


CLIPWAY

Article 10 (SFDR)

Website disclosure for an Article 8 fund

Clipway Secondary Fund

Product name: Clipway Secondary Fund A SCSF/ Clipway Secondary Fund B SCSF (the "Fund")		Legal entity identifier: N/A
Does this financial product have a sustainable investment objective?		
<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective 	
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	



A. Summary

Clipway will focus on acquiring high-quality, diversified LP-Led portfolios on the secondary market principally consisting of blue-chip private equity buyout funds in North America and Western Europe. This investment strategy will seek to benefit from favourable risk/reward profile of secondaries that arises from a high level of diversification and acquiring seeded portfolios of mature cashflow generative assets in well-established private equity geographies.

Clipway focuses on promoting environmental and social characteristics by aligning at least 90% of the assets with the environmental and social characteristics. It does so, using different methods within its investment strategy. First, during the investment due diligence process an exclusion list will be implemented. Second, after the investment have been made, there will be an on-going monitoring and assessment of all the investments made through a screening process as well as performing an annual ESG survey. Finally, all the results from the survey, in addition to further relevant ESG analysis will be made available in an Annual ESG Report and shared with the GPs to encourage positive development (and the AIFM).



B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

What are the environmental or social characteristics promoted by this financial product?

The Fund promotes E/S characteristics by applying an exclusion list when selecting target investments as further described below. The Fund will conduct an annual ESG survey of the underlying GPs that represent the largest exposures in the portfolio to assess their ESG credentials and guide its engagement activities. An annual ESG report on such engagement will be prepared and shared with investors.

The promoted characteristics will be carried out at:

- (1) The investment due diligence process
- (2) On-going monitoring and assessment of the Fund’s invested portfolio
- (3) Communicated to LPs through an Annual ESG Report

No specific index is designated as a reference, as Clipway does not believe at the current time that reliable data is available to support the use of a designated reference benchmark in this regard.



D. Investment strategy

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The investment strategy is to acquire secondary portfolios of private equity funds, principally in buyout funds, with long-term financial returns achieved through diversified exposure across managers, geographies, and sectors. There are instances when the Fund may invest in minority co-investments alongside lead underlying GPs or make primary commitments into new fundraisings of private equity funds, although this will represent a minority portion of the Fund capital.

During both the investment due diligence phase and post-investment monitoring of the portfolio, the Fund will utilise technology to gain insight into the varying ESG-focused approaches by underlying GPs and the impact that these approaches may have on the underlying assets.

Clipway believes that through its pre-investment screening process and thorough investment decision making, as well as ongoing monitoring and engagement with underlying GPs, the Fund is well-equipped to reach its objectives for investments made.

The investment strategy also relies on a due diligence process based on the application of the exclusion list (see below for further details in the due diligence section) and desktop based ESG analysis (utilising data from RepRisk or Preqin ESG or an equivalent provider, as further detailed within the methodology section)

After the investment and during the on-going monitoring of the portfolio, various environmental and social characteristics of the largest GP exposures will be monitored and evaluated through on-going engagement with underlying GPs. This will be performed through an annual ESG Survey, which will collect data from underlying GPs, measuring their ESG credentials.

The results of the ESG survey and other relevant ESG analysis will be available in an Annual ESG Report and will be made available to the Limited Partners of the Fund (and the AIFM). The Annual ESG report will include the number of participating GPs, the average ESG score of the portfolio, the percentage of Net Asset Value that is generated by GPs that are UNPRI signatories, the percentage of GPs that provide detailed GHG emission data, and the percentage of GPs providing detailed Diversity, Equality, and Inclusion (DEI) data.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

To achieve the Fund's desired environmental and social outcomes, certain binding elements will be implemented.

In the due diligence process for prospective investments the Fund will:

- 1. Apply the Exclusion List to negatively screen out investments with meaningful exposure to those sectors.
- 2. Apply a screen to assess exposure to any Limited Partner's excuse rights.

