Environmental, Social, Governance

Document Type:	Policy
Document Code	21PO
Version	1.1
Date	February 07, 2023

Table of Contents

Version Control

Version	Editor	Date	MC Approval	BofD Approval	Comments
1.0	RPA	2021-03-02	2021-03-05	2021-03-16	First version of the procedure
1.1	PBO	2023-02-07	2023-03-15		Yearly review, name and logo change

1. Introduction

At Quilvest Capital Partners Asset Management SA (QCPAM) we believe that as a financial market participant we have a responsibility to not only manage the financial impacts but also the environmental, social and governance impacts of our investments. We are convinced that by integrating ESG analysis into our investment process, we can create long-term value, identify growth opportunities and avoid any ESG related harms, while fostering sustainable investments.

This policy goes beyond legal and compliance conformity; it shifts our focus on the commitment to sustainability with the objective to integrate ESG in the core of our company and to create a culture that supports this vision.

Since Quilvest Group became signatory in 2016 of the United-Nations backed Principles for Responsible Investment ("PRI"), when we integrate ESG into our analysis process, our approach is in line with the PRI's definition of it: "the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions." The table below reports the definitions of E, S and G by the PRI in order to clarify our understanding of ESG.

Domain	Description
Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These may include for example: biodiversity loss, greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These may include for example: human rights, labor standards in the supply chain, child, slave and bonded labor, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.
Governance (G)	Issues relating to the governance of companies and other investee entities. These may include for example: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented.

Additionally, we committed ourselves to the six main principles that PRI disclosed:

1. Incorporate ESG issues into our investment analysis and decision-making processes.
2. Be active shareholders and integrate ESG issues into our shareholder policies and procedures.
3. Require, as far as possible, the entities in which we invest to be transparent on ESG issues.
4. Encourage the adoption and implementation of the Principles in the investment sector.
5. Cooperate to improve the effectiveness of our implementation of the Principles.
6. Report on our activities and progress in implementing the Principles.

Sustainability Risk

This policy has been drafted in connection with the coming into force of Regulation (EU) 2019/2088 on suatainability-related disclosures in the financial service sector and marks QCP AM's strategy to continue[1] integrating sustainability risk in its daily activities and in its commercial approach. Given the variety of funds, investment advisors, and fund promoters that QCP AM serves, the approach would be to provide a basic infrastructure for the deployment of the sustainability risk analysis while its effective implementation at the level of each fund/portfolio will depend on its adoption as resulting from the agreement of the relevant stakeholders. As a consequence, existing and future funds may choose to integrate sustainability risk analysis or not and this information will be disclosed to investors following Regulation 2019/2088.

Funds promoting ESG or Sustainable investments

The scope of this policy does not include the sustainability matters related to funds/portfolios that specifically promote ESG or Sustainable investment objectives. The Company understands that the implementation of such strategies would require additional resources in order to perform a detailed analysis of the potential impact of investment decisions from a dedicated ESG perspective and the setting-up of an adequate infrastructure and knowledge base. Moreover, the decision to promote such products will depend on the engagement of relevant stakeholders that will result from ongoing discussion and planning with the AIFM.

[1] QCP AM's risk taxonomy already includes some relevant sustainability risks including: legal-environmental, legal-taxation, business-reputational.

2. Regulatory Background

The new regulation called SFDR was published by the European Parliament and Council of the European Union on the 27th of November 2019 and refers to sustainability-related disclosures in the financial services sector.

2.1. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019

Website Disclosure (Articles 3, 4, 5, 10 of SFDR)

The AIFM must:

- publish on its website information about the policies on the integration of sustainability risks in the investment decision - making process;
- publish and maintain on its website where the company considers principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of the size, the nature and scale of the activities and the types of financial products made available, and must include (a) information about the policies on the identification and prioritization of principal adverse sustainability impacts and indicators; (b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned; (c) brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable; (d) a reference to the adherence to responsible business conduct codes and internationally recognized standards for due diligence and reporting and, where relevant, the degree of the alignment with the objectives of the Paris Agreement;
- publish and maintain on its website where the company does not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts;
- include in the remuneration policies information on how those policies are consistent with the integration of sustainability risks, and publish that information on the websites;
- publish and maintain on its website a description of the environmental or social characteristics or the sustainable investment objective as referred in and information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the

overall sustainable impact of the financial product, for each financial product referred to in Article 8(1) and Article 9(1), (2) and (3);

Pre-contractual Disclosure (Articles 6 and 7 of SFDR)

The AIFM must:

