SFDR Disclosures

Mandatory disclosures under Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (EU) 2019/2088 (SFDR):

A. GENUI GmbH

Publication version: 4. This document was last updated on 31 December 2023 for editorial amendments, the reporting of GENUI II GmbH & Co. geschl. InvKG under Article 8 and additional information on GENUI III GmbH & Co. geschl. InvKG related to the positive impact assessment of the target companies.

Publication version: 3. This document was last updated on 1 June 2023 for editorial amendments.

Publication version: 2. This document was updated on 1 January 2023 for editorial amendments and to provide sustainability-related disclosures on product level for GENUI III GmbH & Co. geschl. InvKG.

Publication version: 1. The original version of GENUI GmbH's sustainability-related disclosures was published on 19 May 2021.

If you have any questions, please do not hesitate to contact us at ns@genui.de.

I. Transparency of sustainability risk[1] policies (Article 3 SFDR)

GENUI GmbH's ("**GENUI**") objective is to create long-term value for investors resulting in strong market financial returns and social & ecological impact. GENUI aims to live and promote 'Good Entrepreneurship' reflected in GENUI's culture, business processes and at all stages of the investment cycle of its managed funds.

The *GENUI Sustainable Investing Framework* ensures that sustainability is not only embedded in GENUI´s own operations but sustainability risk is integrated throughout the investment process. When assessing a new investment GENUI (i) applies negative screening criteria and (ii) considers sustainability risks as part of the due diligence process. Ensuring independent measurement, reporting and disclosure of ESG risks, the due diligence is conducted by an independent advisory firm in close cooperation with the GENUI ESG team and investment team. The due diligence involves an assessment of sustainability risks as well as the target company's

[1] "Sustainability risk" means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment" (Sec. 2 no. 22 SFDR).

capacity to manage such risks. The results of such assessment are taken into account when investment decisions for the managed funds are being taken.

Throughout the holding period of the managed funds' portfolio companies GENUI's sustainability governance structure ensures senior-level commitment from both GENUI and its portfolio companies as well as respective advice via GENUI`s dedicated ESG team and the Entrepreneurs Boards (= GENUI advisory boards). It enables GENUI to continuously (i) monitor, evaluate and report sustainability risks, (ii) track progress on mitigation, (iii) identify any new risks and (iv) advise on related initiatives encouraging the portfolio company to actively work with the identified risks.

II. No consideration of adverse impacts of investment decisions on sustainability factors (Article 4 SFDR)

Article 4 of the SFDR provides a framework aimed at achieving transparency and the reduction of negative externalities associated with the principal adverse impacts of investment decisions on sustainability factors. Under SFDR, certain financial market participants, such as GENUI, must disclose whether or not they consider the principal adverse impacts of their investment decisions on a firm-wide basis in accordance with this regime ("**Firm-level PAI Regime**").

GENUI does not consider adverse impacts of its investment decisions within the meaning of Article 4 of the SFDR.

The Firm-level PAI Regime operates on a whole-of-firm basis and therefore if GENUI was to opt in, the regime would apply across all funds managed by it. Currently, GENUI is of the view that the information it receives from the portfolio companies across all of its managed funds would not be sufficient to enable it to report and consider the principal adverse impacts of its investment decisions on a firm-wide basis in the manner set out in the SFDR Firm-level PAI regime.

GENUI keeps this position under review but does not expect data availability across all of its managed funds' portfolios to sufficiently change in the near future to allow it to opt into the Firm-level PAI regime. As a result, GENUI does not currently have a target date for when it expects to opt into the SFDR Firm-level PAI regime.

Under the SFDR, a fund cannot opt into the Article 7 SFDR fund-level principal adverse impacts regime ("**Fund-level PAI Regime**") if the manager of that fund opts out under the Firm-level PAI Regime. For this reason, since GENUI opts out of the Firm-level PAI Regime for the reasons above, all funds managed by it are required to disclose under Fund-Level PAI Regime that GENUI has opted out of the Firm-level PAI Regime and the reasons therefor.

III. Transparency of remuneration policies in relation to the integration of sustainability risks (Article 5 SFDR)

GENUI's remuneration policy is designed to encourage its professionals to promote sustainable growth and promotes sound and effective risk management with respect to sustainability risks, ensuring that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. The remuneration of the employees having a material impact on the relevant funds' risk profile comprises fixed remuneration only. The compensation model considers, among others, the continuous monitoring and support of portfolio companies regarding the implementation of ESG performance improvement measures and ESG risks.

B. Sustainability-Related Disclosures (GENUI II)

This disclosure is provided pursuant to European Union regulatory requirements and is not intended for use by investors outside of the European Union. This disclosure is made in respect of GENUI II GmbH & Co. geschl. InvKG (defined below) pursuant to Article 10 of Regulation (EU) 2019/2088 (the "**SFDR**"), as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022 (the "**RTS**"). The contents of this disclosure should not be construed as legal, tax or investment advice. In case of any discrepancy between the information in this disclosure and the GENUI II private placement memorandum and limited partnership agreement (the "**Offering Documents**"), the Offering Documents shall prevail. This disclosure has been prepared in good faith, but the matters referred to within do not reflect binding aspects of the management of GENUI II except to the extent that they are such under the Offering Documents.

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Financial product name	GENUI II GmbH & Co. geschl. InvKG, ("**GENUI II**")
Financial product details	Registered in Hamburg, HRA: 123432 LEI Code: 3912008XYU00JVQ9NZ10
AIFM of the financial product	GENUI GmbH ("**GENUI**")
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I. Summary

GENUI II follows a private equity strategy, and makes equity and equity-related investments in mid-cap companies predominantly in the DACH region.

Article 8 of the SFDR applies to alternative investment funds which "*promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices*". GENUI considers that GENUI II falls within the type of product identified by Article 8 of the SFDR. In reaching this conclusion, GENUI has made a good faith assessment based on the information reasonably available to it at the time, taking into account the SFDR, the RTS, pan-European regulatory guidance and market practice. The product categories in the SFDR can be open to subjective interpretation, and GENUI's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification.

GENUI II's promoted environmental characteristics are: GHG emissions and carbon footprint measurement, reduction and compensation; renewable energy use; and waste management and biodiversity. GENUI II's promoted social characteristics are: equal pay; diversity in management board/at C-level; employee health; and skill development. GENUI II seeks to achieve these promoted environmental and social characteristics through, in summary, GENUI II's ESG due diligence; portfolio company monitoring; portfolio company engagement; annual assessments of certain portfolio companies; ESG portfolio roundtables; ESG reporting to investors; and certain divestment considerations. For more details, please see section III. of this disclosure.

Whilst all of GENUI II's core investments are intended to align with GENUI II's promoted environmental and social characteristics as they are described in this disclosure, GENUI II may also hold up to 20% of GENUI II's net asset value in non-core assets (which might include cash, temporary investments, or other financial instruments, for example, for the purposes of liquidity or hedging). This is intended to be a long-term percentage figure, although it may be subject to short-term variations, such as those arising from GENUI II's investment period or as it exits investments. For more details, please see section V of this disclosure.

