

VALLIS CAPITAL PARTNERS RESPONSIBLE INVESTMENT POLICY

Introduction

Vallis Capital Partners (VCP) is a Portuguese independent private equity management company. From its inception in 2010, the principles of responsible investment have been at the core of the investment strategy, with VCP being the first signatory of the United Nations Principles for Responsible Investment (UN PRI) in Portugal.

VCP sees sustainability as a business opportunity in the world where demographic, social, economic and environmental pressures pose major challenges to the long-term sustainability of the planet, the well-being of the global population and the need for a stable economic growth.

Sustainability issues have induced the creation of entirely new business arenas and will continue driving major changes across all industries. VCP strongly believes that the companies that incorporate the principles of responsible investment and pursue sustainable growth strategies will outperform its market peers and provide superior investment returns.

Prudent management of environmental, social and governance (ESG) issues is fundamental to create value for investors. Companies that are successful in avoiding ESG risks, and also at identifying and capitalizing on the opportunities, are better positioned to face the global challenges.

VCP has developed this Policy statement to set out the underlying principles and commitments that drive its approach to ESG management of the Vallis Growth Funds, such as Vallis Sustainable Investments Fund I and II. This policy has been communicated to all of VCP's staff and is a public document, accessible via the VCP website.

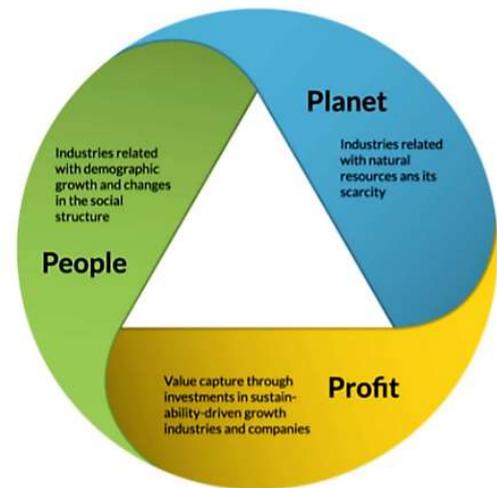
Our Ethos and Framework

VCP is committed to invest responsibly in high-growth companies whose long-term demand drivers are correlated to sustainability trends, creating value to Investors, and contributing to shape a Sustainable World.

Current demographic and economic trends impose major changes and challenges, including:

- A rational utilization of goods and services through an adequate consumption pattern, aiming to invert the fast-increasing deterioration of scarce natural resources;
- New methodologies and practices to address the issues of healthcare, education and aging populations; and
- The exponential urban growth and consequent pressure on city living.

Following the John Elkington's concept of the 3 P's ("People, Planet, Profit"), VCP's long-term investment strategy is to capture business opportunities created by these important macro-trends, in both (i) industries related with demographic growth and changes in the social structure ("People") and (ii) industries related with increasingly scarce natural resources ("Planet").



Examples of industries that fit these criteria are, inter alia, wellbeing industries such as pharmaceutical industries and retail, biotechnology and genetics, healthcare value chain, sports and wellbeing, geriatric services, technologies for aging population, food and water value chain, inclusive growth like education, social economy, renewable and alternative energies, energy efficiency, CO₂ emissions and clean air, waste management, sustainable land and sea use.

VCP self-imposes a long-term commitment to the best governance practices in private equity, and permanently seeks a strong alignment with the interests of all stakeholders involved in each and every fund and transaction where it intervenes.

United Nation's Principles for Responsible Investment

VCP has been a signatory of the United Nation's (UN) Principles for Responsible Investment since May 2015. The Principles of Responsible Investment are at the core of VCP activities and its Funds' strategy. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- *Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.*
- *Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.*
- *Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
- *Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.*
- *Principle 5: We will work together to enhance our effectiveness in implementing the Principles.*
- *Principle 6: We will each report on our activities and progress towards implementing the Principles.*

The United Nations Global Compact

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and the UN asks companies to embrace, support and enact, within their sphere of influence, a set of core values.

VCP, the Management Companies/GPs, the Growth Funds and the portfolio companies are committed to implement these principles.

Our Approach to Responsible Investment

VCP is committed to considering ESG factors throughout the investment lifecycle and expects ESG matters to be a key part of the governance and operation of portfolio companies.

