

HQ Capital IV SCS SICAV-RAIF – Feeder Auda Deep Impact Fund
Transparantieverklaring op grond van artikel 10 van de
EU-verordening inzake duurzame financiering 2019/2088 (“SFDR”)
30 december 2022

1. Samenvatting

Dit hoofdstuk bevat een samenvatting van de gedetailleerde informatieverschaffing op grond van Artikel 10 van de SFDR die volgt. De betekenis van de met hoofdletter geschreven termen die in deze samenvatting worden genoemd, is in het hoofddeel van de informatieverschaffing uiteengezet.

Het Subfonds belegt vrijwel al zijn activa in HQ Capital IV SCS SICAV-RAIF – Auda Deep Impact Fund (het “Masterfonds”). De hierna volgende informatie geldt zowel voor het Masterfonds als voor het Subfonds.

Het Subfonds streeft een duurzame beleggingsdoelstelling in de zin van Artikel 9 van de SFDR na door in duurzame beleggingen te beleggen, voornamelijk via particuliere participatiemaatschappijen die het grootste deel van hun inkomsten halen uit een groeiaandelenstrategie of uitkoopstrategie in een of meer van de vier Duurzaamheidssectoren: de groene economie, de blauwe economie, gezondheidszorg, en/of onderwijs.

Minimaal 90% van de intrinsieke waarde van het Subfonds wordt belegd in beleggingen die aansluiten bij de bovenstaande vier thema's voor duurzame beleggingen, terwijl de resterende 10% in contanten of kasequivalenten wordt belegd.

Het Subfonds richt zich niet op ecologisch duurzame beleggingen in de zin van de Taxonomieverordening en daarom zijn de op taxonomie afgestemde beleggingen van het Subfonds naar verwachting 0%.

De Adviseur van het Subfonds zal in het kader van het due diligence-proces een "geen ernstige afbreuk doen"-analyse (“DNSH”) uitvoeren met betrekking tot de onderliggende beleggingen, waarbij hij onder meer rekening houdt met Internationale Normen zoals de OESO-richtsnoeren, DEI-indicatoren, de koolstofvoetafdruk en de indicatoren voor de belangrijkste ongunstige effecten die uiteengezet zijn in Tabel 1 van Bijlage 1 van de Technische Reguleringsnormen van de SFDR.

De beleggingsstrategie van het Subfonds bestaat voornamelijk uit beleggingen in primaire, secundaire en co-beleggingen in private equity in de Verenigde Staten en Europa. Deze beleggingen (behalve als ze betrekking hebben op kasbeheer en afdekkingsactiviteiten) moeten in een van de vier duurzaamheidssectoren vallen. Bovendien mogen de Onderliggende GP's niet beleggen in categorieën van uitgesloten beleggingen.

De Adviseur zal de duurzame beleggingsactiviteiten van potentiële onderliggende GP's analyseren als onderdeel van zijn due diligence-proces, onder meer door middel van een vragenlijst en zal trachten ervoor te zorgen dat het Subfonds de benodigde rapportages en toegang tot informatie ontvangt om de verwezenlijking van de duurzame beleggingsdoelstellingen door de onderliggende beleggingen te evalueren. Daarnaast zal de Adviseur trachten te zorgen voor praktijken van goed bestuur met betrekking tot de beleggingen van het Subfonds door zich te richten op de bestuurspraktijken van Onderliggende GP's en op de wijze waarop Onderliggende GP's praktijken van goed bestuur toepassen op het niveau van de portefeuillebedrijven.

De Adviseur beoordeelt de verwezenlijking van de relevante duurzaamheidsdoelstellingen aan de hand van een reeks Duurzaamheidsindicatoren op basis van welke van de vier Duurzaamheidssectoren de belegging betrekking heeft. Deze indicatoren omvatten broeikasgasemissies (“BKG”) en energieverbruik voor beleggingen in de groene economie; BKG-emissies en vervuiling van de zee voor beleggingen in de blauwe economie; het aantal patiënten dat primaire gezondheidszorg ontvangt met betrekking tot beleggingen in de gezondheidszorg en het aantal studenten voor beleggingen in het onderwijs.

