneration and career management policies to promote the adoption of leading practices by all relevant personnel.

To this end, the C-suite executives, Head of ESG and Impact Investing and the ESG Team, together with individuals involved in the responsible investment process, have performance assessment linked to the active participation to projects and initiatives related to the integration of ESG factors and Responsible Investing.

4. Sustainability-related product disclosure - Investcorp-Tages Impact Fund

a. Sustainable investment objective of the financial product

The Investcorp-Tages Impact Fund (the “Fund”) has a sustainable investments objective as defined by Art. 9 of SFDR; specifically, the Fund invests in economic activities that contribute to a social objective, and aims to generate positive social impacts throughout four main areas, Education, Health Care, Job Creation and Circular Economy, in Europe and the United Kingdom, which Investcorp-Tages believes will contribute to the furthering of the United Nations’ Sustainable Development Goals (“UN SDGs”).

b. No significant harm to the sustainable investment objective

Investcorp-Tages excludes from the Fund’s portfolio all investments which at the time of investment have may have significantly harmed the sustainability objective of the Fund itself. Owing to the absence of reliable metrics and data to objectively measure the main adverse impacts of its investment decisions on sustainability factors, the Fund does not take into account the indicators on principal adverse impacts as direct reference to evaluate the potential significant harm of its investments. Investcorp-Tages, in implementing its approach to sustainable investments and in pursuing the Principles for Responsible Investment defined by the United Nations, of which it is a signatory, ensures alignment with the internationally recognized fundamental principles regarding business conduct and respect for human rights. To this end, in addition to targeting a social objective, Investcorp-Tages intends to select Underlying Managers and Impact Funds which it has identified as fostering principles of good corporate governance, including integrity, transparency, accountability, diversity, equality and inclusion and having a robust code of conduct and conflicts of interest and whistle-blower policies.

c. Investment strategy

The Fund pursues its sustainable investment objective by allocating capital to Impact Funds, including Funds which have been designated under Art. 9 SFDR and Co-Investments which have been assessed as contributing to one or more of the sustainable social objectives outlined by the Fund.

The Fund allocated the entirety of its Assets Under Management in Impact Funds and relevant Co-Investments, supporting its social objectives, as well as the UN SDGs, in the areas listed below.

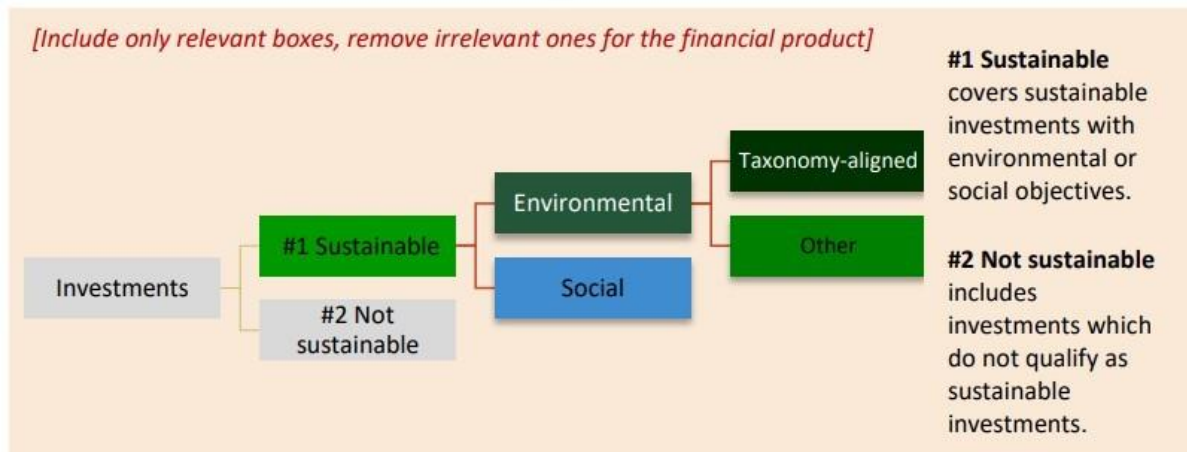
- Employment and skills: UN SDGs 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure) and 10 (Reduced Inequalities) - the fund will seek to make Sustainable Investments which promote inclusive and sustainable economic growth with a particular focus on deprived urban areas and accessible workplaces, together with any other initiative that the Investment Manager has identified as seeking to promote work opportunities and reduce inequality.

