



Principal Adverse Sustainability Impacts Statement

a. Summary

This disclosure is applicable to all the Funds managed by Vivalto Partners, all of which considers the Principal Adverse Impacts of its investment decisions on sustainability matters.

In addition, all the Funds managed by Vivalto Partners are classified as Article 8 according to the SFDR classification.

b. Description of policies to identify and prioritize principal adverse sustainability impacts

The Principal Adverse Impacts (PAIs) were identified according to regulatory requirements. The 14 mandatory PAIs and 2 optional PAIs are monitored all along the investment process.

Their monitoring was approved on May 23th, 2023 by the Board of Directors. Sébastien Alauzet, as ESG Manager of Vivalto Partners, is now responsible for their monitoring and ensuring that they do not cause harm to the fund's objectives.

- **Selection of indicators:**

Our internal ESG Strategy describes the framework governing our approach to responsible investments and ESG/sustainability. It includes the following social objectives:

- Increase the access and the quality of care toward patients' well-being (SDG 3 - Good health and well-being)
- Place employees at the heart of the organization (SDG 8 - Decent work and Economic Growth)
- Uphold responsible and ethical governance (SDG 16 – Peace Justice and Strong Institutions)
- Promote Innovation, research, and development (SDG 9 - Industry, Innovation, and Infrastructure)

- **Identification and assessment of principal adverse impact:** the Principal Adverse Impacts (PAIs) were identified according to regulatory requirements. The 2 optional PAIs (« Non-recycled waste » and « Discrimination/harassment complaints ») were chosen based on their relevance to the health sector and on our value: place employees at the heart of the organization.

- **Data sources:** The data is completed by investee companies during the reporting campaign. Then, a consulting firm checks the data coherence and reviews it during a call with each company.

- **Principal adverse sustainability impacts are identified at every stage of Vivalto Partners' investment process:**
 - *During the pre-investment phase:* Vivalto Partners ensures that target companies do not have activities in countries or sectors from **Vivalto Partners' exclusion list**.

<u>Vivalto Partner's Exclusion List</u>
EXCLUSION SECTORS I Standards
Illegal economic activities
Industries involved in child labor
Pornography and/or prostitution
Manufacture or trade in tobacco or distilled alcoholic beverages and related products
Operation of casinos or other gambling
EXCLUSION SECTORS I Standards
Genetic modification and human cloning (activities considered unethical by the EU)
Biological weapons or any other weapons and ammunition
Medicines used for lethal purposes
EXCLUDED COUNTRIES
Countries under international sanctions (see EU Sanctions Map)
Countries presenting high ESG risks (see Sustainalytics Country Risk Rating)

Vivalto Partners commits to systematically performing an assessment of the potential ESG risks of the target company via an **ESG checklist**, considering key material ESG issues. This assessment aims at identifying whether there are any ESG red flags (i.e. risks) associated with the target company. As part of the ESG checklist, Vivalto Partners analyses the climate risks and opportunities associated with the target company. If risks and impacts are medium to high, Vivalto Partners will consider including climate topics in the company's ESG roadmap. Based on this assessment, for any company that presents high risks on material ESG issues, an **ESG due diligence** might be performed by an independent third party.

- *During the holding phase :* All investee companies report on ESG indicators each year, including PAIs.

c. *Description of Principal Adverse Sustainability Impacts*

The following PAIs are considered during the pre-investment period and the holding period.

PAI	Adverse sustainability indicator	Description
1, 2, 3	GHG emissions (scope 1, 2 & 3)	Calcul of the Scope 1, Scope 2 and Scope 3 GHG emissions.
4	Activity in the fossil fuel sector	Share of investments involved in the extraction, storage, transport or manufacture of fossil fuels.
5	Non-renewable energy consumption (%)	Share of non-renewable energy consumption of investee companies.
6	Energy consumption related to sectors with high climate impact	Share of investee companies active in one or more of the high climate impact sectors.
7	Impact on biodiversity	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.
8	Emissions to water	Tons of emissions of pollutants to water generated by investee companies.
9	Hazardous waste produced	Tons of hazardous waste produced by investee companies.
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investee companies involved in violations of the United Nations Global Compact and/or the OECD Guidelines for Multinational Enterprises.
11	The process to comply with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investee companies that implemented any policy 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 or OECD Guidelines for Multinational Enterprises.
12	Unadjusted gender pay gap	Average unadjusted gender pay gap in investee companies.
PAI	Adverse sustainability indicator	Description
13	Board gender diversity	Average ratio of female to male board members in investee companies.
14	Company's activities - Controversial weapons	Share of investee companies exposed to any controversial weapons.
Optional	Discrimination/ harassment complaints	Number of incidents of discrimination reported in investee companies.
Optional	Non-recycled waste	Tons of non-recycled waste produced by investee companies.

- During the pre-investment period

The PAIs are assessed during the pre-investment period via an ESG checklist, assessing the risks of the target company regarding its governance, social and environmental impacts. The analysis of PAI indicators is included in the pre-investment analysis, depending on the materiality of the target company's adverse impacts.

- During the holding period

The 14 mandatory PAIs and 2 optional PAIs are monitored during the holding period via an annual questionnaire.

d. Engagement policies

Vivalto Partners seeks to implement long-term ESG strategies in its portfolio companies and provides all the human, financial and technical resources needed to support them in their transformation. ESG topics are discussed annually at the Board level.

Vivalto Partners has implemented the following engagement policies:

- Exclusions list and ESG checklist used to assess the PAIs during the pre-investment period
- Engagement on social characteristics according to the SDG, including:
 - Increase the access and the quality of care toward patients' well-being (SDG 3 Good health and well-being)
 - Place employees at the heart of the organization (SDG 8 Decent work and Economic Growth)
 - Uphold responsible and ethical governance (SDG 16 Peace Justice and Strong Institutions)
 - Promote Innovation, research, and development (SDG 9 Industry, Innovation, and Infrastructure)
- Definition of an ESG roadmap for each company
- Annual ESG monitoring and reporting through an ESG questionnaire and communication to LPs
- Collaborative engagements : France Invest Gender Equality Charter and UN PRI

Concerning the PAIs, annual monitoring and reporting are planned at the funds level. Vivalto Partners will communicate the results to LPs and act with portfolio companies to reduce PAIs.

e. References to international standards

Vivalto Partners monitors how the investee companies adhere to international norms and conventions through a norm-based screening based on UN Global Compact and the OECD guidelines for multinational companies.

Vivalto Partners is also a member of France Invest:

- Signatory of the Commitment Charter on best ESG management practices.
- Signatory of the Gender Equality Charter, promoting gender equality in Private Equity and companies.

For 2023, Vivalto Partners plans to become a signatory of the UN PRI.