

SUSTAINABILITY POLICY

Objective

The purpose of this Sustainability Policy (the "Policy") is to describe Explorer Investments - Sociedade de Capital de Risco, S.A.'s ("Explorer") approach to sustainability, commonly referred to as ESG ("Environmental, Social, Governance"), i.e. the impact of Explorer and the portfolio companies that make up the funds under its management on environmental, social and governance aspects.

Scope

At Explorer we are progressively incorporating sustainability risks into investment decisions, the management of our funds and our business. We aim to add value by identifying risks and opportunities.

Explorer adopts the definition of sustainability risk contained in the SFDR ("Sustainable Finance Disclosure Regulation"): *"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"*.

In line with the classification of funds set out in the SFDR¹, this Policy applies to all Article 8 funds (which promote environmental, social or a combination of these characteristics) and Article 9 funds (which aim to make sustainable investments) that may be marketed or managed by Explorer.

With regard to the funds that fall under Article 6 of SFDR, as a diligent and judicious management entity, Explorer will endeavour to integrate sustainability risks into its investment decisions, as well as assessing the potential impacts of sustainability risks on fund performance, to the extent that these are relevant to the activity of the funds under management, and in compliance with the investment policies set out in the fund regulations.

At Explorer we believe that companies that are managed responsibly will perform better in the long term. This is reflected in the way risks (both financial and sustainability) are analysed and taken into account in our actions, but also in the focus on identifying and enhancing the company's strengths and differentiators.

¹ Regulation 2019/2088 of the European Parliament and of the Council of 27 November



We see responsible investment as part of our fiduciary duty to our investors.

Sustainability at Explorer

In a highly regulated activity such as Explorer's, subject to frequent reports to the Regulator (CMVM), it is important to have and maintain robust governance. The Legal and Compliance Department is responsible for complying with the regulatory requirements of the Management Company and the funds under management and, whenever necessary, is supported by external specialists. The following internal policies have been defined:

- Code of Ethics and Professional Conduct;
- Policy for the Prevention of Money Laundering and Terrorist Financing;
- Conflict of Interest Management Policy;
- Anti-corruption policy;
- Tax Code of Conduct;
- Internal Regulations;
- Data Protection Policy.

We organise training sessions for employees to ensure implementation.

When assessing the impact of ESG criteria on Explorer's activity, the following criteria were identified, the measures being taken to fulfil them and continuously improve them, as well as the evaluation metrics.

ESG	Title	Description	Measure	Metric
Environment	Resource management	Explorer cares about the environment and understands that resource management is a relevant concern	Explorer has been implementing internal measures aimed at reducing resource consumption, particularly electricity and paper.	Consumption of electricity (kWh) and paper (number of prints)
Environment	Carbon Footprint	At Explorer we understand the challenge of climate change and therefore consider it crucial to monitor our carbon footprint	We work to reduce our energy consumption and carbon footprint	Carbon footprint (tonCO2e)
Social	Qualified employees	Given the high complexity of Explorer's business, it is necessary to ensure that our employees have the right skills to carry out their work with high quality	The investment and support teams (including the administrative and financial department, sustainability and <i>compliance</i> and legal departments) are made up of employees with the right qualifications for the job, and internal training sessions are promoted and participation in external training is encouraged	Employees' level of education No. of training hours per year per employee
Social	Employee turnover	Given the duration of the funds (at least 8 years), staff retention (both investment and support) is important, as it not only provides a record of the fund's activity, but also gives investors security. The management regulations of traditional funds identify the existence of key people, which shows this concern at industry level	As a measure to avoid employee turnover, Explorer provides its employees with the tools and resources they need to carry out their work in the best possible conditions, encouraging the transfer of knowledge and ongoing training. It offers a competitive benefits package which is reviewed in line with market developments.	Annual employee turnover rate
Social	Well-sized teams	The purpose of Explorer's business is to manage funds and responsibly provide investors with the highest possible return. It is crucial that the investment and support teams are well-sized	The number of members of the investment and support teams must be sufficient and adequate to carry out serious, quality work, regardless of the stage of the fund's life. As new funds are raised, there is a need to reinforce the investment teams.	No. of investment and support team members in relation to the value of assets under management No. of investment and support team members compared to the number of subsidiaries
Social	Impact on society	We believe in our responsibility to contribute to the society in which we operate	We regularly make donations to support non-profit organisations	No. of scholarships awarded

