SUSTAINABILITY-RELATED DISCLOSURES

GENERATION IM LONG-TERM EQUITY FUND (the "Fund")

The Fund consists of three special limited partnerships, two Euro-denominated: Generation IM Long-term Equity Fund (EUR), SCSp and Generation IM Long-term Equity Fund (EUR II), SCSp, and one US Dollar-denominated: Generation IM Long-term Equity Fund (USD), SCSp.

The Fund is a financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics. On this basis, for the purposes of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**"), the alternative investment fund manager appointed to the Fund (the "**AIFM**") has classified the Fund as a financial product which is subject to Article 8 of SFDR. Pursuant to Article 10 of SFDR, the AIFM is required to publish certain information on its website as set out in that Article.

The following information is provided in accordance with Article 10(1)(a) to (c) of SFDR.

Investment Objective

The Fund's investment objective is to generate attractive long-term, risk-adjusted returns by investing in a portfolio of securities in line with the Fund's investment strategy. There is no guarantee that this investment objective will be achieved.

Investment Strategy

Generation Investment Management LLP is both the AIFM and the Investment Manager. The Investment Manager's strategy targets mid-to-late-stage growth businesses that, due to their scale and position in their industry value chain and mission-driven team, have the potential to be Sustainable Platforms – to drive the critical sustainability transition in their industry. As part of selecting Sustainable Platforms, the Investment Manager seeks to establish whether target companies are aligned with Generation's System Positive Framework. The Investment Manager will ask five questions to assess whether target companies fit this framework:

(i) What are the systemic shifts required to make the sector truly sustainable?
(ii) Does the company stand to benefit from a sustainable transition?
(iii) Does the business and management team have a long-term orientation?
(iv) Does the company have levers available to catalyse a system level change?
(v) Is the company mobilising effective coalitions for systems change?

Target companies will also generally: (a) focus on cleaner, healthier, fairer, safer businesses that are net positive for the environment and society; (b) take into consideration customers, employees, shareholders and the environment and fit with the Investment Manager's views of sustainability, which includes a particular focus on the climate and nature crises; and (c) in many cases, use technology as one factor driving change.

The businesses that the Fund intends to pursue will typically possess characteristics that, in the opinion of the Investment Manager, make them suitable for long-term investment (for example, resilient business models involving recurring revenues and/or long-term contracts, and a management and/or ownership structure that the Investment Manager believes will facilitate strong long-term alignment).

Investment Process

The investment process comprises Investment Identification, Company Analysis and Diligence, and Investment Approval. The Investment Manager's process seeks to demonstrate how the Investment Manager assesses the environmental and social characteristics promoted by the Fund and the governance practices of target companies. It also demonstrates how the identification of sustainability risks are integrated into the investment decision-making process.

Throughout the Investment Manager's investment process, the Investment Manager seeks to integrate sustainability research within a fundamental equity analysis framework. Because the Investment Manager considers environmental, social and governance ("**ESG**") factors to be closely linked to long-term value, separating such analysis from its financial models is considered contrary to its investment philosophy. Central to the Investment Manager's investment philosophy is its belief that ESG factors directly affect long-term business profitability. As a result, the Investment Manager believes long-term equity research requires a broad, systemic view of future business risks and opportunities by recognising and balancing ESG factors as well as economic challenges facing companies.

<u>Investment Identification</u>

The investment identification process leverages the Investment Manager's sector and industry "roadmap" and research capabilities across its investment strategies.

The Investment Manager's investment identification process is informed primarily by its research roadmaps that identify macro and sector trends, including material sustainability risks and opportunities that are relevant and material to particular sectors. Roadmaps outline long-term industry trends, the competitive environment, industry value-chains, and map out the major players within each sector. Roadmaps take into account a wide range of risk factors, including sustainability risks, and principal adverse impacts on sustainability factors.

As part of the roadmap and research process the Investment Manager also analyses potential investments against a set of criteria. The criteria used to identify potential investee companies will typically include:

- Sustainability: does the company provide a product or a service that is aligned with the Investment Manager's System Positive Framework (defined above)?

- Scale: is the company of a size that fits the Fund's profile?

- Quality and Growth: as part of the due diligence process, the team gathers information that enables it to apply Generation's Business Quality (or "**BQ**") and Management Quality (or "**MQ**") framework, as further described below. When assessing a company's potential growth opportunities, the Investment Manager will consider factors such as the size of the company's target market, the strength of the company's offer in meeting client needs, and the company's track record of past growth.

As ESG dynamics are considered throughout the investment process, there are no tactical or strategic allocations to specific countries/regions, industries/sectors or currencies, and any positions taken are a result of a "bottom-up" business selection process.

