

**WEBSITE PRODUCT DISCLOSURE FOR FINANCIAL PRODUCTS  
REFERRED IN ARTICLE 8 (1-2A) REGULATION (EU) 2019/2088 AND  
ARTICLE 5 OF REGULATION (EU) 2020/852**

Product name: **INVL Private Equity Capital Fund II** (hereinafter – “the Feeder Fund”)  
Legal entity identifier: N/A

**Does this financial product have a sustainable investment objective?**

☐ **YES**

☐ 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 will make a minimum of **sustainable investments with a social objective: \_\_\_\_%**

☒ **NO**

☐ 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 promotes E/S characteristics, but **will not make any sustainable investments**

**Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?**

☐ **YES**

☒ **NO**

**I Summary**

The Feeder Fund invests in INVL Private Equity Fund II (hereinafter – “the Master Fund”). The Master Fund invests in companies that can benefit from INVL support; the fund strives to develop regional market leaders. The Master Fund seeks control positions either by itself or with like-minded partners, or significant minority stake with certain control mechanisms enshrined in legal documentation. The Feeder Fund’s relevant characteristics promoted by the fund is the same as INVL Private Equity Fund II (hereinafter – “the Master Fund”) which consist of investing in, and scaling, solutions with positive environmental and social impact, as measured by sustainability indicators and promoting sustainable practices in portfolio companies.

The Feeder Fund expects that the Master Fund and its portfolio companies develop plans to reach specific sustainability targets in areas which is most relevant based on Sustainability Accounting Standards Board (“SASB”) materiality map and industry in which portfolio company operates.

However, the Master Fund highlighting that in biggest focus should be put on:

- GHG emissions reduction
- Reduce negative environmental or social impact created by companies in which the Master Fund has invested in each portfolio company is examined during the investment cycle.
- Governance: portfolio companies are expected to have a fundamental sustainability governance platform as well as a sustainability board champion to ensure strategic commitment to a sustainability strategy at the board level.

Promoting environmental and social characteristics and ESG in general is part of the consideration of all investment decisions made in the Master Fund. Binding elements in the investment decision process include exclusions lists and ESG due diligence frameworks to ensure investments align with the environmental and social characteristics promoted.

Neither the Feeder Fund, neither the Master Fund does not commit to include investments that qualify as sustainable investments. It is anticipated that a substantial proportion (being at least 90 %) of the Feeder Fund’s investments (same as the Master Fund’s) by invested capital will promote environmental and social characteristics according to the binding element of the investment strategy.

The Feeder Fund follows Master Fund elements to attain promoted environmental and social characteristics. The Master Fund uses the following elements to select investments to attain the social and environmental characteristics:

- Evaluation of ESG risks and potential issues in the screening phase.
- ESG due diligence assessing selected sustainability criteria:
- Engagement with the portfolio company in creating ESG strategy and on ESG related issues.
- Implementation of ESG policy and ESG metrics to ensure business sustainability and value creating opportunities.
- Guiding the portfolio companies to reduce negative sustainability impact and identify opportunities.

More information on the environmental and social characteristics promoted by the Feeder Fund and Master Fund, sustainability indicators used to measure the attainment of those characteristics, and a graphical breakdown of the Feeder Fund’s planned asset allocation, can be found in the remainder of this document.

No index is designated as a benchmark for determining whether the Feeder Fund is aligned with the environmental and social characteristics that it promotes

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<b>II</b>	<b>No sustainable investment objective</b>
<ul style="list-style-type: none"> <li>What are the objectives of the sustainable investments that the financial product partially intends to make and how does sustainable investment contribute to such objectives?</li> </ul>	
The Feeder Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment.	

<b>III</b>	<b>Environmental or social characteristics promoted of the financial product</b>
<ul style="list-style-type: none"> <li>What environmental and/or social characteristics are promoted by this financial product?</li> </ul>	
<p>The Feeder Fund's relevant characteristics promoted by the fund is the same as INVL Private Equity Fund II (hereinafter – "the Master Fund") which consist of investing in, and scaling, solutions with positive environmental and social impact, as measured by sustainability indicators and promoting sustainable practices in portfolio companies.</p> <p>The Feeder Fund expects that the Master Fund and its portfolio companies develop plans to reach specific sustainability targets in areas which is most relevant based on Sustainability Accounting Standards Board ("SASB") materiality map and industry in which portfolio company operates.</p> <p>However, the Master Fund highlights that the biggest focus should be put on:</p> <ul style="list-style-type: none"> <li>GHG emissions reduction: the Master Fund promotes reduction of GHG emissions at the portfolio company and the Master Fund level.</li> <li>Reduce negative environmental or social impact created by companies in which the Master Fund has invested in each portfolio company is examined during the investment cycle. The Master Fund is identifying the key findings in a variety of categories in each of the E/S/G parameters as deemed relevant and applicable given the particularities of the portfolio company itself and the industry it operates in. Given the identified ESG profile, KPIs are established for portfolio companies aiming to improve environmental or social impact.</li> <li>Governance: portfolio companies are expected to have a fundamental sustainability governance platform as well as a sustainability board champion to ensure strategic commitment to a sustainability strategy at the board level. Additional expectations include conducting a materiality analysis and having a strategy to achieve at least one ambitious target which is specific to the business model or material sustainability opportunities of the portfolio company.</li> </ul> <p>A promotion index is not implemented in the environmental characteristics of the Feeder Fund.</p>	

