ANNEX II

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: KREOS CAPITAL VII SCSP (the "Fund") **Legal entity identifier:** 2138001ED4OMIM44Y602

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Fund seeks to promote environmental and social characteristics by pursuing certain environmental and social initiatives on a binding basis. The Fund shall not make an Investment in any person which, at the time that the relevant Investment is made, to the actual knowledge of Kreos Capital Group VII Limited (the "**General Partner**" having undertaken customary due diligence, has exposure to certain industries (each, as described in 1-5 below, a "**Restricted Industry**"), namely any person which:

1. derives any revenue from the production of cluster bombs, landmines, depleted uranium weapons, chemical and biological weapons, nuclear weapons, blinding laser weapons, non-detectable fragments, and/or incendiary weapons;

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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2. has been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labor standards, the environment and anticorruption), as reasonably determined by the General Partner;

3. involved in the production of tobacco products;

4. involved in the production of firearms and/or small arms ammunition intended for retail to civilians; or

5. derive more than 5 per cent. of their revenues from:

    a. mining and/or extraction of thermal coal and/or thermal coal-based power generation, provided that, for the avoidance of doubt, the provision of services to businesses involved in the mining and/or extraction of thermal coal and/or power generation from thermal coal (by providing, for example, transportation, storage, marketing, or processing) shall not engage this restriction;

    b. tar (oil) sands production or extraction, provided that, for the avoidance of doubt, (1) midstream or downstream oil, tar (oil) sands and gas activities, and (2) the provision of services to businesses involved in the extraction, production and/or generation of oil, tar (oil) sands or gas (by providing, for example, transportation, storage, marketing or processing), shall not engage this restriction;

    c. the production, distribution, retail and supply of tobacco and/or tobacco-related products; and/or

    d. the production or distribution of firearms, small arms, and small arms ammunition for the civilian market,

provided, that, the production of computer technology, communications equipment, software or other items that may be used in connection with—but are not specifically created or designed for the purpose of—the production of any of the items referred to above shall not engage the relevant restrictions.

For the avoidance of doubt, to the extent the Fund invests in any Investment in a person that is not engaged in a Restricted Industry at the time of such initial investment, and such person later becomes engaged in a Restricted Industry, the Fund shall not be obligated to dispose of its Investment in such person at such later time.

The Investment Manager will use pre-investment screens to seek to ensure that the Fund will not invest in borrowers which, at the time that the relevant investment is made, to the actual knowledge of the general partner having undertaken customary due diligence (a) have exposure to any of the items listed in paragraphs 1-4 above or (b) derive more than 5 per cent of their revenue from the items listed in paragraphs 5(a)-(d) above.

In situations where the Investment Manager has direct access to investee companies and/or is leading the legal negotiations of the investment:

(i) The Investment Manager will seek to include customary market language in investment documentation to limit such Person's ability to enter into business lines that are substantially outside of their existing business operations

(ii) The Investment Manager will seek to monitor potential changes industry operating exposures through active portfolio company monitoring by deal teams and/or through engagement, which could include a request that such Person complete an annual questionnaire (the "**ESG Questionnaire**") that could include affirmative confirmation that such borrowers are not engaged in a Restricted Industry.

It is possible that the Investment Manager will not receive sufficient information to correctly assess whether investee companies comply with the above obligations post-investment. For example, the Investment Manager may be unable to request suitable contractually binding obligations or request the completion of the ESG Questionnaire, the ESG Questionnaire could contain material inaccuracies or could be incomplete, or the investee company could fail to respond to the ESG Questionnaire. The Investment Manager is not able to independently verify the accuracy of responses to the ESG Questionnaire and will rely on investee companies to provide accurate responses.

The Fund's investment strategy (including potential holdco financings and club financings) means for a majority of investments the Investment Manager is likely to have no direct access to investee companies and will not lead legal negotiations, meaning that it will be unable to request the contractually binding obligations or ESG Questionnaire described above. In addition, the Fund primarily makes illiquid private credit investments with a term of many years. Accordingly, if investee companies are not requested to or fail to provide a completed ESG Questionnaire, or if the information in the ESG Questionnaire is incorrect, the Fund is unlikely to be able to divest or reduce its exposure to an investment prior to the scheduled repayment of the debt investment.

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

The Fund regularly assesses the level of compliance with the ESG Policy to confirm that none of the investments are made in Borrowers that are involved in any of the items 1 to 4 listed above. The Fund shall confirm that none of the investments are made in Borrowers that derive more than 5 per cent of their revenue from items 5(a)-(d) listed above.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Fund does not commit to holding sustainable investments, however, sustainable investments may form part of the Fund's portfolio.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable as this Fund does not commit to investing in sustainable investments, however, sustainable investments may form part of the Fund's portfolio.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable as this Fund does not commit to investing in sustainable investments, however, sustainable investments may form part of the Fund's portfolio.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable as this Fund does not commit to holding sustainable investments, however, sustainable investments may form part of the Fund's portfolio.

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.

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

✖ Yes, through its ESG due diligence and monitoring process, the Fund considers and reports, based on assessment of available information, baseline screens on the following principal adverse impact indicators:

1) Active in the fossil fuel sector; and

2) Violations of UN Global Compact principles; and

3) Controversial weapons

This Fund will provide information on the relevant PAIs considered through the ESG due diligence and monitoring process (as described above).

No

Additional PAI metrics may be made available to investors at the Investment Manager's discretion if deemed relevant and appropriate under the ESG Policy.11

What investment strategy does this financial product follow?

All potential investments considered for the Fund will be subject to a pre-assessment screening and due diligence process detailed in the ESG Policy prior to an investment decision being made to ensure that they meet the Fund's ESG criteria.

