

**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 Fund II** (hereinafter – “the 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 Fund invests in companies that can benefit from INVL support; the Fund strives to develop regional market leaders. The 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 relevant characteristics promoted by the Fund 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 Fund expects that 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.

Fund will highlight that in biggest focus should be put on:

- GHG emissions reduction
- Reduce negative environmental or social impact created by companies in which the 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 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.

It is anticipated that a substantial proportion (being at least 90 %) of the Fund’s investments by invested capital will promote environmental and social characteristics according to the binding element of the investment strategy as described in the sections above.

The Fund uses the following elements to select investments to attain the social and environmental characteristics promoted by the Fund:

- 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 Fund, sustainability indicators used to measure the attainment of those characteristics, and a graphical breakdown of the Fund’s planned asset allocation, can be found in the remainder of this document.

II No sustainable investment objective

- 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?

This Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment.

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

- 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. The Fund promotes environmental and social characteristics, but the Fund does not commit to making any investments which qualify as 'sustainable investments' as defined under SFDR.

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

The Fund promotes environmental and social characteristics, but the Fund does not commit to making any investments which qualify as 'sustainable investments' as defined under SFDR.

However, the Fund does not invest in companies that violate these principles which are in accordance with the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises.

III Environmental or social characteristics promoted of the financial product

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

The relevant characteristics promoted by the Fund 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 Fund expects that portfolio companies develop plans to reach specific sustainability targets in areas which are most relevant based on Sustainability Accounting Standards Board ("SASB") materiality map and industry in which portfolio company operates.

However, the Fund will highlight that in biggest focus should be put on:

- GHG emissions reduction: Fund promotes reduction of GHG emissions at the portfolio company and the Fund level.
- Reduce negative environmental or social impact created by companies in which the Fund has invested in each portfolio company is examined during the investment cycle. The 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.
- 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.

A promotion index is not implemented in the environmental characteristics of the Fund.

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

Fund portfolio companies are expected to adhere to Fund's sustainability expectations, expressed in a set of key performance indicators ("KPIs"). Examples of these KPIs include materiality assessment, employee engagement, board diversity, GHG emissions, proportion of renewable electricity, waste etc.

To assess, measure and monitor the environmental and social characteristics promoted by the Fund, it is required by the portfolio companies to disclose and progress on, the following core KPIs and track their journey and performance over the ownership period:

- GHG emissions
- Board and C level executives' diversity
- Fund's ESG Index

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

☒ Yes. Fund has integrated principal adverse impact indicators throughout the investment process, partly as a form of risk avoidance. Investment teams seek to identify principal adverse impacts of all new and existing investments, with the identification and prioritization of impacts depending on the industry sector. The Fund seeks to engage, promote, and improve the overall awareness of principal adverse impacts and operating performance of investee companies. (In some cases, new investments might do not have the date to report on principal adverse impact indicators but Fund will put best efforts and help portfolio company to calculate these indicators).

☐ No

V Investment strategy

The Fund invests in companies that can benefit from INVL support; the Fund strives to develop regional market leaders. The 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 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 Fund are made according to the binding elements of the investment strategy used to attain the listed environmental and social characteristics listed in section below.

- 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?

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

The Fund uses the following elements to select investments to attain the social and environmental characteristics promoted by the Fund:

- Evaluation of ESG risks and potential issues in the screening phase.
- ESG due diligence assessing selected sustainability criteria:
 - Overview of the Environmental, Social and Governance aspects
 - Established ESG KPIs given the identified ESG profile
 - Identified contributions of the Target to Sustainable Development Goals (“SDGs”)
 - Improvement Plan
 - Fund’s ESG Index (scoring of E / S / G topics).
- 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.

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

There is no fixed committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy. The committed minimum rate to reduce the scope of investments considered is therefore a product of the exclusion criteria in INV L Responsible Investment & Sustainability Risk Integration Policy and Fund’s own exclusion list.

