

|MV|Credit

Sustainability Report | 2024

Contents

Who We Are 3

Highlights..... 8

1.0 | Sustainability at MV Credit..... 9

 1.1 Sustainability Values..... 9

 1.2 Letter from MV Credit’s ESG Officer 10

 1.3 Sustainability Governance 11

 1.4 Corporate Sustainability 13

2.0 | MV Credit as a Responsible Investor 20

 2.1 ESG Integration in the Investment Process 20

 2.2 Portfolio Carbon Footprint..... 23

3.0 | Engagement..... 24

 3.1 Engagement Procedures
 with Portfolio Companies 24

 3.2 Industry Engagement 25

 3.3 Sustainability Linked Loans..... 26

4.0 | Conclusion 28

5.0 | Annexes 29

 5.1 Our Partnerships 29

 5.2 Disclaimer—Sustainability..... 30



Who We Are

MV Credit is an independently managed pan-European private credit specialist. MV Credit was founded in 2000 and has offices in London, Paris and Luxembourg.

MV Credit is a pure private debt manager, offering a suite of private debt products across the capital structure. Historically focusing on subordinated debt, MV Credit offers investors access to senior debt, semi-liquid credit as well as Broadly Syndicated Loans and CLOs.

MV Credit's investment philosophy is built on core principles: rigorous credit analysis and active portfolio management. As of 31st of March 2024, MV Credit had €5bn in assets under management ("AUM").

MV Credit provides a broad private debt offering to investors, with synergies between its three key strategies: direct lending, hybrid, broadly syndicated loans & CLOs. MV Credit has invested nearly €9bn in its direct lending strategies since inception, first with its subordinated funds and then with the launch of its Senior Platform in 2015. In addition, the firm manages hybrid strategies launched in partnership with Loomis Sayles, which provides investors with semi-liquid private debt. Moreover, it has an established CLO platform with an experienced team based in Paris, providing CLOs, tailored solutions and a risk retention fund.

MV Credit is proud to have a team made up of

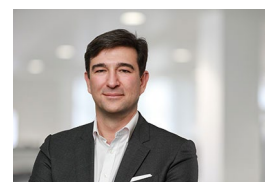
53% women¹

and over

20+ nationalities¹

With over 20 years of investment experience across multiple credit cycles the firm is differentiated by its experienced and long-standing team; members of the Management Team have an average 26 years' of industry experience. The team also benefits from a high level of diversity which helps support critical thinking and better decision making.

Management Team



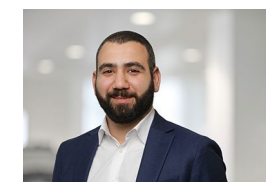
Rafael Calvo
Chief Investment Officer
Managing Partner



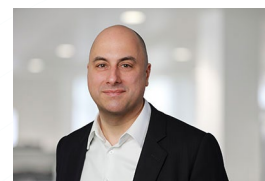
Francois Decoeur
Chief Credit Officer
Partner



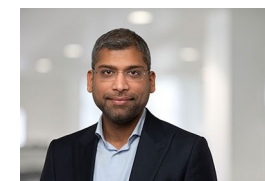
Nicole Downer
Co-Head of Business Development
Managing Partner



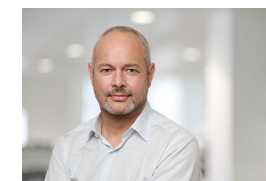
Malek Ghali
Managing Director
Deal Team



Arnaud Heck
Head of France
Managing Director



Murtaza Merchant
Co-Head of Business
Development
Managing Partner



Frederic Nadal
CEO
Managing Partner



Roland Toppen
CFO
Partner

¹ Source: MV Credit, based on the MV Credit team as at 31st December 2023.

Key Figures



of MV Credit Team has Received ESG Training



Investment Approach

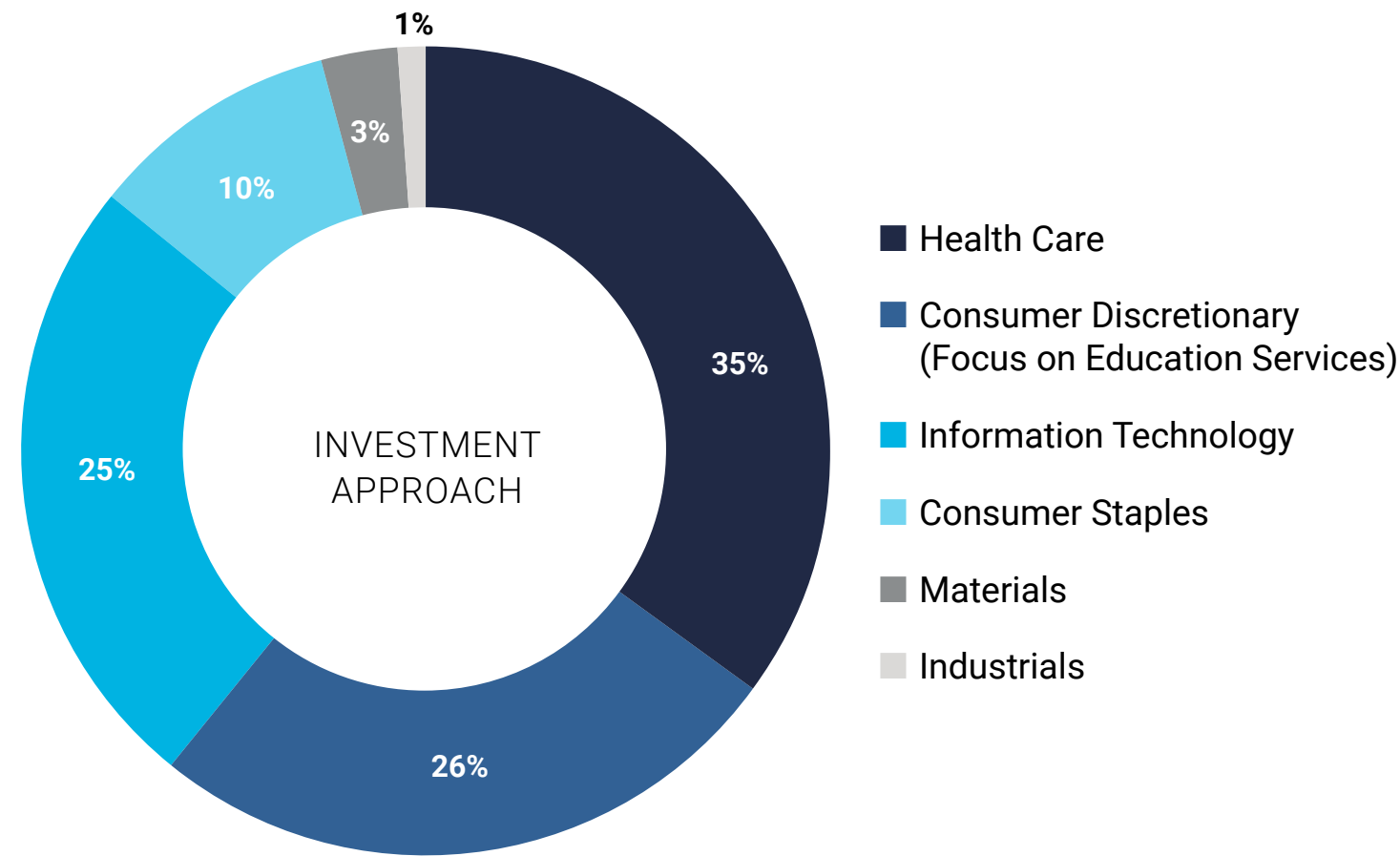
MV Credit invests across the capital structure, providing tailored fund solutions to investors.

Investments are sourced through long-term relationships with reputable private equity sponsors. MV Credit's investment approach follows a buy-and-maintain strategy, constructing diversified portfolios of European credits that typically have a market-leading position in stable sectors.

MV Credit targets less cyclical, defensive industries and regions where the team has a deep understanding, such as subscription-based software services and the healthcare sector.

Focus on stable sectors and rigorous credit selection:

- ▶ 60% of 2023 investment in Healthcare and IT²
- ▶ 0% loss rate on senior investments³



MV Credit's success, tested across market cycles, is based on its investment principles:



² MV Credit, data as at 31st December 2023. Based on all investments made in 2023.
³ Loss rate for Senior Platform as at 31st December 2023 excluding assets sold for non-credit reasons

Awards

MV Credit has consistently applied the same approach, refined and enhanced since 2000. The firm's success within the asset class as a result of this approach has been recognised by MV Credit's peers and stakeholders. Examples of recent awards won by MV Credit are highlighted below.

—2020—



Best Subordinated Debt Investor

Winner: MV Credit

Nominees:

AlbaCore Capital Group
CVC
Park Square

—2021—



Best Subordinated Debt Investor

Winner: MV Credit

Nominees:

AlbaCore Capital Group
Park Square
Goldman Sachs Capital Partners

—2022—



Best Subordinated Debt Investor

Winner: MV Credit

Nominees:

Park Square
HPS

—2023—



Best Private Debt Investor for Western Europe

Winner: MV Credit

Nominees:

Arcmont
BlackRock

Best Subordinated Debt Investor

Winner: MV Credit

Nominees:

Alcentra
Davidson Kempner
GIC
HIG
Indigo

Longstanding Relationships with Key Stakeholders

MV Credit seeks to invest in companies owned by reputable private equity sponsors who both back credit-worthy companies and maintain ESG standards. MV Credit considers investing in private equity sponsored companies as key in providing downside protection. MV Credit has developed strong and longstanding relationships with reputable, responsible private equity owners who have been proven to be supportive of portfolio companies in times of economic stress. A supportive, proactive sponsor is often an important contribution and safeguards returns for MV Credit's investments.

