

**Transparency Statement  
under Article 10 of the Sustainable Finance Disclosure Regulation (EU)  
2019/2088 (“SFDR”)**

**in respect of**

**PETRUS ADVISERS INVESTMENTS FUND L.P. (the “Fund”)**

*The following statement is made in accordance with the requirements under Article 10 of SFDR. This document is prepared to meet the regulatory requirements only and should not be considered an offer or solicitation to invest in the Fund.*

**Environmental and/or Social Characteristics promoted by the Fund**

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The intention is, accordingly, for the Fund to qualify as a “light green” fund under Article 8 SFDR.

The Fund seeks to promote the environmental and social characteristics of climate change mitigation; water efficiency; transition to a circular economy; and gender diversity (the “**E/S Characteristics**”) by integrating certain relevant Environmental, Social and Governance (“**ESG**”) considerations into the investment decision making process.

**Sustainability indicators used to measure the extent to which the Fund promotes the E/S Characteristics**

The alternative investment fund manager of the Fund, Petrus Advisers Ltd (the “**AIFM**”) has identified the following sustainability indicators against which it will measure the extent to which the Fund’s investments promote the E/S Characteristics:

**Climate change mitigation**

To measure, track and evaluate progress towards climate change mitigation, the Fund utilises the following sustainable key performance indicators.

1. GHG emissions (Scope 1 & 2 CO<sub>2</sub> emissions in kg per total revenue generated (as calculated in EUR))  
Only issuers which are in the top 25% vs. their peer group for GHG emissions are considered as promoting climate change mitigation.

2. Energy management (Percentage of electricity from renewable sources)

Only issuers which obtain at least 50% of their electricity from renewable sources are considered as promoting climate change mitigation.

### **Water efficiency**

To measure, track and evaluate progress towards water efficiency, the Fund utilises the following sustainable key performance indicator:

1. Water consumption (water consumption in m<sup>3</sup> per total revenue generated (as calculated in EUR))

Only issuers which are in the top 25% vs. their peer group are considered as promoting climate change mitigation.

### **Transition to a circular economy**

To measure, track and evaluate progress towards the transition to a circular economy, the Fund utilises the following sustainable key performance indicator:

1. Waste production (kg produced per total revenue generated (as calculated in EUR))

Only issuers which are in the top 25% vs. its peer group are considered as promoting climate change mitigation.

### **Gender diversity**

To measure, track and evaluate progress towards gender diversity, the Fund utilises the following sustainable key performance indicators:

1. 40% or higher female representation (a) across its total work force; and (b) on its Board of Directors; or
2. a gender pay gap of <20%

### **How the E/S Characteristics are promoted by the Fund**

The AIFM seeks to promote one or more of the E/S Characteristics by identifying instruments which meet the investment objective, strategy and restrictions set out in the Information Memorandum relating to the Fund.

The AIFM firstly applies screening & exclusions to reduce its investment universe, it then utilises its internal research process (which includes a proprietary ESG framework) to identify potential investments. As well as considering the promotion of the E/S Characteristics during its investment decision making process, the AIFM also incorporates general ESG factors into the issuer selection process. This multi-step process is outlined below.

#### Step 1: Screening & Exclusions

As a matter of course, amongst other things, the AIFM excludes from the potential investment universe any investment in issuers which derive:

- any portion of their revenue from the manufacture, distribution and/or sale of cluster munitions<sup>1</sup>;
- any portion of their revenue from the manufacture, distribution and/or sale of controversial weapons<sup>2</sup>;

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<sup>1</sup> As defined in the Convention on the Prohibition of Cluster Munitions (“Oslo Convention”).

<sup>2</sup> Weapons according to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (“Ottawa Treaty”), and B- and C-Weapons pursuant to the respective UN Conventions (UN BWC and UN CWC).

- more than 10% of their revenue from the manufacture, distribution and/or sale of other types of weapons<sup>3</sup>;
- more than 5% of their revenue from the production of tobacco<sup>4</sup>;
- more than 30% of their revenue from the extraction of thermal coal<sup>5</sup>; and
- any issuers which have had serious violations of UN Global Compact.

