

Sustainability-related disclosures

(a) Summary

Glossary	Product name: NLC Fund Financing IG Short Dated SCA SICAV-RAIF ('the Fund') Fund Manager: ONE Fund Management S.A. ('One Fund Management') Fund Advisor: NLC Capital Manco Limited (or 'NLC')
Product description	NLC Fund Financing IG Short Dated SCA SICAV-RAIF ('the Fund') is an open-ended investment fund domiciled in Luxembourg, categorized as Article 8, paragraph 1, of Regulation (EU) 2019/2088 ('SFDR'). The Fund's objective is to generate attractive risk-adjusted returns for its investors, with an emphasis on downside protection and capital preservation, with Investment Grade Fund Finance assets while offering investors an attractive liquidity profile. The Fund's portfolio will be primarily composed of privately originated and negotiated subscription line loans to mid to large-cap private capital funds ('borrower funds'), managed by experienced sponsors ('GPs') with a strong and well-established track record.
No sustainable investment objective	The Fund promotes environmental or social characteristics, but does not have sustainable investment as its objective.
Environmental or social characteristics of the financial product	Engaging with borrower funds ("Borrowers") to improve transparency on sustainability matters.
Investment strategy	1. ESG integration 2. Engagement
Proportion of investments	The promoted environmental and social characteristics apply to 80% of the Fund's investments. The remaining 20% of investments consists of cash or indirect or secondary investment opportunities where the standard investment process cannot be accommodated.
Monitoring of environmental or social characteristics	Engaging with Borrowers to improve transparency: Monitoring measures: <ul style="list-style-type: none"> Percentage of Borrowers and Borrowers' general partners ("GPs") engaged with on increasing reporting on one or more material sustainability matters Percentage of Borrowers and GPs reporting on one or more material sustainability matters
Methodologies	Realization of environmental and social characteristics is measured by means of several sustainable indicators.
Data sources and processing	Data sources include publicly available information on GPs and Borrowers, and borrower fund questionnaires conducted by external service provider. Data quality is a component of the selection process and periodic review by external service providers.
Limitations to methodologies and data	Limitations relate to: <ul style="list-style-type: none"> Qualitative interpretation of information Missing data Periodic review of the data
Due diligence	NLC assesses GPs' good governance practices by engaging in discussions with GPs and by analysis of requested documentation. Final decision is to be taken by ONE Fund Management.
Engagement policies	NLC will engage with GPs on the key sustainability themes through annual ESG surveys and review of any changes to the borrower's GP documented ESG policies.

Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.
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(b) No sustainable investment objective

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

(c) Environmental or social characteristics of the financial product

The Fund promotes the following environmental and social characteristic:

Engaging with borrower funds (“Borrowers”) to improve transparency on sustainability matters

(d) Investment strategy

The Fund will apply a strategy of ESG integration and engagement to achieve the environmental and/or social characteristics.

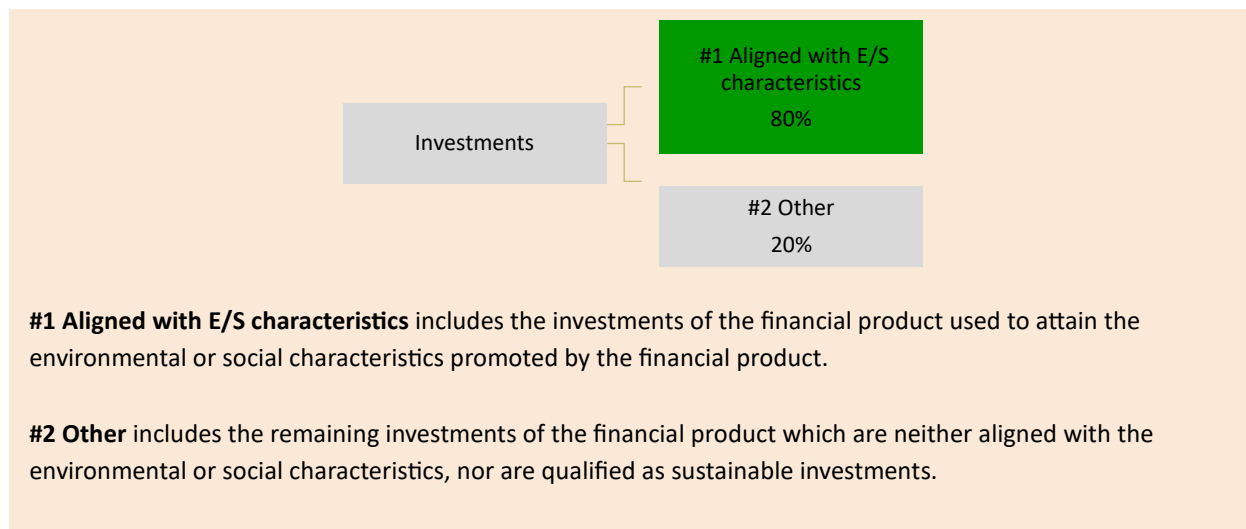
The Fund will primarily invest in investment grade rated subscription line investments to Borrowers. The Fund’s investment strategy aims to generate attractive risk-adjusted returns for its investors, with a strong emphasis on downside protection and capital preservation. The Fund’s portfolio will be primarily composed of privately originated and negotiated subscription line loans to mid to large-cap private capital funds, managed by experienced sponsors with a strong and well-established track record. These Borrowers span a variety of strategies, including Private Equity, Private Debt, Real Asset Equity & Debt, Fund of Funds and Continuation Funds.