- include descriptions in pre - contractual disclosures such as the prospectuses and contract agreements, the manner in which sustainability risks are integrated into the investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products made available;
- by 30 December 2022, for each financial product where point (a) of Article 4 (1) or Article 4(3) or (4), the disclosures referred to in Article 6(3), are applied, shall include a clear and reasoned explanation of whether, and, if so, how a financial product considers principal adverse impacts on sustainability factors and a statement that information on principal adverse impacts on sustainability factors is available in the information to be disclosed pursuant to Article 11(2);
- where the company applies point (b) of Article 4(1), the disclosures referred to in Article 6(3) shall include for each financial product a statement that the company does not consider the adverse impacts of investment decisions on sustainability factors and the reasons therefor;

Disclosure for a financial product promoting ESG characteristics (Articles 8 of SFDR)

The AIFM must:

- where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, the information to be disclosed pursuant to Article 6(1) and (3), include information on how those characteristics are met, and if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics;
- include in the information to be disclosed pursuant to Article 6(1) and (3) an indication of where the methodology used for the calculation of the index is to be found;

Disclosure for a financial product with a sustainable objective (Articles 9 of SFDR)

The AIFM must:

- where a financial product has sustainable investment as its objective and an index has been designated as a reference benchmark, the information to be disclosed pursuant to Article 6(1) and (3), include information on how the designated index is aligned with that objective, and an explanation as to why and how the designated index aligned with that objective differs from a broad market index;
- where a financial product has sustainable investment as its objective and no index has been designated as a reference benchmark, the information to be disclosed

pursuant to Article 6(1) and (3), include an explanation on how that objective is to be attained;

- where a financial product has a reduction in carbon emissions as its objective, the information to be disclosed pursuant to Article 6(1) and (3), include the objective of low carbon emission exposure in view of achieving the long - term global warming objectives of the Paris Agreement;
- include in the information to be disclosed pursuant to Article 6(1) and (3) an indication of where the methodology used for the calculation of the indices and the benchmarks are to be found;

Disclosure for a financial product with a sustainable objective (Articles 11 of SFDR)

The AIFM must:

- where the company makes a financial product available as referred to in Article 8(1) or in Article 9(1), (2) or (3), include a description in the annual report about the extent to which environmental or social characteristics are met for a financial product as referred to in Article 8(1); and for a financial product as referred to in Article 9(1), (2) or (3), include (i) the overall sustainability - related impact of the financial product by means of relevant sustainability indicators and (ii) where an index that has been designated as a reference benchmark, include a comparison between the overall sustainability - related impact of the financial product with the impacts of the designated index and of a broad market index through sustainability indicators.

3. Methodology

QCP AM’s ESG approach can be divided in to 4 main steps:

1. Screening: the first step relates to the adoption of a black list approach where companies operating in certain sectors or performing certain activities are excluded from investment. The default black list definition has been adopted by Quilvest Group and includes tobacco, gambling, pornography and lethal weapons industries; in relation to funds promoted by third parties a different black list or no black list may be adopted depending on the selected approach;
2. Analyze: an ESG framework is used to identify relevant sustainability risks for each investment type, as described below;
3. Engage: the Company will engage with invested entities on a post-investment basis in order to monitor and control the exposure to ESG risk as part of its general portfolio follow-up and risk management process;
4. Communicate: ESG-related information is disclosed on QCP AM’s website and reported to investors according to Regulation 2019/2088.

3.1. Screening

As stated in the introduction to this section a black list approach may be chosen for a particular fund/portfolio: this decision is taken at the level of each fund/portfolio sustainability risk strategy.

3.2. ESG Analysis

The ESG analysis is based on the proprietary tool (QuilvestESGTool) developed by Quilvest Group in collaboration with Deloitte. This tool is used by Quilvest Private Equity Funds/portfolios that apply sustainability risk analysis, while third party funds performing sustainability risk analysis may choose to adopt the same methodology or determine together with the AIFM an alternative tool. The tool completes the ESG policy and it is contained in a companion excel file (Quilvest_ESG_Tool_v.xlsm).

The ESG tool helps to identify the most relevant and material ESG topics that need to be addressed and considered for each investment. Each investment is assigned to a specific business unit on the basis of its nature; there are 4 different types of business units that can be selected: Lead, Real Estate, Funds & Co and Co-investments and private debt.

Lead Business Unit

The Lead business unit consists of 22 different industries such as Education, Food Services, Business Services, Food Retailers and Distributors, Healthcare Services, Financial Services, Chemicals, Aerospace and Defense, Light Manufacturing, Food Producers, Real Estate Services, TMT Services, TMT Hardware, Healthcare Equipment, Media, Retail, Consumer Goods, Transport & Logistics, Extractive & Mineral Processing, Automotive, Construction Materials, Leisure.

In case an investment falls into the Lead category, the industry in which the company operates in is determined and the respective ESG issues are applied and assessed.