- Education: UN SDGs 4 (Quality Education) and 10 (Reduced Inequalities) - the Fund will seek to make Sustainable Investments which promote inclusive and equitable education and lifelong opportunities for all including, without limitation, training and re-integration to the employment market, the use of online learning platforms and support for children living in low-income households.
- Health: UN SDGs 3 (Good Health and Well-Being) and 8 (Decent Work and Economic Growth) - the Fund will seek to make Sustainable Investments which promote healthy living and well-being for all persons at all ages including, without limitation, the targeting of innovative accessible solutions as well as more efficient care opportunities for health services and medical products which can support National Health Systems.
- Circular economy: UN SDGs 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and 12 (Responsible Consumption and Production) - the Fund will seek to make Sustainable Investments which promote an economic system aimed at reducing waste, recycling and new innovative models to organise urban life, in terms of smart mobility, new materials and environmental sustainability.

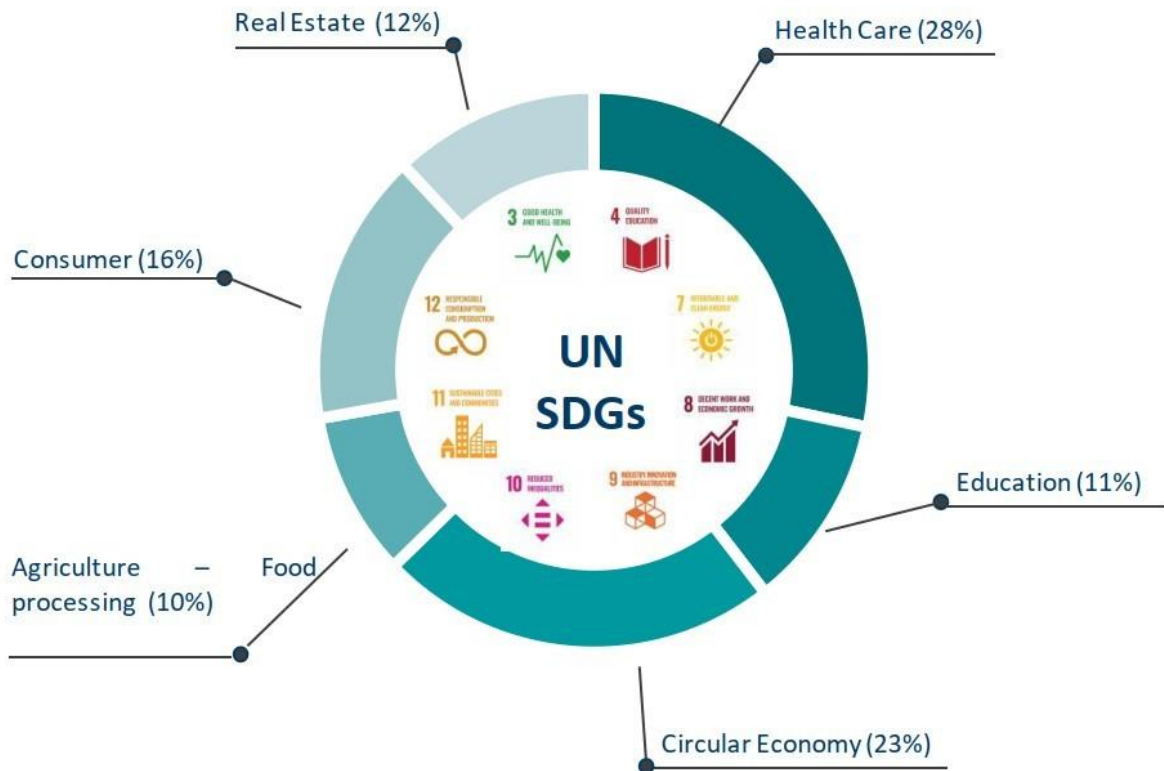
The impact profile of the underlying investee companies of potential Impact Funds and Co-Investments will be assessed by reference to the areas of activity identified above, with a particular focus on the promotion of the specified UN SDGs and their related targets and indicators. Investcorp-Tages has identified the specific objectives to be pursued by the underlying investments and has defined specific targets in terms of the outputs (services and projects) and outcomes (desired changes) which it wishes to achieve from both a financial and social impact perspective.

