

Vallis Sustainable Investments II

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial Market Participant: Vallis Sustainable Investments II - Fundo de Capital de Risco Fechado, 254900AKYNGHDP982446

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Summary

Vallis Sustainable Investments II - Fundo de Capital de Risco Fechado (VSI II) considers principal adverse impacts of its investment decisions on sustainability factors.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of VSI II.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

A summary of Principal Adverse Indicators considered by VSI II is presented in following table.

Summary of Principal Adverse Indicators prioritized by VSI II				
Applicable to	Theme	PAI Indicator	SFDR Table*	Number
Investee companies	Climate and other environment-related indicators	GHG emissions	1	1
		Carbon footprint	1	2
		GHG intensity of investee companies	1	3
		Exposure to Companies Active in the Fossil Fuel Sector	1	4
		Share of Non-Renewable Energy Consumption & Production	1	5
		Energy consumption intensity per high impact climate sector	1	6
		Activities negatively affecting biodiversity sensitive areas	1	7
		Emissions to water	1	8
		Hazardous waste ratio	1	9
		Water usage and Recycling	2	6
	Social and Employee, Respect for Human Rights, Anti-corruption and Anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
		Unadjusted gender pay gap	1	12
		Board gender diversity	1	13
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	1	14
		Rate of accidents	3	2
		Number of days lost to injuries, accidents, fatalities or illness	3	3
		Lack of anti-corruption and anti-bribery policies	3	15

* Indicators for adverse impacts of Table 1 and any relevant indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Unit	Impact 2024*	Impact 2025	Explanation
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG Emissions	tCO2e	806.72	772.87	PAI Indicators are calculated based on data available for 3 out of the 6 investee companies (47% company coverage by amount invested as of 31/12/25). Data for the remaining 3 companies was not available despite best efforts to obtain it.
		Scope 2 GHG Emissions	tCO2e	2,102.52	2,680.40	
		Scope 3 GHG Emissions	tCO2e	18,610.39	26,565.80	
		Total GHG Emissions	tCO2e	21,415.00	30,019.07	
	2. Carbon Footprint	Carbon footprint	tCO2e	350.84	476.04	
	3. GHG Intensity of Investee	GHG intensity of investee companies	tCO2e / million EUR revenue	429.01	498.38	
4. Exposure to Companies Active in the Fossil Fuel Sector		Share of investments in companies active in the fossil fuel sector	%	0%	0%	-
5. Share of Non-Renewable Energy Consumption & Production		Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	%	47%	38%	The change between 2024 and 2025 reflects the increase in the share of renewable energy consumption of several companies namely Insparya, Logifrio and Europalco.
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	%	20%	26%	-
6. Energy consumption intensity per high impact climate sector		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	GWh / million EUR revenue			One portfolio company operating in temperature-controlled logistics (Logifrio) and one portfolio company operating in medical disposables (gloves) manufacturing (Arka) operate in high impact climate sector. Not applicable for remaining portfolio companies.
		Section C - Manufacturing		0.66	0.68	
		Section H - Transportation and storage		0.26	0.37	
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%	0%	0%	-
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes / million EUR invested	0.05	0.08	The increase observed in 2025 is mainly the result of the addition of one company (Céramique) to the portfolio as it is an industrial company operating in the ceramics sector.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes / million EUR invested	0.04	0.04	-
						The portfolio companies that report on this PAI have undertaken various actions to reduce hazardous waste. All the companies generating such waste use a duly licenced company to deal with such waste.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability indicator		Metric	Unit	Impact 2024*	Impact 2025	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	0%	0%	-	-
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies 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	%	20%	16%	-	For the company that has not yet approved this fully compliant mechanism we expect to regularise this situation in 2026.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	0%	0%	-	-
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Ratio F/M	17%	21%	-	The companies' shareholders are committed with the continuous improvement of this ratio.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%	0%	0%	-	-

Other indicators for principal adverse impacts on sustainability factors applicable to investments in investee companies

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Adverse sustainability indicator		Metric	Unit	Impact 2024*	Impact 2025	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water	6. Water usage and Recycling	Amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	Cubic meters / million EUR revenue	9,946	606	The decrease observed in 2025 is mainly justified by the much lower consumption in one of the portfolio companies (Arka) related with the decrease of its industrial activity.	Each company has an objective to reduce this indicator in 2026
		Percentage of water recycled and reused by investee companies	%	not available	0%	-	-

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability indicator		Metric	Unit	Impact 2024*	Impact 2025	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	Ratio (per 1,000 FTE)	63	50	Overall there was a reduction in the number of accidents observed across the portfolio companies even after considering the addition of a new portfolio company.	H&S is tightly monitored at the level of each portfolio company. All of them have a target to reduce this ratio in 2026.
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	Number of days	510	226	-	-
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	%	0%	0%	-	-

Other than the indicators referred above, there are no other indicators used to assess principal adverse impacts on sustainability factors for purpose of article 6, no. 1, paragraph c) of the Regulation (EU) 2022/1288.

