*Sustainable Finance Disclosure Regulation on **product level** in alignment with Article 8 of Regulation (EU) 2019/2088*

While ESG aspects have been generally considered in previous investments, the approach described below applies particularly to CMP's German Opportunity Fund III SCA SICAV-SIF (referred to as 'the fund' or 'the financial product').

Article 10: Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites

Summary

The financial product promotes environmental, social and governance characteristics, as defined under Article 8 of Regulation (EU) 2019/2088 (the Sustainable Finance Disclosure Regulation – SFDR), but it does not intend to make sustainable investments with an environmental or social objective in accordance with Article 2(17) of the SFDR. Therefore, 100 % of investment will be aligned with the underlying investment strategy and environmental or social characteristics promoted.

Under the fund's investment strategy, the consideration of ESG aspects presents an integral part of each phase of the investment and value creation process. Therefore, a multi-stage approach is applied to consider ESG aspects in all phases of the investment and value creation process, i.e. in the a) pre-investment phase, b) in the investment decision as well as in c) the holding phase.

The fund engages with its portfolio companies on ESG topics throughout the entire investment lifetime. A specific engagement focus is given post-investment, namely through active engagement with portfolio companies to enhance the ESG performance and to monitor compliance during the holding phase. Therefore, the fund benefits from having representatives within the portfolio companies, e.g. in an executive role or as a member on the supervisory/advisory Board at the portfolio company.

In addition, the fund makes reasonable efforts to increase the availability and quality of principal adverse impact (PAI) data points as well as to encourage portfolio companies to collect and report on relevant PAI KPI's from Tables 1 to 3 in Annex I of the Commission Delegated Regulation (EU) 2022/1288. However, the financial product currently does not comprehensively consider PAIs or commits to PAI disclosure obligations.

The following chapters present and explain the environmental and social characteristics promoted by the fund as well as the overall ESG approach and methodologies applied.

No sustainable investment objective

Although the financial product considers and promotes environmental, social and governance characteristics, as defined under Article 8 of Regulation (EU) 2019/2088 (the Sustainable Finance

Disclosure Regulation – SFDR), it does not intend to make sustainable investments with an environmental or social objective in accordance with Article 2(17) of the SFDR.

Environmental or social characteristics of the financial product

The fund focuses on investments in medium-size companies in the D-A-CH-region, primarily in the manufacturing and processing industries as well as in the service and trade sector. Thereby, the fund applies a holistic ESG approach that acknowledges a broad set of environmental and social characteristics.

The fund explicitly excludes investments in companies which:

- Own or manage, directly or indirectly, a casino or any other gambling company;
- Are, in a major proportion of its activity, directly engaged in the development, production or sale of biological, chemical, or nuclear weapons, cluster bombs or anti-personnel mines;
- Are engaged in the production or trade of tobacco and its derived products;
- Are carrying out illegal logging;
- Are engaged in pornography and vice;
- Are engaged in animal testing, live export, or the fur trade;
- Are, in a major proportion of its activity, directly engaged in genetically modified organisms beyond the strictest applicable standards;
- Are engaged in the production or trade of human cloning solutions;
- Are active in the exploration of oil and natural gas.

Furthermore, the fund hold ups a zero-tolerance policy towards the following issues:

- Discrimination or harassment of any kind;
- Incitement of violence or racial hatred;
- Activities which constitute a material violation of locally applicable environmental law or regulation;
- Support of extremist political or religious groups or cults or the support of an undemocratic political regime;
- Activities employing forced or child labour of any kind.

Potential investments in conflict with the above may be rejected at an early stage.

Additional to these exclusions, for each investment a set of ESG aspects is assessed. Subject to proportionality and data availability, the ESG framework identifies individual ESG aspects throughout the entire value chain of a company, from the supply chain to internal operations and management up to product and service activities. This ESG framework serves as a guideline for a continuous and dynamic evolution towards sustainable business practices and helps actively identify ESG-related risks and seize value creation opportunities.

The following non-exhaustive list presents ESG aspects which are considered in the investment decision and during the holding phase:

- **Environmental:**
    - Compliance with environmental regulations and certifications relevant in the specific industry;
    - Environmental strategies and initiatives;
    - Environmental impacts of a company's operations on air, water and land, waste management, energy conservation and energy efficiency.
- **Social:**
    - Compliance with labour, welfare and safety legislation applicable to the company;
    - Health & safety management and organization;
    - Fair working conditions;
    - Corporate social responsibility (CSR) initiatives.
- **Governance:**
    - Compliance with required statutory filings and payments;
    - Board and management structure;
    - Business ethics;
    - Reporting transparency;
    - Data protection.

Investment strategy

Under the fund's investment strategy, the consideration of ESG aspects presents an integral part of each phase of the investment and value creation process, namely within a) the pre-investment phase, b) the investment decision and c) the holding phase. The incorporation of ESG in the fund's investment process is outlined and described in more detail below:

a) Pre-Investment Phase

In the pre-investment phase, potential investments are screened against exclusion criteria and investment principles (refer to 'Environmental or social characteristics of the financial product' above). Should the screening identify any conflicts with applied exclusion criteria or investment principles, the investment opportunity might be rejected at this stage.