VI Monitoring environmental or social characteristics

- How are the environmental and social characteristics monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?

The Fund has integrated ESG considerations throughout the investment decision making process and the ownership period to ensure the Fund attains 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 Fund conducts a comprehensive ESG due diligence to determine the sustainability proposition of the target business.

For all investments in the Fund, 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.

Based on this assessment, the 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 Fund aggregates the findings from the individual company reports into a final Fund 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.

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

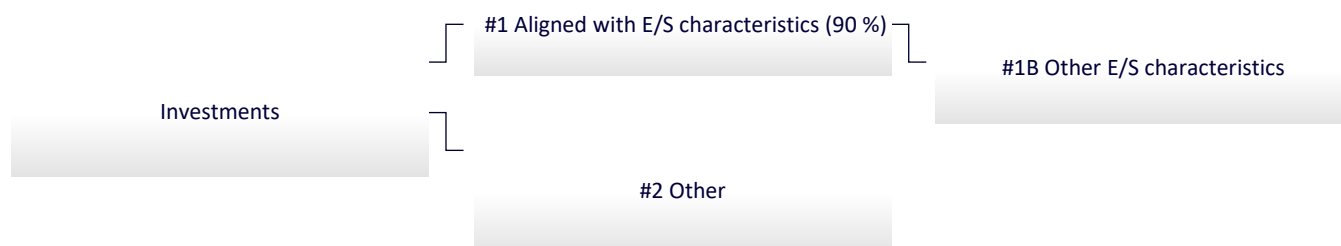
An assessment of good governance practices, including management structure, employee relations, remuneration of staff and tax compliance, is part of the pre-investment due diligence.

Furthermore, the 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.

VII Proportion of investments

The 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 Fund’s investments 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.

The Fund does not commit to include investments that qualify as sustainable investments.

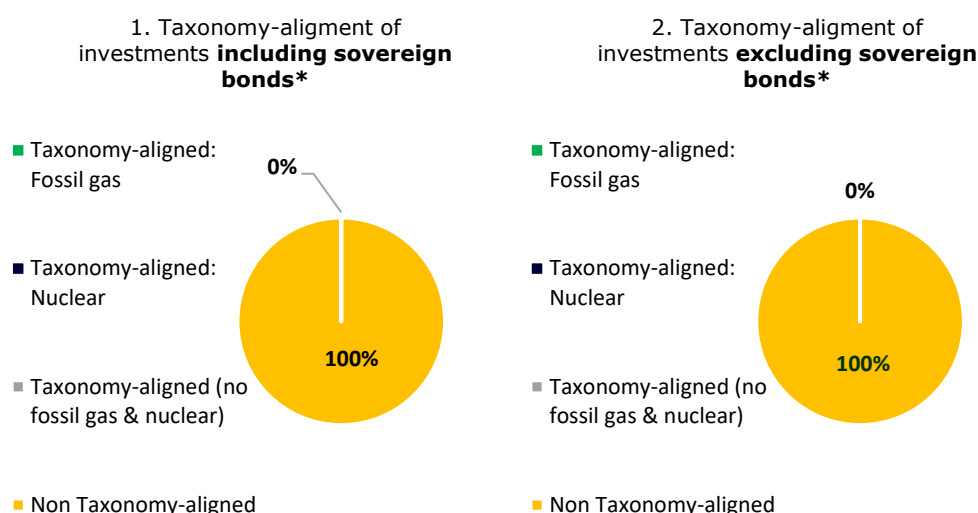
It is anticipated that a substantial proportion (being at least 90 %) of the Fund's investments by invested capital will promote social characteristics according to the binding element of the investment strategy as described in the sections above.

