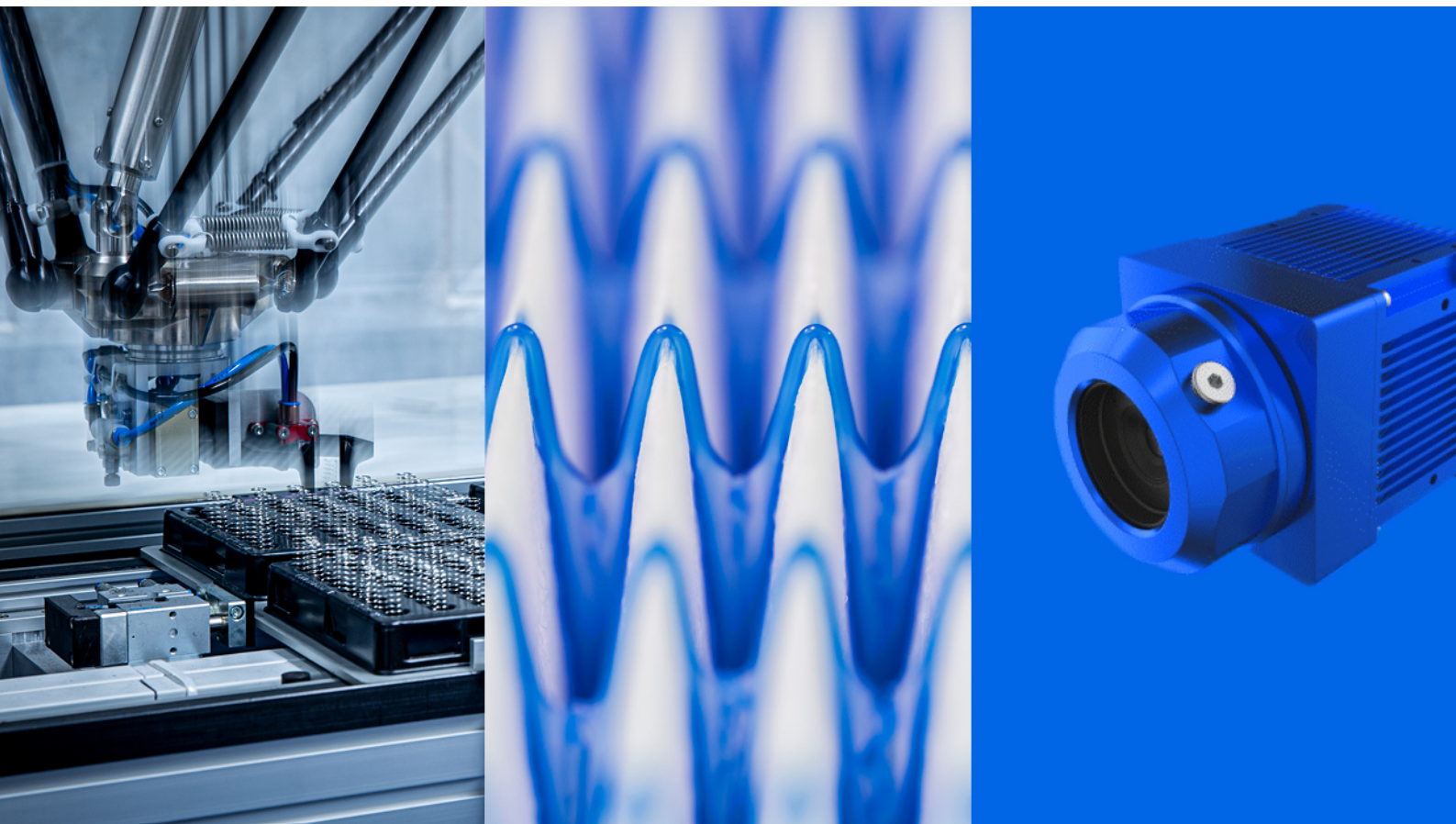




# SFDR Disclosures

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# SFDR Website Disclosures – PINOVA Capital GmbH

Entity Level: PINOVA Capital GmbH (LEI: 529900WK33AT7T3JD606)

## Transparency of sustainability risk policies (Art. 3)

According to the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), Art. 2 (22), sustainability risks are defined as “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 investment”. PINOVA Capital GmbH (“PINOVA”) has developed an Environmental Social Governance (ESG) management approach which is integrated along all the stages of the investment process and ensures the assessment and mitigation of such sustainability risks. In particular, sustainability risks are assessed as part of an ESG Due Diligence which is conducted prior to each potential investment and the results are taken into account for the investment decision. Our approach is documented in detail in our ESG Policy and all investment team members are trained on its application.

