

YIELCO Special Situations Europe II

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YIELCO INVESTMENTS ("YIELCO")

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(A) SUMMARY

YIELCO Special Situations Europe II – Summary (English)	
No Sustainable Investment Objective	This financial product (also referred to as “YIELCO Special Situations Europe II”, “YSSE II”, “the fund”) promotes environmental or social characteristics, but does not have as its objective sustainable investment.
Environmental or social characteristics of the financial product	<p>Environmental and/or social characteristics are promoted as part of a holistic ESG management by integrating ESG characteristics into the due diligence process (including a dedicated ESG scoring), into the engagement process, and into the monitoring and reporting process. The following environmental and/or social characteristics are promoted as part of the ESG due diligence, engagement process and/or monitoring/reporting:</p> <p>Environment</p> <ul style="list-style-type: none"> » Environmental protection and resource management » Climate protection and adaption to climate change » Consideration of climate change mitigation potentials <p>Social</p> <ul style="list-style-type: none"> » Compliance with human rights and labour law standards » Safety and health management along the value chain » Equality and diversity, trainings, and education opportunities
Investment strategy	The fund is following a strategy which is based on ESG integration, engagement and reporting. Core element of the investment strategy is a four-phase ESG investment approach comprising a (I) sourcing, (II) screening and pre-selection, (III) ESG due diligence and engagement, and (IV) ESG target fund scoring phase. The strategy is complemented by the monitoring and reporting of ESG indicators based on an annual ESG survey which tracks developments and data of the target funds.
Proportion of investments	At least 50% of the fund’s investments will promote environmental or social characteristics and follow good governance practices as defined under Article 8 SFDR through the mandatory implementation of the four-step ESG investment scoring approach for each investment.
Monitoring of environmental or social characteristics	<p>As part of its ESG investment approach, the financial product conducts a dedicated and proprietary ESG scoring, based on international standards, 13 qualitative (and quantitative) indicators are applied.</p> <p>As part of the ongoing monitoring and reporting approach, an annual survey is conducted, based on a comprehensive set of ESG-related indicators (~100 indicators) are requested for each fund investment on both GP level and fund level.</p>
Methodologies	ESG Scoring: 10-point rating system (ranging from “No Data Available” (0) to “Not Present” (1), to “Developing” (>1 – <5), to “Solid” (≥ 5 – <8) to “State of the Art” (≥ 8 – 10)) applied across 4 categories und 13 underlying qualitative (and

	<p>quantitative) indicators, relevant for all asset classes, developed with a dedicated manual and a corresponding ESG DDQ.</p> <p>ESG Monitoring & Reporting: Annual request across all GPs and fund investments, resulting in monitoring overview and dedicated ESG Report. Request of 52 indicators across 8 categories on GP level and 50 indicators across 5 categories on fund level.</p>
Data sources and processing	<p>Data sourced for the ESG integration approach are collected through variety of information channels, including but not limited to ESG due diligence standard packages of the GP, complemented by a dedicated ESG questionnaire. The collected data comes directly from the GP. The investment team responsible for the conduction of the overall due diligence is responsible for the ESG due diligence. All data are real, no estimates are made.</p> <p>Data sourced for the ESG reporting approach are collected on an annual basis via a software application tool. The data comes directly from the GP. Responsible for the ESG survey is the ESG Working Group together with the investment team, who jointly process the data for the ESG reporting and monitoring. All data are real, no estimates are made.</p>
Limitations to methodologies and data	<p>Limitations are mainly a potential lack of disclosure of information and/or a general data availability by some GPs and their underlying portfolio companies, which might negatively impact the ESG score. To ensure that such limitations do not affect the promotion of environmental and/or social characteristics, engagement activities (described in in the section “(D) Investment Strategy”, and “(K) Engagement Policies”) are an integral part of the strategy to promote and drive implementation of ESG standards, best practices and to improve ESG performance and to guarantee good governance.</p>
Due diligence	<p>ESG criteria are reviewed and analyzed as part of the due diligence process and finally assessed, when reviewing fund investments. During the various steps of the process, information is collected through various channels, e.g. via standard ESG due diligence packages, complemented by a dedicated developed ESG due diligence questionnaire. This information is reviewed and analyzed in detail by the investment team as part of the proprietary ESG scoring model. The results of the ESG due diligence and the ESG scoring are finally incorporated into the investment decision and are discussed and considered by the investment committee followed by an active engagement.</p> <p>The due diligence is an integral part of the investment strategy, therefore, detailed information on each due diligence step can be found under section “(D) Investment Strategy”.</p>
Engagement policies	<p>Engagement is conducted to promote and drive the implementation of ESG standards and best practice approaches among underlying target fund managers and their portfolio companies to improve ESG performance and to guarantee good governance. Prevalent strategies are side-letter-agreements and an active dialogue with GPs, if relevant during AGMs and LPAC meetings.</p>
Designated reference benchmark	<p>No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the fund.</p>