The Investment Manager generally does not adopt "screens" or "filters" as part of its investment process. Rather, it believes that its investment process embeds an ESG analysis into each investment decision and, as a result, that process naturally indicates away from businesses that are typically filtered out by a list-based approach. Such a list-based approach would typically involve the use of a benchmark and exclusions from it whereas the Fund is not managed to any benchmark.

Roadmaps, along with the above analysis process against the aforementioned criteria, help the team determine which companies are priority companies for further research.

Company Analysis & Diligence

If a company is classified as a priority company, the Long-term Equity Team's objective is to form an investment thesis on the basis of its estimation of the total addressable market of the sub-sector the company operates in, its BQ and MQ assessments, (including opportunities that exist and/or can be created to improve the company's quality and performance), and its Sustainability Baseline Assessment.

- **Business Quality.** For Generation's BQ assessment, the Investment Manager will seek companies that it considers have, or are well-positioned to develop, strong and sustainable business models and positive industry positioning, including with respect to factors like (i) the use of transformational rather than incremental technology, (ii) the quality of the company's brand (with higher quality brands expected to lead to sustainable pricing power) and (iii) commitment and potential to make a positive environmental and/or social contribution towards a more sustainable future.

- **Management Quality.** The framework for Generation's MQ assessment includes a review of track record, management team strengths and weaknesses, board composition, and alignment. The Investment Manager also completes a "Fit for Purpose" exercise designed to assess the ability of a management team to deliver its investment thesis in light of its past performance. Other MQ considerations include long-term orientation, culture and mission, alignment, human capital management, diversity and corporate governance. The Investment Manager also seeks to outline ways in which Generation may add value to company management post-investment.

As part of this, building on Generation's core assessment of Management Quality (MQ), the Fund conducts a review of how well the company is integrating and managing wider ESG and sustainability factors (i.e., the company's integration of sustainability considerations into management practices, operations, monitoring and reporting and performance management). In making decisions, the Fund also considers the total effects of the company's business model on people and the planet, including positive and negative, intended and unintended, effects.

Investment Approval

In the Investment Manager's final investment stage, the Investment Manager determines whether or not to invest in the target company, on the basis of information including the information stated above.

Responsible Ownership and Value Creation

The Long-term Equity Team seeks to be an active partner to the companies it invests in. Prior to deal completion, the team and the company discuss priorities for growth, and how Generation can add value. Once the initial investment is completed, the Long-term Equity Team seeks to maintain an ongoing engagement with the management team in a manner designed to accelerate growth and manage risk.

The Investment Manager will typically support its portfolio companies across three primary areas: guiding and executing on strategy; sourcing and managing talent at board and management level; and establishing and nurturing commercial connections. Across all of those areas, the Investment Manager will draw on Generation's capabilities and strengths in thematic research that integrates sustainability, its convening power, its mission-aligned network, and relationships and expertise drawn from Generation's other strategies.

The Investment Manager intends to work with the portfolio companies to ensure consistent recording for the purpose of periodic reporting in accordance with Article 8 SFDR. On an annual basis, Generation provides assessment of critical ESG risks and opportunities through its engagement with each portfolio company and a bespoke framework based on best practice measurement and reporting tools. In many cases this will involve measurement of the impact of the company's core product or service on the environmental or social characteristics it promotes, and/or the social or environmental outcome it contributes to, as defined at investment.

Consideration of Principal Adverse Impact Indicators

Now that the relevant SFDR Regulatory Technical Standards (see below) have been finalised and published by the European authorities, the Investment Manager is currently considering, and intends to finalise prior to 1 January 2023, the specific principal adverse impact indicators that it will take into account at the level of the Fund.

Evaluation Methodologies

The Investment Manager cautions that while it will seek, amongst other elements, to identify ESG factors relevant to the evaluation of potential portfolio companies, there remains a lack of relevant, comparable, reliable and publicly available data on companies in a number of areas. This represents an impediment to a comprehensive and accurate assessment of such ESG factors. The assessment of ESG factors is therefore dynamic and will change over time as the data sources develop. Even where data is available, its impact and/or interpretation may be disputed.

There are multiple aspects of this, but the following example is illustrative of these broader methodological limits. Data around carbon emissions and carbon footprint may not always be available and, in cases where it is, there remains extensive debate around its measurement. In a manufacturing process the carbon footprint could be measured as the emissions of the factory making the item or the carbon emissions across the entire supply chain into that factory and to the ultimate user of that product. More formally, carbon emission levels are categorised into three groups or 'Scopes' by the most widely used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain. There remain significant hurdles to accurately calculating such numbers.

