Principal Adverse Impact Statement

June 2024

CONTENT

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, in order to maintain 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.

It is important to emphasize that the data included in this PAI Statement for the years 2022 and 2023 must be analysed on a stand-alone year-by-year basis without comparison between the years. The data presented in this PAI statement at the total portfolio level are insufficient to assess whether Vendis and its portfolio companies have made any progress in limiting the adverse impact of their activities, and for several reasons:

1. The underlying portfolio is not the same between the years: some companies are sold, new companies have been acquired. The GHG intensity of the total portfolio could go down simply because a company with high GHG intensity is sold (which does not change anything in reality), even when the GHG intensity of all remaining portfolio companies would go up e.g. due to bad environmental management (which does have a real negative impact).
2. The weighted contribution of each portfolio company to the total portfolio PAI's changes between the years. This happens as a result of the calculation methodology, where differences in enterprise value and debt levels, and potential differences in shareholding, all have an impact on the PAI levels of the total portfolio. These parameters have no relation with e.g. actual carbon emissions of the portfolio. Even if there was no change in real emissions in any portfolio company, the total GHG and even the GHG intensity of the total portfolio could go down simply because a low emission company has become more valuable, all else remaining the same.
3. Even for the same company, year-on-year data may differ due to reasons that are not related to improvement or deterioration of the underlying PAI, for example due to:
    a. Improvement of data availability (expansion of data coverage) and data quality;
    b. Add-on acquisitions by portfolio companies

For the reasons above, we have not commented on the evolution of the data between the years since we would compare apples with oranges. In order to assess whether Vendis portfolio companies have reduced the adverse impact of their activities, we refer to more detailed reports per portfolio company.
Lastly, it is important to note that some figures in the 2022 PAI statement were revised retrospectively due to corrections in the revenue and board diversity figures of certain portfolio companies.

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 2023 to 31 December 2023. 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.

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 2023:

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 2024, Vendis has set for its portfolio companies the following key targets:

1. prepare and implement a coherent ESG strategy and set out concrete measures that will be taken in the framework of such strategy;
2. prepare and implement a carbon reduction plan for scope I and II emissions;
3. start measuring scope III emissions;
4. where feasible and proper, start the application to obtain a B-Corp Certification (or equivalent); and
5. adopt a set of policies on various ESG topics tailored to the activities of the companies.

2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1 of the Regulatory Technical Standards

Adverse sustainability indicator		Metric	Impact 2023	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	990 t Co2-eq	664 t Co2-eq	Assumptions are made for gas consumption and mobile combustion where data is not readily available. See 'Total GHG emissions' for explanation on increase in carbon figures.	**Actions taken:** 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

		Scope 2 GHG emissions	1,120 t Co2-eq*	735 t Co2-eq	Assumptions based on size of locations are used for one company. Where vehicle usage is not available, this is either estimated (1 case) or omitted. See 'Total GHG emissions' for explanation on increase in carbon figures.	material themes for all companies; (ii) action plans were created centered around this theme; and (iii) relevant environmental data were obtained. Carbon footprint has been identified as the key area of focus. Accordingly, portfolio companies (re)assessed their action plans to include carbon footprint reduction initiatives and targets, hereby operating in line with SBTi where appropriate. Workshops have been organized by Vendis in which Vendis' expectations for portfolio companies to adopt a carbon reduction plan as well as an ESG strategy by the end of 2024, have been explained. Companies have been encouraged to improve the
		Scope 3 GHG emissions	332 t Co2-eq	81 t Co2-eq	Monitoring was limited to business travel and acts as a starting point for more complete Scope 3 data collection over the upcoming years. See 'Total GHG emissions' for explanation on increase in carbon figures. 2 companies have also conducted a full scope 3 carbon assessment (across the value chain), with 4 companies planning on conducting a full scope 3 assessment in 2024.	
		Total GHG emissions	2,442 t Co2-eq*	1,480 t Co2-eq	The GHG emmissions should be acknowledged on a stand-	

* The data for this metric has been updated since the reported 30 June PAI Statement due to revised information concerning scope 2 GHG emissions provided by one portfolio company after the initial publication.

					alone year-on-year basis. Please refer to the introduction of the PAI statement to understand why the data presented cannot be compared. Companies are actively working to reduce their emissions (see PAI 15, pg.14), which is a priority for Vendis.	quality of the environmental data collected to ensure accurate and reliable information. Furthermore, Vendis adhered to its exclusion policy for its investments. **Actions planned:** Vendis will continue to encourage a reduction in energy consumption intensity, and the use of green electricity when possible, and to promote efforts aimed at installing renewable energy sources. In line with the previous reporting year, the companies are continously encouraged to improve the quality of the environmental data collected to ensure accurate and reliable information. Also in 2024, Vendis will organize several workshops on ESG-
	2. Carbon footprint	Carbon footprint	4.6 tCo2-eq/€m invested*	3.6 tCo2-eq/€m invested	The carbon footprint should be acknowledged on a stand-alone year-on-year basis. Please refer to the introduction of the PAI statement to understand why the data presented cannot be compared.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	5.7 tCo2-eq/€m revenue*	4.3 tCo2-eq/€m revenue		
	4. Exposure to	Share of investments in	0%	0%		

