

# Website disclosure under Article 10 of SFDR

## For a financial product promoting environmental and/or social characteristics according to Article 8 of SFDR

PRODUCT NAME:	<b>Stafford Infrastructure Secondaries Fund V SCSp (“SISF V”)</b>
LEGAL ENTITY IDENTIFIER/ISIN:	<b>N/A</b>
VERSION	<b>February 2023</b>

### A. Summary

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SISF V is classified as an Article 8 fund that promotes environmental/social characteristics but does not have sustainable investment as its main objective.

SISF V promotes the following environmental / social characteristics (and ESG integration broader):

1. ESG performance and active engagement with infrastructure fund managers;
2. The contribution of underlying investee companies and assets to the UN Sustainable Development Goals (SDGs).
3. Climate mitigation, by setting the following climate-related exposure targets.

The planned proportion of investments used to meet the environmental and/or social characteristics promoted by SISF V is 100% of its total assets. However, for cash management purposes, SISF V will hold cash and receivables which will not be ‘invested’ to attain the environmental or social characteristics of the fund.

The data on the metrics we have defined to measure the attainment of environmental/social characteristics of SISF V are being collected internally by the investment teams (for SDG assessment and climate targets) and through surveys sent to external managers (to assess fund managers’ ESG performance, etc.).

SISF V primarily invests indirectly, in third-party funds which are comprised of privately-held infrastructure assets and companies and as such there is no responsible investment or ESG benchmark designated as reference benchmark for this fund.

As an investor in third-party funds, Stafford undertakes detailed pre-investment due diligence of potential funds, the fund managers, and underlying assets before making an investment decision, to ensure that the investments under consideration have no material ESG risks and to identify potential existing issues that can be managed over the holding period.

Given the indirect nature of SISF V's investments, Stafford engages on ESG integration and sustainability with the underlying managers of target investments. This is incorporated into the fund's investment strategy. Through ESG engagement, Stafford supports the improvement of fund managers' ESG policies, reporting frameworks and overall ESG performance.

There are no responsible investment or ESG benchmarks designated as reference benchmarks for this fund.

## A. Zusammenfassung (Deutsch)

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SISF V wird als ein Fonds nach Artikel 8 eingestuft, der ökologische/soziale Merkmale fördert, aber keine nachhaltigen Investitionen als Hauptziel verfolgt.

SISF V fördert die folgenden ökologischen und sozialen Merkmale (und die ESG-Integration im weiteren Sinne):

1. ESG-Performance und aktives Engagement bei Infrastrukturfondsmanagern.
2. Der Beitrag der zugrunde liegenden Unternehmen und Vermögenswerte zu den UN-Zielen für nachhaltige Entwicklung (SDGs).
3. Eindämmung des Klimawandels durch Festlegung der folgenden klimabezogenen Expositionsziele.

Der geplante Anteil der Investitionen, die zur Erfüllung der vom SISF V geförderten ökologischen und/oder sozialen Merkmale verwendet werden, beträgt 100% seines Gesamtvermögens. Für die Zwecke des Cash-Managements wird SISF V jedoch Barmittel und Forderungen halten, die nicht "investiert" werden, um die ökologischen oder sozialen Merkmale des Fonds zu erreichen.

Die Daten zu den Kennzahlen, die wir zur Messung der Erreichung der ökologischen/sozialen Merkmale von SISF V definiert haben, werden intern von den Investment Teams (zur SDG-Bewertung und Klimaziele) und durch Befragung der externen Manager (zur Bewertung der ESG-Performance der Fondsmanager) gesammelt.

SISF V investiert hauptsächlich indirekt in Drittfonds, die aus privat gehaltenen Infrastrukturanlagen und Unternehmen bestehen, und daher gibt es keine Responsible-Investment- oder ESG-Benchmark, die als Referenzbenchmark für diesen Fonds bestimmt ist.