VCP considers the following five ESG factors as mandatory across all portfolio companies (Tier 1):

- Anti-bribery and Corruption
- Child labour/modern slavery
- Gender and diversity
- Health & Safety
- Compliance with applicable regulations

Pre-Investment

ESG screening and diligence is embedded into the pre-investment process:

- Initial ESG screening and analysis, including a negative screen for excluded sectors and VCP's guidelines on animal testing, GMO and countries with a record of human rights violation. High-level concerns are considered prior to the detailed due diligence stage.
- Detailed ESG Due Diligence is undertaken, whenever practical given the size and the maturity of a target, alongside legal, tax and financial diligence, using external advisors as required.
- Material ESG factors are identified and explored and integrated into the business plan for monitoring over the lifetime of the investment. Where issues of material non-compliance are identified, VCP will require commitment from the company to implement measures within agreed timeframes to fulfil the requirements.

Active Ownership

VCP takes an active role in managing ESG throughout the portfolio, providing support and regular ESG performance monitoring:

- Baselineing and supporting the company in developing appropriate ESG key performance indicators (KPIs) and action plan with agreed targets and timetables.
- Engagement with portfolio companies to identify opportunities for improvement and monitor adherence to agreed action plans.
- On-going gathering and monitoring of ESG KPI data.

Exit

Upon realisation, we will work with the portfolio company to articulate the increased value from improved ESG performance. This includes case studies supported by a selection of key performance indicators.

Sustainable investment awareness is well established in the market, and every day the amount of entities committing to ESG standards are growing. All our exit strategies will benefit from active ESG improvements along the holding period. Wherever appropriate we provide a comprehensive ESG case studies to the potential buyers.

VCP's Own Operations

At VCP we lead by example. VCP values consist of Integrity, Results, Determination, Enthusiasm and Social Responsibility and the day to day application of these values is shaping the VCP culture:

- We uphold the highest standards of business conduct. All employees are required to abide by VCP's Code of Business Conduct and Ethics.
- We strive to have a positive impact on society by building positive external relationships, act with transparency, minimise our environmental impact and give back to communities.
- We are committed to upholding VCP's five key behavioural principles. In its approach to business, VCP aims to:
 - ❖ respect the dignity and well-being of all its people and those with whom the business brings it into contact;
 - ❖ operate professionally in a performance-orientated culture and be committed to continuous improvement;
 - ❖ be open and honest in all its dealings, while respecting commercial and personal confidentiality;
 - ❖ be good corporate citizens, demonstrating integrity in each business and community in which it operates; and
 - ❖ be objective, consistent and fair with its stakeholders.

Implementation and Governance

VCP recognises that the management of ESG issues is an ongoing and evolving process and therefore is committed to continued monitoring and the reviewing of activities and efforts in order to ensure continued improvement in ESG performance.

This Policy, and the underlying framework supporting its implementation, will be reviewed by VCP's Board of Directors on an annual basis.

Approved: *28 September 2018*

This policy is effective from: *September 2018*

Next scheduled review date: *August 2019*

ANNEX – excluded sectors

Vallis Sustainable Investments II Fund, managed by the VCP will not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or entities that, or directly or indirectly control another entity that, pursue one or more of the following activities:

- a) an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the VCP or the relevant portfolio company);
- b) manufacture and/or sales of weapons or ammunition of any kind;
- c) gambling industry;
- d) tobacco or distilled alcoholic beverages industries;
- e) human cloning (whether for reproduction purposes or for research or therapeutic purposes);
- f) real estate; and
- g) the research, development or technical applications relating to electronic data programs or solutions, which:
 - i. aim specifically at:
 - supporting any activity referred to under (a) to (e) above;
 - Internet gambling and online casinos; or
 - pornography,
 or which:
 - ii. are intended to enable to illegally
 - enter into electronic data networks; or
 - download electronic data.

In the investments it makes and in their management, VCP must guarantee, as far as it is possible and practicable, that portfolio companies will comply with the laws of the European Union and with regulations on Genetically Modified Organisms ("GMO"). VCP will also adhere to prevailing ethical recommendations in respect of GMOs, implement appropriate methods to monitor the portfolio companies in this respect and guarantee that, as far as possible and practicable:

- a) (indirect) investments in GMOs are subject to the favourable opinion of a committee or group of professionals respected with power to decide that an investment is not considered unacceptable; and
- b) each portfolio company complies with the prevailing ethical recommendations in respect of GMOs and, where possible, is advised by an independent ethics advisory committee.

VCP must guarantee, as far as it is possible and practicable, that the portfolio companies only use animal testing when it is established that there are no generally accepted alternatives and that the testing shall be carried out in full compliance with applicable regulations and standards.