HQ Capital

HQ CAPITAL IV SCS SICAV-RAIF – AUDA DEEP IMPACT FUND (THE "SUB-FUND"), A SUB-FUND OF HQ CAPITAL IV SCS SICAV-RAIF (THE "PARTNERSHIP")

SUSTAINABILITY-RELATED DISCLOSURES

Summary

The investment objective of the Sub-Fund is to seek to provide attractive risk-adjusted returns by investing in Sustainable Investments (as defined in Regulation (EU) 2019/2088, as may be amended from time to time ("SFDR")) principally in the form of Impact Investments (as defined below), while seeking to reduce investment risks through diversification. The Sub-Fund will further seek to preserve capital and to outperform public equity markets over a long-term horizon. HQ Capital IV GP S.à r.l., the general partner (the "General Partner") of the Partnership in respect of the Sub-Fund, intends to pursue the sustainable investment objective of the Sub-Fund in accordance with the provisions relating to Article 9 (or dark green) products under the SFDR.

The Sub-Fund will seek to achieve the investment objective by pursuing a sustainable investment policy. The General Partner intends that no less than sixty per cent (60%) of the Sub-Fund's portfolio will be comprised of Sustainable Investments, focusing on the four Sustainability Sectors, as defined and outlined below.

The Sub-Fund's investments may consist of (i) private equity target funds and (ii) private equity undertakings, providing that such target funds or undertakings invest themselves either directly or indirectly through other target funds or undertakings in:

1. unlisted participations in undertakings;
2. equity-like instruments (including subordinated receivables and subordinated profit participating loans as well as listed shares in the context of, for instance, public-to-private transactions or exits via an initial public offering (IPO));
3. other instruments of corporate financing (such as shareholder loans, whether or not securitized, convertible or not, subordinated, with fixed or floating interest rates or with or without maturity) and combinations thereof; or
4. Other Investments (as defined below), to the extent not already described above (i.e. liquid assets and derivative instruments used for hedging purposes only),

(together, the "Investment(s)"). The Investments described under bullet points 1. to 3. above are "Private Equity Investments".

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

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

sustainable aquaculture, alternatives to fish protein, seafood supply, circular plastics economy, and water desalination;
- healthcare – being Investments that align with SDG 3 to ensure healthy lives and promote well-being for all at all ages. It is anticipated that such Investments will be Sustainable Investments that contribute to a social objective, although certain environmental safeguards will also be required; and
- education – being Investments that align with SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. It is anticipated that such Investments will be Sustainable Investments that contribute to a social objective, although certain environmental safeguards will also be required.

It is expected that Investments in the blue economy and green economy will contribute positively to one or more of the following sustainable investment objectives outlined in Article 9 of Regulation (EU) 2020/852 as amended from time to time (the “Taxonomy Regulation”): (a) climate change mitigation, (b) climate change adaptation, and (c) the sustainable use and protection of water and marine resources. However, such Investments may not qualify as environmentally sustainable investments within the meaning of Article 3 of the Taxonomy Regulation.

Investments in healthcare and education are expected to contribute positively to social objectives, in particular by contributing to tackling inequality or fostering social cohesion, social integration and labor relations, or investing in human capital or economically or socially disadvantaged communities.

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

Investments will also be aligned with the OECD Guidelines for Multinational Enterprises and with the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (the “International Standards”).

Any such Investments are, together, the “Impact Investment(s)”.

The Private Equity Investments may be effected by way of Primary Investments, Secondary Investments and/or Co-Investments, each of which are described below. “Primary Investments” are commitments to target funds prior to or at the final closing of the relevant target fund. “Secondary Investments” are the direct or indirect acquisition of interests, through secondary market transactions, in private equity target funds focusing on leveraged buyout, growth equity and other strategies such as mezzanine and other private equity target funds. “Co-Investments” are transactions in a single underlying participation in a private equity undertaking made by the Sub-Fund alongside a vehicle or target fund managed or advised by a private equity fund manager.

The Sub-Fund may also invest in Investments which are not expected to be Sustainable Investments and may include: (1) liquid assets; (2) derivative instruments (to be used for hedging purposes only); and (3) Investments that, while they are focused on one or more of the four Sustainability Sectors or other environmental or social impacts, do not qualify as Sustainable Investments under SFDR (collectively, “Other Investments”).