Following the screening, every investment opportunity will be subject to an ESG due diligence (pre-investment due diligence) that focuses on the assessment of a highly material set of ESG criteria and compliance-related issues. Besides the review of publicly available information and documents, interviews with relevant management personnel are held to gain a deeper understanding of a company's ESG management practices that may not be codified or written into documented processes. Any findings will result in clear recommendations to mitigate ESG-related compliance risks and achieve improvement potentials.

b) Consideration of ESG in the Investment Decision

Findings of the pre-investment due diligence will be considered in the investment decision. In case of direct conflicts with applied exclusion criteria and investment principles or highly material compliance issues, an investment opportunity will be rejected. In case of a positive investment decision, the recommendations and improvement potentials determined during the pre-investment due diligence will be included in the restructuring concept of the respective investment company.

c) Holding Phase

Once a deal is closed and necessary structures and capacities are in place, a more comprehensive ESG assessment of the company is conducted (post-investment due diligence) that focuses on ESG-related risks and opportunities. The results of the post-investment due diligence form the basis for an ESG scoring and action plan. The implementation of the action plan is monitored at least annually. The monitoring builds an interactive process with the portfolio companies and active support from CMP to further improve the ESG performance and the spirit of ESG initiatives.

Governance criteria are assessed in terms of good governance practices during the pre-investments phase. As outlined under 'Environmental or social characteristics of the financial products', governance criteria considered include (but are not limited to) compliance with required statutory filings and payments, board and management structure, business ethics, reporting transparency and data protection.

Proportion of investments

In all investments, the financial product will adhere to its investment strategy and investment limitations. Therefore, 100 % of investment will be aligned with the environmental or social characteristics promoted, but do not qualify as sustainable investments within the meaning of Article 2(17) SFDR. For the avoidance of doubt, this does not include cash reserves and/ or short-term investments, e.g. for hedging or cash management purposes that only account for insignificant amounts during the life of the fund. Similarly, all assets are direct investments.

Monitoring of environmental or social characteristics

All portfolio companies are assessed annually on their ESG performance as described under 'Investment Strategy' above. The fund additionally benefits from having a CMP representative in an executive role or as a member on the advisory or supervisory boards at the portfolio companies. The fund is therefore able to monitor and actively support the implementation of the ESG action plan post-investment.

In addition, the fund makes reasonable efforts to increase the availability and quality of principal adverse impact ('PAI') data points as well as to encourage portfolio companies to collect and report on relevant PAI KPI's from Tables 1 to 3 in Annex I of the Commission Delegated Regulation (EU) 2022/1288. However, the financial product currently does not comprehensively consider PAIs or commits to PAI disclosure obligations.

The ESG performances of the investments made by the financial products are regularly communicated internally as well as externally as part of the mandatory regulatory reporting under the SFDR.

Methodologies

The fund's approach to assessing the attainment of the promoted environmental and social characteristics depends on the investment phase (for a detailed description please refer to 'Investment Strategy' above): As the fund focuses on businesses in special situations, potential investments may be lacking comprehensive ESG-related resources and data documentation. To account for this, the fund performs a condensed ESG analysis within the pre-investment phase, primarily focusing on compliance-related issues. The results of the analysis are an integral part of the investment proposal and hence, of the final investment decision. Once a deal is closed and necessary structures and capacities are in place, a more comprehensive ESG assessment focussing on ESG-related risks and opportunities is conducted. The assessment results in an ESG scoring and action plan the implementation of which is monitored at least annually.

Data sources and processing

Data for ESG assessments is sourced in three ways: First, the portfolio companies or prospective investment companies gather all ESG related documents (usually in a digital format) and make them available to the investment team and external consultants that may support the investment team. Second, a review of publicly available information is conducted. Third, interviews are held with relevant management personnel to gain a deeper understanding of the company and fill data gaps where the company may not yet have documented processes in place. No data is estimated within this process.

Limitations to methodologies and data

As the fund focuses on businesses that are in special situations or are undergoing turnaround, their ability to collect ESG-related data may, in certain instances, be impeded. The fund accounts for this in multiple ways: Within the pre-investment phase, the assessment focuses on a smaller, yet highly material set of ESG criteria to which the companies provide information on. Additionally, interviews with relevant management personnel are conducted to gain a deeper understanding of a company's ESG management practices that may not be codified or written into documented processes. Once a deal is closed and necessary structures and capacities are in place, a more comprehensive ESG assessment of the company is conducted.

Due Diligence

The due diligence of potential investments and underlying data sources is conducted in line with the fund's ESG policy and internal guidelines. The due diligence is largely dependent on the availability of ESG-related data (refer to 'Data sources and processing'), that is collected during the due diligence process as well as through regular monitoring during the holding phase.

Engagement Policies

The fund engages with its portfolio companies on ESG topics throughout the entire investment lifetime. A specific engagement focus is given post-investment, namely through active engagement with portfolio companies to enhance the ESG performance and to monitor compliance during the holding phase. Therefore, the fund benefits from having representatives within the portfolio companies, e.g. in an executive role or as a member on the supervisory/advisory Board at the portfolio company. The monitoring is intended to be an interactive process with the portfolio companies to further cultivate the spirit of ESG initiatives.

Designated reference benchmark

No specific index has been designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product.