



Principal Adverse Impact Statement

June 2023

CONTENT

1. SUMMARY
2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS
3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE ADVERSE IMPACTS
4. ENGAGEMENT POLICIES
5. REFERENCES TO INTERNATIONAL STANDARDS
6. HISTORICAL COMPARISON

1. SUMMARY

Vendis Capital Management NV/SA (LEI: 875500GRGM3CZXM36K92) (**Vendis**) considers principal adverse impacts of its investment decisions on sustainability factors. Two different motivations underline Vendis' decision to consider these impacts: firstly, the requirement to comply with external laws and regulation, and secondly, the Vendis internal policy to endorse concrete actions which contribute towards a sustainable future.

As regards the regulatory compliance aspect, Vendis considers being compliant to be part of its contribution to public policy (in spite of the regulation's mandatory nature). It has therefore opted for the 'comply' approach under SFDR. Vendis welcomes regulation aimed at introducing real change towards a more sustainable society, while maintaining a level playing field for all market participants. However, since regulation is designed to be applicable in all scenarios (one-fit-all approach), not all regulatory initiatives are as relevant in the context of the Vendis portfolio companies' operations. This is also the case for the mandatory PAI indicators. In some instances, the application of the PAI definitions may even lead to adverse conclusions. That being said, Vendis believes in the common set of indicators as a tool allowing for a more uniform and transparent comparison of ESG performance between market participants across years and across sectors.

As regards the Vendis internal ambitions, Vendis has developed a policy that is focused on a set of concrete ESG actions, both at the level of Vendis itself as at the level of the portfolio companies. In contrast with regulatory requirements, the actions which Vendis puts forward are tailored to the concrete situations in which its portfolio companies find themselves and each of these actions should therefore be realistic and achievable. As such, **Vendis' principle strategy towards a more sustainable economy is to stimulate and monitor the execution of concrete ESG projects by its portfolio companies, while adhering itself to advanced ESG objectives. 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.** More details about the Vendis policies can be found in Sections 3 and 4 of this statement, as well as the Vendis Sustainable Investment and Ownership Policy ([link](#)).

The present statement covers the reference period from 1 January 2022 to 31 December 2022. All indicators set out in Table 1 of the Regulatory Technical Standard are monitored, and two additional indicators from Table 2 and Table 3 have been selected, as shown in the table below.

With this statement, Vendis seeks to set baseline indicators so comparisons and insights between reporting years can be conveyed in the next report. Assumptions in collaboration with the portfolio companies are made when data points were not available. Importantly, it is through implementation of the actions and measures, as further described in the policies referred to in Section 3 and Section 4 of this Statement, that Vendis aims to minimise potential adverse sustainability impacts caused by its investments, insofar relevant (and at the same time, to maximise the ESG improvement potential of its investments).

In summary, the following key actions have been undertaken over the course of 2022:

1. all portfolio companies have been subjected to an annual ESG review, at the occasion of which:
 - material ESG themes were identified for all companies;
 - ESG action plans were created and implemented centred around the selected themes;
 - ESG data were collected through a common platform; and
 - an audit has taken place resulting in an ESG report for each company.
2. ESG learning sessions have been organised.
3. Vendis has required its portfolio companies to adhere to a 'Code of Conduct for Portfolio Companies'.

For 2023, Vendis has set for its portfolio companies the following key targets:

1. prepare a coherent ESG strategy and set out concrete measures that will be taken in the framework of such strategy;
2. prepare a carbon reduction plan for scope I and II emissions; and
3. start measuring scope III emissions.

2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1 of the Regulatory Technical Standards

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	664 t Co2-eq	Assumptions are made for gas consumption and mobile combustion where data is not readily available.	<p>Actions taken:</p> <p>The portfolio companies have been subjected to an annual ESG review, at the occasion of which (i) carbon footprint management was identified as one of the material themes for all companies; (ii) action plans were created centred around this theme; and (iii) relevant environmental data were obtained.</p> <p>Furthermore, Vendis adhered to its exclusion policy for its investments.</p> <p>It also organised workshops concerning the Vendis ESG strategy and expectations on several topics, including carbon footprint.</p>
		Scope 2 GHG emissions	735 t Co2-eq	Assumptions based on size of locations are used for two companies. Where vehicle usage is not available, this is either estimated (1 case) or omitted (2 cases).	
		Scope 3 GHG emissions	81 t Co2-eq	Monitoring this year is limited to business travel and acts as a starting point for more complete Scope 3 data collection over the upcoming years.	