De Adviseur verzamelt gedetailleerde informatie over de duurzaamheidsdoelstellingen van Onderliggende GP's en hun KPI's en hun kaders voor het verzamelen en meten van de verwezenlijking van de KPI's gedurende de looptijd van een onderliggende belegging als onderdeel van het initiële due diligence-proces. De Onderliggende GP moet periodiek verslag uitbrengen over de KPI's en de meting daarvan. Wanneer een belegging is gedaan, past de Adviseur een methodologie op drie niveaus toe als onderdeel van zijn controleproces.

Gegevensbronnen die worden gebruikt met betrekking tot het Subfonds omvatten de initiële due diligence-vragenlijst en periodieke rapportage van Onderliggende GP's en de Adviseur eist dat Onderliggende GP's informatie verstrekken over de gegevensbronnen waarop zij zich baseren. De met betrekking tot het Subfonds ontvangen gegevens worden opgeslagen in de speciale databank van de Adviseur om een vergelijking met resultaten uit het verleden mogelijk te maken. De Onderliggende GP's moeten rapporteren over het gebruik van geschatte gegevens; de Adviseur verwacht echter dat het merendeel van de verstrekte gegevens feitelijk zullen zijn in plaats van geschat.

Duurzaamheidsgerelateerde gegevens kunnen moeilijk te verkrijgen en/of onvolledig, geschat, gebaseerd op subjectieve veronderstellingen, verouderd of anderszins onnauwkeurig zijn. Het is dan ook mogelijk dat de Duurzaamheidsindicatoren en de verwezenlijking van de duurzame beleggingsdoelstellingen niet worden vastgesteld of grondig of nauwkeurig worden beoordeeld. De Adviseur gelooft echter niet dat dergelijke beperkingen het bereiken van de duurzame beleggingsdoelstellingen van het Subfonds zullen beïnvloeden dankzij het due diligence-proces voorafgaand aan de belegging.

Het due diligence-proces begint in de aankoopfase door een prospectieve Onderliggende GP te evalueren aan de hand van zijn catalogus van uitgesloten beleggingen en te bepalen of de GP zijn beleggingsstrategie onder andere richt op een of meer van de Duurzaamheidssectoren. De Adviseur volgt vervolgens een due diligence-proces van drie stappen, dat begint met een eerste due diligence-onderzoek en een eerste beslissing van het beleggingscomité om al dan niet door te gaan. Als besloten wordt om door te gaan, wordt verdere due diligence met betrekking tot de GP, zijn team, staat van dienst en duurzaamheidsaanpak, inclusief relevante KPI's, ondernomen met verdere overweging door het beleggingscomité van de Adviseur voordat het besluit om te beleggen wordt genomen.

De adviseur zal trachten samen te werken met Onderliggende GP's op het gebied van ESG-best practices en zal trachten te worden geraadpleegd over eventuele duurzaamheidsgerelateerde controverses op het niveau van de portefeuillebedrijven.

Het Subfonds maakt geen gebruik van een index om te beoordelen of de duurzame beleggingsdoelstelling is bereikt.

2. No significant harm to the sustainable investment objective

The general partner, HQ Capital IV GP S.à r.l. (the "General Partner"), to HQ Capital IV SCS SICAV-RAIF (the "Partnership") will seek to ensure that there are specific environmental and social safeguards in place to ensure that the Sustainable Investments (as defined in the SFDR) do not significantly harm ("DNSH") any sustainable investment objective. This will be examined as part of pre-investment due diligence by HQ Capital Private Equity LLC (the "Advisor") in respect of HQ Capital IV SCS SICAV-RAIF- Auda Deep Impact Fund (the "Sub-Fund"), and through contractual arrangements to ensure that there is a requirement to provide carbon footprint and Diversity, Equity & Inclusion ("DEI") reporting, to the extent applicable, and through compliance with the OECD Guidelines for Multinational Enterprises and with the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (the "International Standards"). All Impact Investments (as defined in the Special Section for the Sub-Fund to the Confidential Offering Memorandum of the Partnership ("Memorandum")) will be reviewed for specific indicators relating to DEI, including the share of female employees. If the Advisor determines that a prospective Impact Investment does not have sufficient regard to DEI factors, the investment will not proceed. The Advisor will also seek to assess a prospective investment's

