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| Green Generation fund gmbh & Co. KG  Article 8(1) of Regulation (EU) 2019/2088 | SFDR Website DISCLOSURE  July 2021 |

PROMOTION OF ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

Green Generation Fund GmbH & Co. KG (hereafter referred to as “**Green Generation**” or the “**Fund**”) promotes environmental and social characteristics, but does not have as its objective a sustainable investment as defined by Article 9(1) of Regulation (EU) 2019/2088 ("**SFDR**").

These disclosures set out the environmental and/or social characteristics promoted by the Fund as required by Article 8 SFDR. They do not alter the existing investment strategy.

a. Has a reference benchmark been designated for the purpose of attaining the sustainable investment objective of the financial product?

There is no reference benchmark index currently used for our investments in small or medium-sized enterprises and small mid-cap businesses, however, Green Generation Management GmbH (the “**Firm**” or “**our**” or “**we**” as the applicable context requires) has aligned with the solutions provided by ISS[[1]](#footnote-2) when setting up the performance measurement framework for the Fund.

b. What environmental and/or social characteristics are promoted by this financial product?

The Firm is dedicated to investing in green Portfolio Companies and to lead the transition to a net zero carbon, resilient, equitable and healthy society. Recognizing that this can be achieved only as a collaborative effort, the Firm encourages its partners to join it in delivering this ambition.

A comprehensive external and internal stakeholder engagement and materiality assessment, aligned with the Global Reporting Initiative, the UN Sustainable Development Goals and the EU taxonomy guidelines, identified sustainability factors material for the Firm’s investments and operations. The targets and actions to achieve the Firm’s sustainability vision and Fund’s ESG strategy are therefore focused on five umbrella ESG criteria: Climate, Responsible Consumption and Production, Good Health and Well-Being (Food Technology), People and Life on Land (Animal Welfare). Taking each in turn:

* CLIMATE: Commitment to address climate-related risks and opportunities by focusing on delivering net-zero carbon performance and physical resilience.
* RESPONSIBLE CONSUMPTION AND PRODUCTION: Commitment to companies that fundamentally change the way we consume – specifically, a commitment to companies with strong IP in innovative packaging solutions, supporting environmentally-friendly suppliers who deliver consumer goods.
* GOOD HEALTH AND WELL-BEING (FOOD TECHNOLOGY): Commitment to new brands which challenge traditional food brands and brands which promote toxin-free, fair, sustainable and healthy natural FMCG (meaning fast-moving consumer goods or consumer packaged goods) challenger products.
* PEOPLE: Commitment to champion diversity, equity, inclusion and the well-being of its people and other stakeholders.
* LIFE ON LAND (ANIMAL WELFARE): Commitment to post-consumption models which reduce plastic and food waste, which in turn supports the animal welfare of other creatures.

The Fund promotes climate mitigation and adaptation (Climate) and well-being (People) as part of its ESG strategy. The Fund actively supports (Responsible Consumption and Production) the development of sustainable consumer-facing companies.

Through the Fund's commitment to the above ESG criteria, the Fund intends to capitalize on the market trends of (i*)* plant-based food technology, including precision fermentation and regenerative soil and ingredients; (ii) sustainable food products, including microbiome, organic, cruelty-free and personalized products; (iii) environmentally friendly suppliers and delivery methods which reduce the carbon footprint of consumer goods across the supply chain; and (iv) food products which update consumers' nutritional profile, taste and texture.

c. What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the financial product?

To assess the current performance, set ambitions for the medium- and long-term and a pathway to achieve them, the Firm has developed a proprietary ESG maturity matrix. The maturity matrix is aligned with PAS 7340 (principles of sustainable finance in financial services), which defines four levels of performance requirements, supported by key performance indicators appropriate for each investment strategy.

