



MPM –

MANTRA SECONDARY OPPORTUNITIES IV (the “Fund”)

a compartment of MPM

(a) Résumé (Français)

Bien que le Fonds ne s'engage pas à réaliser des investissements durables, Mantra (définie comme Mantra Investment Partners, société de conseil, responsable de l'ensemble du processus ESG, et Mantra Management, le GP, agissant en tant que décideur) promeut les critères Environnementaux, Sociaux et de Gouvernance ("ESG") dans ses investissements et veille à ce que les General Partners ("GP") intègrent les critères ESG dans leurs rapports aux Limited Partners ("LP"), dans le but de sensibiliser l'ensemble des parties prenantes. Cet engagement envers l'ESG est intégré à chaque étape du processus d'investissement de Mantra, de la présélection des investissements, à la due diligence, en passant par le suivi du portefeuille et les cessions.

Mantra promeut les caractéristiques environnementales ou sociales au sens de l'article 8 du Règlement sur la publication d'informations en matière de finance durable ("SFDR") en investissant une partie de son portefeuille dans des fonds de private equity de niche axés sur l'ESG. Mantra a identifié des caractéristiques spécifiques en matière d'environnement, de social et de gouvernance qui seront promues dans le cadre du processus d'investissement du Fonds. Mantra se concentre sur la mise en œuvre de plans d'amélioration continue pour les fonds confrontés à des problèmes environnementaux potentiels, la promotion de technologies respectueuses de l'environnement et la réalisation d'audits annuels d'efficacité énergétique. Mantra s'efforce également d'aider les GPs à améliorer leur gestion des enjeux sociaux, à surveiller la performance sociale de leurs sociétés en portefeuille et à maintenir de bonnes pratiques de gouvernance, comme une représentation adéquate au sein des conseils d'administration et des incitations alignées pour la direction générale.

L'engagement minimal du fonds concernant la proportion d'investissements alignés sur des caractéristiques économiques et sociales ("E/S") est de 30 %. En raison de la stratégie du Fonds (fonds de fonds), cette proportion d'investissements est liée à des expositions indirectes.

Mantra utilise un questionnaire annuel ESG, divisé en quatre sections pour surveiller les initiatives ESG, les bonnes pratiques et identifier les situations où il existe un risque de perte de valeur ou une opportunité de création de valeur. Le questionnaire est envoyé aux GPs et noté sur une échelle de A+ à C- en fonction de la pertinence des réponses obtenues. Mantra utilise ce questionnaire pour déterminer le pourcentage d'investissements promouvant des caractéristiques E/S identifiées par les GPs, et pour évaluer la performance ESG de ses GPs avec des indicateurs de durabilité permettant de mesurer l'atteinte des caractéristiques environnementales ou sociales.

Mantra s'appuie sur les publications faites par les GPs sur leur site web, les rapports d'information, et le questionnaire ESG du GP comme sources de données.

Mantra doit prendre en compte le fait que le questionnaire fourni aux GPs pourrait ne pas fournir toutes les informations demandées, ce qui peut entraîner des limitations méthodologiques et des données insuffisantes. Mantra intègre les risques globaux de durabilité dans le processus de due diligence investissement en utilisant divers critères de durabilité, tels que les labels ESG. Mantra évalue les GPs à travers leurs politiques, listes d'exclusions et échanges avec les GPs, et utilise un questionnaire pour mesurer les progrès et les risques de la politique ESG des GPs. Mantra examine également si les GPs ont été impliqués dans des litiges ou des allégations relatives à des questions environnementales.

**(a) Summary (English)**

While the Fund has no commitment to making sustainable investments, Mantra (defined as Mantra Investment Partners, the Advisor, is in charge of the whole ESG process and Mantra Management, the GP, acts as a decision maker) promotes Environmental, Social, and Governance (“ESG”) in its investments and ensures that General Partners (“GP”) incorporates ESG in its reporting to Limited Partnerships (“LP”), with the aim of enhancing awareness in the business community. This commitment to ESG is integrated in all steps of Mantra’s investment process, from initial investment screening, through to due diligence, portfolio monitoring, and exits.

Mantra promotes environmental or social characteristics within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”) by investing a portion of its portfolio in niche private equity funds that have an ESG focus. Mantra has identified specific environmental, social, and governance characteristics that will be promoted as part of the Fund’s investment process. Mantra focuses on implementing continuous improvement plans for funds facing potential environmental issues, on promoting environmentally friendly technologies, and carrying out annual energy efficiency audits. Mantra also uses its best efforts to help GPs improve their management of social issues, monitor social performance in their portfolio companies, and maintain good governance practices, such as having adequate representation in the board of directors and aligned incentives for top management.

The fund’s minimum commitment regarding the proportion of investments aligned with Economic and Social (“E/S”) characteristics is 30%. Due to the Fund’s strategy (fund of fund) – the proportion of investments is related to indirect exposures.

