

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

**Product name:** CREST II – Fundo de Capital de Risco Fechado

**Legal entity identifier:** 9845001AY3WADE67B746

## Environmental and/or social characteristics

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### 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 \_\_\_% 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 Fund promotes a combination of environmental and social characteristics throughout its investment cycle, from the preliminary analysis of its investments, which includes carrying out due diligence and identifying risks and opportunities, to active involvement with portfolio companies in designing and implementing improvement initiatives and periodically evaluating their performance.

The environmental and social features promoted include, but are not limited to:

- Environmental aspects: improving energy efficiency, reducing greenhouse gas (GHG) emissions, reducing waste production and water consumption.
- Social aspects: promoting gender equality and improving health and safety conditions for workers.

Crest guarantees respect for good governance practices in the companies in which investments are made by monitoring indicators related to those good practices. As a result of this process, Crest promotes specific improvements and updates governance policies.

No benchmark has been designated to achieve the environmental or social characteristics promoted by the Fund.

How are environmental and social characteristics promoted?

The promotion of environmental or social characteristics is carried out in accordance with the Responsible Investment Policy - which can be found on our website ([link](#)) - and as described below:

- Through minimum environmental and social safeguards using exclusion criteria, namely when the environmental, social or governance risk is considered high and with a low probability of reversal.
- By carrying out an ESG due diligence process and integrating ESG principles in takeover bids and shareholders' agreements (see also question *What are the mandatory elements of the investment strategy used to select the investments to be made (...)?*).
- By implementing an ESG methodology to measure and improve the performance of the Fund and each of its portfolio companies.

Crest uses a combination of material indicators on sustainability and principal adverse impacts to measure the environmental or social characteristics promoted by this financial product. Each investee is assessed at least once a year with metrics relating to ESG performance and progression, thus enabling results to be compared with previous years. Some of these indicators are identified in the next section of this document.

Most of the ESG data used in the materiality analysis is obtained during the due diligence process upon entering. At this stage, other publicly available information from different sources, such as the S&P Risk Atlas, is also considered by the ESG team, making it possible to profile and compare the company's performance with industry trends. During the investment phase, the private equity team works together with each company's ESG manager to collect the relevant periodic information, which is analysed with the support of external consultants. Our active involvement approach ensures the timely identification of limitations, if any, in data collection and processing and ensures that continuous improvement efforts are implemented. Thus, any limitations do not affect the way in which the environmental or social characteristics promoted by the Fund are met.

- Based on the results of the performance assessment, the Fund adopts an active engagement approach during the investment period that contributes to the continuous improvement of ESG factors and key adverse impacts. Crest participates in the definition of an annual sustainability plan with prioritised actions to improve ESG performance. By way of example, some of the actions defined for 2024 include: ISO certification, installing solar panels, improving the water treatment system, installing a fire detection system, replacing lighting with LEDs, approving a code of conduct and training emergency team workers in risk assessment.
- Crest is present at all shareholder resolutions and in all relevant decisions taken by the Board of Directors. Crest has direct responsibility for voting and does not use proxy voting agencies.
- Information on the Fund's performance in relation to the promotion of environmental or social features is included in an annual report for investors.

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

A combination of material indicators on sustainability and principal adverse impacts is used to measure the achievement of the environmental or social characteristics promoted by this financial product. By way of example, we highlight some of the most relevant:

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

Indicator	Description / methodology	Unit
<u>Environmental characteristics</u>		
Electricity	Electricity consumption in operations (purchased + produced on site)	MWh
Renewable electricity produced on site	Renewable electricity produced on site per electricity type	MWh
Energy consumption intensity	Energy consumption in GWh per million EUR of revenue of the company	GWh /M€
Carbon intensity	GHG emissions (scopes 1 + 2 + 3) in ton CO <sub>2e</sub> / yearly revenue	tCO <sub>2e</sub> /M€
Water consumption intensity	Water consumed per million EUR of revenue	m <sup>3</sup> /M€
Emissions to water	Tonnes of emissions to water of nitrates, phosphates and pesticides and other pollutants listed in Annex X of Directive 2000/60/EC	ton
Hazardous waste and radioactive waste	Tonnes of hazardous waste and radioactive waste generated listed in Annex III of Directive 2008/98/EC	ton
Non-Hazardous waste	Tonnes of non-hazardous waste generated	ton
<u>Social characteristics</u>		
Unadjusted gender pay gap	Ratio of difference between average salary of male and female employees and average salary of male employees	%
Female among top 10 earners	Number of females in top 10 earners in the company	%
Number of women in senior management	Number of women in senior management	#
Turnover rate	Percentage of employees leaving the company of average number of employees	%
Absenteeism rate	Number of actual absentee days lost / the total days scheduled to be worked by the workforce for the same period	%
Accident rate	Number of accidents with leave (of at least one day)	%
Training and Education hours per employee	Average hours of training that the employees have taken during the reporting period (i.e., total hours of trainings provided to employees divided by the number of employees)	#
<u>Good governance</u>		
Code of conduct	Does the company have a code of conduct that includes the following topics: anti-corruption and anti-bribery policy; defending human rights; diversity and non-discrimination policies and purchasing policy (procurement practices)?	Y/N
Whistleblower and Grievance procedure	Does the company have a whistleblower and grievance procedure in place?	Y/N
Health & Safety policy	Does the company have a health and safety policy?	Y/N

