

## **Sustainability-related disclosures pursuant to regulation (EU) 2019/2088**

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Vertevis Capital Partners GmbH ("Vertevis") is a Special Alternative Investment Fund Manager (AIFM) registered with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) and as such is subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ("Sustainable Finance Disclosure Regulation" or "SFDR"). The two main components of the SFDR are disclosures on the integration of sustainability risks in investment decision processes and consideration of principle adverse impacts as well as investment decisions on sustainability factors.

The information provided here has been prepared in accordance with the requirements of the SFDR. It is important to note that certain legal aspects related to the SFDR have not been conclusively clarified by the European Supervisory Authorities or BaFin, leading to areas of ambiguity. Any updates or additional guidance provided by regulatory authorities may result in revisions and significant changes to the layout and content of these disclosures.

### **Article 3: Integration of sustainability risks**

Article 3 of the SFDR requires financial market participants to disclose information on their website regarding their policies on the integration of sustainability risks in their investment decision-making process.

Vertevis' investment strategy is targeting financial returns while contributing to addressing global environmental and social challenges, with impact outcomes aligned to UN Sustainable Development Goals.

Sustainability risk as defined under Art. 2 (22) SFDR means 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 the investment. A sustainability risk not expected and considered in the assessment of an investment, could have a significant negative impact on the forecasted market value of an asset and thus on the value of the fund. Since such risks cannot ultimately be completely ruled out, Vertevis has developed specific strategies to identify and limit sustainability risks. The assessment of each target company prior to investment includes an essential consideration of sustainability risks comprising two stages, namely:

#### **1) Screening**

- (i) positive screening in regards of target sector, geographical focus and contribution to at least one environmental and/or social challenge relevant for selected UN Sustainable Development Goals and
- (ii) screening against an exclusion list, and

#### **2) ESG Due Diligence**

- (i) the identification of environmental, social and governance (ESG) risks and
- (ii) the assessment of the target company's potential to create impact.

The due diligence is conducted by the deal team (including Sustainability Manager) and, if required, an external sustainability consultancy. Where relevant sustainability risks are identified, appropriate remedial measures are proposed to address and mitigate the identified

sustainability issues. The ESG due diligence results are presented to the investment committee for the final investment decision.

#### **Article 4: Consideration of adverse sustainability impacts**

Article 4 of the SFDR requires financial market participants to publish information on their website whether they consider principal adverse impacts of investment decisions on sustainability factors. Sustainability factors as defined under Article 2(24) of the SFDR include environmental, social, and employee matters, human rights, anti-corruption, and anti-bribery matters.

#### **Statement on principal adverse impacts of investment decisions on sustainability factors**

##### **Summary**

Vertevis Capital Partners GmbH considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Vertevis.

This statement on principal adverse impacts on sustainability factors covers the period from the establishment of Vertevis on March 28<sup>th</sup>, 2022, until December 31, 2022.

As Vertevis' has been fundraising for its first fund no investments have been made. Therefore, no consideration could be given to the principal adverse impacts on sustainability factors in investment decisions during the reference period. The following sets forth the process with respect to principal adverse impacts of investment decisions on sustainability factors set out in Vertevis' impact investment policy that will be applied once Vertevis' fund has been closed and commences its investment activities.

#### **GERMAN TRANSLATION**

#### **Erklärung zu den wichtigsten nachteiligen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsfaktoren**

##### **Zusammenfassung**

Vertevis Capital Partners GmbH berücksichtigt die wichtigsten nachteiligen Auswirkungen seiner Investitionsentscheidungen auf Nachhaltigkeitsfaktoren. Bei der vorliegenden Erklärung handelt es sich um die konsolidierte Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren von Vertevis.

Diese Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Zeitraum von der Gründung von Vertevis am 28. März bis zum 31. Dezember 2022.

Vertevis' befindet sich für seinen ersten Fonds noch im Fundraising, weshalb noch keine Investitionen getätigt wurde. Die wichtigsten negativen Auswirkungen auf Nachhaltigkeitsfaktoren bei Investitionsentscheidungen konnten während des Berichtszeitraums daher nicht berücksichtigt werden. Im Folgenden wird der Prozess in Bezug auf die wichtigsten negativen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsfaktoren dargelegt, der in der Impact-Investment-Politik von Vertevis festgelegt ist und angewendet wird, sobald der Vertevis-Fonds geschlossen ist und seine Investitionstätigkeit aufnimmt.

