

Sustainability-related disclosures pursuant to Art. 10 of Regulation (EU) 2019/2088 ("SFDR")

Date of publication: 01. September 2022

Financial Product: **Digital Infrastructure Vehicle II SCSp SICAV-RAIF** (the "Fund" / der "Fonds")

LEI: 529900HF4FCXLTS0ZD74

Summary

The Fund considers certain environmental and/or social characteristics as part of its investment decisions and monitoring processes and aims to have up to 20% sustainable investments within the meaning of article 2 no. 17 SFDR. The consideration of environmental and/or social characteristics is carried out both before and after an investment. For this purpose, information is initially and regularly obtained from the portfolio companies by means of qualitative queries. The Fund incorporates inclusion (positive screening) as well as exclusion (negative screening) aspects during the decision-making process. Thereby the Fund considers several ESG themes to be the key to responsible investing.

Zusammenfassung

Der Fonds berücksichtigt bestimmte ökologische und/oder soziale Merkmale im Rahmen seiner Investitionsentscheidungen und Monitoring-Prozesse und beabsichtigt bis zu 20% nachhaltige Investitionen im Sinne von Art. 2 Nr. 17 SFDR zu tätigen. Die Berücksichtigung von Umwelt- und/oder Sozialmerkmalen erfolgt sowohl vor als auch nach einer Investition. Zu diesem Zweck werden zunächst und regelmäßig Informationen von den Portfoliounternehmen durch qualitative Abfragen eingeholt. Der Fonds bezieht sowohl Inklusions- (positives Screening) als auch Exklusionsaspekte (negatives Screening) in seinen Entscheidungsprozess ein. Dabei betrachtet der Fonds mehrere ESG-Themen als Schlüssel für verantwortungsvolles Investieren.

No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

However, the Fund aims to make up to 20% sustainable investments within the meaning of article 2 no. 17 SFDR. Sustainable investments are investments in an economic activity that contribute to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contribute to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund pursues to make a substantive contribution to the objectives of climate change mitigation and/or climate change adaptation within the meaning of Art. 9 EU Taxonomy Regulation (EU) 2020/852 ("**EU Taxonomy**"). In doing so, the investment activities are selected with consideration of sustainability criteria, in particular sector specific KPIs based on Sustainable Development Goals (SDG). The following sustainability indicators are currently used to measure the attainment of the sustainable investments and each of the environmental or social characteristics by the Fund:

A. Affordable and clean energy:

- Share of renewable energies

- Energy & electricity consumption

B. Climate action:

- GHG emissions per year/Tones of GHG emission saved compared to previous reporting period.

As part of the due diligence, the Fund will assess the availability of data on the sustainability indicators as described above. Should the fund manager and advisors, respectively, ascertain during their due diligence that data is not available, they will assist the investee in the collection of the necessary data. The possibility of collecting further data on the promotion of environmental and/or social characteristics in addition to the sustainability indicators listed above is not excluded. The sustainable investments of the Fund do not significantly harm any of the other objectives of article 2 No. 17 or the EU Taxonomy ("**DNSH-Principle**").,

To determine compliance with the DNSH-Principle the Fund considers the sustainability indicators 1 – 14 of Table 1 of Annex I of the Regulatory Technical Standards (EU) 2022/1288, ("**RTS**") as well as indicator 5 of Table 2 and 12 of Table 3 of Annex I of the RTS. In Detail:

- Investments in the fibre networks and mobile tower sectors are not at risk of harming environmental sustainable objectives, as mobile access towers and fibre networks do not produce significant greenhouse gas emissions or otherwise have a negative impact on the climate. They do not consume excessive amounts of water, and the parts used to build the towers can be recycled, so they do not produce excessive amounts of waste. Furthermore, there are no significant emissions of pollutants into air, water, or land, and they do not bear risk factors of impairing biodiversity and ecosystems in general.

- When investing in data centers, the Fund will pay particular attention to where the data centers source the electricity and ensure that the electricity is generated from renewable sources. Furthermore, as far as hardware/technical equipment is concerned, the Fund will make sure that the technology is of an appropriate technical standard and contributes to further increasing efficiency and thus to reducing electricity consumption. Data centers do not contribute to increased waste generation and the hardware/technical equipment is sent for recycling, do not generate significant emissions, or other pollutants that could harm biodiversity and the overall quality of ecosystems.

The Fund exclusively makes sustainable investments that are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. As part of the due diligence process, the Fund investigates the adherence to responsible business practices and whether the investment objectives actively focus on avoiding and addressing human rights issues.