ESG	Title	Description	Measure	Metric
			In addition, we donate 10% of the profits to education programmes, creating scholarships with the main Portuguese universities to reward merit and excellence in the areas of finance and entrepreneurship.	No. of associations/projects supported
Governance	Accounting standards	The <i>Net Asset Value (NAV)</i> of a fund is crucial for investors to evaluate their investments and monitor performance	The funds managed by Explorer are accounted for in accordance with CMVM regulations and Portuguese accounting standards, and the valuation of the fund's portfolio companies follows the rules defined by <i>Invest Europe (International Private Equity and Venture Capital Valuation Guidelines)</i> .	Qualifications in the legal certification of the accounts of the Management Company and the funds
Governance	Reputation	Explorer's activity is based on the trust of its investors. In the case of Private Equity funds (Buy-out and Growth Capital), at the time of subscription there are no specific assets identified for investment, only the investment policy is defined, so confidence in the application of the amount subscribed and its management is crucial. Explorer's activity consists of managing the portfolio companies that make up the funds under management, so there is a risk that incorrect practice on the part of portfolio companies could affect the reputation of the fund and the management company.	Whenever there are non-recurring decisions that involve judgement, Explorer relies on its advisors (tax, legal, accountants, among others) to make the best decision. Explorer's and the fund's activities are supervised by CMVM and audited by a chartered accountant. Explorer has a Board of Directors which meets periodically to assess the company's performance. In order to monitor the performance of the investees: (i) if the entities are majority owned by the fund, the investment team is part of the board of directors of the investees, holding monthly meetings; (ii) in situations where the investees are minority owned by the fund, the investment teams participate as consultants, although they have veto power.	CMVM inspections and results Investor litigation No. of meetings of the boards of directors of subsidiaries attended by investment teams No. of Explorer board meetings



Diversity, equity and inclusion

At Explorer we believe that diversity brings benefits, as it helps us to incorporate different ideals and perspectives into the management of the company and, in this way, allows us to continue to innovate and grow in line with our values of Excellence, Meritocracy and Team Spirit. Cultivating an environment of diversity and inclusion strengthens the potential and development of each employee.

We treat our employees with dignity and respect, creating an inclusive culture that provides equal opportunities. We do not tolerate discrimination based on ancestry, gender, sexual orientation, family status, nationality, ethnic origin, religion, social status, political beliefs, *bullying* or harassment.

Explorer's culture is geared towards meritocracy, encouraging personal development and appreciation, motivating, guaranteeing support whenever necessary so that tasks are carried out to the best of abilities, rewarding the merit of individual actions that contribute to the whole.

Training and updating

As sustainability is a constantly evolving topic, it is a major challenge to keep up-to-date with knowledge. Therefore, there is a constant concern with external training and participation in forums and conferences. The knowledge acquired influences Explorer's internal procedures and is passed on to employees by the ESG Manager whenever relevant.

Explorer also uses specialised entities such as UNPRI (of which we have been a signatory since 2018) and BCSD (of which we have been a member since 2022) to participate in forums on this subject. Finally, whenever necessary, legal consultants are used to ensure that the practice implemented complies with the legal and regulatory requirements in force.

The following measures have also been taken to encourage the involvement of all Explorer professionals in responsible investment:

- Preparation of internal publications on sustainability; and
- Training for all professionals.

Remuneration policy

The current remuneration policy does not currently take into account the integration of sustainability risks, although this is an aspect that may be adjusted in the future.

Report

Explorer publicises its sustainability practices through an annual sustainability report, which includes Explorer's activities and the impact on the management of portfolio companies.



