VENDIS CAPITAL

Vendis Entity Level Disclosures

June 2023

CONTENT

1. SUSTAINABILITY RISK POLICY

Sustainability risks

A “Sustainability Risk” is defined in Article 2 (22) of the SFDR 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 an investment”.

Sustainability Risks include (but are not limited to) the following:

- environmental risks such as the impact of environmental events such as increased flooding risks on operations of portfolio companies;
- social risks such as impact of non-compliance with anti-slavery or working conditions laws and regulations by portfolio companies; and
- governance risks such as inadequate management oversight of portfolio companies.

The different Sustainability Risks depend on portfolio companies’ operations and the sector in which they operate. For the consumer sector, the most important Sustainability Risks relate to social risks in the supply chain.

Integration of sustainability risks in investment processes

As a responsible investor, Vendis incorporates factors that encompass sustainability (ESG) into the entire investment cycle through a robust and pro-active approach to mitigate sustainability risks as much as possible. The approach is fully applied by the investment team and makes it possible to tailor the process to each investment or opportunity to ensure appropriateness and effectiveness.

Initial investment screening phase

All investment opportunities are screened against the Vendis exclusion list:

- location or domicile in a country named on any sanction list or subject to applicable embargoes imposed by the United Nations, the European Union and the United States of America;
- production, trade or financing of weapons and ammunition of any kind , including cluster munitions, mines, chemical weapons or biological weapons;
- research, development or technical applications relevant to Genetically Modified Organisms (GMO) or human cloning for reproduction purposes;
- production of and trade in tobacco and related products;
- research, development or technical applications relevant to internet gambling, pornography or illegal access to electronic data networks; and

- revenue generation of more than 30 percent of total revenue from coal mining or transportation, or revenue generation of over 30 percent of energy output from coal.

Further exclusions may be considered for specific investors on a case-by-case basis. In the case where sectors are not on the exclusion list but are considered to have potential adverse impacts on stakeholder groups, the investment team, including members of the ESG team, will determine the viability of the opportunity. This evaluation will, amongst others, include the management's willingness and the recourses required during the ownership period to improve the sustainability performance.

Due diligence

The due diligence process is an important step to not only identify and mitigate material sustainability risks relevant to an investment opportunity, but also to identify where ESG factors can be influenced positively.

An initial ESG materiality analysis is undertaken for all opportunities to determine the most important ESG topics. Depending on the nature of the ESG risks and opportunities identified, the due diligence process may be based on external sector research or may involve detailed information obtained by dialogue with management and site visits. Furthermore, the likely impacts of sustainability risks on the financial returns are assessed on a qualitative basis.

Overall findings from the due diligence process will serve as a starting point for the engagement that Vendis sets out with the company in relation to sustainability.

Ownership

A discussion with relevant ESG topics is held with portfolio companies at the start of the investment, as the outcome of the ESG due diligence is shared with the company and a strategy is agreed for actions to be undertaken in the first year (usually contained within a 100-day plan or roadmap).

Each portfolio company commits to developing a yearly ESG action plan and complying with Vendis' ESG reporting requirements. During the annual ESG review, an assessment is conducted to evaluate the performance on the company's most material ESG themes. As a result, sustainability risks can be identified and mitigated to the best extent possible. Furthermore, the likely impacts of sustainability risks on the financial returns are assessed on a qualitative basis.

2. REMUNERATION IN RELATION TO SUSTAINABILITY RISKS

Vendis promotes sound and effective risk management and ensures that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. Vendis strongly believes in the authenticity of its approach to ESG and is mindful that its activities do not give rise to greenwashing, mis-selling or misrepresenting of its investment strategies.

The remuneration system in place within Vendis is aimed at avoiding the creation of incentives for short term or excessive risk-taking. In this regard, sustainability risks are also taking into account. The remuneration packages offered to Vendis' staff consist of fixed and variable remuneration. When the parameters for the variable remuneration are determined, it is monitored that excessive risk-taking, among others in respect of sustainability risks, is controlled and discouraged.

The appraisal processes takes into account how employees promote and implement the approach set out in the Sustainable Investment and Ownership Policy.