carbon footprint impact prior to investment by the Sub-Fund and to obtain carbon footprint reporting in respect of all investments post-investment (although it may not do so where obtaining such information is either not practical or not relevant to a particular investment).

As part of its DNSH analysis, the Advisor will evaluate the impact of the indicators outlined in Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288, as amended from time to time (“RTS”) over time. The Advisor will also consider additional metrics from Table 2 of Annex I of the RTS to best reflect the characteristics of the Impact Investments within the portfolio. To ensure that the principle adverse impact indicators are appropriately taken into account, the Advisor will include them initially in the due diligence questionnaire provided to the respective Underlying GP. In addition, once an investment has been made, the Advisor follows up post investment in order to monitor these adverse impacts on sustainability factors.

As signatory of the PRI, the Advisor has the responsibility to respect human rights which has been formalised by the United Nations and OECD in 2011. Therefore, all investments will be aligned with the International Standards.

As part of the Advisor’s pre-investment due diligence, the Advisor engages with the respective underlying general partner of an investment (the “Underlying GP”) in order to make sure that they follow the above guidelines. The starting point of the Advisor’s due diligence is its analysis of an investment against its “dealbreaker” catalogue which excludes explicitly investments that violate human rights, exploit childhood labour, support of repeated and systematic corruption, and support of businesses in countries tied to terrorism. Given the Sub-Fund’s regional strategy, which focuses on North America and Europe, by far the majority of companies will be located within the OECD and therefore are generally expected to align with the guidelines for Multinational Enterprises.

Moreover, if applicable, the Advisor will include a requirement in a side letter entered into in connection with the investment into the underlying fund that the above guidelines will be followed.

3. Sustainable investment objective of the financial product

The investment objective of the Sub-Fund is to seek to provide attractive risk-adjusted returns by investing in Sustainable Investments principally in the form of Impact Investments, while seeking to reduce investment risks through diversification. The Sub-Fund will further seek to preserve capital and to outperform public equity markets over a long-term horizon. The Sub-Fund will seek to achieve the investment objective by pursuing a sustainable investment policy.

The investments will consist of (i) impact-focused target funds and/or (ii) impact-focused private equity undertakings, in each case managed or advised by impact-focused managers or traditional private equity managers. Target funds will be required to have an investment objective and strategy that is mainly focused on, and private equity undertakings will be required to derive a majority of their revenues from, a growth equity or buyout strategy in one or more of the following “Sustainability Sectors”:

- *the “green economy” – being investments that align with the United Nations Sustainable Development Goal (SDG) 13 to take urgent action to combat climate change and its impacts. It is anticipated that such investments will be Sustainable Investments that contribute to an environmental objective. Key investment themes in this sector may include renewable energy, energy efficiency, transport, e-mobility, and sustainable agriculture;*
- *the “blue economy” – being investments that align with SDG 14 to conserve and sustainably use the oceans, seas and marine resources for sustainable development. It is anticipated that such investments will be Sustainable Investments that contribute to an environmental objective. Key investment themes in this sector may include sustainable aquaculture, alternatives to fish protein, seafood supply, circular plastics economy, and water desalination;*

- *healthcare – being investments that align with SDG 3 to ensure healthy lives and promote well-being for all at all ages. It is anticipated that such investments will be Sustainable Investments that contribute to a social objective by contributing to tackling inequality, fostering social cohesion, social integration and labor relations, or economically or socially disadvantaged communities, although certain environmental safeguards will also be required; and*
- *education – being investments that align with SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. It is anticipated that such investments will be Sustainable Investments that contribute to a social objective by contributing to tackling inequality, fostering social cohesion, social integration, investing in human capital or economically or socially disadvantaged communities, although certain environmental safeguards will also be required.*

While the Sub-Fund’s investment activities will typically be directed towards the four Sustainability Sectors, the Sub-Fund may also make investments focused on other environmental or social impacts.

