

Genesis Biodiversity Fund I SCSp, SICAV-RAIF (“Genesis/Fund”)

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a) Summary

The Fund is being launched with the aim improve the state of biodiversity. The loss of biodiversity is happening at an unprecedented rate with serious effect on food security, human health, and economic output already endangering human lives and livelihoods.

The Fund will seek to achieve its investment objective by following a longer term-oriented strategy with a particular focus on both capital appreciation and biodiversity-linked investments. The Fund's global strategy aims at building ventures helping or achieving the preservation of biodiversity in sectors within the themes of Food, Land Management and Oceans. Economic activity in these sectors plays a massive role in the degradation of biodiversity around the world (hereinafter referred to as the "**Sustainable Investment Objective**").

The investments that the Fund will make are aimed at actively contributing to the Sustainable Investment Objective in alignment to the UN Sustainable Development Goals by:

Environmental Outcome(s)

- Fostering life on land and water protection through measuring biodiversity value of its investments

b) No significant harm to the Sustainable Investment Objective

In pursuing its Sustainable Investment Objective, the Fund places a priority on the effective management of potential sustainability risks associated with its investments to do no significant harm to any area of environmental or social concern. Toward that end the Fund follows the following safeguards:

- Selection of Investees is guided by a comprehensive set of eligibility requirements, as laid out below and further defined in the ESMS policy which reflect considerations and policies with respect to the Partnership's environmental investment objective adherence.
- The Investees in which the Fund will invest are expected to follow good governance practices in line with OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, International Bills of Human Rights and International Standards of Good Corporate Governance.
- The Fund will be aligned with certain UN Sustainable Development Goals such as SDG 2 (Zero Hunger), SDG 8 (Decent work and economic growth), SDG 12 (Responsible Consumption and production), SDG 13 (Climate action), SDG 14 (Life below the water) and SDG 15 (Life on land).

- The Fund also aims at measuring and assessing the positive impact by working, together with the biodiversity impact adviser of the Fund, on the impact assessment tool and impact strategy.
- Concerning biodiversity, the Fund’s biodiversity impact adviser assesses potential direct and indirect negative impact from operations, potential upstream and downstream negative impact, as well as potential systemic negative impacts through, for example, displacement of pressures, for all potential investee. Potential investments may also be assessed against the WWF’s Environmental and Social Safeguards Framework (“**ESSF**”)

Integration of adverse impacts on sustainability factors

Following the Fund’s Investment Process, information about Principal Adverse Impacts (PAI) will be systematically included in the Fund’s investment proposals developed by the investment advisor, to enable the investment committee to take informed decisions. Proposed investments will be screened against the 14 mandatory PAI indicators listed in Table 1 of Annex 1 of the April 2022 Regulatory Technical Standards (“**RTS**”) supplementing Regulation (EU) 2019/2088 to ensure that

- (a) no significant PAIs have been identified and
- (b) mitigants have been defined for each PAI where required.

In addition, the Fund will monitor and report on PAIs on an annual basis, including all mandatory indicators of the RTS, as well as two additional indicators as follows:

- 14. Natural species and protected areas and/or
- 11. Investments in companies without sustainable land/agriculture practices and/or
- 12. Investments in companies without sustainable oceans/seas practices

Alignment with Minimum Safeguards

Following the Fund’s investment process, information about alignment with minimum safeguards shall be systematically included in the investment proposals developed by the Fund’s investment advisor, to enable the investment committee to take informed decisions.

Proposed investments will be aligned with:

- International Labour Organization standards (ILO)
- International Bill of Human Rights (UN)
- Guiding Principles on Business and Human Rights (UN)

- OECD Guidelines for Multinational Enterprises

In case one or more of the above safeguards do not apply to the proposed investment, replacement safeguards will be identified.