Mantra uses an annual ESG questionnaire with 4 sections to monitor the ESG initiatives, best practices and to identify situations where there is a risk of loss of value or an opportunity to add value. The questionnaire is sent to GPs and graded using the A+ to C- notation system based on the strength of the answers collected. Mantra uses this questionnaire to determine the percentage of investments promoting E/S characteristics as identified by the GPs; and also to assess its GP’s ESG performance with sustainability indicators used to measure attainment of environmental or social characteristics.

Mantra leverages on the website disclosures of GPs, the reporting packages, and the GP ESG questionnaire as data sources.

Mantra has to deal with the fact that the questionnaire provided to GPs may not provide all information requested which may cause methodological and data limitations.

Mantra integrates overall sustainability risks in the investment due diligence process by using various sustainability criteria, such as ESG labels. Mantra evaluates the GPs through policies, exclusions, and engagement dialogues with GPs and, uses a questionnaire to measure the progress and risks of the GP’s ESG policy. Mantra investigates whether GPs have been involved in any litigation cases or allegations relating to environmental matters.

**(b) No sustainable investment objective**

While the Fund promotes environmental or social characteristics, it does not have as its objective sustainable investment, nor does it have the obligation to make any sustainable investments.

**(c) Environmental or social characteristics of the Fund**

When investing in Funds, Mantra promotes environmental or social characteristics within the meaning of Article 8 of the SFDR and integrates ESG criteria in all steps of the Fund’s investment process, from initial investment screening, through due diligence, portfolio monitoring, and exits.

Mantra has identified the following environmental and social characteristics that will be promoted as part of the Fund's investment process:

#### *Environmental*

The Investment Advisory Team uses its best efforts to ensure that funds which face potential environmental issues have continuous improvement plans in place. Mantra promotes best in class approaches, encourages the use of environmentally friendly technologies and requests that an annual energy efficiency audit be carried out where necessary, in addition to GPs' self-assessment of climate related risks and opportunities.

#### *Social*

The Investment Advisory Team uses its best effort to ensure that GPs (i) correct and improve the management of social issues in underlying companies, with an initial plan based on social due diligence findings and (ii) monitor social performance in their portfolio companies relative to staff turnover, employee litigations, quality of management / worker relationships, discriminatory practices of any kind, as well as health and safety standards for customers and employees.

#### *Governance*

In order to implement sound value creation strategies, Mantra uses its best efforts to ensure that GPs have key conditions in place, such as adequate representation in the portfolio company's board of directors, top management incentives aligned with those of the shareholders and sufficient quality of operational and financial reporting.

(together the "Characteristics")

(d) Investment strategy

Mantra's internal ESG process is outlined below:

#### (1) Pre-Diligence / Initial Screening – Opportunistic Inclusion

In the initial screening process of a GP, Mantra uses its best efforts to ensure that the core business of the target is not related to certain sectors/ industries. Mantra also seeks to include areas, such as (i) social care, communities and stakeholders, (ii) sport and healthy lifestyle, (iii) education and children, (iv) elderly people, (v) labor intensive, inclusion of minorities, (vi) climate change, clean energy, (vii) resource efficiency and recyclable materials and (viii) biodegradable and organic products, in its target sector of research for investment.

#### (2) ESG Due Diligence

For each potential investment in a fund, the Investment Advisory Team completes an ESG checklist in order to flag up any potential issues for further investigation. During the assessment of an investment opportunity, relevant ESG issues are also investigated, where necessary, through the due diligence process which includes social and corporate, environmental and strategic due diligences.

Before making an investment in a fund, Mantra also uses its best efforts to ensure that each GP or manager, as applicable has proper, updated ESG internal guidelines in place prior to making an investment, focusing on the Characteristics listed above.

Good governance practices such as sound management structures, employee relations, staff remuneration and tax compliance will be assessed through the ESG Due Diligence questionnaire.

The Fund will not invest in aggregate more than 10% of the Total Commitments in targets that after reasonable inquiry or due diligence, and to the best of the AIFM's/or the General Partner's knowledge, have a business activity which could target the following sectors/industries:

- i. development or manufacture or distribution of weapons of all types other than (x) weapons of mass destruction and (y) investments linked directly or indirectly to the proliferation, development, manufacturing or distribution of outlawed weapons, provided that such funds undertake to ensure compliance of such investments with applicable rules, law, regulations and international treaties;
- ii. alcoholic beverages exceeding a 15% alcohol volume;
- iii. manufacturing or distribution of tobacco and related products;
- iv. gambling, internet gambling, casinos or online casinos;
- v. fracking, horizontal drilling or ancillary support services to this industry;
- vi. culture, production or selling of marijuana;

The Advisory Committee may decide, that the Fund invest, directly or indirectly, more than 10% of the Total Commitments in targets whose business activity could target the products listed under points (i) to (vi) above.

Without prejudice to the foregoing, the Fund shall not invest in targets that after reasonable inquiry or due diligence, and to the best of the AIFM's and/or the General Partner's knowledge, have a business activity which could, directly or indirectly, have a focus in the following sectors/industries:

- i. manufacturing of products which are specifically designed to violate human dignity through denigrating and degrading representations of persons; and
- ii. the development, manufacturing or distribution of outlawed weapons and of weapons of mass destruction;
- iii. pornography; and
- iv. the manufacturing of products under inhospitable working conditions and/or contrary to child labour provisions (in the sense of an infringement of the core labour standards of the International Labour Standards on Child Labour).

