Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Verto Growth II

Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **sustainable investments with an environmental objective:**___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:**___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

Verto (the "Management Company") aims to act as a responsible investor as it is convinced that ESG represents a key value creation driver.

Verto Growth II (the "Fund") is a Growth Equity fund which invests in SMEs in Tech and Healthcare and is classified as article 8 under Regulation (EU) 2019/2088 (the "SFDR Regulation").

As such, it promotes the following environmental and social characteristics:

- *Environment: reduction of GHG emissions; implementation of positive environmental practices and offerings;*
- *Social: Promotion of gender diversity, Promotion of inclusion; Employee well-being; Employee skill development; Employee Stock Ownership Plan*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The main indicators used to measure the attainment of these characteristics at the level of each portfolio company comprise:

- *Environment:*

- *Measurement and reduction of CO2 emissions: completion of a bi-annual assessment of a scope 1, 2 and 3 carbon footprint (expressed in tCO2e / €m of turnover or per FTE)*
- *Deployment of positive environmental practices and offers: implementation of measures to reduce the negative impact of the environment (e.g. waste sorting, employee mobility policy, etc.*

- *Social:*
  - *Promotion of gender diversity: gender pay gap, share of women in the executive committee of the portfolio company*
  - *Promotion of inclusion: share of employees with disabilities; existence of a specific policy for the employment of disabled persons, or professional reintegration*
  - *Working conditions: training programs, employee turnover; absenteeism rate due to illness and accident at work; etc.*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable as Verto Growth II does not have an objective of sustainable investments.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Although Verto Growth II does not have an objective of sustainable investments, it applies the DNSH (Do No Significant Harm) principles, which consists in ensuring, through an ESG audit completed before making any investment, the absence of significant harm to the 6 environmental objectives which determines the sustainability of an activity according to European taxonomy.

How have the indicators for adverse impacts on sustainability factors been taken into account?

During the acquisition process and during the life of the Fund, adverse impacts on sustainability factors will be assessed.
During the investment cycle, the ESG questionnaire assesses indicators that would indicate the presence or absence of a primary negative impact.
These indicators include the following main negative impacts:

- *Environmental damage, in particular greenhouse gas emissions; carbon footprint; GHC intensity of portfolio companies; exposure to fossil fuel companies; intensity of energy consumption by sector with a high climate impact; activities that have a negative impact on biodiversity-sensitive areas; water pollution; hazardous waste ratio; investments in companies without any carbon reduction initiatives.*
- *Social, employee and human rights issues such as violation of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises; lack of processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises; unadjusted gender pay gap; gender equality on the board of directors; exposure to controversial weapons; accident rate.*

The Management Company Verto implements active measures to mitigate the risks identified.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Although Verto Growth II does not intend to make any sustainable investments, the Management Company promotes the prevention of Human rights violations and ensures the compliance with the OECD Guidelines for

Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. In particular, the Management Company ensures that appropriate due diligence is carried out and that human rights, equality and anti-corruption policies are in place for service providers. It undertakes to combat all forms of forced or compulsory labour and to ensure the effective abolition of child labour. These commitments are included in the shareholders' agreements.

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

X Yes,_______ *During the acquisition process and during the life of the Fund, principal adverse impacts on sustainability factors will be assessed.*

During the investment cycle, the ESG questionnaire assesses indicators that would indicate the presence or absence of a primary negative impact. These indicators include the following main negative impacts:

- *Environmental damage, in particular greenhouse gas emissions; carbon footprint; GHC intensity of portfolio companies; exposure to fossil fuel companies; intensity of energy consumption by sector with a high climate impact; activities that have a negative impact on biodiversity-sensitive areas; water pollution; hazardous waste ratio; investments in companies without any carbon reduction initiatives.*
- *Social, employee and human rights issues such as violation of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises; lack of processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises; unadjusted gender pay gap; gender equality on the board of directors; exposure to controversial weapons; accident rate.*