The Fund will not invest in any Borrower which, at the time that the Fund makes its initial investment therein, is determined by the Investment Manager to be high risk in accordance with the ESG Policy (or any successor or equivalent framework adopted by the Investment Manager from time to time), unless such Borrower is contractually obliged or incentivised to make positive ESG changes to its business or operations within eighteen (18) months of the date of initial investment such that it would then meet the Investment Manager's criteria for investment by the Fund; provided, that, for the avoidance of doubt, the foregoing shall not limit in any way the ability of the Fund to make follow-on investments in such Borrowers where intended primarily to maintain or protect the value of an existing investment, and any such follow-on investment shall not be subject to the foregoing limitations or requirements.

Beyond the integration of ESG in the due diligence process, each of the investments of the Fund will be subject to ongoing monitoring and engagement in the investment holding period and exit process, as detailed in the ESG Policy.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***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?***

  The binding elements of the investment strategy are as follows:

  The Fund shall not make an Investment in any person which, at the time that the relevant Investment is made, to the actual knowledge of the General Partner having undertaken customary due diligence, has exposure to a Restricted Industry (as defined above), provided, that, the production of computer technology, communications equipment, software or other items that may be used in connection with—but are not specifically created or designed for the purpose of—the production of any of the items referred to above shall not engage the relevant restrictions.

  For the avoidance of doubt, to the extent the Fund invests in any Investment in a person that is not engaged in a Restricted Industry at the time of such initial investment, and such person later becomes engaged in a Restricted Industry, the Fund shall not be obligated to dispose of its Investment in such person at such later time.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

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

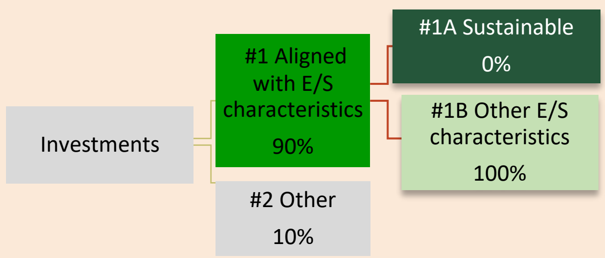
The Investment manager assesses good governance practices of the Borrowers through the proprietary insights and shareholder engagement of the Investment Manager, as set out in the ESG Policy. Using a risk-based approach set out in the ESG Policy, the Investment Manager seeks to identify issuers which may not have satisfactory governance practices in both the pre-transaction due diligence and investment approval phase as well as through engagement on an ongoing basis during the investment holding period.

The Fund will assess the ESG risk rating of each potential Investment and will only invest in those companies with adequate ESG characteristics, including good governance, assessed by the Investment Manager at the time the investment decision is made, in accordance with the Investment Restrictions above. The Investment Manager will also use reasonable efforts to engage with the Borrowers to promote an improvement in their ESG disclosures.

What is the asset allocation planned for this financial product?

An asset will be treated as #1 Aligned with E/S characteristics where it has been assessed in accordance with the ESG Policy as detailed above. A minimum of 90% of the Fund's total assets will be invested in investments that meet this criteria. Of these investments, a minimum of 90% of the Fund's total assets will be invested in investments aligned with other environmental and/or social characteristics described above (#1B Other E/S characteristics). It is expected that 0% of the Fund's total assets will be invested in Sustainable Investments (#1A Sustainable).

The Fund expects to invest up to 10% of its total assets in other investments (#2 Other investments).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

  Not applicable - the Fund will not use derivatives to attain the environmental or social characteristics being promoted.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not currently commit to investing in Sustainable Investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio

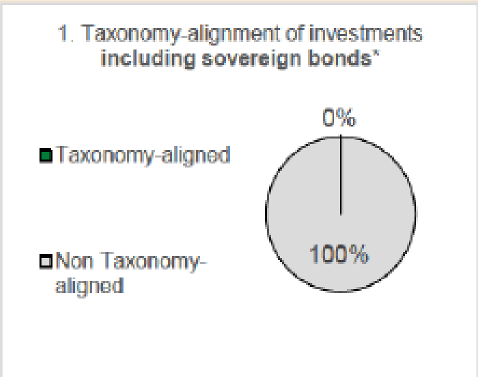
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

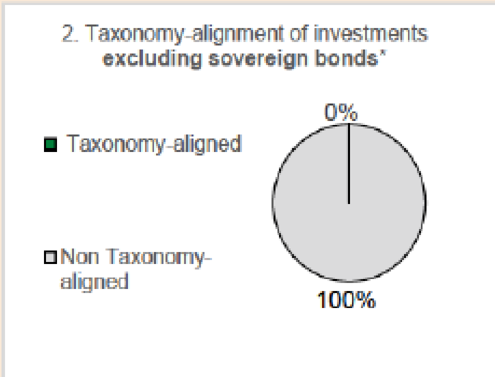
☐ Yes:

☐ 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 investments in transitional and enabling activities?***

  The Fund does not commit to making investments in transitional and enabling activities, however, these investments may form part of the portfolio.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

The Fund does not commit to investing in sustainable investments with an environmental objective, however, these investments may form part of the portfolio.

What is the minimum share of socially sustainable investments?

The Fund does not currently commit to investing in socially sustainable investments, however, these investments may form part of the portfolio.

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

Other holdings are limited to 10% and may include warrants, cash and near cash instruments. These investments may be used for investment purposes in pursuit of the Fund's (non ESG) investment objective, for the purposes of liquidity management and/or hedging.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website: *https://icx.efrontcloud.com/blackrock/login.aspx*.