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| --- | --- | --- | --- |
| LEVEL 1: Basic | LEVEL 2: Improving | LEVEL 3: Engaged | LEVEL 4: Integrated |
| Maintain compliance through risk mitigation and negative screening | Identify materiality and market pressures, manage impact through ad-hoc implementation of common green practices | Implement strategic approach, future proof through good sustainability practices and continual performance improvement | Implement exemplary practices, setting ambitious  targets and achieving significant positive impact |

The Fund’s ESG strategy objective is to achieve the “Integrated” ESG performance as below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Metric | Climate | Responsible Consumption | Food Technology | People | Animal Welfare | Integrated performance |
| % of Portfolio Companies which have incorporated ESG into board governance framework | x | x | x | x | x | 100% |
| % of Portfolio Companies that employ an ESG Compliance Officer or similar officer | x | x | x | x | x | 100% |
| % of Portfolio Companies that have implemented ESG best practises/criteria at an enterprise level | x | x | x | x | x | 100% |
| % of Portfolio Companies who have implemented a CO2 offsetting solution | x | x |  |  | x | 50% |
| % of Portfolio Companies which either promote (i) innovative food technology or (ii) novel waste product management | x | x | x |  | x | 100% |
| % of Portfolio Companies which promote healthy and natural FMCG challenger products |  | x | x |  |  | 100% |
| % of Portfolio Companies which enact a gender diversity inclusion program |  |  |  | x |  | 100% |
| % of Portfolio Companies which promote a clean supply chain management program and clean food tracking, if applicable | x | x |  |  |  | 100% |
| % of Portfolio Companies with IP on the intersection of consumption and technology that enable significant advancements in sustainable living | x | x | x |  | x | 100% |

1. What investment strategy does this financial product follow?

Green Generation Fund GmbH & Co. KG is an investment fund in the form of a Spezial-AIF and is an internally managed capital management entity with a commitment size of approximately €100 million. The Fund was established to pursue a sector-based investment strategy in the small-cap sustainable food technology segment. The Fund focuses on investments in companies in the European Union and the United States over the long term.

The strategic positioning of the Fund to achieve the target return is based on the following:

* **Top down research led portfolio construction:** the Fund adopts a research-led core investment strategy that is based on an intrinsic understanding of emerging consumer trends within food sustainability. In our approach to core investing we invest for income, ensuring capital preservation and long-term growth.
* **Consumer Shifts:** the Fund focuses on investments, as a result of millennial demand, in new brands that challenge traditional food brands and that personalize nutrition based on age, gender and microbiome, amongst other burgeoning sustainability trends.
* **Income enhancement:** the Fund looks for hidden unrecognised and unrealised value in all acquisitions. The Fund will look to unlock value through select and limited investments.
* **Themed approach:** the Fund has very clear, research led strategies focusing on (i) growth sustainable food technology companies; (ii) growth companies with a focus on natural fast-moving consumer goods challenger products; and (iii) growth companies with a focus on food-oriented sustainability and carbon offsetting solutions

The Fund focuses on sustainability and intends to specifically invest in the following fields:

• Plant-based 3.0: cheese, fish, egg

• Precision & biomass fermentation

• Meal replacements

• Inner beauty concepts: hormones & gut bacteria

• Microbiotic home cleaning

• Vertical farming

• Carbon-free delivery

• Consumer-facing carbon control technology

a. What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Firm considers that sustainability factors, in particular climate change-related risks and opportunities (Climate), can have a material positive or negative impact on investment performance. Therefore, consideration of ESG issues is integral to the Firm's investment decision-making and investment management process.

Strategic Risk Framework

As a fiduciary, the Firm operates within the defined investment spectrum between the “ESG bottom limit” and the “financial upper limit.” On one hand, the Firm always strives to ensure an effective response to risk factors through critical exclusions and active ESG risk screening and management. This includes ensuring that mitigation measures, such as improving carbon performance of the asset (Climate) or improvement of indoor environmental quality (People) are underwritten and embedded in the investment business plans. On the other hand, the Firm actively pursues all opportunities to enhance value through green practices, to set and achieve ambitious targets to mitigate climate change (Climate) and effect positive social impact and support well-being of employees and personnel of our Portfolio Companies (People), while delivering competitive risk-adjusted financial returns.

