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Private Market M&A and Corporate Finance

Valitas Culture: Values and Conduct Principles

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Why is Culture Important to us?

It's culture that pushes us to level up, to dig deeper, to do things that we might not otherwise do. It's culture that finds and encourages and pushes people to become better versions of themselves than anyone else expected to find.

- Seth Godin

Mission Statement

- Valitas' mission statement was derived by posing a few basic questions to our team
 - What gets you up in morning?
 - What do you want Valitas to achieve?
 - How do you want to achieve it?

We are working passionately to be Canada's premier boutique investment bank, renowned for best-in-class advice and spectacular results for our clients. Our entrepreneurial, values-centric, and high-performance environment fosters a culture that is genuinely rewarding and deeply enjoyable for our people, making us the preferred destination for the best talent and the strategic partner that exceeds our clients' expectations.

Entrepreneurial Ethos

- Valitas describes itself as an entrepreneurial firm, it is a key aspect of our mission statement and it has a specific meaning to us:
 - We think and behave as owners of the firm
 - We are building something that ultimately becomes greater than the sum of the individual parts. Genius does not happen in solitude!
 - We make sacrifices, both personal and professional, in pursuit of our vision
 - We celebrate the “noble failures” that inevitably result from taking calculated risks as learning opportunities
 - We are committed to continuous innovation in every aspect of our business
 - We move faster and smarter than the competition
 - Grit + Passion + Vision = Excellence

Our Entrepreneurial Story

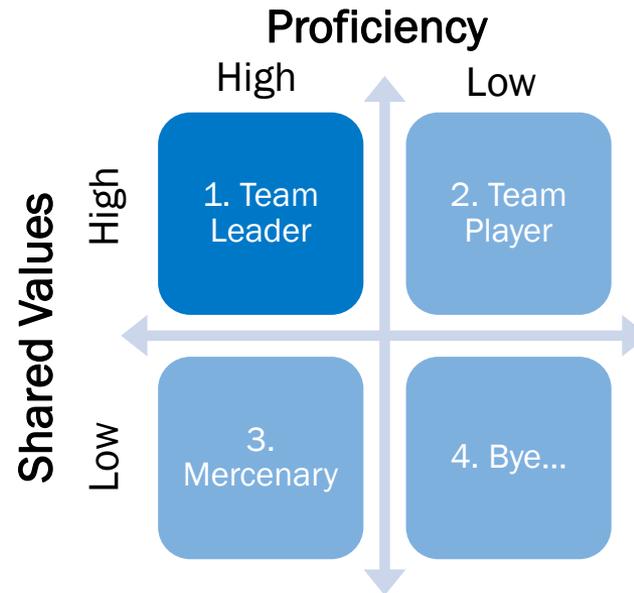
- In May 2016, Valitas was stalled. The initial core team of seven was down to three, two of whom were disengaged and unproductive as they worked remotely
- Paris heard a friend say, “If you pay peanuts, you get monkeys.” At this point, both the firm and Paris were burning through cash and had about 12 months of runway. He realized that without the right people, Valitas would die a slow-painful death
- Paris took the agonizing decision to clear the slate and start over with a focus on hiring the right people and building a more collaborative work environment. This focus on higher quality people increased compensation costs dramatically and shortened the firm’s runway to a few months
- “Valitas 2.0” was formed around the dining room table in Paris’ condo with plenty of grit, vision, passion and not much else
- Today, Valitas is Canada’s fastest-growing investment banking boutique
- The dining room table sits in Valitas’ office as a reminder of our entrepreneurial roots. This powerful image feeds our resiliency and drive to succeed

Netflix as a Model for Our Culture

- As our firm has quickly grown, so too has our culture evolved. Both will continue. It's an exciting time – we are a small, tight-knit group
- We believe wholeheartedly that “culture eats strategy for breakfast” and that our culture is a defining competitive advantage
- We also recognize that this growth carries risks. We unanimously agree that we would not allow Valitas to grow at the expense of our culture
- As ever-larger cohorts join our team, we recognize the importance of clearly communicating what being part of this team means. We are inspired by the culture of Netflix, a disruptor that we aspire to emulate
- The Netflix culture statement ([click here](#)) so closely describes what we are that everyone at Valitas is expected to read it, understand it, and conduct themselves in accordance with it
- Unlike Netflix, we are in a somber, high-stakes, client-service business where discretion and precision are crucial. However, with few subtle exceptions, Netflix remains an appropriate example for us to follow