* The data for this metric has been updated since the reported 30 June PAI Statement due to the change in the scope 2 GHG emissions data (cfr. previous footnote).

	companies active in the fossil fuel sector	companies active in the fossil fuel sector				related topics including GHG emissions. During the workshops, new developments and insights on ESG topics will be shared with the portfolio companies. Furthermore, the workshops present the portfolio companies (specifically their ESG representatives) with the opportunity to meet up with like-minded people and share their knowledge, ideas, and challenges. In addition, portfolio companies will be stimulated to apply for and obtain a B-Corp Certification, insofar as this process is feasible and proper for the specific company. Finally, taking into account the gap analysis referred to hereinafter, Vendis will provide the companies with a template Environmental Policy with a view to triggering a debate on the initiatives and policies that can
	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: 77.0%*	Consumption: 76.6%	3 companies provided pre-calculated Scope 2 emissions data, making the actual energy consumption of these companies unknown. This impacts the indicator results for 2023. Multiple companies already generate electricity via own solar panels but no detailed specific data is obtained on the proportion, yet. For 2023, no energy production has been recorded.	
	6. Energy consumption	Energy consumption in GWh per million	C. Manufacturing:	C. Manufacturing:	One company within the 'Wholesale' industry provided only pre-calculated emissions	

* The data for this metric has been revised since the 30 June PAI Statement due to updated information submitted by portfolio companies at the beginning of July. Overall, the minimal variation in this figure (compared to the reported data in of 30 June) can be attributed to a combination of data updates and rounding differences.

		intensity per high impact climate sector	EUR of revenue of investee companies, per high impact climate sector	0.01 GWh/€m revenue G. Wholesale: 0.015 GWh/€m revenue I. Accommodation & Food service activities: 0.01 GWh/€m revenue	0.06 GWh/€m revenue G. Wholesale: 0.02 GWh/€m revenue I. Accommodation & Food service activities: 0.06 GWh/€m revenue	data for its carbon emissions. Consequently, data on its energy consumption was not available, which might impact the final indicator value.	be adopted regarding this topic. The companies are encouraged to adopt and implement such an Environmental Policy, as the case may be tailored to their activities, in the course of 2024. **Targets set:** Key targets for portfolio companies are adopting and implementing a carbon reduction action plan and a general ESG strategy in the course of 2024. Vendis aims for all companies to have set a carbon reduction target in line with the Paris Agreement by 2027. Furthermore, Vendis aims to maximise the number of portfolio companies that start and continue tracking scope 3 emissions with the aim of having at least a 25% increase in the number of portfolio companies with a full scope 3 assessment by 2024.

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%		**Actions taken:** Since none of the 2023 Vendis portfolio companies invested in are considered to have a material adverse impact on the biodiversity, water emission, and hazardous waste indicators, no specific actions have been taken in these areas. **Actions planned:** For the same reasons, no actions are planned in these areas. **Targets set:** For the same reasons, no targets are set in these areas.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0 tonne/€m invested	0.0 tonne/€m invested	Estimated at 0 with two cases where portco data was not provided.	

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	0.00 tonne/€m invested	Estimated at 0 with one case where portco data was not provided.	

Adverse sustainability indicator		**Metric**	**Impact 2023**	**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	Share of investments in investee companies that have been involved in violations of the	0%	0%		**Actions taken:** 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

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises				gap are identified as material themes; and (ii) action plans were created centred around these themes. Furthermore, Vendis required the existing and new 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). Vendis has made an overview of the policies that are currently adopted by its portfolio companies. On that basis, it has prepared a gap analysis to determine which ESG topics require further attention from which companies. Vendis has prepared template policies on various ESG topics to be used as
	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	100%	100%	All of the companies are active in the European Union where basic social and labour standards are applicable. By virtue of the Vendis Code of Conduct, the companies have agreed to comply with applicable labour standards, applicable code of conducts and a variety of different policies. Companies are required to consider these standards at all times when taking operational decisions or shaping the employees' working environment. However, given the relative maturity of Vendis portfolio companies compared to large	

