ICECAPITAL Asset Management Oy

Sustainability-related disclosures on the website

Article 10 of Regulation (EU) 2019/2088 (SFDR) and Articles 23–36 of Delegated Regulation (EU) 2022/1288

Product name: Erikoissijoitusrahasto ICECAPITAL Global Private Debt (ICECAPITAL Global Private Debt Fund, AIF)

Legal entity identifier: 3595008-1

This financial product promotes environmental and/or social characteristics under Article 8 of Regulation (EU) 2019/2088. It does not have sustainable investment as its objective under Article 9.

Summary

Erikoissijoitusrahasto ICECAPITAL Global Private Debt is a financial product under Article 8 of the SFDR. It promotes environmental and social characteristics by investing, through target funds, in European and North American private debt of mainly unlisted companies. The Fund does not have sustainable investment as its objective and does not commit to making sustainable investments.

The Fund is a fund of funds: it does not hold underlying borrowers or portfolio companies directly and influences them through the target fund managers. The promoted characteristics are attained through the selection of managers, binding ESG requirements and sector exclusions imposed on them through the portfolio management agreements, and an annual ESG assessment of every target fund manager.

Attainment is measured through sustainability indicators covering the reporting of Scope 1, 2 and 3 greenhouse gas emissions and weighted average carbon intensity on a look-through basis, and, at manager level, commitments to responsible investment principles, formal ESG policies and assigned ESG responsibility, documented ESG due diligence, annual ESG monitoring and the application of norm-based screening. Actual values and the data coverage achieved are reported annually in the periodic disclosure (RTS Annex IV).

The Fund considers the principal adverse impacts of its investment decisions on sustainability factors both at manager level and, on a look-through basis, at underlying investment level to the extent data is available. The Fund targets a minimum of 75% data coverage for look-through PAI monitoring.

> *Tiivistelmä suomeksi. Erikoissijoitusrahasto ICECAPITAL Global Private Debt on SFDR-asetuksen 8 artiklan mukainen rahoitustuote, joka edistää ympäristöön ja yhteiskuntaan liittyviä ominaisuuksia sijoittamalla kohderahastojen kautta eurooppalaisiin ja pohjoisamerikkalaisiin, pääosin listaamattomien yhtiöiden velkajärjestelyihin. Rahaston tavoitteena ei ole kestävä sijoittaminen eikä se sitoudu tekemään kestäviä sijoituksia. Rahasto ei omista sijoituskohteita suoraan, vaan vaikuttaa niihin kohderahastojen hoitajien kautta. Edistettävät ominaisuudet toteutuvat hoitajien valinnan, salkunhoitosopimuksiin sisällytettyjen sitovien ESG-vaatimusten ja toimialapoissulkujen sekä vuosittaisen ESG-arvioinnin kautta. Toteutumista mitataan kestävyysindikaattoreilla, ja toteutuneet arvot sekä saavutettu tiedon kattavuus raportoidaan vuosittain määräaikaiskatsauksessa (RTS Liite 4). Rahasto huomioi pääasialliset haitalliset vaikutukset sekä hallinnointiyhtiötasolla että läpivalaisuperiaatteella; tavoitteena on vähintään 75 % kattavuus.*

No sustainable investment objective

This financial product promotes environmental and social characteristics but does not have sustainable investment within the meaning of Article 9 as its objective. The Fund does not commit to making sustainable investments, including sustainable investments with an environmental or a social objective.

The Fund may nevertheless make investments that meet the definition of a sustainable investment, provided they meet the investment criteria of the product. To the extent such investments are made, they do not significantly harm any environmental or social sustainable investment objective (the “do no significant harm” principle, DNSH). This is ensured through the pre-commitment assessment of the target fund and its manager and through annual monitoring, in which the principal adverse impact indicators are taken into account to the extent data is available.

Minimum safeguards are addressed through agreements with target fund managers requiring them to follow the UN Global Compact principles or other comparable internationally recognised principles in their investment operations. Norm-based screening of underlying investments against international norms and standards, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises, is carried out by the target fund managers; the Fund verifies that the manager has such a procedure in place.

Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics by integrating sustainability considerations into its investment activities and by operating in accordance with ICECAPITAL Asset Management's Responsible Investment Policy (Vastuullisen sijoittamisen politiikka). The responsible investment approaches applied are exclusion, ESG integration, norm-based screening, and active ownership and engagement.

The Fund promotes the following environmental characteristics:

1. Climate change mitigation through transparency and monitoring of greenhouse gas emissions at underlying portfolio company level.
2. Reduction of exposure to the sectors excluded by the Fund, as listed below and in ICECAPITAL Asset Management's Responsible Investment Policy.
3. Promotion of climate-related data availability and target setting among underlying fund managers.

The Fund promotes the following social characteristics:

1. Promotion of responsible investment practices and ESG integration among underlying fund managers.
2. Compliance with international norms and standards (UN Global Compact, OECD Guidelines).
3. Promotion of sound governance and risk management practices in underlying funds.

The following sectors are excluded from the Fund's underlying investments. The exclusions are implemented through the portfolio management agreements concluded with the underlying managers: gambling; manufacture of tobacco products; manufacture of weapons and defence materiel (excluded where more than 50 per cent of turnover is derived from military aviation or defence equipment); genetic engineering; nuclear power generation; adult entertainment; and oil, gas and consumable fuels, including integrated oil and gas companies, exploration and production, refining and marketing, storage and transportation, and coal and consumable fuels. In addition, war materiel prohibited under Chapter 2 of the Swiss War Material Act (nuclear, biological and chemical weapons, anti-personnel mines and cluster munitions) is excluded.

Exposure to sensitive sectors with a heightened responsible investment risk (for example cannabis, palm oil and alcohol) is monitored through materiality tests, and the Fund engages with target fund managers to avoid allocations to these sectors. The Fund does not invest, directly or indirectly, in entities subject to sanctions or embargoes. In exceptional circumstances a target fund manager may deviate from an individual exclusion criterion; any such deviation must be assessed and documented by ICECAPITAL Asset Management before a commitment is made, and is reported to the Fund's investors in the periodic report.

For clarity, the Fund may invest in platform structures where the investment strategy is defined on a look-through basis at the level of a sub-strategy or component within a broader fund. These sub-strategies may be managed by different portfolio management entities and their ESG integration can vary significantly. In this disclosure, "target fund" refers to the relevant target fund or, in the case of platform structures, the applicable component or sub-strategy.

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

Investment strategy

The Fund's assets are primarily invested in unlisted debt that may be secured or unsecured. The Fund invests indirectly, through other funds, in European and North American private debt arrangements or other debt of mainly unlisted companies.

The binding elements of the investment strategy are:

1. The Fund will only make investments in target funds whose management companies provide the ESG data required to monitor the manager-level sustainability indicators described below, and that undertake to provide look-through data to the extent it is available to them.
2. A minimum of 75% of the Fund's investments are aligned with the environmental and social characteristics promoted by the Fund. Alignment is assessed using the manager-level sustainability indicators listed below, which are observable for every target fund manager through the Fund's own ESG assessment and the annual review of the manager's ESG reporting. The look-through environmental indicators supplement this assessment to the extent data is available, and the coverage achieved is disclosed in the periodic report.
3. Good corporate governance is a mandatory requirement for all target fund managers. All target fund management companies are required to have an ESG policy and to commit to responsible investment practices. The Fund will not make new commitments to managers that do not meet these requirements.
4. The sector exclusions listed above are binding on the Fund's underlying investments and are implemented through the portfolio management agreements concluded with the underlying managers.

1. If a target fund or its manager no longer meets the binding ESG requirements, the Fund will take appropriate corrective action within a reasonable timeframe, including engagement, suspension of new commitments or, as a last resort, divestment.