GENUI considers the good governance of portfolio companies including (but not limited to) with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This is predominantly done in practice through ESG, legal and tax due diligence; portfolio company monitoring and engagement; and assessment of employee and customer engagement. For more details, please see section IV of this disclosure.

While GENUI considers that GENUI II promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, GENUI II does not:

- have sustainable investment as its objective (within the meaning of Article 9 of the SFDR) or a reduction in carbon emissions as its objective (within the meaning of Article 9(3) of the SFDR);
- use a designated index as a reference benchmark (within the meaning of Article 8(1)(b) of the SFDR);

- commit to making a minimum proportion of "sustainable investments" (within the meaning of Article 2(17) of the SFDR);
- commit to making a minimum proportion of investments which qualify as "environmentally sustainable" under Article 3 of Regulation (EU) 2020/852 (the "**Taxonomy Regulation**"); or
- take into account the principal adverse impacts ("**PAIs**") on sustainability factors within the meaning of Article 7 of the SFDR.

Whilst GENUI II does not commit to making a minimum proportion of "sustainable investments" (under SFDR) or investments which qualify as environmentally sustainable (under the Taxonomy Regulation) as noted above, it is not restricted from doing so.

I. Zusammenfassung

GENUI II verfolgt eine Private-Equity-Strategie und tätigt Eigenkapital- und eigenkapitalbezogene Investitionen in mittelständische Unternehmen überwiegend in der DACH-Region.

Artikel 8 der Offenlegungsverordnung gilt für alternative Investmentfonds*, die "unter anderem ökologische oder soziale Merkmale oder eine Kombination dieser Merkmale fördern, sofern die Unternehmen, in die investiert wird, gute Governance-Praktiken anwenden*". GENUI ist der Ansicht, dass GENUI II unter die in Artikel 8 der Offenlegungsverordnung genannte Art von Produkten fällt. Um zu dieser Schlussfolgerung zu gelangen, hat GENUI eine Beurteilung nach Treu und Glauben vorgenommen, die auf den Informationen beruhte, die zu diesem Zeitpunkt nach vernünftigem Ermessen zur Verfügung standen, unter Berücksichtigung der Offenlegungsverordnung, der RTS, der europaweiten Regulierungsleitlinien und der Marktpraxis. Die Produktkategorien in der SFDR können subjektiv interpretiert werden, und die Ansicht von GENUI über die angemessene Einstufung kann sich im Laufe der Zeit ändern, auch als Reaktion auf gesetzliche oder behördliche Leitlinien oder Änderungen des Branchenansatzes für die Einstufung.

Die vom Fonds verfolgten Umweltmerkmale sind: Messung, Reduzierung und Kompensation von Treibhausgasemissionen und CO2-Fußabdruck; Nutzung erneuerbarer Energien; Abfallwirtschaft und biologische Vielfalt. Die geförderten sozialen Merkmale des Fonds sind: gleiches Entgelt; Diversität im Vorstand/auf C-Level; Gesundheit der Mitarbeiter; und die Entwicklung von Kompetenzen. GENUI II ist bestrebt, diese verfolgten ökologischen und sozialen Merkmale durch die ESG-Due-Diligence-Prüfung des Fonds; durch Überwachung der Portfoliounternehmen; Engagement der Portfoliounternehmen; jährliche Bewertungen bestimmter Portfoliounternehmen; ESG-Portfolio-Roundtables; ESG-Berichterstattung an Investoren; und bestimmte Veräußerungsüberlegungen zu erreichen. Für weitere Einzelheiten siehe Abschnitt III. dieser Offenlegung.

Während alle Kernanlagen des Fonds darauf abzielen, sich an den geförderten ökologischen und sozialen Merkmalen des Fonds auszurichten, wie sie in dieser Offenlegung beschrieben sind, kann GENUI II auch bis zu 20 % des Nettoinventarwerts des Fonds in nicht zum Kerngeschäft gehörenden Vermögenswerten halten (zu denen Barmittel, temporäre Anlagen oder andere Finanzinstrumente gehören können, z. B. zu Liquiditäts- oder Absicherungszwecken). Dabei handelt es sich um einen langfristigen Prozentsatz, der jedoch kurzfristigen Schwankungen unterliegen kann, z. B. aufgrund des Anlagezeitraums des Fonds oder beim Ausstieg (Exit) aus Investitionen. Weitere Einzelheiten finden Sie in Abschnitt V dieser Offenlegung.

GENUI berücksichtigt die Good Governance von Portfoliounternehmen, einschließlich (aber nicht beschränkt auf) solide Managementstrukturen, Mitarbeiterbelange, Vergütung der Mitarbeiter und Steuerkonformität. Dies geschieht in der Praxis überwiegend durch ESG-, rechtliche und steuerliche Due Diligence; Überwachung und Engagement von Portfoliounternehmen; und Bewertung des Mitarbeiter- und Kundenengagements. Weitere Einzelheiten finden Sie in Abschnitt IV dieser Offenlegung.

GENUI ist zwar der Ansicht, dass GENUI II ökologische und soziale Merkmale im Sinne von Artikel 8 der Offenlegungsverordnung fördert, aber:

- verfolgt nicht nachhaltige Investitionen (im Sinne von Artikel 9 der Offenlegungsrichtlinie) oder Investitionen, die eine Verringerung der Kohlenstoffemissionen (im Sinne von Artikel 9 Absatz 3 der Offenlegungsverordnung über nachhaltige Investitionen) zum Ziel haben;
- verwendet nicht einen bestimmten Index als Referenzwert (im Sinne von Artikel 8 Absatz 1 Buchstabe b der Offenlegungsverordnung);
- verpflichtet sich nicht, einen Mindestanteil an "nachhaltigen Investitionen" (im Sinne von Artikel 2 Nummer 17 der Offenlegungsverordnung für nachhaltige Investitionen) zu tätigen;
- verpflichtet sich nicht, einen Mindestanteil an Investitionen zu tätigen, die gemäß Artikel 3 der Verordnung (EU) 2020/852 (im Folgenden "**Taxonomie-Verordnung**") als "ökologisch nachhaltig" gelten; oder
- berücksichtigt nicht die wichtigsten nachteiligen Auswirkungen ("**PAI**") auf Nachhaltigkeitsfaktoren im Sinne von Artikel 7 der Offenlegungsverordnung.

GENUI II verpflichtet sich zwar nicht, einen Mindestanteil an "nachhaltigen Investitionen" (gemäß SFDR) oder Investitionen, die wie oben erwähnt als ökologisch nachhaltig (gemäß der Taxonomie-Verordnung) gelten, zu tätigen, ist jedoch nicht daran gehindert dies zu tun.

II. No sustainable investment objective

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

III. Environmental or social characteristics of the financial product

Promoted Characteristics

GENUI II promotes the following environmental and social characteristics:

Environmental	GHG emissions and carbon footprint measurement, reduction and compensation
	Renewable energy use
	Waste management
	Biodiversity
Social	Equal pay
	Diversity in management board/at C-level
	Employee health
	Skill development

GENUI II seeks to promote these environmental and social characteristics (solely) to the extent that it engages in the following activities:

- **ESG due diligence.** GENUI II incorporates ESG due diligence into its decision-making process to identify risks and opportunities. Before any investment is made, ESG due diligence is carried out by an independent advisory firm, in close co-operation with GENUI's ESG and investment teams.