Shared Values are Essential

- Below is a common model for assessing how team members impact an organization



- Any new employee in Box 3 or 4 won't last more than a few weeks – the demanding environment quickly reveals our authentic selves
- Obviously, our team lives in Box 1. If we can help people move from box 2 into box 1 quickly, we'll invest the time and resources to get them there

Valitas Culture: Code of Conduct



Our Principles of Professional Conduct

- Valitas' principles of professional conduct has nine tenets. We expect every employee to conduct themselves in accordance to these principles. All actions that follow these principles are implicitly approved
- Our code of conduct is expected to manifest in our behaviours

1 We honor our clients and the legacy they have built, often over generations, by carefully listening to them, understanding and clarifying their strategic objectives and addressing their most important corporate finance and capital markets challenges. Regardless of the size of project, we do so by always applying the right firm resources and working to the best of our ability to help our clients achieve their goals. We earn our clients' trust with what is often their life's work by putting ourselves in our clients' shoes.

2 We conduct ourselves with courage and integrity in everything we do. Our single greatest asset is our reputation. This is true both as a firm and as individuals. We respect others in all of our dealings, whether with outside parties and within our teams. We seek out and embrace reality. We admit our mistakes and act decisively to remedy them. We are always direct and honest with our clients and with each other, which includes providing our best and balanced perspective when we deliver our advice. In doing what is right for our clients we tell the truth as we see it, regardless of the popularity of our views or the impact on our fees.

3 We take great pride in the professional quality of our work. We strive for excellence in everything we do. We do not aspire to be the biggest, but we will always aspire to be the best. We perceive excellence as the results our clients achieve.

4 We set the industry standard for protecting client confidentiality. We regularly receive confidential information from clients and third parties. To breach a confidence or to use confidential information improperly or carelessly is unthinkable.

Our Code of Conduct (continued)

5 Change is our friend. We not only embrace change, we actively seek opportunity for our clients, our firm and each other in the face of change. We relentlessly innovate and evolve in the way we think and operate. We objectively measure how well our processes work, pay attention to what works and find ways to apply our learnings throughout our organization to get our clients better results. Prudent experimentation is not only encouraged, it is expected. Conversely, without hesitation, we replace processes, attitudes and resources that do not work with those that do. We constantly ask ourselves, “How can I do this better?”

6 We collaborate to deliver the best results for our clients. We come to better answers in teams than as individuals. Our working teams operate among themselves in an open and transparent manner, without compromising client confidentiality. Where appropriate, we actively seek opportunities to collaborate with best-in-class experts outside of our firm in areas adjacent to our core expertise. We do not compete against each other. Instead, we carefully and objectively weigh the facts, supported by diligent analysis, before recommendations are made.

7 We attract, develop and retain the best talent. The firm’s prosperity and very survival depends on our ability to attract and retain the best people in every role. The firm is committed to do what is required to create the conditions that make this possible. While different roles require different skills, all roles in the firm are important. Nobody in the firm works for other members of the firm, we all work for clients. We do not manage, we lead. We encourage, support and challenge one another and facilitate our professional growth. The firm supports work-life balance. Our work environment is energetic and fun.

8 We recognize the value of new ideas and creativity in solving client problems. Everyone is expected to contribute ideas and exercise creativity in their role.

9 Ours is a relationship business, built on trust. We acknowledge the importance of people skills in our business. We differentiate ourselves from our competition by relentlessly enhancing emotional intelligence throughout our organization.

Valitas Culture: Guidelines



Guidelines

- The following are some of the guidelines that we use to align our interests and inform our actions:
 - We make a positive difference in the world
 - We are all expected to lead, take ownership and inspire
 - We demonstrate trustworthiness
 - We seek excellence urgently and relentlessly
 - We collaborate willingly and openly
 - We communicate clearly, directly – always with respect
 - We think outside the box for solutions
 - We recognize and reward excellence, adequate performers don't last
 - We work hard, play often, and take care of each other

Guidelines (continued)

We make a positive difference in the world

- We make a positive difference in the world by ensuring that entrepreneurs realize the full measure of their business legacies, while passing their businesses to committed owners who enhance the long term viability of these enterprises to the benefit of:
 - Employees,
 - Customers,
 - Suppliers, and
 - The communities they serve and in which they operate

Guidelines (continued)

We make a positive difference in the world

- We always put our clients' interests first. Whenever possible we aim for the result that has best possible impact for every stakeholder involved
 - This focus makes us fight harder to get an incrementally better deal even when an increased fee doesn't apply
 - For example, we might negotiate more favorable employment contracts, options for management to roll or buy equity or commitments for new investment
- This difference can often have an outsized impact in the lives of the various stakeholders