Feedback from MV Credit's LPs;

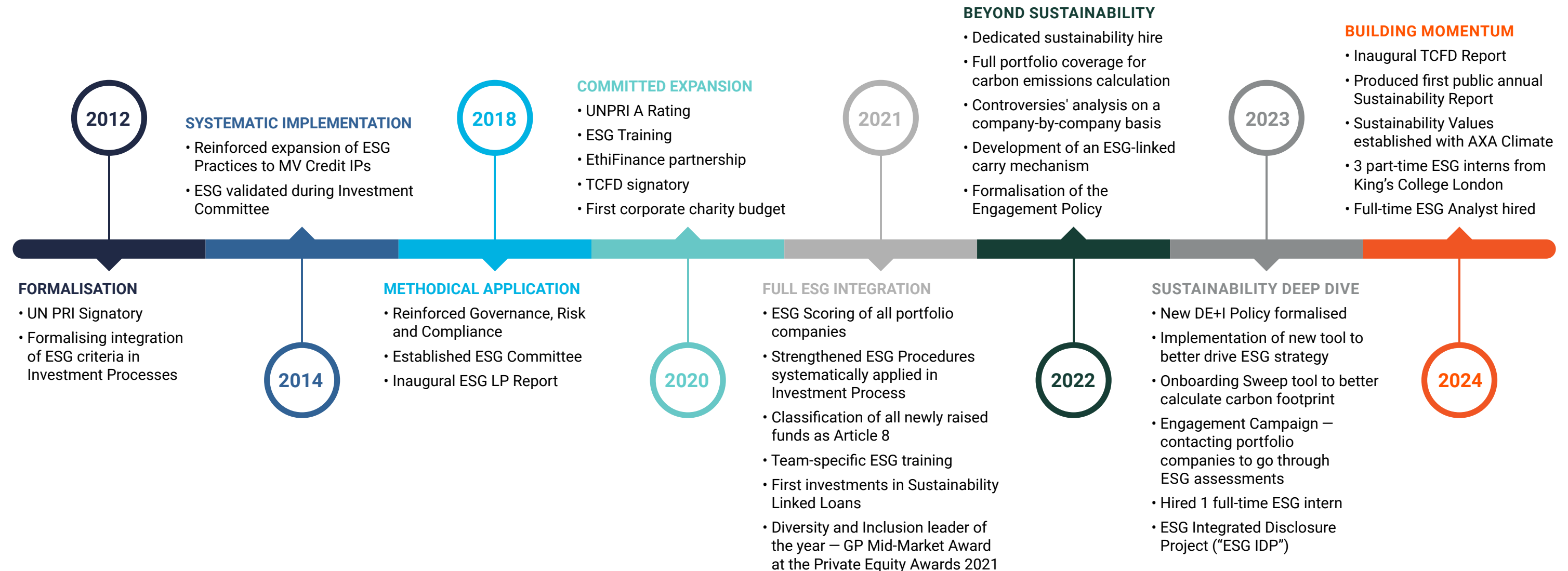
“We started working with MV Credit more than a year ago during our due diligence process on the fund. The MV team has consistently been available and responsive, always with a positive attitude. One of the aspects we appreciated the most about MV Credit is the attention given to ESG, both at firm and portfolio level. MV Credit keeps ESG consistently into consideration when evaluating potential investment opportunities and is a signatory to the UNPRI.”



Highlights

The timeline below illustrates MV Credit's key sustainability milestones, from its early steps towards responsible investing to the innovative initiatives shaping the firm's now embedded commitment to ESG principles. This report will reflect on progress, celebrate achievements, and reaffirm MV Credit's dedication to creating positive, lasting impacts on both financial markets and wider society.

The commitment to pursuing sustainability and ESG excellence is a defining aspect of MV Credit's corporate ethos and has been since the firm's formation 24 years ago. This is well illustrated by the early decision to exclude certain sectors for investment on ethical grounds. MV Credit was also an early signatory to the United Nations Principles for Responsible Investment (UN PRI) in 2012. Moreover, the firm has continually endeavoured to integrate sustainability principles into every facet of its operations (e.g. by gradually designing and including new focused analysis).



| 1.0 | Sustainability at MV Credit

1.1 Sustainability Values

MV Credit is committed to being a conscious and mindful investor, as well as a responsible corporate citizen. Driven by an entrepreneurial mindset, the company empowers its employees to actively contribute to the sustainability agenda and foster long-term value creation.

MV Credit perceives itself as a catalyst in the ongoing societal shift towards sustainability. In this journey, market fluctuations are viewed not as obstacles but as temporary deviations from the inevitable long-term objective of a sustainable future.

Four values reflect MV Credit's identity:

- **Authenticity**
- **Transparency**
- **Engagement**
- **People-oriented.**



1.2 Letter from MV Credit's Sustainability Officer, Emilie Huyghues Despointes

Dear Readers,

As the Sustainability Officer at MV Credit, I am reflecting on my initial years with the firm with a sense of excitement and innovation. Upon joining MV Credit in March 2022, I found an existing ESG Committee that had initiated the integration of ESG analysis into our investment process. However, the dynamic nature of sustainability demanded further development, structuring, and formalisation of frameworks, processes, and analyses. The challenge was exciting as it provided ample room for innovation.

One of the challenges we encountered in pursuing our sustainability goals was navigating the regulatory landscape, driven largely by the lack of available data in private markets. While regulations are essential for driving market practices and ensuring consistency, they were predominantly tailored to listed markets. Adapting these regulations to suit the unique dynamics of private markets required creativity and resourcefulness. We developed proprietary methodologies and frameworks aligned with regulatory expectations, drawing insights from listed markets while innovating in data collection directly from portfolio companies. Engaging with regulators and market participants was instrumental in advocating for the specificity of our asset class. I have actively participated in numerous conferences, both as a panelist to lead discussions on sustainability and as an attendee to gain insights and inspiration from global initiatives. This involvement has been instrumental in enhancing MV Credit's practices.

Despite our position in private debt lending, where traditional avenues for engagement such as voting rights are limited, MV Credit is strongly committed to fostering sustainability engagement with its borrowers. We implemented an ESG Engagement Policy in 2022, facilitating engagement throughout the investment process, from due diligence to post-investment phases.

MV Credit's sustainability values are deeply rooted in our DNA, predating the mainstream emergence of ESG principles. Our core values emphasise authenticity, transparency, engagement and people-centricity. We channel funds into supporting well-functioning businesses while prioritising societal and environmental concerns. Our diverse and entrepreneurial team embodies these values, driving continuous improvement in our practices, while providing attractive returns to our investors.

Looking ahead, MV Credit is committed to proactive sustainability initiatives, going beyond regulatory compliance to lead the market, such as implementing carried interest with ESG-linked features. We will continue to innovate and think outside the box, leveraging our expertise in private markets to maximise positive impact internally and through our investments.

Thank you for your continued support as we embark on this sustainability journey.



Warm regards,
EMILIE HUYGHUES DESPOINTES
Sustainability Officer, MV Credit

1.3 Sustainability Governance

Operational excellence and proper governance are critical to the way MV Credit runs its business.

Group oversight and direction reside with management together with various internal committees (Management, Risk & Compliance, Allocation, Human Resources).

Beyond complying with legal provisions and mitigating operational risks, these processes enable the firm to provide a transparent and high-quality service to our investors. Senior management sets the tone at the top by articulating the organisation’s strategy and values, and by maintaining the firm’s culture of accountability, transparency and compliance.

With respect to its ESG initiatives, MV Credit’s CEO Frederic Nadal has acted as Chairman of the ESG Committee since 2018. The Sustainability Officer, supported by Frederic Nadal and the ESG Committee, is responsible for leading the ESG initiatives at the firm.

Finally, to underline the commitment to the values promoted, MV Credit has aligned its carried interest – i.e. its performance fee – on ESG Key Performance indicators (KPIs) for one fund. MV Credit has also decided to drive its banking relationship in line with MV Credit’s ESG initiatives, by reflecting this structure within the financing – i.e. margin dependent on ESG KPIs.

At MV Credit, corporate management and decision making (around general firm strategy, budgets, etc) are dealt with by the Managing Board, which maintain ultimate responsibility of the firm. The **Management Team** is chaired by Frederic Nadal (CEO) and composed of four senior management team members.

ESG Committee

A key sustainability-related area of MV Credit’s governance is the firm’s **ESG Committee**, which independently reports to the Management Team, and is also chaired by Frederic Nadal. Frederic Nadal has been involved in the long-term development and evolution of MV Credit’s ESG-centered approach to investment management. This emphasises the importance of sustainability at the Senior Management level.

MV Credit’s ESG policies and investment procedures, comprising the oversight of sustainability-related risks and opportunities, are produced and overseen by MV Credit’s ESG Committee, which meets quarterly.

The ESG Committee comprises eight members who all have differing backgrounds and expertise within MV Credit, fulfilling separate ESG functions in conjunction with their dedicated work for the Investment Team, Risk and Compliance departments.

The members of the Committee currently comprise:

- Dedicated Sustainability Officer
- Deal Team Representative (Direct Lending)
- Credit Research Team Representative (CLO)
- Investor Relations/Solutions Team Representative
- Risk Team Representative
- Compliance Team Representative
- Portfolio Management Team Representative

The ESG Committee independently verifies and oversees the implementation of the firm’s ESG policy and ESG investment procedures. The Committee is responsible for sustainability-related reporting and assists the Investment Committee, the Investment Team and other employees with the implementation of relevant policies, procedures and other ESG-related matters. Day-to-day responsibility for implementation and monitoring of these policies and procedures sits at the level of the Portfolio Manager and is supported by the dedicated Investment Team. Moreover, unlike some fund managers who keep their responsible investment analysts separate from the Investment Team, MV Credit’s ESG Committee is fully integrated into its investment process, working alongside its traditional financial analysts to inform the team’s investment decisions.

The ESG Committee will also support the MV Credit oversight and internal control functions in monitoring product and client-specific guidelines and restrictions.