  GENUI II will also not invest in companies:

  - that derive a significant percentage of their revenue from the arms industry and arms trading; the gambling industry; the tobacco industry; human cloning/genetic engineering; or from the fossil gas and nuclear energy sectors;
  - whose business activity consists of narcotics, alcohol or adult entertainment; or

- suspected of unethical or illegal business practices, including modern slavery, child labour or animal torture

(the "**GENUI Negative Screen**").

- **Monitoring portfolio companies.** The GENUI ESG team systematically monitors ESG performance of portfolio companies through the "*GENUI ESG Reporting KPI Set*". This reporting set leverages the principal adverse indicator metrics, the Invest Europe ESG Reporting Guidelines and the core metrics presented by ILPA's ESG Data Convergence Initiative.

  The ESG performance of portfolio companies is monitored throughout the investment holding period by GENUI's ESG team and the GENUI Entrepreneurs Boards. ESG status and progress is also discussed at least annually as part of the activities of the Entrepreneurs Board. As part of this, improvement actions (where relevant) are defined by management for the subsequent period, including those required to address potential gaps in ESG systems, processes and standards.

- **Engagement with portfolio companies.** During the ownership period, GENUI will encourage management teams to mitigate any adverse impacts of the relevant portfolio company and improve the corresponding ESG parameters identified during due diligence. This will be done through monitoring throughout the year by GENUI's ESG team. As part of this, GENUI II will encourage its portfolio companies to align with the UN Sustainability Development Goals; to adopt no exploitation policies; and to align with science-based climate targets to limit global warming to 1.5°C and to reduce their negative environmental footprint accordingly.

- **Independent ESG assessments.** For portfolio companies whose business models inherently have a positive social or environmental impact, GENUI engages an independent advisory firm on GENUI II's behalf to conduct an analysis to quantify the value to society created by that portfolio company on an annual basis.

- **ESG Portfolio Roundtable.** GENUI has established an ESG Portfolio Roundtable as a forum for portfolio companies to exchange lessons learned, best practices, achievement, goals and challenges faced with respect to ESG matters.

- **ESG reporting.** GENUI publishes ESG reports on an annual basis including information on sustainability initiatives at management company level and portfolio company level. This includes information on the business impact and performance against the *GENUI ESG Reporting KPI Set* of GENUI II's portfolio companies. The annual sustainability report is made publicly available on GENUI's website.

- **Divestment considerations.** As part of its divestment considerations, GENUI considers whether a potential future investor is interested in continuing the portfolio company's ESG achievements.

Together, these are referred to as GENUI II's promoted "**E/S Characteristics**".

GENUI reserves the right to amend or suspend these characteristics in its discretion where it is reasonable in certain circumstances, for example to comply with a legal or regulatory obligation.

IV. Investment strategy

Fund Investment Strategy

GENUI II makes equity and equity-related investments in mid-cap companies predominantly in the DACH region.

Binding elements of GENUI II's investment strategy to attain GENUI II's promoted E/S Characteristics

The binding elements of GENUI II's investment strategy used to attain GENUI II's promoted E/S Characteristics are:

- **ESG due diligence.** Prior to any investment being made by GENUI II, GENUI will:
  - Appoint an independent advisory firm to conduct an ESG due diligence assessment of the potential investment's ESG characteristics (for more detail, see section III. above)
  - Apply the GENUI Negative Screen (for more detail, see section III. above)
- **Monitoring portfolio companies.** GENUI will:
  - Advise management of the relevant portfolio companies to enable GENUI II to collect data under the *GENUI ESG Reporting KPI Set* and GENUI's ESG team will monitor this data.
  - Ensure that ESG status and progress are discussed at least annually at the Entrepreneurs Board, and that (where relevant) ESG improvement actions are defined by management for the subsequent period.
- **Engagement with portfolio companies.** GENUI will engage with portfolio companies on ESG-related matters on an ongoing basis (the nature, scope and frequency of such engagements to be determined in GENUI's complete discretion). (For more detail, see section III. above)

- **Independent ESG assessments.** GENUI will engage an independent advisory firm on behalf of GENUI II to conduct an ESG assessment of portfolio companies whose business models inherently have a positive social or environmental impact.
- **ESG portfolio roundtable.** GENUI will invite portfolio companies to an ESG Portfolio Roundtable at least annually (for more detail, see section III. above).
- **ESG reporting.** GENUI II will publish an annual sustainability report.
- **Divestment considerations.** Considering the ESG profile and intentions of potential buyers when planning for divestment.

Good Governance

GENUI's good governance policy assesses the good governance practices of GENUI II's portfolio companies, including (but not limited to) with respect to sound management structures, employee relations, remuneration of staff and tax compliance ("**Good Governance Standards**"), in accordance with established industry-wide standards.

GENUI is a signatory to the United Nations' Principles for Responsible Investment (UN PRI), United Nations' Global Compact (UN GC), Operating Principles of Impact Management (OPIM) and incorporates these principles into its investment process.

The good governance of target companies is assessed prior to making an investment and periodically thereafter. The nature and depth of the assessment will depend on the type and structure of the investment and other risk factors (such as the size, sector and geographic location of the portfolio company). However, at minimum, GENUI will seek and consider, in its absolute discretion, information in respect of each of the Good Governance Standards.

In practice, the Good Governance Standards of portfolio companies will primarily be assessed and monitored through:

- GENUI's pre-investment ESG, legal and tax due diligence, including in relation to governance matters.
- Monitoring of portfolio companies through *GENUI's ESG Reporting KPI Set*.
- Engaging with portfolio companies on adverse impacts relating to governance (where relevant), including through the activities of the Entrepreneurs Board.
- Consideration of portfolio company employee engagement and satisfaction.

If, during the course of an investment, a portfolio company ceases to have 'good governance' (as assessed by GENUI, in its discretion), GENUI will seek to engage with that portfolio company to seek to rectify any adverse governance findings. If such deficiencies cannot be rectified, further actions may be considered which may include, as a last resort, divestment of the relevant company. The time period in which divestment may be achieved in such circumstances may vary, and would be undertaken in GENUI's complete discretion.

V. Proportion of investments

GENUI II will invest in line with its investment strategy and investment restrictions.

All of GENUI II's core investments will seek to be aligned with GENUI II's promoted E/S Characteristics as described above.

GENUI II may hold a portion of its investments in non-core investments, for example cash, temporary investments or other financial instruments (such as for the purposes of liquidity). Such investments should not constitute more than 20% of the net asset value of GENUI II, although this is intended to be a long-term figure, which may be subject to short-term variations, for example arising from GENUI II's investment period or as GENUI II exits investments.

GENUI II does not commit to making a minimum proportion of "sustainable investments" (within the meaning of Article 2(17) of the SFDR) or investments in environmentally sustainable economic activities (within the meaning of Article 3 of the Taxonomy Regulation), although GENUI II is not restricted from doing so.

GENUI II may hold investments directly or through holding companies, and does not make any distinction between such exposures.