* Amended to rectify formulas and ensure comparability

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

In order to select the most promising investment opportunities, VSI II conducts a comprehensive analysis of target companies before making any investment. In the environmental field, VSI II believes that responsible management of ESG factors is essential for creating long-term value for investors, as companies with these concerns tend to perform better over time. In order to achieve this, it was developed a responsible investment approach, which sets out how it identifies the ESG risks inherent in each investment opportunity and always opts for investments in companies that demonstrate the best results in this area.

The Responsible Investment approach, comprising several documents approved by the Board of Directors, is divided into four components:

1. ESG guiding principles and framework

VSI II adopts ESG concerns into all the different type of decisions and commercial approach and throughout the lifetime of the target companies. Firstly, in the field of origination and as a first screening, VSI II identifies the sectors in which the target company operates and assesses its ethical conduct. At the investment analysis stage, VSI II assesses three key areas: (i) the level of comfort with the investment partners, (ii) the target company's integrity and honesty, and its compliance with laws and good practices in the sector, and (iii) the company's risk control tools.

One of the most crucial stages of the assessment is Legal and ESG due diligences. VSI II will assess whether the target company aligns with its ESG policies. Where issues of material non-compliance are identified, VSI II will require commitment from the company to implement measures within agreed timeframes to fulfil the requirements

2. Main Policies

In terms of environmental policy, VSI II is unequivocal in its objectives: (i) to protect the environment, (ii) to encourage the efficient use of natural resources and (iii) to promote the improvement of the environment wherever possible. To this end, VSI II always seeks to assess and minimise the negative environmental impacts of its operations.

3. The investee company commitment

In terms of environmental impact, VSI II requires all potential subsidiaries to commit to conducting their business in a manner that: (i) encourages the efficient use of natural resources and promotes the protection of the environment; (ii) ensures investee companies (in high carbon intensity sectors) determine their greenhouse gas footprint and make this data available on an annual basis to VSI II; (iii) provides for i) the reporting as soon as practically possible to VSI II of any incident involving the Company [or any member of the Group] that results in any loss of life or any material effect on the environment; and ii) the reporting of the Company's [and each member of the Group's] compliance with the ESG Principles in an annual report by the Company to its Board in a manner which allows a reader to make an informed assessment of the Company and, to the extent relevant, each member of the Group as against the requirements of the ESG Principles; and (iv) implements a social and environmental management system which enables effective identification, management and monitoring of any risks and provides a framework for action.

4. An ESG and ethical framework for investments

VSI II believes that the portfolio companies should commit themselves from the very beginning with an ESG and ethical attitude towards their businesses and their different stakeholders (in this regard, please check the "Engagement Policies" section).

Responsibility

An investment manager will be responsible for managing all operational aspects relating to the pre-investment phase [the first screening, the due diligence, the investment decision and the (eventual) investment agreement (in this last one, the investment manager will be cooperating with a member of the operating team)].

Once the target company is already part of the Fund's portfolio, all the ESG operations (post acquisition operations, ongoing engagement and monitoring, annual review, selling operations) will be conducted by an operating team.

Methodologies to select the indicators

All SFDR mandatory indicators for the reporting were chosen as considered relevant for some of the portfolio companies. In addition, several other social and environmental indicators were analysed and given their relevance for the majority of the portfolio companies they were included in the reporting. The methodology used to choose the indicators takes into account the probability of occurrence and the severity of the principal adverse impacts, including their potentially irremediable character. The annual assessment and data collected from portfolio companies is essential in that selection and analysis, as it allows to flag the most relevant and impactful issues to address. Indeed, the methodology for the selection of indicators is reliant and subject to availability and quality of such data received from portfolio companies.

