

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: SMERemediumCap II

Legal entity identifier: 9845000BB9DP71SA3780

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of sustainable investments with an environmental objective: \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of sustainable investments with a social objective: \_\_\_\_%



It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Company promotes environmental or social characteristics but does not have sustainable investments as its objective.

On the environmental side, the product invests in companies that allocate at least 30% (at portfolio level and on a best effort basis) of capital expenditure (**CapEx**) to environmentally sustainable activities, such as renewable energy, energy efficiency, and climate adaptation

solutions and demonstrate a commitment to the transition to a low-carbon economy, which may align to the environmental objectives of the EU Taxonomy or national equivalents (such as energy reduction and efficiency schemes, national climate laws, etc).

On the social side, the Company promotes gender diversity by targeting companies with at least 40% female representation at the board or executive level.

(hereinafter both characteristics above referred to as the **ESG Criteria**).

Additionally, the Company does not invest in companies, activities and sectors considered to be harmful to the environment and people, by employing an exclusion strategy as contained in the Environmental & Social Management System of SMERediumCap LTD. (as amended from time to time and which is available for inspection upon request), which prohibits investments in the following sectors: controversial weapons production, military weapons production, thermal coal mining production, tobacco, hard spirits and gambling. Additionally it prohibits investments in companies that the Company believes to violate international initiatives, such as the Ten Principles of the United Nations Global Compact which are widely recognised corporate sustainability principles that meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption) (all together the **Excluded Activities**).

The Company, however, does not use a specific index/reference benchmark for the purpose of attaining the environmental and/or social characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Company has strategic partnerships with external parties for measuring and verifying its attainment of the environmental or social characteristics promoted.

Furthermore, the Company will invest in data collection and monitoring systems (for example, developing Greenhouse Gases Verification report and an Energy Management System (ISO 50001:2018 - zero waste manual). The Company will further develop governance supporting sustainable investment goals.

In respect of the above, and across the portfolio (on a best effort basis):

- Environmental Indicators: 30% of CapEx to environmentally sustainable activities.
- Social Indicators: 40% female representation at the board or executive level.
- Governance Indicators: Zero incidents of corruption and bribery. The Company ensures alignment with the minimum safeguards laid out in Article 18 of the Taxonomy Regulation and Recital 35 of the SFDR by screening all investments against OECD Guidelines, UN Global Compact Principles, and internal governance criteria. Entities involved in corruption, human rights violations, or tax misconduct are excluded.

Additionally, the Company will maintain:

- A zero share of investments in companies that do not comply with the criteria outlined in the Excluded Activities.
- A 100% share of investments screened against the ESG criteria.
- A zero share of investments in companies in breach of the Ten Principles of the United Nations Global Compact.

Investee companies will be informed about the Ten Principles of the United Nations Global Compact and be requested to provide a self-assessment with regard to same. As part of the the ESG Due Diligence process of the Company, these self-assessments will be reviewed and the investee companies' commitment to the Ten Principles of the United Nations Global Compact will be considered as part of the annual monitoring review.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Company uses one or more of the criteria below to identify sustainable investments that contribute to an environmental or social objective:

- The contribution of a company to one or more of the 17 United Nations Sustainable Development Goals (**SDGs**) that have a social or environmental objective.
- Alignment with the Ten Principles of the United Nations Global Compact.
- Comprehensive environmental and social screening mechanisms (performed by external specialists), including an exclusion list, environmental and social action plan and an SDG impact assessment.
- Recording pre-investment performance (both qualitative and quantitative environmental and social indicators).
- Measurable targets such as Greenhouse Gas Emissions and Inclusivity & Gender Equality management participation.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Company will not invest directly or indirectly in or through any entity domiciled in, or register the Company in, a jurisdiction that appears on the OECD black list or list of FATF non-cooperative jurisdictions from time to time.



### Does this financial product consider principal adverse impacts on sustainability factors?



Yes

The Company considers principal adverse impacts on sustainability factors (**PAIs**) across the environmental and/or social pillars. Certain PAIs are taken into account in the investment process through the application of the ESG criteria outlined above. The PAIs considered by the Company include the following mandatory PAIs listed in Table 1 (with the focus on those PAIs which are considered as relevant/material):

- GHG emissions (Table 1 – PAI 1);
- Exposure to companies active in the fossil fuel sector (Table 1 – PAI 4);
- Violations of the UN Global Compact and OECD Guidelines for Multinational Enterprises (Table 1 – PAI 10);
- Board gender diversity (Table 1 – PAI 13); and
- Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (Table 1 – PAI 14).

Additional indicators may be considered over time.



No



### What investment strategy does this financial product follow?

The Company aims to unlock growth, accelerating sector consolidation and fostering the resilience of Greek mid-market corporates.

