



## GREENPEAK Management GmbH

### SFDR<sup>1</sup> Disclosures

#### 1. Introduction

We at GREENPEAK Partners<sup>2</sup> are deeply committed to a sustainable future. The purpose of *“Building sustainable businesses and partnerships”* is shared across the entire organization and integrated into every aspect of our investment process. We are convinced that true financial and economic success can only be achieved by respecting the environment, the social texture of our businesses and by implementing the highest possible governance standards. Our philosophy on how to conduct a successful investment business goes way beyond the traditional understanding of business ethics. We apply the highest sustainability standards to everything we do: the GREENPEAK way.

#### 2. Integration of Sustainability Risks<sup>3</sup> (Article 3 SFDR)

Our Funds<sup>4</sup> make equity and equity-related investments and these investments are typically held via Buy & Build Platforms<sup>5</sup>. When managing the Funds, GREENPEAK Management GmbH integrates Sustainability Risks into its investment decisions made for the Funds as described in this section. It is advised by GREENPEAK Partners Advisory GmbH.

##### a) Identification of Sustainability Risks

GREENPEAK Management GmbH has identified the following, non-exhaustive Sustainability Risks for investments in Portfolio Companies<sup>6</sup>:

- **Environmental aspects:** The Portfolio Companies may be exposed to physical or transition risks linked to environmental aspects, such as, for example, the negative physical impact of climate change on own operations, supply and delivery chains and/or customers (i.e. floods, storms, heat waves etc.), changes of law associated with combating climate change (i.e. additional compliance duties, ban of certain products), changed customer perceptions of environmental topics leading to a decrease in demand for certain products or services, biodiversity loss, introduction of new regulations and use of new technologies to protect biodiversity, water scarcity, increasing protection against water pollution or the introduction of new regulations to support the development of a circular economy.
- **Social aspects:** The Portfolio Companies may be exposed to physical, transition

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<sup>1</sup> "SFDR" means Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation).

<sup>2</sup> "GREENPEAK Partners" means GREENPEAK Management GmbH and GREENPEAK Partners Advisory GmbH.

<sup>3</sup> "Sustainability Risk" means, in accordance with Article 2 no. 22 SFDR, 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 investments managed by GREENPEAK Management GmbH.

<sup>4</sup> "Funds" means the investment funds managed by GREENPEAK Management GmbH.

<sup>5</sup> "Buy & Build Platforms" means the platforms established by GREENPEAK Management GmbH for the combination of investment in Portfolio Companies to create mid-sized businesses.

<sup>6</sup> "Portfolio Companies" means private companies in which the Funds invest via equity or equity-like investments.

or reputational/litigation risks linked to social aspects, such as, for example, inability to hire qualified employees for open positions and/or insufficient employee retention due to lack of adequate employee relations, additional costs resulting from increased demands from employees (i.e. remuneration, flexible work concepts, trainings, additional benefits), lack of adequate procedures for diversity and inclusion, inadequate procedures for health and safety at work, violations of employee or human rights standards (including in the supply chain) and the impact of pandemics on operations and demand.

- Governance aspects: The Portfolio Companies may be exposed to transition or reputational/litigation risks linked to governance aspects, such as, for example, lack of a diverse management culture, lack of adequate governance policies and procedures, inadequate data protection procedures (in particular in relation to personal health data and confidential business data), data leaks, inadequate cybersecurity standards and increasing regulatory complexity.

b) Integration of Sustainability Risks

Sustainability Risks are integrated into the investment decisions made by GREENPEAK Management GmbH for the Funds as follows:

- Platform selection and set-up: ESG<sup>7</sup> aspects, including Sustainability Risks, start playing a role very early in the investment process. The consideration of ESG aspects forms an integral part in screening industries and markets for new Buy & Build strategies. The potential for ESG value creation, the positive or negative impact a new strategy can have on the environment and society as well as any potential Sustainability Risks are discussed in detail at the Investment Committee<sup>8</sup>. These considerations form part of the decision of whether or not to proceed with an initial idea. ESG considerations and financial numbers are given equal weight in the process of building a business case. GREENPEAK Management GmbH will abstain from establishing a new Buy & Build Platform in an industry with net negative impact on the environment or society or which is known for breaching material governance standards.
- Due diligence: GREENPEAK Management GmbH assesses Sustainability Risks as part of the ESG DD<sup>9</sup> on the basis of an ESG DD questionnaire developed for each Buy & Build Platform which is tailored to (a) the type of industry the Buy & Build Platform is active in and (b) the specific Portfolio Companies which are subject to the ESG DD. The information provided in the ESG DD is reviewed and assessed by the investment team and the Chief ESG officer of GREENPEAK Management GmbH. GREENPEAK Management GmbH may exclude certain companies from investment to mitigate Sustainability Risks for the respective Fund. Moreover, potential improvement areas are suggested as a possible ESG value creation exercise based on the results of the ESG DD.
- Investment decision: A Portfolio Company's Sustainability Risks form an integral part of the evaluations of the Investment Committee. The result of the ESG DD including an assessment of the Sustainability Risks is presented to the Investment Committee as part of the Investment Committee memorandum and will be part of the discussion in the Investment Committee.
- Holding period: During the holding period, GREENPEAK Management GmbH

<sup>7</sup> "ESG" means environmental, social and governance.

