



# Article 10 (SFDR) Website disclosure for an Article 8 fund

## Ufenau Continuation 4, SLP

Version	Date of publication	Date of update (if any)	Explanation (if any)
16.10.2023	20.10.2023	-	-

**Product name: Ufenau Continuation 4, SLP**

Does this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:_%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of_% of sustainable investments. <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:_%</b>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



**A. Summary**

For over 11 years, Ufenau has been focusing on “Asset Light” service companies. Hence, people are and have always been the most important success factor of our investments and our company. Ufenau’s core segments and geographical reach are dominated by high environmental, social and governance (“**ESG**”) standards, compared to other regions around the globe. The “Asset Light” service companies typically have less critical ESG topics (e.g. emissions, manufacturing amongst others) and our geographical focus on German speaking Europe, Spain and Benelux is characterized by high ESG standards in general. With our focus on growth, in particular through a Buy-&-Build strategy, we are forming larger companies that due to increasing size are better prepared for a sustainable future. We constantly aim to sustainably improve the business models of our portfolio companies in order to achieve benefits for all share and stakeholders. In that sense, Ufenau Continuation 4, SLP (“**UC4**” or “**the fund**”) promotes environmental and social characteristics, including but not limited to, the exclusion of sectors that are considered controversial, while also supporting certain United Nations Sustainable Development Goals (“**SDGs**”) through the fund’s investments.



**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

#### What are the environmental or social characteristics promoted by this financial product?

The fund promotes the selection of companies from countries with high ESG standards and the exclusion of controversial sectors and economic activities from investments.

The fund promotes E/S characteristics including the exclusion of sectors that are considered as controversial. The fund seeks to meet those characteristics by excluding companies involved in the following sectors from direct investments:

- Indiscriminate weaponry;
- Conventional weaponry;
- Pornography;
- Tobacco;
- Gambling;
- Non-military rearms;
- High interest rate lending;
- Human embryonic cloning; and
- Extraction of thermal coal and production of oil from oil sands,

The exclusion of companies involved in the aforementioned sectors is subject to specific thresholds which can be found in the Ufenau 2022 ESG Report available upon request. These exclusions are applied during the sourcing phase to ensure alignment with the fund's ESG standards.

Closely monitoring of the environmental and social performance of the investee companies by evaluating key investment metrics, including financial performance, growth potential, ESG performance, employee satisfaction, retention, diversity, and focusing on certain SDGs:

- Good health and well-being;
- Quality education;
- Clean water and sanitation;
- Decent work and economic growth;
- Responsible consumption and production;
- Life on hand; and
- Partnerships for the goals,

The investment advisor is a signatory to the principles for responsible investment (“PRI”) supported by the United Nations and as such taking into account, amongst others, the consideration of good governance practices, including ownership structure, board structure and membership, capital allocation track record, management incentives, and labor relations history.



## D. Investment strategy

### **What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The fund is organised for the principal purpose of (i) acquiring, directly or indirectly and in accordance with the respective sale and purchase agreements (“SPA”), GarLa Gruppe Holding AG, 24/7 Kanalservice Holding AG, and Hanseatic Power Service GmbH (together with their subsidiaries) (ii) where appropriate, making follow-on investments; (iii) holding, managing, monitoring, refinancing, realising and otherwise dealing with the investments; and (iv) engaging in such other activities incidental or ancillary thereto as the general partner of the fund deems necessary or advisable in order to achieve a medium to long-term capital appreciation for the partners at an attractive risk/reward profile.

Pre-Investment: Upon verification of compliance with pre-screening investment restrictions and exclusions, an ESG assessment is performed by Ufenau to identify key ESG factors, SDGs and opportunities relevant to the proposed investment.

In that sense, the fund excludes from direct investments, companies involved in sectors deemed to be controversial, which are as follows:

- Indiscriminate weaponry
- Conventional weaponry
- Pornography
- Tobacco
- Gambling
- Non-military rearms
- High interest rate lending
- Human embryonic cloning
- Extraction of thermal coal and production of oil from oil sands

The due diligence is tailored to each opportunity during the investment assessment stage, taking into account the integrity of the management team, ESG risk exposure, industry specifics, and jurisdictional factors. During internal and external investment assessment meetings, the investment team thoroughly examines and discusses relevant ESG topics and SDGs, ensuring that all aspects are considered in their decision-making process. This process ensures that only deals aligned with our values and exclusion criteria are pursued. An investment committee is held prior to any investment decision who determines whether such company fits Ufenau’s ESG strategy and philosophy.

Post-Investment: Portfolio companies will be developed with the support of Ufenau, with the aim to outline improvements to policies, processes, and performance in respect of ESG in general, and to follow certain of the SDGs as well as to the PRI supported by the United Nations. The progress will be monitored through annual data collection and reporting via a SAAS platform, where, amongst others, a benchmark is provided, allowing to determine whether investee companies are on track of the projected objectives. The results of data collection and reporting across the portfolio will also allow Ufenau to report certain progress at the portfolio level, which will be presented to investors and other relevant stakeholders as part of the annual periodic disclosure.