ESG factors are considered throughout the investment cycle, from the sourcing phase through to the exit of the portfolio companies of Verto Growth II, including:

- *Pre-sourcing:*
    - *Exclusion of companies that do not respect the UN Global Compact (10 principles inspired by the Universal Declaration of Human Rights) which will be validated by the ESG audit in the audit phase;*
    - *Exclusion of controversial sectors, with some sectors being totally excluded from our scope of investment (pornography, weapons, gambling, etc.) and other sectors (e.g. Oil & Gas, etc.) being subject to a materiality threshold of 10% of underlying revenues.*
    - *Validation of the DNSH principle (Do No Significant Harm – absence of*

significant harm to the 6 environmental objectives which determines the sustainability of an activity according to European taxonomy)

- *During the due diligence phase of the investment process:*
  - *Conducting a pre-acquisition ESG audit carried out by an external advisor, which incorporates negative impacts on sustainability factors and the company's contribution to sustainable development issues, which conclusions are presented to the Investment Committee*
- *After the investment phase: the oversight of ESG criteria is conducted on different occasions:*
  - *Quarterly monitoring at each Supervisory Board meeting, featuring one CSR representative who provides an update of the status of action plans*
  - *Annual extra-financial reporting covering the selected CSR KPIs (over 60), collected, audited and analysed by an external ESG-specilaized advisor.*

Finally, information on the principal adverse impacts on sustainability factors is detailed, in accordance with Article 11(2) of Regulation (EU) 2019/2088 and Article 22 of Directive 2011/61/EU in the annual report of the Fund prepared by the Management Company.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Verto Growth Fund II is a Growth Equity Fund dedicated to supporting profitable, fast-growing SMEs in the Tech and Healthcare industries, with the objective to help them accelerate their operational growth and turn them into international mid-cap companies.

The Fund targets companies operating in two segments:

- *Tech: predominantly BtoB software (SaaS & On Prem, vertical & horizontal solutions) and BtoB digital platforms (with a subscription model)*
- *Healthcare: including MedTech, HealthTech, Pharma CDMO & CRO*

The targeted companies showcase the following characteristics:

- *Revenues / ARR (Annual Recurring Revenue): minimum €8m*
- *EBITDA: 0+*
- *Min. 10% annual organic growth*
- *Min 40% recurring or repeating revenue*
- *International footprint or potential for significant international expansion*
- *Strong management team*

Individual investment tickets range between €10 and €40m

Verto Growth II can invest to finance cash out and/or cash in situations, with or without financial leverage.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Management Company has implemented an exclusion policy to achieve the environmental or social characteristics promoted by the Fund.

In particular, this exclusion policy leads the Management Company to limit more precisely its investments in certain sectors, companies and underlying assets due to their exposure to specific Environmental and Social risks:

- *Environment: Fossil fuel extraction, production and processing activities (including thermal coal, shale oil, etc.), activities with a major harmful impact on biodiversity*
- *Social: Controversial weapons (anti-personnel mines, cluster bombs, etc.), chemical weapons, biological weapons and depleted uranium weapons, production and trade in weapons and munitions of war, tobacco production activities or any related activity, pornography, prostitution, activities related to sports betting, gambling and gambling, child labour.*
- *In addition, the ESG due diligence that is carried out before any acquisition allows to exclude a company that operates in a sector of activity and/or that has ESG practices that are not compatible with the commitments the Fund has made.*

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Fund have not set a minimum commitment rate to reduce the scope of the Investments considered before the investment strategy is implemented.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

The ESG questionnaire pre-transaction measures the maturity of the investment opportunities in terms of good governance practices.