INVESTMENT PLAN

The purpose of the investment plan is to set out the key objectives for the portfolio in the forthcoming year, based on the current portfolio composition and past performance, revised forecasts for each asset in the portfolio based on the latest market forecasts, and the latest tactical recommendations. Investment plans are prepared for all mandates and formally adopted through annual business plans by the relevant Investment Committee.

The Fund’s plan includes a portfolio-level ESG strategy to achieve an “Integrated” level of ESG maturity.

b. How is that strategy implemented in the investment process on a continuous basis?

INVESTMENT SELECTION

Investment selection follows a structured process through selection, review, and approval. The Fund’s Investment Committee (the "**IC**") has the objective of delivering the Fund’s target return within a pre-defined strategic risk framework and considering the environmental and social characteristics that it promotes. The IC’s membership may include a representative from the Firm’s ESG team, providing insight and oversight on relevant topics.

IC approval for any acquisition is staggered into two distinct stages:

1. Pre-due diligence (pre-DD), when initial ESG screening is considered, and
2. post-due diligence (final approval) when due diligence results and any post-acquisition measures/underwriting are considered.

The IC considers the findings of the due diligence screening and analysis during the investment selection process. The IC seeks to apply an asset-class specific set of criteria when evaluating assets and key counterparties.

This information is presented in each IC deck and as appropriate for the investment and relevant strategy.

PORTFOLIO COMPANIES

Once a Portfolio Company has been acquired, Green Generation:

• implements its bespoke ESG policies as part of the full delivered package so as to build and strengthen strategic ESG initiatives with regular, timely enterprise-wide ESG milestones;

• ensures the appropriate delegation of ESG-related tasks and roles;

• works in parallel with Portfolio Company management members so as to align and provide guidance on the most imperative ESG factors and metrics which will encourage sustainable operational habits;

• provides direct advice and expertise to Portfolio Companies so as to monitor and track their ESG performance;

• promotes accessibility of information with respect to Portfolio Companies by having an open line of communication and accountability for ESG issues at all times; and

• mandates Portfolio Companies to report and track their principal adverse impacts and ESG performance.

The Firm shall also duly consider ESG impact in its exit strategies.

c. What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

d. What is the policy to assess good governance practices of the investee companies?

Green Generation uses an ESG Monitoring Checklist so as to assess the good governance practises of the investee companies. The contemplated action plans within such a checklist include the following:

• Green Generation appoints a coordinator to advise and assist the board of each Portfolio Company to develop and maintain relevant ESG action plans.

• The board of each Portfolio Company reports to Green Generation at least quarterly regarding progress in the ESG action plan and ESG generally.

• Green Generation reviews implementation progress of the ESG action plan for each Portfolio Company.

• Green Generation reviews current ESG incidents for each Portfolio Company (as reported by each Portfolio Company coordinator).

• Green Generation reports on ESG compliance and progress to Limited Partners for each Portfolio Company (subject to confidentiality and legal restraints).

• Green Generation reports material ESG incidents to Limited Partners (subject to confidentiality and legal restraints).

e. Where can I find further details on the investment strategy?

Further information on the investment strategy can be found in [•] of our website which can be found at [•].

1. What is the asset allocation planned for this financial product?

As per the Fund’s ESG strategy, 100% of investments will be directed at investments that qualify as sustainable investments.

a. What investment are included under “#2 other”, what is their purpose, and are there any minimum environmental and social safeguards?

Not applicable. Green Generation will not engage in investments which are not qualified as sustainable investments.

b. How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable. Derivatives are not used to attain the environmental or social characteristics.

c. How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective? [include this question where the financial product commits to making sustainable investments as referred to in Article 16(1)(b)]

Wherever possible, the Fund utilizes accredited third-party systems to assess, certify and benchmark sustainability of investments under management. These systems include [relevant accredited third-party systems], etc.

