VENDIS SFDR STATEMENT

The Sustainable Finance Disclosure Regulation (**SFDR**) requires financial market participants such as Vendis Capital Management (**Vendis**) to provide information to investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the remuneration in relation to sustainability risks and the promotion of environmental or social characteristics, and sustainable investment.

This document contains information on our (Vendis') responsibilities under the SFDR, our approach to ESG (Environmental, Social and Governance) and responsible investment in general.

Part I contains the Vendis entity level disclosures and part II contains the Article 8 disclosures for the financial product Vendis Capital III.

I. Vendis entity level disclosures

This part of the SFDR Statement sets out the disclosures made by Vendis in relation to the financial products (i.e. investment funds) managed by Vendis and not yet dissolved, in compliance with Articles 3, 4 and 5 of the SFDR.

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[1], including cluster munitions, mines, chemical weapons or biological weapons;

[1] This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.

- 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.

Principal Adverse Impacts statement

As an independent private equity firm focused on investing in, and scaling up branded consumer companies, Vendis is committed to contributing to the transformational change needed to move towards a sustainable economy. Therefore, Vendis considers the principal adverse impacts of its investment decisions on sustainability factors.

“Principal adverse impacts” are defined in Recital 20 of the SFDR as: “those impacts of investment decisions and advice that result in negative effects on sustainability factors”, with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in Article 2 (24) of the SFDR.

The present statement is the consolidated principal adverse sustainability impacts statement of Vendis.

Description of principal adverse sustainability impacts

Vendis recognises that economic activity in general often has a mixed impact on sustainability. The consumer sector provides useful or joyful goods and services to consumers and is often a strong engine for job creation. However, the sector’s activities may also have harmful effects, both at the level of the company’s operations (e.g. commercial activities exhausting environmental resources) and within the supply chain (e.g. poor labour conditions of suppliers).

Vendis identifies, monitors and addresses, insofar relevant, principal adverse impacts of its investments on sustainability factors. All indicators, set out in Table 1 of the Regulatory Technical Standard are deemed relevant and, therefore, Vendis will monitor all those indicators. Additionally, important environmental indicators from Table 2 and social indicators from Table 3 for the consumer sector will also be considered.

The following indicators, set out in Table 1 of the Annex of the Regulatory Technical Standard of the SFDR, will be reported annually:

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste ratio
10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons

Furthermore, the following additional environmental indicator from Table 2 and additional social indicator from Table 3 will be measured:

1. Investments in companies without carbon emission reduction initiatives
2. Lack of a supplier code of conduct

The measures described in the engagement policies allow Vendis to maximise the ESG improvement potential and value of its investments and to minimise the potential adverse sustainability impacts.

Engagement policies

Vendis takes a result-oriented approach to the engagement strategy with portfolio companies, ensuring that ESG targets are set as integral part of business plans and the overall strategy. Vendis requires that a yearly ESG action plan is proposed by the portfolio company's management to the board and that regular progress reviews take place at board level. Based on the targets and action plan, each company is monitored to identify progress on ESG performance. As part of this, a yearly ESG review is conducted by an external consultant.

Through the engagement and monitoring process, best-practice sharing between portfolio companies is encouraged.

References to international standards

Vendis' responsible investment journey began with its inception in 2009 when ESG considerations were already applied to its first investments. In 2018 Vendis became a signatory to the Principles for Responsible Investment (PRI) and the Vendis annual PRI Transparency report is shared with investors.

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

II. Vendis Capital III Article 8 disclosures

This part of the SFDR Statement sets out the disclosures made by Vendis in relation to the promotion of environmental or social characteristics by one of its financial products, i.e. Vendis Capital III (the **Fund**), in compliance with Article 8 of the SFDR.

No sustainable investment objective

The Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment. The Fund has not formally adopted a target for the proportion of sustainable investments but makes sure that all companies are aligned with the environmental and/or social characteristics that the Fund promotes.

The Fund considers principal adverse impacts of its investment decisions on sustainability factors. More information regarding the principal adverse impacts can be found in the Part I of the Vendis SFDR Statement.

A sustainable investment, if ever made by the Fund, will be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Environmental or social characteristics

The Fund promotes several environmental and/or social characteristics. This includes, but is not limited to:

- the screening of all investment opportunities against the exclusion policy;
- the annual ESG review for all investments made by the Fund;
- the assessment of adverse ESG impacts on the investments made by the Fund;
- the establishment of an annual ESG Action Plan with targets for all investments made by the Fund.