Sustainability in funds and their subsidiaries - Responsible Investment

Explorer is a signatory of the United Nations Principles for Responsible Investment (UNPRI). Responsible investment is defined as the strategy and practice of incorporating environmental, social and governance (ESG) factors into investment decisions and the exercise of active management. As part of its commitments as a signatory of the UNPRI, Explorer undertakes to:

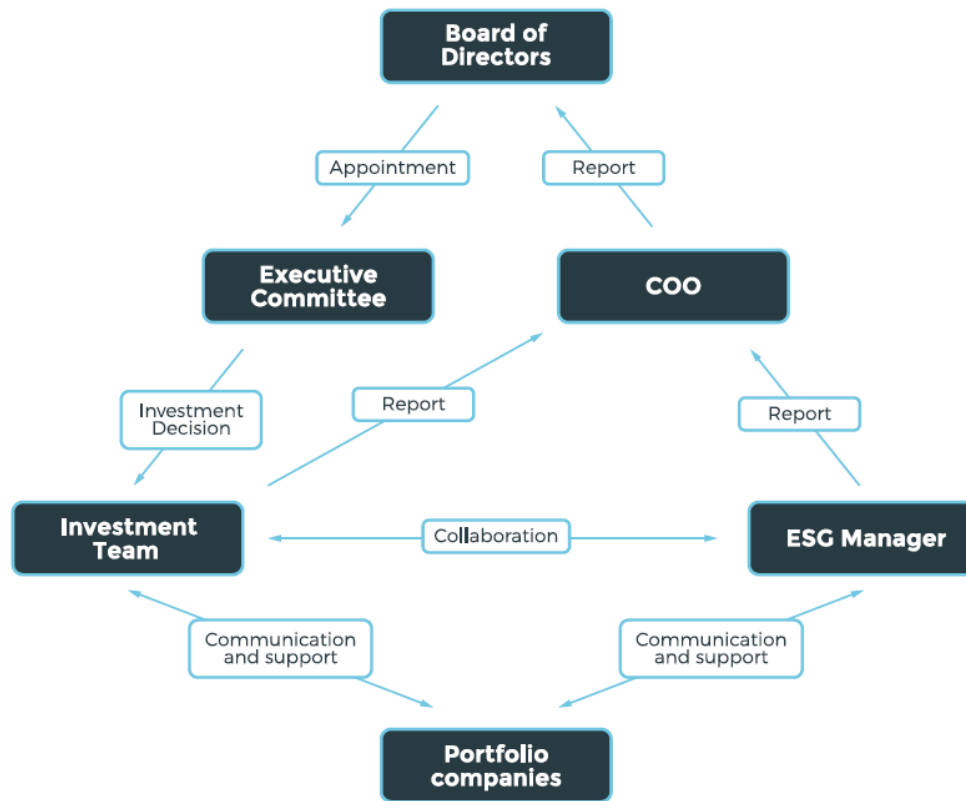
- incorporate ESG issues into investment analysis and decision making processes;
- be active owners and incorporate ESG issues into our ownership policies and practices;
- seek appropriate disclosure on ESG issues by the entities in which we invest;
- promote acceptance and implementation of the UNPRI Principles within the investment industry;
- work together to enhance our effectiveness in implementing the UNPRI Principles;
- report on our activities and progress towards implementing the UNPRI.

Responsible Investment Practitioners

In order to guarantee the commitment to responsible investment practice at Explorer, Helder Duarte Costa (COO) was appointed by Explorer's Board of Directors to be responsible for the implementation, monitoring and reporting, with the high patronage of Elizabeth Rothfield, Chairman of Explorer's Board of Directors.

Explorer's support team has a manager dedicated exclusively to the responsible investment / ESG activity of Explorer and its managed fund portfolio companies (ESG Manager).

The investment and management teams of portfolio companies are a key element in implementing responsible investment, influencing the Board of Directors of each portfolio company in the execution of the defined plan and its monitoring.



Thus, the responsibilities assigned to each element are:

- Investment team:
 - implementing Responsible Investment practices throughout the various stages of the life of the investment and identifying the ESG criteria applicable to each portfolio company, with the support of the ESG Manager;
 - communication with portfolio companies and monitoring of activities;
 - reporting any incident that occurs in the portfolio company to the ESG Manager and COO.
- Investment Committee: deciding on investment and divestment opportunities, which incorporate, among other things, criteria relating to sustainability.
- ESG Manager:
 - Preparation and training of new employees on responsible investment;
 - facilitating the implementation of the responsible investment process with the investment team;



- support in defining the ESG criteria applicable to each portfolio company and monitoring their implementation;
- annual report to PRI;
- participation in external training sessions and forums dedicated to sustainability.
- COO: monitoring the activities carried out to implement Responsible Investment practices and reporting to the Board of Directors
- Board of Directors: definition of the vision and policy on sustainability.