### **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?**

Ufenau will make use of the following binding element in order to select the investments to attain each of the environmental or social characteristics:

- The fund will not invest in the companies that are involved in any of the economic activities deemed to be controversial.

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

The investment advisor is a signatory to the PRI supported by the United Nations. The fund aims to ensure that good governance practices - including ownership structure, board structure and membership, capital allocation track record, management incentives, and labor relations history - are embedded into the management bodies of portfolio companies. They are also assessed by taking into consideration items such as financial performance, growth potential, ESG performance, employee satisfaction, retention, and diversity. The Investment Team identifies global best practices and prepares for company engagement.

In the event of ESG incidents, we disclose them in quarterly reports and address them promptly at the company level with the support of our team. We closely track the resolution and any improvements made, reporting this information to our investors at least on a quarterly basis. Our engagement policy emphasizes transparency and swift action to maintain our commitment to sustainability-related initiatives.

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

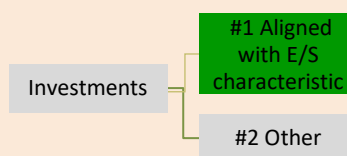
- Yes  
 No



## E. Proportion of investments

### What is the planned asset allocation for this financial product?

The fund intends to allocate at least 50% of its net assets to investments that qualify as aligned with the E/S characteristics (#1 Aligned with E/S characteristics). The remaining 50% of assets (#2 Other) will be held to cover credit risk and interest rate risk only. The fund may invest in derivative instruments and use derivative techniques for covering credit risk and interest rate risk only. Derivatives will not be used to attain the environmental or social characteristics.



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

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.



## F. Monitoring of environmental or social characteristics

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

The fund uses the following sustainability indicators to measure the attainment of each of the environmental or social characteristics:

- The number of portfolio companies that report progress during the annual data collection process in relation to the SDGs as well as to the PRI supported by the United Nations and followed by the Investment Advisor; and
- The share of investments in companies falling under the scope of the exclusion criteria.

Further to the above listed indicators that are used to measure the attainment of the environmental or social characteristics, the fund uses the collection of core sustainability metrics from the portfolio companies of the fund, in accordance with the ESG Data Convergence Initiative ([www.esgdc.org](http://www.esgdc.org)) and its guidelines.

The fund integrates environmental, social and governance (ESG) considerations throughout the ownership period to ensure that the fund attains its environmental and social characteristics. ESG metrics are collected at least once a year using a SAAS platform and an assessment of the company's development and ESG progress are made by Ufenau team together with an external advisor. The results of the ESG initiatives are reported in an annual and publicly available ESG report.

### How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

ESG development is continuously monitored through close collaboration with portfolio company management teams. We collect ESG updates annually and share progress with our investors in annual reports and investor meetings. Additionally, we review and update the relevance of SDGs to each portfolio company on a yearly basis.

ESG metrics at portfolio company level are collected at least once a year using a SAAS platform and an assessment of the company's development and ESG progress are made by Ufenau team together with an external advisor. The results of the ESG initiatives are reported in an annual and publicly available ESG report.



### G. Methodologies

#### **What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?**

We employ a collaborative approach to measure the attainment of E/S characteristics using sustainability indicators. Our team collects qualitative and quantitative ESG data directly from portfolio companies and monitors their progress. We also review on a yearly basis the SDGs alignment at the portfolio company level and update the company's ESG roadmap with any relevant additions.



### H. Data sources and processing

#### **What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**

Our primary data source is the portfolio companies themselves, from which we collect data through annual management interviews. Our team processes and assesses this data, and the portfolio companies validate it. Estimates can be used based on data provided by the SAAS platform (benchmark).



### I. Limitations to methodologies and data

#### **What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)**

Limitations include the potential lack of non-financial data in the desired quality and quantity from smaller portfolio companies. To address these limitations and in order to avoid that such limitation affect the E/S characteristics promoted, we may use estimation techniques to reflect the true economic reality as closely as possible while continuously working to improve data quality and availability.



## J. Due diligence

### What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

Our due diligence process (see below) incorporates ESG considerations throughout the entire investment process. Additionally, an investment committee meeting is held prior to any investment decision to determine whether such a potential company matches Ufenau's ESG strategy and philosophy. Finally, the alternative investment fund manager conducts ESG due diligence using a pre-set extensive questionnaire to assess potential sustainability risks. If needed and depending on the complexity of the transaction, an external advisor could be involved in the due diligence process. The Ufenau ESG Committee is involved with the review of the ESG due diligence.



## K. Engagement policies

### Is engagement part of the environmental or social investment strategy?

- Yes  
 No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)



In case any ESG incidents occur, they will be disclosed in quarterly reports and addressed promptly at the level of the company with the support of our team. We closely track the resolution and progress of any ESG incidents, and we report this information to our investors at least on a quarterly basis. Our engagement policy emphasizes transparency and swift action to maintain our commitment to sustainability-related initiatives.



#### L. Reference benchmark

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

Yes

No

#### Where can more product-specific information be found?

**More product-specific information can be found in the pre-contractual template**

**More product-specific information can be found in the periodic reports**