



SUSTAINABILITY POLICY

EFFECTIVE DATE: 15/12/2021

(THE “POLICY”)

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GLOSSARY

Unless the context otherwise requires, the following definitions shall apply to this Sustainability Policy (“**Policy**”). References to the singular include the plural (and vice versa):

“PEF” – Private Equity Fund	means the private equity funds regulated by the Law on PEFMC and, more generally, the provisions of Chapter IV of Title III of said law.
“ESG Criteria”	means the criteria concerning environmental, social and labour issues, respect for human rights, anti-corruption and anti-bribery followed by ECS in the pursuit of its business activities, inter alia, as detailed in this Policy.
“ESG”	means the set of environmental, social and governance factors ECS takes into account to implement this Policy.
“SFDR”	means Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 (Sustainability Finance Disclosure Regulation).
“PEFMC” – Private Equity Fund Management Company	means the legal persons provided for under Article 45(1) of the Law on PEFMC.
“DAIFM” - Directive on Alternative Investment Fund Managers	means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as amended.
“Board of Directors”	means the ECS Board of Directors, the company’s management body.
“Policy”	this sustainability policy, as approved.
“PEFs Under Management”	means the PEFs managed by ECS as the PEFMC thereof, that is, the PEF Fundo Recuperação, FCR, PEF Fundo Recuperação Turismo, FCR, PEF Fundo Albuquerque, FCR, and the PEF Fundo Energia, FCR.
“ECS”	means ECS – Sociedade Gestora de Fundos de Capital de Risco, S.A., a public limited liability company governed by Portuguese law, with its registered office at Avenida da República, n.º 23, 1050-185 Lisbon and a share capital of €750,000.00 (seven hundred and fifty thousand euro), registered with the Lisbon Companies Registration Office under unique registration and corporate tax number 507959949, authorised and supervised by the Portuguese Securities Market Commission (CMVM) as a PEFMC, pursuant to the Law on PEFMC.

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“Employees”	means the persons who work for ECS, such as those with full-time and part-time employment contracts, trainees, and workers posted by agencies and consultants working with ECS.
“Remuneration Policy”	means the policy defined and applied by ECS, concerning itself and all PEFs Under Management, as regards the remuneration, inter alia, of ECS, its Board of Directors, senior management, control functions, and ECS personnel, as amended.
“RMP” - Risk Management Process	in relation to each PEF Under Management, means the risk management process developed and applied by ECS regarding the PEF Under Management concerned.

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1. Introduction

ECS – Sociedade Gestora de Fundos de Capital de Risco, S.A. (“ECS”) is a private equity fund management company with registered offices at Avenida da República, n.º 23, 1050-185 Lisbon and a share capital of €750,000.00 (seven hundred and fifty thousand euro), registered with the Lisbon Companies Registration Office under unique registration and corporate tax number 507959949, authorised and supervised by the Portuguese Securities Market Commission (CMVM) as a Private Equity Fund Management Company (“PEFMC”), pursuant to the Legal Framework for Venture Capital, Social Entrepreneurship and Specialised Investment, approved by Law No. 18/2015 of 4 March, including the references made in said framework to the Legal Framework for Collective Investment Undertakings, approved by Law No. 16/2015 of 24 February (“Law on PEFMC”) and the directive partially transposed thereto, that is, Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (“DAIFM”).

The ECS Board of Directors (“Board of Directors”) originally approved the sustainability policy below on 15 December 2021, which is central to its management activities.

The Board of Directors is directly responsible for designing the strategy and policies to be implemented with a view to ensuring compliance with commitments made and the approach to be followed for responsible investment in the PEFs Under Management, in accordance with ESG Criteria. To this end, this Policy describes how ECS incorporates the involvement of its role as a PEF manager into its investment strategy.

In drawing up the Policy, ECS has respected the regulatory framework in force and, in particular, the provisions of the SFDR.

Furthermore, the Board of Directors shall promote the appropriate behaviour and encourage all its Employees to behave in accordance with this Policy at all times.

The criteria set out in this Policy shall apply where ECS provides PEF management services.

It should be noted that ECS does not fall under the criteria applicable to larger institutions enshrined under Article 4(3) and (4) of the SFDR.

The Board of Directors shall be responsible for the management and monitoring of this Policy.

2. Internal Organisational Structure and Sustainability Strategy

2.1. Governance Structure

As a private equity fund management company, ECS has the authority to administer and manage private equity funds (“PEF”), in compliance with its Management Rules and applicable laws and regulations.