**Description of the principal adverse impacts on sustainability factors**

Vertevis' impact investment policy will be approved once Vertevis' fund has been closed and commences its investment activities.

Vertevis will conduct an ESG due diligence prior to any investment that consists of, among others, the identification of ESG risks of the target company. This includes the application of the sustainability indicators set forth in the table below to determine current and potential principal adverse impacts of the target company on sustainability factors. The indicators no. 1 to 14 are mandatory according to Table 1 of Annex I of the Commission delegated Regulation (EU) 2022/1288 ("Regulatory Technical Standards" or "RTS") while the two optional indicators (indicator no. 4 of Table 2 and no. 15 of Table 3 of Annex I of the RTS) were chosen considering Vertevis' commitment to improve portfolio companies' ESG performance. Based on the results the deal team will propose appropriate remedial measures to address and mitigate the identified adverse impacts in light of the circumstances of the individual case, in particular considering other impacts of the investment, its size, strategic importance and transactional context.

<b>Climate and other environment-related indicators</b>	
<b>Greenhouse gas emissions</b>	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
<b>Biodiversity</b>	7. Activities negatively affecting bio diversity-sensitive areas
<b>Water</b>	8. Emissions to water
<b>Waste</b>	9. Hazardous waste and radioactive waste ratio
<b>Social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>	
<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (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 (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
<b>Additional principal adverse impact indicators</b>	
<b>Emissions</b>	Investments in companies without carbon emission reduction initiatives
<b>Anti-corruption and anti-bribery</b>	Lack of anti-corruption and anti-bribery policies

Vertevis will monitor the principal adverse impact indicators in regular intervals post investment. The relevant data will be collected from the portfolio companies on a quarterly basis (i.e., on 31 March, 30 June, 30 September and 31 December). At the end of each reporting period, Vertevis will aggregate the relevant data. When assessing the principal adverse impact indicators, Vertevis will take into account the probability of occurrence and the severity of adverse impacts. Furthermore, potential for improvement will be identified and respective measures will be proposed to improve the portfolio companies' ESG performance.

Vertevis will be collecting the relevant data to assess adverse impacts on sustainability factors from its target and portfolio companies, respectively. If data is not readily available, Vertevis will use its best efforts to obtain the data by carrying out additional research, mandating external experts or making reasonable assumptions. Thus, errors cannot be excluded

completely. Yet, Vertevis will always endeavour to identify such errors or inaccuracies and to intervene as appropriate.

### **Engagement policies**

Vertevis will engage with the senior management team of its portfolio companies to discuss the outcome of the ESG due diligence and develop an action plan to improve the ESG performance. The action plan will define all remedial actions and initiatives to address adverse impacts on sustainable factors identified (value protection) and planned enhancements of impact (value creation) as well as required additional capacity to execute the impact agenda. The action plan will include timelines, responsibilities and performance indicators to track progress in addressing sustainability gaps and achieving impact objectives. Vertevis will work closely with the portfolio company to provide support and guidance in implementing the action plan and driving positive impact.

In case there is no improvement of the above-mentioned principal adverse impact indicators over more than one reference period reported on, Vertevis will work closely with the portfolio company and reevaluate the action plan. External experts will be engaged where need arises.

### **References to international standards**

Vertevis's assessment of a target company's potential to create impact is based on the five dimensions of impact defined by the Impact Management Project (IMP) and impact targets are aligned, if possible, with the IRIS+ Core Metrics Sets offered by the Global Impact Investing Network (GIIN). Furthermore, the Greenhouse Gas Protocol will be applied to measure and monitor the progress made by Vertevis' portfolio companies to work towards science-based net-zero targets consistent with the climate goals of the Paris Agreement.

### **Article 5: Integration of sustainability risks in remuneration policies**

Article 5 of the SFDR requires financial market participants to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks.

As a Special AIFM registered with the BaFin, Vertevis is subject to the exemption clauses in Article 2(4) of the KAGB and is not required to have a remuneration guideline or remuneration policy.

### **Fund-specific disclosures**

Vertevis' fund specific SFDR disclosures will be published once Vertevis' fund has been closed and commences its investment activities.