Als Investor in Drittfonds führt Stafford vor der Investitionsentscheidung eine detaillierte Due-Diligence-Prüfung potenzieller Fonds, der Fondsmanager und der zugrunde liegenden Vermögenswerte durch, um sicherzustellen, dass die in Betracht gezogenen Investitionen keine wesentlichen ESG-Risiken aufweisen, und um Potenziale zu identifizieren bestehende Emissionen über die Haltedauer zu managen.

Angesichts des indirekten Charakters der SISF V-Investitionen engagiert sich Stafford mit den zugrunde liegenden Managern der Zielinvestitionen für ESG-Integration und Nachhaltigkeit. Dies ist in die Anlagestrategie des Fonds integriert. Durch ESG-Engagement unterstützt Stafford die Verbesserung der ESG-Richtlinien, Berichtsrahmen und der gesamten ESG-Leistung von Fondsmanagern.

Für diesen Fonds sind keine Responsible-Investment- oder ESG-Benchmarks als Referenzbenchmarks ausgewiesen.

## A. Résumé (Français)

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SISF V est classé comme un fonds article 8 qui promeut des caractéristiques environnementales/sociales mais dont l'objectif principal n'est pas l'investissement durable.

SISF V promeut les caractéristiques environnementales / sociales suivantes (et l'intégration ESG au sens large) :

1. Performance ESG et engagement actif auprès des gestionnaires de fonds d'infrastructure.
2. La contribution des entreprises et des actifs sous-jacents aux Objectifs de développement durable (ODD) des Nations Unies.
3. L'atténuation du changement climatique, en fixant les objectifs suivants en matière d'exposition au changement climatique.

La proportion prévue d'investissements utilisés pour répondre aux caractéristiques environnementales et/ou sociales promues par SISF V est de 100 % du total de ses actifs. Cependant, pour des raisons de gestion de trésorerie, SISF V détiendra des liquidités et des créances qui ne seront pas "investies" pour atteindre les caractéristiques environnementales ou sociales du fonds.

Les données relatives aux paramètres que nous avons définis pour mesurer la réalisation des caractéristiques environnementales/sociales de SISF V sont collectées en interne par les équipes d'investissement (pour l'évaluation des SDG et les objectifs climatiques) et par le biais d'enquêtes envoyées aux gestionnaires externes (pour évaluer la performance ESG des gestionnaires de fonds, etc.)

SISF V investit principalement de manière indirecte, dans des fonds tiers composés d'actifs et d'entreprises d'infrastructure privés et, à ce titre, il n'y a pas d'investissement responsable ou d'indice de référence ESG désigné comme indice de référence pour ce fonds.

En tant qu'investisseur dans des fonds de tiers, Stafford entreprend une vérification préalable détaillée des fonds potentiels, des gestionnaires de fonds et des actifs sous-jacents avant de prendre une décision d'investissement, afin de s'assurer que les investissements envisagés ne présentent pas de risques ESG importants et d'identifier les problèmes potentiels existants qui peuvent être gérés au cours de la période de détention.

Étant donné la nature indirecte des investissements de SISF V, Stafford s'engage sur l'intégration ESG et la durabilité avec les gestionnaires sous-jacents des investissements cibles. Par son engagement ESG, Stafford soutient l'amélioration des politiques ESG des gestionnaires de fonds, des cadres de reporting et de la performance ESG globale.

Il n'y a pas d'indices de référence en matière d'investissement responsable ou d'ESG désignés comme indices de référence pour ce fonds.

## B. No sustainable investment objective

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SISF V is classified as an Article 8 fund under the EU disclosure regulation. This financial product promotes environmental / social characteristics, but does not have sustainable investment as its main objective.

