PROVECTUS
CAPITAL PARTNERS

Sustainability risk policy

1. Purpose

This Policy describes how sustainability risks are integrated into the Provectus Capital Partners investment decision-making process as per Article 3 of the SFDR. The Sustainable Finance Disclosure Regulation (SFDR) defines sustainability risk as "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".

2. Policy statement

Provectus Capital Partners understand that environmental, social and governance risks and opportunities can have financial and other consequences on the fund and thus decide to integrate sustainability risks into the investment process.

3. Policy scope

This policy applies to all Provectus Capital Partners' current and future investments, i.e. portfolio companies.

4. Sustainability risk integration into the investment process

Sustainability risk considerations are integrated into the investment process and are taken into account in decision-making together with traditional investment risks (e.g. market, credit or liquidity risk).

Sustainability (or ESG) risks
Environmental risks should be understood as the risks of any negative financial impact stemming from current or prospective negative impacts of environmental factors, such as climate change, pollution, biodiversity loss etc.

Social risks should be understood as the risk of any negative financial impact stemming from the current or prospective impacts of social factors, such as discrimination, working conditions, human rights violations, customer welfare, etc.

Governance risks should be understood as the risk of any negative financial impact stemming from governance matters, such as business conduct, corruption and bribery, management of suppliers etc.

As part of our efforts to consider ESG factors, we have developed procedure to identify, assess and monitor ESG risks throughout the investment phases.

Sustainability risk integration in the investment decision-making process:

1. Exclusions

With the aim to avoid high sustainability risks, PCP adopted the exclusion list which prevents investments in sectors and companies with severe negative impact on sustainable development.

2. Due diligence

With the aim to assess potential portfolio companies' impact on sustainability factors and how they manage ESG matters, potential investee companies complete internal ESG questionnaires and engage in discussions with investment professionals and ESG Directors.

3. ESG risk assessment

With the aim to identify and assess the relevant ESG issues facing specific sectors, industries, and companies, PCP adopts a materiality approach and reviews relevant expert sources of material topics for industries (such as S&P Materiality map, SASB materiality map, MSCI materiality map…). This is supported by internal information on key environmental and social issues faced by potential/actual portfolio companies gathered through due diligence and active engagement. Identified ESG risks are assessed by the investment team on a basis of severity and likelihood of potential financial impacts on the fund. If there is a need to mitigate an ESG risk, PCP actively engages with the portfolio companies.

4. Active engagement

ESG risk is expected to be integrated into the post-investment ESG monitoring and reporting process, as relevant for the particular fund. Portfolio companies annually report on management of ESG matters and deliver ESG indicators. This allows PCP to stay aware of the ESG risks and to respond in case of issues that could impact the fund's financial results. PCP engages with portfolio companies to improve ESG performance.

While PCP is committed to integration of sustainability risks in the investment decisions, there can be no guarantee that all such risks will be successfully identified and mitigated.

5. Governance and ownership

Sustainability risk policy is adopted and endorsed by CEO and managing partner. ESG risk assessment is performed by investment professionals and ESG Director.

This Policy applies as of June 2024. It will be reviewed at least annually. In case of any inconsistency in translations of this statement, the English version will prevail.