Sustainability indicators used to measure the attainment of these characteristics are:

- Number of ESG reviews
- Principal adverse impacts indicators
- Number of ESG projects completed

The principal adverse indicators referred to in the Part 1 of the Vendis' SFDR Statement (i.e. those set out in Table 1 of Annex I of the Regulatory Technical Standards of the SFDR and one additional environmental indicator from Table 2 and one social indicator from Table 3 of the aforementioned Annex) will be reported for the Fund's investments in the annual report of the Fund. The Fund will monitor and report on the principal adverse indicators, for a first time by 30 June 2023 at the latest and thereafter on an annual basis.

Investment strategy

Vendis' Sustainable Investment and Ownership policy (the **Vendis SIO Policy**) specifies the environmental and/or social characteristics that the Fund promotes and how they are attained. ESG considerations are applied throughout all phases of the investment cycle, and the Fund's approach allows it to tailor the process to each investment or opportunity to ensure appropriateness and effectiveness. The Fund's investment strategy contains the following binding elements to attain the environmental and/or social characteristics:

- Exclusion policy
- Materiality assessment
- ESG due diligence
- Annual ESG review

More information about the implementation of ESG in the investment strategy can be found in the Vendis SIO Policy. The policy is overseen by the entire Partner group, and it is Michiel Deturck (Partner), who has overall accountability for its implementation. Furthermore, the policy is reviewed and updated insofar necessary on an annual basis.

Each portfolio company of the Fund is required to comply with a "Code of Conduct for Portfolio Companies" for as long as the Fund holds ownership interests in the portfolio company. By adhering to this code, companies subscribe to several good governance principles, including sound management structures, employee relations, remuneration of staff and tax compliance. More information regarding the good governance principles can be found in the code.

Monitoring of environmental or social characteristics

During the annual ESG review, the Fund supports portfolio companies, where possible, to gather and report on principal adverse impacts indicators and future ESG projects. Furthermore, the progress on those ESG targets is assessed every year by verifying the number of completed projects. In this process, the Fund collaborates with a third-party ESG consulting firm to ensure that data are accurate, relevant, and benchmarked appropriately. The results are also published in the Fund's annual PRI Transparency report.

The Fund makes sure that all portfolio companies are aligned during the ownership period with the environmental and/or social characteristics that the Fund promotes. In case objectives are not met, this will be raised directly with the portfolio company and, if needed, also with the partner group, as described in the Vendis SIO Policy. Should a conflict of interest arise, the partner group will decide on the way forward.

Methodologies

A materiality assessment is conducted during the ESG review, which is based on the industry framework developed by the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Furthermore, the definitions and methodologies provided by the Regulatory Technical

Standards are used for the principal adverse impacts calculations and the Greenhouse Gas Protocol for all carbon footprint calculations.

Data sources and processing

The ESG materiality assessments and ESG due diligences are carried out by Vendis and, if ESG considerations are considered material, an external ESG consultant in collaboration with the portfolio companies.

Other information required to measure the sustainability factors is obtained directly from portfolio companies and/or is collected via a third-party data gathering platform supplemented by information from interviews. The proportion of estimated data is minimised, but the Fund retains the right to make estimates based on reasonable assumptions if there is a lack of data. The data are processed and validated by an external ESG consultant in collaboration with the portfolio companies and Vendis' portfolio teams.

Limitations to methodologies and data

Data availability may be a limitation, and estimates are assumed to be less reliable than actual data. Therefore, the Fund clearly indicates when estimates are made to avoid misinterpretation.

Furthermore, it is possible that the effective date of the Regulatory Technical Standards, including the principal adverse impacts, will be postponed. The Fund will nonetheless report, insofar relevant and feasible, on those indicators.

Due diligence

In the due diligence phase, material sustainability risks and potential for improvement are identified. To do so, the level of materiality is checked with a standard list of questions. This list is completed for all investment opportunities before starting the due diligence. If the level of materiality is high, sustainability is included as a separate topic in the Fund's due diligence. Investigation of the ESG performance of an investment opportunity is based on desktop research and/or a third-party ESG analysis, which can be combined with occasional on-site visits. Output of these investigations is included in the Investment Memorandum and serves as a starting point for the Fund's engagement with the company with regard to sustainability.

Engagement policies

It is important for the Fund that companies in which it invests strive to make a material positive impact on society and the environment. Guiding principles to create such a mindset with the companies' management are set out in the "Code of Conduct for Portfolio Companies". Every new portfolio company is requested to adhere to the Code.

As set out in the Code, the companies invested in by the Fund are expected to prepare an ESG action plan, to comply with ESG reporting requirements, to meet all relevant national and international environmental and labour standards and to subscribe to several good governance principles.

Furthermore, an annual ESG review is conducted, as described in the investment strategy section and in the Vendis SIO Policy.

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