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

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SISF V promotes the following environmental / social characteristics (and ESG integration broader):

1. ESG performance and active engagement with infrastructure fund managers;
2. The contribution of underlying investee companies and assets to the UN Sustainable Development Goals (SDGs).
3. Climate mitigation, by setting the following climate-related exposure targets (as of the end of the investment period):

	Target	Limit
Coal (extraction and power generation)	0%	Max 1%
Oil and gas (upstream, midstream, downstream and power generation)	0%	Max 10% in acceptable assets that are part of wider portfolios or have clear transition plans consistent with 2050 net zero
Energy Transition Investments <sup>1</sup>	At least 25% of the Total Commitments	Min 20%

## D. Investment strategy

To ensure that SISF V meets the promoted environmental / social characteristics the following actions and strategies are implemented:

**1. ESG performance of infrastructure managers based on an annual ESG Survey:** Stafford has a structured annual process in place for ESG assessment and reporting of infrastructure fund managers which is based on an annual ESG survey that they are required to respond to. The annual ESG survey is based on the annual survey and assessment methodology of the UN Principles for Responsible Investment (PRI) to assess the ESG performance of fund managers each year and covers the respective fund managers' ESG strategy, stewardship policy, and ESG integration through all the stages of their investment process.

Several fund managers with the highest scores can be seen as pioneers in responsible investing, having been founding members and/or regular contributors to ESG and climate-related initiatives and having input/co-authoring credits for various papers, forums, and working groups. Based on the assessment of the responses, and the identified gaps, Stafford will reach out to the managers to discuss potential improvements in their ESG frameworks.

**2. Assessing the contribution to SDGs:** Stafford developed an assessment framework to help determine the contribution of portfolio companies and assets in the investee funds to the SDGs in 2018. With this proprietary Stafford Impact Reporting Framework (SIRF), we can assess the alignment of portfolios managed across all business lines with the 17 SDGs and their corresponding 169 targets. Where applicable, each company or asset is assigned SDG targets, whereby the alignment can be assessed as minimal, moderate, or significant and categorized based on impact source (business model, policy & initiatives, or operations). This results in the so-called SIRF score. As part of this assessment, the deal teams

<sup>1</sup> Energy Transition Investments are investments in assets that facilitate the transition to a carbon neutral world. This may include renewable energy, i.e. energy which is collected from renewable resources, which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves, and geothermal heat. It is anticipated that the Fund's exposure to Energy Transition Investments will be primarily through investments in wind, solar and hydraulic generation.

examine underlying portfolio company reports, policies, sustainability initiatives, news, and press releases, alongside sector analysis and discussions with the underlying managers.

**3. Sector allocation targets:** SISF V has the following targets concerning the climate-related exposures as of end of its commitment period, which are to be achieved through the portfolio construction:

1. SISF V aims to minimize the negative impact of high-emitting sectors by reducing the exposure to coal power generation activities to 0% of the total NAV.
2. SISF V' aims to have no exposure to oil & gas (upstream, midstream, downstream, and power generation).
3. SISF V aims to contribute to the transition to a low-carbon economy by making energy transition investments and targets at least 25% of NAV in energy transition assets at the end of the commitment period.

Given its focus on infrastructure, SISF V shall not invest in companies involved in the production, sale or distribution of cluster munition and other controversial weapons or crucial elements thereof, either directly, or through funds managed by third parties. Furthermore, SISF V will avoid investing in tobacco manufacturers and will not allocate any new capital to funds invested in companies which are planning or constructing new thermal coal projects and associated infrastructure.

### **The policy to assess good governance practices**

Stafford's investment teams are responsible for the ongoing assessment and monitoring of the governance practices of external fund managers, investee funds and companies in which we invest in. These assessments are made in the context of each investment strategy using available data and relevant research. Assessment of the governance practices of the underlying investments is complex and may be based on information that is difficult to obtain, incomplete, estimated, or out of date. Investment teams assess good governance using any reasonably available information sources which they determine to be material to the underlying investments.

The due diligence process incorporates a site visit (where applicable), market review, financial and data room review, a focus on specific items relevant to the investment, management, and staff interviews. Legal and tax due diligence also form a significant part of the overall due diligence activities. In addition, an Operations and Governance Review ("OGR") is performed by Stafford's operations team separately to the investment team's investment due diligence, as both reviews may have findings and conclusions tabled to the Investment Committee. An OGR is a process of due diligence of third parties, i.e., investment managers, but also service providers or others with whom we have material relationship in connection with our firm, our funds or our mandates. It ascertains the integrity, existence and robustness of the structure, compliance and legal framework, prudence or controls, and responsible investment characteristics.