<b>IV</b>	<b>Investment strategy</b>
<p>The Feeder Fund invests in the Master Fund. The Master Fund invests in companies that can benefit from INVL support; the Master Fund strives to develop regional market leaders. The Master Fund seeks control positions either by itself or with like-minded partners, or significant minority stake with certain control mechanisms enshrined in legal documentation. The Master Fund in case it takes significant minority stake requires a suite of control and governance rights enshrined in legal documentation, ensuring (a) a decisive influence (or veto rights) on strategic and financing decisions of the company and (b) on the change the senior management team, and (c) appropriate protections, including control of the path to exit, e.g., through the drag-along rights or other mechanisms. Investment decisions within the Master Fund are made according to the binding elements of the investment strategy used to attain the listed environmental and social characteristics listed in the section below.</p>	
<ul style="list-style-type: none"> <li>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?</li> </ul>	
<p>The Feeder Fund follows Master Fund elements to attain promoted environmental and social characteristics. The Master Fund uses the following elements to select investments to attain the social and environmental characteristics:</p> <ul style="list-style-type: none"> <li>Evaluation of ESG risks and potential issues in the screening phase.</li> <li>ESG due diligence assessing selected sustainability criteria: <ul style="list-style-type: none"> <li>Overview of the Environmental, Social and Governance aspects</li> <li>Established ESG KPIs given the identified ESG profile</li> <li>Identified contributions of the investee to Sustainable Development Goals ("SDGs")</li> <li>Improvement Plan</li> <li>The Master Fund's ESG Index (scoring of E / S / G topics).</li> </ul> </li> <li>Engagement with the portfolio company in creating ESG strategy and on ESG related issues.</li> <li>Implementation of ESG policy and ESG metrics to ensure business sustainability and value creating opportunities.</li> <li>Guiding the portfolio companies to reduce negative sustainability impact and identify opportunities.</li> </ul>	
<ul style="list-style-type: none"> <li>What is the policy to assess good governance practices of the investee companies?</li> </ul>	
<p>An assessment of good governance practices, including management structure, employee relations, remuneration of staff and tax compliance, is part of the pre-investment due diligence.</p> <p>Furthermore, the Master Fund has a comprehensive set of governance policies that all Portfolio Companies should adhere to (based on Invest Europe ESG DD Questionnaire). These represent the Fund's help guide action in critical areas such as anti-corruption and whistleblowing. All Portfolio Companies assign responsibility for ESG to a senior member of staff and make sure that relevant ESG issues are part of the agenda at board meetings.</p>	

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<b>V</b>	<b>Monitoring environmental or social characteristics</b>
	<ul style="list-style-type: none"> <li>How are the environmental and social characteristics monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?</li> </ul>

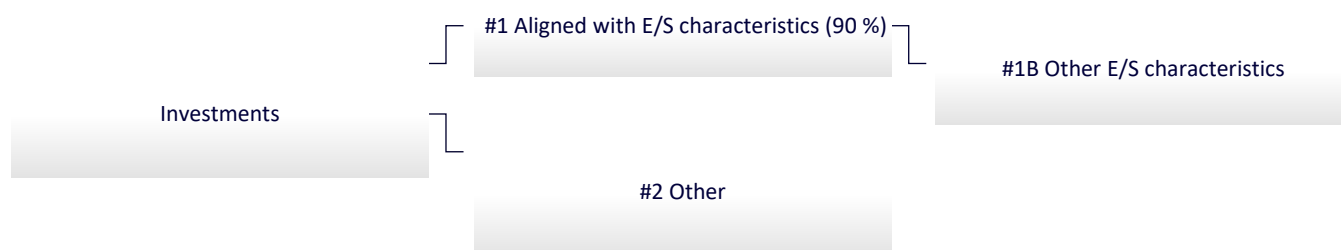
The Feeder Fund invests in the Master Fund. The Master Fund has integrated ESG considerations throughout the investment decision making process and the ownership period to ensure both funds would attain environmental and social characteristics. A pre-due diligence screening is carried out on all potential investments. Using an exclusion list, an investment is rejected if it is currently, or if it is likely to in the future, generate a significant share of its revenue from excluded industries or products. Next, the Master Fund conducts a comprehensive ESG due diligence to determine the sustainability proposition of the target business.