YIELCO Special Situations Europe II – Summary (German) – Zusammenfassung

Kein nachhaltiges Investitionsziel	Das Finanzprodukt (im Folgenden "YIELCO Special Situations Europe II", "YSSE II", "der Fonds" bezeichnet) fördert/bewirbt ökologische oder soziale Merkmale, verfolgt jedoch keine nachhaltigen Investitionen als Ziel.
Ökologische oder soziale Merkmale des Finanzprodukts	<p>Ökologische und/oder soziale Merkmale werden als Teil eines holistischen ESG-Managements gefördert, indem ESG-Merkmale in den Due-Diligence-Prozess (einschließlich eines dedizierten ESG-Scorings), in den Engagement- sowie in den Monitoring- und Reportingprozess integriert werden. Folgende Merkmale werden gefördert:</p> <p>Umwelt</p> <ul style="list-style-type: none"> » die Förderung des allg. Umweltschutz & Ressourcenmanagements » Klimaschutz und Anpassung an den Klimawandel » die Berücksichtigung von Praktiken zum Schutz und Anpassung an den Klimawandel <p>Soziales</p> <ul style="list-style-type: none"> » die Umsetzung und Einhaltung arbeitsrechtlicher Standards auf Unternehmens- und Portfolioebene » die Berücksichtigung von Sicherheits- und Gesundheitsmanagement entlang der Wertschöpfungskette » Gleichstellung und Vielfalt, Schulungen und Bildungsangebote
Anlagestrategie	Der Fonds verfolgt eine Strategie, die auf ESG-Integration, Engagement und Berichterstattung beruht. Kernelement der Anlagestrategie ist ein vierstufiger ESG-Prozess, der folgende Schritte umfasst (I) Sourcing-, (II) Screening- und Pre-Selection-, (III) ESG-Due-Diligence- und Engagement- und (IV) ESG-Zielfondsbeurteilung. Ergänzt wird die Strategie durch Monitoring und Reporting über ESG-Indikatoren auf der Grundlage einer jährlichen ESG-Erhebung, die die Entwicklungen und Daten der Zielfonds verfolgt.
Aufteilung der Investitionen	Mindestens 50% der Investitionen des Fonds fördern/bewerben ökologische und/oder soziale Merkmale und berücksichtigen Verfahrensweisen einer guten Unternehmensführung im Sinne von Artikel 8 der Offenlegungsverordnung (SFDR) durch die obligatorische Umsetzung des vierstufigen ESG-Investitionsbewertungsansatzes für jede Investition.
Überwachung der ökologischen oder sozialen Merkmale	<p>Im Rahmen des ESG-Ansatzes führt das Finanzprodukt ein dediziertes und proprietäres ESG-Scoring durch, das auf internationalen Standards basiert und 13 qualitative (und quantitative) Indikatoren berücksichtigt.</p> <p>Als Teil des laufenden Monitorings- und Reportingansatzes wird eine jährliche Umfrage durchgeführt, die auf einem umfassenden Satz von ESG-bezogenen Indikatoren (~100 Indikatoren) basiert und für jede Fondsinvestition sowohl auf GP- als auch auf Fondsebene angefordert wird.</p>
Methoden	ESG-Scoring: Die Bewertungsskala reicht von 0-10. Die Bewertung reicht von "No Data Available" (0), "Not Present" (1), "Developing" (>1 - <5), bis "Solid" (≥ 5 - <8) bis "State of the Art" (≥ 8 - 10). Jeder unterliegende qualitative (und

	<p>quantitative) Bewertungsaspekt der vier Kategorien und 13 unterliegenden Indikatoren ist für alle Anlageklassen relevant und wurde mit einem dedizierten Handbuch und entsprechenden ESG DDQ entwickelt.</p> <p>ESG-Monitoring & Reporting: Jährliche Abfrage bei allen GPs und Fonds, welche als Grundlage für das Monitoring und einen ESG-Report dient. Insgesamt werden 52 Indikatoren in 8 Kategorien auf GP-Ebene und 50 Indikatoren in 5 Kategorien auf Fondsebene abgefragt.</p>
Datenquellen und -verarbeitung	<p>Die Daten für die ESG-Integration werden über eine Vielzahl von Informationskanälen gesammelt, einschließlich, aber nicht beschränkt auf die ESG-Due-Diligence-Standardpakete des GPs, welche durch einen speziellen ESG-DDQ ergänzt werden. Die Daten stammen direkt vom GP. Das für die Durchführung der allgemeinen DD zuständige Investmentteam ist für die ESG-DD verantwortlich. Alle Daten sind real, es werden keine Schätzungen vorgenommen.</p> <p>Die Daten für das ESG-Reporting werden jährlich über eine Software-Applikation erhoben. Die Daten stammen direkt vom GP. Verantwortlich für die Datenerfassung ist die ESG Working Group zusammen mit dem Investmentteam, das die Daten für ESG-Reporting und -Monitoring gemeinsam verarbeitet. Alle Daten sind real, es werden keine Schätzungen vorgenommen.</p>
Beschränkungen hinsichtlich der Methoden und Daten	<p>Einschränkungen sind vor allem eine potenziell mangelnde Offenlegung von Informationen und/oder eine allgemeine Datenverfügbarkeit durch einige GPs und ihre zugrunde liegenden Portfoliounternehmen, die sich negativ auf die ESG-Bewertung auswirken könnten. Um sicherzustellen, dass solche Einschränkungen die Förderung ökologischer und/oder sozialer Merkmale nicht sonderlich beeinträchtigen, sind Engagement-Aktivitäten (detailliert beschrieben in den Abschnitten "(D)" und "(K)") integraler Bestandteil der Strategie zur Förderung und Umsetzung von ESG-Standards und Best Practices sowie zur Verbesserung der ESG-Performance und zur Gewährleistung guter Unternehmensführung.</p>
Sorgfaltspflicht	<p>ESG-Kriterien werden im Rahmen des DD-Prozesses geprüft und analysiert und schließlich bei der Prüfung von Fondsinvestitionen bewertet. Während der verschiedenen Prozessschritte werden Informationen über verschiedene Kanäle gesammelt, z. B. über standardmäßige ESG-Due-Diligence-Pakete, die durch einen speziell entwickelten ESG-DDQ ergänzt werden. Diese Informationen werden vom Investmentteam im Rahmen des proprietären ESG-Scoring-Modells im Detail geprüft und analysiert. Die Ergebnisse der ESG-DD und des ESG-Scorings fließen schließlich in die Anlageentscheidung/-empfehlung ein und werden vom IC diskutiert und berücksichtigt, gefolgt von einem aktiven Engagement.</p> <p>Die DD ist integraler Bestandteil der Investitionsstrategie. Ausführliche Informationen zu den einzelnen Schritten der DD sind in Abschnitt "(D)" zu finden.</p>
Mitwirkungspolitik	<p>Das Engagement dient dazu, die Umsetzung von ESG-Standards und Best-Practice-Ansätzen bei den zugrunde liegenden Zielfondsmanagern und ihren Portfoliounternehmen zu fördern und voranzutreiben, um die ESG-Performance zu verbessern und eine gute Unternehmensführung zu gewährleisten. Side-Letter-Vereinbarungen und ein aktiver Dialog mit den GPs, ggfls. im Rahmen von Jahreshauptversammlungen und Investorenbeiratssitzungen sind probate Mittel.</p>
Bestimmter Referenzwert	<p>Es wurde kein Index als Referenzwert festgelegt.</p>