As a PEFMC, it is incumbent upon ECS to administer one or more PEFs on behalf and in the sole interest of the participants and to preserve market integrity. It is the management company’s task to perform all acts necessary for the proper administration of the PEFs, according to the highest standards of diligence and competence, bearing in mind the investment policy provided for in the management rules, performing all functions authorised by law and necessary for the development of PEF activities.

Should a member of the Board of Directors be unable to fulfil their duties: (i) the procedures provided for under Article 393 of the Portuguese Companies Code shall be followed; and (ii) until such procedures are carried out, the board member concerned shall

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take steps to ensure exceptional delegation of their powers to another person by means of a power of attorney, within the applicable terms of delegation.

ECS, under the guidance of its Board of Directors, shall bear ultimate responsibility for performance of the portfolio management and risk management functions, and for the administrative functions relating to the PEFs Under Management, in the sole interest of the PEFs Under Management and of their respective participants. These functions must be performed in accordance with the incorporation documents of the PEFs Under Management and in accordance with applicable Portuguese laws and regulations.

Subject to the rules laid down below, ECS shall be entitled to exercise all rights directly or indirectly associated with the assets of the PEFs Under Management and, therefore, shall make all investment and divestment decisions on behalf of the PEFs Under Management. In particular, it shall have the following duties in respect of each PEF Under Management:

- **portfolio management** for the PEFs Under Management, including assets and liabilities, it being understood that ECS may appoint, at its sole discretion, one or more investment or other consultants to assist/advise it in matters relating to management of the portfolios of the PEFs Under Management;
- **risk management of the portfolio of PEFs Under Management**, it being understood that ECS may appoint, at its sole discretion, one or more companies specialising in risk management to assist/advise it in matters relating to risk management of the portfolios of the PEFs Under Management;
- **administration of PEFs Under Management**, including, inter alia: calculation of the net asset value, accounting functions and business administration functions (inter alia, keeping a record of shareholders, bookkeeping and updating records), it being understood that ECS may outsource certain services related to the administration of the PEFs Under Management to one or more service providers, including, in particular, central administration agents and/or external evaluators, when it does not have the necessary expertise and experience to perform such functions in-house.
- **marketing and distribution of shares/units of the PEFs Under Management**, it being understood that ECS may decide, at its sole discretion, to *delegate all or part of the marketing and distribution* of the PEFs Under Management to one or more distributors and/or placement agents.

Provided it is permitted under applicable law, sufficiently reasoned and substantiated and subject to prior approval from CMVM, ECS may delegate, under its responsibility, part of the duties and powers referred to above to persons or entities which it considers suitable and that have the required skills and resources. In this case, this Policy and, where necessary, the incorporation documents of the relevant PEF Under Management must be amended accordingly.

To date, the Board of Directors has not delegated any decisions related to PEF management operations or functions to any person/third-party entity.

That said, the Board of Directors may use third-party entities to obtain investment advice.

However, the Company is structured in accordance with the following functional areas:

- Investment management;
- Portfolio management;
- Finance and administration;
- Compliance;

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- Risk management.

2.2. Roles and Responsibilities of the ESG Function

ECS has stipulated that the Board of Directors shall be responsible for assisting in the implementation of its sustainability strategy and ESG Criteria. To this end, the Board of Directors is responsible for:

- i. defining and implementing ECS's sustainability strategy;
- ii. monitoring compliance with this Policy;
- iii. determining concrete procedures for implementation of this Policy;
- iv. monitoring the sustainability implications of ECS's business activities;
- v. collecting and disclosing ESG-related information;
- vi. sharing good practices and fostering an internal culture that is in line with ESG Criteria.

3. Scope of Application

ECS believes that sustainability concerns are important when conducting its business and that the contents of this Policy are a consequence of its fiduciary duties, under law, to its investors and participants, pursuant to item 1.1 above. To this end, ECS intends to apply the ESG Criteria to its investment decisions in the future so as to identify investment risks, as well as investment opportunities and opportunities for long-term value creation for its investors and participants.

ECS acknowledges that the weighting of sustainable investment criteria is in line with its values and mission, in particular as regards environmental and social sustainability.

Without prejudice to any current and future ESG Criteria that apply to the individual investments of the PEFs Under Management, this Policy embodies the major ESG pillars of action within the scope of ECS's business activities.