## Transparency of adverse sustainability impacts at entity level (Art. 4)

PINOVA endeavors to consider principal adverse impacts on sustainability factors on entity level. However, due to a lack of information, this cannot currently be guaranteed for every relevant investment decision. However, PINOVA pursues to avoid any negative sustainability impact of its investments by basically taking account principal adverse impacts on sustainability factors on fund level. Where relevant, PINOVA reports the PAI indicators in the format required by the Delegate Regulation (EU) 2022/1288 supplementing the SFDR. Data is collected from portfolio companies and aggregated on fund level on an annual basis. The PAI indicators include the calculation of Corporate Carbon Footprint on portfolio level, which allows PINOVA to determine the GHG intensity of its funds. The status regarding data availability to report the PAI indicators is collected as part of the ESG Due Diligence during the pre-investment phase and the actual data collected as part of regular ESG reviews during the holding phase.

## Transparency of remuneration policies in relation to the integration of sustainability risks (Art. 5)

The assessment of sustainability risks is integrated along the whole investment process and all members of the investment team are trained on the application of PINOVA’s ESG management approach. However, sustainability risks are not integrated as part of the remuneration policies.

Product Level: PINOVA Fund 3 GmbH & Co. KG

## Transparency of the promotion of environmental or social characteristics (Art. 10)

### Summary

The investment strategy of PINOVA Fund 3 GmbH & Co.KG (the “Fund”) is focused on industrial technology and information technology as core sectors. While it promotes

environmental or social characteristics, it does not have as its objective a sustainable investment. Exclusion criteria are applied and an ESG Due Diligence is conducted prior to each investment. ESG-related improvement targets are set and progress towards achieving these is tracked during the monitoring phase. Negative adverse impacts of the Fund's investments are considered and regularly assessed as part of PINOVA's ESG management approach.

### Zusammenfassung<sup>1</sup>

*Die Anlagestrategie der PINOVA Fund 3 GmbH & Co.KG (der „Fonds“) ist auf die Kernsektoren Industrietechnologie und Informationstechnologie ausgerichtet. Der Fonds fördert ökologische oder soziale Merkmale, hat aber kein nachhaltiges Investment zum Ziel. Es werden Ausschlusskriterien angewandt und vor jeder Investition eine ESG-Due Diligence durchgeführt. Darüber hinaus werden ESG-bezogene Verbesserungsziele festgelegt und der Fortschritt bei der Erreichung dieser Ziele wird während der Halteperiode verfolgt. Negative Auswirkungen der Investitionen des Fonds werden im Rahmen des ESG-Managementansatzes von PINOVA berücksichtigt und regelmäßig bewertet.*

### No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

### Environmental or social characteristics of the financial product

PINOVA has defined three focus areas to promote within all portfolio companies:

- Measuring, reducing and compensating GHG emissions
- Increasing diversity among management & employees
- Implementing best practice governance structures (e.g. code of conduct)

Moreover, PINOVA aims at improving the overall ESG performance of its portfolio companies which is monitored based on a proprietary ESG scoring system. Individual improvement targets are set for each portfolio company and progress towards achieving these targets is monitored.

As part of its investment process, PINOVA identifies relevant sector-specific ESG value drivers before each investment which are discussed together with the investment and integrated in the Value Roadmap for the investment period. The value levers can differ for each investment, examples include:

- **Environment:** increasing energy efficiency in industrial production processes through the technology solution; applying green coding to reduce CO2 emissions of information technology
- **Social:** promote diversity, equality & inclusion (DEI) within the workforce to improve employee retention and recruiting; promote DEI through the product/service e.g. by making the technology/software accessible to people with disabilities

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<sup>1</sup> German version of the Summary as required by Art. 2 SFDR RTS