YIELCO Special Situations Europe II – Summary (Spanish) – Resumen

Sin objetivo de inversión sostenible	Este producto financiero (también denominado "YIELCO Special Situations Europe II", "YSSE II", "el fondo") promueve características medioambientales o sociales, pero no tiene como objetivo la inversión sostenible.
Características medioambientales o sociales del producto financiero	<p>Las características medioambientales / sociales se promueven como parte de una gestión holística de ASG mediante la integración de las características ASG en el proceso de diligencia debida (incluida un sistema de puntuación ASG específico "scoring"), en el proceso de inversión, así como en el proceso de supervisión y elaboración de informes. Las siguientes características medioambientales y/o sociales se promueven como parte de la diligencia debida:</p> <p>Medio ambiente</p> <ul style="list-style-type: none"> » Protección medioambiental y gestión de recursos » Protección del clima y adaptación al cambio climático » Consideración de las posibilidades de mitigación del cambio climático <p>Social</p> <ul style="list-style-type: none"> » Cumplimiento de las normas de derechos humanos y laborales » Gestión de la seguridad y la salud a lo largo de la cadena de valor » Igualdad y diversidad, formación y oportunidades educativas
Estrategia de inversión	El fondo sigue una estrategia basada en la integración, el compromiso de cumplimiento e información en materia de ASG. El elemento clave de la estrategia es un planteamiento de inversión en cuatro fases que comprende (I) la búsqueda, (II) el cribado y preselección, (III) diligencia debida y el compromiso ASG, y (IV) la fase de puntuación del fondo en términos ASG. La estrategia se complementa con el seguimiento y la comunicación de indicadores ASG basados en un cuestionario anual que sigue la evolución y los datos de los fondos objetivo.
Proporción de inversiones	Al menos el 50% de las inversiones del fondo promoverán las características medioambientales o sociales y seguirán las prácticas de buena gobernanza definidas en el artículo 8 del SFDR mediante la aplicación obligatoria del enfoque de puntuación o "scoring" de las inversiones ASG en cuatro etapas.
Seguimiento de las características medioambientales o sociales	<p>Como parte de su enfoque de inversión ASG, el producto financiero lleva a cabo una puntuación ASG "scoring" propietario, basado en normas internacionales, aplicándose 13 indicadores cualitativos y cuantitativos.</p> <p>Como parte del enfoque de supervisión e información continuas, se realiza un cuestionario anual basado en un conjunto de indicadores ASG (unos 100 indicadores) para cada inversión del fondo, tanto a nivel de GP como de fondo.</p>
Métodos	Puntuación ASG: Sistema de calificación de 10 puntos (que va de "No Data Available" (0) a "Not Present" (1), a "Developing" (>1 - <5), a "Solide" (≥ 5 - <8) a "State of the Art " (≥ 8 - 10)) aplicado a través de 4 categorías y 13 indicadores cualitativos y cuantitativos, relevantes para todas las clases de activos, desarrollados con un manual dedicado y un DDQ ASG correspondiente.

	<p>Supervisión y reporting ASG: Cuestionario anual a todos los gestores de inversiones, que da lugar a un informe específico sobre ASG y un marco de actuación de revisión de los principales aspectos. Solicitud de 52 indicadores en 8 categorías a nivel de gestora y 50 indicadores en 5 categorías a nivel de fondo.</p>
Fuentes y tratamiento de datos	<p>Los datos obtenidos para el enfoque de integración ASG se recopilan a través de diversos canales de información, incluidos, entre otros, los paquetes estándar de diligencia debida ASG del gestor, complementados por un cuestionario ASG específico. Los datos recopilados proceden directamente del gestor. El equipo de inversión responsable de la diligencia debida global se encarga de la diligencia debida ASG. Todos los datos son reales, no se realizan estimaciones.</p> <p>Los datos obtenidos para el enfoque de elaboración de informes ASG se recopilan anualmente a través de una herramienta informática. Los datos proceden directamente del gestor. El responsable de la encuesta es el Grupo de Trabajo ASG junto con el equipo de inversión, que procesan conjuntamente los datos para la elaboración de informes y el seguimiento ASG. Todos los datos son reales, no se hacen estimaciones.</p>
Limitaciones de los métodos y los datos	<p>Las limitaciones son principalmente una posible falta de información y/o una disponibilidad general de datos por parte de algunos gestores y sus empresas en cartera, lo que podría repercutir negativamente en la puntuación ASG. Para garantizar que dichas limitaciones no afecten a la promoción de las características medioambientales y/o sociales, los compromisos asumidos (descritos en la sección "(D) Estrategia de inversión" y "(K) compromisos en la inversión") forman parte integral de la estrategia para impulsar la aplicación de normas ASG y mejores prácticas, así como para mejorar y garantizar la buena gobernanza.</p>
Diligencia debida	<p>Los criterios ASG se revisan y analizan como parte del proceso de diligencia debida y, finalmente, se evalúan al examinar las inversiones de los fondos. Durante las distintas fases del proceso, la información se recopila a través de diversos canales, por ejemplo, mediante paquetes estándar y cuestionarios de diligencia debida ASG. Esta información es revisada y analizada en detalle por el equipo de inversión como parte del modelo de scoring ASG propio. Los resultados de la diligencia debida ASG y la puntuación ASG se incorporan finalmente a la decisión de inversión y son considerados por el comité de inversión, seguido de un compromiso activo.</p> <p>La diligencia debida forma parte integrante de la estrategia de inversión, por lo que en la sección "(D) Estrategia de inversión" se ofrece información detallada sobre cada una de las fases de la diligencia debida.</p>
Políticas de implicación	<p>El compromiso de impulsar la aplicación de las normas ASG y los enfoques de mejores prácticas entre los gestores de fondos subyacentes y las empresas de su cartera se realiza para mejorar el rendimiento ASG. Las estrategias predominantes son los acuerdos complementarios "side letters" y un diálogo activo con los gestores.</p>
Índice de referencia designado	<p>No se ha designado ningún índice como referencia que cumpla las características medioambientales o sociales promovidas por el fondo.</p>

