

**Template 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**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Kinnerton Hill Capital Solutions Fund 1 SCSp

**Legal entity identifier:** B305992

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

**Yes**    **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Fund consist of favouring investments (including making loans, debt securities etc.) in portfolio companies whose business activities and/or conduct take an appropriate and responsible approach to ESG. In this regard, the AIFM will take a holistic approach rather than focus on one environmental and social characteristic.

The Fund promotes a minimum environmental and/or social standard that seeks to mitigate or avoid practices that the AIFM deems to be environmentally and/or socially detrimental.

Exclusion criteria are used to achieve this minimum standard which allows the Fund to promote the following environmental and social characteristics:

- The transition towards less reliance on fossil fuels through a partial exclusion in the Fund investing in portfolio companies that engage in thermal coal mining activities;
- A reduction in detrimental long-term humanitarian impacts via the exclusion of investments in companies that produce or distribute controversial weapons and/or adult entertainment;
- An improvement in societal health outcomes through a partial exclusion from the Fund investing in portfolio companies that produce or distribute tobacco;
- Adherence to and conducting business activities in accordance with the Ten Principles of the United Nations Global Compact (“**UNGC Principles**”) by excluding investments by the Fund in portfolio companies that violate the UNGC Principles;
- Adherence to and conducting business in accordance with UN, UK and EU trade restrictions and embargoes by excluding investments by the Fund in portfolio companies that violate those restrictions and embargoes.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Fund has not designated a reference benchmark for the purposes of attaining the environmental and/or social characteristics that it promotes.

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

The Fund’s attainment of the characteristics will be measured by assessing the extent to which the Fund’s assets and potential investments successfully reflect:

- the consistent application of the AIFM’s exclusion policy by ensuring that the Fund does not invest in companies whose primary business activity revenues are derived from: (a) the manufacturing and sale of controversial weapons; and (b) the production or distribution of adult entertainment.
- the commitment not to invest in companies who derive more than 5% of total revenue from: (a) the exploration, extraction or refinement of thermal coal mining; and (b) tobacco production.
- the commitment to exclude investments by the Fund in companies that the AIFM believes do not adhere to good governance practices through the AIFM’s analysis of several social and governance-related matters that it considers within its investment due diligence and decisions making process. This is intended to promote adherence to and conduct business activities in accordance with UNGC Principles by excluding companies that violate these principles.
- the commitment to exclude investments by the Fund in companies that it believes do not adhere to UN, UK and EU trade restrictions and embargoes.

● ***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 Fund does not have an objective to make sustainable investments.

● ***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?***

The Fund does not have an objective to make sustainable investments.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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

The Fund does not have an objective to make sustainable investments.

--- **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 Fund does not invest in sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

- Yes,  
 No

The investment objectives of the Fund do not currently include an assessment of principal adverse impacts of its investments on sustainability factors. The Fund primarily invests in private businesses that are unlikely to be subject to the EU corporate sustainability reporting framework or other comparable mandatory disclosure requirements, and as such, are not likely to make the relevant sustainability data available. On this basis, the AIFM expects that the available investment level sustainability data is not likely to be sufficiently consistent or comparable to meet the standards set under Article 4 of the SFDR and the Delegated Regulation (EU) 2022/1288 (as amended).

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

The Fund will principally grant loans or provide debt-oriented solutions with some equity upside to certain portfolio companies based in the UK and Northern Europe in need of bespoke solutions.

Through the operation of its exclusion policy, due diligence, screening and governance processes, the Fund will invest in portfolio companies that whose business activities and/or conduct take an appropriate and responsible approach to ESG.

● ***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 binding elements of the strategy consist of:

- a commitment to hold a minimum of 80% of assets aligned with the environmental and social characteristics;
- a commitment to apply binary exclusions in relation investments in companies that manufacture, produce or distribute adult entertainment, and controversial weapons;
- a commitment not to invest in portfolio companies who derive more than 5% of total revenue from: (a) the exploration, extraction or refinement of thermal coal mining; and (b) tobacco production;
- a commitment to exclude investments by the Fund in portfolio companies that the AIFM believes do not adhere to good governance practices through the AIFM's analysis of several social and governance-related matters that it considers within its investment due diligence and investment decisions making process. This is intended to promote adherence to and conduct business activities in accordance with UNGC Principles by excluding companies that violate these principles; and
- the commitment to exclude investments by the Fund in portfolio companies that it believes do not adhere to UN, UK and EU trade restrictions and embargoes.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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

The AIFM will consider investments in line with the exclusion policy and investee company's compliance with good governance practice. The AIFM applies a qualitative assessments to investment selection and does not consider that a commitment to a quantitative threshold to limit the Fund's investment universe would benefit the Fund's investment strategy.

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

The AIFM will review the corporate governance practices of the portfolio companies in which it intends for the Fund to invest in as part of the due diligence exercise and ongoing monitoring including with regard to sound management structures, employee relations, and tax compliance. This can be demonstrated by monitoring of certain PAI indicators, for example, corruption, tax compliance and diversity.