On-going ESG assessment of the Fund portfolio will be achieved through the following measures:

- 1. Conduct an annual ESG survey of the largest GP exposures in the portfolio with questions that assess the social and environmental characteristics of their portfolio.
- 2. Analyse the data from the ESG survey to assess the ESG performance of underlying GPs.
- 3. Provide the results of the survey to participating underlying GPs to encourage improvements in ESG practice and stewardship.
- 4. Ensure that underlying GPs are informed that Clipway's ESG and investment team members are available and supportive to offer advice and guidance, where reasonable, to support improved ESG-focused outcomes at underlying fund and portfolio company level. This includes aspects such as sharing best-practice, enhancing ESG policy and procedure.

Track the performance of underlying GPs through databases such as RepRisk, Preqin ESG services or an equivalent and/or request that underlying GPs notify the Fund of any major ESG occurrences at either a GP, fund or portfolio company level.

What is the policy to assess good governance practices of the investee companies?

As mentioned above, the Fund typically invests on a secondary basis in funds that means it has no direct control on the management of underlying portfolio companies. These funds and assets are managed by third-party underlying GPs that the Fund will have relationships with but it will not have any direct control over the governance or practices adopted at investee company level. However, Clipway believes that the processes described in sections above will allow the Fund to indirectly influence the ESG policy adopted by underlying GPs towards the investee companies. The

engagement outlined above aims to facilitate a wider dialogue and help GPs make more informed investment decisions and implement better governance practice. While Clipway may assess and influence the ESG performance of both the underlying GPs and the assets those GPs manage, as a secondary investor, Clipway can ultimately only advocate and improve good governance practices at underlying company level through indirect and collaborative means.

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

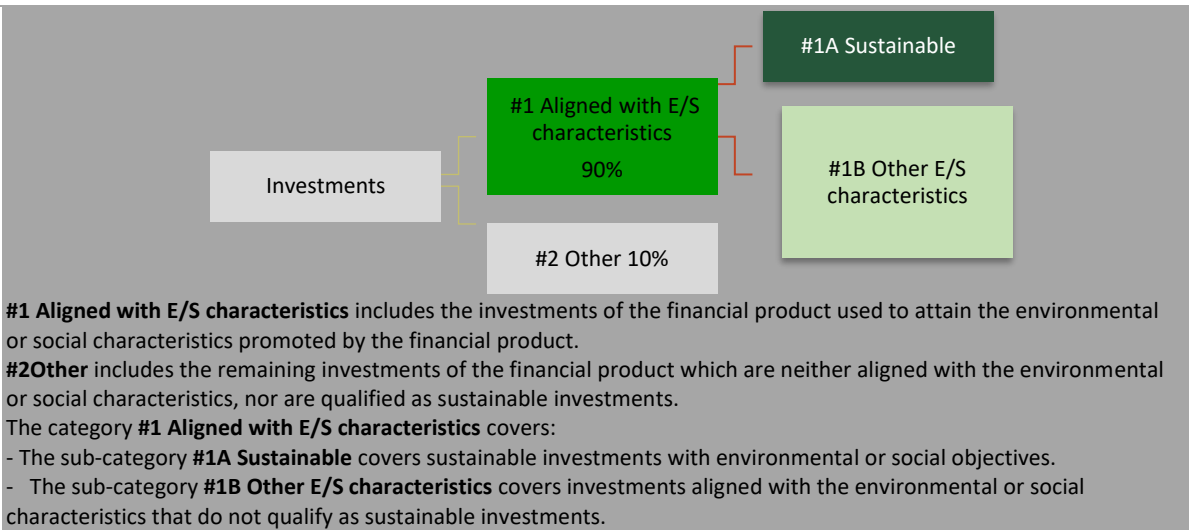
- Yes
- No



E. Proportion of investments

What is the asset allocation planned for this financial product?