YIELCO Special Situations Europe II – Summary (Italian) – Sintesi

Nessun obiettivo di investimento sostenibile	Questo prodotto finanziario (di seguito denominato "YIELCO Special Situations Europe II", "YSSE II", "il fondo") promuove caratteristiche ambientali o sociali, ma non ha come obiettivo degli investimenti sostenibili.
Caratteristiche ambientali o sociali del prodotto finanziario	<p>Le caratteristiche ambientali e/o sociali sono promosse come parte di una gestione ESG olistica, integrando le caratteristiche ESG nel processo di due diligence (compreso un punteggio ESG dedicato), nel processo di engagement e nel processo di monitoraggio e reporting. Sono promosse le seguenti caratteristiche:</p> <p>Ambientali</p> <ul style="list-style-type: none"> » Protezione dell'ambiente e gestione delle risorse » Protezione del clima e adattamento ai cambiamenti climatici » Considerazione dei potenziali di mitigazione dei cambiamenti climatici <p>Sociali</p> <ul style="list-style-type: none"> » Rispetto dei diritti umani e delle norme del diritto del lavoro (a livello aziendale e di portafoglio) » Gestione della sicurezza e della salute lungo la catena del valore » Uguaglianza e diversità, formazione e opportunità educative
Strategia d'investimento	Il fondo segue una strategia basata sull'integrazione, il coinvolgimento e la rendicontazione ESG. L'elemento centrale della strategia d'investimento è un approccio d'investimento ESG in quattro fasi che comprende (I) l'approvvigionamento, (II) lo screening e la preselezione, (III) la due diligence e il coinvolgimento ESG e (IV) la fase di valutazione dei fondi target ESG. La strategia è integrata dal monitoraggio e dalla rendicontazione degli indicatori ESG sulla base di un'indagine ESG annuale che tiene traccia degli sviluppi e dei dati dei fondi target.
Quota degli investimenti	Almeno il 50% degli investimenti del fondo promuoverà caratteristiche ambientali o sociali e seguirà le pratiche di buona governance definite dall'articolo 8 della SFDR attraverso l'attuazione obbligatoria dell'approccio di valutazione degli investimenti ESG in quattro fasi per ciascun investimento.
Monitoraggio delle caratteristiche ambientali o sociali	<p>Come parte dell'approccio ESG, il prodotto finanziario effettua uno scoring ESG dedicato e proprietario, basato su standard internazionali, applicando 13 indicatori qualitativi (e quantitativi).</p> <p>Come parte dell'approccio di monitoraggio e rendicontazione continua, viene condotta un'indagine annuale basata su una serie completa di indicatori ESG (circa 100 indicatori) per ciascun investimento del fondo, sia a livello di GP che di fondo.</p>
Metodologie	Punteggio ESG: Sistema di valutazione a 10 punti (da "No Data Available" (0) a "Not Present" (1), a "Developing" (>1 - <5), a "Solid" (≥ 5 - <8) a "State of the Art" (≥ 8 - 10)) applicato a 4 categorie e 13 indicatori qualitativi (e quantitativi) sottostanti, rilevanti per tutte le classi di attività, sviluppati con un manuale dedicato e un corrispondente DDQ ESG.

	<p>Monitoraggio e reporting ESG: Questionario annuale per tutti i GP e fondi, con conseguente panoramica del monitoraggio e reporting ESG dedicata. Un totale di 52 indicatori in 8 categorie sono rilevati a livello di GP e 50 indicatori in 5 categorie a livello di fondo.</p>
Fonti e trattamento dei dati	<p>I dati raccolti per l'approccio all'integrazione ESG sono raccolti attraverso diversi canali informativi, tra cui, ma non solo, i pacchetti standard di due diligence ESG del GP, integrati da un questionario ESG dedicato. I dati raccolti provengono direttamente dal GP. Il team di investimento responsabile della conduzione della due diligence complessiva è responsabile della due diligence ESG. Tutti i dati sono reali, non vengono fatte stime.</p> <p>I dati per l'approccio di rendicontazione ESG sono raccolti su base annuale tramite uno strumento software. I dati provengono direttamente dal GP. Responsabile dell'acquisizione dei dati ESG è ESG Working Group insieme al team di investimento, che elabora congiuntamente i dati per il reporting e il monitoraggio ESG. Tutti i dati sono reali, non vengono fatte stime.</p>
Limitazioni delle metodologie e dei dati	<p>Le limitazioni sono rappresentate principalmente da una potenziale mancanza di divulgazione di informazioni e/o di disponibilità di dati generali da parte di alcuni GP e delle società in portafoglio sottostanti, che potrebbero influenzare negativamente sul punteggio ESG. Per garantire che tali limitazioni non incidano in modo significativo sulla promozione delle caratteristiche ambientali e/o sociali, le attività di engagement (descritte nelle sezioni "(D) Strategia d'investimento" e "(K) Politiche di engagement") sono parte integrante della strategia volta a promuovere e implementare gli standard e le best practice ESG e a migliorare la performance ESG e garantire una buona governance.</p>
Due Diligence	<p>I criteri ESG vengono esaminati e analizzati come parte del processo di due diligence e infine valutati al momento della revisione degli investimenti dei fondi. Durante le varie fasi del processo, le informazioni vengono raccolte attraverso vari canali, ad esempio i pacchetti standard di due diligence ESG, integrati da un questionario di due diligence ESG appositamente sviluppato. Queste informazioni vengono esaminate e analizzate in dettaglio dal team di investimento in base al modello di punteggio ESG proprietario. I risultati della due diligence ESG e del punteggio ESG sono infine incorporati nella decisione/raccomandazione d'investimento e sono discussi e considerati dal comitato di investimento, seguito da un engagement attivo.</p> <p>La due diligence è parte integrante della strategia d'investimento, pertanto le informazioni dettagliate su ciascuna fase della due diligence sono riportate nella sezione "(D) Strategia d'investimento".</p>
Politiche d'impegno	<p>L'impegno viene condotto per promuovere e guidare l'implementazione di standard ESG e approcci di best practice tra i gestori dei fondi target sottostanti e le loro società in portafoglio, al fine di migliorare la performance ESG e garantire una buona governance. Le strategie prevalenti sono gli accordi di lettera laterale e il dialogo attivo con i GP, se del caso durante le assemblee generali e le riunioni del LPAC.</p>
Indice di riferimento designato	<p>Non è stato designato alcun indice come benchmark di riferimento per soddisfare le caratteristiche ambientali o sociali promosse dal fondo.</p>

(B) NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

(C) ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The financial product, YIELCO Special Situations Europe II (YSSE II), promotes the integration of environmental, social and governance aspects as part of a holistic ESG management and as part of our commitment to the UN PRI.

YSSE II focuses on fund investments that pursue strongly operationally oriented investment approaches in the small and mid-market in Europe. The focus of the target funds can be considered as value investment strategies, which are mainly in the segments of complex buyouts (e.g. corporate spin-offs), to some extent turnarounds and investments in funds that have a strong "value component" and strong operative added value characteristics.