It is expected that investments in the blue economy and green economy will contribute positively to one or more of the following environmental objectives outlined in Article 9 of Regulation (EU) 2020/852 as amended from time to time (the “Taxonomy Regulation”): (a) climate change mitigation, (b) climate change adaptation, and (c) the sustainable use and protection of water and marine resources.

4. Investment strategy

The investment objective of the Sub-Fund is to invest substantially all of its assets in the Master Fund. The Master Fund will principally invest in primary, secondary and co-investment private equity investments in the United States and Europe as further described in the Memorandum. Save in respect of Ancillary Investments (as defined in the Memorandum), the investments of the Sub-Fund are required to fall into one of the Sustainability Sectors (set out above) based on the responses by Underlying GP’s and the Advisor’s proprietary ESG ranking framework and by reference to the Sustainability Indicators (set out below).

When considering whether an investment is sustainable and/or appropriate for the Sub-Fund, the Advisor will consider whether the Underlying GP has a strong focus on one or more of the Sub-Fund’s Sustainability Sectors. This, together with other investment criteria, may be assessed through the use of a due diligence questionnaire, which, in addition to general due diligence questions regarding, inter alia, strategy, team, track record, governance and legal documentation, will include a specific section on the target fund’s/undertaking’s sustainable investment strategy and implementation including how they relate to their measurable goals, reporting and monitoring processes.

The Advisor, on behalf of the General Partner, shall seek to enter into a side letter or other contractually binding arrangement upon investing in Impact Investments to (i) ensure that the Sub-Fund receives reporting on underlying portfolio company performance with respect to the relevant sustainable investment objectives; (ii) allow the Advisor, on behalf of the General Partner, to audit performance of underlying portfolio companies with respect to the relevant sustainable investment objectives; and (iii) link financial economics to the achievement of the relevant sustainable investment objectives. In addition, for each Impact Investment, the Advisor will seek appropriate protections post-investment, including periodic reporting on an agreed set of key performance indicators and/or to request a seat on the limited partners advisory committee (or similar).

The Advisor will also seek to ensure that the investments recommended for investment by the Sub-Fund are not engaged in certain industries or business activities (“excluded investments”), including weapons, pornography and related businesses; exploitation of childhood labor; violations of human rights; support of repeated/systematic corruption; speculation with agricultural commodities; and support of businesses in countries tied to terrorism.

Further information regarding the investment strategy of the Sub-Fund may be found in the Memorandum.

The Sub-Fund will seek to ensure that its investments follow good governance practices by focusing on the Underlying GPs. As part of the pre-investment due diligence process, the Advisor will in particular review the Underlying GP's governance practices (including its code of conduct, compliance, tax compliance and ethics, competitive behavior, risk management and cyber security policies), ownership structure, team structure and investment decision making body (and related processes). The Advisor will also examine economic aspects such as employee remuneration, carry participation and alignment of interests through personnel of the Underlying GP investing in the investments themselves (through general partner commitments and other similar arrangements). As part of the pre-investment due diligence process, the Advisor will also conduct legal and tax due diligence which will be outsourced to specific legal and tax consulting firms. Governance practices will also be regularly discussed with the Underlying GPs post-investment. Moreover, the Advisor will analyze and monitor how the Underlying GPs implement and follow good governance practices in their portfolio companies as well as how the portfolio companies' management and employees are economically aligned with their companies. The Advisor will maintain regular contact with the Underlying GPs post-investment via quarterly written reports and regular, as well as ad-hoc, update meetings. In addition to reporting on financial metrics and the progress of the underlying sustainable investment objectives, the quarterly reports will include any updates or changes with regard to governance practices and any relevant changes in the organization. Where applicable, regular, as well as ad-hoc, limited partner advisory committee meetings (or similar) will be convened by the underlying target funds, during which the Advisor will, amongst other items, discuss and verify that the good governance practices requested from the Sub-Fund are implemented in the portfolio companies as well. The Advisor will also seek to agree that Underlying GPs will also be required to hold an annual investor meeting virtually or in person. In addition, the Advisor will request that portfolio companies and their management are present and available for discussions.