VI. Monitoring of environmental or social characteristics

Throughout the lifecycle of an investment, GENUI II's promoted E/S Characteristics and sustainability indicators are monitored and reviewed on an annual basis. The dedicated GENUI ESG team systematically monitors ESG performance through the *GENUI ESG Reporting KPI Set*.

The sustainability indicators used to monitor attainment of GENUI II's promoted E/S Characteristics are:

Characteristic	Sustainability Indicator(s)
ESG due diligence	% portfolio companies subject to pre-investment ESG due diligence Of these, % portfolio companies subjected to pre-investment ESG due diligence conducted by an independent advisory firm

	% portfolio companies which passed the GENUI Negative Screen
Monitoring portfolio companies	% portfolio companies reporting using the *GENUI ESG Reporting KPI Set* during the reference period % portfolio companies subject to annual ESG progress review as part of the Entrepreneurs Board during the reference period % portfolio companies subject to defined ESG improvement actions proposed by the portfolio companies' management teams to the Entrepreneurs Board during the reference period
Engagement with portfolio companies	% portfolio companies subject to engagement by GENUI during the reference period
Independent ESG assessments	% portfolio companies whose business models inherently have a positive social or environmental impact (assessed in GENUI's discretion) Of these, % portfolio companies subject to an analysis by an independent advisory firm to quantify the value to society
ESG Portfolio Roundtable	(Where applicable in a given reference period) % portfolio companies whose representatives participated in an ESG Portfolio Roundtable during the reference period
ESG reporting	% portfolio companies covered by GENUI II's annual sustainability report during the reference period
Divestment considerations	% divestments made during the reference period which were subject to divestment considerations

GENUI will monitor the progress of these indicators through the collection and monitoring of available metrics. No further internal or external control mechanisms are used in relation to these sustainability indicators.

Other ESG KPIs in relation to the portfolio are available in GENUI's annual sustainability report. However, these are not designated as sustainability indicators of GENUI II for the purposes of SFDR. Further ESG-related key performance indicators may be provided to investors over time although these may or may not be classified as 'sustainability indicators' for these purposes, in GENUI's discretion.

VII. Methodologies

GENUI will use the sustainability indicators (described in VI. above) to measure how the E/S Characteristics promoted by the financial product are met. The output of this monitoring shall be reported by GENUI periodically to investors.

VIII. Data sources and processing

Some of the sustainability indicators in section VI. above reflect actions that are undertaken by or within the control of GENUI. GENUI will therefore source and compile much of the data required for such sustainability indicators from data held internally and within its control. This data is expected to be readily available, although as part of this compilation process, this data will be sense checked, and any discrepancies will be followed up on internally.

The attainment of some of GENUI II's promoted E/S Characteristics will inherently rely on third parties for data, in particular data from portfolio companies. For example, whilst GENUI will seek to monitor the sustainability performance of portfolio companies using the *GENUI ESG Reporting KPI Set*, GENUI II will be reliant on portfolio companies to provide this data and for its accuracy. Similarly, ESG due diligence (including that conducted by independent advisory firms) will often rely on information provided by the portfolio companies. GENUI works with the management teams of portfolio companies to ensure data provision and data accuracy. Where GENUI becomes aware that information is incomplete or materially inaccurate, it will take such steps as it considers practical and appropriate in order to ensure data quality, which may include further engagement with the relevant management team.

Certain analyses will be carried out by third parties, such as the ESG due diligence and independent ESG assessments. Certain considerations by such firms may be based on estimates and/or qualitative assessments and/or be subject to any scoping principles, assumptions or other qualifications adopted. In some cases, this may use data provided by third parties.

To the extent that GENUI II were ever to report that a proportion of investments were Taxonomy-aligned, those figures may be derived from public disclosures and/or equivalent information directly obtained from third party consultants. In some circumstances complementary assessments and estimates based on information from other sources may also be used.

GENUI does not expect to rely heavily on estimated data, however no proportion of estimated data has been set for GENUI II.

IX. Limitations to methodologies and data

Some limitations are intrinsic in the nature of the analysis as GENUI relies on third party information and target or portfolio companies’ disclosures that may in some cases be restricted and may affect the depth of the analysis. GENUI II's methodologies and data depend on the quality of data provided by the portfolio companies and by third parties. Although typically a thorough assessment is applied, there can be no guarantee that the data provided is complete and accurate. Through the combination of internal and external data analysis, incomplete or false data within models and calculations can early be assessed and sought to be mitigated accordingly.

In terms of the impact assessment during due diligence, the current methodology allows GENUI to identify an order of magnitude for impact potential of the portfolio companies' business model, but the general validity of projections far into the future is low. Therefore, the actual impact on a portfolio company and the E/S Characteristics will never be uniquely identifiable and correctly predictable. An independent specialist consultancy assesses the actual impact of the portfolio companies on an annual basis.

As GENUI II’s investment is made for several years, GENUI considers it a priority to establish and maintain trust within a good working relationship with GENUI II's portfolio companies as a safeguard considering the limitations described in this section. Through the Entrepreneurs Board GENUI will continue to monitor that any data limitations do not affect how the E/S Characteristics promoted by the financial product are met. Further, the GENUI ESG team ensures any methodologies and data sources are regularly updated over the life of GENUI II.

As a result, GENUI does not consider that the limitations above materially affect how the E/S Characteristics promoted by GENUI II are met in practice.

X. Due diligence

The *GENUI Sustainable Investing Framework* ensures that sustainability is not only embedded in GENUI´s own operations but sustainability risk is integrated throughout the investment process.

When assessing a new investment, GENUI (i) applies negative screening criteria and (ii) considers sustainability risks as part of the due diligence process. Ensuring independent measurement, reporting and disclosure of ESG risks, the due diligence is conducted by one or more independent advisory firms in close cooperation with the GENUI ESG team and investment team. The due diligence involves an assessment of sustainability risks as well as the target company's capacity to manage such risks. The results of such assessment are taken into account when investment decisions are being taken.

When selecting and carrying out due diligence on potential investments, GENUI takes the following into account (including the following internal and external controls):

i. Exclusion criteria: GENUI II will not invest in companies that derive a significant percentage of their revenue from the arms industry and arms trading, the gambling industry, the tobacco industry or human cloning/genetic engineering; from the fossil gas and nuclear energy sectors; or companies whose business activity consists of narcotics, alcohol or adult entertainment. GENUI II will also not invest in companies suspected of unethical or illegal business practices including modern slavery, child labour or animal torture.

ii. ESG due diligence: Entry due diligence conducted by specialist consulting firms (ESG, legal and tax) assessing ESG risks and opportunities with regard to (without limitation) climate change, biodiversity, social and employee matters, products and customers, good governance as well as stakeholder engagement taking into account international requirements and guidelines.

   Topics identified by the Sustainability Accounting Standards Board (SASB) as particularly material with regard to a specific industry are typically prioritised in the sustainability assessment of potential investments.

iii. Climate risk analysis: High-level climate-related risk scenario analysis in accordance with the TCFD guidelines conducted by a specialist consulting firm.

iv. Socio-economic impact: Assessment of the most material positive and negative externalities related to ESG factors and alignment with selected SDGs.

v. Value creation: Evaluation of ESG opportunities and advice on improvement potential considering the industry, strategy and processes of the company. Advising management on development of mitigation plan for any material issues or negative externalities identified during due diligence.

vi. Management commitment: Strategic objectives on measurement, monitoring, and reporting of ESG KPIs are embedded in the shareholder agreement.

