

ALANTRA

EQMC EUROPE DEVELOPMENT CAPITAL FUND PLC

SUSTAINABILITY RELATED DISCLOSURES

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Sustainability Related Disclosures

This document sets out sustainability related disclosures by EQMC Europe Development Capital Fund Plc (the “**Fund**”) including those required under the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“**SFDR**”).

1. Integration of Sustainability Risks

The management of sustainability risk forms an important part of the due diligence process implemented by the investment manager of the Fund, Alantra EQMC Asset Management SGIIC, S.A. (the “**Investment Manager**”).

When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition (“**ESG Event**”).

Using both quantitative and qualitative processes, sustainability risk is identified, monitored and managed by the Investment Manager in the following manner:

- (i) Prior to acquiring investments on behalf of the Fund, the Investment Manager uses ESG metrics of third party data providers (“Data Providers”), such as the company’s accounts, Bloomberg and Thomson Reuters Eikon, in order to screen the relevant investment against sustainability risk and to identify whether it is vulnerable to such risk. This process incorporates applying both an exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose too great a sustainability risk to the Fund) and positive screening whereby those investments which have a low sustainability risk rating as well as strong financial performance are included in the investment universe. The Investment Manager also conducts fundamental analysis on each potential investment in order to allow it to assess the adequacy of ESG programmes and practices of an issuer to manage the sustainability risk it faces. The information gathered from the fundamental analysis conducted will be taken into account by the Investment Manager in deciding whether to acquire a holding in an issuer and may, in certain circumstances, result in the Investment Manager investing in an issuer which has a lower ESG rating where it believes that the relevant existing ESG rating does not fully capture recent positive sustainability-related changes which have been implemented by the relevant issuer.
- (ii) During the life of the investment, sustainability risk is monitored through review of ESG data published by the issuer (where relevant) or selected Data Providers to determine whether the level of sustainability risk has changed since the initial assessment has been conducted. This review is conducted on an ongoing basis. Where the sustainability risk associated with a particular investment has increased beyond the ESG risk appetite for the Fund, the Investment Manager will consider selling or reducing the Fund’s exposure to the relevant investment, taking into account the best interests of the Shareholders of the Fund.

2. Non-compliance with the PAI regime in SFDR

SFDR requires the Fund to publish and maintain on its website, where it considers principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of its size, the nature and scale of its activities or alternatively where it does not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts.

The Investment Manager has carefully evaluated the provisions relating to principal adverse impacts of investment decisions on sustainability factors as set out in SFDR and in the ESA Final Report on draft Regulatory Technical Standards on ESG Disclosures dated 2 February 2021 (“**Finalised Draft RTS**”), relating to principal adverse impacts of investment decisions on sustainability factors (the “**PAI regime**”).

The Investment Manager and the Fund are strongly committed to ESG matters and are supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how financial market participants integrate consideration of the adverse impacts of their investment decisions on sustainability factors.

However, taking account of the Fund’s size, the nature and scale of its activities, the Investment Manager and the Fund consider that it would be disproportionate to comply with the specific regime in the SFDR.

Despite the Investment Manager’s overall commitment to ESG matters, the Investment Manager and the Fund note that the Fund’s primary investment strategies do not currently support adoption of the PAI regime within SFDR. This is because:

1. although a relevant part of the Investment Manager’s due-diligence process encompasses an in-depth analysis and direct engagement on the quality of a holding’s Environmental, Social and Governance standards, the Investment Manager’s policy is to abstain from publicly disclosing the Fund’s portfolio and the specific actions taken within its holdings;
2. there is a lack of readily available specific data to comply with many of the technical reporting requirements of the PAI regime, as the Fund and Investment believe that issuers and market data providers are not yet ready to make available all necessary data for the PAI regime

The Fund will keep its decision not to comply with the PAI regime under regular review, and will formally re-evaluate the decision on an annual basis, and in any case before 1 January 2022 being the proposed effective date of the Finalised Draft RTS.

Notwithstanding the Fund’s decision not to comply with the PAI regime, the Investment Manager wishes to re-affirm its overall commitment to ESG matters. The remainder of this document summarises the positive ESG-related initiatives and policies adopted by the Investment Manager in relation to the Fund. For the avoidance of doubt, none of the following information is intended to suggest that the Fund complies with the PAI regime.

3. Responsible investing policy

The Fund has implemented a responsible investing policy. Under this policy, the Investment Manager on behalf of the Fund has integrated consideration of ESG issues into its investment processes, with a view to ensuring that the Fund’s investments promote positive environmental, social and governance outcomes and seek to mitigate the negative impact of those investments on environmental, social and governance factors.

The responsible investing policy of the Investment Manager is available on our website at: www.alantra.com.

4. Alantra Group's good governance internal policies

The Investment Manager belongs to the Alantra Group, a group of companies whose parent company is the Spanish entity Alantra Partners, S.A., whose shares are admitted to trading in the Spanish Stock Exchange.

The Alantra Group is strongly committed to environmental, social, and good governance practices and has in place several internal good governance policies that are applicable to all of the subsidiaries within the group.

As part of the Alantra Group, the Investment Manager is subject to the following group policies:

- Ethical and Conduct Code
- Internal Code of Conduct
- Anti-bribery Policy
- Corporate Social Responsibility Policy
- Whistleblowing Policy

The referred policies are available on our website at: www.alantra.com.