#### (e) Proportion of investments

The fund's minimum commitment regarding the proportion of investments aligned with E/S characteristics is 60%. Due to the Fund's strategy (fund of fund) – the proportion of investments is related to indirect exposures.

#### (f) Monitoring of environmental or social characteristics

Mantra uses its best efforts to ensure that its GPs fill out an annual ESG questionnaire, following which performance is analyzed and rated in four key areas: environmental, social, governance, and ESG initiatives and best practices.

Mantra has a monitoring process through the annual ESG questionnaire covering 4 sections of 5 specific questions: 1. ESG initiatives and best practices; 2. Environmental 3. Social & 4. Governance.

To these questions we associate the following notation based on the answers collected:

A+ = Strong «Scores highly across the categories»;

A- = Good «Scores well across the categories but with room to improve»;

B = Standard «Scores well on integration and Engagement but often poorly on Policy and Reporting»;

C+ = Weak «Scores poorly across the categories»;

C- = In the process of seeking to meet with ESG characteristics but not yet aligned at all levels.

Mantra tracks over time using sustainability indicators in ESG questionnaires.

#### (g) Methodologies

Mantra requests that its GPs fill out an annual ESG questionnaire. Performance are analyzed and rated (from C- to A+) in four key areas: Environmental, Social, Governance, and ESG initiatives and best practices. Our exclusion criteria are updated and checked annually, based on the new obligations of Article 8 of the SFDR and in this sense we are committed to developing our questionnaire. The Investment Advisory Team checks all the investment policies of our GPs to verify that the investments comply with the exclusion policy. If Mantra considers to the best of its efforts that a prospective GP does not have adequate ESG policy, nor the means nor willingness to achieve it, we will not recommend moving forward with an investment in their fund.

The sustainability indicators listed in the previous section are monitored through the questionnaire and are used to measure the attainment of the environmental or social characteristics.

#### (h) Data sources and processing

- Data sources used to attain the Characteristics

The website disclosures of GPs, the reporting packages and the GP ESG questionnaire are used as data sources to attain the ESG characteristics promoted by the Fund.

- Measures taken to ensure data quality

Mantra ensures data quality by challenging the GPs on the information provided, but also relying on their transparency, their honesty and professional ethics.

- How data is processed

Mantra processes data through portfolio monitoring models which provide a clear view of the underlying exposure, and that Mantra will also implement additional portfolio breakdowns covering its Principal Adverse Impacts (“PAI”) indicators in accordance with the GP questionnaires.

- The proportion of data that is estimated

Mantra estimates the minimum proportion of data to analyze at 75%.

#### (i) Limitations to methodologies and data

Based on the responses to the questionnaire, Mantra might notice limitations and reliance on external data, which may pose a risk of exposure to potentially misleading information. In particular, the questionnaire may pose a limitation on data sourcing as GPs may not provide all information requested. However, Mantra employs its best effort to engage with GPs so that they provide the information needed.

#### (j) Due diligence

Overall sustainability risks are integrated in Mantra’s investment due diligence processes by using an approach meaning of Article 8 of the SFDR. This means that we directly assess the performance and risk exposure in terms of E, S and G at the GP level. This is done at point of investment selection and annually for each of our GPs. The evaluation of ESG sustainability takes place through Sustainable Development Goals impact and ESG integration policies, exclusions and negative screening, and engagement dialogues with GPs.

These different sustainability criteria are implemented to varying degrees: 1. ESG initiatives and best practices; 2. Environmental 3. Social & 4. Governance.

Thanks to its questionnaire which integrates the four aforementioned categories, Mantra can measure the risks and degrees of progress in terms of its GP’s ESG policy, by asking them for qualitative and quantitative information.

Mantra also investigates whether GPs have been subject to any litigation cases or allegations relating to environmental matters over the past three years on the on the 3 ESG parts (Environmental, Social, and Governance) and conducts further investigations on the degrees of investment of GPs in ESG policies.

**(k)** Engagement policies

Active monitoring of the GP is an integral part of Mantra's Sustainable Investing approach and strategy. Mantra teams are monitoring GP on an annual basis. As sustainability is an important part of our investment philosophy, Environmental, Social and Corporate Governance (ESG) factors are taken into account throughout these capabilities. Mantra considers integrating ESG factors into investment analysis and decision-making processes Sustainability is considered as one of the value drivers in our investment process, similar to the way we look at other drivers such as company financials or market momentum.

On an annual basis, through our questionnaire we ask GPs to respond to several questions, which enable monitoring by the Investment Advisory Teams which identifies situations where there is a risk of loss of value or an opportunity to add value.

In case of sustainability-related controversies Mantra put in place a due diligence process that identifies areas for development, the Fund seeks to actively support GPs in developing and refining their approach to reducing sustainability risk.

**(l)** Designated reference benchmark

Not applicable.