The fund will promote environmental and/or social characteristics and follow good governance practices as defined under Article 8 of the Sustainable Finance Disclosure Regulation (EU 2019/2088; SFDR). As a fund-of-funds ("FoF"), all potential investment opportunities and funds undergo the same rigorous due diligence process, including a dedicated ESG due diligence with an ESG scoring and engagement. In accordance with this, YSSE II formally requires fund managers to consider environmental and social characteristics in their investment activities based on the Principles for Responsible Investments by the United Nations (UN PRI).

The following environmental and/or social characteristics are promoted as part of the ESG due diligence, engagement process and/or monitoring/reporting:

Environment

- » Environmental protection and resource management
- » Climate protection and adaption to climate change
- » Consideration of climate change mitigation potentials

Social

- » Compliance with human rights and labour law standards (in the sense of the UN Guiding Principles for Business and Human Rights and the core labour standards of the International Labour Organization (ILO))
- » Safety and health management along the value chain
- » Equality and diversity, trainings, and education opportunities

(D) INVESTMENT STRATEGY

The financial product follows an investment strategy that adopts an ESG investment approach which aims to generate an attractive risk-adjusted financial return for its investors while ensuring a detailed consideration of ESG criteria throughout the investment process and lifecycle. The focus is placed on promoting environmental or social characteristics through the implementation of the following core principles:

ESG Integration by systematically considering ESG criteria across the investment process, including both the selection/screening (exclusion criteria) and due diligence processes (thorough ESG due diligence and ESG scoring on target fund level).

Engagement to promote and drive the implementation of ESG standards and best practice approaches among underlying target fund managers and their portfolio companies to improve ESG performance (Side Letter Agreements and active dialogue with GPs, if relevant during AGMs and LPAC meetings).

Reporting to stakeholders on corporate and investment activities, the latter based on annual ESG surveys on >100 indicators at GP and investment fund level.

During the investment process, each investment decision made by the financial product goes through a four-phase ESG investment approach comprising a sourcing, screening and pre-selection, ESG due diligence, and ESG target fund scoring phase. The four phases of the ESG investment approach are outlined in the following:

1. **Sourcing:** During the initial sourcing, YIELCO identifies and evaluates the underlying ESG strategy starting already at the sourcing stage of potential funds. During the sourcing process, we evaluate the most relevant ESG risks and opportunities. This early step enables YIELCO to filter out non-investable companies and managers with an inadequate ESG strategy at a relatively early stage.
2. **Screening and pre-selection:** It is examined whether the investment object's strategy may have violated the fund's exclusion criteria. The financial product has implemented exclusion criteria, which are not a binding element of the strategy, but which can be considered as voluntary commitment and thus further safeguards.
3. **ESG due diligence and Engagement:** The ESG due diligence addresses ESG aspects within the framework of the general due diligence questionnaire. The ESG policy and ESG strategy of the underlying potential fund investments are evaluated by YIELCO within the investment process criterion. The ESG strategy as well as the implementation of "ESG Policy Guidelines", "Ethics Policy", "Codes of Conduct", etc. are reviewed in detail, personally checked during the on-site due diligence, and questioned if necessary. Additionally, YIELCO has developed a dedicated YIELCO ESG Scoring Model (cf. phase 4). The results from the preceding process steps are incorporated into the YIELCO ESG Scoring Model as well. The scoring takes place based on documents provided by the manager in combination with the in-house developed ESG DDQ based on high international standards. The results of the ESG due diligence and the ESG scoring are finally incorporated into the investment decision and are discussed and considered by the investment committee. Additionally, YIELCO engages the fund manager to improve their ESG strategy, if necessary, via Limited Partner Advisory Board (LPAC) influence for example. Further measures which need to be implemented are integrated into the contract negotiations prior to the underwriting process, e.g. via Side Letter agreements. Side Letter agreements resulting in improvements regarding ESG activities are a well-proven engagement tool during the underwriting process. For this purpose, clauses on the ESG strategy of the GP or fund are implemented as standard in alignment with our ESG strategy.

Furthermore, clauses regarding ESG reporting will ensure the provision of non-financial data or ESG KPIs in order to produce high quality ESG reports in the future and to meet the requirements of the increasing and partly necessary regulatory obligations. Additionally we engage all fund managers to become signatories of the United Nations Principle for Responsible Investment Initiative, the UN PRI.

4. **ESG target fund scoring:** A scoring model, that takes the result from the previous steps into account, is used to assess the target fund's underlying ESG policy and management on a 4-point rating scale (from "not present" to "state of the art"). The ESG Scoring model is based on high international standards (e.g. the Institutional Limited Partners Association, ILPA ESG Assessment Framework and the UN PRI Responsible Investment Guidelines) and valuation criteria for all asset classes, developed with a dedicated manual and a corresponding ESG DDQ. This involves building an overall ESG score based on 13 qualitative indicators across the following elements:

ESG Strategy and Approach

- Content and scope of ESG-policy
 - Status, Conception, Strategy & Methodology, Urgency, Review process
- Industry Standards & Best Practices
 - Membership in Associations (e.g., UNPRI) and relevant cooperations
- Contractual Commitments
 - Commitment to ESG and sustainability in the LPA and/or Side Letter
- Exclusion List Policy
 - Exclusion of certain sectors and/or geographies

ESG Organisation

- Responsibilities & Structure
 - Integration in the structure of the GP (ESG-Committee, ESG-Team, formalized processes, etc.)
- Capacity Building and Training
 - Expertise, Team-Background, ESG Trainings, etc.
- ESG Values and responsibility
 - Other Commitments, Incentives, Responsiveness / Focus on DEI, etc.

ESG consideration in the investment process

- Integration of ESG-Factors / ESG-DD
 - Approach, Level of Detail, Methodology, etc.
- IC-Process & Decision making
 - Consideration in the decision process and impact on investment decision
- Monitoring & Post Investment Management
 - All Factors regarding the Post-Investment-Management and the Exit-Process
- Risk Management
 - Conscientiousness and Integration von ESG-related Risks (e.g., Climate Change)

ESG Transparency

- ESG Communication Approach
 - Manner of disclosing all information regarding ESG and Sustainability-linked aspects
- ESG Reporting & Non-Financial KPIs
 - Content and level of Detail of the ESG Reporting

Due to the limited possibilities of exerting influence, the financial product applies different instruments for proactive implementation of its ESG strategy. Besides exclusion, negative or positive screening criteria, the financial product conducts individual engagement, as mentioned above, through dialogue, side letter regulations or exerting influence in the limited partner advisory board. In addition, the financial product aims to influence target fund managers to support and comply with the UN Principles for Responsible Investing.

