

Policy on integrating sustainability risks into the investment process

This statement on the integration of sustainability risks into the investment process complies with the requirements set out in article 3 of the EU Sustainable Finance Disclosure Regulation (EU 2019/2088).

Identification and assessment of sustainability risks is part of our investment process, as described in our Responsible Investment Policy available on our website.

Exclusion policy:

We formally exclude investments in companies that have high negative impacts on sustainability such as:

- Companies operating in industries such as tobacco, firearms, pornography, gambling and human cloning;
- Companies that are not in alignment with human rights or child labor treaties;
- Companies that have unacceptably high negative impacts on biodiversity (and are not demonstrating efforts to optimize their environmental footprint).

Investment process:

ESG is a key to our assessment of investment opportunities, and more specifically:

- We perform up-front analyses of sustainability risks and opportunities (on environmental, social and governance aspects) for each considered new investment; we notably also assess our capacity as future shareholders of the group to create value and address the risks identified;
- Trusted external consultants systematically perform comprehensive ESG Due Diligence prior to investing, based on information received from the sellers and dedicated workshops with the management teams; should significant ESG risks be identified, Hivest Capital will choose not to pursue the analysis of the opportunity;
- Results of the ESG Due Diligence are always included in investment memorandums presented to investment committees for final consideration in the last stage of the investment process.

Holding period:

During the investment holding period, we support portfolio companies in the implementation of ESG strategies, and monitor performance:

- An ESG manager is nominated by the management team within each company;
- We provide assistance to portfolio companies on the identification of risks and implementation of ESG roadmaps;
- Portfolio companies conform with a reporting exercise on a yearly basis, allowing management teams and Hivest Capital to measure the evolution of key performance indicators:
 - o Each ESG manager fills an annual questionnaire and provides results on a large number of indicators for the last fiscal year;
 - o We analyse the collected data, with the help of the companies' ESG managers and our external counsel;
 - o We also prepare, with the help of our external counsel, an ESG report on the performance at the level of individual portfolio companies as well as each Fund;

- To the extent possible, we include ESG clauses in shareholder agreements (examples of clauses include: best-effort commitment from the management to set-up and monitor an ESG roadmap; completion of annual ESG reports, etc.).