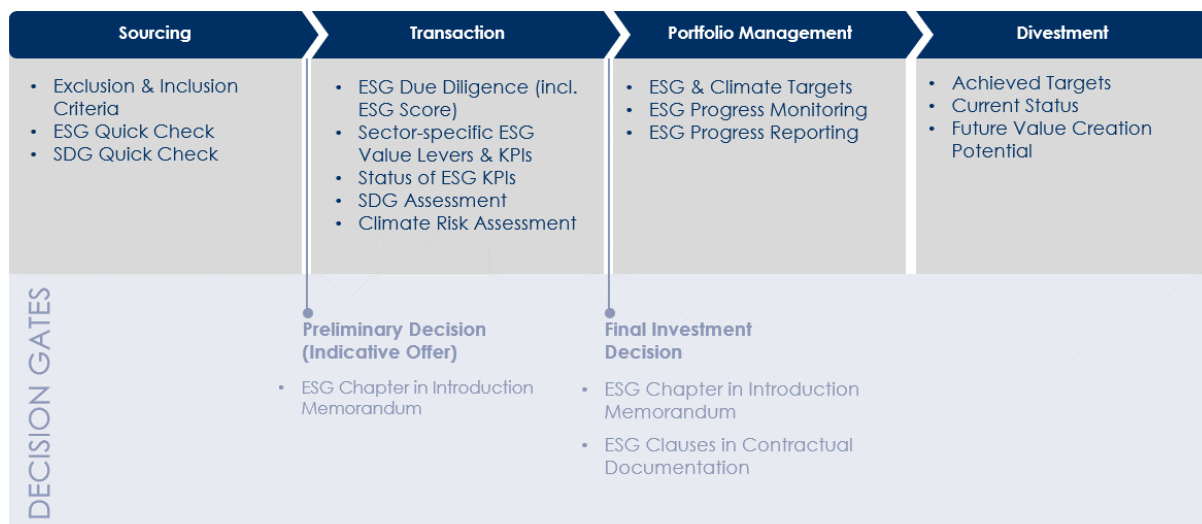
- **Governance:** implement a Code of Conduct to raise awareness about ethical behavior and avoid non-compliance with laws; ensure IT security to protect the business from data leaks or cyber attacks

### Investment strategy

PINOVA’s investment strategy is focused on industrial technology and information technology as core sectors. Within these sectors investments are aimed at B2B solutions with a high growth potential and a clear technological differentiation.

PINOVA applies an extensive list of exclusion criteria to avoid investments in business activities which are considered unethical, harmful to society and/or the environment, or in breach of laws or regulations. For more detailed information on the exclusion criteria, please refer to the ESG Policy published on the PINOVA website.

ESG is an integral part of the investment strategy and is therefore anchored in every stage of the investment process, incl. sourcing, due diligence, investment decision, portfolio management and divestment preparation as illustrated below.



Good governance practices of the investee companies are assessed as part of the due diligence in the transaction phase. In addition, PINOVA is committed to improving good governance practices as part of its ESG progress monitoring processes during the holding phase.

### Proportion of investments

PINOVA’s ESG management approach is applied to all investments, hence 100% of investments promote environmental or social characteristics. All investments are direct exposures in investee entities.

### Monitoring of environmental or social characteristics

During the holding phase the ESG performance of each portfolio company is monitored and reported. Through a yearly ESG review progress is assessed and tracked by updating the ESG score of the portfolio company based on implemented improvement measures. In addition, several sustainability indicators are collected to complement the qualitative assessment of the company’s ESG performance. Key ESG aspects and progress made towards achieving defined ESG targets are integrated in regular board and fund reporting.

## Methodologies

The ESG Assessment is structured along typical business model components as illustrated below. Thereby material ESG aspects can be aligned with general business value drivers. An initial ESG Quick Check is conducted during early stages of the transaction process which broadly focusses on general components such as the company's value proposition, input factors, implementation processes and its impact. In addition, a detailed ESG Assessment in more advanced stages of the investment process takes into account additional sub-components for each general component (e.g. people and materials as part of input factors). Critical challenges and material risk factors are flagged and value creation potentials are highlighted. Based on the results clear recommendations are provided to define an ESG Roadmap for the holding period including relevant targets and sector-specific ESG Levers. Based on the qualitative assessment an ESG score is calculated and serves as basis for the investment decision as well as for progress monitoring during the holding phase.

## Data sources and processing

Different data sources are used to collect relevant ESG information. During due diligence public information about the target company are screened to gain an outside-in view, relevant internal company documents are reviewed and complemented by a management interview to assess how ESG aspects are managed within the company. Data quality is ensured by applying the four-eye-principle and the interview is used to validate the data obtained and close any data gaps. Furthermore, where necessary data is collected and assessed by external experts specialized in ESG topics.

Data is processed and documented in a proprietary Excel-based ESG Template for each portfolio company. No data is estimated.

## Limitations to methodologies and data

As PINOVA's investment focus is on medium-sized technology companies (Mittelstand), ESG management and reporting structures are often not yet established within these companies due to their size. Furthermore, it is common for medium-sized companies to have pragmatic approaches to managing ESG topics which are not yet formalized and documented. Therefore, at the time of acquisition and during the due diligence phase there might be a lack of data and limited data quality. However, PINOVA is committed to improve data availability and quality for all its portfolio companies during the holding phase. A specific set of sustainability KPIs (including the PAI indicators) is introduced at all portfolio companies and collected on a regular basis. Therefore, initial limitations to data availability and quality do not affect the achievement of defined sustainability targets within the holding period.