When selecting and carrying out due diligence on potential divestments, GENUI takes the following into account:

i. ESG due diligence: Vendor due diligence (i.e. ESG fact book) conducted by a specialist consulting firm assessing ESG risks and opportunities taking into account international requirements and guidelines.

ii. **Future investor criteria**: The impact achieved at a portfolio company during GENU-I's ownership should be built upon during new ownership. Accordingly, GENUI considers whether a potential future investor is interested in continuing a portfolio company's achievements.

XI. Engagement policies

During the ownership period, GENUI II will encourage management teams to mitigate any adverse impacts of the relevant portfolio company and improve the corresponding ESG parameters identified during due diligence. The ESG status and progress is discussed at least annually as part of the activities of the Entrepreneurs Board. As part of this, improvement actions (where relevant) are defined by management for the subsequent period, including those required to address potential gaps in ESG systems, processes and standards.

GENUI has established a bi-annual ESG Portfolio Roundtable as a forum for portfolio companies to exchange lessons learned, best practices, achievement, goals and challenges faced with respect to ESG matters.

Although GENUI does not maintain separate management procedures applicable to sustainability-related controversies in portfolio companies, the occurrence of such controversies would be escalated with portfolio companies as part of ongoing GENUI's ongoing ESG engagement.

For further detail, see section III. above.

B. Sustainability-Related Disclosures (GENUI III)

This disclosure is provided pursuant to European Union regulatory requirements and is not intended for use by investors outside of the European Union. This disclosure is made in respect of the GENUI III GmbH & Co. geschl. InvKG (defined below) pursuant to Article 10 of Regulation (EU) 2019/2088 (the "**SFDR**"), as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022 (the "**RTS**"). The contents of this disclosure should not be construed as legal, tax or investment advice. This disclosure should not be used as a basis for a decision to invest in GENUI III. Such a decision should be based on GENUI III's private placement memorandum and limited partnership agreement (the "**Offering Documents**"). In case of any discrepancy between the information in this disclosure and the Offering Documents, the Offering Documents shall prevail. This disclosure has been prepared in good faith, but the matters referred to within do not reflect binding aspects of the management of GENUI III except to the extent that they are such under the Offering Documents.

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Version	3 Version 2: Last updated 1 June 2023 *for editorial amendments.* Version 1: Last updated 1 January 2023 *for editorial amendments and to provide sustainability-related disclosures on product level for GENUI III GmbH & Co. geschl. InvKG.*
Financial product name	GENUI III GmbH & Co. geschl. InvKG, ("**GENUI III**")
Financial product details	Registered in Hamburg, HRA: 128286 LEI Code: 391200WNGH91PK23IA92
AIFM of the financial product	GENUI GmbH ("**GENUI**")
AIFM details	Registered in Hamburg, HRB: 131130 LEI Code: 391200WZ0V380FHMY503

I. Summary

GENUI III will follow a private equity strategy, and makes equity and equity-related investments in mid-cap companies predominantly in the DACH region.

Article 8 of the SFDR applies to alternative investment funds which "*promote, among other characteristics, environmental or social characteristics, or a combination of those* *characteristics, provided that the companies in which the investments are made follow good governance practices*" . GENUI considers that GENUI III falls within the type of product identified by Article 8 of the SFDR. In reaching this conclusion, GENUI has made a good faith assessment based on the information reasonably available to it at the time, taking into account the SFDR, the RTS, pan-European regulatory guidance and market practice. The product categories in the SFDR can be open to subjective interpretation, and GENUI's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification.

GENUI III's promoted environmental characteristics are: GHG emissions and carbon footprint measurement, reduction and compensation; renewable energy use; and waste management and biodiversity. GENUI III's promoted social characteristics are: equal pay; diversity in management board/at C-level; employee health; and skill development. GENUI III seeks to achieve these promoted environmental and social characteristics through, in summary, GENUI III's ESG due diligence; portfolio company monitoring; portfolio company engagement; annual assessments of certain portfolio companies; ESG portfolio roundtables; ESG reporting to investors; and certain divestment considerations. For more details, please see section III. of this disclosure.

Whilst all of GENUI III's core investments are intended to align with GENUI III's promoted environmental and social characteristics as they are described in this disclosure, GENUI III may also hold up to 20% of GENUI III's net asset value in non-core assets (which might include cash, temporary investments, or other financial instruments, for example, for the purposes of liquidity or hedging). This is intended to be a long-term percentage figure, although it may be subject to short-term variations, such as those arising from GENUI III's investment period or as it exits investments. For more details, please see section V of this disclosure.

GENUI considers the good governance of portfolio companies including (but not limited to) with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This is predominantly done in practice through ESG, legal and tax due diligence; portfolio company monitoring and engagement; and assessment of employee and customer engagement. For more details, please see section IV of this disclosure.

While GENUI considers that GENUI III promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, GENUI III does not:

- have sustainable investment as its objective (within the meaning of Article 9 of the SFDR) or a reduction in carbon emissions as its objective (within the meaning of Article 9(3) of the SFDR);

- use a designated index as a reference benchmark (within the meaning of Article 8(1)(b) of the SFDR);
- commit to making a minimum proportion of "sustainable investments" (within the meaning of Article 2(17) of the SFDR);
- commit to making a minimum proportion of investments which qualify as "environmentally sustainable" under Article 3 of Regulation (EU) 2020/852 (the "**Taxonomy Regulation**"); or
- take into account the principal adverse impacts ("**PAIs**") on sustainability factors within the meaning of Article 7 of the SFDR. However, and notwithstanding section A. II of this disclosure, starting with GENUI III GmbH & Co. geschl. InvKG, GENUI will voluntarily report the mandatory principal adverse impact metrics set out in the SFDR (in Table 1 of Annex I of Regulation (EU) 2022/1288) for this fund.

Whilst GENUI III does not commit to making a minimum proportion of "sustainable investments" (under SFDR) or investments which qualify as environmentally sustainable (under the Taxonomy Regulation) as noted above, it is not restricted from doing so.

I. Zusammenfassung

GENUI III wird eine Private-Equity-Strategie verfolgen und Eigenkapital- und eigenkapitalbezogene Investitionen in mittelständische Unternehmen überwiegend in der DACH-Region tätigen.

Artikel 8 der Offenlegungsverordnung gilt für alternative Investmentfonds*, die "unter anderem ökologische oder soziale Merkmale oder eine Kombination dieser Merkmale fördern, sofern die Unternehmen, in die investiert wird, gute Governance-Praktiken anwenden*". GENUI ist der Ansicht, dass GENUI III unter die in Artikel 8 der Offenlegungsverordnung genannte Art von Produkten fällt. Um zu dieser Schlussfolgerung zu gelangen, hat GENUI eine Beurteilung nach Treu und Glauben vorgenommen, die auf den Informationen beruhte, die zu diesem Zeitpunkt nach vernünftigem Ermessen zur Verfügung standen, unter Berücksichtigung der Offenlegungsverordnung, der RTS, der europaweiten Regulierungsleitlinien und der Marktpraxis. Die Produktkategorien in der SFDR können subjektiv interpretiert werden, und die Ansicht von GENUI über die angemessene Einstufung kann sich im Laufe der Zeit ändern, auch als Reaktion auf gesetzliche oder behördliche Leitlinien oder Änderungen des Branchenansatzes für die Einstufung.