The Investment Manager is encouraged that recent regulatory efforts to standardise the approach to this and similar data collation, will lead to improvements in the availability, scope and accuracy of ESG data. Nonetheless, these factors will remain a potential constraint on the methodology. Furthermore, such data relies on the efforts of third parties and interruptions or inaccuracies in that data supply will be beyond the Investment Manager's control.

SFDR Regulatory Technical Standards

The Fund is a financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, as described above. As such, the AIFM has classified the Fund as a financial product subject to Article 8 of SFDR. The Fund's investment objective and policy are set out above and it should be understood that unless otherwise stated in that section, the Fund has no objective or commitment to invest in investments that qualify as 'sustainable investments' for the purposes of SFDR in addition to the disclosures set out above under "Investment Strategy".

The European Commission has now, through the Commission Delegated Regulation of 6.4.2022, C(2022) 1931 final, supplementing SFDR, finalised regulatory technical standards specifying the details of the content and presentation of information on, inter alia, the content and presentation of the information in relation to the promotion of environmental or social characteristics on websites, which standards come into force on 1 January 2023. As such the intention is that the content and presentation of the information contained in this disclosure in respect of the Fund will be updated by that date.

Periodic Reports

Article 11 of SFDR requires that the Fund's financial statements include specific information, including in particular regarding the extent to which the environmental or social characteristics promoted by the Fund have been met. Article 10(1)(d) of SFDR in turn requires that such details be reproduced in the website disclosure.

A summary from the financial statements of the Fund for the reporting period ended 31 December 2021, as relevant to the extent to which the environmental or social characteristics promoted by the Fund have been met, is set out below.

Investments During the Reporting Period

During the reporting period, the Fund made an investment in FNZ and Octopus Energy, both of which are in alignment with the stated investment strategy, and complying with the Fund's commitment to consider the aforementioned social or environmental characteristics.

The two investments are summarised below, including an overview of the companies' alignment to our System Positive Framework, along with information on key information (indicators) used to inform our assessment and our investment decisions:

Octopus Energy is an energy retailer which supplies 100% renewable electricity and is committed to delivering "decarbonisation as a service". In addition to energy retail, the company has developed a differentiated software platform, Kraken, which it uses itself and offers to other energy retailers in order to both facilitate greater renewable uptake by end-users and drive a significant reduction in the overall customer cost to serve.

In the energy sector, a systemic shift of energy away from fossil fuel and toward renewable energy penetration in grid systems is essential in order to make the sector truly sustainable. With growth of renewables there will be increasing volatility with weather changes, and instead of powering up fossil fuel power stations to meet demand, we will instead need consumer-level demand management. As consumers have more of their own electricity generation, storage and utilisation equipment (electric heating, EVs) there will need to be incentives to make consumers do the "right thing" from a system perspective. However, all of this will need to be done algorithmically – no consumer is going to want to control their domestic energy system, they just want it to work. In the Investment Manager's assessment, the company's business and management team take a long-term view – as evidenced by (i) their early prediction that the energy markets would be driven by a renewable energy shift; (ii) their vision for scaling the Kraken platform to power the renewable energy shift over the next decades to come, globally, and (iii) their investment in products and services needed to facilitate the energy transition, such as heat pumps and EVs. The company's commitment to accelerating the renewable energy transition, with a particular benefit to climate, and with technology as a factor driving change, were all critical indicators informing the decision of the Fund to invest in the company. The Investment Manager sees the Kraken platform as a critical lever for catalysing the energy sector's desired system-level changes and made our investment with the view to invest behind the platform's development and scaling. Kraken is built from the ground up for a world of distributed energy and household-level energy storage and control. It is built with APIs to interface with smart devices, which allow the energy retailer to send price signals to devices (or storage) to allow demand management (and cost savings) without active engagement of consumers. The company is also working to mobilise effective coalitions for systems change across the energy industry, including the Octopus Centre for Net Zero to engage with government, industry and academic partners.

FNZ Group is a software-as-a-service (SaaS) platform for the global asset and wealth management sectors, providing a single platform that helps to unify a fragmented value chain, digitise distribution, and mass-personalise asset management. Its overall platform delivers efficiency gains for wealth and asset managers that contributes to reducing overall costs to savers. The business' distribution gives it a powerful opportunity to integrate data on corporate ESG performance and impact into its platform to power portfolio sustainability insights for fund managers, advisers and millions of client end-users (savers), contributing to the shift of global capital towards more sustainable ends.