Responsible investment throughout the investment process

By incorporating the principles of responsible investment into the various investment phases, Explorer aims not only to implement sustainable and long-lasting practices. We believe that incorporating the principles of responsible investment helps to identify risks and investment opportunities for Explorer as well as for portfolio companies, which will allow us to maximise returns for investors.

When investments are made, they are made with a view to boosting the economy in which the companies operate, with a view to healthy competitive business practices.

At Explorer, the investment process takes place in the following stages.

EXPLORER

INVESTMENTS



- **Risk and Opportunity Screening:**

- Exclusions:

- in Private Equity investments (Growth and Buy-out) Explorer excludes certain sectors and activities, based on ethical considerations including companies that promote labour exploitation, child labour, ignore workers' rights or are associated with illegal or fraudulent practices. Investments are not made in sectors that have been identified as excluded in the fund management regulations (as a general rule: the production and commercialisation of arms, gambling, tobacco and human cloning).

- In this phase, an analysis is carried out of major scandals and controversies and major ESG risks and opportunities (with particular emphasis on material issues for the organisation/sector/investment strategy). The investment team uses internally developed tools to carry out this analysis. In terms of governance, the screening of the Board of Directors and other shareholders takes on greater importance in Growth strategies. In hospitality investments, particular emphasis is placed on the risks associated with extreme weather events, physical climate risks and GHG emissions.

- **Pre-Investment:** Using internally developed tools, a questionnaire with around 40 questions is completed. The questionnaire assesses the ESG maturity at the potential portfolio company and the maturity of the practices implemented in the hospitality asset. It is also at this stage that the purchase due diligence is carried out (namely by external accounting, tax, legal and environmental/social specialists), always with a view to making thoughtful and conscious investments. The results make it possible to identify strengths, risks, actions to implement in the long term and aspects to monitor throughout the investment period.

In order to compare the various portfolio companies in terms of the maturity of their ESG processes, a scoring system was defined internally and incorporated into the initial due diligence tool (as an aid to decision-making).

In the case of investments in the form of convertible bonds, the due diligence process focuses on the previous phase and the due diligence questionnaire is completed after the investment decision.

- **Investment Decision:** the investment team presents the materials produced during the previous phases to Explorer's Investment Committee. These documents incorporate the data provided by the potential investee/asset managers, comparative analysis against other companies in the sector (both domestic and foreign, where comparable) or assets, the conclusions of external experts, the results of the ESG assessment and the score that has been assigned regarding the level of ESG implementation. This way, the investment thesis incorporates all the relevant information about the potential subsidiary/asset, the formulation of the purchase price (incorporating the financial and sustainable criteria), the potential of the operation, the measures to be implemented to achieve the projected potential and expected exit.

- **Investment Contract:**

- The ESG criteria that have been identified by Explorer as relevant to the portfolio company and the metrics that will be used to assess its progress are agreed with the portfolio company's CEO through a written agreement.
- The model and frequency for reporting periodic information, including information on the ESG criteria identified, is defined jointly with the portfolio company;
- The following sustainability risk mitigation mechanisms may also be included:
 - Social agreements: legal documents that include clauses requiring portfolio company to make commitments regarding ESG factors and reporting;
 - Composition of the Board: members of Explorer's team sit on the Board of Directors, exerting a strategic influence on decision-making and promoting a culture of sustainability risk management, including the implementation of an action plan that incorporates ESG components;
- Promoting sustainability: technical support for portfolio companies to develop their ESG skills, through Explorer's ESG manager.

At this stage, the procedures for buy-outs and hospitality are very similar, given that Explorer's funds will hold a majority position in the companies. In the case of growth capital, there will be a greater concern with guaranteeing the buy-in of the portfolio company and its management for the implementation of sustainability initiatives.