In addition, after the acquisition, the Management Company actively promotes the following measures to its portfolio companies, allowing to monitor and assess that the good governance practices are in place:

- *Promotion of diversity within decision-making bodies of the Fund's portfolio companies (Executive Committee / Management Board and Supervisory Boards)*
- *Appointment of at least one independent member to the Supervisory Board of each portfolio company.*
- *Appointment of a CSR referent within each holding, who is part of the Executive Committee / Management Board*
- *Monitoring of the company's CSR strategy, at least during each Supervisory Board meeting*
- *Promotion of employee share ownership*
- *Integration of ESG clauses within shareholders' agreements, binding shareholders on the implementation of a concerted ESG and CSR approach within the company*

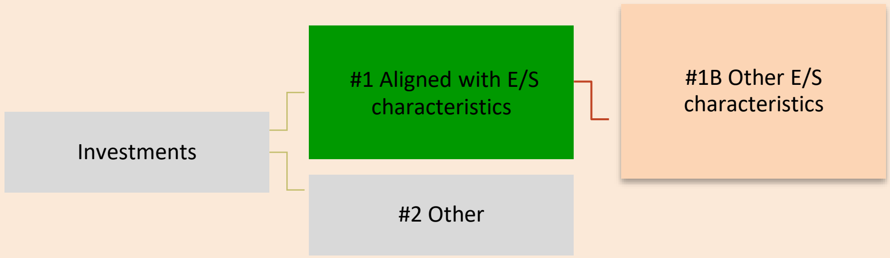
In addition, as part of its annual ESG reporting, the Management Company examines, inter alia, governance practices of portfolio companies through questions on: social climate of the company, through indicators such as turnover and absenteeism rate and existence of employment disputes.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Fund has an allocation strategy that provides that the main allocation (more than 50% of the Fund) consists of investing in established French and European SMEs with a proven business model, with a turnover or ARR of more than €8 million, with organic growth of more than 10%, in the Tech and Healthcare sectors.

Verto Growth II's investments used to achieve the environmental or social characteristics promoted by the Fund will represent at least ninety (90%) of the Total Verto Growth II Commitments, i.e. each investment included in this percentage will comply with one or more criteria promoted by Verto Growth II.



The category **#1 Sustainable** covers sustainable investments with environmental or social objectives.
The category **#2 Not sustainable** includes investments which do not qualify as sustainable investments.
The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The activities of the Fund are not aligned with Taxonomy.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  It is not contemplated that the Fund will use derivatives to achieve the environmental or social characteristics it promotes.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

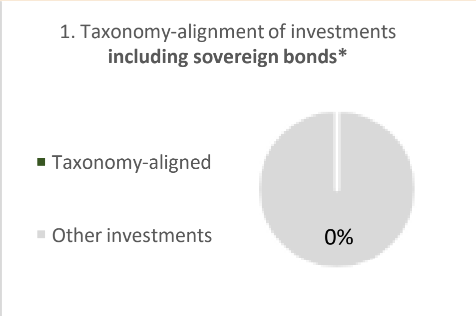
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

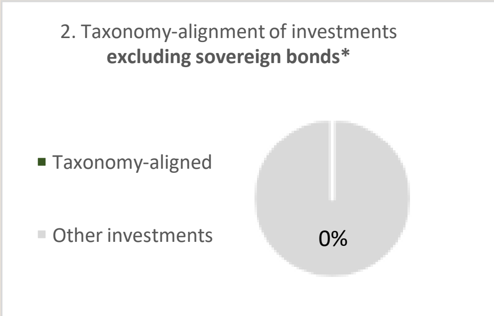
are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Verto Growth II does not commit to make sustainable investments, but it does not prevent itself from investing in companies which would meet the criterias of sustainable investments which would align with the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What is the minimum share of investments in transitional and enabling activities?

The minimum rate of investment in transition and enabling activities is zero percent (0%).

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

Not applicable as there is no minimum share of socially sustainable investments.

What is the minimum share of socially sustainable investments?

There will no minimum share of socially sustainable investments

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

There will be no "2 Other" investments

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index has been designated as a reference benchmark

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable as Verto Growth II has not designated any specific index

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable as Verto Growth II has not designated any specific index

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable as Verto Growth II has not designated any specific index

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable as Verto Growth II has not designated any specific index

Where can I find more product specific information online?

More product-specific information can be found on the website: *https://www.vertogrowth.com*