For a truly sustainable financial services sector, and asset management and wealth management industries in particular, a rapid systemic shift in capital is required – towards economic activities that are consistent with a net zero, cleaner, healthier, fairer, safer world, and away from activities and outcomes that have strong negative social and environmental impacts. As a core platform provider for the wealth and asset management industries, with the potential to integrate ESG data into its services along its sector's value chain, FNZ Group stands to benefit from this sustainability transition. As evidenced by the company's 15+ year history under the founder who remains as CEO, the company's business and management have a long-term orientation. With its position as infrastructure for distributing financial products to the global adviser and saver base, FNZ has an unparalleled potential for catalysing system-level change, and benefits from the market position necessary to mobilise effective coalitions. The opportunity the Investment Manager sees for FNZ is to develop and scale FNZ Impact, the new name of the FNZ platform capability that provides transparent sustainability information for end users of FNZ's clients, including savers and advisers, for the first time at scale. In addition to building the FNZ Impact's product's features for advisers and end-users, FNZ is also working with relevant partners to ensure the right ESG data is available to use; and investing in education and customer support to bring its client base and their end-users along in the process. The company's ability to launch and scale FNZ Impact to accelerate the sector's sustainability transition is core to the Investment Manager's investment thesis, and a focus for engagement during the reporting period and beyond.

In both these cases, information (indicators) used to judge alignment to the Investment Manager's strategy and System Positive Framework included:

- a comprehensive review of systemic shifts required to make the relevant sector sustainable;
- analysis of information presented to us regarding the likely benefit to the company's business model from these sustainability shifts;
- assessment of the tenure and length of vision of the management team;
- analysis of levers available for catalysing system change versus certain criteria (i.e., potential impact on climate and nature crises; role for technology as a driver of change);
- results of customary tax compliance diligence; and
- results of a review of the company's policies and management practices related to relevant and material ESG factors, helping the company contribute to a cleaner, healthier, fairer, safer world that is net positive for the environment and society (e.g., corporate governance, human capital management, customer data management and cybersecurity risks).

Actions during the Reporting Period

During the same period, the Investment Manager also engaged with the two aforementioned portfolio companies in order to monitor and continue to improve those companies' performance on the aforementioned social and environmental factors.

The Investment Manager's engagements are consistent with its typical approaches as stated its the Program Overview and Supplements disclosed to investors, including: guiding and executing on strategy; sourcing and managing talent at board and management level; and establishing and nurturing commercial connections. The Investment Manager's engagements over the period are also consistent with its commitment to draw on Generation's capabilities and strengths in thematic research that integrates sustainability, its convening power, its mission-aligned network, and relationships and expertise drawn from Generation's other strategies.

Key activities are summarised below:

Improvement of performance on the System Positive Framework

- For Octopus Energy, the Kraken product represents a critical lever and ingredient in the business' ability to contribute to catalyse systems level change. Helping to accelerate the rollout of Kraken is a key priority for the Investment Manager, which the Investment Manager is engaging on closely with management and other shareholders. For example, leveraging the convening power of Generation and its mission-aligned network, the Investment Manager convened a US Energy roundtable hosted by Generation's Chairman, Al Gore and Octopus Energy. The session was a forum for debate on the challenges facing utilities on the transition to net zero, and the transformation and potential for technology in the transition.
- Likewise, during the reporting year, the Investment Manager continued to work closely with FNZ regarding the development of FNZ Impact, to power FNZ's contribution to sustainable capital allocation. Actions included support for the FNZ Impact product agenda at the Board, conducting regular check-ins regarding the agenda via FNZ's sustainability leadership and team, providing strategic mentorship, supporting the presence of FNZ's Head of Sustainability at COP-26, continuing to support FNZ's pledge to repay all of its historic carbon debt, and making introductions to members of Generation's firm and wider network where appropriate to support the development of the strategy.

Improvement of ESG factor integration and management in operations

- During the reporting period, FNZ further developed its sustainability and ESG management program under the leadership of its Head of Sustainability, Dr. Vian Sharif. The Investment Manager supported Dr. Sharif in her efforts, including: working in partnership with a service provider to conduct a comprehensive analysis of ESG performance and results via a set of relevant policy and impact indicators. Alongside this, the Investment Manager engaged with the company to understand the results and inform the company's sustainability strategy and operational action plan, supporting the firm's desire to set carbon emission reduction targets, and providing regular investor presence and engagement at the firm's Sustainability, Diversity and Inclusion Committee. As part of this process, the Investment Manager supported FNZ in conducting its first full carbon footprint assessment (another key performance indicator).
- Likewise, although the investment was only completed during October of the reporting year, the Investment Manager also engaged Octopus Energy in continuing to support and debate ESG performance with management and the Board.