ESG Committee



Frédéric Nadal
Chair of the ESG Committee
CEO



Emilie Huyghues
Despointes
Sustainability Officer



Meltem Sevdiren
Chief Compliance Officer



Laetitia Roland
Risk Officer



Helene Barikmo
Deal Team



Harry Elliott
Investor Solutions



Arnaud Schmit
Credit Analyst



Yasmin Bou Hamze
Investor Solutions

Investment Committee

The **Investment Committee**, is responsible for reviewing and assessing all the ESG-related analyses produced by the Investment Team Professionals.

Every investment decision requires a final approval from the Investment Committee, comprising six Senior Management Team members.

The Investment Committee only seeks to approve ESG-compliant investments: (i) in the event that either the Private Equity Sponsor or the underlying investment displays unsatisfactory levels of compliance, this will result in the investment being declined; (ii) in the event that the ESG due diligence assessment findings suggest unethical encroachment on any of these considerations, it is the Investment Team's responsibility to provide a strong rationale for investing (e.g. impending change in operations / changes to company policies).

MV Credit has declined several deals on ESG grounds.

Risk & Compliance Committee

The Risk and Compliance Committee at MV Credit is pivotal in overseeing compliance and risk management, convening quarterly to ensure the firm's stability and sustainability.

Sustainability risk, defined by the Risk Management Function, covers any ESG event or condition that could devalue an investment or hinder long-term returns. MV Credit's Portfolio Managers integrate these risks into investment decisions, tailoring strategies accordingly.

To bolster risk management, the RMF employs Key Risk Indicators and spot-checks, ensuring ESG considerations are integrated and monitored.

- **ESG Exclusion and Cautious List:** Post-trade checks ensure investments align with sustainability criteria.
- **ESG Deal Memorandum Spot Checks:** Compliance reviews assess integration of sustainability risks in investment decisions.

Significant findings are escalated to the ESG Officer, then to the ESG Committee for action.

This streamlined approach ensures effective sustainability risk management, maintaining MV Credit's commitment to compliance and responsible investing.



1.4 Corporate Sustainability

1.4.1 Company Culture

At MV Credit, cultivating an inclusive workplace culture stands as a defining element of the company ethos. The company's dedication to celebrating diverse perspectives underscores its mission to establish a workplace where every individual feels recognised for their contributions.

MV Credit demonstrates unwavering support for its employees by offering extensive opportunities for career advancement, personalised mentoring, and continuous training initiatives. Tailored comprehensive benefits packages ensure that employees' needs are met with consideration to their individual circumstances.

Furthermore, MV Credit recognises the significance of community engagement and fostering connections beyond the workplace. Through initiatives such as charity days and social events, the company encourages employees to meaningfully engage with their surroundings while strengthening bonds within the MV Credit community.

Above all, MV Credit's company culture is crafted to empower individuals not only to thrive within their roles but also to succeed in realising their fullest potential. This commitment to inclusivity, support, and growth serves as the cornerstone for collective success at MV Credit.

Mental Health Initiatives

MV Credit makes a special effort to look after its most precious resource, its people. At MV Credit, there are a series of activities in place throughout the year to promote good mental health. Most importantly, the firm recognises that good mental health is important every day of the year.

Social Events

For years, the team at MV Credit have hugely enjoyed participating in the JP Morgan Corporate Challenge. This is the world's largest corporate running event with the mission of serving as a catalyst between work and wellness, a value that resonates deeply with MV Credit. The event offers companies opportunities to bond over a shared experience powered by fitness, friendly competition, food and fun.

Celebrating Employee Pursuits Beyond Work Responsibilities

MV Credit values the holistic well-being of all team members. The firm actively seeks opportunities to champion its employees' individual interests and pursuits outside of the workplace.

A prime illustration of this commitment is the company's support for Laetitia Roland, Senior Risk Manager, as she embarked on her journey to participate in the Valencia marathon in 2023. To support this endeavor, MV Credit funded the race entry fee, running vest and running shoes. This gesture underscores MV Credit's dedication to fostering a culture where personal ambitions are encouraged and celebrated.



Here are some MV Credit staff members embracing their culinary skills.



Some of the team partaking in the 2023 JP Morgan Corporate Challenge event.



Here are some MV Credit staff members embracing their creative skills.



Laetitia Roland, Senior Risk Manager participating in the 2023 Valencia marathon.



Running gear funded by MV Credit.

1.4.2 Diversity, Equity & Inclusion (DE&I)

At MV Credit, DE&I is a core ethos and is integral to the firms investment success. In 2022/23, MV Credit expanded its DE&I working group to ten and set out its commitment in detail in a new DE&I Policy, published on MV Credit’s website found [here](#).

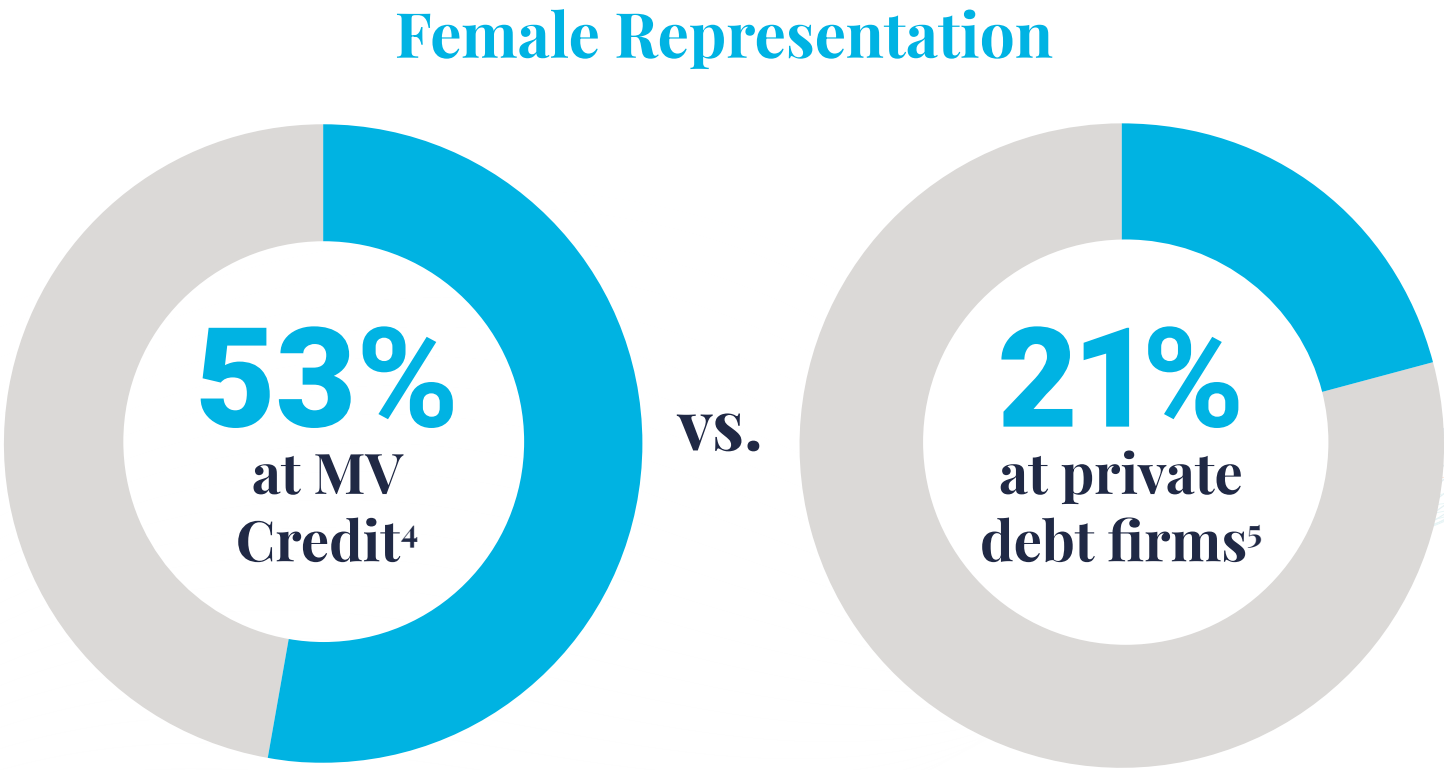
The firm strives to attract, nurture, and retain staff that are both talented and diverse. MV Credit is proud to be ahead of its peers in the private debt industry in terms of attaining a figure of 53% of female representation across both junior and senior level positions. In comparison, Preqin’s 2022 “Women in Alternative Assets” Report found that 21% of all employees at private debt firms are female and that women represent less than 15% of senior positions. In addition to gender diversity, MV Credit comprises 20 different nationalities among nearly 70 employees, and a variety of cultural backgrounds.

2021 Diversity and Inclusion Leader of the Year – GP Mid-Market

Its commitment to diversity and inclusion was recognised in 2021 when MV Credit won the Diversity and Inclusion Leader of the Year – GP Mid-Market award at the Private Equity Awards 2021. In 2022, MV Credit was a finalist for Diversity and Inclusion Leader of the Year – GP. Later in 2022, Nicole Downer, Managing Partner and a member of the firm’s Diversity and Inclusion Committee, was selected as one of Private Equity International’s Women of Influence in Private Markets in 2022, in the private debt category.



"Inclusion is the key to building Diversity. At MV credit, we truly believe that the success of our business and the well being of our team is directly related to having a diverse and inclusive working environment. The values we share at the work place in turn creates a welcoming and safe space for the team to prosper both as individuals and as professionals." – Murtaza Merchant, Co-Head of Business Development, Managing Partner



⁴ MV Credit data, 31 March 2024
⁵ Preqin data, 2022

Case Study—International Women’s Day 2024

This International Woman’s Day, MV Credit was honoured to support Womankind Worldwide as a sponsor of the charity’s annual fundraising Gala dinner. MV Credit helped to raise over £1.2million which will directly further the rights of women and girls around the world, whether supporting Afghan women to earn a living or empowering girls in Kenya. In addition, it was great to learn more about the charity’s work during a talk that Alicia Luther-Jones, the Philanthropy Manager at Womankind, and Kalie Weninger, Trusts and Foundations Manager, gave to MV Credit staff.