d. Proportion of investments

The Fund allocated the entirety of its investments in Impact Funds and relevant Co-Investments; no investments are made directly in underlying companies and issuers.



A representation of the indicative portfolio allocation by sector is set out below. These allocations remain subject to change based on the universe of available opportunities at the time of investment.



e. Monitoring of the sustainable investment objective

During the term of each investment, Investcorp-Tages collects detailed impact reporting from each Underlying Manager on the underlying portfolio of the relevant Impact Fund or Co-Investment. Investcorp-Tages will receive and update on a quarterly basis regarding the financial and impact performance of the underlying managers, which will be aggregated and reported at portfolio level to investors. On an annual basis, the impact advisor will release an Annual Impact Report, displaying the aggregated data at portfolio level. Investcorp-Tages aims to secure a seat on the LP Advisory Committees of the underlying funds in which it invests; for the purposes of monitoring and engagement on impact and sustainability performance of their investments.

f. Methodologies

The performance of the investments in attaining the Fund's social objective and positive impact is measured through a structured Impact assessment and measurement methodology, designed and deployed in collaboration with an independent external advisor, which takes into account the following criteria:

- **What:** informs as to what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.
- **Who:** informs as to which stakeholders are experiencing the outcome and how undeserved they are in relation to the outcome.
- **How much:** informs as to how many stakeholders experienced the outcome, what degree of change they experienced and how long they experienced the outcome for.
- **Contribution:** informs whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.
- **Risk:** informs as to the likelihood that impact will be different than expected.

These dimensions have been established by The Impact Management Project, a multi-stakeholder initiative designed to identify appropriate conventions in impact expectations, communications and management.

g. Data sources and processing

The analysed financial product is a Fund of Funds. Funds from different European countries are chosen by the management of the IMPACT Fund and by the impact Advisor (Human Foundation) based on financial and non-financial considerations, respectively. The level of data collection by the Advisor relates to the Funds.

Considering this information, the type of investment action made by the Fund is indirect. Investcorp-Tages Impact Fund, by December 31st, 2021, has processed three investments.

The sources of the detailed impact data are the management of each underlined Fund.

Human Foundation supports Investcorp-Tages by carrying out a series of activities that contribute to positively influencing the quality of impact data received by the above-mentioned underlying investments, such as:

1. Ex ante social due diligence analysis: Human Foundation supports the Fund's management in sourcing and selecting the underlying investments that constitute the portfolio. Human Foundation professionals provide an ex-ante non-financial evaluation on each Fund. To carry out the analysis, Human Foundation realizes desk research, analysis of the impact documentation provided by each investee, and interviews with one or more components of the funds' boards of directors. This process is the first step in influencing the data quality to monitor the Fund's performance.
2. Data collection and elaboration process: Human Foundation objectively analyses and processes the data from the Fund's investments (see point c). This activity helps the Investcorp Tages to clarify eventual biases and inconsistencies affecting the quality of data used to measure the Fund's sustainable investment objective.
3. Human Foundation is responsible for editing the Annual Report on the social impact dimension. The teams of each investee are involved in specific engagement activities during the reporting period. Investcorp-Tages and the Human Foundation professionals work on the engagement of the working units of the invested Funds. This activity has a specific purpose: to provide the most relevant information and clarify eventual biases.