A business is successful to the extent that it provides a product or service that contributes to happiness in all of its forms

– Mihaly Csikszentmihalyi

Guidelines (continued)

We are all expected to lead, take ownership and inspire

- Every member of our team is expected to lead
- Our culture provides a unique crucible for leaders to develop and master their ability to have a positive impact on those around them
- As leaders, we are entrusted with the hopes and dreams of others. We “go first” and “eat last”
- Like our clients, we are also owners. Everyone at Valitas owns this firm
 - Many of us own equity in the literal sense
 - However, everyone owns, and is responsible for, our firm’s reputation. Every time we sign-off on work, send an email or say something, we are representing Valitas
 - Together, we own both the good things and the bad
- We are positive and optimistic in the face of reality’s severe tests
 - Ours is an incredibly competitive industry – our clients have many choices
 - Many in this industry are cynical. We refuse to be

Guidelines (continued)

We are all expected to lead, take ownership and inspire

- When we noticed that some new team members were struggling, we quickly implemented a buddy system. Now, each new team member is immediately matched with a mentor or buddy
- We wanted to create a safer environment to share both positive and corrective feedback in a supportive, collaborative manner
- Each mentor is responsible for the performance of their buddy. We take the failure of new team members hard. When it does happen, we work closely with the mentor to troubleshoot our selection, onboarding and training processes

Leadership is not about a title or a designation. It's about impact, influence and inspiration. Impact involves getting results, influence is about spreading the passion you have for your work, and you have to inspire team-mates and customers.

- Robin Sharma

Guidelines (continued)

We demonstrate trustworthiness

- We are respectful of our clients: often, they are trusting us with their life's work, and we want to rise to a level of service and accountability that shows we deserve their trust. We expect the same level of respect and trust from our colleagues that our clients expect from us
- We are authentic. We don't expect you to read each others' minds. If we seem kind, the kindness is genuine; if thoughtful - genuine; when upset - genuine as well
- "What you see is what you get."

Guidelines (continued)

We demonstrate trustworthiness

- In any type of process, whether dealing with a client or a third party, trust is key. We have seen universally that trust makes processes faster, smoother and ends with a mutually beneficial result. We have seen firsthand the responsiveness and attitude, on both sides of transactions, with differing levels of trust
- With trust, deals are easy and progress quickly. Without trust, deals may not be completed at all

The best of the best understand that people do business with people they like. People do business with people they trust, and people do business with those who make them feel special

- Robin Sharma

Guidelines (continued)

We seek excellence urgently and relentlessly

- We set bold, audacious goals for ourselves, our colleagues and our firm
- We are drawn to challenge – challenge is the crucible of greatness
- We are curious, always seeking to learn and grow
- Velocity is crucial for responsiveness, service excellence and productivity. If we do everything twice as fast, our ability to generate wealth for our team and shareholders more than doubles
- Before we ship our work, we ask ourselves: “Is this excellence?” 80% correct might get you an “A-” in school but 95% correct is an “F” here
- As a firm and individually, we are relentless in rooting out weaknesses and soliciting feedback to identify those opportunities to improve
- Everyone is expected to dedicate at least 10% of their time to “deliberate practice” (Angela Duckworth) in mastering a skill important to Valitas’ success
- We are more than “appliances.” We exercise professional judgement, anticipate and take the next steps, and deliver insights to our team and ultimately, our clients

Guidelines (continued)

We seek excellence urgently and relentlessly

- In the early days of Valitas, we pitched a client. It was a tense process, we didn't have much time, went through a strategy pivot and had team friction. Despite these difficulties, we secured the mandate
- While we were glad we achieved our desired result, we knew we could do better. Our immediate action was to analyze and document the pitch process, spending the next few days figuring out how to make it better next time
- Our next pitch was better but it wasn't perfect, we still weren't satisfied. We went back to the drawing board and improved the process. We continue to go through this cycle every time we pitch and don't expect that to ever change
- Throughout every portion of our organization we will continually strive to do each task better, faster and smarter

Perfection is not attainable, but if we chase perfection we can catch excellence

- Vince Lombardi

Guidelines (continued)