#### Step 2: Research & Analysis

After an issuer has passed the screening process, a review of its ESG related conduct and practices is integrated into the research & analysis carried out by the AIFM, which relies predominantly on research conducted by its investment team and includes (but is not limited to) data collection from non-financial disclosure reports, annual reports and attending management meetings; and is complemented by data from Bloomberg.

The AIFM has developed a proprietary ESG framework to flag the ESG-related risks and opportunities relating to an issuer. The framework has been tailored so that it focuses on the ESG factors which are most relevant to core industries and issuers, including compliance with the guiding principles set by the UN and OECD. The framework forms a fundamental part of the research & analysis undertaken when making investment decisions and is intended to capture factors such as transparency, true ESG commitment, tie into corporate strategy, company targets and management remuneration.

#### Step 3: Security Selection

Upon review of the research & analysis, the AIFM's investment team identifies issuers which it believes meet the investment objective, strategy and restrictions relating to the Fund and prepare an investment memorandum for consideration by the Investment Committee. The investment memorandum will highlight any ESG risks and/or opportunities identified through the research process.

The Investment Committee will assess these opportunities to determine whether an issuer promotes the E/S Characteristics using the sustainability indicators and associated thresholds identified above.

As well as promoting the E/S Characteristics, the Investment Committee will ensure that the relevant issuer has good Governance. Consideration will be given to factors such as incentivisation (including fairness of remuneration), board composition, compliance and business ethics.

#### Step 4: Engagement

Engagement is a key component of the AIFM's investment process. The AIFM seeks to have impact by engaging with corporates and seeking to contribute to their improved ESG performance, as well as value creation. Through engagement, the AIFM hopes to drive improvements in companies' transparency regarding ESG matters as well as ESG performance overall. The AIFM engages actively with management teams and supervisory boards as well as with other stakeholders to achieve such goals. The AIFM pursues this by actively raising relevant matters in management discussions, private/public letters and presentations as well as proxy campaigns.

#### Step 5: Portfolio Monitoring

As part of the ongoing monitoring of the portfolio, the AIFM utilises its proprietary ESG framework to ensure the portfolio holdings continue to promote the E/S Characteristics and/or the general ESG standards of the Fund. It also uses the ESG framework to monitor improvements over time and identify

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<sup>3</sup> As defined by BICS Code: 17101111.

<sup>4</sup> As defined by BICS Code: 121012.

<sup>5</sup> As defined by BICS Code: 1810151410.

ESG strengths and weaknesses in an issuer. Should an investment be flagged as no longer satisfying the above detailed ESG criteria, the AIFM will engage the issuer to:

- raise awareness to make the issuer aware of ESG deficiencies;
- encourage corrective actions (including public campaigns, if deemed necessary); and
- determine whether portfolio exclusion is required.

### **External data sources used by the Fund**

The AIFM uses the following data and/or research as part of its research & analysis, via which investments which promote the E/S Characteristics are assessed:

- internal research;
- non-financial disclosure reports (such as ESG and corporate responsibility reports);
- annual reports and financial statements;
- information obtained through attendance at management meetings;
- Bloomberg; and
- other third party providers.

ESG data received from third parties as well as issuers may be incomplete, inaccurate or unavailable from time to time. As a result, there is a risk that the AIFM may incorrectly assess a security or issuer, resulting in the incorrect direct or indirect inclusion or exclusion of a security in the portfolio of the Fund.

Using multiple data sources reduces this risk but does not eliminate it. In addition, using fundamental internal analysis also allows AIFM to directly question data directly with issuers.

Over time and as industry and relevant resources develop, AIFM may (1) change, amend or revise the sustainability indicators which it uses to rate investments; and/or (2) choose to utilise alternative data sources in its due diligence and ratings processes.

**While the AIFM seeks to promote the identified E/S Characteristics by application of the investment processes set out above and in the Information Memorandum, there is no guarantee that the characteristics will be promoted by the Fund and investment losses may arise.**