

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

**Product name:** Dutch Mezzanine Fund IV

**Legal entity identifier:** [complete]

## Environmental and/or social characteristics

### 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**

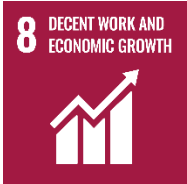
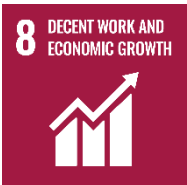




### What environmental and/or social characteristics are promoted by this financial product?


DMF IV promotes social characteristics towards Investee Companies by providing access to financing to SMEs. Whilst access to financing remains a key success factor for the future business growth of SMEs, access to financing for SMEs remains faced with difficulties in today's markets. DMF IV chooses to select those SMEs which are willing to make an effort to improve on their good employership, as this fosters the development of decent work environments.

DMF IV promotes environmental characteristics as it is convinced that Investee Companies that are better prepared for the uncertainties and challenges of potential environmental changes, will turn out to be the stronger performers of the future. Enabling SMEs to improve on their sustainable industrialization, production and consumption processes supports this preparation.

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

Social characteristics			
SDG	Target	Key Performance Indicator (KPI)	KPI measurement
	Increase sustained, inclusive and sustainable economic growth, full and productive employment and decent work	% of loans being provided to SMEs and midcaps (based on the Invested Capital of the Fund)	The KPI is being measured based on the percentage of loans being provided to SMEs and Mid-caps in accordance with the EU Commission Recommendation 2003/361/EC
	Increase sustained, inclusive and sustainable economic growth, full and productive employment and decent work	Number of portfolio companies measuring employee satisfaction rate	The KPI is being measured based on the percentage of investee companies undertaking employee satisfaction surveys and, for those undertaking these surveys, the development of the survey's score over time.
Environmental characteristics			
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation by increasing the construction of renewable energy capacity and related infrastructure	Purchased kWh energy per €1m of revenues	The KPI is being measured based on the purchased kWh of energy, thereby excluding self-generated energy, which is derived from the final energy bill of Investee Companies.
	Ensure sustainable consumption and production patterns	Number of portfolio companies reporting on sustainability	The KPI is being measured based on the information received from the Investee Companies, including Annual Reports, Impact Reports or other periodic reporting information. Where the reporting date of an investment deviates, the most up-to-date data is used.

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

	<p>Ensure sustainable consumption and production patterns</p>	<p>Waste as a percentage of cost of goods sold</p>	<p>The KPI is being measured based on the financial reporting provided by the Investee Companies. Please note that this KPI will only apply to production companies.</p>
---	---	--	--

**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.

- ***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

- ***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

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

The Fund does not take into account the adverse impacts on sustainability factors as defined in the Sustainable Finance Disclosure Regulation.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Not applicable



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

- Yes
- No



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

The investment strategy of DMF IV is to support the sustainable growth of small and mid-sized enterprises (SMEs) by providing access to financing. DMF IV provides financing to a diversified portfolio of SMEs with the intent to promote measurable environmental and social characteristics, alongside financial returns.

DMF IV focuses on SMEs as they play a vital role in the economy for several reasons and access to financing is key:

**Business Growth:** Financing enables SMEs to invest in their operations, expand their production capacity, and enter new markets. With access to capital, SMEs can purchase equipment, hire additional staff, invest in research and development, and fund marketing campaigns. This helps them seize growth opportunities, increase productivity, and enhance competitiveness.

**Job Creation:** SMEs are significant contributors to employment and economic growth in many countries. Access to financing enables them to create new jobs, hire talented individuals, and contribute to reducing unemployment rates. As SMEs grow, they generate tax revenue, stimulate local economies, and contribute to overall economic development.

**Economic Growth and Innovation:** SMEs are important drivers of economic growth and innovation. They foster entrepreneurship and encourage the development of new ideas, products, and services. Their agility and ability to adapt quickly to market demands allow them to introduce innovative solutions, challenge established practices, and promote competition, leading to overall economic advancement.

**Contribution to GDP:** Although individual SMEs may have smaller turnovers compared to larger corporations, collectively, they make a significant contribution to the Gross Domestic Product (GDP) of a country. The cumulative impact of numerous SMEs across various sectors adds up to a substantial share of economic output, contributing to overall economic stability and prosperity.

**Regional Development:** SMEs play a crucial role in regional and rural development. They often establish businesses in areas that are underserved by larger corporations, bringing economic activity, investment, and employment opportunities to those regions. This helps to reduce regional disparities, boost local economies, and improve the overall standard of living.

**Supply Chain and Local Sourcing:** SMEs often form an essential part of the supply chains of larger corporations. They provide goods and services, act as suppliers and subcontractors, and contribute to the overall functioning of the economy. Moreover, SMEs often source their inputs locally, supporting other small businesses, fostering interdependence, and creating a multiplier effect on the economy. The fund applies a combination of exclusions of unwanted activities and sectors with an engagement strategy to support companies to grow in a responsible way.