Environmental or social characteristics of the financial product

The Fund promotes environmental and/or social characteristics by implementing certain investment exclusions (see section 'Investment strategy' below) during the decision-making process.

Furthermore, whilst identifying suitable investment opportunities, the Fund commits to making sustainable investments and takes into consideration the following ESG factors:

The Fund pursues to make a substantive contribution to the objectives of climate change mitigation and/or climate change adaptation within the meaning of Art. 9 Taxonomy Regulation ((EU) 2020/852)). For this reason, all investment activities are selected with consideration of sustainability criteria, in particular sector specific KPIs based on Sustainable Development Goals (SDG). The Fund aims to integrate sustainable investments up to 20% in asset allocation. This objective will be pursued by considerably reducing the GHG emissions along with science-based targets. This objective will contribute to SDG 13 which requires the Fund to take action to reduce greenhouse gas emissions to combat climate change mitigation and its impacts.

Investment strategy

The purpose of the Fund is to build, hold and manage (including to divest) a portfolio of equity and equity-related investments in portfolio companies. The Fund will mainly invest in infrastructure and infrastructure-related assets and businesses. All portfolio companies shall be engaged in the development and operation of digital infrastructure projects or the operation of any corresponding, adjacent or ancillary business, including, but not limited to, (i) mobile infrastructure (including, but not limited to, mobile towers, rooftops, small cells and distributed antenna systems); (ii) fiber networks (including, but not limited to, fiber to the curb, fiber to the premise, fiber to the home, fiber to the tower, long-haul, B2B and metro fiber); and (iii) data centers (including, but not limited to, hyperscale and edge data centers). The Fund will seek to make investments which provide opportunities for value creation through growth and/or the ability, through its direct or indirect shareholder rights, to support such investments with respect to operational improvements. There are no restrictions or limitations with respect to the development stage of such investments, i.e., a stage agnostic investment strategy is pursued.

The Fund is bound by the investment restrictions and limitations set out in the Fund's limited partnership agreement and shall procure that such requirements, restrictions and limitations are complied with at all times. In particular, the Fund will screen each investment opportunity against the following investment exclusions and no investments will be made in the area of such exclusions.

- any illegal economic activity (i.e., any production, trade or other activity, which is illegal under the laws or regulations applicable to the respective portfolio company);
- the production of, and trade in, tobacco, distilled alcoholic beverages, other non-alcoholic recreational drugs, and related products;
- the financing and production of, and trade in, weapons and ammunition of any kind; or

- a company which has either its registered office, principal place of business or derives the majority of its revenue from any country subject to European Union or United Nations Sanctions.

As part of the due diligence process, the respective investments are checked for their corresponding ESG characteristics. In doing so, the internal investment criteria set by the investment team must be adhered to. The criteria are assessed individually for each investment, taking into account the (sustainability) risks and the SDG KPIs. Furthermore, the investment philosophy and values of the Fund have to be reflected within each investment decision.

In order to assess the alignment of an investment / an economic activity to climate change objectives, the Fund will apply two methodologies. The first one will consider the percentage of alignment with the EU Taxonomy if the company's activity(ies) is covered by the EU Taxonomy. The second approach will be applicable if the activities of the potential investment are not covered by the EU Taxonomy. In this case, DTCP has developed its own methodology based on science-based targets.

The Fund will screen the activities of its portfolio companies for EU Taxonomy alignment. For activities which are not yet represented in the EU Taxonomy, a methodology is used for the purpose of evaluation (article. 2 no. 17 SFDR). When assessing the activities of portfolio companies that are not represented in the EU Taxonomy, the Fund is mainly guided by the goals of the Paris Agreement, which aim to limit global warming to well below 2, preferably 1.5 degrees Celsius compared to pre-industrial levels. Therefore, the identification as well as quantification of levers related to greenhouse gas emissions to reduce the carbon footprint at the corporate and portfolio level is recommended. Following this concept, a strategic roadmap with requirements and step-by-step recommendations for the application of selected levers to offset the carbon footprint is developed. This enables the Fund and its portfolio companies to be aligned with the EU requirements in terms of climate disclosures and alignment to the EU Taxonomy.