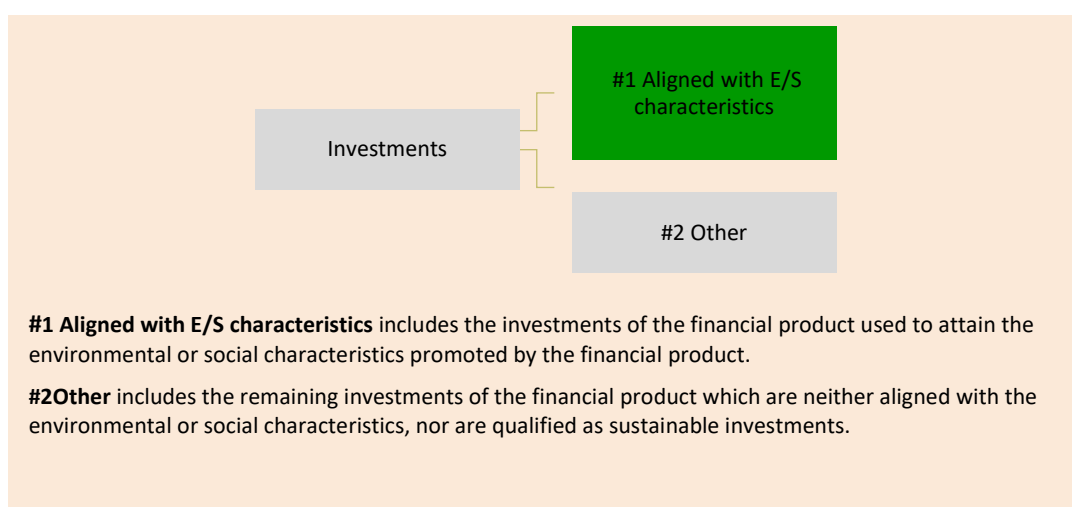
The assessment of good governance practices of companies may include the valuation of company policies and practices, constitutional and governing documents and data obtained via third parties sources. The AIFM will consider the investee companies compliance with UNGC Principles. Breaches and violations of these will be flagged by event driven controversy and captured in the pre-investment due diligence and ongoing monitoring process.

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

**#1 Aligned with E/S characteristics:** A minimum of 80% of the Fund's net assets will be aligned to the E/S characteristics of the Fund.

**#2 other:** The other 20% investments may consist of investments that seek to achieve the broader objective of the Fund including effective portfolio management and will include cash as well as "investments" made for hedging and treasury management purposes.

The precise allocation may vary from time to time depending on market circumstances and the availability of investment opportunities. There may be occasions when the Fund is not able to maintain minimum alignment with the ESG characteristics due to market conditions or circumstances beyond the AIFM's control. The AIFM will take reasonable steps to bring the Fund's investments in line with the minimum allocation commitment taking into account the interests of the investors.



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

The Fund does not intend to use derivatives to attain any environmental or social characteristics.



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

The Fund does not intend to make any sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

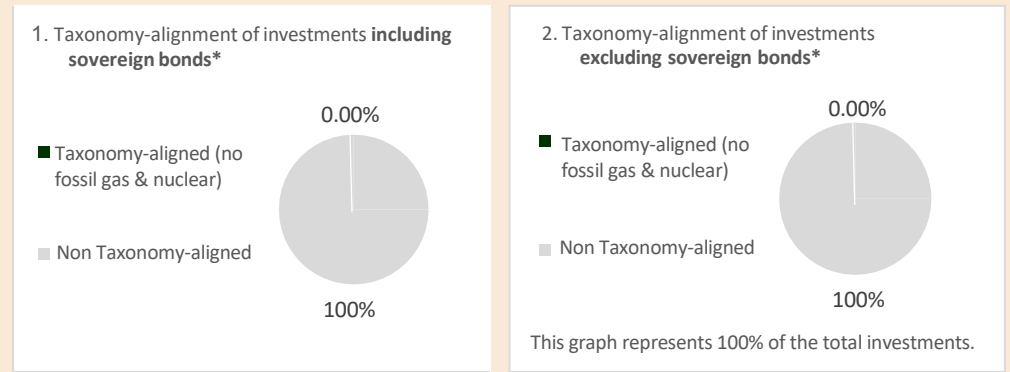
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
- In fossil gas  In nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

The Fund has not committed to a minimum share of investments in transitional and enabling activities.



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

None of the Fund's investments are expected to be EU Taxonomy aligned.




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

The Fund has not committed to a minimum share of socially sustainable investments.



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

The investments included in "#2 under "other" include cash, derivatives, money market instruments and may also include government securities. The purpose of such investments is to promote efficient management of the Fund via hedging, treasury and liquidity management techniques. These investments will not be subject to any minimum environmental or social safeguards.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



**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 Fund has not designated a reference benchmark for the purpose of attaining characteristics promoted by the Fund.

- ***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 AIFM's website:  
<https://jtcglobalaifmsolutions.com/services/luxembourg/>

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.