Where relevant, proposed investments will be aligned with WWF's Environmental and Social Safeguards Framework (ESSF). ESSF provides an institutional mechanism to manage the environmental and social risks of WWF's work, helps deliver better conservation outcomes, and enhances the social well-being of local communities in the places where WWF operates. The safeguards framework is designed to address a broad range of environmental and social risks, mindful of the different challenges and needs in different parts of the world. It systematizes good governance practices to achieve human rights, transparency, nondiscrimination, public participation, and accountability, among other goals.

c) Sustainable Investment Objective of the financial product

The Fund's mission is to discover and grow new businesses to improve the state of biodiversity by transforming industries with significant footprints and conserving areas of outstanding importance for biodiversity.

The Fund's global strategy aims at building ventures helping or achieving the preservation of biodiversity in sectors within the themes of food, land management and oceans. Economic activity in these sectors plays a massive role in the degradation of biodiversity around the world.

The Fund will seek to achieve its investment objective by following a longer term-oriented strategy with a particular focus on both capital appreciation and biodiversity-linked investments.

No index has been designated as a reference benchmark for the Fund as no existing index has been designated for sustainable investments with an environmental objective that make a substantial contribution to the protection and restoration of biodiversity and ecosystems.

The Fund's investments target environmental aspects of the Sustainable Investment Objective. The Sustainable Investments targeting the environmental objective qualify under objective 6 of the environmental EU Taxonomy: protection and restoration of biodiversity and ecosystems (hereinafter the "**Taxonomy**").

As no delegated act is currently available for this objective, the manner and extent to which the investments of the Fund are aligned to the EU Taxonomy cannot yet be assessed. Once the European Commission has outlined the requirements for objective 6 of the Taxonomy, the investments of the Fund will be assessed, monitored and reported on accordingly on this regard.

d) Investment strategy

The Fund will pursue an investment strategy in order to discover and grow new businesses that are either developing technologies aiming at improving the state of biodiversity or conserving areas of outstanding importance for key biodiversity areas.

The strategies of the Fund will be as follows:

- a) the **Transform Strategy**, whereby the Fund will seek to invest in early stage ventures developing scalable technology-for-biodiversity solutions;
- b) the **Conserve Strategy**, whereby the Fund will seek to invest in place-based businesses active in high-priority biodiversity areas; and
- c) the **Enable Strategy**, whereby the Fund will seek to invest in technology-based ventures that develop and expand the biodiversity insights from tools.

Investment Strategy used to attain the Sustainable Investment Objective

Genesis aims to achieve its Sustainable Investment Objective by making equity or equity like investment to early-stage ventures which are assessed with the following to make sure they contribute towards this objective.

Selection Criteria

Proposed investment must fit one or more of the Fund’s three strategies described above in the following sectors:

- Sustainable agriculture
- Plant-based aquaculture
- Food production and consumption
- Smart materials and waste
- Ecotourism
- Monitoring and Verification technology

	BIODIVERSITY IMPACT CRITERIA
CONSERVE	RELEVANCE <ul style="list-style-type: none">• Responsibility or influence over an area of globally significant biodiversity (notably <i>Key Biodiversity Areas</i>). INTENTIONALITY <ul style="list-style-type: none">• Operations designed to preserve or enhance natural surroundings

	<ul style="list-style-type: none"> • Biodiversity-conserving or restorative business models. <p>VISION</p> <ul style="list-style-type: none"> • Potential 'lighthouse' case within sector.
TRANSFORM	<p>RELEVANCE</p> <ul style="list-style-type: none"> • Potential to substantially disrupt and improve an industry with a significant biodiversity footprint. <p>INTENTIONALITY</p> <ul style="list-style-type: none"> • Operations designed to reduce or reverse biodiversity impacts in value chain • Products or services designed to reduce or reverse harmful biodiversity impacts. <p>VISION</p> <ul style="list-style-type: none"> • Potential 'lighthouse' case within sector.
ENABLE	<p>RELEVANCE</p> <ul style="list-style-type: none"> • Availability of applications to measure and value biodiversity. <p>INTENTIONALITY</p> <ul style="list-style-type: none"> • Products or services designed to enable reduction or reversal of harmful biodiversity impacts. <p>VISION</p> <ul style="list-style-type: none"> • Potential 'lighthouse' case within sector.