Good governance practices are assessed through an informal process as appropriate in light of the circumstances of each individual case as part of every due diligence process prior to any investment made by the Fund. Such practices include, in particular, sound management structures, employee relations, remuneration of staff and tax compliance within the portfolio companies. Moreover, the Fund will conduct regular monitoring of the good governance practices in its portfolio companies during the holding period. If the Fund becomes aware of severe governance issues, it will investigate them and work with all parties involved to find an appropriate solution during the term of the Fund. The Fund will either exclude the target or if deemed feasible, will cause the target to promote sustainability factors in the target's business

With regards to corporate governance, the factors that are analyzed are related to anti-competitive behavior, bribery and corruption, data privacy data protection and AML. The Fund will also gather relevant ESG data from the targets.

Proportion of investments

The Fund will invest fully in line with its investment strategy and investment restrictions, *i.e.*, will only make investments which are aligned with its environmental or social characteristics (*i.e.*, its investment exclusions and ESG factors). Furthermore, the Fund aims to make up to 20% sustainable investments.

Monitoring of environmental or social characteristics

The Fund has an increased awareness on the impact of environmental or social characteristics on risk management and thus on the value potential of investments. In order to monitor the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions and ESG factors) and the sustainability indicators, the Fund consults with the portfolio companies in regular intervals and will carry out further checks in order to identify potential issues with such characteristics. These checks include quarterly ESG questionnaires. Moreover, the Fund obtains further information in reports from its portfolio companies. Therefore, the Fund monitors compliance with its environmental or social characteristics (*i.e.*, its investment exclusions and ESG factors) on an ongoing basis. External monitoring mechanisms are not in place.

Methodologies for environmental or social characteristics

Currently the Fund applies qualitative and quantitative assessments with regard to its environmental or social characteristics (*i.e.*, its investment exclusions and ESG factors). The individual ESG factors are identified and evaluated.

Based on the results of such assessment the Fund identifies whether the environmental or social characteristics promoted by the Fund are met.

In order to measure how the environmental or social characteristics are met during the holding period, the Fund consults with the portfolio companies in regular intervals and will carry out further checks in order to identify potential issues with such characteristics. Moreover, the Fund obtains further information in reports from its portfolio companies.

Data sources and processing

In order to attain each of the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions and ESG factors), the Fund conducts its initial assessment in the course of its due diligence. The Fund's due diligence takes the form of a ESG analysis, where necessary with the help of external ESG advisors, to assess the companies attitude and maturity status regarding ESG related issues and value creation opportunities. During the holding period the Fund conducts further ESG analysis, where necessary with the help of external ESG advisors, and obtains the relevant data from its (potential) portfolio companies through an informal process. Moreover, during the holding period, the portfolio companies provide the Fund with reports for monitoring purposes. Hence, data is obtained only from the (potential) portfolio companies. An internal or external review or verification of the information obtained will be carried out if misrepresentations are suspected.

The results of the data obtained are considered in the investment decision and, during the term of the Fund, in the monitoring process.

Limitations to methodologies and data

The information collected from the (potential) portfolio companies *via* an questionnaire as part of the due diligence by the Fund is internally or externally verified only if and to the extent misrepresentations are suspected. Thus, it cannot be ruled out completely that false information may remain undetected in certain cases. As the Fund's investments are made for several years, the Fund considers it a priority to establish and maintain a trustful working relationship with its portfolio companies in order to ensure compliance with the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions and ESG factors).

Due diligence

An initial assessment of how an investment relates to the environmental or social characteristics promoted by the Fund (*i.e.*, its investment exclusions and ESG factors) is carried out as part of the due diligence process, where required based on the inherent ESG risk of the portfolio company, through an enhanced analysis. As a rule, purely qualitative statements of an environmental or social nature or relating to corporate governance are requested from the portfolio companies and then taken into account in the investment decision-making process. An internal or external review or verification of the information obtained will only be carried out if misrepresentations are suspected.

Engagement policies

Engagement forms part of the environmental or social investment strategy of the Fund. The Fund intends to engage in managing ESG across its portfolio companies, *e.g.*, by focussing on the integration of both macro-level and company specific ESG considerations throughout the full investment life cycle. Where relevant, the Fund will use the findings of the ESG due diligence as a foundation to establish a dialogue with the company. The Fund in general strives to raise further awareness for ESG matters in the portfolio companies' daily businesses and will seek to implement – if not in place – a plan to establish ESG processes as well as a performance plan for material ESG issues. Where relevant, operating and capital expenditures relating to ESG issues are included in the target company's business plan (*e.g.*, asset maintenance or upgrades to improve a company's environmental or safety performance).

Designated reference benchmark

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.