The Fund's investments are expected to align with the environmental and/or social characteristics outlined above to a minimum of 90% of the Fund’s assets. The remaining percentage of indirectly held assets may fall within the ‘Exclusion List’ and will be classified as "#2 Other" investments. For "#2 Other" investments, Clipway will have the discretion to adopt the ‘Positive Compensation Mechanism’ (details provided below).



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

The Fund does not use any derivatives or hedging or any products to achieve the environmental or social characteristics it promotes.

What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what is the minimum share of transitional and enabling activities)

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

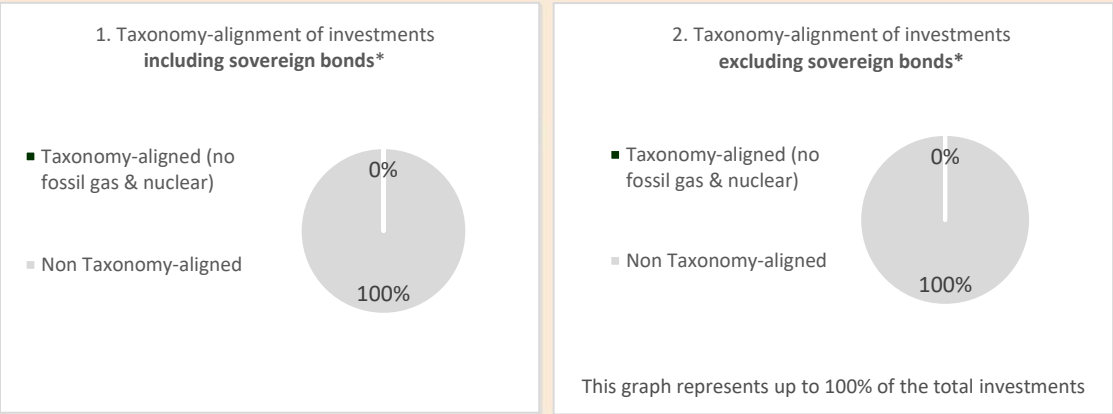
Any other sustainable investments must also not significantly harm any environmental or social objectives.

The Fund does not intend to make sustainable investments as defined by the SFDR or the EU Taxonomy Regulation.

Does the financial product invest in fossil gas and/ or nuclear energy related activities that comply with the EU Taxonomy?

- Yes:
 - In fossil gas
 - In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

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

The Fund does not intend to make sustainable investments as defined by the SFDR or the EU Taxonomy Regulation.

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

As mentioned above, the Fund will principally acquire LP positions in private equity funds managed by third-party managers. The investment can be exposed to a very high number of funds (in some cases >100 funds) each with numerous underlying portfolio companies.

As discussed above, although a negative screen will be applied to avoid investments that have a meaningful exposure to the sectors on the Exclusion List, there may be certain circumstances when the Fund may indirectly obtain exposures to assets that do not adhere to its ESG screening policy. Any portfolio company exposure that falls within this category and does not conform to Clipway’s ESG objective, will be classified as “#2 Other”.

For these investments, Clipway may apply the Positive Compensation Mechanism as further described below in the Due Diligence section.



F. Monitoring of environmental or social characteristics

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

To measure the attainment of the environmental and social characteristics promoted, the Fund relies on the following sustainability indicators:

- The number of investments that the Fund has declined or rejected due to underlying exposures being included on the Exclusion List.
- The number of underlying GPs that are subject to Clipway’s ESG engagement process, principally through the ESG survey.
- The percentage of GPs that were sent Clipway’s ESG Survey that responded to Clipway’s ESG survey.
- The percentage of the underlying GPs in the portfolio that are UNPRI signatories.