An OGR includes the assessment of the following key risk areas, their levels and mitigants: the firm governance and structure, human capital, finance, cash controls, risk and internal controls, regulation and compliance, technology and cyber security, business continuity and outsourcing. A review of a firm's governance and structure incorporates among others, a history of the firm and its ownership structure, the firm's three-year business plan, information on litigation, legal proceedings or regulatory inquiries related to its business operations during the past five years, the background and experience of the primary

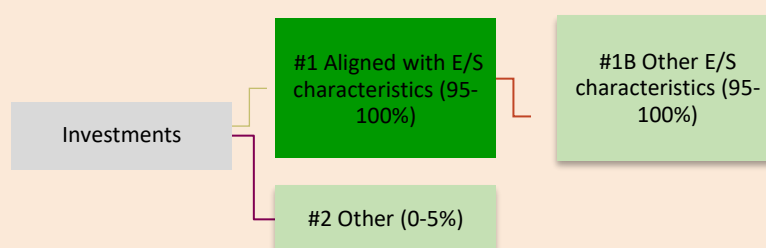
members of the team and team changes, information on the firm's insurance coverage, copies of the firm's financial statements and information on the employee incentive program and committees.

Operational and governance reviews are conducted not only in parallel to investment due diligence but also during the length of holding an investment. Our monitoring of good governance practices is ongoing, and the investment teams use tools such as RepRisk to identify the incidents related to inferior governance practices in the underlying funds and portfolio companies.

## E. Proportion of investments

SISF V is classified as an Article 8 fund under the EU disclosure regulation which promotes environmental/social characteristics, but does not commit to making sustainable investments. The planned proportion of investments used to meet the environmental and/or social characteristics promoted by the Fund (#1 Aligned with E/S characteristics) is 100% of its total assets. However, for cash management purposes, the fund will hold cash and receivables which will not be 'invested' to attain the environmental or social characteristics. This would comprise the #2 Other portion of this product.

### Composition of investments in SISF V



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Source: *Stafford Capital Partners*

## F. Monitoring of environmental or social characteristics

### 1. ESG performance of our managers based on the annual ESG Survey

For the purpose of the monitoring of external infrastructure fund managers, Stafford has a structured annual process in place for ESG assessment and reporting of these managers. This process is based on an annual ESG survey that they are required to respond to. The annual ESG survey is based on the annual survey and assessment methodology of the UN Principles for Responsible Investment (PRI) to assess the

ESG performance of fund managers each year and covers fund managers' ESG strategy, stewardship policy, and ESG integration through all the stages of their investment process.

Various indicators of fund managers' ESG policies, strategies and their implementation (included in Stafford's annual PRI survey) will be used to assess and measure the overall ESG performance of individual managers and the Fund as a whole. Based on the survey responses the managers will receive an ESG score each year throughout the life of their fund. Stafford will work with the managers to improve their ESG scores over time.

## **2. Contribution to SDGs**

Stafford uses a proprietary assessment framework to evaluate the contribution of portfolio companies and assets in the infrastructure funds to the SDGs. With this (Stafford) Impact Reporting Framework (SIRF), we assess the alignment of portfolios with the 17 SDGs and their corresponding 169 targets. Where applicable, each company or asset is assigned one or more SDG targets, whereby the alignment can be assessed as minimal, moderate, or significant and categorized based on impact source (business model, policy & initiatives, or operations).

## **3. Sector allocation targets**

Stafford's Infrastructure team monitors the SISF V targets related to the climate exposures of the fund on a quarterly basis.