5. Proportion of investments

The investment strategy of the Sub-Fund focuses on four investment themes that cover environmental or social objectives: a minimum of 90% of the net asset value of the Sub-Fund will be invested in investments that are aligned with those objectives. The remaining up to 10% of the net asset value of the Sub-Fund will be in cash or cash equivalent positions that do not meet the sustainability criteria of the Sub-Fund.

At any given time, a minimum of 40% of the net asset value of the Sub-Fund will be invested in investments exposed to the Green and Blue Economy and are environmentally sustainable investments and a minimum of 20% of the net asset value of the Sub-Fund will be invested in Investments exposed to the educational and healthcare sectors and are socially sustainable investments, but the relative proportions will always add up to 90% of the net asset value of the Sub-Fund.

None of the investments (0%) are expected to be in environmentally sustainable investments within the meaning of the Taxonomy Regulation.

The Sub-Fund does not make use of derivatives to achieve its sustainable investment objective.

6. Monitoring of sustainable investment objective

In evaluating the achievement of the relevant sustainability objective, the Advisor will make use of certain sustainability indicators, including the following:

- *for green economy Impact Investments:*
 - *greenhouse gas emissions, to be measured in tons; and*
 - *energy consumption, to be measured in GWh;*
- *for blue economy Impact Investments:*
 - *greenhouse gas emissions, to be measured in tons; and*
 - *pollutants to the sea, to be measured in tons (for example, the extraction and recycling of plastics);*

- for healthcare Impact Investments, number of patients receiving primary healthcare treatments as a result of the respective Impact Investment; and
- for education Impact Investments, number of students as a result of the respective Impact Investment, (the “Sustainability Indicators”).

As part of the initial due diligence by the Advisor, the Underlying GPs must confirm in the due diligence questionnaire that the Advisor will be able to monitor development and progress with respect to the respective Sustainability Indicators on at least an annual basis. The Advisor, on behalf of the General Partner, shall also seek to monitor the Sub-Fund’s sustainable investment objective and Sustainability Indicators being entering into side letters or other contractually binding arrangements upon investing in target funds to (i) ensure that the Sub-Fund receives reporting on underlying portfolio company performance with respect to the relevant sustainable investment objectives; (ii) allow the Advisor, on behalf of the General Partner, to audit performance of underlying portfolio companies with respect to the relevant sustainable investment objectives; and (iii) link financial economics to the achievement of the relevant sustainable investment objectives. In addition, for each Impact Investment, the Advisor will seek appropriate protections post-investment, including periodic reporting on an agreed set of key performance indicators and/or to request a seat on the limited partners advisory committee (or similar).

Such monitoring shall provide the Advisor with insight into the underlying portfolio companies of the Impact Investments. Pre-investment, the Advisor will agree with the Underlying GPs how to report on the development and progress of the respective Sustainability Indicators as agreed in the relevant side letter. Thereafter, the status quo with regard to the sustainability progress as of the respective reporting date and the reasons for the progress made (or if no progress was achieved the reasons for this) are regularly monitored until the investment is exited.

7. Methodologies

As part of the due diligence process which centres on the pre-selection of GPs who are focused on a strategy which is in line with at least one of the four selected Sustainability Sectors, the Advisor requests detailed information about the specific sustainability goals of the GP, the defined key performance indicators (“KPIs”), and the frameworks that are used to collect and measure the development of the KPIs during in-person or virtual meetings as well as by using a due diligence questionnaire. If the GP uses an external data provider or consultant to collect and measure the attainment of the sustainability objectives, the Advisor will also require details regarding the same from them. As part of the investment process, Underlying GP’s will be required to agree to provide periodic information, ideally on a quarterly basis and at least on a yearly basis, in writing as described under “6 Monitoring of sustainable investment objective” above.