Quantitative information on some of the Crest Funds' indicators can be found on the website, in the statement on the Principal Negative Impacts of Investment Decisions on Sustainability Factors (Article 4 of the SFDR).

● **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?**

Not applicable. The Fund promotes E/S characteristics, but will not make any 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?**

Not applicable. The Fund promotes E/S characteristics, but will not make any sustainable investments.

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

Not applicable. The Fund promotes E/S characteristics, but will not make any 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:**

Not applicable. The Fund promotes E/S characteristics, but will not make any 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.*

**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.



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



Yes, the product considers and monitors the principal adverse impacts of investment decisions on sustainability factors, referred to in Article 7 of the SFDR.

Information on the Fund's performance in relation to the principal adverse impacts of investment decisions on sustainability factors is included in an annual report to investors, pursuant to Article 11(2) of Regulation (EU) 2019/2088, in addition to being taken into account in the aforementioned Statement on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Article 4 of the SFDR), which can be found on the website ([link](#)).

The following paragraphs set out how these impacts are considered by the Fund, in line with the Statement on Principal Adverse Impacts on Sustainability Factors.

As part of Crest's strategy, defined by Crest's Responsible Investment Policy, the principal adverse impacts on sustainability factors are integrated into all stages of the Fund's investment process. The principal adverse impacts are monitored and reported annually and managed on an ongoing basis by the portfolio companies, with Crest actively involved in the Fund's ESG management.

Each year, an assessment is required of each portfolio company and results determine the level of subsequent engagement. If certain indicators are flagged as having a high impact or an opportunity for better performance is found, Crest works with the respective portfolio company in developing the necessary improvement actions.

The scope of the indicators analysed includes all mandatory indicators defined by the SFDR, as well as an additional indicator on climate and other environmental issues and two additional indicators on social and labour issues, respect for human rights, anti-corruption and anti-bribery.

In deciding the appropriate action, Crest considers, among other things, the severity and scope of individual adverse impacts and the probability of occurrence and severity of adverse impacts, including their potentially irremediable characteristics.

No



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

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund's investment strategy consists in making significant gains by means of medium and long-term investment in companies headquartered in Portugal with high strategic value or headquartered outside of Portugal in case of follow-on investments. Revenues from such companies may be sourced globally.

Crest aims to create a diversified portfolio for investors in order to prevent risk exposure. The Fund Management Regulations expressly prohibit investments above 15% of the total amount subscribed in a single investment platform.

As a signatory of the UN PRI since 2018, Crest is committed to incorporating ESG factors throughout the Fund's investment life cycle to reduce business risk, but also to create sustainable long-term value.

To reduce sustainability risks and the principal adverse impacts and to promote the continuous improvement of environmental and social characteristics in the activity of the portfolio companies, the investment process includes the following steps, detailed in the Responsible Investment Policy, which can be found on our website ([link](#)):

- In the pre-investment phase, Crest carries out an ESG analysis to avoid controversial sectors with high reputational or ESG risk and a due diligence process (with the analysis being carried out internally and, where necessary, with the support of external consultants) and integrates ESG principles into acquisition offers and shareholders' agreements.
- During the investment phase, Crest promotes the appointment of an ESG Officer at each portfolio company, supports them in analysing ESG risks and opportunities and in designing and executing ESG initiatives, and monitors and reports on the progress of ESG performance to investors on ongoing activities and their impacts, as well as the annual performance of the portfolio and each portfolio company.

