



**BregalMilestone**

Article 10 (SFDR)  
Website disclosure for an article 8 fund

Bregal Milestone II-A SCSp  
LEI Code: N/A



## A. Summary

The fund promotes several different environmental and social characteristics including:

1. Robust Environmental and Social Governance
2. Climate Action
3. Engaged, Diverse and Inclusive Workforce

All investments are assessed against the fund ESG investment values which includes assessment of, inter alia, the impact of the underlying business model on people and planet; the compatibility of the potential investment with the private equity model, for example any duty of care considerations; and any reputational risks associated with the investment, their client base, or other relevant stakeholders.

Bregal Investments (which includes the Advisors and affiliated entities) is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and as a signatory the good governance of investee companies are assessed prior to making an investment and periodically thereafter in annual ESG reviews in accordance with the advisor's good governance policy. In doing this the fund intends to make 100% of its investments in companies which attain the Environmental and Social characteristics of the fund.

ESG data is collected as part of the fund's annual ESG review process, covering a broad range of metrics including PAI indicators, core metrics presented by the ESG Data Convergence Initiative (EDCI), plus material metrics related to the ESG review process and company specific metrics, where relevant. In addition to numeric metrics, the annual ESG review process includes qualitative responses from portfolio companies to contextualize the numeric data provided.

Furthermore, during the annual ESG review process, the fund engages in discussions with company management on ESG governance as well as the overall management approach to ESG themes. As part of the discussions, the fund will:

- Evaluate the allocation of responsibilities for key ESG themes at different organizational levels.
- Assess overall commitment and awareness for ESG related themes.
- Identify and recommend future ESG ambitions, and measures, which can be formalized within policies, targets and KPIs.

Annual Reviews for all portfolio companies may also cover but not be limited to:

- Performance on key material ESG themes and KPIs
- Strategic ESG projects and/or action points for the coming year
- Scope 1, 2, 3 carbon emissions assessment in accordance with the Greenhouse Gas Protocol, as well as company's climate risks and opportunities.
- Social parameters, which include Health, safety & wellbeing; Community & society; Diversity and inclusion, and related KPIs.

- Overview of governance policies and relevant industry standards and certifications

The fund has not been designated a reference benchmark for the purposes of SFDR.



#### B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.



#### C. Environmental or social characteristics of the financial product

The fund promotes environmental and social characteristics. The characteristics promoted by the fund consist of the following:

1. Robust Environmental and Social Governance
2. Climate Action
3. Engaged, Diverse and Inclusive Workforce



#### D. Investment strategy

The investment strategy of the fund is to make investments and in particular to make investments in and acquire mid-market companies, principally in the Services, Technology, Media, Telecommunications and Financial Services sectors in Europe. Investments will be made principally in structured investments provided that nothing shall preclude the fund making majority investments.

In addition to an extensive exclusion list the fund conducts an ESG assessment of the businesses prior to investment. This is either done in-house or by an external consultant. Findings from screenings are incorporated into Investment Committee memos and are discussed during IC meetings prior to advising on an investment decision.

#### Good Governance

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For each portfolio company, a materiality assessment is conducted to identify the most relevant ESG themes based on international standards (e.g., SASB), the company's position in the value chain and relevant industry developments. When determining materiality, a broad range of ESG governance factors is considered, including but not limited to:

- Business proposition
- Data security & customer privacy
- Ethics & compliance
- Integration of sustainability principles (core theme)

- Risk management
- Talent management
- Supply chain control

For each portfolio company assessment, the fund includes, as standard, the core governance theme 'Integration of sustainability principles', which concerns the overall ability of a company to implement and integrate sustainability throughout the organization (e.g. through policies, procedures, certifications and standards).

Furthermore, during the annual ESG review process, the fund will engage in discussions with company management on ESG governance as well as the overall management approach on ESG themes. As part of the discussions, the fund will:

- Evaluate the allocation of responsibilities for key ESG themes at different organizational levels.
- Assess overall commitment and awareness for ESG related themes.
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The fund supports management of portfolio companies for the examination of the implementation of ESG governance policies on an annual basis to identify potential gaps. The fund applies a standard list of 10 ESG governance policies which are assessed across the complete portfolio, including:

1. Employee code of conduct
2. Employee health & safety
3. Human resources (incl. employee engagement)
4. Diversity & equal opportunities
5. Supplier code of conduct
6. Data security & privacy
7. Gifts
8. Whistleblowing
9. ESG
10. Anti-bribery and corruption

Where needed, the fund recommends templates and best-practice examples to portfolio companies to assist with the development and implementation of missing policies.



#### E. Proportion of investments

The fund intends to invest a minimum of 100% of the fund assets in investments which attain the environmental and social characteristics, among other characteristics, promoted by the fund.<sup>1</sup>

The fund does not intend to make any sustainable investments at this time.