NLC assesses Borrowers’ disclosures on Sustainability matters which are relevant to the underlying investments of Borrowers. Engagement would be deemed appropriate if a borrower fund for instance does not have greenhouse gas emissions (hereafter: GHG) measurements or disclosure policies in place, as identified through initial due diligence and ongoing monitoring. This would include assessing the GP’s reporting on material Sustainability matters. For example, if a gap was identified in the fund’s ability to measure or report on emissions, then NLC would engage with the fund/GP in order to provide guidance and resources to the borrower fund to assist them in determining indicators and setting up or improving their reporting framework. In addition, Borrowers are encouraged to commit to specific, time-bound goals for improving reporting on material Sustainability matters.

(e) Proportion of investments

The Fund is expected to apply the promoted environmental and/or social characteristics to 80% of the Fund’s investments, to be determined at the end of the investment period and not maintained year-on-year or during the Fund’s ramp-up and wind-down phases. These investments consist of the loans originated directly by the Fund to the Borrowers.

The remaining portion of investments consists of cash or indirect or secondary investment opportunities where the standard investment process cannot be accommodated. These are expected to be 20% of the Fund’s investments. No environmental or social safeguards will be applied to these investments.



(f) Monitoring of environmental or social characteristics

Engaging with Borrowers to improve transparency on sustainability matters

- This is measured by determining:
 - Percentage of Borrowers and Borrowers' general partners ("GPs") engaged with on increasing reporting on one or more material sustainability matters
 - Percentage of Borrowers and GPs reporting on one or more material sustainability matters
- Monitoring takes place as follows:
 - NLC seeks to engage with Borrowers on an ongoing basis, and records outcomes, progress and required efforts centrally.
 - Borrowers report on material sustainability matters are created by the appointed external reporting service provider. The reporting service provider periodically requests Borrowers' ESG disclosures by means of questionnaires, aggregates data, and calculates proxies for sustainability matters such as GHG emissions.
 - Progress regarding Borrowers that report insufficient information is recorded centrally and monitored along with Borrowers' representatives.

Good governance

Good governance is assessed in a qualitative manner for each potential borrower fund. Subjects such as board effectiveness, risks relating to remuneration policies, tax compliance, quality of team, effectiveness of implemented controls, and regulated status of the borrower fund are important for assessing a borrower fund's and the GP's internal organization and ability to manage investments. The outcome of the analysis of good governance is included in the investment committee paper for the specific potential borrower fund which is decided upon in the investment committee.

(g) Methodologies

Engaging with Borrowers to improve transparency on sustainability matters

Engagement is deemed appropriate if a borrower fund does not have sustainability matters or disclosure policies in place, as identified through initial due diligence and ongoing monitoring. If a gap was identified in the borrower fund's ability to measure or report sustainability matters, then targeted engagement would be triggered.

