Genesis Capital SFDR Disclosure

The Sustainable Finance Disclosure Regulation ("SFDR or the Regulation") came into effect on 10 March 2021. SFDR requires financial market participants ("FMPs") such as Genesis Capital to disclose information related to integration of sustainability risks, principal adverse sustainability impacts, the promotion of environmental or social characteristics, and integration of sustainability risks in investment decisions.

The regulation aims to increase transparency on sustainability within financial markets. In Genesis Capital we support this goal and believe that transparency and standardization can positively affect the real-world impact of ESG application and reduce greenwashing practices. Detailed information on Genesis Capital's (GC) approach to ESG is available in our ESG Policy (include link if possible).

Set out below are the following website disclosure requirements contained in the Regulation.

Sustainability Risk Disclosures

We believe that inclusion of ESG criteria into our investment processes will help us make better-informed decisions, therefore all investment professionals of GC incorporate sustainability risk considerations into all core investment processes.

"Sustainability Risks" as defined in Article 2(22) of the Regulation: "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 an investment".

Integration of sustainability risks in the investment processes

GC develop comprehensive ESG investment framework that aims to identify, asses and potentially mitigate the sustainability risk. Detailed information on responsible investment process is available in our Section 4 of our ESG Policy.

<u>Selection of investment opportunities</u>

Genesis funds adhere to Limited Partnership Agreements and investor side-letters that stipulates the basic criteria of our investment. Specifically, we are committed to comply with EBRD (European Bank for Reconstruction and Development) Environmental Social (E&S) Exclusion List and EIF (European Investment Fund) Guidelines on the EIF Restricted Sectors.

<u>Assessment of potential investments</u>

GC will assess ESG-related risks and identify ESG-related opportunities during due diligence. This assessment will be carried out using the GC ESG Risk Management Evaluation, which has three components: E&S Risk Screening, E&S Risk Assessment and Decision & ESG Risk Control.

<u>Investment decision</u>

The Final Deal Qualifying Memorandum of GC will include a standardised ESG assessment based on the results identified in the completed GC ESG Risk Management Evaluation and an assessment of potential ESG related risks and value creation opportunities.

Portfolio management and investment monitoring

Where material ESG risks have been identified and actions plans have been established pre-investment, GC will work with management of portfolio companies to execute the action plans. Throughout the holding period, GC encourages portfolio companies to grow and improve with a view to long-term sustainability and to the benefit of multiple stakeholders, and to mitigate ESG related risks and utilize ESG related value creation opportunities.

Principal adverse impact statement

The first stage of evaluation of Principal adverse impacts is based on the adherence to Limited Partnership Agreements and investor side-letters that stipulates the basic criteria of our investment and EBRD (European Bank for Reconstruction and Development) Environmental Social (E&S) Exclusion List, EIF (European Investment Fund) Guidelines on the EIF Restricted Sectors. Investment opportunities that do not comply with these criteria or otherwise contravene with the content of the Policy will not be considered, even if economic prospects might be attractive.

Our due diligence questionnaire represents the second stage of adverse impacts consideration. The particular issues considered vary with each investment and are focused predominantly on material issues arising from the nature of business activities of the investment opportunity. Some specific examples of the broad range of sustainability risks we may consider in our investment analysis process are:

- long-term environmental considerations, such as the availability of raw materials, water, energy, and other significant inputs
- a company's labour related policies, diversity and labour relations
- the quality and diversity of a company's management and board
- supply chain risks
- the current and potential regulatory environment, particularly with regard to highly regulated industries or possible controversial situations

Engagement policies

GC strives to continually work with its portfolio companies on monitoring and evaluation of key ESG issues. ESG questionnaire is distributed annually to all portfolio companies and after careful analysis of ESG impacts, GC encourages development in collaboration with all companies. Our goal is to obtain a shared understanding with management teams about the environmental, social, and governance issues material to their business and to help ensure ongoing improvements in the management of the risks related to them.

Investment objective

GC does not pursue sustainable investments as specified in Article 9(2) of Regulation (EU) 2019/2088 (known as Sustainable Finance Disclosure Regulation or “SFDR”).

References to international standards

GC operates in line with the Principles for Responsible Investment https://www.unpri.org/ (PRI). GC believes the PRI framework represents effective means to encourage better dialogue with our investment targets, portfolio companies and investors that will help improve ESG related disclosure from companies globally.

Remuneration policy

GC currently does not have a remuneration guideline (remuneration policy) in accordance with the requirements of Article 5 of Regulation (EU) 2019/2088. The integration of sustainability risks is not explicitly considered with respect to the determination of remuneration. Practically, Genesis Capital advised funds employ remuneration policy schemes that are aligned to the performance of the investment portfolio. As a result, the remuneration policy is to a large extent directly linked to sustainability risk.