

SUSTAINABILITY RISK POLICY STATEMENT
AND
STATEMENT OF NO CONSIDERATION OF ADVERSE SUSTAINABILITY IMPACTS
PURSUANT TO ARTICLES 3 AND 4, RESPECTIVELY, OF THE SUSTAINABLE FINANCE DISCLOSURE REGULATION
(EU) 2019/2088 (“SFDR”)
APPLICABLE TO
SARMIS CAPITAL PARTNERS I GP S.À.R.L.
IN ITS CAPACITY AS ALTERNATIVE INVESTMENT FUND MANAGER OF
SARMIS CAPITAL PARTNERS FUND I SCSP

TRANSPARENCY STATEMENT IN RESPECT OF SUSTAINABILITY RISK POLICIES PURSUANT TO ARTICLE 3 OF SFDR

This disclosure statement outlines the way in which Sarmis Capital Partners I GP S.à.r.l. (the “**General Partner**”) integrates sustainability risks into its investment decision making processes. In making its investment decisions, the General Partner receives investment advice from Sarmis Capital Partners S.R.L. (Romania) (the “**Advisor**”).

A sustainability risk is an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (sustainability risks are referred to in this document as “**ESG risks**”).

In evaluating the impact of ESG risks on investments, the General Partner takes advice from the Advisor on potential ESG risks arising and, accordingly, the below overview of the risk management process reflects the advisory and due diligence practices of the Advisor. For convenience, the General Partner and the Advisor are therefore referred to in this document as “**Sarmis**”.

ESG risks applicable to portfolio companies are considered throughout Sarmis’ investment process, both prior to and post-investment, as outlined below.

PRE-INVESTMENT

Sarmis’ deal team pre-screens investment opportunities for potential ESG risks prior to progressing to the due diligence stage, and the presence of certain red flag issues (such as human rights violations, human trafficking, child labour, or violations of environmental laws) or governance risks (such as anti-competitive behaviour, fraud, violation of anti-bribery, anti-money laundering, corruption and sanctions laws) are likely to result in the investment opportunity not being pursued further. Sarmis will also consider at this initial stage the alignment of companies with the Principles for Responsible Investment, the Ten Principles of the United Nation’s (“**UN**”) Global Compact and the UN’s Sustainable Development Goals.

At the due diligence stage, potential risks, including those relating to ESG, are analysed by the deal team and, when deemed appropriate due to the nature of the ESG risks, external consultants and specialist advisors may be brought in to perform advanced due diligence. ESG risks considered depend on the target portfolio company’s sector and may include governance risks such as corruption, money laundering and sanctions, social risks such as labor law violations and health and safety failings, and

environmental risks such as a lack of relevant environmental permits or the environmental adverse effects (e.g. pollution) of the activities carried out by the target companies, as well as broader ESG issues around, for example, supply chains.

Sarmis makes use of publically available information, responses to due diligence questionnaires and, where considered appropriate, research provided by external specialist in analysing the potential ESG risks arising.

ESG risks and their potential implications, together with any mitigating factors, are analysed as part of due diligence reports and memoranda presented to the investment committee of the Advisor for discussion, and catalogued for future monitoring. Considerations at this stage may also include options for risk mitigation and perceived opportunities where Sarmis believes it can add value from an ESG perspective. Where the Advisor determines to propose an investment to the General Partner for consideration, key ESG risk considerations along with other risks or ESG factors are highlighted for the General Partner's consideration.

EXCLUDED INVESTMENTS

Sarmis will not make investments in portfolio companies that are substantially focused on: (i) the production of, and trade in, tobacco and distilled alcoholic beverages and related products; (ii) the financing of the production of, and trade in, weapons and ammunition of any kind; (iii) casinos and equivalent enterprises; (iv) the research, development or technical applications relating to electronic data programs or solutions, which (x) are aimed specifically at supporting any activity referred to under items (i) to (iv) above, internet gambling and online casinos, or pornography; or (y) are intended to enable the illegal entry into electronic data networks or download electronic data.

In addition, Sarmis will not invest in portfolio companies lacking the appropriate controls from a legal, regulatory and ethical perspective in relation to human cloning or genetically modified organisms.

Investments in portfolio companies established in jurisdictions which have been classified by certain standard setting bodies as not having made sufficient progress towards the implementation of European Union or internationally agreed standards relating to anti-money laundering or good tax governance standards will also generally not be pursued.

POST-INVESTMENT

Sarmis believes that engaging with portfolio companies post-investment regarding ESG matters, including in relation to ESG risks, is important to the performance of portfolio companies and investment returns.

Following acquisition, Sarmis will meet with the portfolio company's management team and work through a questionnaire in order to acquire further details regarding ESG risks and factors relevant to the portfolio company's operations. From this process, specific ESG objectives, including in relation to risk management, will be identified and a process agreed to mitigate or, where relevant, take advantage of potential opportunities.

As part of this process, Sarmis seeks to agree key performance indicators (**KPIs**) for the portfolio company, including, where appropriate, KPIs relating to ESG risks and other ESG factors. These are monitored on a continuous basis throughout the life of the investment. ESG risks are also kept under review through regular meetings with responsible staff at the portfolio companies and onsite visits. ESG matters are covered in the annual reports on each portfolio company considered by the Advisor's investment committee.

TRANSPARENCY STATEMENT RELATING TO NO CONSIDERATION OF ADVERSE SUSTAINABILITY IMPACTS PURSUANT TO ARTICLE 4 OF SFDR

While Sarmis takes into account ESG Risks and Sustainability Factors in its investment management activity, Sarmis does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of Sustainability Factors.

Sarmis has determined to explain in accordance with Article 4(1)(b) of the SFDR why it will not be providing a statement in accordance with Article 4(1)(a) of the SFDR on its due diligence policies with respect to the consideration of the principal adverse impacts of its investment decisions on Sustainability Factors (a “**PAI Statement**”). Sarmis will not be providing a PAI Statement due to the size of its operations, the resources required to put in place the necessary processes, and the absence of clear regulatory guidance or industry consensus on the matter.

“**Sustainability Factors**” means environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.