- **Active Management:**

- The investment teams are dedicated to monitoring and following up on the performance of portfolio companies (financial and sustainability data), through regular formal and informal meetings, and with decision-making power in corporate governance.
- Every year an ESG questionnaire is sent to the subsidiaries to assess their state of maturity, collect reporting data and support the definition of action plans/strategies for the following year.
- Explorer shares knowledge on the relevant issues, delegating responsibility for implementing the measures defined to the subsidiary's Board of Directors.
- The monitoring of ESG criteria will also be included in the portfolio company Board of Directors's meeting agendas.
- The ESG manager will be able to support the portfolio company in terms of technical topics.

- If any incident is identified that may be relevant, have a financial impact or impact on ESG criteria, it is the responsibility of the portfolio company's CEO to report it to the Management Company as soon as possible.
- The full financial information of the fund and the portfolio company is reported to investors every six months, so they are aware of the events that have influenced performance and future plans. With regard to reporting on the ESG criteria that have been identified for the subsidiary and their evolution, the measures implemented during the reporting period and which will be implemented in the short term are described, as well as the evolution of the material aspects that need constant monitoring.
- If any relevant event with a material impact on the subsidiary is identified, it is communicated to investors less frequently than the half-yearly information report.
- **Exit/Divestment:** Explorer will preferably look for buyers who value the ESG strategy that has been defined and implemented by Explorer for the portfolio company. This will not only allow the portfolio company to be better valued, but also the continuation of the policies underway at that stage.

ESG features to be promoted in subsidiaries

The implementation of ESG policies will be prioritised based on the materiality of the ESG aspects for each portfolio company. However, Explorer has identified the following ESG criteria which will be implemented, monitored and evaluated throughout the life of the investment whenever applicable and materially relevant.

The aim is to ensure that the initiatives described below are carried out or, if they are not, to define procedures for their implementation.

ESG	Title	Description
Environment	Energy and production efficiency	The portfolio company has implemented measures aimed at: <ul style="list-style-type: none"> - make it energy efficient - manage waste efficiently
Environment	Reduced resource consumption	The portfolio company has implemented measures aimed at: <ul style="list-style-type: none"> - reducing resources (water, energy, etc.) consumption
Environment	Reduction of environmental pollution	The portfolio company has implemented measures aimed at: <ul style="list-style-type: none"> - reducing CO2 emissions into the atmosphere - eliminating water pollution - reducing the release of hazardous materials/products into the environment



EXPLORER
INVESTMENTS

ESG	Title	Description
Social	Creating a healthy working environment	<p style="text-align: center;">The portfolio company:</p> <ul style="list-style-type: none"> - has implemented measures to reduce employee turnover, retain talent and reduce absenteeism - promotes a safe working environment for its employees - guarantees labour rights to all employees, through the formalisation of an employment contract and other rights enshrined in the law
Social	Continuous improvement of employees	<p>The portfolio company has implemented a training programme for all its employees, particularly in the critical areas for carrying out their work with quality</p>
Social	Social awareness	<p style="text-align: center;">The portfolio company:</p> <ul style="list-style-type: none"> - carries out social/volunteering activities in the community in which it operates - grants scholarships - promotes professional internships
Governance	Ethics of subsidiaries	<p style="text-align: center;">The portfolio company:</p> <ul style="list-style-type: none"> - has a code of ethics and professional conduct, which is made available to all employees - has implemented a procedure for reporting unethical practices - does not carry out activities that promote bribery or corruption - has defined a policy on managing potential conflicts of interest - promotes healthy competitive practices - carries out market consultations before contracting suppliers and formally evaluates the proposals
Governance	Board of Directors with the appropriate powers	<p style="text-align: center;">The Board of Directors of the portfolio company:</p> <ul style="list-style-type: none"> - is made up of a sufficient number of people with the necessary qualifications to fulfil the role and includes non-executive directors - identifies the main business risks and ensures that the information disclosed to <i>stakeholders</i> is adequate
Governance	Robust internal control	<p style="text-align: center;">The portfolio company:</p> <ul style="list-style-type: none"> - uses the accounting policies, estimates and judgements appropriate to its activity - has a responsible person / department whose mission is to verify compliance with internal procedures and controls



Approval

This policy was approved by the Board of Directors on 19/03/2024.