Biodiversity Impact Assessment (*produced independently by the Fund's biodiversity impact Adviser*)

- Biodiversity related investment memo, including:
 - ToC, main impacts on biodiversity
 - Biodiversity related SWOT-analysis
 - Expected biodiversity value
 - Assessment of expected impact of the potential investment on the FUND biodiversity value
 - Comparison of impact reach and depth to competing potential investments
 - Investment memo from biodiversity impact and Environmental & Social Safeguards perspective
- Biodiversity action plan (covering biodiversity related baselines, milestones and target values, including timeline). The biodiversity action plan is integrated in the investment memorandum and term sheet as provided to the Fund's investment committee, and as a binding commitment for the proposed investee

- If applicable: Environmental and Social Safeguards Action Plan covering Environmental and Social Safeguards related baselines, milestones and target values, including timeline)

ESG / B Impact Assessment

- Proposed investment must be a credible candidate for B Corp certification, having achieved a minimum of 80 points in the B Impact Assessment (or an equivalent ESG impact assessment tool).
- This benchmark includes an assessment of good governance practices.

PAI and DSNH

- Proposed investment must be screened against the EU PAI indicators and verified for DSNH, in accordance with the SFDR.

The Fund will also apply the following exclusion criteria and shall not invest in companies which engage in activities listed on the IFC Exclusion list, as further described above under section “Investment Restrictions” of the Fund’s Offering Document.

EXCLUDED COUNTRIES	<p>A reasonableness test will be applied when the activities of the project company would have a significant biodiversity impact but circumstances of the country require adjustment to the Exclusion List.</p> <ul style="list-style-type: none"> • Any project located in countries that are under trade sanctions by the UN, USA or EU. • Non-Compliant Jurisdictions: <ul style="list-style-type: none"> ○ Jurisdiction subject to a Financial Action Task Force (FATF) call on its members and other jurisdictions to apply countermeasures to protect the international financial system from the ongoing and substantial money laundering and financing of terrorism (ML/FT) risks are excluded from the list of investable countries
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Policy to assess Good Governance

The Fund uses B Lab Impact Assessment tools to assess ESG risks and practices of investee companies, including those related to governance. The Fund investment criteria do not permit investments in companies with initial assessment scores below the B Lab benchmark

of 80 points. As a (Pending) Certified B Corp, the Fund's Investment Adviser will encourage investees to improve their ESG ratings over time, and ESG action plans will be deployed at the time of investment in cases of demonstrated need.

About B Impact Assessment:

As a comprehensive impact management tool, the B Impact Assessment is categorized into five distinct impact areas that represent the company's Governance and four key stakeholder groups: Workers, Community, Environment, and Customers.

- Governance evaluates a company's overall mission, engagement around its social/environmental impact, ethics, and transparency. This section also evaluates the ability of a company to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.
- Workers evaluates a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognizes business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment.
- Community evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognizes business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving commitments.
- Environment evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognizes companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems.

- Customers evaluates a company’s stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognizes products or services that are designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving underserved customers/clients, and services that improve the social impact of other businesses or organizations.

e) Proportion of investments

Genesis will pursue 90% of minimum sustainable investments in alignment to the Sustainable Investment Objective.

100% of these sustainable investments of the Fund have environmental objective, related to the EU Taxonomy environmental objective: the protection and restoration of biodiversity and ecosystems.

The Fund’s share of assets (10%) that is not invested in “Sustainable Investments” is cash. This share of assets does not affect the delivery of the Sustainable Investment Objective even if does not directly contribute to its achievement and serves a pure liquidity purpose.

f) Monitoring of sustainable investment objective

Background

The Fund aims at generating net positive impact on biodiversity at the level of individual investments and deploys a biodiversity impact assessment tool dedicated to seed and start-up stage companies active in the sectors targeted.

Indicators

Biodiversity Value

There is currently no singular or widely adopted sustainability indicator or index that addresses the Fund’s sustainable objective of building business for biodiversity. The Fund has worked with WWF, its biodiversity impact adviser to develop an impact assessment tool that is grounded in existing impact assessment approaches and the latest science-based methods around this topic.