LGBTQ+ Engagement

MV Credit is a sponsor and an active participant in Out. Out Investors is a global network that strives to make the direct investing space more inclusive for LGBTQ+ investment professionals through networking events, speaker series and mentorship programmes.



MV Credit is also a member of LGBT Great, the global LGBTQ+ financial and professional services membership community. LGBT Great provides innovative insights, visibility and outreach solutions which are enhancing our approach to DE+I. Rafael Calvo (Managing Partner) is our Senior Lead Sponsor, and together with our Diversity and Inclusion Working Group, MV Credit is planning a series of events and learning opportunities to promote greater inclusivity and awareness.

In 2023, MV Credit was recognised by LGBT Great for being a leader in Diversity Excellence. This reflects the firm's continued commitment to DE&I.



1.4.3 Charities

Partnership with Raise Your Hands

MV Credit values the importance of playing a proactive, positive role in the local community. MV Credit has partnered with Raise Your Hands (RYH) on its charitable endeavors since 2022. RYH is a platform of 14 smaller children’s charities who would otherwise miss out on corporate donations. These charities cover mental health, poverty reduction, education, and conservation. RYH both allocate corporate donations and coordinate volunteering opportunities within their portfolio.

MV Credit’s partnership with Raise Your Hands has offered employees the chance to engage with some truly impactful volunteering opportunities. The team have been involved with many activities, from packing bags with school essentials for children in need to sorting baby clothes at a London-based baby bank (see pictures). This has been a truly fulfilling and important partnership that MV Credit will continue to nurture.

Partnership with Ocean Born Foundation

MV Credit is thrilled to announce its partnership with the Ocean Born Foundation in 2024, underscoring the firm’s dedication to a more sustainable future. Ocean Born produces Eco-friendly products, with 100% of their profits dedicated to fighting the climate crisis by enhancing ocean health. As a testament to its commitment to biodiversity and ocean protection, MV Credit is purchasing 100 gilets for its employees. This initiative marks the beginning of a promising collaboration that MV Credit is eager to expand and nurture.



MV Credit staff volunteers fill backpacks with quality supplies for school children from disadvantaged backgrounds.



MV Credit staff members sorting toddlers clothes to be handed to families in need.

1.4.4 Carbon Footprint

MV Credit strives to operate in an environmentally conscious manner through a variety of sustainable corporate initiatives. The firm has been calculating its carbon footprint since 2019, and has implemented a new procedure in 2023 to calculate the financed emissions of its portfolios. The firm endeavors to minimise its impact on the environment by implementing stringent office recycling, reduced printing policies and issuing all employees with metal re-usable water bottles in a bid to reduce waste plastic consumption. MV Credit supports flexible working schedules and telecommuting, both for the good of its employees and for their impact on its carbon footprint.

Spotlight

SUSTAINABLE ACTIONS WITHIN THE OFFICE
IN OUR LONDON OFFICE
100% of electricity is generated from renewable sources.
The wastewater system is run using rainwater.
We have a thermal wheel on the roof that creates heating and cooling, working in unison with the fan cool unit.
Motion light detectors and LED lights are used to reduce energy consumption.
Water fountains are available and reusable water bottles are given to all employees to reduce the use of plastic water bottles.
We have coffee machines with organic and fair-trade coffee beans as well as recyclable coffee pods to reduce the use of single-use coffee cups.
In addition to the above, we have a strict travel policy in place where train transportation is prioritised whenever possible as opposed to planes and we also offer employees a Cycle2Work scheme to incentivise them to travel using one of the lowest emitting modes of transport.



1.4.4 Carbon Footprint

The **carbon footprint measures the Greenhouse Gas (GHG) emissions** attributed to a company's activities. It integrates all GHGs and expressed as a carbon dioxide equivalent (CO2e).

The **CO2 equivalent** is a unit of measurement which **standardises the climatic effect** of different GHGs.

Carbon accounting standard uses: GHG Protocol

Using this standard means the carbon footprint is broken down into three scopes:

- SCOPE 1:** consumption of gas and fuel oil by buildings, fuel consumption by the company's vehicle fleet, fugitive emissions
- SCOPE 2:** consumption of electricity as well as heat and cold from urban networks
- SCOPE 3:** business travel, home-work travel, waste, purchases, fixed assets of buildings and machines, freight, investments

Total Emissions

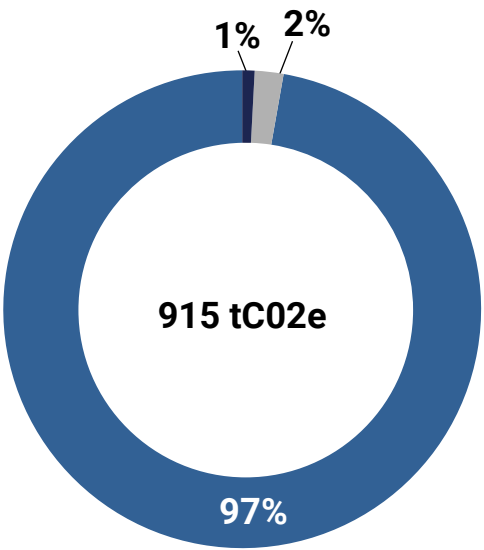
MV Credit reported total greenhouse gas (GHG) emissions of 915.4 tCO2e, excluding the financed emissions of the portfolios. This equates to a corporate CO2e per employee of 13.5 tCO2e.

This initial outcome is encouraging, aligning with market benchmarks. Comparative data from other asset managers who disclose their emissions indicates a range of 8 to 14 tCO2e per employee, with a median value of 10.5 tCO2e. Nonetheless, there is a commitment to further improvement in subsequent years.

Emissions Per Scope of the GHG Protocol (tCO2e)

Our company's total emissions categorised by the three Scopes of the GHG Protocol in tCO2e.

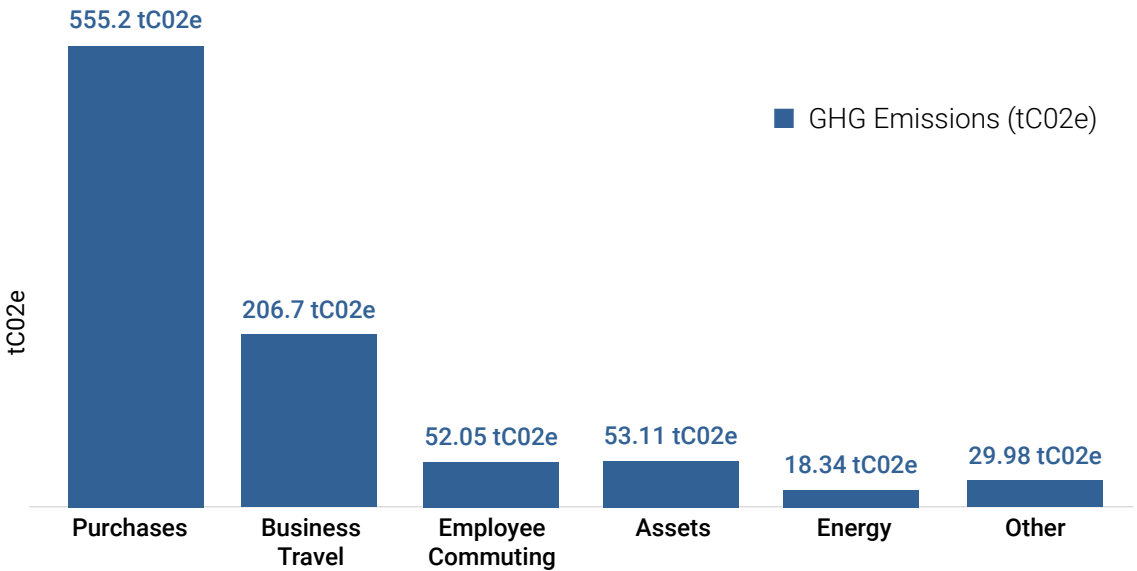
■ Scope 1 ■ Scope 2 ■ Scope 3



Split Per Category

Our Company's Main Hot Spots (tCO2e)

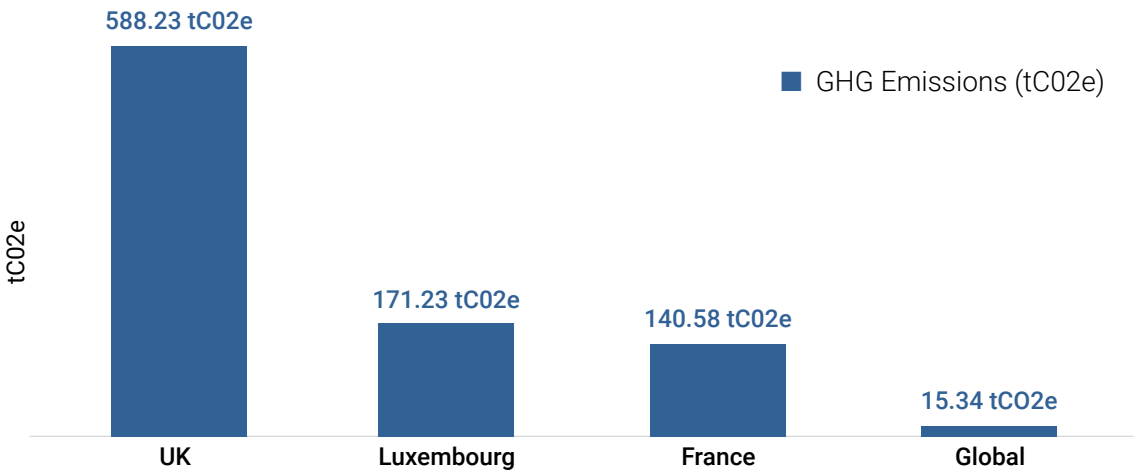
Our company's total emissions categorised by the categories of the GHG Protocol in tCO2e. This dashboard focuses on our five main hotspots.