4. General Principles

ECS follows these general principles in the pursuit of its business:

- **Commitment**: sustainable investment criteria imply a pledge and commitment that ECS publicly undertakes.
- **Adaptability**: ECS applies ESG Criteria in line with each PEF Under Management, taking into account its characteristics, where possible in the terms described in the corresponding incorporation and contractual documents, seeking to safeguard the relevant specificities of PEF management that are not adequately addressed by the SFDR;
- **Proportionality**: ECS considers and takes into account sustainability risks, based on the nature, scale and complexity of its activities;
- **Honesty and integrity**: ECS recognises that the ESG information it discloses must be true, clear and objective. It does not accept or allow any misstatements or exaggerations (greenwashing) and strives to ensure that its entire approach to ESG and the corresponding information follows the principles of honesty and integrity;

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- Topicality and coherence: ECS undertakes to keep up-to-date all information regarding this Policy and compliance therewith, and its business communications may not contradict information disclosed pursuant to this Policy;
- Policy disclosure: the Policy is available to all ECS Employees and the members of its governing bodies online, published on the ECS website.

5. Development of the Sustainability Strategy

5.1. *Due care and diligence in relation to the adverse impacts of investment decisions on sustainability factors*

ECS does not fall under the criteria applicable to larger institutions enshrined under Article 4 (3) and (4) of the SFDR.

Although ECS applies the appropriate professional diligence in assessing its investment decisions, it does not take into account the adverse impacts of investment decisions on sustainability factors. It takes this stance for the following reasons:

- Lack of available information: It is widely recognised that reporting on the ESG options of the issuers is fragmented and hard to compare, given the limited scope and content of the EU Directive on Non-Financial Reporting and the lack of comparable rules outside the European Union. ECS thus believes that there is not enough widespread, accurate and comparable information publicly available to take into account the adverse impacts of investment decisions on sustainability factors.
- Cost rationale: Given the lack of centralised, reliable and comparable public information, access to ESG information requires the use of external sources of information, which entails high and disproportionate costs. ECS thus believes that the costs are too high and disproportionate to justify taking the adverse impacts of investment decisions on sustainability factors into account.
- Incorporation documents: The incorporation documents of the PEFs Under Management do not provide for the duty of care or diligence regarding the adverse impacts of investment decisions on sustainability factors. ECS thus believes that participants do not expect the adverse effects of investment decisions on sustainability factors to be taken into account.

5.2. *Impact on the Remuneration Policy*

ECS does not include existing sustainability risks in its Remuneration Policy, given that it does not manage any PEF that promotes environmental or social characteristics or pursues sustainable investment objectives, as provided for under Articles 8 and 9 of the SFDR. Should this change, ECS shall approve all necessary adjustments to incorporate performance indicators that include sustainability factors.

Without prejudice to the above, ECS has taken into account sustainability criteria in its policy for the selection and evaluation of the suitability of its management and supervisory bodies and key function holders, included in its Remuneration Policy, in particular social and governance factors, such as promoting equality and non-discrimination in the selection of candidates and preventing corruption and excessive risk-taking that may adversely affect the financial market.

The latter factors are pursued by selecting candidates who meet the good standing requirements that demonstrate their ability to make careful and reasoned decisions and their tendency to promptly fulfil their duties or to behave in a way that preserves market confidence. Furthermore, the Conflicts of Interest Policy incorporated into the Remuneration Policy prohibits personnel

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from receiving any illicit gifts or benefits, in cash, goods or services from third parties who are not customers as a commission or fee for services rendered, and from receiving financial or other benefits to prioritise the interests of one client or counterparty over another.

ECS has not established the applicability of variable pay in its Remuneration Policy. Should this change, ECS shall include a “malus” clause and environmental and social indicators, in proportion to the type of function performed, in the performance targets relevant for the purposes of providing variable pay.

ECS is aware that a remuneration policy is a key tool for aligning interests and that it is essential that it takes into account sustainable investment objectives, in line with the interests of the participants, and at the same time is able to ensure the conditions for implementation of a fair remuneration that attracts, retains and motivates leaders and employees.

5.3. *Promotion of environmental or social characteristics and sustainable investment*

ECS does not provide management services to PEFs that promote, inter alia, environmental or social characteristics (products provided for under Article 8 of the SFDR) or that have sustainable investment as their objective (products provided for under Article 9 of the SFDR).

Should ECS come to provide management services to a PEF that promotes these characteristics, the information stipulated under Articles 8 to 10 of the SFDR shall be provided, in pre-contractual disclosures and on its website.

6. Policy Review

The Board of Directors shall review this Policy at least once a year and prepare annual reports, where applicable¹.

¹Where ECS provides management services to PEFs that promote, inter alia, environmental or social characteristics (products provided for under Article 8 of the SFDR) or that have sustainable investment as their objective (products provided for under Article 9 of the SFDR).

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