Real Estate Business Unit

The Real Estate unit comprises a set of questions that are applied systematically for all types of property categories (commercial, residential and industrial). Based on the results of this analysis and the investment thesis, the investment team may identify primary areas for potential improvements on ESG related matters.

Fund&Co Business Unit

The Funds & Co includes the assessment of the overall commitment to responsible investment of the General Partner ("GP") and the level to which a target fund integrates ESG factors into their investment process. This assessment is based on two sets of questions: one for GPs operating in developed markets and one for GP in developing markets.

Co-Investments and Private Debt Business Unit

If the investment fits in the Co-investments and private debt business unit, the ESG analysis will consider the non-control nature of co-investments and private debt. If the investment team believes it to be appropriate, it may also carry out the ESG analysis by assessing the lead sponsor according to ESG criteria.

Review of Main ESG Issues

For each business unit and/or sector the ESG tool gives a short description of the main applicable ESG issues. For instance, if the investment will operate in the "Education" sector, the 4 main issues that can be seen in the table below are identified (Table 1). Additionally, each ESG issue comes with a set of pre-determined questions that need to be answered in the investment due diligence phase and includes indicators that are used to measure the exposure to the relevant sustainability risk. An example can be found below in Table 2 for the "Education" sector.

Table 1: Main issues for sector: Education

Main Issues	Short Description
Marketing and recruiting Practices	For-Profit education companies may turn to aggressive recruitment practices such as misleading advertisements or incentivizing students to take private loans. These practices represent reputational and regulatory risk for the company.
Quality of Education & Gainful Employment	Colleges that provide high-quality education and facilitate completion of programs increase the chances of graduates obtaining employment and paying off their loans. In the absence of sufficient educational and career management support, graduates may

Main Issues	Short Description
	end up with high debt and few employable skills.
Data Security	Data breaches may compromise public perception of the effectiveness of a school's security measures, which could result in reputational damage and difficulty in attracting and retaining students, as well as significant costs to fix the consequences of a breach and prevent future breaches.
Sustainability	Sustainability can be embedded through knowledge, engagement, and innovation. Sustainability is becoming a factor of attractiveness for universities.

Table 2: ESG Analysis for the Education Sector

BU	Sector	Main Issues	Issue Description	Questions	Indicators
Lead	Education	Marketing and recruiting Practices	For-profit education companies that admit and enroll more students generate more revenue. Therefore, companies may turn to aggressive recruitment strategies, such as spending significant amounts of money on marketing rather than on instruction and student services. Such aggressive recruiting practices have resulted in additional public and regulatory scrutiny of for-profit education companies. Using false or misleading advertisements to recruit prospective students may result in significant fines for companies and loss of eligibility for government-funded student loans. Limits on these funding sources may create incentives for companies to mislead students into taking on private loans that they are not able to repay, presenting a significant reputational risk to companies in the industry. Enhanced disclosure will allow shareholders to better understand company policies and practices for marketing and recruiting to attract students.	• Does the institution have an ethical policy to ensure students are aware of key performance statistics and outcomes before spending any fees? • How does it collect and compute performance indicators? • Through which communication channels does it communicate key performance statistics? • Has the entity ever been subject to legal proceedings associated with advertising, marketing and	• Total amount of monetary losses as a result of legal proceedings associated with advertising, marketing, and mandatory disclosures (reporting currency) • Student services expenses VS. Marketing and recruiting expenses • Share of student loans, public funds and grants in the total revenue of university

BU	Sector	Main Issues	Issue Description	Questions	Indicators
				mandatory disclosures?	
Lead	Education	Quality of Education & Gainful Employment	Increasing tuition requirements are pushing more students to take on government and private loans to finance their education. Rapid growth in student debt creates significant economic and social externalities if student loans go into default. Many programs at for-profit colleges prepare students for gainful employment in recognized occupations. Therefore, colleges that provide high-quality education and facilitate completion of programs increase the chances of graduates obtaining employment and paying off their loans. In the absence of sufficient educational and career management support, graduates may end up with high debt and few employable skills. Performing poorly on accountability metrics such as graduation rates, default rates, and job placement rates may jeopardize eligibility for funding under Title IV of the U.S. Higher Education Act, and therefore, many U.S. institutions' main source of revenue. At the same time, transparent disclosure of these metrics to prospective students is directly related to institutions' ability to attract and retain students.	• What is the completion rate and graduation rate? How are they calculated? • How does the university ensure job placement for completers? • Can it describe its scholarship programs (provenance of fundings, targeted population, accessibility, related programs, etc.)?	• Graduation rate • Completion rate • Job placement rate • Debt to annual earnings rate and debt to discretionary income rate • Number of students enrolled • Number of applications received for enrollment • Average registered credits per student • Number of teaching staff and all other staff • Number of scholarships allocated per year • Total amount of scholarship allocated per year (reporting currency)
Lead	Education	Data Security	Colleges and universities are frequent and compelling targets for cyber criminals. The industry may face data security risks due to the large number of personal records processed and stored, the mix of intellectual property and personally identifiable information held (e.g., social security numbers, vaccination records, and other information required for admission), and the	• How does the institution identify and address data security risks (vulnerability in the information system, data security and internal security procedures, trends in type	• Number of data breaches • % of data breaches involving personal information • Number of students