Split Per Office

Corporate Carbon by Office (tCO2e)

Our Company's Emmissions in tCO2e Per Office



1.4.5 Employee Resources and Training

At MV Credit, the development and well-being of employees remains paramount. Through dedicated training programs and initiatives, the company fosters a culture of continuous learning, ensuring the team remains equipped to navigate the dynamic sustainability landscape of the financial industry with confidence and proficiency.

ESG Training at MV Credit

In 2023, all MV Credit full-time employees completed annual ESG training provided by The Climate Fresk. This interactive workshop, focused on climate change awareness, employed a gamified approach to engage employees creatively.

Additionally, ongoing education is ensured by offering ESG training to new joiners and existing staff through the Thomson Reuters platform every two years. This commitment to continuous learning underscores the dedication to integrating sustainability into daily operations.

At MV Credit, belief in the transformative power of education drives the commitment to empowering the team to make informed decisions that contribute to a more sustainable future.

Case Study—CFA in ESG Investing

As mentioned, MV Credit fosters a culture of professional development and is proud to support team members in their pursuit of specialised certifications that align with the firm’s commitment to sustainability and responsible investing. Recently, an employee based in Paris achieved the Chartered Financial Analyst (CFA) certificate in ESG investment, which was fully funded by MV Credit. This support demonstrates that MV Credit actively encourages team members to contribute to the collective mission of driving positive environmental and social impact.



2.0 MV Credit as a Responsible Investor

2.1 ESG Integration in the Investment Process

In 2021, following SFDR (Sustainable Finance Disclosure Regulation) coming into force, MV Credit has decided to classify every newly raised fund as Article 8. Currently MV Credit manages four Article 8 products, and one 'Article 8-like' CLO.

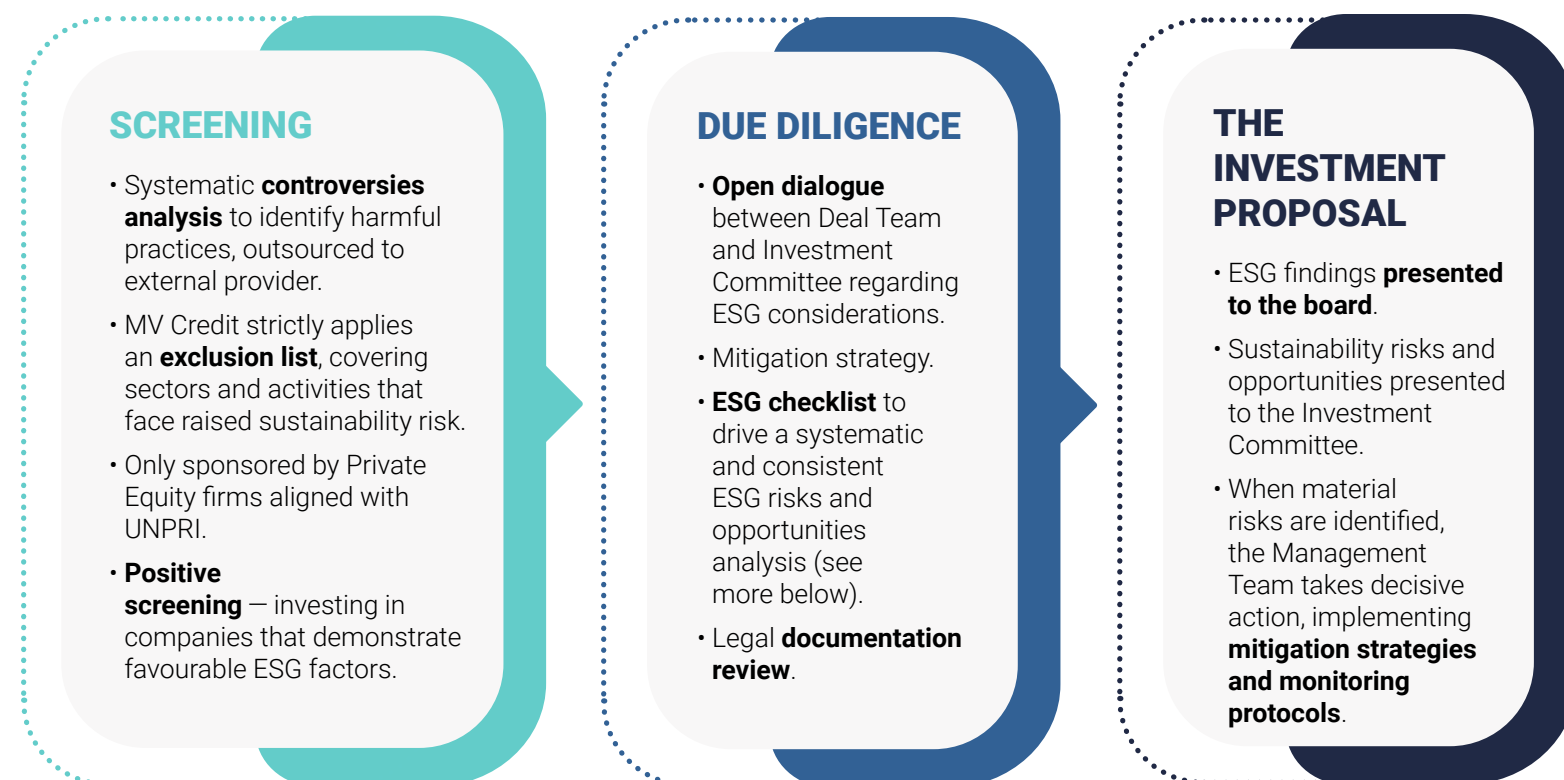
2.1.1 Pre-Investment Stage

MV Credit's direct lending process stands out for its robust integration of sustainability principles, positioning the firm ahead of the market curve. At every stage of the investment process, ESG factors are meticulously factored in, with a keen focus on double materiality—a cornerstone element that guides MV Credit's approach.

What is Double Materiality? An approach that considers both the impact of sustainability on firm performance and the firm's effects on people and the environment.

Incorporating ESG considerations into every prospective investment is integral to sustainability at MV Credit, and the firm declines opportunities that lead to inappropriate exposure to ESG risk and negative ethical and social impacts.

Integration of ESG Procedures



What is Controversy Analysis?

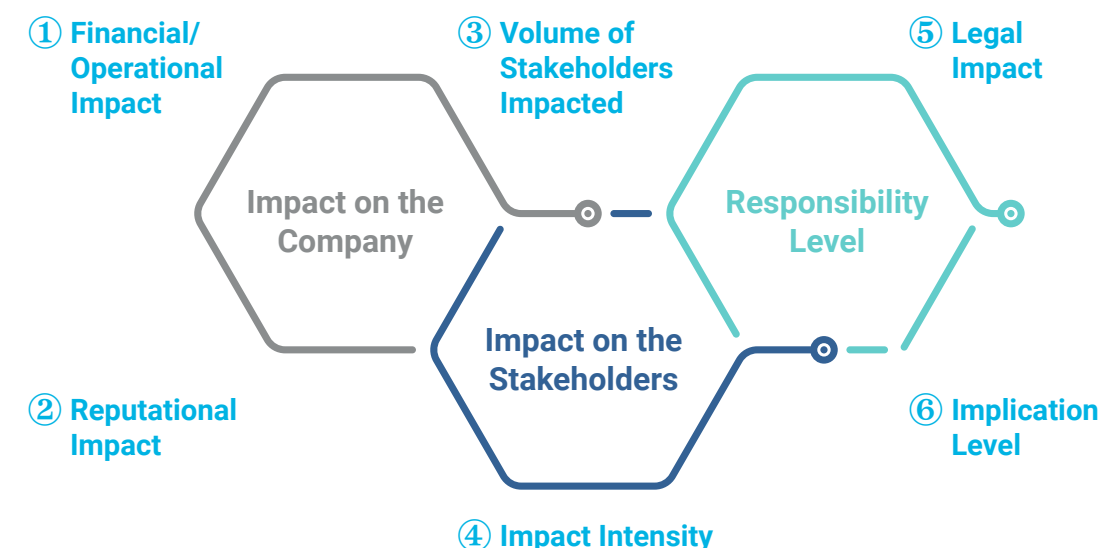
A controversy is an incident involving a company that may negatively impact stakeholders, the environment, or the company's operations. This incident may harm the company's reputation and its financial profile.

The purpose of controversy screening is to ensure no incidents are missed involving companies MV Credit considers investing in.

Controversies Analysis Process



Controversies Scoring Methodology



Zooming In: MV Credit's Checklist

The ESG checklist is a proprietary scoring tool developed together with a third-party provider, EthiFinance, and completed by the Deal Team. The checklist serves as a cornerstone for maintaining consistency by establishing a unified assessment framework. It facilitates the tracking of KPI development, thereby enhancing MV Credit's ability to monitor ESG risks across the entire investment lifecycle.

Main objective: to drive systematic and consistent ESG risks and opportunities analyses.

KPIs cover four pillars: Environment, Social, Governance and External Stakeholders. This provides the Investment Team with a framework enabling them to have a 360 ESG approach and identify any major sustainability risks.

Both the Direct Lending (DL) and Broadly Syndicated Loans (BSL) business sectors incorporate the same rational for analysis, but the checklist is adapted to the specificities of the asset classes.

- **DL:** c. 60 KPIs covering the four pillars, aligned with the ESG Integrated Disclosure Project (IDP) for which MV Credit is a recognised supporter. <https://www.esgidp.org/supporters/>
- **BSL:** c. 30 KPIs. Derived from the DL questionnaire and adapted to the BSL challenges, namely less access to the management team and the shorter period of analysis, catering to a reduced framework. Market standards were referred to, such as the Loan Syndications and Trading Associations (LSTA) and Loan Market Association (LMA), as well as overall response rates, to refine the DL checklist and finalise the BSL one accordingly.