Engagement Policies

In order to involve potential investee companies and their minority shareholders, VSI II endorses its ESG framework for all investments acting via the Board of Directors. All portfolio companies' Board of Directors guarantee that: (i) Investee companies will adopt a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies; (ii) Investee companies should not be engaged in behaviour that i) unnecessarily pollutes land, air or water; ii) unnecessarily destroys or wastes finite resources; iii) produces an unnecessary high level of carbon emissions.
In order to assess the company's external stakeholders engagement, an annual reporting both to LPs and wider stakeholders, including but not limited to the UN PRI, is elaborated.
Furthermore, the engagement policy includes the following activities: - The portfolio company management is responsible for delivering its KPIs and targets over the year; - VSI II will engage with the target companies to identify opportunities for improvement; - VSI II will monitor adherence to the agreed actions plans and compliance with relevant local laws and standards; - On-going gathering and monitoring of ESG KPI data reported quarterly to the Board of Portfolio Company, VSI II Operating Team to appraise performance and take action in the event of underperformance; - Incident reporting process to report incidents immediately to VSI II (depending on the severity) and steps taken for remedial measures.
In order to adapt engagement policies (and more) in cases where there is no reduction in the main negative impacts over more than one reference period, VSI II will carry out an annual assessment of the adequacy of the ESG framework. Based on the results of this evaluation, the ESG policy may be reviewed and changes may be made. To this end, feedback will be gathered from the team and the investee companies.

Reference to International Standards

In accordance with Article 9 of the Delegated Regulation 2022/1288 of 6/04/2022, our investment strategy, internal business conduct codes, due-diligence and investors reporting at the Fund´s level are aligned with some international standards. Please note however, that we are still working on making all our portfolio companies to be aligned with the same international standards, including with the objectives of Paris Agreement. Specifically: •United Nations Principles for Responsible Investment (UN PRI): Our Fund uphold the six principles established by the UN PRI, integrating environmental, social, and governance (ESG) factors into our investment decisions and ownership practices. •Sustainable Development Goals (SDGs): Our investment approach is guided by the UN's 17 SDGs, seeking to ensure that our activities and investments contribute positively to sustainable development.
With respect to the description of the specific indicators used to consider the PAI on sustainability factors reporting this year and the methodology and data used to measure please note the following: •The methodology for calculating GHG emissions translated into CO2e emissions in 2025 was based on the requirements of the Greenhouse Gas Protocol (GHG) Initiative (https://ghgprotocol.org/), which corresponds to a business partnership among various stakeholders such as non-governmental organizations, governments, and other entities, brought together by the World Resources Institute and the World Business Council for Sustainable Development, a coalition of 170 international companies, headquartered in Geneva. The requirements of the GHG Protocol specify that the calculation of emissions must be subdivided into 3 different Scopes, corresponding to direct emissions, indirect emissions from the production and consumption of electricity, and finally, other indirect emissions. •With respect to the objectives for the reduction of the GHG emissions for each portfolio companies they are aligned with the objectives of Paris Agreement. However, we recognize that for some of our companies, especially the most recently acquired, there were no calculations performed for 2025 and no objectives, therefore, are set. Due to this lack of information, we cannot state that the Fund as a financial product is aligned with the objectives of Paris Agreement. We are committed to regularize this situation in 2026 as our portfolio companies mature and start to make those calculations. •With respect of Social and Employee matters we report that none of our Companies are in violation of Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. We do not use forward-looking climate scenario as prescribed by Task Force on Climate-related Financial Disclosures (TCFD). The main reason this is a relatively small size of our portfolio companies and of the Fund overall that does not yet have enough human and financial resources dedicated to the complex calculations that a forward-looking climate scenario analysis involve. We are committed to address this matter in the following years as a part of our continuous dedication to responsible investing and sustainable development.

Historical Comparison

PAI indicators for the 2024 and 2025 reporting periods are provided above in Tables 1 to 3. Our approach to the assessment of PAI indicators and the other matters disclosed in this entity statement has not substantially changed between the two reporting periods. However, some formulas have been amended to ensure full alignment with SFDR metrics and ensure comparability. It should be noted that due to the still recent addition of a new company into the portfolio some historical comparisons may be distorted or unavailable because there is no comparative data for the previous reporting period. Furthermore, the changes observed in the capital allocated to each investment as well as in the valuation and performance of each company, may result in different weightings between the periods analyzed. PAI data and its comparison between periods is further impacted by any increases / decreases in the data coverage for the measured PAIs.
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