We collaborate willingly and openly

- We have zero tolerance for selfish behavior and don't work in silos: we step in to help our colleagues as needed, regardless of defined roles
- Our roots are entrepreneurial. We all improvise and wear many hats. When it doesn't make sense to hire a specialist to fill a specific role, one of us will assume responsibility to master that role and get the job done
- If we see something needs to get done, we see to it that it's done. We don't wait for someone else to do it or to be told to do it. As in the Netflix culture, we pick up the trash
- Everyone at Valitas matters. Every role is important for our success. There is no inherent superiority between one role and another – the only difference between our most and least experienced team members is the cumulative impact of years of passion and perseverance
 - Everyone here can make an impact, which is both a privilege and a responsibility
- We mentor our colleagues, taking pride in their opportunities to develop and shine

Guidelines (continued)

We collaborate willingly and openly

- During a project we have had people go through 10 iterations on a piece of analysis for a slide deck, over the course of 5-6 hours. For justifiable reasons, the team decided to change direction and use something completely different. We were all invested in our work and discarding it is difficult and demoralizing
- In such a case, we recognize that, ultimately, this will result in a better final product, and apply the same enthusiasm to the new analysis as the initial one
- We will always strive to work together in a collaborative manner that fosters a fundamental understanding of why we're doing that work. Whenever we do so, our best work inevitably follows
- It may sometimes be difficult to move forward due to differing opinions. In such cases, we promote an honest discussion that will result in a decision everyone can get behind. Not everyone on the team has to agree to produce exceptional work

Disagree and commit

- Jeff Bezos

Guidelines (continued)

We communicate clearly and directly – always with respect

- Our candor with one another is raw and immediate
- Directness is appreciated, even though each unique personality expresses it differently
- We do not sweep things under the carpet; we address issues and misunderstandings as they arise. We apologize when our mistakes impact others
- Disagreement and conflict need not be unruly or ugly; we communicate from a desire to understand rather than to be right
- We would rather have open and honest people on our team than people who forgo these to be 'nice' – friends tell friends when they have broccoli in their teeth
- No triangulation: We do not go through others to solve our issues with a team member without first approaching that issue at the source

Guidelines (continued)

We communicate clearly and directly – always with respect

- We encourage raw and immediate feedback. Each member of the team can communicate this differently as long as nothing is swept under the proverbial rug
- We promote radical transparency throughout the organization. We foster alignment through communication and transparency.
- For example, we ensure every member of our team knows our goals for the upcoming year. We take great care to solicit feedback, revise and improve our plan to the point where employees are pushing Valitas forward together

Words are singularly the most powerful force available to humanity. We can choose to use this force constructively with words of encouragement, or destructively using words of despair. Words have energy and power with the ability to help, to heal, to hinder, to hurt, to harm, to humiliate and to humble.

- Yehuda Berg

Guidelines (continued)

We think outside the box for solutions

- We don't just solve problems. We attack them!
- We enjoy sharing knowledge and information with each other and seek dissenting opinions
- Everyone has different opinions, backgrounds, perspectives, and skills. By sharing these with each other, we become greater than the sum of our individual parts
- The more questions you ask, the better. When in doubt, ask
 - If you walk out of that interaction nodding knowingly because you're embarrassed to admit you don't understand, it will harm the team and you will look much worse
- Initiative is valued, and not at the expense of systems and processes we know to be accurate and proven
 - As these systems and processes are understood and mastered, we expect ideas to improve those processes and to swiftly implement those improvements that make a positive impact

Guidelines (continued)

We think outside the box for solutions

- We have come across a few situations where both a sale or a balance sheet recapitalization would meet a business owner's liquidity objectives. Oftentimes in this scenario the business owner isn't clear on which alternative they would prefer. They may be conflicted about leaving the business or taking on debt
- In such scenarios we recommend a dual-track process, something not often seen. A dual-track process involves running both a sale and financing process concurrently until exclusivity must be given to a single party
- This approach involves significantly more work and potentially for much lower fees. However, it enables us to be confident that our client will get the best outcome for their specific situation

You have to change your thinking if you desire to have a future different from your present.

- Germany Kent

Guidelines (continued)

We recognize and reward excellence, adequate performers don't last

- We don't cut corners. We are a meritocracy. There are infinite opportunities for growth and development - we stretch to earn additional responsibilities
- We are accountable for all our actions and inactions. We know why we do things; we do not just do as told, but are encouraged to ask questions, to clarify and to understand why
- Top performers excel in our organization
 - They are better compensated than they would be anywhere else
 - They progress in responsibility faster than they could anywhere else
- Adequate performers are supported intensely for short periods of time to raise them to high performance. Adequate performance for extended periods is unacceptable
- We only hire a person and keep them on our team if we would be comfortable reporting to him/her one day

Guidelines (continued)

We recognize and reward excellence, adequate performers don't last

- We are committed to our people and doing all that we can to foster and reward high performance. We always want to be at the top of the market for compensation, if we get the best people they will be treated like it
- Additionally, we encourage our committed team members to participate in our equity plan as a wealth creation opportunity. We also believe that this will reinforce our ownership mentality, further driving performance
- Lastly, we are not shy to move poor performers along. We will do so with compassion and dignity through open communication and clear, decisive actions.