ESG Case Studies



Kersia

- Kersia is a global provider of biosecurity solutions for the food industry, therefore supplying an absolutely necessary and recurring service to an industry which has great defensive properties in challenging times.
- Furthermore, Kersia is among the first issuers of sustainability-linked loans, i.e. partially linking the Term Loan B margin to the annual evolution of the following three criteria: (i) collection and recycling of empty packaging from customers, (ii) share of green products, and (iii) share of staff given the opportunity to become shareholders of the Group.
- On that basis, we were comfortable in supporting the Company's financial needs.

Social & Environmental Responsibility
(ESG: "Health & Safety" & "Environment")



Invested



Project Van Gogh

- MV Credit was invited to consider the financing of a leading manufacturing company of optical systems and components for a wide range of end markets.
- While the company had a small, non-core exposure to defence sector, the Investment Team viewed the production of components directly used to complement firearms and weapons as enabling the use of deadly weapons.
- The Investment Team assessed if the company would commit to divest or discontinue this small division and therefore explored the possibility of lending exclusively to the highly attractive, core industrial business.
- As the company did not indicate any such plans, we were ultimately uncomfortable in proceeding with this investment on ESG grounds.

Social Responsibility & Reputation
(ESG: "Health & Safety" & "Product Responsibility")



Declined

2.1.2 Post-Investment Monitoring and ESG Reporting

Investment Monitoring with EthiFinance, The Double Materiality Agency

The monitoring process is multi-layered: the ESG Committee, alongside the Deal Team and the Credit Monitoring Team, spearheads the monitoring process. Ongoing oversight is also applied on a case-by-case basis, supported by the Credit Monitoring professionals. Notably, in the event of an ESG-related incident, the Deal Team professionals are tasked with engaging the relevant stakeholders and private equity sponsors. If deemed necessary, they may convene an ESG and/or Divestment Committee to address the situation effectively.

In the realm of ESG data and reporting MV Credit upholds a meticulous standard to ensure the comprehensive assessment of sustainability factors. Each year, the firm orchestrates a thorough data collection campaign, leveraging its collaboration with EthiFinance, a reputable French-based third-party consulting agency, to gather over 60 Key Performance Indicators (KPIs) from all borrowers.

This data serves as the foundation for the annual ESG reports, which are integral to tracking the sustainability performance of MV Credit's funds. The reports provide a qualitative overview of each fund's ESG performance, shedding light on areas of strength and opportunities for enhancement. Information on Principal Adverse Impacts (PAIs) on sustainability factors are also included in these reports. These annual reviews facilitate a nuanced understanding of ESG performance across dimensions including environmental impact, social responsibility, governance practices and engagement with external stakeholders.

Furthermore, the collaboration with EthiFinance empowers MV Credit to refine its ESG analysis tools and reporting mechanisms continually. This iterative process strengthens the firm's ability to monitor progress on ESG-related risks and engage proactively with borrowers to address emerging challenges.

In summary, the Annual Data Collection Campaign and ESG Reporting framework epitomise MV Credit's commitment to transparency, accountability, and continuous improvement in sustainable finance practices. Through robust data collection, rigorous analysis, and collaborative partnerships, the firm endeavors to drive positive change and foster long-term value creation for stakeholders.

Example of a Borrower ESG Performance Scorecard, Result of the Annual Data Collection Campaign

	2021	2022	TREND 2021-2022	BENCHMARK	PLACEMENT VS BENCHMARK
GOVERNANCE	73	65	↓	53	●
Composition of governance bodies	75	58	↓	70	●
Business Ethics	75	75	→	27	●
CSR policy, extra-financial issues and implementation of the non-financial reporting (EU directive)	69	69	→	70	●
SOCIAL	42	69	↑	42	●
Social characteristics and policies	58	79	↑	56	●
Equal opportunities	30	63	↑	40	●
Health and Safety	33	58	↑	24	●
ENVIRONMENT	77	82	↑	48	●
Environmental policy and management system	92	92	→	40	●
Energy and Greenhouse Gases	50	63	↑	54	●
Water, ground, air and waste	100	100	→	48	●
EXTERNAL STAKEHOLDERS	80	80	→	62	●
Relations with suppliers	50	50	→	55	●
Relations with customers, civil society and responsibility of products	100	100	→	68	●
GLOBAL SCORE	65	73	↑	49	●

2.2 Portfolio Carbon Footprint

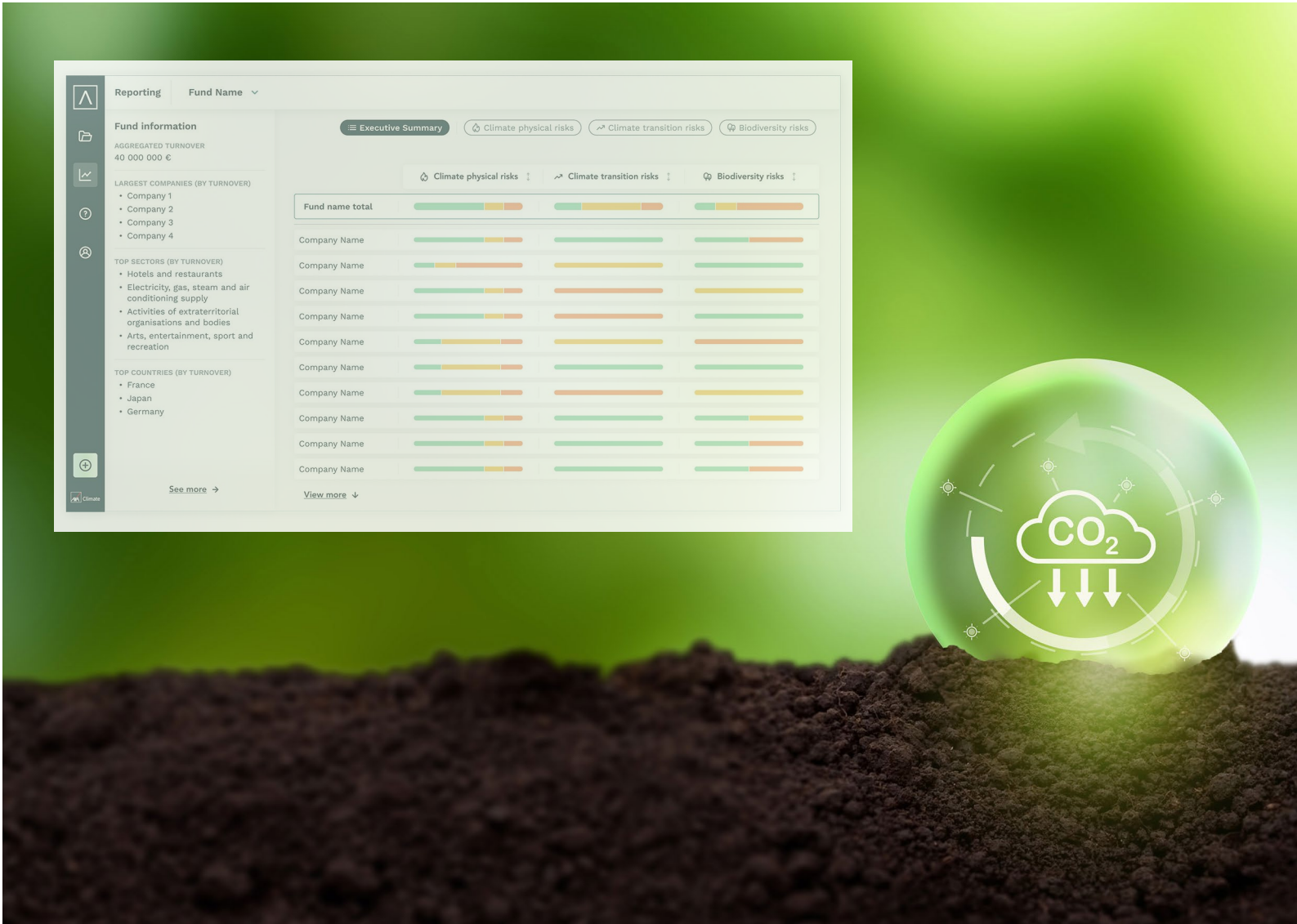
In the realm of private markets where MV Credit operates, portfolio companies traverse varying stages on their ESG journey. Consequently, portfolio companies have different levels of maturities: some entities furnish comprehensive data concerning Scope 1, 2, and 3 emissions alongside other sustainability metrics, while others may not disclose any information.

As part of the annual data collection campaign, MV Credit directly collects reported carbon data from the borrowers. In instances where portfolio companies offer inadequate data, MV Credit leverages the third-party platform 'Sweep' to approximate their carbon emissions. Sweep's methodology is based on the principles of the PCAF (see below).

The PCAF (Partnership for Carbon Accounting Financials) is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

Thanks to the Sweep tool, MV Credit is able to calculate the financed emissions of its portfolios, combining reported and estimated data. These support the identification of hot spots within the portfolios and further helps MV Credit monitoring climate risks.

Additionally, the utilisation of the Altitude tool from AXA Climate aids evaluating and overseeing a spectrum of risks (climate transition and physical risks) at the portfolio level. Through these measures, MV Credit can systematically monitor the progress of borrower companies across multiple dimensions, including greenhouse gas emissions and pertinent factors like operational and financial risks.



| 3.0 | Engagement

3.1 Engagement Procedures with Portfolio Companies

The perception that lenders cannot engage with portfolio companies is widespread, often attributed to a perceived lack of influence on management compared to private equity investors. However, MV Credit takes an inclusive approach. The company firmly believes in the multitude of opportunities available to engage with and influence portfolio companies, especially toward ambitious sustainability objectives. This engagement occurs not only during the initial assessment and due diligence phases but persists throughout the holding period. MV Credit emphasises the collaborative partnership between lenders and shareholders, highlighting a shared commitment to fostering sustainable growth and maximising value creation.