The new impact assessment tool generates a specific indicator: Biodiversity Value (BV). The methodology for this assessment will be made publicly available by the Fund’s biodiversity impact adviser, with the goal of developing a publicly available tool and open-source methodology that is widely adopted by as many impact investors as possible.

The Fund aims to increase its total Biodiversity Value under Management (BVuM), which is a measure of the attainment of the sustainable objective of the product.

Biodiversity Performance

Biodiversity impact milestones and goals will be individually negotiated with each investee through a Biodiversity action plan. Progress towards these milestones will be reviewed together with the investee and reported on yearly. The Fund aims to support its investees in the achievement of the milestones, which support the overall development of BVuM. The Fund will track biodiversity performance against milestones as a key indicator.

Catalytic Role

The Fund seeks to invest in companies that are willing frontrunners for biodiversity. Such companies have a catalytic role in encouraging wider consideration and adoption of biodiversity impact goals, impacting the potential for BV creation across geographies and sectors. The Fund tracks the percentage of investments that can be considered catalytic, due to attributes such as innovation, visibility, and leadership.

Other Indicators for Biodiversity Impact

- Hectares Under Influence: The Fund tracks the number of hectares directly or indirectly influenced by investees.
- Jobs: The Fund tracks the number of green jobs created by investees.
- ESG Performance: The Fund tracks the B Lab Impact Assessment scores (or equivalent) of investees.

g) Methodologies

Genesis refers to its ESMS Policy to ensure integration of sustainability considerations across its decision-making process, which provides the basis for the methodologies used to measure the attainment of the Sustainable Investment Objective in line to the UN SDGs.

To measure change across the portfolio companies, the Fund monitors BV, BVuM and PAIs. The basis for measurement is self-reported data from each portfolio company. This data is collected first during due diligence and subsequently on an annual basis. Such self-reported data is cleaned, aggregated and reviewed to ensure quality data reporting. This data maybe further supported with the data collected by the Funds Impact Advisor where required.

h) Data sources and processing

Genesis derives and manages its data as outlined in the table below

Data Sources	Genesis draws data for its KPIs and most of its PAIs directly from its portfolio companies on an annual basis. For portfolio companies not currently measuring specific PAIs, sector and country specific proxies will be retrieved if required.
Data Quality	Internal and external data processing increases the quality of the data that Genesis works with.
Data Processing	Collected data is processed internally and externally, which includes data cleaning, documentation, and correction.
Data Proportion	Expected KPIs' portfolio coverage amount to 100%, while for PAIs, portfolio coverage ranges from 80-100%.

i) Limitations to methodologies and data

Genesis has developed its framework to measure progress towards achieving the Sustainable Investment Objective over time. Own learnings and external reviews continuously inform adjustments. Notwithstanding this constant improvement process, the methodologies and the data used for analysis have limitations.

Key limitations are the (i) availability and (ii) quality of data covering the full range of PAI data points. In the case of no data availability for a specific PAI, Genesis will report using sector and country specific PAI proxies. Nonetheless the use of PAI proxies for certain missing indicators consists of a key data limitation which will continuously be improved upon.

j) Due diligence

During the investment process of the Fund, ventures are selected through a multi-phase process in order to ensure the selection of companies that fit well with the Investment strategy and Sustainable Investment Objective. The due diligence process undertaken is summarized in the following table:

	Stage	Description	Execution Team	Required Deliverable	Supervisor /Decision Maker
1.	Pre-Screening	A Potential Investment case is submitted to the Investment advisor team's attention via the CRM system. The Execution Team needs to review the case and assess the compatibility with Genesis Biodiversity Fund eligibility criterias within 72 hours. The Supervisors oversee and might opine as needed.	<ul style="list-style-type: none"> ▶ Investment Associate ▶ Investment Analyst 	<ul style="list-style-type: none"> ▶ Compatibility screening with Fund criterias 	<ul style="list-style-type: none"> ▶ Investment Advisor (Managing Director) ▶ Impact Advisor (WWF)
2.	First Meeting	The Investor Advisor team has a first call or meeting with the Proponent, to receive further information. Based on such findings, the Supervisors assess whether the Potential Investment is compatible with the Fund strategy.	<ul style="list-style-type: none"> ▶ Investment Associate ▶ Investment Analyst ▶ <i>Managing Director [Opt.]</i> 	<ul style="list-style-type: none"> ▶ “Introductory Call Notes” 	<ul style="list-style-type: none"> ▶ Investment Manager (AIFM)
3.	In-depth Review	The Investment advisor team reviews the opportunity in more detail (incl. selective interactions with the Proponent), including, inter alia: <ul style="list-style-type: none"> - Business/technology - Biodiversity assessment - Market - Compétition - Team - Deal Structure (<i>incl. financial valuation</i>) Based on such findings, the Supervisors assess the case and whether to proceed with further investigations.	<ul style="list-style-type: none"> ▶ Investment Associate ▶ Investment Analyst ▶ Impact Advisor (WWF) 	<ul style="list-style-type: none"> ▶ In-depth Review ▶ Pre-DD stage 	<ul style="list-style-type: none"> ▶ Investment Advisor (Managing Director) ▶ Impact Advisor (WWF) ▶ Investment Manager (AIFM)

4.	Due Diligence	The Investment Advisor team in collaboration with the Investment Manager performs a full Due Diligence exercise on the Proposed Investment, engaging the Proponent, and prepares a full investment analysis document with valuation/ structuring detail. The Investment Committee decides whether to pursue the Potential Investment and go into final Due Diligence.	<ul style="list-style-type: none"> ▶ Investment Advisor (Managing Director) ▶ Impact Advisor (WWF) ▶ Investment Manager (AIFM) 	<ul style="list-style-type: none"> ▶ “Investment Memorandum” ▶ Due Diligence reports 	<ul style="list-style-type: none"> ▶ Investment Advisor support (Managing Director) ▶ Impact Advisor (WWF) ▶ Investment Manager (AIFM) decision at the IC level
5.	Negotiations/ Execution	Under the approval of the Investment Committee (Investment Manager/AIFM), the Investment advisor Team finalizes the DD process and concludes on the Proposed Investment. If any meaningful changes in the deal valuation/ structure, the Investment Committee at the AIFM level is called again to decide on the basis of such revised terms.	<ul style="list-style-type: none"> ▶ Investment Advisor (Managing Director) ▶ Investment Associate 	<ul style="list-style-type: none"> ▶ Term Sheet (Non-binding) ▶ Transaction contracts, such as Shareholder Agreement, Share Purchase Agreement, etc. (Binding) 	<ul style="list-style-type: none"> ▶ Investment Advisor (Managing Director) ▶ Investment Manager (AIFM)

Throughout the above detailed process, standardized due diligence request/questionnaires will be issued, documents reviewed, and management meetings and site visits will be held.

The Investment Memorandum and all the other materials prepared during the due diligences ensures coverage of the following aspects:

- 1) Compliance of the ventures with Minimum Safeguards defined in SFDR and Taxonomy, namely: ILO Declaration of Fundamental Principles and Rights at Work, the International Bills of Human Rights, and the UN Guiding Principles on Business and Human Rights, provided that such safeguards are applicable to underlying investments.
- 2) Compliance of the ventures with “Do Not Significant Harm” principle from Article 2(17) of the SFDR in relation to the principal adverse impact indicators in Annex I of the draft Regulatory Technical Standards of the SFDR.
- 3) Good governance practices with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
- 4) Identify and mitigate ESG-, environmental- and social risks.

k) Engagement policies

The investment adviser and the biodiversity impact advisor of the Fund - when deemed necessary, work with ventures and portfolio companies to implement best practices and crafting biodiversity action plans to be implemented applying their conservation and sector knowledge.

The Fund will establish an impact advisory council which will also conduct ongoing review at least on annual basis focusing on the following key areas:

- Review and provide input on fund strategy relevance for biodiversity
- Review and provide input on biodiversity impact and ESG measurement methodology
- Review and provide input on the Fund’s ESG and biodiversity performance
- Connect the Fund to relevant impact expertise across its sectors of focus

The investment advisor and the biodiversity impact advisor will take this input received from the impact advisory council into account in the due diligence process and in the on-going engagement with the investees in collaboration with the AIFM.