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

The Fund intends to evaluate the risks and ensure ongoing assessment of the ESG performance of its portfolio through the following steps:

1. Conduct an annual ESG survey of the largest GPs in the portfolio with questions that assess the social and environmental characteristics of their portfolio
2. Analyse the data from the ESG survey to assess the ESG performance of underlying GPs
3. Provide the results of the survey to participating underlying GPs to encourage improvements in ESG practice and stewardship.
4. Ensure that underlying GPs are informed that Clipway’s ESG and investment team members are available and supportive to offer advice and guidance, where reasonable, to support improved ESG-focused outcomes at underlying fund and portfolio company level. This includes aspects such as sharing best-practice, enhancing ESG policy and procedure.

- 5. Track the performance of underlying GPs through databases such as RepRisk, Preqin ESG services or an equivalent and/or request that underlying GPs notify the Fund of any major ESG occurrences at either a GP, fund or portfolio company level.



G. Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

To measure the attainment of the environmental or social characteristics promoted, the ESG survey will be used as the baseline for evaluation. The data from the ESG survey will be analysed to assess the ESG performance of underlying GPs and look through characteristics for the Fund. The results of the survey will be shared with participating underlying GPs to encourage improvements in ESG practice and stewardship. The participating underlying GPs will be given an ESG score generated from the surveys, and the Fund will report on the number of participating GPs, the average ESG score of the portfolio, the percentage of Net Asset Value that is generated by GPs that are UNPRI signatories, the percentage of GPs that provide detailed GHG emission data, and the percentage of GPs providing detailed Diversity, Equality, and Inclusion (“DEI”) data.



H. Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

For the “Exclusion List” and the desktop based ESG analysis, data from RepRisk, Preqin ESG services or an equivalent provider will be used to determine what sectors are deemed socially and/or environmentally damaging.

For the assessment of the different portfolios, an annual ESG survey will be distributed to the underlying GPs. Through this the Clipway can then measure their ESG credentials and evaluate the current attainment of the environmental or social characteristics.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

There are a number of limitations of the methodologies and data used for Clipway’s ESG initiatives. These include:

1. Given the indirect nature of secondaries investment, asset-level information is provided by underlying managers and therefore there may be a limitation on the access and availability of data at company level.
2. Clipway’s ESG Framework Assessment partly relies on information provided by third party services such as Preqin, and therefore the extent of the analysis can be restricted to the capabilities of these third party services.
3. The ESG survey relies on underlying managers being willing to answer and to provide the details required by the questions.

In spite of these limitations, Clipway is confident that it will achieve its environmental and social characteristics. Internalisation of the Exclusion List identification through TESS will support the team’s focus on avoiding Exclusion List sectors wherever possible. Focusing on the transparency of manager ESG reporting as a key ESG metric means that underlying managers that are poor at ESG reporting will contribute to Clipway’s ESG outcomes. Clipway will achieve its outcomes by highlighting and reporting on the ESG transparency of managers, and in doing so, achieve its objectives and influence positive ESG outcomes.