● ***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 Fund complies with the principles detailed in Crest's responsible investment strategy, including preliminary analysis to avoid controversial sectors with high reputational or ESG risk, carrying out a due diligence process on ESG factors and the annual ESG assessment. In this sense, sustainability risks are integrated into the investment decision-making process through the following mandatory elements of the Fund's strategy:

1. The exclusion of companies in controversial sectors with high reputational or ESG risk.

In line with Crest's Responsible Investment Policy, the Fund does not invest in companies whose business activity includes (i) the manufacture or sale of arms and ammunition, or (ii) gambling and betting, or (iii) the production or manufacture of fossil fuels, or (iv) tobacco products, or (v) pornography; nor in companies with significantly high carbon footprints that do not make clear commitments to reduce emissions or invest in clean technologies, as well as companies that apply forced labour or violate human rights.

2. The implementation of an ESG due diligence process.

During the investment decision-making process, Crest assesses sustainability risks through an ESG due diligence process. Based on the results of a standardised questionnaire, a report is produced that assesses existing risks and how ESG issues are integrated into practices and the business model. For each issue analysed, the risks are classified based on intensity (high, medium or low risk) and accompanied by the identification of opportunities for improvement to be implemented after the acquisition.

3. The results of the ESG due diligence process may, where it makes sense, result in specific clauses in shareholder agreements or in the exclusion of the investment if it is a high risk with no possibility of reversal or a risk with a material financial impact on the product.
4. The guarantee that 100% of the portfolio companies develop actions to improve ESG factors from the year following the investment, implementing the results of the assessment of the potential impacts of sustainability risks on the performance carried out in the ESG due diligence processes and in the annual ESG assessment processes.

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy.

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

Crest includes indicators related to good governance practices in the annual assessment that monitors the ESG performance of each portfolio company. As a result of the monitoring process, Crest promotes specific improvements and updates to governance policies. These indicators relate to management structures, labour relations, corporate culture, employee remuneration and tax compliance and the absence of negative events.

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

In the pre-investment phase, Crest checks a list of ESG due diligence documents to assess the performance of the potential investment. The good governance factors against which portfolio companies will be assessed include but are not limited to: environmental management (e.g. carbon footprint measurement); compliance and sound management structures (e.g. bribery, corruption, cyber security, data protection and corporate governance); employee relations (e.g. labour laws, minimum wage, health and safety and discrimination); and employee remuneration and human resource management.

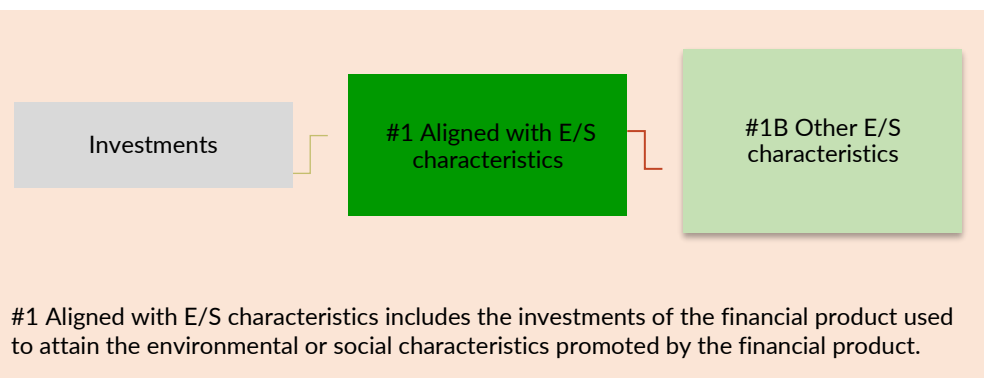


**Asset allocation** describes the share of investments in specific assets.

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

All (100%) investments of the Fund promote environmental and social characteristics.

There will be no sustainable investments as defined under SFDR and the Fund will not be aligning to the screening criteria set out under the EU Taxonomy.



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

Where derivatives are used for investment purposes, for hedging or for efficient portfolio management, they are not deemed to attain any environmental or social characteristics promoted by the Fund.



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

Not applicable. The Fund promotes E/S characteristics, but will not make any sustainable investments.

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

The Fund does not have a minimum share of investments in transitional and enabling activities (i.e., 0%), as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.



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

Not applicable. The Fund promotes E/S characteristics, but will not make any sustainable investments.



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

Not applicable. The Fund promotes E/S characteristics, but will not make any sustainable investments.



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

Not applicable.



**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?**

No index is designated to attain the environmental or social 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?*

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.



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

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

<https://crest-cp.com/en/sustainability/>