BU	Sector	Main Issues	Issue Description	Questions	Indicators
			open, collaborative environment of many campuses. The exposure of sensitive information through cybersecurity breaches, other malicious activities, or student negligence may result in significant social externalities such as identity fraud and theft. Data breaches may compromise public perception of the effectiveness of a school's security measures, which could result in reputational damage and difficulty in attracting and retaining students, as well as significant costs to fix the consequences of a breach and prevent future breaches. Enhanced disclosure on the number and nature of security breaches, management strategies to address these risks, and policies and procedures to protect student information will allow shareholders to understand the effectiveness of management strategies that schools employ regarding this issue.	and frequency of attacks, etc.)? • What are the policies and practices relating to collection, usage and retention of student information?	affected by data breach
Lead	Education	Sustainability	Some university have plans to address environmental and social issues at university level, through their operations, ecosystem, culture and learning programs. Universities can for example set goals to limit their emissions and energy consumption, foster innovation to develop solutions against climate change, and improve their student's health and well-being.	• Does the university have a plan to reduce its GHG emissions? GHG reduction plan includes targets such as energy consumption, transportation to campus, landscape operations, etc. • Does the university have a plan to improve health and well-being? Health and well-being improvement can be personal well-being, food, improvement of collaboration and inclusion	• Performance gap between boys and girls • Performance gap between advantaged and disadvantaged backgrounds • Schoolwork related anxiety • Sense of belonging at school • Reduction of GHG emissions

BU	Sector	Main Issues	Issue Description	Questions	Indicators
				amongst students or relationship with teachers, peers, and family. • Does the university have teaching programs in relation with sustainability?	

3.3. Engage

The engagement phase relates to the monitoring and follow-up of relevant ESG risk once an investment has been completed. This activity is considered as part of the overall portfolio monitoring and follow-up process as contemplated by the activities of the portfolio management and risk management functions.

3.4. Communicate

Communication is performed along the lines mandated by Regulation 2019/2088. The following tables summarizes the required disclosures and communications and is used for the control and follow-up of communication requirements:

# Article	Disclosure Requirement
3	Publish information about the policies on the integration of sustainability risks on the website
4	Publish and maintain on the website where the company considers/does not consider principal adverse impacts of investment decisions
5	Include in the remuneration policies information on how those policies are consistent with the integration of sustainability risks, and publish that information on the websites
10	Publish and maintain on its website a description of the environmental or social characteristics or the sustainable investment objective of the financial product
6	Include descriptions in pre-contractual disclosures about the manner in which sustainability risks are integrated and the results of the assessment of the likely impacts of sustainability risks on the returns
7	Include descriptions in pre-contractual disclosures about whether the company considers/does not consider the adverse impacts of investment decisions on sustainability factors and the reasons therefor

# Article	Disclosure Requirement
8	Include information on how a financial product's characteristics are met if it promotes, among other characteristics, environmental or social characteristics, or a combination of those
9	Include information on how a designated index is aligned with a financial product's objective that is classified as a sustainable; in case of no index, explanation on how that objective is to be attained needs to be included
11	Where the company makes a financial product available as referred to in Article 8 or in Article 9, a description in the annual report about the extent to which environmental or social characteristics are met for a financial product needs to be included
12	Confirm that all marketing communication including KID will be in line with disclosures in the prospectus
13	Update risk management process (PGR-RMP) to integrate sustainability risk analysis.

4. Application of ESG Policy at Fund Level

In conjunction with this policy the Risk department maintains an excel table which record for each investment vehicle the choices that have been made with respect to SFDR.

The table indicates whether each respective vehicle has disclosed information related to Article 6, 7 (7.1 = "No", 7.2 = "Yes"), 8 and 9 of SFDR; whether they apply a screening method and a reference to the ESG procedures and policy that they may apply.

The table will be integrated into the Suite-CRM tool as soon as possible.

5. Policy Update and Review

In line with the ongoing review process that the Company has established, this policy should be revised every year or earlier if a significant change occurs in the related regulations or in the way activities, operations or management are organized.