The binding ESG requirements restrict the eligible investment universe by excluding target funds that do not meet the Fund's minimum ESG criteria. The precise quantitative reduction cannot be determined ex ante. While the SFDR classification of target funds is considered, the Fund's assessment of alignment is primarily based on its own binding ESG criteria and on the availability of sufficient look-through ESG data.

Assessment of good governance practices. When selecting underlying fund managers, good governance is ascertained during the due diligence phase. The governance practices of the managers are further assessed through a sustainability analysis carried out before the commitment and annually thereafter, covering sound management structures, employee relations, remuneration of staff and tax compliance. If misconduct or breaches of norms are detected in a company in which the Fund is invested, the usual measures include engaging in dialogue with the fund manager, depending on the severity, nature and scope of the breach. Suspending new allocations or divesting is the last resort. A case-by-case assessment is applied.

Proportion of investments

A minimum of 75% of the Fund's investments are aligned with the environmental and social characteristics promoted by the Fund (category #1 Aligned with E/S characteristics, sub-category #1B Other E/S characteristics). The remaining share of up to 25% (category #2 Other) may include cash and cash equivalents, hedging instruments, investments made for diversification purposes, and investments for which insufficient data is available to determine that they promote the characteristics defined for the product. No environmental or social screening or minimum safeguards are applied to cash and hedging instruments, as these are not investments in operating companies. Cash is held with regulated credit institutions and the Fund does not transact with counterparties subject to sanctions.

Derivatives are not part of the primary investment strategy and are not used to attain the promoted characteristics; they are used solely for hedging purposes, such as currency hedging.

It is not the purpose of the Fund's investment strategy to make sustainable investments with an environmental objective aligned with the EU Taxonomy. The minimum share of Taxonomy-aligned investments is 0%. The Fund does not commit to a minimum share of investments in transitional or enabling activities, and it does not invest in fossil gas or nuclear energy related activities that comply with the EU Taxonomy.

Monitoring of environmental or social characteristics

The attainment of the promoted characteristics is monitored through sustainability indicators throughout the life of the investments.

Environmental indicators:

- % of underlying portfolio companies (look-through) with reported Scope 1 and 2 emissions
- % of underlying portfolio companies with Scope 3 reporting
- Weighted average carbon intensity (WACI)
- % data coverage of financed emissions

Social and governance indicators:

- % of target fund managers committed to internationally recognised responsible investment principles (e.g. UN Global Compact, PRI or equivalent)
- % of target fund managers with a formal ESG policy and clearly assigned ESG responsibility at management or investment committee level
- % of investments subject to documented ESG due diligence prior to commitment
- % of target fund managers subject to annual ESG monitoring and reassessment using ICECAPITAL's internal ESG evaluation framework (100% coverage at target fund manager level)
- % of target fund managers that apply norm-based screening of their investments against international norms and standards, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises

The Fund conducts an annual ESG assessment of each target fund manager, based on the manager's and the target fund's own ESG reporting. Where that reporting does not cover the matters the Fund monitors, supplementary information is requested from the manager. The annual assessment and its basis are documented in a fund-specific ESG monitoring table.

Actual indicator values and the data coverage achieved are reported annually in the Fund's periodic disclosure (RTS Annex IV). The compliance function, acting as the second line of defence, monitors adherence to the Responsible Investment Policy and greenwashing risk.

Methodologies

The measurement of the promoted characteristics is based on the sustainability indicators described above. Manager-level indicators are calculated as a share of the number of target fund management companies in the Fund's portfolio; investment-level indicators are calculated as a share of the commitments made by the Fund. Look-through emission indicators are calculated from the data reported by the target funds; weighted average carbon intensity is calculated on the basis of the emissions and revenue data available for the underlying portfolio companies, weighted by the Fund's exposure.

The assessment is based on ICECAPITAL's internal ESG evaluation framework, under which each management company is assessed for, at minimum, responsible investment commitments, the existence of an ESG policy, the organisation of ESG responsibility, greenhouse gas emission reporting and climate targets, exclusion practices, norm-based screening, and the reporting and coverage of PAI indicators.