#### F. Monitoring of environmental or social characteristics

<sup>1</sup> Investments refers to the Partnership's investment portfolio and excludes cash and other net assets

The environmental or social characteristics and sustainability indicators are monitored through the lifecycle through a process of annual ESG reviews. ESG data is collected as part of the fund's annual ESG review process, covering a broad range of metrics including PAI indicators, core metrics presented by the ESG Data Convergence Initiative (EDCI), plus material metrics related to the ESG review process and company specific metrics, where relevant. In addition to numeric metrics, the annual ESG review process includes qualitative responses from portfolio companies to contextualize the numeric data provided.

Furthermore, during the annual ESG review process, the fund will engage in discussions with company management on ESG governance as well as the overall management approach on ESG themes. As part of the discussions, the fund will:

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### G. Methodologies for environmental or social characteristics

The fund will measure the attainment of the environmental and social characteristics through its annual review process, detailed above, and the performance of its sustainability indicators for each promoted characteristic. To facilitate this, data is collected, analyzed, and aggregated on an annual basis, with year-on-year comparisons then provided in-line with the annual SFDR periodic disclosure.

Any changes to specific methodologies will be included in future updates to relevant documentation.



### H. Data sources and processing

ESG Data is gathered as part of the annual ESG review process with the investee companies. Data collection is conducted by internal ESG specialists, utilizing external ESG consultants in alignment with the fund ESG strategy. Where primary data cannot be obtained, for instance where data for greenhouse gas emissions is limited, or where the company has been recently acquired and not yet subject to an annual ESG review, the fund may use modelled estimates based on proxies or other third-party data. The absolute amount of estimated data across the fund is difficult to ascertain due to the complex nature of carbon calculations and unique circumstances of each company.

Data quality is assessed through a process of validation by internal ESG specialists and external ESG consultants to assess annual data against thresholds obtained in previous years. Data is processed through different digital tools such as but not limited to Microsoft Excel.



### I. Limitations to methodologies and data

As standards, expectations and company understanding of ESG data develops, the fund expects to improve data collection – recognizing the current lack of complete data, for instance fully granular scope 3 emissions data. The fund actively engages with its own ESG specialists to ensure any

methodologies and data sources are regularly updated over the life of the fund. This is an iterative process, driven externally by industry initiatives such as the EDCl and internally, during engagement sessions with the funds external ESG consultants.



## J. Due diligence

The fund does not set adverse impact thresholds against which the impacts of investments will be measured. Instead, each investment is assessed against the fund SG investment values. This includes assessment of, inter alia, the impact of the underlying business model on people and planet; the compatibility of the potential investment with the private equity model, for example any duty of care considerations; and any reputational risks associated with the investment, their client base, or other relevant stakeholders.

Prior to making an investment the fund will conduct investment due diligence on the proposed investment to evaluate a series of factors (where relevant to a proposed investment). The evaluation will include a quantitative assessment of the company against the above indicators. This assessment is carried out by the fund's ESG team and is supplemented by data from modeled estimates from third party providers.

Following the assessment of an investment against the indicators via the methodology mentioned above, the fund will decide what action to take in light of the fund sustainability values and with a view to limiting or reducing the identified adverse impact. Such action may include (subject to the obligation of the fund to act in the best interests of the fund and its investors in accordance with the fund's investment objective and policy):

- Deciding not to make an investment
- Limiting the position size of the investment
- Making the investment with the intention to engage with the management to improve the business from a sustainability perspective.

The impact of the fund investment against the above indicators will continue to be monitored on an annual basis. Further information on principal adverse impacts will be set out in the fund's annual report, and/or on the fund's website.



## I. Engagement Policies

Post investment, the fund and the ESG team work with company management (e.g. Board and C-suite level) to identify key sustainability risks and opportunities, develop improvement plans and guide the transition into more sustainable business practices.

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- Assess overall commitment and awareness for ESG related themes.
- Identify and recommend future ESG ambitions, and measures, which can be formalized within policies, targets and KPIs.



Annual Reviews for all portfolio companies may also cover but not be limited to:

- Performance on key material ESG themes and KPIs
- Strategic ESG projects and/or action points for the coming year
- Scope 1, 2, 3 carbon emissions assessment in accordance with the Greenhouse Gas Protocol, as well as company's climate risks and opportunities
- Social parameters, which include Health, safety & wellbeing; Community & society; Diversity and inclusion, and related KPIs.
- Overview of governance policies and relevant industry standards and certifications

In addition to the above processes the fund will also utilize Bregal Investments (which includes the Advisors and affiliated entities) Sustainable Development Fund (SDF) which provides low-interest loans to existing portfolio companies to invest in improvement projects that contribute to their sustainability performance. The SDF is currently €50 million, which will allow the financing of transformative sustainability programs – recognizing that availability of capital and the need for financial return are a barrier to funding decarbonization initiatives for portfolio companies. The sustainable development fund aims to finance projects in the most practical way, to ensure they are beneficial to all shareholders without any adverse impact on the company's financing or governance arrangements. Example areas of eligible projects are in the fields of: Renewable Energy, Emissions and Waste, Sustainable Water Management, Supply Chain Improvements.

#### L. Designated Reference Benchmark

The fund has not been designated a reference benchmark for the purposes of attaining the environmental or social characteristics promoted by the Fund.