The impact data are processed to assure relevance and comparability over time. Indeed, there is an aggregation process regarding the different metrics gathered from the invested Funds. The data collected are clusterized using as criteria the relevance to the highly significant KPIs identified for the IMPACT Fund assessment. These indicators concern the targeted areas of investment of the IMPACT Fund (Jobs & Skills, Health, Education, Circular Economy). The chosen process allows better monitoring of Investcorp-Tages' impact performance concerning its impact target areas of investments. Human Foundation professionals guarantee a high degree of data standardization; the social impact advisor chooses a selection of standardized KPIs (identified among the lists of IRIS+ database and the GIIN Taxonomy) to increase the comparability of the data collected. The phase of clusterization and aggregation is very relevant to the results shown in the final reports. Finally, the aggregated impacts

are displayed according to the IMP Framework to convey complete and relevant information on the five dimensions of impact: Who, What, How much, Contribution, and Risk.

To draw up the impact annual report as of 31.12.2021, Human Foundation has analyzed 50 impact metrics. Only 6 (12% of the total) derive from an estimation work realized by one of the underlying funds. This type of data is comprehensible due to the initial phase of the life cycle of the Found settled in the UK that invests in the real estate sector. In this kind of investment, the activities will display their effects mid-long term. Human Foundation has processed and reported in the Investcorp-Tages Annual Impact Report the results of the data gathered from direct assessment and estimation.

h. Limitation to methodologies and data

The following limitations to the methodology have been identified:

1. Lack of counterfactual analysis used to exclude the relevance of other factors contributing to the achievements of the impact results,
2. The analysis and the baseline data rely on the information shared by the invested funds.
3. Most of the metrics shared by the invested funds are related to the output dimension rather than the outcome.

The quantitative dimension is more represented than the qualitative one; the number of people involved in the activities is the most shared metric. With the support of the Fund management, Human Foundation has settled an objective of also collecting qualitative information that can say more about the effects these activities produce in the lives of the beneficiaries.

1. Despite not conducting rigorous counterfactual analysis, the systematic design of articulated Theories of Change proposed by the investee makes it possible to identify the connections between the value chain elements (input - activities - output - outcomes). The cause-effects relations among the distinctive aspects of the value chain linked to the data provided by the underlined Funds ultimately give a significant idea of the impact generated by the investee.
2. Given the quantitative nature of most of the impact data the invested funds shared with the evaluator, it is reasonable to assume that the baseline levels concerning the analyzed KPIs are equal to zero. Thus, the shown data are subject to marginal positive changes that can be directly connect to the businesses where the underlined Funds invest. In addition, ex-ante impact targets established by the investments management teams are helpful tools to validate the results regarding expectations and realization. Monitoring their relative performance compensates for the absence of objective baseline data settled by the underlined Funds.

Human Foundation as impact evaluator will work to promote assessment activities related to the outcome dimension. The actual prevalence of output information might change along with the maturation of the European Regulation and the investments themselves. It is also true that the very nature of the invested businesses (with a high level of social impact awareness) makes it reasonable to assume that the measured output levels reflect positive outcomes for the beneficiaries. The best

way to understand this connection is to plan qualitative analysis based on stakeholder engagement activities.

i. Due diligence

The investment process is based on a very detailed investment and operational due diligence, whereby ESG factors are integrated into the investment process. When investing in impact funds, the due diligence expands its focus to a third very important area of analysis: impact measurement and assessment. This is therefore the third leg of the analysis process together with the traditional investment and operational due diligence. The definition of the Impact Targets is fundamental to allow for the proper screening and selection of impact funds, that must be consistent and aligned in the achievement of the same targets. The investment due diligence of each investment will be assigned to one analyst of the Investcorp-Tages investment team and supervised by the head of the ESG and Impact Strategies.

j. Engagement policies

Furthermore, Investcorp-Tages is committed to promoting the incorporation of sustainability considerations into investment solutions provided in partnership with other asset managers and through seeding programs through transparent dialogue and leading practices, in line with UN Principle for Responsible Investment N° 4: “Promote acceptance and implementation of the principles within the investment industry”.