## Due diligence

As information is usually limited during the sourcing phase, only a high-level ESG & SDG assessment is conducted. Based on a checklist an initial status of the main sector-specific ESG risks and value levers regarding the resources used, activities performed and impact generated by the business is evaluated. Furthermore, the company's potential harm and contribution to pre-selected SDGs and related targets is assessed focusing on the product/service of the company only.

The results of the initial ESG & SDG Quick Check are summarized and integrated as part of an ESG Chapter in the Introduction Memorandum and serve as basis (among other criteria) for the preliminary decision to continue with an indicative offer.

During the transaction phase with increased access to the target and relevant information a detailed ESG assessment is conducted to identify any potential risks and opportunities. Moreover, potential climate risks are evaluated and the initial SDG assessment is extended to cover all SDGs and the overall business model of the company.

The results of the ESG assessment conducted in the transaction phase are rated on a numeric scale and summarized in an overall ESG score. The score as well as the main ESG risks, opportunities and recommendations are illustrated in an ESG Dashboard. This dashboard serves (among other criteria) as basis for the final investment decision.

#### Engagement policies

PINOVA actively engages with its portfolio companies on a regular basis to support a continuous improvement of their ESG performance. Based on the due diligence results a Value Roadmap is created together with each portfolio company, including specific sustainability targets and progress towards achieving these is regularly monitored. In addition, ESG aspects are integrated in board and fund reporting and portfolio companies are required to report any potential sustainability-related controversies or incidents on an ad hoc basis. If such controversies are reported or identified during a regular ESG review relevant measures are discussed with the portfolio company and implementation of these measures is monitored.

## Statement on principal adverse impacts of investment decisions on sustainability factors

PINOVA considers principal adverse impacts of its investment decisions on sustainability factors with regard to PINOVA Fund 3 GmbH & Co. KG. The present statement covers the reference period from 1 January to 31 December 2023. It is the consolidated statement on principal adverse impacts on sustainability factors of PINOVA Fund 3 GmbH & Co. KG and its subsidiaries.

Indicator	Metric	Unit	Value/Answer	Coverage	Explanation / Actions	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
<b>Greenhouse gas emissions</b>	1	Scope 1 GHG emissions	t CO <sub>2</sub> equivalent	197,7 t	100,0%	
		Scope 2 GHG emissions (market-based)	t CO <sub>2</sub> equivalent	170,3 t	100,0%	
		Scope 3 GHG emissions	t CO <sub>2</sub> equivalent	14.086,5 t	100,0%	
	2	Carbon footprint	t CO <sub>2</sub> equivalent per million EUR of current value of investment	122,5 t	100,0%	
	3	GHG intensity of investee companies	t CO <sub>2</sub> per million EUR of revenue	268,6 t	100,0%	
	4	Activity in the fossil fuel sector	% (yes)	0,0%	100,0%	
	5	Share of non-renewable energy consumption and production	%	55,2%	100,0%	
	6	Energy consumption intensity per high impact climate sector p.a.	GWh per million EUR of revenue	0,1 GWh	100,0%	Two investee companies have activities in high impact climate sector "Manufacturing"
<b>Biodiversity</b>	7	Do you have any sites/operations located in or near to biodiversity-sensitive areas where your activities negatively affect those areas?	% (yes)	0,0%	100,0%	
<b>Water</b>	8	Tonnes of emissions to water (i.e. discharge of solid, liquid or gaseous pollutants or contaminants into a body of water)	t per million EUR of revenue	0,0 t	100,0%	
<b>Waste</b>	9	Tonnes of hazardous waste and radioactive waste generated	t per million EUR of revenue	0,0 t	100,0%	
<b>Additional KPI</b>		Is the company lacking carbon emission reduction initiatives aimed at aligning with the Paris Agreement?	% (yes)	24,4%	100,0%	Concerns one investee company; reduction initiatives are being implemented starting 2024.
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
<b>Social and employee matters</b>	10	Has your company been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises?	% (yes)	0,0%	100,0%	
	11	Do you have policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises or complaints handling mechanisms to address violations of these principles?	% (yes)	75,6%	100,0%	Currently one investee company without policy; will be implemented starting 2024.
	12	Unadjusted gender pay gap	%	12,1%	48,9%	Two investee companies currently do not report unadjusted gender pay gap; all companies have salary ranges in place which ensure equal pay for equal work, regardless of gender (adjusted gender pay gap close to 0%)
	13	Board gender diversity: Average ratio of female to male board members	%	0,0%	100,0%	
	14	Exposure to controversial weapons: Is your company involved in the manufacture or selling of controversial weapons?	%	0,0%	100,0%	
<b>Additional KPI</b>		Number of days lost to injuries, accidents, or illness	# days per employee	11,5	100,0%	Employee health programmes exist in the majority of investee companies