Once an investment is made, the Advisor starts the regular investment monitoring process with the Advisor’s responsible investment deal team being in regular contact with the Underlying GP through update meetings, calls and potential advisory board meetings and analysing the quarterly reports of the GP. The Advisor uses a 3-level methodology for reporting and monitoring: Level 1 collects information regarding the sustainability objective based on the Sustainability Sector; Level 2 provides detailed information regarding the sustainability objective and its achievements over time for the underlying portfolio companies; and Level 3 consolidates the relevant KPIs on the Sub-Fund level.

During the monitoring process the Advisor compares the reported achievement of the relevant KPIs with the original sustainable investment objective of the underlying portfolio companies, and requests information and explanation if and how an objective has been achieved. This information will be made available to the investors in the quarterly report of the Advisor. All information received from the Underlying GP will be stored in a dedicated database of the Advisor.

Please also refer to 6. Monitoring of sustainable investment objective above.

8. Data sources and processing

The Advisor collects data through an initial due diligence questionnaire from Underlying GPs in determining whether to invest in a prospective investment. Post-investment, the Advisor will collect data and information in respect of the underlying Sustainable Investments through the respective Underlying GP on an individual, as well as an aggregated, basis. Underlying GPs may obtain information from the underlying investee companies, consultants and third-party data providers.

The data points collected include information relating the principal adverse impact indicators 1 – 14 in Annex 1 to the RTS and the Sustainability Indicators and to the extent relevant information relating to the key performance indicators considered by the relevant Underlying GPs in relation to the sustainability related aspects of their investment strategy.

The Advisor will seek to ensure that the Underlying GPs use reliable and professional data by requesting confirmation of the sources of information used by the Underlying GPs, including whether they use internal and/or external sources. To the extent possible, the Advisor will also check these data sources to assure both consistency and quality of data. The Advisor will save all received information in its dedicated database to allow for historical comparisons and to capture the development over time. The Underlying GPs will be required to provide all data (along with definitions for each metric) in a format that can be processed and meaningfully aggregated by the data systems of the Advisor on a continuous basis.

If data on the relevant Sustainability Indicators are not available at the time of the reporting date or if only estimates are provided, the Underlying GP will be required to indicate this clearly in the relevant data field and the Advisor will include this information in its own reports. It is, however, expected that the majority of data provided to the Advisor by the Underlying GPs will be based on actual data rather than estimates.

Please also refer to the section “Monitoring of sustainable investment objective” above for more information on how data is sourced from the Underlying GPs, along with the metrics used.

9. Limitations to methodologies and data

The Advisor may use third-party ESG data (particularly from Underlying GPs, both in respect of their own firms, the target funds, if any, and their underlying portfolio companies) and its own internal due diligence when considering as part of its investment process factors including sustainability risks, principle adverse impacts and performance against the Sustainability Indicators. Third-party ESG data may be difficult to obtain and/or incomplete, estimated, based on subjective assumptions, out of date or otherwise inaccurate. In particular, data may be more readily available and/or reliable in certain countries and/or markets where the Sub-Fund invests, making direct comparison of performance against the Sustainability Indicators and the achievement of the sustainable investment objective difficult. In addition, the Advisor’s own due diligence relies on the availability and accuracy of various sources, such as company disclosures and other third-party information, which often include forward looking statements of intent and are not necessarily fact-based or objectively measurable. The Advisor is also dependent on the subjective judgements of its investment team. Each of the foregoing might mean that the Sustainability Indicators and the achievement of the sustainable investment objective may not be identified or thoroughly or accurately assessed.

Nonetheless, the Advisor is confident that such limitations do not affect the attainment of the sustainable investment objective of the Sub-Fund due to the pre-investment due diligence process which pre-selects Underlying GPs with a clear focus on sustainability, and that have already built a verifiable track record in sustainable investing and can evidence the accuracy of their data collection and measuring processes.