The monitoring and reporting of the development of the financial product's underlying fund investments is based on an annual ESG reporting questionnaire.

To comply with good corporate governance practices, the financial product addresses good governance practices as part of its ESG due diligence and ESG target fund scoring. The results are taken into account when making investment decisions, and if they indicate opportunities to improve corporate governance processes, the fund manager will work towards positive change with the target fund managers after an investment has been made, for example by exerting a positive influence through active participation in advisory boards and continuous monitoring of the investment object. In addition, the fund manager puts emphasis on a strong commitment by target fund managers to support portfolio companies in developing and improving their governance practices.

YIELCO Investments strongly believes that the negative impact of some business models and products on the society and the environment is not compatible with its corporate philosophy and the overall investment strategy, which aims to generate long-term and sustainable returns across all asset classes. YIELCO considers climate change and all potential risks associated with it as a global challenge. Therefore, some key internationally recognized standards and exclusion criteria are applied all investment programs and strategies.

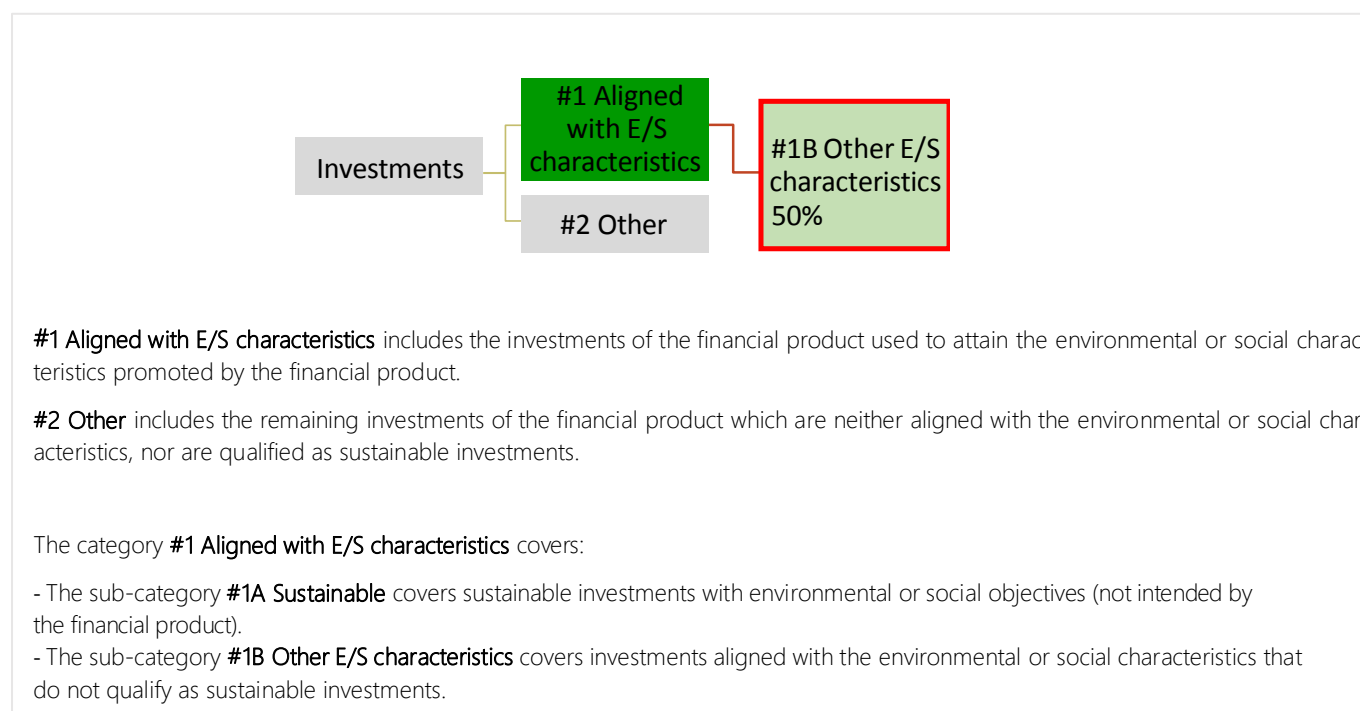
Therefore, YIELCO will avoid the following areas in all investment decisions:

- » **Human Rights:** All services and companies systematically violating human rights (as defined by the "UN Guiding Principles on Business and Human Rights" or the "ILO Declaration on Fundamental Principles and Rights at Work") themselves or their suppliers, in particular companies responsible for supporting or tolerating inhumane working conditions and child labor.
- » **Trade with Sanctioned Regions/Countries:** The trade with countries or regions covered by international sanctions.
- » **Weapons:** The production, services associated with or trades in controversial or unconventional weapons. Especially but not exclusively e.g., cluster munitions, antipersonnel mines, nuclear, biological, and chemical weapons, any weapons of mass destruction or inhuman weapons or weapon technologies which are subject to existing international prohibitions.
- » **Illegality:** The production or trade in products or activities deemed illegal under applicable laws or banned through international convention ("sanctioned products"), as well as endangered species and plants.
- » **Coal:** Extraction of coal for energy consumption and the production of energy through coal itself.
- » **Non-conventional fossil fuels**
 1. Oil sands: Referring to the extraction of oil sands and the processing of oil sands into oil.
 2. Shale gas and oil: extraction of crude oil and gas from shale rock by hydraulic fracturing ("fracking").
 3. Arctic oil and gas: extraction and exploitation of oil and gas in the Arctic.
- » **Pornography:** The production or trade in products and services related to pornography.
- » **Tobacco:** Companies and business models related to the production of tobacco or tobacco related products.

(E) PROPORTION OF INVESTMENTS

At least 50% of the fund's investments¹ will promote environmental or social characteristics ("#1B Other E/S characteristics") as described above and follow good governance practices as defined under Article 8 SFDR through the mandatory implementation of the four-step ESG investment scoring approach for each investment.

Diagram 1: Anticipated Allocation of Investments



All investments subsumed under "#2 Other" pertain to investments that fail to meet the binding elements outlined in Annex II as well as liquidity held within the fund. For those fund investments, there are certain minimum safeguards except for cash positions. For example, the consideration and/or compliance of target fund managers with the UN PRI is an important aspect in the due diligence process. The fund encourages the target funds to take into account the UN PRI as part of their due diligence and implement these Principles as part of a good governance practice. Compliance by the target fund managers will be ensured on a best effort basis by side letter agreements but cannot be guaranteed in the side letter negotiations.