		or OECD Guidelines for Multinational Enterprises			multinationals, the currently adapted codes and policies might not fully comply with the UN Global Compact principles and OECD Guidelines which are specifically prepared for Multinational Enterprises. Vendis and the portfolio companies are in the proces to align the codes and policies to international standards.	reference or as starting point for the portfolio companies. Through the ESG review cycle, portfolio companies are requested to look at measures to further positively impact the employees' well-being. **Actions planned:** Through the ESG review cycle, portfolio companies are continuously encouraged to look at measures to further positively impact the employees' well-being. Furthermore, all companies are encouraged to improve the quality of the social data collected. Additionally, where required, companies will be encouraged to report data to the Dutch SER and setting relevant goals on diversity, equity and inclusion.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.8%	16.2%	Providing the unadjusted gender pay gap as a single number has limitations. This number 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. Despite this, there was a reduction in the gender pay gap from 2022 to 2023.	
	13. Board gender diversity	Average ratio of female to male board members	29.2%*	33.0%	For both 2022 and 2023, Board gender diversity was collected at C-suite, since Vendis believe	

* The data for this metric has been revised since the 30 June PAI Statement due to updated information submitted by portfolio companies at the beginning of July. Overall, the minimal variation in this figure (compared to the reported data in of 30 June) can be attributed to a combination of data updates and rounding differences.

		in investee companies, expressed as a percentage of all board members			that the decisions of the top management team have a higher impact on the day-to-day operations of a company than those of the board.	Vendis will continue to inforce its exclusion policy, therefore no investments in controversial weapons have been made. Also, all portfolio companies are encouraged to carry out employee surveys at least once a year to add to and improve employee satisfaction. Finally, taking into account the aforementioned gap analysis, Vendis will provide the companies with a template Anti-corruption & Anti-Bribery Policy, an Anti-Discrimination Policy, an Employee Code of Conduct, a Health & Safety Policy, a Privacy Policy and a Whistleblowing Policy with a view to triggering a debate on the initiatives and policies that can be adopted regarding the topics addressed in these policies. The companies are encouraged to adopt and implement all of these policies, as the case may be tailored to
	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%	0%		

						their activities, in the course of 2024. **Targets set:** Key targets for portfolio companies include adopting a general ESG strategy by 2024 which must include social and employee matters insofar considered material, with the aim of having at least a 25% increase in the number of portfolio companies with an ESG strategy in place in 2024.

Table 2 of the Regulatory Technical Standards

Adverse sustainability indicator			**Metric**	**Impact 2023**	**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	Share of investments in investee companies without carbon emission reduction	64%	100%	5 companies have a short- or long- term (I.e., 5- to 10-years) GHG emission reduction target in place that is in line with the Paris Agreement (covering Sope 1 2 & material Scope 3).	All carbon emission reduction actions taken, actions planned and targets set are set out under the first set of indicators.

	emission reduction initiatives	initiatives aimed at aligning with the Paris Agreement			However, all companies are working on a detailed carbon reduction strategy within the next 2 years.	

Table 3 of the Regulatory Technical Standards

Adverse sustainability indicator		Metric	Impact 2023	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 conduct (against unsafe working conditions, precarious work, child labour and forced labour)	33%	45%	All companies plan to implement a supplier code of conduct within the next 2 years.	**Actions taken:** Vendis has emphasised with its portfolio companies the importance of adopting and adhering to a supplier code of conduct. Vendis has prepared a gap analysis to determine which companies have not yet adopted a supplier code of conduct. **Actions planned:** Taking into account the aforementioned gap analysis,

						Vendis will provide the companies with a template Supplier Code of Conduct with a view to triggering a debate on the initiatives and policies that can be adopted regarding this topic. All existing and new companies will be required to adopt and implement such a supplier code of conduct, as the case may be tailored to their activities, in the course of 2024. **Targets set:** Vendis aims to ensure 100% of portfolio companies have adopted a supplier code of conduct by Q2 2025.

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. The level of materiality determines the level of due diligence conducted during the diligence phase, ranging from a quick scan for low materiality to a full-fletch ESG due diligence in case of high materiality. 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 and Vendis Capital IV BV/SRL), 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. We secure full partner involvement throughout the investment phase on the ESG topic. 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. The annual ESG review for the portfolio companies is fully supported by the involvement of the entire investment teams.

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 2023, Vendis has measured its own carbon footprint (2022 being the first year of measurement) which resulted in a list of initiatives aimed at reducing its won GHG emissions. Furthermore, Vendis has introduced a project aimed at 'internalizing' the responsibility for measuring ESG data and, on that basis, increasing the portfolio companies' ESG performance with the investment team members involved in the particular companies (e.g. tracking ESG initiatives at board meeting etc.). Finally, with the aim to standardize ESG reporting across the EU, Vendis has promoted the use of the ESG GP-LP Reporting Template set forth by Invest Europe.

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 where possible.

6. HISTORICAL COMPARISON

As stated in the introduction, the results in the 2023 PAI statement should be acknowledged on a stand-alone basis. As explained in the introduction of this PAI statement, a comparison with the previous year is not opportune.