GROWTH PARTNERS CAPITAL

Sustainability and Responsible Investment Policy

April 2023

Introduction

Growth Partners Capital - Sociedade de Capital de Risco, SA (GP Capital) is a private equity management firm which currently manages three funds - Growth One, Growth Inov and Growth Iberia – and is in the process of creating a fourth fund – Growth Blue.

We adopt this Sustainability and Responsible Investment Policy ("Policy"), in force since 1st April 2023, which guides the integration of environmental, social, and corporate governance (ESG) considerations into our decisions regarding investments and portfolio management in relation to all funds under management (GP Capital itself does not directly hold investments).

Vision

In making each of our investments, we have identified two clear objectives that have proven to be two sides of the same coin. We consistently work to create long-term value for investors, achieving profitable growth in our portfolio. We also recognize that succeeding in long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental, public health and economic systems, especially in Portugal and Spain (the countries in which the portfolio companies operations are mostly based in). Understanding this interconnected relationship, we seek to invest in and develop companies that contribute to enhancing these fundamental dimensions.

Sustainability is embedded in the core of Growth Partners Capital (GP Capital), both in our funds and throughout our portfolio. Our second fund, Growth Inov, is focused on R&D, a critical component for developing the Portuguese economy. This is especially true for small and mid-size companies, which are our targets. In this fund, we only invest in companies that have been qualified by ANI (Portuguese National Innovation Agency) after going through a very rigorous process.

Attentive to the world we live in and the most pressing issues of our time, we are also engaged in contributing to the Sustainable Development Goals (SDGs) of the UN's 2030 Agenda for Sustainable Development. We believe in the potential of business towards social transformation, and we use our knowledge, resources, and influence to ensure that the businesses we invest in assume a relevant role in creating shared value. We highlight the following Sustainable Development Goals for which we believe the investments of the funds under management may contribute the most: 7- Affordable and clean energy, 8- Decent work and economic growth, 9- Industry, innovation and infrastructure, 12- Responsible consumption and production, 13 – Climate action and 14- Life below water.

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Sustainability risk policies

'Sustainability risk' 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. Some examples of these risks are:

- Environmental: air pollution, effects climate change such as rising sea levels, floodings, wildfires, water scarcity, …
- Social: violations of human rights, race and gender discrimination, labor health conditions, …
- Governance: lack of diversity, corruption, self-dealing, …

Our process of analyzing investment opportunities for the funds under management involves the assessment of an extensive range of criteria and risks. The category of sustainability risks is also integrated in the decision-making process and is increasingly gaining importance. More specifically, we implement the consideration of sustainability risks and ESG factors in the following processes:

Screening:

When initially screening investments opportunities (directly originated such as via databases searches or originated by third parties such as a M&A advisor), we apply negative and positive filters, to exclude companies with strong indication of sustainability risks (for example based on the activity sector) and to benefit companies with strong indication of good ratings in ESG factors, respectively.

Analysis and Due Diligence:

In all steps of the analysis and Due Diligence of the investment opportunities, sustainability risks and ESG factors are considered. For example, in the discussions with the target companies, in the discussions in the investment board, or even by involving third-parties specialized consultants to address some topics.

The result of this analysis could be the conclusion that sustainability risks are high enough to justify a no-go decision, or to identify weaknesses in the investment case which should have an impact on the company's valuation and which should be followed up post-investment. The weaknesses identified may also represent opportunities for improvement, for the period post-investment, and in that way generate value for the funds.

Post-investment management:

In the context of monitoring the companies invested, we keep ESG matters in the agenda in the discussions with the Management teams of the companies and its Board of Directors. We follow up on sustainability risks and on the ESG factors more poorly rated identified in the pre-investment phase and we emphasize, to the Management teams, the importance of developing the initiatives towards mitigating those sustainability risks and improving those ESG ratings.

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Adverse sustainability impacts

Based on the definitions established by the European Union legislation, we do not currently consider adverse impacts of investment decisions. A Principal Adverse Impact (PAI) is any impact of investment decisions that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

The reason why we still do not consider we do not consider adverse impacts of investment decisions is because the target companies of our funds under management are small and medium-sized companies, which do not have the necessary resources and the costs to obtain the information would be disproportionate. When performing the analysis of sustainability risks and ESG factors, described in the previous section, we assess the Principal Adverse Impact only in a broad and qualitative way, more specifically whether the investment from the fund under management would materially negatively contribute to generate Principal Adverse Impact, as the quantification depends on the quality of information that the target companies are not able to provide.

In the future, we intend to help the target companies develop the tools and competencies to be able to report this type of information and thus to allow us to consider adverse impacts of investment decisions.

Remuneration policies in relation to the integration of sustainability risks

The performance of all our professionals and board members is periodically evaluated. The evaluations assess the accomplishment in different dimensions of the internal objectives and policies, which includes a qualitative assessment on the compliance with the Sustainability and Responsible Investment Policy, but not yet quantitative or highly systematized, which we intend to improve in the future.

Review of the Policy

The policies, procedures and information are in continuous review, and so will be updated as needed.

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