*Good, better, best. Never let it rest. 'Til your good is better and
your better is best.*

- St. Jerome

Guidelines (continued)

We work hard, play often, and take care of each other

- Having and enjoying a life outside of work is something we all need, and is just as important as everything else written here. We want to work with people whose company we enjoy as much as we value their skills
- We all read Seth Godin's blog. Every day
- We laugh with each other easily and often. Humour is appreciated; we work hard and believe laughter and a sense of genuine goodwill are essential ingredients in any healthy culture recipe
- We take care of each other. It's never a victory if something is won at the expense of another team member's failure - we succeed and fail as a team
- We make the team stronger and better by challenging each other, and by providing direct feedback and mentorship
- The ability to work together, to check our egos at the door and to make individual sacrifices when necessary is the only way a team succeeds. With the Valitas team, it's never about you. It's always, always, always about the team

Guidelines (continued)

We work hard, play often, and take care of each other (continued)

- We can't do our best work without adequate recovery
- In addition to having a high performance culture, we enjoy a quality of life that is unusual in the investment banking industry
- Our industry is legendary for inhuman work hours. Valitas is different:
 - Ultra-responsiveness is crucial to moving at “deal speed” and maintaining transaction momentum, an essential element of our success. When we are “on call” on a live transaction, we are expected to respond as quickly as we can to critical path requirements
 - However, “face time” is viewed negatively. We get our work done, check with our team to ensure nothing else is needed, and leave the office to enjoy a more balanced lifestyle
 - We coordinate among our colleagues and ensure adequate team depth to assign “on-call” responsibilities so that, to the greatest extent possible, everyone can have periodic weekends off

Guidelines (continued)

We work hard, play often, and take care of each other

- There are a few things that Valitas does that exemplify this aspect of our culture
 - Every Thursday evening we open a bottle of wine and discuss what went well for Valitas that week and what the firm can improve on. We then ask each person to share one thing that they learned and one thing they are grateful for
 - We have at least a few retreats each year, however, on a regular basis some type of impromptu social outing is organized
 - Despite pulling crazy hours in the last couple of days, team members regularly ask if they can help others out before they leave for the day. Responsibility for a project extends to the entire team
 - Whenever a deal of significant value is closed, the entire deal team gets a bespoke suit made, as an additional bonus, to remind them of that experience

The goal is not simply to ‘work hard, play hard.’ The goal is to make our work and play indistinguishable.

- Simon Sinek

Concluding Thoughts



Concluding Thoughts

You'll often hear people say someone has good "work ethic" if they're putting in long hours. But 60, 70, 80 hours a week doesn't equal work ethic. 60, 70, 80+ hours a week simply equals 60, 70, 80+ hours a week.

Work ethic is about showing up, being on time, being reliable, doing what you say you're going to do, being trustworthy, putting in a fair day's work, respecting the work, respecting the customer, respecting the organization, respecting co-workers, not wasting time, not making work hard for other people, not creating unnecessary work for other people, not being a bottleneck, not faking work. Work ethic is about being a fundamentally good person that others can count on and enjoy working with.

Works a lot doesn't equal has good work ethic

-Jason Fried

Concluding Thoughts (continued)

- Valitas is a different place to work, all of us consider it special and unique. Each individual must decide for themselves if they fit within our culture. While our culture will evolve, we expect the core principles to remain intact regardless of our size
- Our employees believe in everything that we have mentioned in this document, although many of them don't have to read it often. Our way of thought and action feels natural and instinctual to us



Valitas Capital Partners is a boutique advisory firm that collaborates with passionate business owners to unleash value over time and realize that value through a well-timed exit. Our work is bespoke, tailored to the unique priorities and circumstances of each client, recognizing the legacy they have built through years of dedication and sacrifice.

Valitas delivers global firm capability from an agile, entrepreneurial platform. Our value creation excellence is rooted in best practices developed by leading global investment banks and private equity firms. We have completed almost 200 M&A and financing transactions with an aggregate value exceeding \$180 billion, including some of the most notable and complex M&A transactions in Canadian history. Valitas' clients trust our thought leadership, experience, and privileged access to global networks to identify, evaluate and execute on their strategic opportunities.

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