SISF V will also monitor and report on climate related indicators on an annual basis, including but not limited to:

- Estimated financed (total scope 1 and scope 2) GHG emissions
- Carbon intensity of the portfolio

# **G. Methodologies for environmental or social characteristics**

The methodologies Stafford will use to measure how environmental / social characteristics promoted by SISF V fund are met are explained below.

## **1. ESG performance by infrastructure managers**

For assessing the ESG performance of infrastructure fund managers Stafford uses the ESG/responsible investment questionnaire of the Principles for Responsible Investment (PRI). This – typically annual – survey covers different aspects of fund managers' ESG strategy, stewardship policy, and ESG integration through all the stages of their investment process, through 100+ indicators that the managers need to respond to. A selected number of indicators are scored and incorporated into the fund manager's ESG rating/score. Stafford will track the scores for the managers in SISF V over time and engage with the managers on how they can improve them.



## 2. Contribution to the SDGs

Stafford has developed a proprietary methodology for the assessment of the contribution of portfolio companies and assets in the investee funds of SISF V to the SDGs. With this (Stafford) Impact Reporting Framework (SIRF), the alignment of underlying portfolio with the 17 SDGs and their corresponding 169 targets is being assessed. If applicable, each company or asset is assigned one or more SDG targets, whereby the alignment can be assessed as minimal, moderate, or significant, and categorized based on impact source (business model, policy & initiatives, or operations). This results in the so-called SIRF score. As part of the assessment, the deal teams examine underlying portfolio company reports, policies, sustainability initiatives, news, and press releases, alongside sector analysis and discussions with the managers.

## 3. Climate-related sector allocation targets

The exposures of SISF V in respect to its climate targets are being calculated based on the funds' Net Asset Value (NAV) each quarter. The sector allocation of the fund is included in the quarterly fund reports and covers the fund exposure to coal extraction & power generation activities, oil & gas related infrastructure (upstream, midstream, and downstream and power generation) and energy transition assets.

The financed emissions assessment is based on the methodological guidance of the *GHG Protocol* and the *Global GHG Accounting and Reporting Standard for the Financial Industry*, developed by the Principles of Carbon Accounting Financials. The standard provides a carbon inventory for financial institutions based on the various levels of data availability and quality. It delivers absolute and intensity metrics, which enables Stafford to understand the carbon exposure of its portfolio and provide a platform from which future climate action can take place. For investments where the company-level Scope 1 and Scope 2 emissions data or physical activity data needed to carry out a GHG accounting are not attainable, investees' emissions are estimated using averaged data: industry proxies or environmentally extended input-output data (calibrated by an external party).

## H. Data sources and processing

As an investor in third-party funds, Stafford relies on underlying managers to collect and provide relevant ESG data. If any manager does not report ESG-related data, Stafford is not in a position to obtain and/or assess the data directly from the underlying companies or buy it from ESG data providers given that assets are privately-held and typically not covered by data providers. In addition, Stafford gathers relevant ESG data from the following sources:

1. *the annual ESG Survey of fund managers* using the PRI Reporting & Assessment tool and methodology.
2. *sustainability/quarterly reports of external fund managers.*
3. *data requests sent to fund managers on Principle Adverse Impacts (PAIs) and other ESG-related data.*
4. *estimation (up to 100%) of financed emissions* of the infrastructure investments by an external advisor.

The scores for fund managers' investment and stewardship policies and for the level of their ESG integration in investment processes are provided by the PRI, not estimated by Stafford. For the assessment

of SDG alignment Stafford gathers and analyzes sustainability, ESG, and impact reports provided by infrastructure fund managers.

An external advisor calculates financed emissions of the underlying fund portfolio on the basis of portfolio information provided by Stafford. The financed emissions assessment is based on the methodological guidance of the *GHG Protocol* and the *Global GHG Accounting and Reporting Standard for the Financial Industry*, developed by the Principles of Carbon Accounting Financials.

## I. Limitations to methodologies and data

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The main data-related issue for Stafford as investor in third-party funds is that we depend largely on external managers to collect and provide relevant ESG data. If any external manager does not provide ESG-related data on their fund portfolios, Stafford is not in a position to obtain and/or assess the data directly from the underlying companies.