The materiality of sustainability matters on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, location, asset class and investment strategy. Sustainability matters, issues, and considerations do not apply in every instance or with respect to each investment held, or proposed to be made, by the Fund, and will vary greatly based on numerous criteria, including, but not limited to, location, industry, investment strategy, and issuer-specific and investment-specific characteristics.

How the fund intends to approach engagement activities

Firstly, NLC establishes a base line for ESG measurements and reporting, offering guidance to encourage GPs to adopt best practices. NLC encourages Borrowers to commit to specific, time-bound goals and KPIs for improving their ESG reporting. Portfolio management involves ongoing guidance, monitoring of progress against targets, including assessing previously established ESG KPIs in terms of the number of engagement activities or progress made with improving a fund's ESG reporting. Lastly, NLC assists fund managers with identifying feasible ESG emission measurement and reporting strategies –leveraging industry standards or frameworks.

How the fund integrates the outcomes of the engagement into its ongoing asset management

NLC incorporates data regarding borrower fund's ESG KPIs and engagement results into broader risk management processes, ensuring that any ESG risks are factored into investment decisions. Successful engagement outcomes and progress on environmental objectives, such as increased GHG Emissions Coverage, are reported to investors to demonstrate the fund's commitment to its Article 8 objectives and value creation through responsible investment practices.

(h) Data sources and processing

Data sources used

- Reporting of material sustainability matters is based on data reported by Borrowers through questionnaires. An external reporting service provider calculates proxies and compiles reports. Many of the Borrowers utilize data provided by external ESG data providers, information provided by the underlying investments of the Borrowers or collected information in the Borrowers' due diligence and monitoring process.

The measures taken to ensure data quality

Data quality measures in relation to the UN Global Compact Principles screening are undertaken by an external service provider conducting continuous monitoring. Data quality of Borrowers' reporting on material sustainability matters is divided between Borrowers reporting of the data and the external reporting service provider calculating proxies. Data quality is a component of the selection process and periodic review of the external service providers.

How the data are processed

- NLC receives reports on a periodic basis from external service providers on Borrowers' reported material sustainability matters and outcomes of monitoring of UN Global Compact violations. The data in these reports is stored and processed by NLC's central data warehouse.

The proportion of data that are estimated

Borrowers' reporting on material sustainability matters and calculations by the external reporting service provider may consist of estimated data. Although reported data is preferred, missing information is often supplemented with estimated data. For more information on how this exactly is determined, we refer to the website of the mentioned service providers or Borrowers.

(i) Limitations to methodologies and data

Qualitative interpretation of information

Requested ESG data is provided by GPs, NLC cannot assume any responsibility or liability for the reliability of requested information. Incomplete data and information may lead NLC to be incapable of assigning an appropriate ESG status. Additionally, unlike financial data, ESG data is not continuously updated but may only be updated quarterly or annually. Therefore, data and information shared by GPs with NLC could be outdated and incorrect.

Missing data

Data on sustainability matters may not be collected by NLC if this is not reportable by the GPs. NLC will engage with the GP if the sustainability matter for which ESG data is missing is material.

Periodic review of the data

. Reports on material Sustainability matters are received by NLC on a periodic basis.

(j) Due diligence

Prior to investment, NLC initiates the due diligence process to assess potential adverse effects of the investment on environment and/or society. NLC assesses GPs' good governance practices by engaging in discussions with GPs and by analysis of requested documentation. Good governance focus areas include, but are not limited to:

- Board effectiveness
- Risks relating to remuneration policies
- Tax compliance
- Quality of team
- Effectiveness of implemented controls
- Regulated status of the borrower fund

If the due diligence findings indicate that an investment opportunity is inconsistent with the Fund's promoted ESG characteristics, the Fund will not pursue the opportunity further. In addition, NLC takes a proactive approach to portfolio management to ensure that environmental and social awareness and best practices are being promoted, as well as ensuring environmental risks and opportunities are considered and measured.

Upon approval by the investment committee, the investment opportunity is shared with ONE Fund Management. Final decisions are taken by ONE Fund Management.

(k) Engagement policies

NLC will seek to engage with GPs on the key sustainability themes through annual ESG surveys and review of any changes to the borrower's GP documented ESG policies.

(l) Where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, 'Designated reference benchmark'

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.