Key Pillars of MV Credit's Engagement Policy

MV Credit integrates ESG considerations throughout its investment lifecycle. Key engagement activities include:

Pre-Investment Phase:

- ☑ Due Diligence
- ☑ Controversies Analysis
- ☑ Sustainability-Linked Products

Post-Investment Phase:

- ☑ Monitoring
- ☑ Transparency and Reporting
- ☑ Open Dialogue

Engagement Campaign

After implementing a new Engagement Policy in 2022, MV Credit has since run a full engagement campaign, which it will continue to do annually.

In this context, **MV Credit has contacted c. 15% of its portfolio companies** to evaluate their ESG assessment alongside them.

MV Credit supports the portfolio companies in:

- ☑ Developing longer-term strategies relevant to the business
- ☑ Identifying important gaps
- ☑ Addressing the quick wins to improve their ESG performance

Thanks to these discussions, MV Credit has been able to drive up engagement and better understand where the least performing companies were on their ESG journeys and drive them to make improvements.

67% of portfolio companies contacted by MV Credit in 2022 improved their score in the 2023 data collection campaign.

On average, portfolio companies engaged in 2022 have **doubled** their ESG score in 2023.

Portfolio companies are **bolstering internal resources** to better support ESG integration.

3.2 Industry Engagement

MV Credit strongly believes that ongoing informal dialogue, collaboration and good practice sharing emphasises a willingness to drive the market to the next step. Hence, the aim is to collaborate with peers to drive industry-wide sustainability practices, thereby promoting a sustainable future.

Relationship with Private Equity Sponsors

- ☑ **Positive Relationships:** Fostering positive interactions to address ad-hoc ESG-related events during investment lifecycles.
- ☑ **Regular Contact:** Regular meetings with private equity partners to share data, define priority work streams and plan sustainability-focused site visits.

Collaborative and Industry Engagement

Associations

ELFA: MV Credit is working with the ELFA (**European Leveraged Finance Association**), which is a trade body that advocates for a more transparent and resilient leveraged finance market. MV Credit sits in both the ESG Committee and the Private Debt Committee. This provides the company with the opportunity to participate in engaging with the industry more widely around ESG transparency.

AIMA: MV Credit is a member of the AIMA (**Alternative Investment Management Association**), a global trade association for the hedge fund and alternative investment industry, providing advocacy, education, and standards for its members. This brings together a diverse mix of managers which lobby for various causes, with ESG being a significant focus.



Industry Engagement

Signatory of:
 PRI Principles for Responsible Investment

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

THE INVESTOR AGENDA ACCELERATING ACTION FOR A LOW-CARBON WORLD

PRI Principles for Responsible Investment
GREENRECOVERY

AIMA

European Leveraged Finance Association

3.3 Sustainability Linked Loans

Sustainability Linked Loans (SLLs) – Pioneering ESG Engagement

MVCredit has proudly been at the forefront of the growth of SLLs, an innovative financial instrument gaining prominence within the private credit landscape. SLLs embody a distinct approach, incentivising borrowers to enhance their performance against predefined ESG criteria embedded within the loan terms. At MV Credit, this approach is not a trend but a fundamental pillar of the firm’s engagement strategy. The firm remains steadfast in its dedication to pioneering sustainable finance solutions that not only benefit its clients but also contribute to a more resilient future for all.

Driving Positive Change Through Financial Instruments

SLLs incentivise borrowers to proactively address ESG concerns through margin reductions, holding them accountable for any lapses via margin increases, thus aligning financial incentives with sustainable actions.

Ensuring Integrity and Impact

The legitimacy and efficacy of SLLs rely on meticulous structuring and selection of ESG KPIs, with MV Credit dedicated to ensuring relevance to borrowers' industries, material significance to operations, setting aspirational targets, and mitigating the risk of greenwashing.

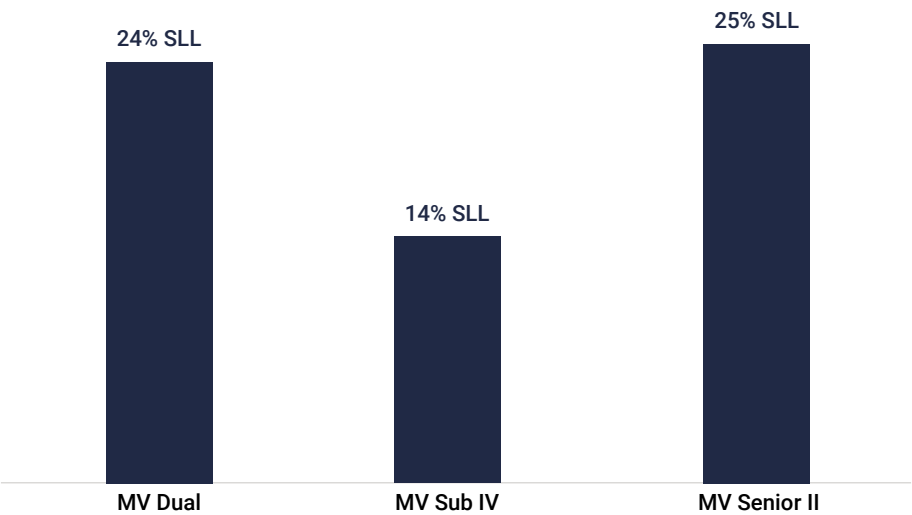
Championing Transparency and Collaboration

MV Credit enhances the credibility and standardisation of SLLs by actively engaging in collaborative initiatives with organisations like the ELFA and AIMA, fostering transparency and accountability in the private credit sector.

Ratchet Margins in Sustainability Linked Loans: A Brief Overview

SLLs use a ratchet mechanism to adjust interest rates based on borrowers' ESG performance. Typically fluctuating around + / - 7-10 bps, this encourages improved sustainability practices. Originally tied to standard rating agencies, SLLs now include tailored KPI frameworks covering broader ESG objectives. Meeting these KPIs leads to lower interest rates for borrowers, keeping them motivated to enhance sustainability. This setup fosters a symbiotic relationship between borrowers and lenders, driving proactive ESG actions for meaningful environmental and social progress.

% OF SLL BY FUND



Case Study

The increasing issuance of SLLs presents an opportunity for MV Credit funds to invest in a responsible manner. For example, in 2022 MV Credit invested in a sustainability-linked loan for a pharmaceutical company focused on women’s health and headquartered in the UK. For this company, the ESG ratchet incentives are based on two KPIs:

- 1. Governance – Employee diversity
- 2. Community – Patients treated

The ESG ratchet is subject to a maximum 10bps discount. Additional details of these KPIs are included below:

KPI 1

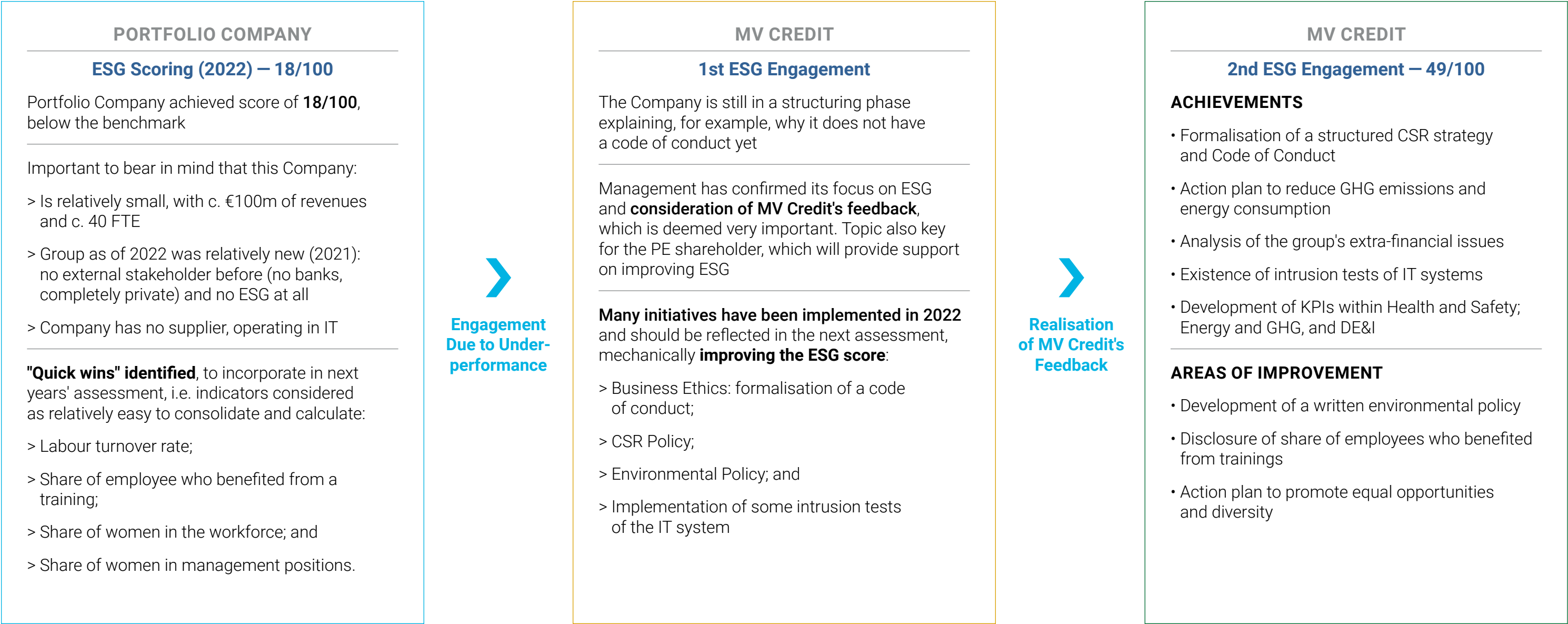
- Percentage of diverse employees in senior management positions
- This KPI is tested annually
- KPI is binary (met or not met)
- Maximum -5bps to +5ps adjustment if met or not met singularly

KPI 2

- Number of patients receiving treatment for Menopause on a yearly basis
- This KPI is tested annually
- KPI is binary (met or not met)
- Maximum -5bps to +5ps adjustment if met or not met singularly

Targets have been met in 2022, which was confirmed by a compliance certificate. The number of patients receiving treatment for menopause and the percentage of diverse employees in senior management positions both increased. MV Credit is pleased to be part of this incentive mechanism.