The data on the metrics we have defined to measure the environmental / social characteristics of SISF V are collected internally by the investment teams (for SDG assessment and climate targets) and through surveys sent to external managers (to assess fund managers' ESG performance, etc.). The limitation mentioned above will not critically affect the ability of the financial product to meet the environmental / social characteristics, as long as fund managers respond to the surveys. Given that the majority of infrastructure fund managers are PRI signatories and need to respond to the PRI survey anyway, no significant data gaps are expected for the managers' ESG performance.

## J. Due Diligence

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Stafford undertakes detailed pre-investment due diligence of potential funds, the fund managers, and underlying assets before making an investment decision to ensure that the investments under consideration have no material ESG risks and identify potential existing issues that can be managed during the holding period.

The assessment of sustainability risks and potential negative externalities is an important component of Stafford's due diligence process for any potential investment. More specifically, we consider any ESG events or conditions that, if they occur, could cause an actual or potential material negative impact on the value of the investment. Stafford's investment teams identify the material sustainability risks and assess any negative social, economic or environmental externalities of investments under consideration. The outcome of this assessment is documented in due diligence reports and reviewed by the Investment Committee and the Sustainability Committee (when a sensitive business case risk has been identified), prior to an investment decision being approved.

Responsible investment and ESG considerations are a standard element of Stafford's investment recommendation papers and are as such discussed during Investment Committee meetings. The ESG

considerations section of Stafford's investment recommendation papers typically cover the following topics:

1) Manager's overall ESG approach covering topics such as:

- Has the manager signed up to the PRI?
- Does the manager have an ESG/RI/sustainability policy in place?
- How does the manager integrate ESG considerations in due diligence, monitoring and reporting?
- Does the manager have dedicated ESG expertise in-house or an ESG committee/team?
- Does the manager report on its ESG efforts and portfolio ESG performance in some form? If so, how?

2) ESG risks faced by assets & portfolio companies (including an assessment of climate risk)

3) ESG-related incidents in portfolio companies/assets (or legacy portfolios)

4) Underlying investments' contribution to the UN Sustainable Development Goals (SDGs)

5) Areas to engage on (improvement points)

6) Alignment with Stafford's RI policy

In addition to the ESG considerations mentioned above, investment recommendations papers for infrastructure investments also include the analysis of ESG risk as a standard factor in Stafford's risk model for infrastructure investments.

Stafford's investment teams across all business lines perform the ESG analysis internally, supported by the ESG Team and by the Sustainability Committee. In addition, we use some ESG services and tools by external providers, namely:

- **RepRisk** (to monitor the ESG-related incidents and reputational risk of underlying portfolio companies and managers) and

- **The PRI Reporting and Assessment tool** to monitor and assess the annual ESG performance of managers, whereby we work closely with the PRI's Reporting & Assessment Team.

Furthermore, Stafford's staff use any relevant ESG and responsible investment related research, guidelines and handbooks published by the PRI, SASB, academic institutions and research institutes.

## K. Engagement

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Given the indirect nature of SISF V's investments, Stafford engages on ESG integration and sustainability with the underlying managers of target investments. This is incorporated in SISF V's investment strategy. Through ESG engagement Stafford supports the improvement of fund managers' ESG policies, reporting frameworks and overall ESG performance.

The basis for engagement is an annual ESG survey for fund managers. Based on the assessment of their responses, Stafford scores the managers' efforts and provides recommendations for their improvement which are then shared and discussed with the fund managers through engagement meetings. In addition, Stafford engages with fund managers on specific ESG topics in a group settings, such as webinars.

## L. Designated reference benchmark

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SISF V makes investments in third-party infrastructure funds and has a 30% allocation to co-investments. Its portfolio is composed of privately-held infrastructure assets and companies. There is no responsible investment or ESG benchmark designated as reference benchmark for this fund.