 **J. Due diligence**

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

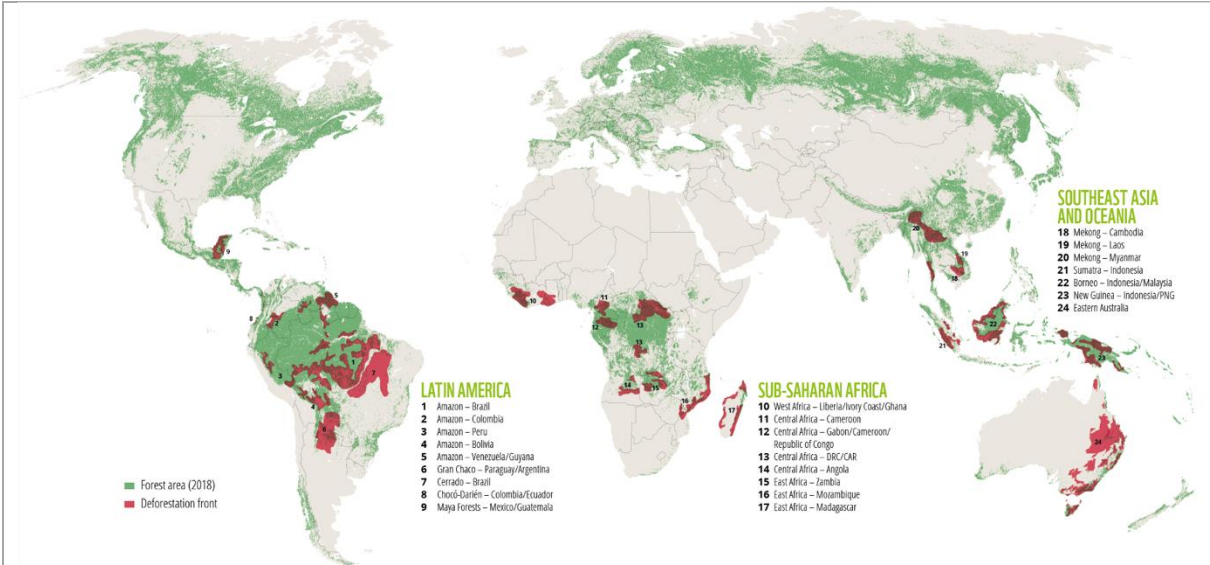
During the investment due diligence stage, the application of the "Exclusion List" (see below for further details) and desktop based ESG analysis (utilising data from RepRisk or Preqin ESG or an equivalent provider) will help the Fund screen out exposure to assets that are involved in sectors that are deemed socially and/or environmentally damaging as determined by the Exclusion List.

Application of the ‘Exclusion List’

Clipway will avoid investing in assets in industries or activities that generate significant income from the sectors, outlined in the ‘Exclusion List’ below:

- a. thermal coal mining and power generation;
- b. oil and gas exploration and production in the Polar regions and Canadian oil sands;
- c. production of alcohol;
- d. production of tobacco, e-cigarettes and vaping;
- e. casinos and gambling;
- f. production of weapons and weapon components;
- g. pornography;
- h. predatory lending ; and
- i. production of palm oil, soybeans, beef, and timber that can be linked to illegal deforestation regions listed on the Deforestation Fronts list (see below).

Deforestation Fronts:



Deforestation Fronts, WWF 2021

Clipway’s technology system, TESS, will, at the time any transaction is made, automatically flag companies that are likely to fall within the Exclusion List. In the highly unlikely scenario that the Fund is aware of 5% or more exposure of the aggregate portfolio to assets on the Exclusion List, Clipway has the discretion to apply the ‘Positive Compensation Mechanism’ which will allocate new capital to be invested in funds which conform to Article 9 of the SFDR or similar legal standards in other jurisdictions and have clear positive social and/or environmental characteristics. The Positive Compensation Mechanism may also be applied at Clipway’s discretion, when the exposure to the Exclusion List is below the 5% threshold.

The Positive Compensation Mechanism will be calculated at the time of a new secondary transaction. If the aggregate exposure of the portfolio to Exclusion List sectors in Clipway Secondary Fund becomes in excess of 5% of the total aggregate portfolio of the Fund, as a result of the new transaction, then Clipway Secondary Fund may invest an equivalent amount (above the 5% exposure) in primary commitments to private equity funds which conform to Article 9 of the SFDR or similar legal standards in other jurisdictions and have clear positive social and/or environmental characteristics.

 **K. Engagement policies**

Is engagement part of the environmental or social investment strategy?

- Yes
- No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Clipway’s ESG and investment team members will be available and supportive to offer advice and guidance, where reasonable, to support improved ESG-focused outcomes at underlying fund and portfolio company level if requested by the underlying GPs. This could include aspects such as sharing best-practice, enhancing ESG policy and procedure. This may also involve collaborating with GPs that do not currently have formal ESG policies to encourage them to adopt them and working with GPs to improve existing ESG approaches. The results of the ESG survey will be reported as part of an annual Environmental, Social, and Governance report (the “Annual ESG Report”) which will be shared with the AIFM to show the ESG-related progresses of the Fund.



L. Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

Yes

No