● ***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?***

*Firstly, the Fund's investment restrictions limit investments in certain products (e.g. tobacco, distilled alcoholic beverages, weapons, gambling and pornography) or sectors (e.g. fossil fuel-based energy production and energy-intensive or high CO<sub>2</sub>-emitting industries). Please refer to the Fund's offering documents for the full list.*

*Secondly, DMF IV has selected three SDGs and set targets and KPIs for each SDG (please see above). Investee Companies are required to monitor and report on these KPIs to DMF IV. The reporting and information requirements related to these KPIs will be uniformly documented in all loan facility agreements of DMF IV.*

*Thirdly, DMF IV demands a board observer seat at all Investee Companies. DMF IV Portfolio Managers will attend Investee Companies board meetings at least once per quarter, which provides the opportunity to address the social and environmental characteristics and discuss the KPI development.*

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

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

The scope of the investments is reduced through the application of the Fund's exclusion policy as well as the geographical focus on small and mid-cap companies from the Netherlands and Germany.

- **What is the policy to assess good governance practices of the Investee Companies?** *As part of every new potential investment, the Portfolio Managers prepare an extensive, independently readable, investment proposal. As part of this investment proposal, ESG / sustainability risks are assessed as part of due diligence according to the Sustainability Accounting Standards Board (SASB) sustainability risk matrix. The investment proposal is subsequently discussed with the DMF IV investment committee, where the ESG risk analysis forms part of the overall risk assessment and investment decision process. The output of the ESG assessment is consecutively recorded via a software tool.*

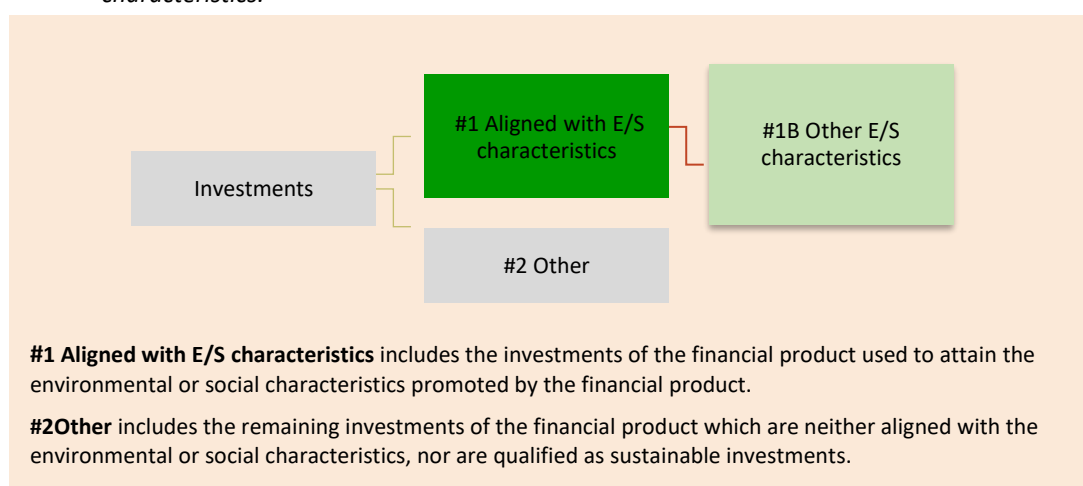
*DMF IV uses the SASB methodology as it provides a framework for assessing and reporting on sustainability factors that are financially material to companies. While SASB primarily focuses on industry-specific sustainability issues, it recognizes the importance of good governance practices as a fundamental component of sustainability, e.g. as SASB requires companies to disclose relevant governance-related information as part of their reporting. This includes information on board composition, independence, leadership structure, executive compensation, and shareholder rights. By imposing these disclosures, SASB promotes transparency and accountability, which are essential elements of good governance.*

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

DMF IV targets a minimum of 60% of the invested capital to be aligned with the Environmental and Social characteristics.

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

*The Fund does not make use of derivatives to attain the environmental and social characteristics.*



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



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



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?** The fund does not make sustainable investments and does not target alignment with the EU taxonomy

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

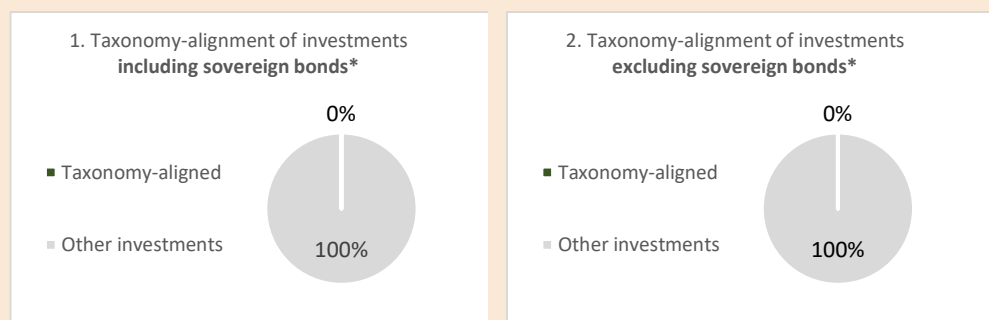
Yes:

In fossil gas  In nuclear energy

No

<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 no significant harm to 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

**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 does not target investment in transitional and enabling investments.



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

As the fund does not aim to make EU Taxonomy aligned investments, 100% of the Fund’s investments will not be aligned with the EU Taxonomy.



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

The Fund does not aim to make socially sustainable investments



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

Investments that are currently not aligned with the Fund’s environmental or social characteristics, as well as temporary cash are included under #2 Other in the Fund’s periodic reporting.



**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 does not apply a reference index to determine whether it’s investments are aligned with its environmental and social characteristics.



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

More product-specific information can be found in the Investor Room.