¹ The anticipated ratio refers to the fund investments and does not include cash positions etc.

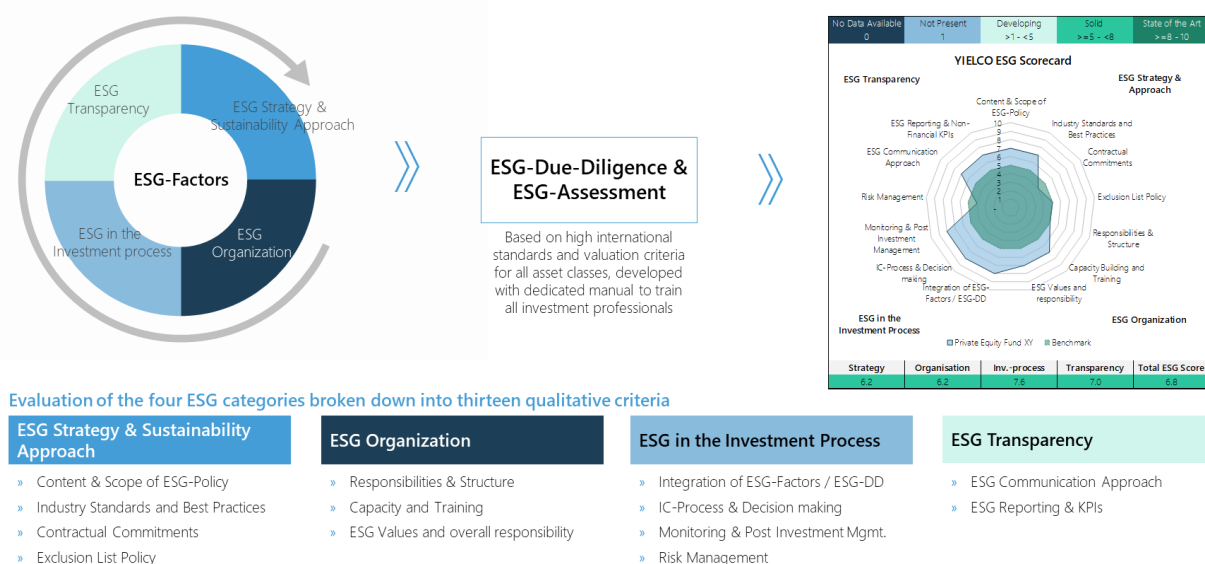
(F) MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

ESG Scoring

As part of its ESG investment approach, the financial product applies a dedicated ESG due diligence to each potential fund investment. Within this framework, 13 qualitative (and quantitative) indicators are applied (cf. Diagram 2). This set of indicators serve as the basis to assess the target fund’s underlying ESG approach via a proprietary and dedicated ESG scoring which is integrated into each investment recommendation.

- » ESG strategy and approach,
- » ESG organization,
- » ESG consideration in the investment process, and
- » ESG Transparency.

Diagram 2: ESG-Scoring – Fund Investments (exemplary illustration)



As part of the ESG due diligence it is also examined in how far the underlying GP/fund manager plans to collect non-financial performance data or ESG indicators. These indicators correspond to the principal adverse impacts (PAIs) on sustainability factors as described by Article 4 SFDR and the accompanying Annex I of the Delegated Regulation (EU) 2020/852RTS of the EU Disclosure Regulation (RTS). The financial product encourages each fund manager to collect and report the PAI indicators.

ESG Monitoring & Reporting

In case of a positive investment decision and subsequent commitment to an underlying fund, i.e., post investment, the financial product regularly monitors and tracks a variety of ESG-related indicators. Based on an annual survey, a comprehensive set of ESG-related indicators are requested for each fund investment on both GP level and fund level. These indicators are the basis for a dedicated annual ESG reporting and monitoring of the development of the portfolio.

(G) METHODOLOGIES

ESG Scoring

The scoring applies a 10-point rating scale to assess the target fund's categories: ESG strategy and approach, ESG organization, ESG consideration in the investment process, and ESG Transparency. Each category has several sub-categories or indicators (cf. (D) Investment Strategy) which are scored individually. Each indicator can be scored from 0-10 points. The score ranges from "No Data Available" (0) to "Not Present" (1), to "Developing" (>1 – <5), to "Solid" (≥ 5 – <8) to "State of the Art" (≥ 8 – 10). Each score is weighted individually and builds finally in aggregation the total score. The framework was developed based on high international standards (e.g. the Institutional Limited Partners Association, ILPA ESG Assessment Framework and the UN PRI Responsible Investment Guidelines) and applied criteria are relevant for all asset classes, developed with a dedicated manual and a corresponding ESG DDQ.

ESG Monitoring & Reporting

Following an overview of ESG-related indicators which are requested both on GP level and on Fund level.

Diagram 3: ESG-Related Indicators at GP Level

ESG strategy	<ul style="list-style-type: none"> ESG for value creation ESG for risk mitigation ESG policy ESG policy content ESG policy review ESG governance ESG team ESG in compensation ESG training - Topics ESG memberships UN PRI Score ESG industry standards ESG promotion ESG reporting to investors ESG reporting types ESG public information ESG objectives ESG approach changes PAI approach - Management company level 	Social	<ul style="list-style-type: none"> Number of employees - Total Number of employees - Female Investment team members - Total Investment team members - Female Management positions - Total Management positions - Female Diversity, equity, and inclusion Employee engagement Philanthropy CSR initiatives
Governance	<ul style="list-style-type: none"> Board of Directors - Total members Board of Directors - Independent members Board of Directors - Female Executive Committee - Total members Executive Committee - Female members Litigations Cybersecurity 	Environment	<ul style="list-style-type: none"> Environmental initiatives Management company carbon footprint assessment - Scope 1, 2 & 3
		Pre-investment phase	<ul style="list-style-type: none"> ESG assessment in the pre-investment phase ESG assessment tools ESG assessment tools - Description Climate assessment
		Investment decision	<ul style="list-style-type: none"> ESG in the investment decision-making process ESG decisions tools Impact of ESG on decisions Shareholder agreements
		Holding phase	<ul style="list-style-type: none"> ESG performance during the holding period ESG monitoring tools ESG topics monitored
		Exit phase	<ul style="list-style-type: none"> ESG in the exit process ESG tools in the exit process Value sharing in the exit process