Die vom Fonds geförderten Umweltmerkmale sind: Messung, Reduzierung und Kompensation von Treibhausgasemissionen und CO2-Fußabdruck; Nutzung erneuerbarer Energien;

Abfallwirtschaft und biologische Vielfalt. Die geförderten sozialen Merkmale des Fonds sind: gleiches Entgelt; Diversität im Vorstand/auf C-Level; Gesundheit der Mitarbeiter; und die Entwicklung von Kompetenzen. GENUI III ist bestrebt, diese geförderten ökologischen und sozialen Merkmale durch die ESG-Due-Diligence-Prüfung des Fonds zu erreichen; durch Überwachung der Portfoliounternehmen; Engagement der Portfoliounternehmen; jährliche Bewertungen bestimmter Portfoliounternehmen; ESG-Portfolio-Roundtables; ESG-Berichterstattung an Investoren; und bestimmte Veräußerungsüberlegungen. Für weitere Einzelheiten siehe Abschnitt III. dieser Offenlegung.

Während alle Kernanlagen des Fonds darauf abzielen, sich an den geförderten ökologischen und sozialen Merkmalen des Fonds auszurichten, wie sie in dieser Offenlegung beschrieben sind, kann GENUI III auch bis zu 20 % des Nettoinventarwerts des Fonds in nicht zum Kerngeschäft gehörenden Vermögenswerten halten (zu denen Barmittel, temporäre Anlagen oder andere Finanzinstrumente gehören können, z. B. zu Liquiditäts- oder Absicherungszwecken). Dabei handelt es sich um einen langfristigen Prozentsatz, der jedoch kurzfristigen Schwankungen unterliegen kann, z. B. aufgrund des Anlagezeitraums des Fonds oder beim Ausstieg (Exit) aus Investitionen. Weitere Einzelheiten finden Sie in Abschnitt V dieser Offenlegung.

GENUI berücksichtigt die Good Governance von Portfoliounternehmen, einschließlich (aber nicht beschränkt auf) solide Managementstrukturen, Mitarbeiterbelange, Vergütung der Mitarbeiter und Steuerkonformität. Dies geschieht in der Praxis überwiegend durch ESG-, rechtliche und steuerliche Due Diligence; Überwachung und Engagement von Portfoliounternehmen; und Bewertung des Mitarbeiter- und Kundenengagements. Weitere Einzelheiten finden Sie in Abschnitt IV dieser Offenlegung.

GENUI ist zwar der Ansicht, dass GENUI III ökologische und soziale Merkmale im Sinne von Artikel 8 der Offenlegungsverordnung fördert, aber:

- verfolgt nicht nachhaltige Investitionen (im Sinne von Artikel 9 der Offenlegungsrichtlinie) oder Investitionen, die eine Verringerung der Kohlenstoffemissionen (im Sinne von Artikel 9 Absatz 3 der Offenlegungsverordnung über nachhaltige Investitionen) zum Ziel haben;
- verwendet nicht einen bestimmten Index als Referenzwert (im Sinne von Artikel 8 Absatz 1 Buchstabe b der Offenlegungsverordnung);
- verpflichtet sich nicht, einen Mindestanteil an "nachhaltigen Investitionen" (im Sinne von Artikel 2 Nummer 17 der Offenlegungsverordnung für nachhaltige Investitionen) zu tätigen;

- verpflichtet sich nicht, einen Mindestanteil an Investitionen zu tätigen, die gemäß Artikel 3 der Verordnung (EU) 2020/852 (im Folgenden "**Taxonomie-Verordnung**") als "ökologisch nachhaltig" gelten; oder
- berücksichtigt nicht die wichtigsten nachteiligen Auswirkungen ("**PAI**") auf Nachhaltigkeitsfaktoren im Sinne von Artikel 7 der Offenlegungsverordnung. Ungeachtet des Abschnitts A. II dieser Offenbarung, und beginnend mit GENUI III GmbH & Co. geschl. InvKG, wird GENUI freiwillig die in der SFDR (in Tabelle 1 des Anhangs I der Verordnung (EU) 2022/1288) festgelegten verbindlichen Kennzahlen für die wichtigsten nachteiligen Auswirkungen (PAI) für diesen Fonds melden.

GENUI III verpflichtet sich zwar nicht, einen Mindestanteil an "nachhaltigen Investitionen" (gemäß SFDR) oder Investitionen, die wie oben erwähnt als ökologisch nachhaltig (gemäß der Taxonomie-Verordnung) gelten, zu tätigen, ist jedoch nicht daran gehindert dies zu tun.

II. No sustainable investment objective

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

III. Environmental or social characteristics of the financial product

Promoted Characteristics

GENUI III promotes the following environmental and social characteristics:

Environmental	GHG emissions and carbon footprint measurement, reduction and compensation
	Renewable energy use
	Waste management
	Biodiversity
Social	Equal pay
	Diversity in management board/at C-level
	Employee health
	Skill development

GENUI III seeks to promote these environmental and social characteristics (solely) to the extent that it engages in the following activities:

- **ESG due diligence.** GENUI III incorporates ESG due diligence into its decision-making process to identify risks and opportunities. Before any investment is made, ESG due diligence is carried out by an independent advisory firm, in close co-operation with GENUI's ESG and investment teams.

GENUI III will also not invest in companies:

- o that derive a significant percentage of their revenue from the arms industry and arms trading; the gambling industry; the tobacco industry; human cloning/genetic engineering; or from the fossil gas and nuclear energy sectors;
- o whose business activity consists of narcotics, alcohol or adult entertainment; or
- o suspected of unethical or illegal business practices, including modern slavery, child labour or animal torture

(the "**GENUI Negative Screen**").

- **Monitoring portfolio companies.** The GENUI ESG team systematically monitors ESG performance of portfolio companies through the "*GENUI ESG Reporting KPI Set*". This reporting set leverages the principal adverse indicator metrics, the Invest Europe ESG Reporting Guidelines and the core metrics presented by ILPA's ESG Data Convergence Initiative.

  The ESG performance of portfolio companies is monitored throughout the investment holding period by GENUI's ESG team and the GENUI Entrepreneurs Boards. ESG status and progress is also discussed at least annually as part of the activities of the Entrepreneurs Board. As part of this, improvement actions (where relevant) are defined by management for the subsequent period, including those required to address potential gaps in ESG systems, processes and standards.

