

SUSTAINABILITY POLICY

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OVERVIEW

This Policy describes Gen II Management Company (Luxembourg) SARL's approach regarding the integration of sustainability risks in the investment decision process and the management of sustainability-related disclosures for the Company and the funds under its management.

Policy changes		
Version	Responsible	Change
November 2023	Compliance	Annual review
March 2021	Compliance	First policy

1. Introduction

Gen II Management Company (Luxembourg) SARL (the “**Company**”) is a public limited company governed by the laws of the Grand-Duchy of Luxembourg.

For the conduct of its business activities, the Company is licensed by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) as a Management Company whose business activities are governed by the provisions of:

- a) Chapters 15 of the law of 17 December 2010 on undertakings for collective investment (the “**UCI Law**”); i.e. managing undertakings for collective investment in transferable securities (“**UCITS**”) and undertakings for collective investment (“**UCI**”);
- b) the law of 12 July 2013 on alternative investment fund managers (the “**AIFM Law**”) as an Alternative Investment Fund Manager under; i.e. managing UCI under the scope of the AIFM Law (“**AIF**”), and
- c) the European Regulation (EU) N° 345/2013 on European venture capital funds (the “**EuVECA Regulation**”) as a Management Company for undertakings for collective investment adopting the denomination of EuVECA (“**EuVECA Funds**”).

The UCITS, UCI, AIF and EuVECA Funds thereafter referred to as the “**Funds**”.

The Company, in its capacity as a Chapter 15, AIFM and as an EuVECA Manager, may delegate fully or partially its functions to regulated third parties such as Central Administrations, Transfer Agents, Portfolio Managers, Distributors or Private Placement Agents, etc.

As an AIFM, the Company may delegate either the portfolio management or the risk management (the “**core functions**”) but not both. The business model implemented by the Company is to eventually delegate the Portfolio Management function to a duly authorised Portfolio Manager, while focusing on risk management function as well as on its oversight and compliance function.

This Policy is designed with a view to complying with the requirements set out in article 3 and 4 of the EU regulation (EU) 2019/2088 on sustainability related disclosures (following “**SFDR**”).

2. Integration of sustainability risks in the investment decision process

2.1. Definition of sustainability risks

Sustainability risk is defined as an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund’s investment.

Sustainability risks can either represent risks of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

If a fund/sub-fund follows an investment strategy that includes requirements with respect to ESG criteria for sustainable financial instruments, the ESG criteria will significantly reduce the number and categories of target investments available for selection (screening against an exclusion list). This could cause a sub-fund that has requirements with respect to ESG criteria for sustainable financial instruments to underperform a sub-fund that does not

have requirements with respect to ESG criteria for sustainable financial instruments. By observing requirements with respect to ESG criteria for sustainable financial instruments, the investment strategy could cause the sub-fund to invest in securities sectors or economic sectors that underperform the market as a whole or individual investment funds that do not have requirements with respect to ESG criteria for sustainable financial instruments.

2.2. Risk assessment

The Company is performing on an ongoing basis risk assessment in relation to the integration of sustainability risks in the investment decision process and on the return for the funds under management in close exchange and collaboration with its clients. The assessment is performed for each fund/sub-fund individually to take the specific investment strategy and invested asset classes into account.

In case the sustainability risks are deemed relevant for a fund, the extent to which the sustainability risks may impact the fund's return may be assessed based on either qualitative or quantitative factors.

The funds under management may take an investment approach for which the integration of sustainability risks in the investment decisions is deemed not relevant and where it seems that sustainability risks might not have a negative impact on the fund's return. This might especially be the case for real estate funds which are in the phase of having fully invested the fund or the final phase of divesting the fund.

2.3. Investment decision process

The investment decision processes vary from fund to fund under management due to the nature of the Company being a third-party management company/AIFM and the portfolio management function being delegated for some funds under management. Therefore, no exhaustive description of the integration of sustainability risks in the investment decision process is provided herein but is defined for every fund and sub-fund individually.

In principle and depending on the structure, investment strategy and portfolio composition of the respective fund and sub-fund, the Company believes that the integration of sustainability risks in the investment decision process may help to enhance long term risk-adjusted returns for investors.