The Company further aims to bridge the equity gap in Greek SMEs, focusing on 5 key value-creation pillars:

- I. Create market leaders through active sector and equity consolidation strategies.
- II. Financing the resilience gap of mid-market corporates:
  - a. Green energy transition,
  - b. Governance,
  - c. Inclusivity & gender equality,

d. Digitalization & AI adoption

- III. Support the transition from family (ownership to institutional control/transform family business).
- IV. Bridge the strategic and management skills gap for successful corporate turnarounds.
- V. Mobilize funding to restructure balance sheets and accelerate growth.

The Company is a generalist fund, with focus, indicatively, on light manufacturing, food & beverage, health, hospitality and business services. Sectors outside the Company's scope are opportunistic real estate and shipping, which sectors may be invested in from time to time.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Company will assess environmental and social criteria in the investment decision process. This assessment will take place both in the pre-investment phase but also throughout the investment period, via an environmental and social monitoring process. Environmental and social experts and advisors will be engaged in the environmental and social assessment process, in line with a dedicated ESG investment policy specifically developed for the Fund.

The Company will not invest directly or indirectly in enterprises engaged in or which in turn directly or indirectly invest in enterprises which are engaged in (i) arms manufacturing or other military-related activities, (ii) manufacture of tobacco products or hard spirits, (iii) operation of casinos or any other activity in the gambling industry, (iv) any illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the Company, including without limitation, human cloning for reproduction purposes), (v) fossil fuel-based energy production and related activities, or (vi) energy-intensive and/or high CO<sub>2</sub>-emitting industries.

Furthermore, the Company will avoid investments in entities with low environmental/social ratings (where available) or ensure that its investments will lead to significant improvement of such entities performance in this regard.

The Company will also prioritize "Green Investments" that significantly facilitate transition into the "Green Economy" in terms of the EBRD's "Green Economy Transition Approach" as outlined on EBRD's website at <https://www.ebrd.com/what-we-do/get.html> (including EBRD's "Green Economy Transition Guidelines", which set out what the EBRD considers investments that contribute to climate change mitigation, adaptation and other eligible environmental objectives), on a best efforts basis.

"Green Investments" are investments or CapEx which are expected to contribute to and/or meet appropriate climate change mitigation, adaptation and other environmental benefits, objectives and criteria, and that are expected to have or have a positive impact on the environment in line with the criteria set out in the EBRD's Green Economy Transition Guidelines.

In respect of Green Investments made in terms of EBRD's Green Economy Transition Guidelines, EBRD may consider providing guidance to the Company on a case-by-case basis in connection with its interpretation and/or application of the Green Economy Transition Guidelines with respect to the Company and its portfolio companies, including with respect to the elaboration, assessment and reporting of Green Investments and associated environmental impacts for selected portfolio companies. In addition, the Company will further endeavour to dedicate an appropriately qualified specialist in environmental, social and governance policy to assist on the monitoring, reporting, and verification of the Company's investments in Green Investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

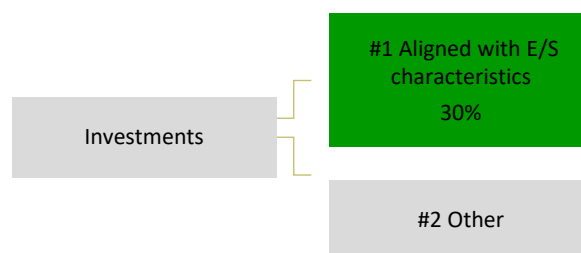
- ***What is the policy to assess good governance practices of the investee companies?***

The Company has a dedicated ESG Investment Policy that includes assessment of good corporate governance practices such as sound management control, board composition, incentives and effectiveness, executive compensation, tax obligations and planning, risk management, zero tolerance to corruption and bribery, business ethics, shareholders rights, employee relations, internal control and audit functions and transparency and accountability mechanisms within investee companies.



### **What is the asset allocation planned for this financial product?**

The Company will invest at least 30% of its assets in CapEx for environmentally sustainable activities that qualify as aligned with environmental or social characteristics (#1 Aligned with environmental or social characteristics).



**#1 Aligned with environmental or social 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.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Company does not commit to invest in “sustainable investments” within the meaning of the EU Taxonomy. The minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy, is therefore also set at 0%.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

If

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

- ***What is the minimum share of investments in transitional and enabling activities?***

As the Company does not commit to invest any sustainable investment within the context of the EU Taxonomy, the minimum share of investments in transitional and enabling activities is 0%.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments classified under “#2 Other” may consist of investee companies that do not fully meet the minimum standards necessary to align with the environmental or social characteristics promoted by the Company. However, the Company will provide guidance to these investee companies to consider and implement sector environmental and social best practices and adopt widely accepted sustainability standards.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The Company does not use a specific index to measure whether it attains the environmental and/or social characteristics that the Company promotes. However, The Company has strategic partnerships with external parties for measuring and verifying its attainment of the environmental or social characteristics promoted.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://smeremediumcap.com/>