Norm-based screening is not performed by the Fund itself but by the target fund managers. The Fund verifies that the manager has such a procedure in place and, where look-through data is available, monitors the share of underlying portfolio companies covered by it.

The Fund targets a minimum of 75% data coverage for financed emissions and look-through PAI reporting. The coverage actually achieved is disclosed in the periodic report.

Data sources and processing

Data is obtained from the target funds' and their management companies' own ESG reporting, from the managers' ESG and exclusion policies, from the sustainability sections of the due diligence material, and from the commitments given in the portfolio management agreements and their annexes. Underlying portfolio company data is obtained through the target funds on a look-through basis.

Data quality is assured by comparing the data with the previous period and with the expected level, clarifying material deviations with the data source, and applying a two-person check to manual corrections. The data is not verified by a third party, and this is stated in connection with the reporting. The proportion of estimated data, and the share of the Fund's investments for which sustainability data is available, are disclosed in the periodic report.

Limitations to methodologies and data

The Fund operates as a fund of funds, and therefore the availability of look-through data depends on the reporting practices of the target funds and their management companies. Not all PAI indicators are available for all underlying investments, and portfolio company data is not fully comparable between target funds. In platform structures, the level at which data is available may differ from the level at which the investment strategy is defined. Sustainability data is not verified by a third party.

These limitations do not prevent the attainment of the characteristics promoted by the Fund, because the binding elements and the assessment of their attainment are based on manager-level indicators that are observable for every target fund manager through the Fund's own ESG assessment and the annual review of the manager's reporting, without third-party data. The look-through indicators are supplementary, and the coverage achieved is reported. Methodologies are developed as the reporting of target funds and the availability of data improve.

Due diligence

Due diligence on target funds and their management companies covers both financial and sustainability-related factors. The process proceeds in four stages: in the screening stage the portfolio manager makes a preliminary assessment of the target fund's strategy and the manager's level of ESG maturity; in the due diligence stage the ESG assessment, the investment-specific sustainability risk mapping and the review of exclusion practices are carried out; in the decision stage the ESG assessment and the identified sustainability risks are presented to the decision-making body and recorded in the investment decision memorandum; during the investment period practices and performance are assessed annually.

Before a commitment is made, the assessment covers at minimum: whether the management company has a formal ESG policy; whether ESG responsibility has been assigned; the manager's exclusion practices; whether greenhouse gas emissions are reported and climate targets set; whether norm-based screening is applied; whether PAI indicators are reported and at what coverage; and how good governance is implemented. The results are documented as part of the target fund's due diligence material. Internal controls, including the monitoring performed by the compliance function, support the fulfilment of the due diligence obligation.

Engagement policies

The Fund does not hold its underlying investments directly; engagement is carried out through the target fund managers. Engagement forms part of the Fund's investment strategy for maintaining the promoted characteristics: the Fund maintains an ongoing dialogue with the managers, encourages them to develop their ESG reporting and to set climate targets, and requests supplementary information where their reporting does not cover the matters the Fund monitors.

If a target fund or its manager no longer meets the binding ESG requirements, or if a sustainability risk materialises during the investment period, the procedure has three stages: engagement first, suspension of new commitments where necessary, and divestment as a last resort. The internal procedures governing the reporting of deviations and the allocation of responsibility and timetable for corrective action are set out in ICECAPITAL Asset Management's Responsible Investment Policy.

Designated reference benchmark

No index has been designated as a reference benchmark for the purpose of determining whether the Fund attains the environmental and social characteristics that it promotes.

Where to find more product-specific information

More product-specific information is available at https://www.icecapital.fi/asset-management-fi/ and in the Fund's pre-contractual disclosure (RTS Annex II). The periodic disclosure (RTS Annex IV) will be published after the end of the first completed reporting period. Entity-level information on the integration of sustainability risks and on principal adverse impacts is published at https://www.icecapital.fi/asset-management-fi/vastuullisuus/