2.4 Voting rights

In principle and due to the business model of the Company as a third-party management company/AIFM, the Company delegated the exercise of voting rights to the appointed portfolio manager of the respective fund. While doing so, the Company issues guidelines on the exercise of the voting rights to ensure that regulatory requirements are met.

The Company is aware of the importance to act as an active owner and investor to participate in an entity's decision process as active investor. The main mean of an investor to influence the governance and culture of an entity is the exercise of the voting right. In accordance with this conviction, the Company has established its voting rights policies to anchor the engagement as active owner, if exercised directly or through a delegate.

2.5 Remuneration policy and sustainability risks

The Company ensures that its remuneration or assessment of the performance is structured in a manner not to encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance. The Company's Remuneration Policy promotes sound and effective risk management. The latest version of the Company's Remuneration Policy is available on the website of the Company www.gen2fund.com.

The promotion of sound and effective risk management in relation to sustainability risks and their integration is anchored and ruled in the risk management processes in place for each fund. The coherence between the remuneration structure and the effective risk management facing sustainability risks is ensured via an ongoing monitoring of both the risk management processes in place and the monitoring of remuneration practices in line with the remuneration policy.

3. Principal adverse impact statements

3.1. Principal adverse impact on investment decisions

In respect to certain funds under management, the Company intends to measure the principal adverse impacts on the sustainability factors of investment decisions for the respective fund or sub-fund. Information on how it identifies and takes into account these impacts of investment decisions on sustainability factors are published in the periodic disclosures which are available from time to time on the Company's website in line with the rules of website disclosures as described in this Policy.

For certain funds under management, the consideration and measurement of the principal adverse impacts is not intended due to the nature or the structure of investments or of the relevant fund.

In these cases, the fund structure does not seem to be of sufficient relevance on the ESG factors.

3.2. Principal adverse impact (article 4 SFDR)

The Company shall as a financial market participant as defined in SFDR disclose information as to whether they consider principal adverse impacts on sustainability factors or why it is not considered.

The Company is solely acting as a third-party management company/AIFM for funds launched upon initiation by a third party. Such third party defines the sustainability considerations for each fund individually.

Due to the business model of the Company, the Company takes the approach, in principle, not to take principle adverse impacts into consideration in the investment decision process. However, the Company may differ the approach from fund to fund according to the different approach of the one or other fund under management and in its role as a financial market participant of that fund.

4. Information to investors and maintenance

4.1. Disclosures for Funds with ESG consideration

The funds under management which are considering ESG aspects in their investment strategy and qualify as funds under article 8 or 9 of SFDR need to disclose certain information to investors on the website, such as the pre-contractual disclosures, PAI statements and periodic disclosures. The Company ensures that these disclosures are in line with SFDR and the Commission Delegated Regulation (EU) 2019/2088 with regard to technical standards ("SFDR RTS").

The disclosures as required by SFDR and SFDR RTS are available on the Company's website, either directly or with a link to the website of the portfolio manager/ investment advisor's website. Additional information can in principal be found in the fund documentation.

As legally required, the funds' annual reports disclose additional information (i) on certain aspects of integration of ESG aspects, especially for the funds taking ESG aspects in their investment decisions into consideration, as well as (ii) on details on the measurement of principal adverse impacts of the fund in case the measurement takes place.

4.2. Marketing communication

The Company shall ensure that the marketing communication of the funds under management are consistent with the fund documentation and the investment strategy of the fund. The marketing communication shall not contradict any information contained in the sustainability-related disclosures. The Company has implemented for this purpose processes to review on a regular basis any marketing communications used by the funds under management.

4. Review and publication of the sustainability policy

4.2. Review of sustainability policy

This Sustainability Policy is subject to regular review and will be updated as necessary. Recent regulatory developments or adjustments in the funds under management are assessed on a continuous basis and with regard to the integration

of sustainability factors and sustainability risks. The latest version of the Sustainability Policy is available on the website of the Company <https://gen2fund.com/regulatory/>.



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Gen II

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