Diagram 4: ESG-Related Indicators at Fund Level

General information	SFDR Applicability	Environment	Total share of environmental policies Total share of environmental initiatives Total share of environmental monitoring Total share of environmental compliance Energy consumption intensity Total share of renewable energy consumed Total share of renewable energy produced Total GHG emissions - Scope 1 Total GHG emissions - Scope 2 Total GHG emissions - Scope 3 Scope 1+2 consolidated GHG emissions Scope 1+2 GHG emissions intensity Total share of activity exposed to fossil fuel sector Hazardous waste intensity Emissions to water intensity Total share of activity impacting biodiversity Total environmental litigations
ESG Strategy & Policy	ESG Commitments Climate Commitments ESG Report EET Report Sustainability-linked loans PAI approach SFDR classification SFDR E/S characteristics SFDR Sustainable objectives EU Taxonomy alignment	Social	Average share of females Organic net new hires Total net new hires Average attrition rate Total work-related accidents Total fatal accidents Total lost days due to work-related accidents Total social litigations Total share of employer-brand initiatives Average unadjusted gender pay gap
Governance	Average share of independent members at the Board Average share of female at the Board Total share of female CEO Average share of female at the Executive Committee Total ethical litigations Total share of Global Compact compliance mechanisms Total share of Global Compact violations Total share of activity exposed to controversial weapons Total share of CSR commitments Total share of CSR at the Board of Directors Sustainability best practices Total ESG-related Incidents		

Additionally, as a minimum safeguard, the fund encourages the target funds to take into account the UN PRI as part of their due diligence and implement these UN PRI as part of a good governance practice.

(H) DATA SOURCES AND PROCESSING

The data sourced for the ESG integration approach are collected through a variety of information channels. Information on how the underlying fund or GP promotes environmental and/or social characteristics is collected through a dedicated and detailed ESG due diligence questionnaire and through other relevant sources of the GP (e.g., meetings, AGMs, dedicated reports and other ESG due diligence material). The collected data comes directly from the GP. The investment team responsible for the overall due diligence is responsible for the ESG due diligence which is an integral part of the final investment recommendation. All data are real, no estimates are made.

The data sourced for the ESG reporting approach are collected on an annual basis via a software application tool. A dedicated ESG survey with a set of ESG-related indicators was developed and is requested for each fund investment on both GP level and fund level. The data comes directly from the GP. Responsible for the ESG survey is the ESG Working Group together with the investment team which together developed the ESG survey and process the data for the ESG reporting and monitoring. All data are real, no estimates are made.

(I) LIMITATIONS TO METHODOLOGIES AND DATA

The main limitations to the methodologies and/or data sources faced by the fund are mainly a potential lack of disclosure of information and/or a general data availability by GPs and their underlying portfolio companies. A potential lack of relevant KPIs, might negatively impact the ESG score which is the result of the due diligence. To ensure that such limitations do not affect the promotion of environmental and/or social characteristics, the engagement described above and in the following section "(K) Engagement Policies" are an integral part of the investment strategy to promote and drive the implementation of ESG standards and best practice approaches among underlying target fund managers and their portfolio companies and to improve ESG performance and to guarantee good governance. Engagement activities such as side-letter-agreements during the underwriting process are a proven tool to achieve improvements regarding ESG activities. Clauses related to ESG reporting in side-letter-agreements will ensure the provision of non-financial data or ESG KPIs in order to produce high quality ESG reports.

(J) DUE DILIGENCE

Systematic ESG due diligence standards are an integral part of the investment strategy of the fund. The consideration of ESG criteria is firmly embedded across the entire due diligence process and in investment decision-making for potential target funds and is applied regardless of the underlying strategy or geography.

ESG criteria are reviewed, analyzed and finally assessed as part of the proprietary ESG scoring model during the various steps of the process, when reviewing fund investments. The core instruments that are being used to systematically take ESG criteria into account are ESG integration and engagement.

During the due diligence and fund selection process, standard due diligence packages are provided by GPs as a common practice to provide information on different aspects, including ESG practices. This information includes standard due diligence questionnaires, dedicated ESG due diligence questionnaires, and other information on sustainability practices. Additionally, a dedicated ESG DDQ was developed to address international standards which are also the basis for the dedicated ESG scoring. This information is reviewed and analyzed in detail by the investment team. The results of the ESG due diligence and the ESG scoring are finally incorporated into the investment decision and are discussed and considered by the investment committee. After formalizing investment commitment, and after the legal review of sustainability aspects in the legal documentation, the GP is asked to incorporate a series of standard ESG clauses in the side letter, that are result of the ESG due diligence and to meet the level of ESG standards of the financial product (cf. (D) Investment Strategy).

On an ongoing annual basis, a comprehensive set of ESG-related indicators are requested for each fund investment on both GP level and fund level. These indicators are the basis for a dedicated annual ESG reporting and monitoring of the development of the portfolio (cf. (F) Monitoring of Environmental or Social Characteristics and (G) Methodologies).

The section "(D) Investment Strategy" describes detailed the underlying due diligence steps which are an essential part of the investment strategy.

(K) ENGAGEMENT POLICIES

Engagement is an integral part of the investment strategy to promote and drive the implementation of ESG standards and best practice approaches among underlying target fund managers and their portfolio companies to improve ESG performance and to guarantee good governance. Engagement is often the result of the previous ESG due diligence and the ESG scoring, that results are included in the final investment recommendation for the Investment Committee. If necessary, measures to be implemented are integrated into contractual fixation prior to the underwriting process.

The contractual fixation (side-letter-agreements) during the underwriting process is a proven engagement tool to achieve improvements regarding ESG activities. For this purpose, clauses on the ESG strategy of the GP or fund are implemented as standard in alignment with the internal ESG strategy. Furthermore, clauses related to ESG reporting will ensure the provision of non-financial data or ESG KPIs in order to produce high quality ESG reports in the future and to comply with the requirements of increasing regulatory obligations.

Agreements made in side-letters to implement measures to improve the sustainability strategy as well as to review compliance and monitor the progress on potentially agreed ESG action plans, are discussed and results demanded within the scope of the possibilities to exert influence, e.g. as part of the Investor Advisory Board/ Limited Partner Advisory Committee, in bilateral discussions or at AGMs.

In addition, YIELCO advocates for support and compliance with the UN Principles for Responsible Investment among target fund managers where they are not yet supporters, and considers support to implement a policy and encourages dedicated reporting.