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

The Fund does not intend to use hedging or derivatives for investment purposes but may from time-to-time use derivative financial instruments such as futures, options, futures contracts and swaps (collectively "Derivatives") to protect the Fund from fluctuations of interest rates, currency prices. The Derivatives will not be used as a mean to promote the environmental characteristics of the Fund, but the Fund does consider minimum ESG safeguards, including that the Derivatives must be traded on a regulated market or by private agreement (OTC) entered with first class financial institutions or reputable entities specialized in this type of transactions.

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

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.*



The Fund does not have sustainable investment objective and does not commit to making sustainable investments.

It cannot be excluded that some investments might be aligned with the Taxonomy criteria for environmentally sustainable economic activities. The Fund will monitor and report environmentally sustainable investments according to Regulatory Technical Standards.

- What is the minimum share of investments in transitional and enabling activities?

The Fund does not have sustainable investment objective and does not commit to make sustainable investments.

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

The Fund does not have sustainable investment objective and does not commit to make sustainable investments.

- What is the minimum share of socially sustainable investments?

The Fund does not have sustainable investment objective and does not commit to make sustainable investments.

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

The Fund may have cash and cash equivalents or other financial instruments in certain circumstances for liquidity management and/or hedging purposes.

In certain circumstances, the Fund may invest in companies that may not match the Fund's ESG criteria in its entirety but have the adequate minimum safeguards. Accordingly, in such cases, the Fund would commit to aim to influence relevant ESG changes within the holding period and categorize as "#1 Aligned with E/S characteristics".

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

| VIII | Designated reference benchmark |
|-------------|--|
| | <ul style="list-style-type: none"> 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? <p>No index is designated as a benchmark for determining whether the Fund is aligned with the environmental and social characteristics that it promotes.</p> |
| | <ul style="list-style-type: none"> How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product? <p>No index is designated as a benchmark for determining whether the Fund is aligned with the environmental and social characteristics that it promotes.</p> |
| | <ul style="list-style-type: none"> How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis? <p>No index is designated as a benchmark for determining whether the Fund is aligned with the environmental and social characteristics that it promotes.</p> |
| | <ul style="list-style-type: none"> How does the designated index differ from a relevant broad market index? <p>No index is designated as a benchmark for determining whether the Fund is aligned with the environmental and social characteristics that it promotes.</p> |

| IX | Methodologies |
|-----------|--|
| | <ul style="list-style-type: none"> What are methodologies used to measure the attainment of the social or environmental characteristics promoted by the financial product using sustainability indicators? <p>When assessing sustainability risks of investments, the 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.</p> <p>Following the identification of themes, the 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).</p> |

| X | Data sources and processing |
|----------|---|
| | <ul style="list-style-type: none"> 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)? <p>Information is obtained directly from Portfolio Companies.</p> <p>This data is processed and assessed by the relevant deal team, validated by each of the Portfolio Companies.</p> <p>Metrics, 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.</p> <p>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.</p> |

| XI | Limitations to methodologies and data |
|-----------|--|
| | <ul style="list-style-type: none"> What limitations surrounded the described methodologies and data sources (including what actions are taken to address such limitations). <p>All sustainability data is collected directly from Portfolio Companies and the Fund relies on it. However, available ESG and sustainability data has its limitations, particularly in the asset class in which the Fund invests.</p> <p>The Fund puts best efforts into regularly reviews the applied metrics, and continuously seeks to improve transparency, disclosure, and data provision.</p> |

| XII | Due diligence |
|------------|---|
| | <ul style="list-style-type: none"> What internal and external controls were in place on that due diligence? <p>The investment team of the 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.</p> <p>ESG specialist is involved to assist with ESG due diligence, implementation, and monitoring.</p> |

| XIII | Engagement policies |
|-------------|--|
| | <p>The Fund's Management Company is 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 Fund's approach and is a useful risk mitigation tool. The Fund invests in a variety of companies and in most cases the Fund has control positions either by itself or with</p> |

like-minded partners. The 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.

More product-specific information can be found on the website.

| Version | Changes | Date |
|---------|-------------|------------|
| No. 1 | Publication | 09-04-2024 |