- **Engagement with portfolio companies.** During the ownership period, GENUI will encourage management teams to mitigate any adverse impacts of the relevant portfolio company and improve the corresponding ESG parameters identified during due diligence. This will be done through monitoring throughout the year by GENUI's ESG team. As part of this, GENUI III will encourage its portfolio companies to align with the UN Sustainability Development Goals; to adopt no exploitation policies; and to align with science-based climate targets to limit global warming to 1.5°C and to reduce their negative environmental footprint accordingly.
- **Independent ESG assessments.** For portfolio companies whose business models inherently have a positive social or environmental impact, GENUI engages an independent advisory firm on GENUI III's behalf to conduct an analysis to quantify the value to society created by that portfolio company on an annual basis.

- **ESG Portfolio Roundtable.** GENUI has established an ESG Portfolio Roundtable as a forum for portfolio companies to exchange lessons learned, best practices, achievement, goals and challenges faced with respect to ESG matters.
- **ESG reporting.** GENUI publishes ESG reports on an annual basis including information on sustainability initiatives at management company level and portfolio company level. This includes information on the business impact and performance against the *GENUI ESG Reporting KPI Set* of GENUI III's portfolio companies. The annual sustainability report is made publicly available on GENUI's website.
- **Divestment considerations.** As part of its divestment considerations, GENUI considers whether a potential future investor is interested in continuing the portfolio company's ESG achievements.

Together, these are referred to as GENUI III's promoted "**E/S Characteristics**".

GENUI reserves the right to amend or suspend these characteristics in its discretion where it is reasonable in certain circumstances, for example to comply with a legal or regulatory obligation.

IV. Investment strategy

Fund Investment Strategy

GENUI III will make equity and equity-related investments in mid-cap companies predominantly in the DACH region.

Binding elements of GENUI III's investment strategy to attain GENUI III's promoted E/S Characteristics

The binding elements of GENUI III's investment strategy used to attain GENUI III's promoted E/S Characteristics are:

- **ESG due diligence.** Prior to any investment being made by GENUI III, GENUI will:
  - Appoint an independent advisory firm to conduct an ESG due diligence assessment of the potential investment's ESG characteristics (for more detail, see section III. above)
  - Apply the GENUI Negative Screen (for more detail, see section III. above)
- **Monitoring portfolio companies.** GENUI will:
  - Advise management of the relevant portfolio companies to enable GENUI III to collect data under the *GENUI ESG Reporting KPI Set* and GENUI's ESG team will monitor this data.

  - Ensure that ESG status and progress are discussed at least annually at the Entrepreneurs Board, and that (where relevant) ESG improvement actions are defined by management for the subsequent period.

- **Engagement with portfolio companies.** GENUI will engage with portfolio companies on ESG-related matters on an ongoing basis (the nature, scope and frequency of such engagements to be determined in GENUI's complete discretion). (For more detail, see section III. above)
- **Independent ESG assessments.** GENUI will engage an independent advisory firm on behalf of GENUI III to conduct an ESG assessment of portfolio companies whose business models inherently have a positive social or environmental impact.
- **ESG portfolio roundtable.** GENUI will invite portfolio companies to an ESG Portfolio Roundtable at least annually (for more detail, see section III. above).
- **ESG reporting.** GENUI III will publish an annual sustainability report.
- **Divestment considerations.** Considering the ESG profile and intentions of potential buyers when planning for divestment.

Good Governance

GENUI's good governance policy assesses the good governance practices of GENUI III's portfolio companies, including (but not limited to) with respect to sound management structures, employee relations, remuneration of staff and tax compliance ("**Good Governance Standards**"), in accordance with established industry-wide standards.

GENUI is a signatory to the United Nations' Principles for Responsible Investment (UN PRI), United Nations' Global Compact (UN GC), Operating Principles of Impact Management (OPIM) and incorporates these principles into its investment process.

The good governance of target companies is assessed prior to making an investment and periodically thereafter. The nature and depth of the assessment will depend on the type and structure of the investment and other risk factors (such as the size, sector and geographic location of the portfolio company). However, at minimum, GENUI will seek and consider, in its absolute discretion, information in respect of each of the Good Governance Standards.

In practice, the Good Governance Standards of portfolio companies will primarily be assessed and monitored through:

- GENUI's pre-investment ESG, legal and tax due diligence, including in relation to governance matters.

- Monitoring of portfolio companies through *GENUI's ESG Reporting KPI Set*.
- Engaging with portfolio companies on adverse impacts relating to governance (where relevant), including through the activities of the Entrepreneurs Board.
- Consideration of portfolio company employee engagement and satisfaction.

If, during the course of an investment, a portfolio company ceases to have 'good governance' (as assessed by GENUI, in its discretion), GENUI will seek to engage with that portfolio company to seek to rectify any adverse governance findings. If such deficiencies cannot be rectified, further actions may be considered which may include, as a last resort, divestment of the relevant company. The time period in which divestment may be achieved in such circumstances may vary, and would be undertaken in GENUI's complete discretion.

V. Proportion of investments

GENUI III will invest in line with its investment strategy and investment restrictions.

All of GENUI III's core investments will seek to be aligned with GENUI III's promoted E/S Characteristics as described above.

GENUI III may hold a portion of its investments in non-core investments, for example cash, temporary investments or other financial instruments (such as for the purposes of liquidity). Such investments should not constitute more than 20% of the net asset value of GENUI III, although this is intended to be a long-term figure, which may be subject to short-term variations, for example arising from GENUI III's investment period or as GENUI III exits investments.

GENUI III does not commit to making a minimum proportion of "sustainable investments" (within the meaning of Article 2(17) of the SFDR) or investments in environmentally sustainable economic activities (within the meaning of Article 3 of the Taxonomy Regulation), although GENUI III is not restricted from doing so.

GENUI III may hold investments directly or through holding companies, and does not make any distinction between such exposures.

VI. Monitoring of environmental or social characteristics

Throughout the lifecycle of an investment, GENUI III's promoted E/S Characteristics and sustainability indicators are monitored and reviewed on an annual basis. The dedicated GENUI ESG team systematically monitors ESG performance through the *GENUI ESG Reporting KPI Set*.

The sustainability indicators used to monitor attainment of GENUI III's promoted E/S Characteristics are:

Characteristic	Sustainability Indicator(s)
ESG due diligence	% portfolio companies subject to pre-investment ESG due diligence Of these, % portfolio companies subjected to pre-investment ESG due diligence conducted by an independent advisory firm % portfolio companies which passed the GENUI Negative Screen
Monitoring portfolio companies	% portfolio companies reporting using the *GENUI ESG Reporting KPI Set* during the reference period % portfolio companies subject to annual ESG progress review as part of the Entrepreneurs Board during the reference period % portfolio companies subject to defined ESG improvement actions proposed by the portfolio companies' management teams to the Entrepreneurs Board during the reference period
Engagement with portfolio companies	% portfolio companies subject to engagement by GENUI during the reference period
Independent ESG assessments	% portfolio companies whose business models inherently have a positive social or environmental impact (assessed in GENUI's discretion) Of these, % portfolio companies subject to an analysis by an independent advisory firm to quantify the value to society
ESG Portfolio Roundtable	(Where applicable in a given reference period) % portfolio companies whose representatives participated in an ESG Portfolio Roundtable during the reference period
ESG reporting	% portfolio companies covered by GENUI III's annual sustainability report during the reference period
Divestment considerations	% divestments made during the reference period which were subject to divestment considerations

GENUI will monitor the progress of these indicators through the collection and monitoring of available metrics. No further internal or external control mechanisms are used in relation to these sustainability indicators.