Important information

The information contained herein is sourced from third parties and/or provided by Investcorp-Tages. Investcorp-Tages is the brand name under which Tages Capital LLP (“Tages Capital”) and Investcorp Absolute Return Investments LLC (“IARI”) operate. Tages Capital is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Tages Capital is incorporated in England and Wales under registered number OC364873 with registered office 39 St James’s Street, London, SW1A 1JD. Investcorp Absolute Return Investments LLC is registered with the U.S. Securities and Exchange Commission under with CRD number 306860 / SEC number 801-118192 with registered office 280 Park Avenue, New York, NY 10017.

Investcorp-Tages is a 50/50 joint venture (“JV”) between Investcorp S.A. and Tages S.p.A formed in May 2020 from merging Investcorp’s Absolute Return Investments business (IARI) and Tages Capital, the absolute return subsidiary of Tages S.p.A. IARI is an indirect wholly owned subsidiary of Investcorp S.A. organized in 1996, and Tages Capital is an indirect wholly owned subsidiary of Tages S.p.A organized in 2011. IARI provides investment management (“IM”) services to accounts that prior to the JV were clients of each of Investcorp Investment Advisers LLC and Investcorp Investment Advisers Limited, each an indirect wholly owned subsidiary of Investcorp S.A. Similarly, Tages Capital will continue to provide IM services to accounts that prior to the JV were existing clients of Tages Capital.

Without limitation, this document does not constitute investment advice and does not constitute an offer or recommendation to buy or sell an investment. This document should not be relied upon as including sufficient information to support an investment decision. Prospective investors should seek professional advice before making any investment decision.

Past performance (whether real or proxy) should not be viewed as a guide to future performance. Investment and/or products described herein carries the risk of potential total loss of capital. Alternative Investment fund investments are speculative in nature and involve a high degree of risk. There can be no assurance that a fund’s investment objectives will be achieved, and investment results may vary substantially over time. Investments in alternative investment funds are not intended to be a complete investment program for any investor. There is no secondary market for an investor’s interest in alternative investment funds and none is expected to develop. Alternative Investment funds are generally not registered under the Investment Company Act of 1940 and accordingly are not extensively regulated. Opportunities for redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. Leverage may be employed in these funds, which can make investment performance volatile. Valuation of the securities in alternative investment funds may involve uncertainties and the exercise of judgment and could adversely affect the value of any investment in hedge funds. An investor should not make an investment in hedge funds unless the investor is prepared to lose all or a substantial portion of its investment.

Certain information contained herein may constitute forward-looking statements which, owing to various risks and uncertainties, could result in actual events or results or the actual performance of an investment differing materially from those reflected or contemplated in such forward-looking statements. This document is being provided on a confidential basis and is for informational purposes only.

If you wish to invest in a specific investment or product managed by Investcorp-Tages you should refer to the risk warnings in the relevant prospectus for that product or investment. Information and details of such investments, managers or their products or laws or circumstances may change, and it is the requirement of any investor or those making or considering making such investments that they conduct due diligence on any and all investments made or considered. All investments should be made with discretionary capital set aside strictly for speculative purposes. Offers in the US may only be made at the time a qualified offeree receives the related confidential offering memorandum for a specific fund describing the offering and executes a related subscription agreement provided by N.A. Investcorp LLC (“NAILLC”). Any interests in securities of any funds shall not be offered or sold in any jurisdiction in which such an offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied.