

**JERA
CAPITAL**

Annual ESG Report 2023

JERA DIRECT ACCESS PRIVATE EQUITY FUND



ABOUT THE REPORT

Jera Capital is excited to share its 2023 ESG report, detailing our strategy for seamlessly incorporating Environmental, Social, and Governance (ESG) principles into both our operational framework and investment procedures.

This report highlights recent initiatives, the tools and processes we employ, and updates from the managers we've partnered with. We aim to make this reporting an annual tradition.

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TABLE OF CONTENTS

- 4 Message from the Jera Capital team
- 6 ESG from a Jera Capital perspective
- 8 Initiatives by Jera
- 12 ESG in Investment Management
- 14 ESG analysis
- 16 ESG monitoring - Portfolio Companies
- 18 Companies mapping by underlying factors
- 20 ESG monitoring - Fund Managers

Message from the Jera Capital team

AT JERA CAPITAL, Environmental, Social, and Governance (ESG) considerations are not merely a perfunctory checkmark or a discretionary add-on. Instead, they constitute an integral aspect of our modus operandi and an analytical framework that enables us to assess the potential risks and opportunities inherent in investments and serve as a potent instrument for enhancing business performance.

Our commitment to responsible investing, responsible business practices, and responsible leadership is unwavering. Each year, we augment our sustainability reporting, underscoring the pivotal role ESG plays in our market. It is with great pleasure that we present our inaugural annual ESG Report, a document that underscores the escalating significance of ESG in the private markets.

The past five years have witnessed a commendable evolution within the industry, with an increasing number of General Partners (GPs) formalizing policies that integrate ESG criteria into their investment processes. As a firm specializing in private market secondaries, our focus remains steadfast on supporting and guiding our portfolio managers on their respective ESG journeys.

While the prominence of ESG grows, misconceptions persist, particularly among those who perceive it as conflicting with investment firms' fiduciary duties. Contrary to such beliefs, our report demonstrates that ESG has been instrumental in establishing Jera Capital as a successful entity over the years.

As we operate one step removed from portfolio companies, our focus lies in leveraging relationships with General Partners. While we engage in broader advocacy and collaborative initiatives, we do so judiciously, prioritizing relevance to our market and ensuring our role as influencers aligns with our ability to concentrate on investments and uphold ESG commitments.

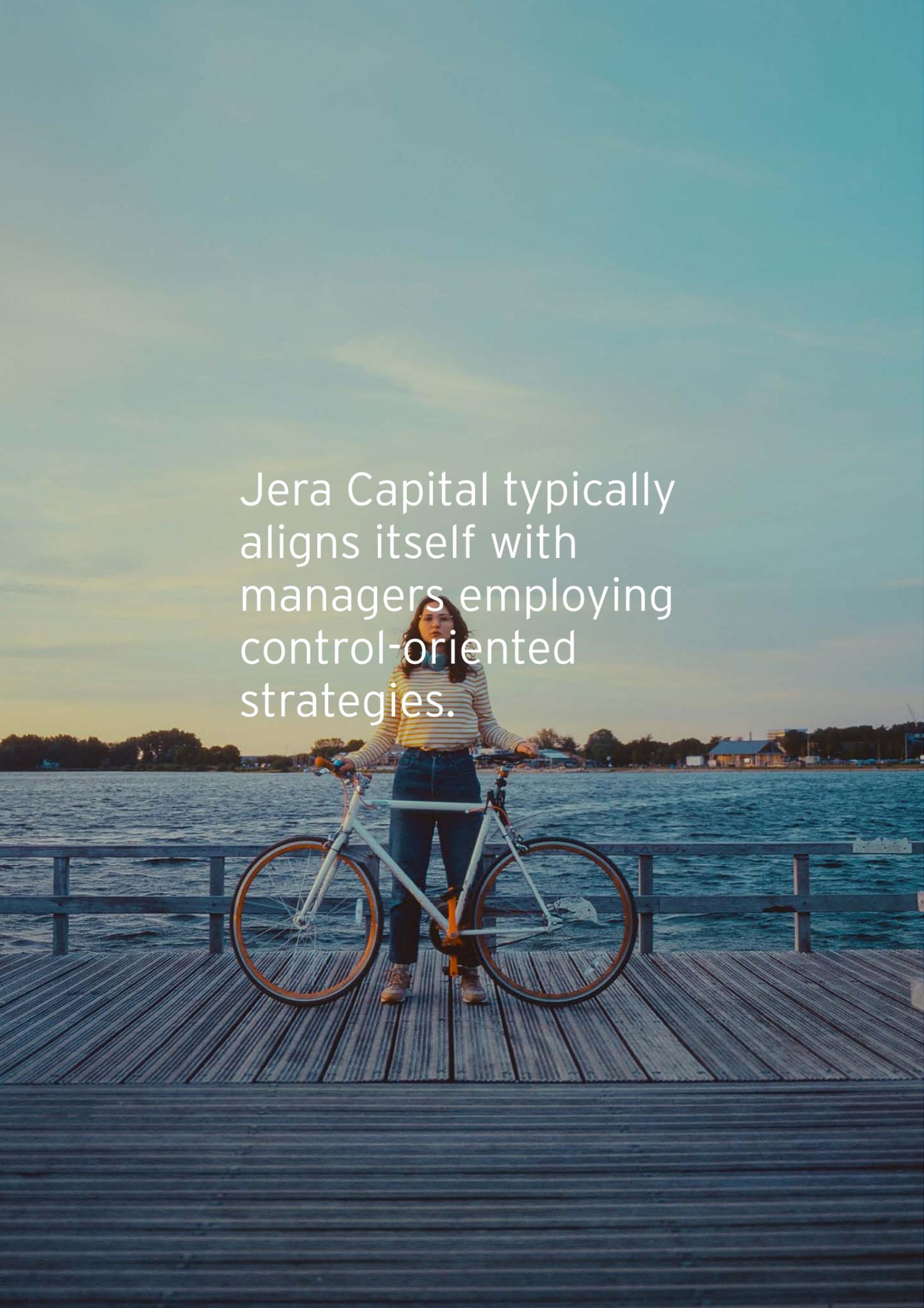
Looking ahead, amidst challenges posed by unsubstantiated ESG claims and heightened scrutiny of ESG practices, our commitment remains steadfast. We pledge to uphold our disciplined approach to ESG, especially our overarching commitment to integrating ESG into our investment processes. Upholding our reputation for innovation, we are resolute in delivering on our ESG commitments while prioritizing the pledges made to our investors.

Best regards
Jera Capital

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Embracing sustainability within our investment management strategy is not just a commitment to financial prosperity; it's a pledge to forge a resilient and ethically-driven legacy for our portfolios.

Christen Estrup,
Jera Capital co-founder



Jera Capital typically aligns itself with managers employing control-oriented strategies.

ESG from a Jera Capital perspective

ONE FUNDAMENTAL distinction between public or listed companies and private companies lies in ownership. When investing in a listed company, you possess a small ownership stake, resulting in minimal influence over the company's direction, strategy, and ESG (Environmental, Social, and Governance) agenda. Conversely, private companies are typically majority-owned by a single shareholder, often a private equity fund. This dominant shareholder assumes a pivotal role in shaping the company's strategy and ESG goals, with the management team tasked to execute these initiatives. Consequently, the Private Equity General Partner (PE GP) wields significant influence in driving substantial ESG initiatives due to their control over the company.

Jera Capital typically aligns itself with managers employing control-oriented strategies. These managers are adept at formulating ESG initiatives and enhancements. Since Jera Capital invests with General Partners responsible for acquiring and developing portfolio companies in a fund, the firm diligently assesses the General Partner's approach to ESG. Given that all decisions regarding portfolio companies rest with the General Partner, Jera Capital devotes substantial time and

resources to evaluate the manager's ESG commitment and its impact on investment decisions and asset management.

ESG has been carefully integrated into our investment management process in reflection of our belief that doing so enables us to better manage investment risks, which, in turn, can have a positive impact on the risk-adjusted returns of the Jera funds. However, the core objective of the Jera funds is generally not the promotion or direct management of any environmental or social outcomes, characteristic or sustainable investment at the underlying, GP-controlled portfolio companies.

As an investor in the secondaries market, there are limitations inherent with our mandate - notably that our focus is on underlying portfolio GPs or fund-of-fund managers, rather than ESG at the asset level.

However, we firmly believe we have integrated ESG into our investment processes in a manner best suited to our mandate, and we have similarly given careful consideration to what SFDR might mean for certain future Jera funds in the context of having a long established ESG Policy and ever stronger ESG practices.

Environmental initiatives by Jera

The following initiatives have been implemented at Jera Capital:

USE OF PUBLIC TRANSPORT

The firm's employees are encouraged to use public transport to commute to work and to commute to and from airports. Jera Capital encourages the use of public transport.

REDUCE AIR TRAVEL

Jera Capital limits intercontinental travel as much as possible. For short-distance travel in Europe, Jera Capital encourages its employees to travel by bike or train.

CONSUME RENEWABLE ENERGY

Jera Capital's electricity consumption comes mostly from locally produced water, solar and wind energy.

REDUCE USE OF PAPER

Jera Capital strives to operate a fully paperless office.

Jera Capital believes that these initiatives contribute to the following SDGs:



Social initiatives by Jera

The following initiatives have been implemented at Jera Capital:

ENCOURAGE TEAM DIVERSITY

Jera Capital is keen to promote diversity of perspectives for optimal decision making.

Within our organisation, we count five nationalities with Danish naturally being the most represented nationality.

EMPLOYEE WELL-BEING

Jera Capital believes that the physical health of its employees is very important and sports is a very good counterbalance to our work. To further encourage physical activity, the firm subsidises gym memberships or other sports club memberships.

DEVELOP HUMAN CAPITAL

Jera Capital supports further education and personal development of its employees.

Jera Capital believes that these initiatives contribute to the following SDGs:



Governance initiatives by Jera

Jera Capital is fully employee-owned and committed to growing the firm based on the highest institutional standards. Amongst others, the following policies contribute to our commitment:

INVESTMENT POLICY

Details the investment process and defines relevant control mechanisms.

COMPLIANCE POLICY

Governs rules and regulations with regards to anti-money laundering, handling of material, nonpublic information, outside business activities of Jera Capital employees etc.

RISK POLICY

Identifies and describes the handling of strategic, operational and investment risk of Jera Capital.

BUSINESS CONTINUITY PLAN

Defines the framework by which Jera Capital establishes, implements and maintains an adequate Business Continuity Policy.

SUPERVISION

Jera Capital has two independent directors on its three-member Board of Directors. Furthermore, Jera Capital has built a high-quality Investment Advisory Board comprised of professionals who have deep knowledge of asset management and private equity. They support Jera Capital in the achievement of strategic objectives and further enhance the firm's high governance standards.

Jera Capital believes that these initiatives contribute to the following SDGs:



ESG in Investment Management

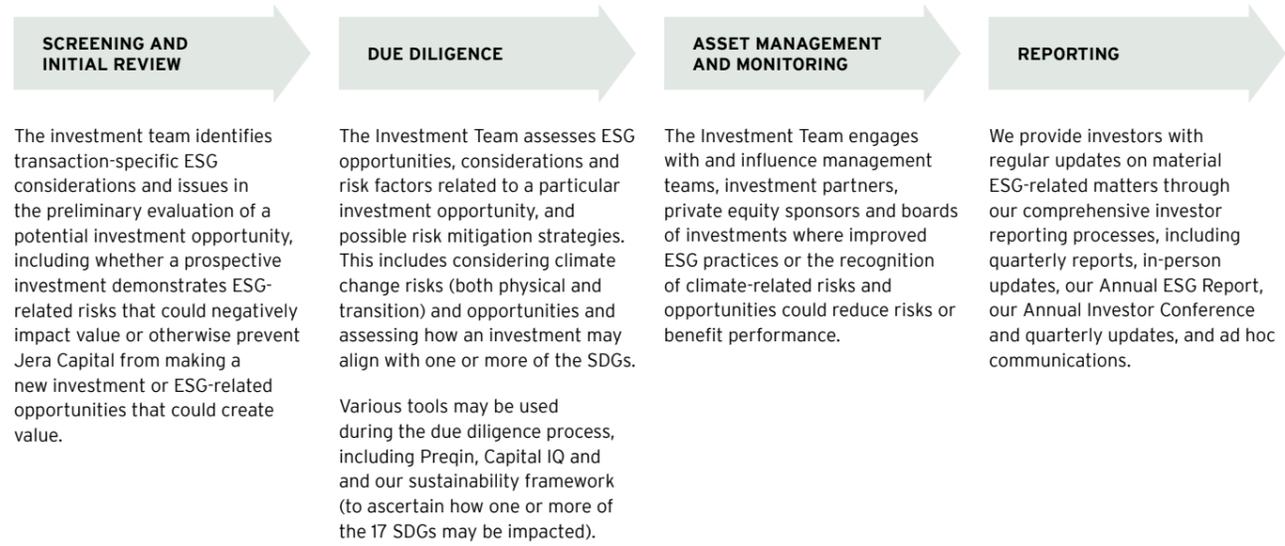
INCORPORATION OF ESG FACTORS IN THE INVESTMENT PROCESS

Jera Capital incorporates analysis of ESG factors into all stages of its investment management process, from sourcing, through to screening opportunities, proposing investments to the investment committee and, finally, monitoring of closed

investments. All relevant documents and tools used by Jera Capital have built-in ESG checkpoints.

Fund managers and portfolio companies with significant ESG issues or insufficient commitment to ESG will be excluded from Jera Capital's investment universe.

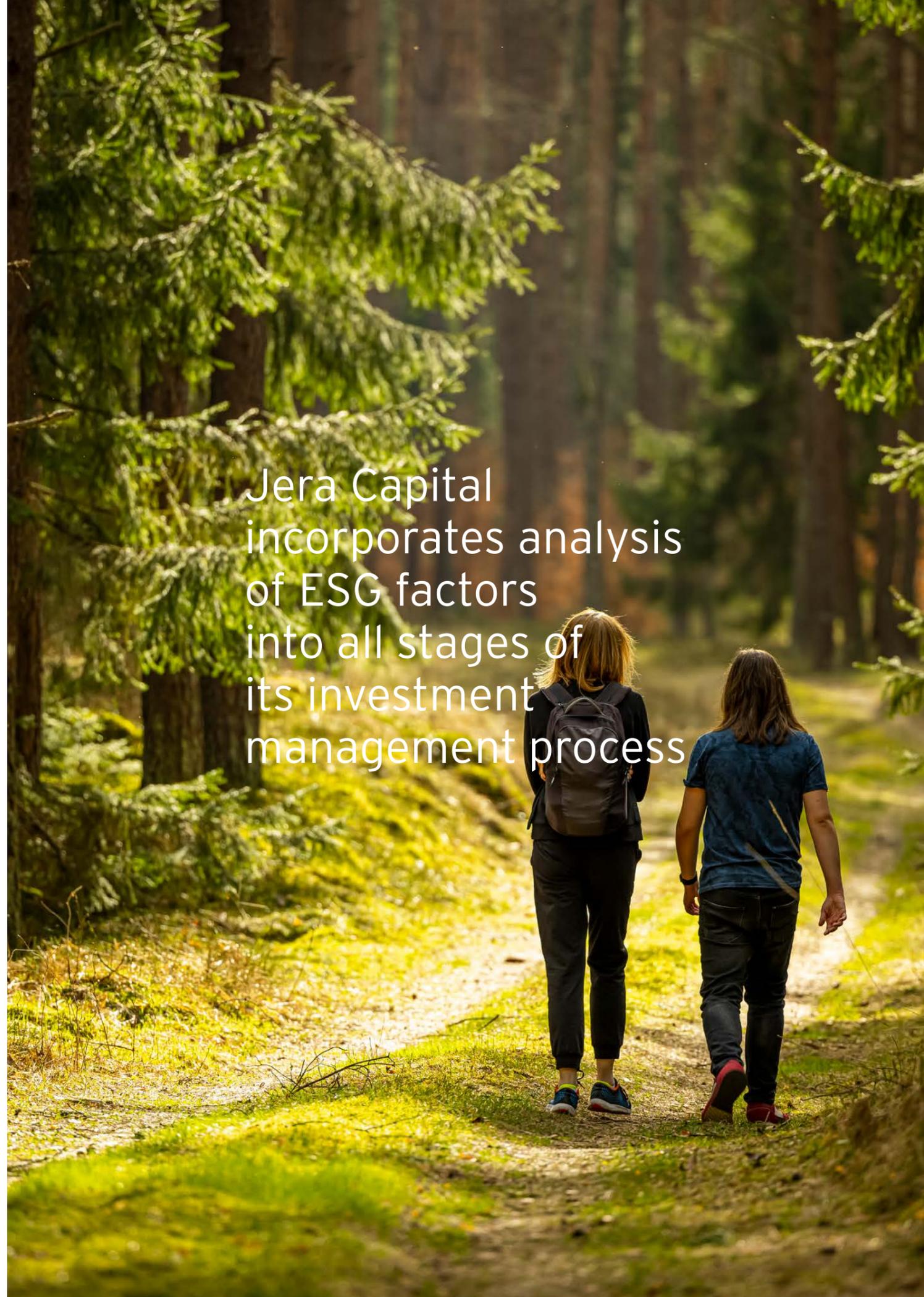
Jera Capital expects individuals in its investment management team to incorporate ESG issues in their day-to-day investment management work and it is the responsibility of the partners of Jera Capital to support the firm's employees in incorporating ESG principles in their role.



Jera Capital has identified the following UN Sustainable Development Goals ("UN SDGs") and targets as key to monitor:



Jera Capital incorporates analysis of ESG factors into all stages of its investment management process





ESG analysis

Jera Capital's evaluation of investment opportunities involves a two-layer approach, comprising both evaluation of the specific assets and the fund manager. For the underlying assets, the evaluation includes scoring each company representing a material share of an investment using Jera Capital's proprietary ESG scorecard, which scores the companies on key metrics on environmental, social and governance areas, such as greenhouse gas emission, energy and water consumption, air emissions, gender diversity, work injuries and employee satisfaction.



ESG area	Weighting	KPIs	Rating
Environmental			
Greenhouse Gas Emissions	20%	Scope 1 & 2 emissions	A
Energy & Water Consumption	10%	Energy & water intensity	B
Air Emissions	10%	Particulate matter, SOx, NOx	C
Social			
Gender Diversity	10%	Gender pay gap, board diversity	B
Work Injuries	10%	Lost time injury frequency rate	C
Employee Satisfaction	10%	Employee engagement score	A
Economic			
Financial Performance	10%	Return on Equity, Return on Assets	A

For the fund manager, Jera Capital shall undertake an ESG assessment based on the UN PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire to assess the strength of a manager's approach to ESG integration. When relevant, Jera Capital also negotiates responsible investment standards into the fund documentation. Post-investment, Jera Capital tracks and monitors key sustainability KPIs by using the ESG Scorecard of the companies in which it has invested (to the extent these are available) and encourages increased tracking by managers.

ESG monitoring - Portfolio Companies

DESCRIPTION

In addition to tracking and monitoring key sustainability KPIs by using the ESG Scorecard, we monitor the ESG risk ratings of all underlying company exposures using Preqin's Risk Exposure Rating.

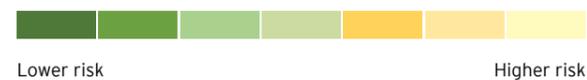
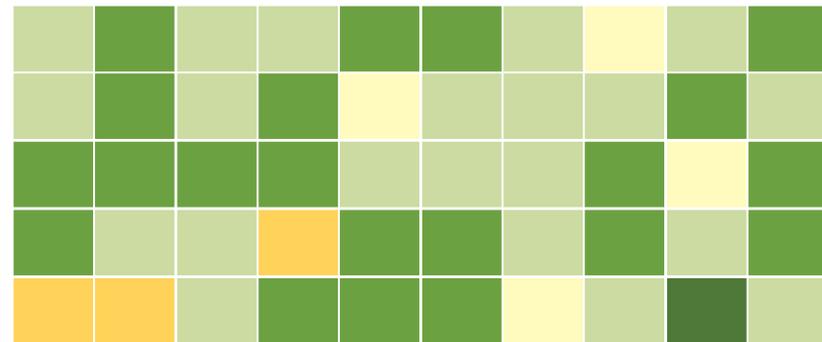
The results of this analysis supports that the mechanisms established to recognize significant ESG risks within our investments are effective.

METHODOLOGY

Preqin's Risk Exposure Rating draws on a set of 177 publicly available indicators to generate an ESG risk exposure score for each private company in the market. To identify the sources of material industry risk, Preqin leverages well-established standards, provided by the Sustainability Accounting Standards Board (SASB).

For the full methodology, please refer to the Preqin's ESG solutions methodology.

Preqin Risk Rating of Jera Capital company portfolio



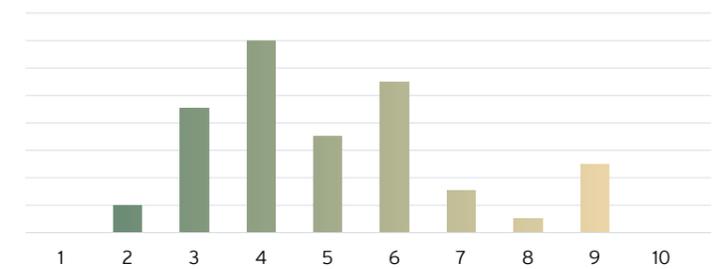
Companies mapping by underlying factors

DESCRIPTION

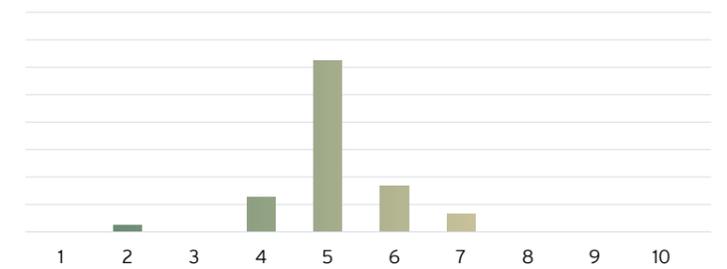
In addition to tracking and monitoring the overall ESG rating for the companies in our portfolio using Prequin's Risk Exposure Rating, we also monitor each of the underlying components of this rating, more specifically the Environmental, Social and Governance ratings for each portfolio company.

These ratings are made on a scale from 0 to 10 and the charts on the right show the distribution of our portfolio companies on this scale.

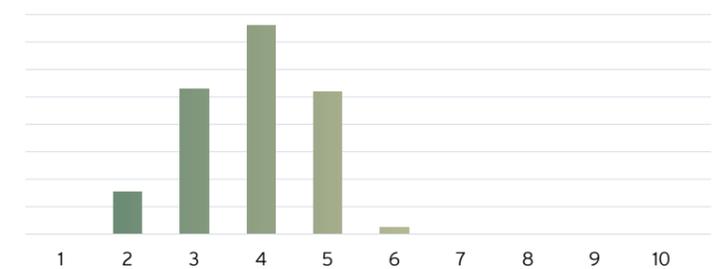
Environmental



Social



Governance



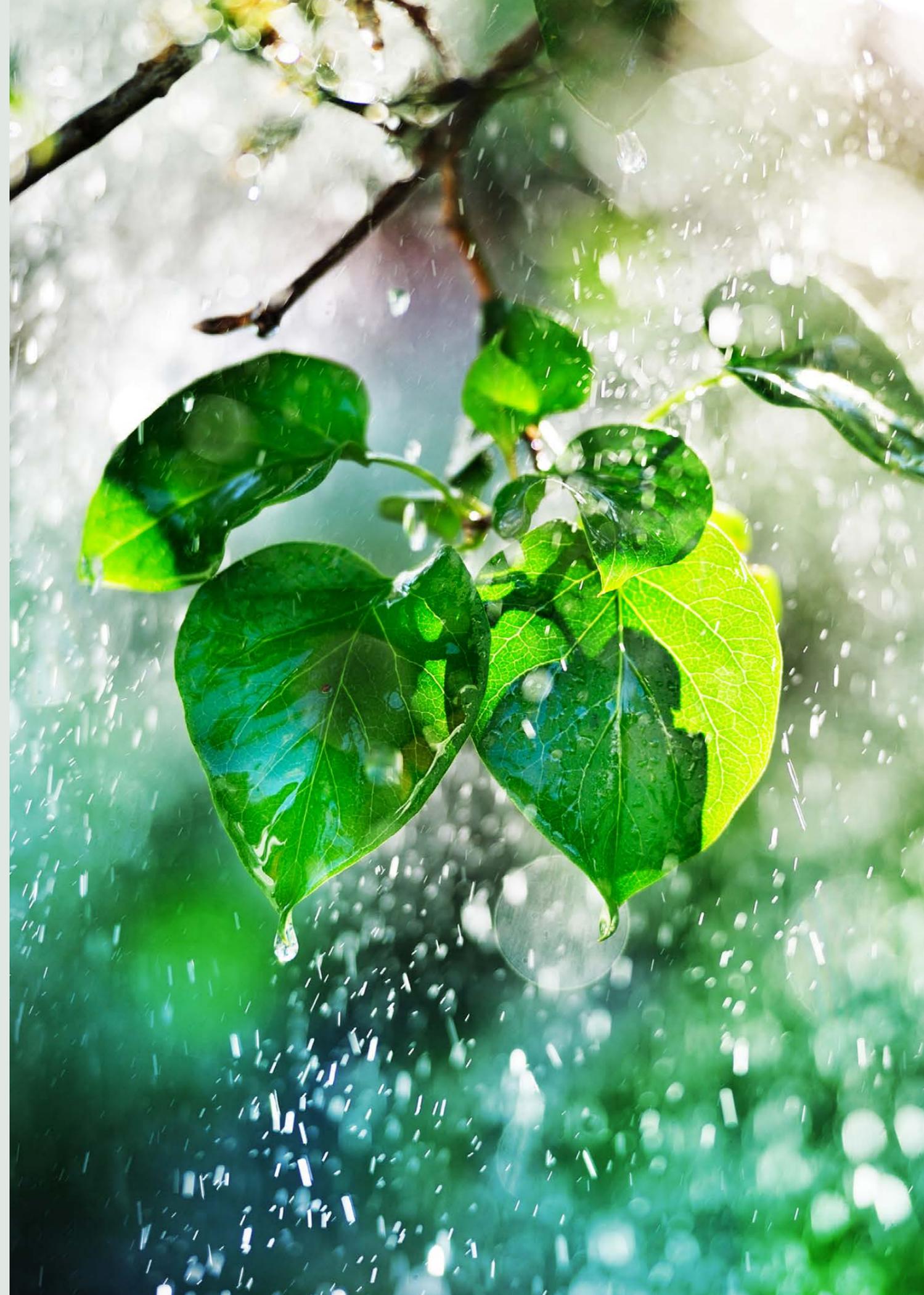
ESG monitoring - Fund Managers

Manager	Integrated approach to ESG in investments	Abide by international ESG standards	Annual sustainability report	SFDR classification	Selected key developments during 2023
Manager 1	✓	✓	✓	Article 8 funds represent 62% of AUM	<ul style="list-style-type: none"> · Awarded Best Sustainable Equity Investor Nordics by CFI for 3rd year in a row · Formally implemented a DEI policy
Manager 2	✓	✓	×	N/A	<ul style="list-style-type: none"> · Not disclosed
Manager 3	✓	✓	×	N/A	<ul style="list-style-type: none"> · Continued to refine their quantitative tracking of ESG KPIs
Manager 4	✓	✓	✓	Article 8 for recent funds	<ul style="list-style-type: none"> · Recruited dedicated ESG team members · Donated to Theodora Foundation to improve well-being of hospitalised children
Manager 5	✓	✓	✓	N/A	<ul style="list-style-type: none"> · 3rd party assessment of firm's CO₂ emissions · Purchased ex-ante carbon credits to fund planting of ~28,000 trees in the Amazon
Manager 6	✓	✓	✓	Article 8 for recent funds	<ul style="list-style-type: none"> · To be disclosed in Annual and Sustainability Report 2023
Manager 7	✓	✓	✓	N/A	<ul style="list-style-type: none"> · To be disclosed in 2023 ESG & Impact report



DURING 2024, WE PLAN TO WORK ON THE FOLLOWING PROJECTS:

- Set up our first UN PRI reporting. The new reporting framework has been finalised, so we will be working on setting up our reporting capabilities accordingly.
- Jera Capital Direct Access Private Equity Fund, Sicav RAIF is classified under Article 8 of SFDR. We will streamline data collection, monitoring and reporting.



JERA CAPITAL

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