

Well-run funds.
GenII

SUSTAINABILITY POLICY

1. Introduction

Gen II Management Company S.A. (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 Chapters 15 and 16 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”).

The Company is also licensed by the CSSF as an Alternative Investment Fund Manager under the law of 12 July 2013 on alternative investment fund managers (the “AIFM Law”); i.e. managing UCI under the scope of the AIFM Law (“AIF”).

The Company is also licensed as a Management Company for undertakings for collective investment adopting the denomination of EuVECA under the European Regulation (EU) N° 345/2013 on European venture capital funds (the “EuVECA Regulation”).

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

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”).

The Company is required to put in place processes to define and assess the integration of sustainability risks in the investment decision process and on the return and certain other ESG aspects. Disclosures toward the investors must be ascertained to ensure a sufficient level of transparency towards the investors with regard to ESG matters.

2. Integration of sustainability risks in the investment decision process

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 impacts 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 will be published in the annual and semi-annual reports on the Company's website as soon as the related legal provisions become applicable.

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.

4. Information to investors and maintenance

1. Disclosures for funds with ESG consideration

The funds under management or the funds' management might disclose additional information on the fund's ESG approach and integration of ESG factors. Such information might be available on the manager's/portfolio manager/investment advisor's website. Additional information can in principal be found in the fund documentation.

As soon 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. Its voting rights policies to anchor the engagement as active owner, if exercised directly or through a delegate.

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 www.gen2fund.com.



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The Gen II Limited Affiliation is regulated by the Jersey Financial Services Commission.

Gen II S.A. and Gen II Management Company S.A. are regulated by the Commission de Surveillance du Secteur Financier.

Gen II Property Partnerships Limited is authorised and regulated by the Financial Conduct Authority.

Gen II Operator Services Limited is authorised and regulated by the Financial Conduct Authority.

Gen II Corporate Services (Ireland) Limited – Authorised Trust or Company Service Provider by the Department of Justice in Ireland. Gen II Nominees (Ireland) Limited – Authorised Trust or Company Service Provider by the Department of Justice in Ireland. Gen II Fund Administration Services (Ireland) Limited – Regulated by the Central Bank of Ireland. Authorised as an Investment Business Firm under Section 10 of the Investment Intermediaries Act, 1995 (as amended).