		Total GHG emissions	1480 t Co2-eq		<p>Actions planned:</p> <p>In preparation for 2023, carbon footprint has been identified as the key area of focus. Accordingly, portfolio companies are expected to (re)assess their action plans to include carbon footprint reduction initiatives and targets, whereby companies will be encouraged to set targets in line with SBTi. Progress on the action plans will be monitored.</p> <p>To actively promote carbon reduction activities, a workshop will be organized during which the Vendis expectations for portfolio companies adopting a carbon reduction plan as well as an ESG strategy in general by 2024, are explained.</p> <p>Furthermore, Vendis will encourage efforts aimed at installing solar panels wherever feasible, promoting renewable energy sources and encouraging a reduction in energy consumption, with a particular focus on utilizing green electricity.</p> <p>Lastly, the companies are encouraged to improve the quality of the environmental data collected to ensure accurate and reliable information.</p>
2.	Carbon footprint	Carbon footprint	3.6 tCo2-eq/€m invested		
3.	GHG intensity of investee companies	GHG intensity of investee companies	3.9 tCo2-eq/€m invested		
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%		
5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption: 76.6% Production: 100%	Several companies already generate electricity via own solar panels but no specific data is obtained on the proportion.	
6.	Energy consumption	Energy consumption in GWh per million	C. Manufacturing: 0.01 GWh/€m revenue		

	intensity per high impact climate sector	EUR of revenue of investee companies, per high impact climate sector	G. Wholesale: 0.02 GWh/€m revenue I. Accommodation & Food service activities: 0.06 GWh/€m revenue		<p>Targets set:</p> <p>Key targets for portfolio companies are adopting a carbon reduction action plan and a general ESG strategy by 2024. Furthermore, Vendis aims to maximise the number of portfolio companies that start tracking scope 3 emissions.</p>
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%		<p>Actions taken:</p> <p>Since none of the 2022 Vendis portfolio companies invested in are considered to have material adverse impact on the biodiversity, water emission and hazardous waste indicators, no specific actions have been taken in these areas.</p> <p>Actions planned:</p> <p>For the same reasons, no actions are planned in these areas.</p> <p>Targets set:</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed	0.0 tonne/€m invested		<p>For the same reasons, no targets are set in these areas.</p>

		as a weighted average			
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.00 tonne/€m invested		

Adverse sustainability indicator	Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%		<p>Actions taken:</p> <p>The portfolio companies have been subjected to an annual ESG review, at the occasion of which (i) employee wellbeing and gaining insight into the pay gap are identified as material themes; and (ii) action plans were created centred around these themes.</p>

	Multinational Enterprises				Furthermore, Vendis requires the companies to adhere to a 'Code of Conduct for Portfolio Companies' in which strict rules against corruption and bribery are included, as well as basic social and employee wellbeing rules such as respect for human rights (although there is no explicit reference to the UNGC Principles and OECD Guidelines).
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	All of the companies are active in the European Union where basic social and labour standard are applicable. By virtue of the Vendis Code of Conduct, the companies have agreed to comply with applicable labour standards and policy makers are required to consider these standards at all times when taking operational decisions or shaping the employees' working environment.	<p>Actions planned:</p> <p>Vendis plans to make an overview of the ethical conduct principles that are currently adopted by its portfolio companies. Vendis will prepare a gap analysis and on that basis, encourage portfolio companies to integrate or adopt, among others, social standards, anti-corruption and anti-bribery principles into their policies.</p> <p>Through the ESG review cycle, portfolio companies are requested to look at measures to further positively impact the employees' well-being.</p> <p>Furthermore, all companies are encouraged to improve the quality of the social data collected.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16.2%	<p>There is no insight into the gender pay gap for one company.</p> <p>Providing the unadjusted gender pay gap as a single number has limitations. This number</p>	

				does not provide any insight into the difference of wages between women and men for the same job level (adjusted pay gap). As such, the indicator could give misleading results.	<p>Additionally, where required, companies will be encouraged to report data to the Dutch SER and setting relevant goals on diversity, equity and inclusion.</p> <p>Vendis has enforced its exclusion policy, therefore no investments in controversial weapons have been made.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	24%	Board gender diversity was collected at C-suite level.	<p>Targets set:</p> <p>Key targets for portfolio companies include adopting a general ESG strategy by 2024 which must include social and employee matters insofar considered material.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%		