[Include table of criteria and performance requirement (Please download ISS brochure online)]

All the above systems are recognized by ISS, and comply with their evaluation criteria:

[list of specific and relevant benchmark evaluation criteria]

In addition, these systems offer a holistic sustainability assessment, including these factors:

* Energy and GHG emissions (primarily environmental impact - Climate)
* Water (primarily environmental impact - Climate)
* Waste (primarily environmental impact - Climate)
* Materials (primarily environmental impact – Climate and Responsibility)
* Ecology (primarily environmental impact – Climate and People)
* Pollution (environmental and social impact - People)
* Health & Wellbeing (primarily social impact - People)
* Management (social impact – People)
* Life on Land (animal welfare)

a. How are indicators for adverse impacts on sustainability factors taken into account?

To achieve the stated ratings in these certification systems, investments must comply with a range of minimum requirements and points across these topics.

b. Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Firm is subject to and benefits from the following corporate responsibility policies and governance:

1. Green Generation Standards of Business Conduct

The Standard of Business Conduct (SOBC) embodies the fundamental principles that govern the Firm’s ethical and legal obligations. It is an expression of our values and represents a framework for decision-making. SOBC is applicable to all employees.

The SOBC covers the four key topics:

* Conduct relating to each other,
* Conduct relating to our business partners, clients, and competitors,
* Conduct relating to Green Generation’s resources, and
* Conduct relating to our communities.

1. Green generation member Code of Conduct

As an industry leader and a responsible business, the Firm seeks to use its position to promote the highest standards for ethics and business conduct wherever it operates. The Firm requires its members to comply with the Code of Conduct, covering the following topics:

* Anti-bribery/corruption
* Unfair business practices
* Information security and records maintenance
* Data privacy
* Conflict of interest
* Labor
  + - compliance with standards set out in the UN Universal Declaration of Human Rights,
    - child labor,
    - human trafficking, slavery and right to voluntary labor,
    - freedom against prejudice and discrimination,
    - safe and secure workplace,
    - working hours and wages,
* Health and safety
* Environment and sustainability
* Gifts and gratuities

1. Does this portfolio take into account principal adverse impacts on sustainability factors?

The SFDR requires Green Generation to make a "comply or explain" decision whether to consider the principal adverse impacts ("PAIs") of its investment decisions on sustainability factors, in accordance with a specific regime outlined in SFDR. Green Generation has opted not to comply with that regime, both generally and in relation to the Fund.

Green Generation will keep its decision not to comply with the PAI regime under regular review.

Green Generation has carefully evaluated the requirements of the PAI regime in Article 4 of the SFDR, and in the draft Regulatory Technical Standards which were published in April 2020 (the "PAI regime"). Green Generation is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how financial market participants integrate consideration of the adverse impacts of investment decisions on sustainability factors. However, Green Generation is concerned about the lack of readily available data to comply with many of the reporting requirements of the PAI regime, as Green Generation believes that companies and market data providers are not yet ready to make available all necessary data for the PAI regime.

Notwithstanding Green Generation's decision not to comply with the PAI regime, Green Generation has implemented positive ESG-related initiatives and policies, as part of its overall commitment to ESG matters, as summarised in this section. For the avoidance of doubt, none of the following information is intended to suggest that Green Generation complies with the PAI regime.

Can I find I find more product specific information online?

Yes, more product-specific information can be found here: [relevant hyperlink]

1. Is a specific index designated as a reference benchmark TO determine whether this financial product is aligned with the environmental or social characteristics that it promotes?

There is no reference benchmark index currently used for our investments in small or medium-sized enterprises and small mid-cap businesses, however, we have aligned with the solutions provided by ISS[[2]](#footnote-3) when setting up the performance measurement framework for the Fund.

a. How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investmentstrategy?

Not applicable.

b. How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

c. Why and how does the designated index differ from a relevant broad market index?

Not applicable.

1. https://www.issgovernance.com/esg/index-solutions/ [↑](#footnote-ref-2)
2. https://www.issgovernance.com/esg/index-solutions/ [↑](#footnote-ref-3)