Please also refer to the section “Monitoring of sustainable investment objective” above.

10. Due diligence

The Advisor undertakes a thorough due diligence process which starts at the investment sourcing stage. Based on the Sub-Fund's Sustainability Sectors, the Advisor pro-actively as well as through dedicated intermediaries and placements agents searches for potential Underlying GPs. At this stage, the Advisor already seeks to ensure that the potential Underlying GP does not violate the Advisor's overall "dealbreaker catalogue", which excludes investments in weapons, pornography and related businesses, exploitation of childhood labour, violation of human rights, support of repeated / systematic corruption, speculation with agricultural commodities, and support of businesses in countries tied to terrorism. Every GP who passes this initial stage and could fit into the Sub-Fund's strategy, by reference to the Sustainability Sectors, geography and investment criteria will be included in the investment pipeline and saved in the Advisor's data base.

The 3-step investment due diligence process starts by pre-selecting potential investments from the pipeline. This happens through initial meetings with the potential Underlying GP in order to gather further information on the sustainability strategy, the underlying portfolio companies, historical track record and the GP's investment and monitoring approach. The result is summarized in a 2-page document ("QuickScan") which is presented to the Advisor's global investment team and the chairman of the Advisor's Investment Committee. During this meeting a decision is made either to proceed with the due diligence or to decline the investment opportunity.

If approved, the respective investment deal team will start the deep due diligence process by conducting further detailed quantitative and qualitative analyses on the GP, its team, track record and sustainability approach. For the sustainability approach, the due diligence is focused on the relevant key performance indicators ("KPIs") for the GPs Sustainability Sector(s), its KPIs and the methodology of collecting the required information. Moreover, the Advisor will conduct reference checks with other investors and managers of portfolio companies. The results will be included in the investment proposal, which will be presented and discussed with the Advisor's Investment Committee two times: In the Preliminary Investment Proposal (PIP) and the Final Investment Proposal (FIP). At both stages a unanimous approval from the Investment Committee is required in order for the investment to progress.

The Advisor will seek to assess a prospective investment's carbon footprint impact prior to investment by the Sub-Fund and to obtain carbon footprint reporting in respect of all investments post-investment, although it may not do so where obtaining such information is either not practical or not relevant to a particular investment. Pre-investment, the Advisor will discuss and agree with the Underlying GPs how and when to report on carbon footprint for the Underlying GP's management company and the underlying portfolio companies. The Advisor will request the information on the development of the carbon footprint to be reported as greenhouse gas emissions to be measured in tons in line with the sustainability indicator described above.

In addition, all Impact Investments will be reviewed for specific indicators relating to Diversity, Equity and Inclusion ("DEI"). For example, the Advisor may collect data on and subsequently analyse the overall share of female employees and the share of female employees in senior positions. The specific DEI indicators, their goals and status quo will be reviewed on at least an annual basis and included in a written report along with the performance of the Sustainability Indicators. If the Advisor determines that a prospective Impact Investment does not have sufficient regard to DEI factors, the investment will not proceed.

Periodic reporting on relevant criteria and KPIs is expected to be covered in a side letter.

Please also refer to the sections entitled "Investment strategy" and "Monitoring of sustainable investment objective" above.

11. Engagement policies

The Advisor intends to collaborate with Underlying GPs to encourage ESG best practices and thus further the Sub-Fund's sustainable investment objective. Where side letters or other similar contractual agreements have been negotiated, the Advisor will request that the Underlying GPs report on the management procedures implemented

in order to handle sustainability-related controversies in underlying investee companies. The Advisor expects any material issue to be presented and discussed at the limited partner advisory committee meetings (or similar). Should any material issue with regard to the Underlying GPs and their portfolio companies arise, these will be reported to, and discussed with, the Advisor's ESG team and, if appropriate, escalated to its investment committee.

12. Attainment of the sustainable investment objective

There is not a specific index designated as a reference benchmark to meet the sustainable investment objective.