Table 2 of the Regulatory Technical Standards

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Emissions	1. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	100%		All carbon emission reduction actions taken, actions planned and targets set are set out under the first set of indicators.

Table 3 of the Regulatory Technical Standards

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	2. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of	45%		Actions taken: Vendis has emphasised with its portfolio companies the importance of adopting and adhering to a supplier code of conduct.

		<p>conduct (against unsafe working conditions, precarious work, child labour and forced labour)</p>			<p>Furthermore, Vendis has provided templates for new companies and facilitated best practice discussions between companies.</p> <p>Actions planned:</p> <p>All new companies and those portfolio companies that have not yet adopted a supplier code of conduct will be encouraged to adopt one and live by its principles.</p> <p>Targets set:</p> <p>Vendis aims to maximise the number of companies that have adopted a supplier code of conduct.</p>
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3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE ADVERSE IMPACTS

Vendis' Sustainable Investment and Ownership Policy describes the policies to identify and prioritise principal adverse impacts on sustainability factors. The policy was approved by the Board of Directors on 30 June 2021 and has been reviewed in May 2022.

Vendis identifies and prioritises principal adverse impacts on sustainability factors in all phases of the investment cycle:

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 due diligence phase. 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 which serves as a starting point for the fund's engagement with the company with regard to sustainability. In all instances, the Investment Memorandum will refer to the ESG risks identified (if any), their expected impact and any mitigating measures that are relevant.

For funds promoting environmental and/or social characteristics (i.e. Vendis Capital III CommV/SComm), the relevant 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 Sustainable Investment and Ownership Policy. Should a conflict of interest arise, the partner group will decide on the way forward. Furthermore, all portfolio companies have adhered to a 'Code of Conduct for Portfolio Companies' which imposes on those companies a commitment to compliance and a commitment to ESG. The commitment to ESG includes, among others, the requirement to set-up an ESG Action Plan, comply with Vendis ESG reporting requirements, uphold environmental and labour standards and observe good governance principles.

During the **annual ESG review**, the Vendis funds support 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 funds collaborate with a third-party ESG consulting firm to ensure that data are accurate, relevant, and benchmarked appropriately. The results are also published in the funds' annual PRI Transparency report.

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.

The 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 funds retain 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.

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

4. ENGAGEMENT POLICIES

At the level of its portfolio companies, Vendis takes a result-oriented approach to the engagement strategy with its 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.

At the level of Vendis itself, a culture of ESG awareness and integration is actively fostered within the organization. Over the past few years, ESG tools have been developed for the investment staff enabling them to incorporate ESG considerations throughout the investment process. Several ESG training sessions have been organized in order to equip the Vendis staff with the necessary knowledge and skills. Furthermore, Vendis has set-up a dedicated internal ESG team who is actively proposing and following-up on new initiatives both at portfolio company level as at Vendis level. Vendis itself has become a B-Corp company. In the same way as its portfolio companies, Vendis itself has also gathered ESG data allowing it to track its own ESG performance via the same data gathering platform used by its portfolio companies.

In terms of remuneration, 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 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 appraisal processes takes into account how employees promote and implement the approach set out in the Sustainable Investment and Ownership Policy.

5. REFERENCES TO INTERNATIONAL POLICIES

Vendis is a signatory to the Principles for Responsible Investment (PRI) and the Vendis annual PRI Transparency report is shared with investors. Furthermore, Vendis requires companies to adopt ESG action plans which include carbon footprint reduction initiatives and targets, whereby companies will be encouraged to set targets in line with SBTi.

6. HISTORICAL COMPARISON

The earliest historical comparison will be provided in the following year.