<sup>8</sup> "Investment Committee" means the investment committee established by GREENPEAK Management GmbH.

<sup>9</sup> "ESG DD" means the ESG due diligence carried out by GREENPEAK Management GmbH for each investment in a Portfolio Company.

collects and assesses information on Sustainability Risks as part of its annual ESG reporting exercise. Moreover, GREENPEAK Management GmbH collaborates with the Buy & Build Platforms to set up a system in which (1) the Portfolio Companies will have to promptly notify the Buy & Build Platform and (b) the Buy & Build Platform will have to notify GREENPEAK Management GmbH of events that may give rise to a material Sustainability Risk.

### 3. Consideration of PAI<sup>10</sup> (Article 4 SFDR)

GREENPEAK Management GmbH considers the impact of its investment decisions on sustainability factors using the following set of PAI Indicators<sup>11</sup>:

- a) All mandatory PAI Indicators applicable to investments in investee companies listed in no. 1-14 of Table 1, Annex I SFDR Delegated Regulation<sup>12</sup>;
- b) The PAI Indicator set out in no. 4 of Table 2, Annex I SFDR Delegated Regulation relating to investments in companies without carbon emission reduction initiatives; and
- c) The PAI Indicator set out in no. 3 of Table 3, Annex I SFDR Delegated Regulation relating to number of days lost to injuries, accidents, fatalities or illness.

GREENPEAK Management GmbH uses Best Efforts<sup>13</sup> to collect data on the PAI Indicators for the investments. Data on PAI Indicators is collected pre-investment as part of the ESG DD and on an ongoing basis as part of the ESG data collection and reporting exercise performed by GREENPEAK Management GmbH.

Further information on the consideration of PAI is available in GREENPEAK Management GmbH's statement on PAI for 2023 which is available on GREENPEAK's website.

### 4. Integration of Sustainability Risks in the remuneration policy (Article 5 SFDR)

The remuneration policy of GREENPEAK Management GmbH is consistent with the integration of Sustainability Risks. GREENPEAK Management GmbH ensures that its investment team is not incentivized to enter into transactions leading to substantial Sustainability Risks. Sustainability risks and opportunities are naturally integrated in the investment process for all funds, since the investment thesis of GREENPEAK Management GmbH is based on using sustainability factors as a screening tool and, following an investment, using the same as value creation levers.

The remuneration policy seeks to ensure that all relevant investment professionals, including the investment team and the managing partners of the buy & build platforms, are encouraged to consider the long-term effects of their decisions, and avoid taking short-term risks in order to achieve personal gain. This is, amongst others, achieved by ensuring that the performance assessment for the variable remuneration is based on a longer period. Moreover, for certain Funds the participation of GREENPEAK Partners' managing partners and selected senior investment team members in the financial success of investments (the so-called "carried interest") is linked to the achievement of defined ESG goals. In addition, work on ESG goals will be considered in awarding annual bonuses to GREENPEAK Partner's team members. Where possible and reasonable, GREENPEAK Management GmbH aims to link the remuneration of the Buy & Build Platform managers and the senior management of the Portfolio Companies to ESG goals.

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<sup>10</sup> "PAI" means principal adverse impacts of investment decisions on sustainability factors as defined in Article 4 SFDR.

<sup>11</sup> "PAI Indicators" means the indicators to assess PAI defined in Annex I SFDR Delegated Regulation.

<sup>12</sup> "SFDR Delegated Regulation" means Commission Delegated Regulation (EU) 2022/1288.

<sup>13</sup> "Best Efforts" means that GREENPEAK Management GmbH is committed to obtain data on the PAI Indicators from the investments or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions.

Considering the number of checks and steps implemented to deter identified staff and Investment Professionals from excessive risk taking described in the policy, the prudent balance between fixed and variable remuneration and the fact that sustainability risks are naturally integrated in GREENPEAK's business, ensures the promotion of sound and effective risk management with respect to sustainability risks.

<b>Version</b>	<b>Date of publication</b>	<b>Explanation of amendments</b>
1	10 March 2021	Publication of first disclosure with entry into force of SFDR
2	2 October 2024	Amendments following refinement of SFDR strategy, publication of first periodic PAI statement and Article 8 SFDR disclosures for two funds