ESG Case Studies—MV Credit's Engagement in Practice



| 4.0 | Conclusion

This report has highlighted MV Credit's profound commitment to sustainability through its integrated approach to responsible corporate behaviour and mindful investment practices. By prioritising social, societal, and environmental equilibrium, MV Credit aims to create long-term value while addressing the challenges inherent to the transition to a sustainable economy.

The company's corporate initiatives, such as enhancing diversity, inclusion, and environmental stewardship, reflect MV Credit's dedication to fostering a resilient and supportive workplace. These efforts, supported by robust governance practices and a proactive stance on ESG issues, underscore MV Credit's commitment to ethical business conduct.

As an investor, MV Credit sets itself apart by embedding ESG criteria into its due diligence, investment decisions and ongoing monitoring processes. The company's exclusion policies and focus on sustainable investing highlight its resolve to align financial returns with broader social and environmental objectives.

Looking to the future, MV Credit is poised to further refine its sustainability strategies, expand its range of sustainable products, and enhance its ESG data management capabilities. By engaging with stakeholders and collaborating with industry peers, MV Credit aims to drive positive change and lead the private debt sector in promoting sustainable practices. With a clear vision for long-term sustainability, MV Credit is committed to contributing to a more sustainable and equitable future.

Thank you for your continued support and commitment to a shared vision of sustainability.

THE TEAM AT MV CREDIT



| 5.0 | Annexes

5.1 Our Partnerships



Ethifiance

- » ESG Scoring
- » Data Collection
- » Controversies Analysis
- » ESG Performance Reporting



Sweep

- » Corporate Carbon Footprint
- » Calculation of Financed Emissions



Climate

Axa Climate

- » ESG Value
- » Altitude Tool for Climate Risk Assessment

5.2 Disclaimer—Sustainability

MV Credit Partners LLP (“**MVCP**”) is a limited liability partnership registered in England and Wales with registered office at 45 Old Bond Street, London, England, W1S 4QT (Company No. OC397214). MVCP is authorised and regulated by the Financial Conduct Authority (FRN 677177) and is an Exempt Reporting Advisor with the Securities Exchange Commission (“SEC”). MV Credit S.à.r.l. (“**AIFM**”) is a Luxembourg private limited liability company with registered office at 51, avenue J.F. Kennedy, L-1855 City of Luxembourg authorised and regulated by the Commission de Surveillance du Secteur Financier (Registered No. A00002885), with RCS number B222088 and is an Exempt Reporting Advisor with the SEC. The AIFM has delegated portfolio management to MVCP for the MV Credit funds (Luxembourg) it controls. MV Credit S.à.r.l. , Paris branch, a branch of MV Credit S.à.r.l., is registered with the Paris trade and companies register under number 910 511 658 and is located at 5-7 rue de Montessuy, 75007 Paris. MVCP, MV Credit S.à.r.l and MV Credit France are further referred to collectively as (“**MV Credit**”), and are affiliates of Natixis Investment Managers (for further information on the group structure, please click [here](#)).

This is an informative Report (the “**Report**”) regarding MV Credit’s sustainability, transparency, confidence, accountability and responsibility across the environmental pillar (meaning energy use conservation, water treatment, pollution, waste, carbon dioxide emissions and air quality), social pillar (meaning inclusivity, diversity, gender issues, employee engagement, customer interaction, labour standards) and governance pillar (meaning internal procedures and internal rules) (“**ESG**”).

The likely impacts of a sustainability risk may be numerous and can vary depending on the specific risk and asset class. To the extent that a sustainability risk materialises, or materialises in a manner that is not anticipated by MV Credit, there may be a sudden, material negative impact on the value of an investment Please note that any statement as to risks herein is not an exhaustive list, therefore, ask your professional advisor for advice regarding the specific risks.

Certain strategies will fall under the Article 6 classification, and these strategies include certain sustainability factors in the overall investment analysis. However, the investments underlying this type of financial product do not take into account the EU criteria for ESG activities.

For further information on MV Credit’s ESG approach and investment process, please view its ESG Policy Statement at <https://www.mvcredit.com/esg-policy-statement>.

The preparation of certain information in this Report requires the application of several key judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities. The reported measures in the Report reflect good faith estimates, assumptions and judgments at the given point in time. There is a risk that these judgments, estimates or assumptions may subsequently prove to be incorrect.

ESG and climate reporting in respect of models, methodologies and data are not yet subject to the same globally recognised or accepted reporting standards as those available in the context of other traditional financial information reporting standards or accounting principles. Further, climate and sustainable funding and financing activities and their classification and reporting are still not subject to a single recognised or accepted, consistent and comparable set of definitions or standards.

As such, historical underlying data, systems & controls are not equivalent to that of other industry standard benchmarks or globally accepted accounting principles. As such, historical data cannot be significantly relied on as a strong indicator of future projections, in the case of ESG and climate activities. Outputs of models, processed data and methodologies will also be affected by underlying data quality.

As such, MV Credit continues to review and develop its approaches, models, methodologies and projections to keep up to date with latest market principles and standards and accordingly, this may directly or indirectly affect the metrics, data points and targets within the Report. As proposed standards such as the EU Taxonomy, Paris Alignment and EU SFDR rules develop and evolve over time, models, methodologies and data may not only be calculated differently, and some or all of the information for this reporting period using such updated or more accurate data or improved models, methodologies, market practices or standards. Accordingly, such re-presented information may result in different outcomes than those included in this Report and direct like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another.

Accordingly, the information contained herein does not purport to be comprehensive or accurate. Any past information about MV Credit’s performance is not an indication of the future performance and cannot be relied on as a guide. Any reference to past performance herein is not an indication of future performance and it is not a reliable indicator of future results. No representation or warranty is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Different types of funds, strategies or investments present different degrees of risk. This Report also contains statements that are not purely historical in nature but are “forward-looking statements.” By their nature, forward-looking statements involve risk and uncertainty as they relate to future events and circumstances. All forward-looking statements included are based on information available on the date hereof and MV Credit does not assume any duty to update any forward-looking statement. Accordingly, there can be no assurance that the forward-looking statements contained herein will prove to be accurate or that results will not be materially lower than those presented. Therefore, undue reliance should not be placed on such forward-looking statements. Any projections or other estimates in this Report are based on certain assumptions supported by objective data which may prove incorrect.

Actual events may differ materially from those assumed. Unless otherwise specified herein, this Report speaks as of the date set forth on the cover and no MV Credit Party is under any obligation to update the information contained in this Report. Certain ESG and climate related information contained herein is based on or obtained or derived from data published or prepared by third parties (“**Third Party Information**”). While these sources are believed to be reliable, without independent verification, no MV Credit Party assumes any responsibility for the accuracy of any Third-Party Information. No regulatory body has reviewed or approved or passed opinion upon this Report or the merits of any ESG performance discussed herein.

Capital may be at risk as the value of investments can go down as well as up and is not guaranteed; therefore, investors may not get back the amount originally invested.

Recipients should not act upon the information contained in this Report without obtaining specific professional advice. MV Credit accepts no duty of care to any person in relation to this Report and accepts no liability for your reliance on the Report.

Recipients should contact MV Credit if they have questions about ESG and climate in respect of the Report. All rights relating to the information in this Report are and will remain the property of MV Credit. No part of this Report may be reproduced, saved in an automated data file or published in any form or by any means, either electronically, mechanically, by photocopy, recording or in any

other way, without MV Credit’s prior written permission.

This Report is not intended to constitute investment advice or an offer, invitation, solicitation or recommendation to enter into any transaction, offer or arrangement. Any offer or invitation, if made, would be made only by way of a formal offering document or contract and only in jurisdictions in which such an offer or invitation would be lawful. The information contained herein should not be solely relied upon by any recipient for any purpose and no MV Credit Party shall have any liability to any recipient of this Report or any other person in relation to or resulting from the use of or reliance on any such information contained herein or any errors therein or emissions therefrom. Therefore, in making an investment decision, recipients must rely on their own examination of an investment and the terms of any offering and must make an independent determination of whether the interests meet their investment objectives and risk tolerance level.

All information contained in this Report was compiled with reasonable professional diligence, however, the information in this Report has not been audited or verified by any third party and is subject to change at any time, without notice and may be updated from time to time without notice. Neither MV Credit nor any of its respective directors, officers, employees, partners, shareholders, affiliates, associates or agents (“**MV Credit Party**”) accept any responsibility or liability for the truth, accuracy or completeness of the information provided, and do not make any representation or warranty, express or implied, as to the truth, accuracy or completeness of the ESG information in the Report. No liability whatsoever (for negligence or otherwise) is accepted by any MV Credit Party for any loss howsoever arising, directly or indirectly, from any use of this Report or otherwise arising in connection therewith, save in the case of fraud.

Any statement as to risks herein is not an exhaustive list.

The MV Credit Parties are not responsible or liable for any consequences of you or anyone else acting, or refraining to act, in reliance on this Report or for any decision based on it, including anyone who received the information in this Report from any source and at any time including any recipients of any onward transmissions of this Report. Certain information contained within this Report may be based on or obtained or derived from data published or prepared by third parties. While such sources are believed to be reliable, the MV Credit Parties assume no responsibility or liability for the accuracy of any information obtained or derived from data published or prepared by third parties.

The recipient will indemnify MV Credit and hold it harmless with respect to any liabilities (including all costs of investigation and defence) and other damages that directly or indirectly may derive from the recipient’s use of the Report, including, but not limited to, any liability or damage that directly or indirectly may derive from any use of the Report to make investment decisions or any breach by the recipient or by any of the recipient’s agents or delegates of any other terms of this Report.