Other ESG KPIs in relation to the portfolio are available in GENUI's annual sustainability report. However, these are not designated as sustainability indicators of GENUI III for the purposes of SFDR. Further ESG-related key performance indicators may be provided to investors over time although these may or may not be classified as 'sustainability indicators' for these purposes, in GENUI's discretion.

VII. Methodologies

GENUI will use the sustainability indicators (described in VI. above) to measure how the E/S Characteristics promoted by the financial product are met. The output of this monitoring shall be reported by GENUI periodically to investors.

VIII. Data sources and processing

Some of the sustainability indicators in section VI. above reflect actions that are undertaken by or within the control of GENUI. GENUI will therefore source and compile much of the data required for such sustainability indicators from data held internally and within its control. This data is expected to be readily available, although as part of this compilation process, this data will be sense checked, and any discrepancies will be followed up on internally.

The attainment of some of GENUI III's promoted E/S Characteristics will inherently rely on third parties for data, in particular data from portfolio companies. For example, whilst GENUI will seek to monitor the sustainability performance of portfolio companies using the *GENUI ESG Reporting KPI Set*, GENUI III will be reliant on portfolio companies to provide this data and for its accuracy. Similarly, ESG due diligence (including that conducted by independent advisory firms) will often rely on information provided by the portfolio companies. GENUI works with the management teams of portfolio companies to ensure data provision and data accuracy. Where GENUI becomes aware that information is incomplete or materially inaccurate, it will take such steps as it considers practical and appropriate in order to ensure data quality, which may include further engagement with the relevant management team.

Certain analyses will be carried out by third parties, such as the ESG due diligence and independent ESG assessments. Certain considerations by such firms may be based on estimates and/or qualitative assessments and/or be subject to any scoping principles, assumptions or other qualifications adopted. In some cases, this may use data provided by third parties.

To the extent that GENUI III were ever to report that a proportion of investments were Taxonomy-aligned, those figures may be derived from public disclosures and/or equivalent information directly obtained from third party consultants. In some circumstances complementary assessments and estimates based on information from other sources may also be used.

GENUI does not expect to rely heavily on estimated data, however no proportion of estimated data has been set for GENUI III.

IX. Limitations to methodologies and data

Some limitations are intrinsic in the nature of the analysis as GENUI relies on third party information and target or portfolio companies' disclosures that may in some cases be restricted and may affect the depth of the analysis. GENUI III's methodologies and data depend on the quality of data provided by the portfolio companies and by third parties. Although typically a thorough assessment is applied, there can be no guarantee that the data provided is complete and accurate. Through the combination of internal and external data analysis, incomplete or false data within models and calculations can early be assessed and sought to be mitigated accordingly.

In terms of the impact assessment during due diligence, the current methodology allows GENUI to identify an order of magnitude for impact potential of the portfolio companies' business model, but the general validity of projections far into the future is low. Therefore, the actual impact on a portfolio company and the E/S Characteristics will never be uniquely identifiable and correctly predictable. An independent specialist consultancy assesses the actual impact of the portfolio companies on an annual basis.

As GENUI III's investment is made for several years, GENUI considers it a priority to establish and maintain trust within a good working relationship with GENUI III's portfolio companies as a safeguard considering the limitations described in this section. Through the Entrepreneurs Board GENUI will continue to monitor that any data limitations do not affect how the E/S Characteristics promoted by the financial product are met. Further, the GENUI ESG team ensures any methodologies and data sources are regularly updated over the life of GENUI III.

As a result, GENUI does not consider that the limitations above materially affect how the E/S Characteristics promoted by GENUI III are met in practice.

X. Due diligence

The *GENUI Sustainable Investing Framework* ensures that sustainability is not only embedded in GENUI´s own operations but sustainability risk is integrated throughout the investment process.

When assessing a new investment, GENUI (i) applies negative screening criteria and (ii) considers sustainability risks as part of the due diligence process. Ensuring independent measurement, reporting and disclosure of ESG risks, the due diligence is conducted by one or more independent advisory firms in close cooperation with the GENUI ESG team and investment team. The due diligence involves an assessment of sustainability risks as well as the target company's capacity to manage such risks. The results of such assessment are taken into account when investment decisions are being taken.

When selecting and carrying out due diligence on potential investments, GENUI takes the following into account (including the following internal and external controls):

vii. Exclusion criteria: GENUI III will not invest in companies that derive a significant percentage of their revenue from the arms industry and arms trading, the gambling industry, the tobacco industry or human cloning/genetic engineering; from the fossil gas and nuclear energy sectors; or companies whose business activity consists of narcotics, alcohol or adult entertainment. GENUI III will also not invest in companies suspected of unethical or illegal business practices including modern slavery, child labour or animal torture.

viii. ESG due diligence: Entry due diligence conducted by specialist consulting firms (ESG, legal and tax) assessing ESG risks and opportunities with regard to (without limitation) climate change, biodiversity, social and employee matters, products and customers, good governance as well as stakeholder engagement taking into account international requirements and guidelines.

Topics identified by the Sustainability Accounting Standards Board (SASB) as particularly material with regard to a specific industry are typically prioritised in the sustainability assessment of potential investments.

ix. Climate risk analysis: High-level climate-related risk scenario analysis in accordance with the TCFD guidelines conducted by a specialist consulting firm.

x. Socio-economic impact: Assessment of the most material positive and negative externalities related to ESG factors and alignment with selected SDGs.

xi. Value creation: Evaluation of impact and ESG opportunities and advice on improvement potential considering the industry, strategy and processes of the company.

Advising management on development of mitigation plan for any material issues or negative externalities identified during due diligence.

xii. **Management commitment**: Strategic objectives on measurement, monitoring, and reporting of ESG KPIs are embedded in the shareholder agreement and rules of procedures.

When selecting and carrying out due diligence on potential divestments, GENUI takes the following into account:

iii. **ESG due diligence**: Vendor due diligence (i.e. ESG fact book) conducted by a specialist consulting firm assessing ESG risks and opportunities taking into account international requirements and guidelines.

iv. **Future investor criteria**: The impact achieved at a portfolio company during GENUI's ownership should be built upon during new ownership. Accordingly, GENUI considers whether a potential future investor is interested in continuing a portfolio company's achievements.

XI. Engagement policies

During the ownership period, GENUI III will encourage management teams to mitigate any adverse impacts of the relevant portfolio company and improve the corresponding ESG parameters identified during due diligence. The ESG status and progress is discussed at least annually as part of the activities of the Entrepreneurs Board. As part of this, improvement actions (where relevant) are defined by management for the subsequent period, including those required to address potential gaps in ESG systems, processes and standards.

GENUI has established a bi-annual ESG Portfolio Roundtable as a forum for portfolio companies to exchange lessons learned, best practices, achievement, goals and challenges faced with respect to ESG matters.

Although GENUI does not maintain separate management procedures applicable to sustainability-related controversies in portfolio companies, the occurrence of such controversies would be escalated with portfolio companies as part of ongoing GENUI's ongoing ESG engagement.

For further detail, see section III. above.