



EUROPEAN  
COMMISSION

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ANNEX 4

## **ANNEX**

*to the*

**Commission Delegated Regulation (EU) .../...**

**supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports**

## ANNEX IV

Template periodic 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: **Brightwood Capital Offshore Fund V-U, LP**

Legal entity identifier: **[complete]**

# Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



**Yes**



It made **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 made **sustainable investments with a social objective:** \_\_\_\_%



**No**



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?** *Each of the investments in the Fund is aligned with the social characteristics promoted by this financial product.*

There were 18 investments in the Fund as of 12/31/24.

Of the 18 investments in the Fund, none were found to be in conflict with Brightwood's list of excluded industries ("the Exclusion List")

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

16 scored below the escalation threshold Fund's methodology scoring system (Tier 1). Tier I opportunities are considered to be of 'low' risk and highly likely to align with the Fund's promoted social characteristics. In addition, Brightwood's transactional diligence did not find any concerns with respect to the alignment of these 16 investments with the Fund's promoted social characteristics.

2 of the 18 investments received a score in excess of the system's escalation threshold but below the system's exclusion threshold. After performing additional diligence and engaging with management on specific questions that were raised during the scoring process, the IC concluded that such opportunities aligned with the Fund's promoted sustainability characteristics and were designated as Tier 2 opportunities. "Tier 2" investments are those which the Fund's methodology scoring system deems as "medium" risk but still aligned with the social characteristics promoted by the Fund.

**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.

- **How did the sustainability indicators perform?** 100% of the investments were aligned with the Fund's characteristics. (See answer above)
  - **...and compared to previous periods?** N/A
  - **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?** N/A
  - **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?** N/A
- How were the indicators for adverse impacts on sustainability factors taken into account? N/A — the Investment Manager does not currently systematically consider Principal Adverse Impact indicators within its investment decisions, due to the lack of consistently available information/data to adequately evaluate and action such adverse impact indicators.
- Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details: N/A — although the Fund does not make sustainable investments, select elements of each framework are embedded within the aforementioned scoring system methodology. These elements are considered for all investments being evaluated for the Fund.



How did this financial product consider principal adverse impacts on sustainability factors? N/A



What were the top investments of this financial product?

| Largest Investments                                | Sector                              | % of Fund | Country |
|----------------------------------------------------|-------------------------------------|-----------|---------|
| Precision Holdings                                 | Non-Durable Manufacturing           | 12.74%    | USA     |
| Bluebird Medical Enterprises LLC (Allegiance)      | Healthcare                          | 10.46%    | USA     |
| North Haven Spartan US Holdco LLC (Impact Fitness) | Leisure, Entertainment, Hospitality | 8.01%     | USA     |
| Virtual Technologies Group, LLC                    | Business Services                   | 6.00%     | USA     |
| TouchFuse, LLC                                     | Information / Software              | 5.07%     | USA     |
| John C. Cassidy Air Conditioning, Inc.             | Business Services                   | 5.06%     | USA     |
| GlacierPoint Enterprises, Inc.                     | Transportation & Logistics          | 5.02%     | USA     |
|                                                    |                                     | 52.35%    |         |

[include financial references first paragraph. of

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:

[complete]

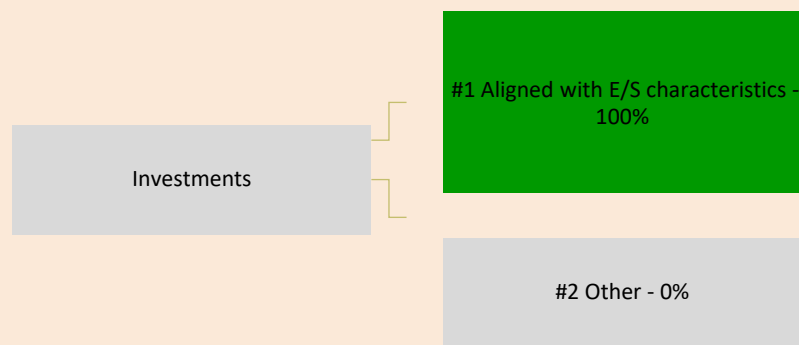
- capital expenditure (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.

- operational expenditure (OpEx) reflects the green operational activities of investee companies.



#### What was the asset allocation?

[Include only relevant boxes, remove irrelevant ones for the financial product]



**#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.

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

#### In which economic sectors were the investments made?

[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

|                                     |         |
|-------------------------------------|---------|
| Healthcare                          | 22.50%  |
| Non-Durable Manufacturing           | 22.01%  |
| Business Services                   | 20.03%  |
| Leisure, Entertainment, Hospitality | 12.01%  |
| Information / Software              | 9.99%   |
| Durable Construction                | 8.44%   |
| Transportation & Logistics          | 5.02%   |
|                                     | <hr/>   |
|                                     | 100.00% |



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy? [N/A](#)

- *What was the share of investments made in transitional and enabling activities?*  
[0% - The Fund did not invest in companies involved in transitional or enabling activities](#)
- *How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?* [N/A](#)



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy? [N/A](#)



What was the share of socially sustainable investments? [N/A](#)



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards? [N/A – no investments currently in the Fund are qualified as “other”.](#)



What actions have been taken to meet the environmental and/or social characteristics during the reference period? [In order to promote the necessary sustainability characteristics, the Fund engaged in several processes, including:](#)



- [\(a\) a Fund exclusions list,](#)
- [\(b\) consideration of risks material to selected Fund Promoted Sustainability Characteristics within transactional diligence,](#)
- [\(c\) a scoring methodology engaged during transactional diligence aligned with the Fund’s promoted sustainability characteristics](#)

### Exclusions List

- Any investment deemed in conflict with the Fund's exclusions list will be omitted from consideration within the Fund's allocation.
- None of the investments in the Fund indicate any conflict with the exclusions list.

### Transactional Diligence

Brightwood assessed the governance practices of its prospective borrowers and the investment opportunity's alignment with the social characteristics promoted by the Fund.

### Scoring

Brightwood engaged Malk Partners, a 3rd-party provider of ESG services, to review and score each of the investments pursuant to a proprietary scoring methodology (see Annex II for detail on the Scoring Methodology), which evaluates and quantifies each borrower's likelihood of conflicting with the promoted sustainability characteristics.

### Determination of Suitability

If transactional diligence did not raise any concerns about an investment's alignment with the Fund's promoted social characteristics and the investment's score was below the escalation threshold, the investment was deemed suitable for the Fund without additional diligence. 16 of the 18 investments in the Fund fell into this category.

In 2 instances, investment opportunities were escalated pursuant to the scoring methodology. In each instance, additional diligence was performed, including discussions with the relevant company's management. After additional diligence, a supplemental memo which (i) described the issues raised by the scoring system, (ii) summarized the additional diligence and (iii) provided a recommendation, were circulated to members of the investment committee. After a vote, both such companies were found to be in alignment with the social characteristics promoted by the Fund by a majority of the members of the IC and designated as Tier 2. Tier 2 investments remain eligible for the Fund, as the "escalation" process requires this additional engagement to further qualify alignment with the characteristics.

**How did this financial product perform compared to the reference benchmark?**

*[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

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

No reference benchmark was designated for the purpose of identifying the social characteristics promoted by this Fund.

- *How does the reference benchmark differ from a broad market index?* N/A
- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?* N/A
- *How did this financial product perform compared with the reference benchmark?* N/A
- *How did this financial product perform compared with the broad market index?* N/A