For all investments in the Master Fund, a periodical ESG review will take place. Portfolio Company's ESG Assessment shall be updated in case any major developments / changes affecting the overall ESG risk profile occur. The Feeder Funds receives all important information about ESG development.

Based on this assessment, the Master Fund works together with the Portfolio Company to ensure it aims to cover both the short-term issues identified as well as long-term KPIs. The KPIs are continuously monitored and reported. This is an important tool to drive progress. The Master Fund aggregates the findings from the individual company reports into a final Master Fund's report that is communicated to investors. This report shall present the Portfolio Companies' ESG performance and the progress they make over time and identifies case examples of value creation.

<b>VI</b>	<b>Proportion of investments</b>
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Neither the Feeder Fund nor the Master Fund does not commit to include investments that qualify as sustainable investments. It is anticipated that a substantial proportion (being at least 90 %) of the Feeder Fund's investments (same as the Master Fund's) by invested capital will promote environmental and social characteristics according to the binding element of the investment strategy as described in the sections above.



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

**#2 Other** includes the remaining investments of the Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. See further explanation in this Section below.

The category **#1 Aligned with E/S characteristics** covers:

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

<b>VII</b>	<b>Designated reference benchmark</b>
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- 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?

No index is designated as a benchmark for determining whether the Feeder Fund is aligned with the environmental and social characteristics that it promotes.

<b>VIII</b>	<b>Methodologies</b>
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- What are methodologies used to measure the attainment of the social or environmental characteristics promoted by the financial product using sustainability indicators?

When assessing sustainability risks of investments, the Master Fund conducts a materiality assessment which is based on the industry framework developed by the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). The SASB framework provides a set of globally applicable industry-specific standards and identifies the minimal set of financially material sustainability topics and their associated metrics for a typical company in an industry. Through these standards, key material themes of a potential investment can be identified.

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Following the identification of themes, the Master Fund monitors Portfolio Companies along several environmental and social metrics specific to these themes (including but not limited to and as deemed relevant for each Portfolio Company – carbon footprint, employee absenteeism-and work accident rate).

The Feeder Fund uses the same methodologies as the Master Fund.

**IX Data sources and processing**

- What data sources were used to attain each of the environmental or social characteristics (including information on how the data is processed, what measures are taken to ensure data quality, and what proportion of data is estimated)?

Information is obtained directly from the Master Fund. The Master Fund receives information from Portfolio Companies.

This data is processed and assessed by the relevant deal team, validated by each of the Portfolio Companies.

Metrics and data (where available) are collected directly from Portfolio Companies and may be compared to industry or national averages where relevant to assess the Portfolio Company's performance relative to the rest of the country/industry.

Estimations may be used where there is a lack of available data and will aim to reflect the true economic reality as closely as possible.

**X Limitations to methodologies and data**

- What limitations surrounded the described methodologies and data sources (including what actions are taken to address such limitations).

All sustainability data is collected directly from the Master Fund. The Master Fund receives data directly from Portfolio Companies and funds relies on it. However, available ESG and sustainability data has its limitations, particularly in the asset class in which the Master Fund invests.

The Master Fund (and the Feeder Fund) puts the best efforts into regular reviews the applied metrics, and continuously seeks to improve transparency, disclosure, and data provision.

**XI Due diligence**

- What internal and external controls were in place on that due diligence?

The investment team of the Master Fund works in a collaborative manner, and knowledge sharing between team members is encouraged. Internally, team members discuss the findings of their due diligence to ensure their findings are interpreted consistently among the team. The main findings of the ESG due diligence are taken into consideration by the Investment Committee before a final investment recommendation is made.

ESG specialists are involved in assisting with ESG due diligence, implementation, and monitoring.

**XII Engagement policies**

The Fund's Management Company is a subsidiary of Invalda INVL which is a signatory to the UN PRI and commits to invest according to its principles (one of which is to be active owners and incorporate ESG issues into our ownership policies and practices). Engagement with parties involved in the investment process is an important element of the Master Fund's (and the Feeder Fund's) approach and is a useful risk mitigation tool. The Master Fund invests in a variety of companies and in most cases the Master Fund has control positions either by itself or with like-minded partners. The Master Fund seeks to acquire control or significant minority stakes in Portfolio Companies and thereafter take an active role to influence their operations and management with the objective of achieving superior long-term capital appreciation and positive contribution on ESG factors.

Version	Changes	Date
No. 1	Publication	2024 05 14