

TalDe

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**Statement on Principal Adverse Impacts of Investment Decisions on
Sustainability Factors**

June 30th, 2024

Transparency of adverse sustainability effects at the subject level – Art. 4 SFDR Regulations

Financial market participant:

Talde Gestión, S.G.E.I.C., S.A.

Summary:

Talde Gestión (hereinafter “Talde” or “the Asset Manager”), as part of its commitment to promote responsible practices within its investment activities, voluntarily considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors.

In particular, Talde intends to consistently monitor and mitigate, where necessary, the PAI generated by its investments on sustainability factors. According to the EU Regulation 2019/2088 (Sustainable Finance Disclosures Regulation, or “SFDR”), PAIs are defined as “negative effects, material or likely to be material on sustainability factors that are caused, aggravated by or directly linked to investment decisions and advice performed by the legal entity”.

In order to assess, monitor and prioritize the PAIs, Talde implemented a procedure to collect and monitor indicators on the ESG performance of its investment portfolio, including information needed to calculate the 14 mandatory PAIs and, as mandated by SFDR, an additional environmental and an additional social indicator based on their materiality for the portfolio.

The present PAI statement aims to provide an overview of the current status of the monitoring exercise, presenting quantitative data on the impact indicators and qualitative considerations on the mitigation strategy. The statement refers to the reference period from January 1st, 2023 to December 31st, 2023, and it is aligned to the latest guidelines provided by *Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council* (hereinafter “Regulatory Technical Standards - RTS”)¹.

This statement covers the entirety of Talde’s portfolio, including private equity investments (included within the Funds *Talde Capital Crecimiento FCR* and *Talde Capital Crecimiento II FCR*), and private debt investments (included within *Talde Deuda Alternativa FILPE*).

¹ Please refer to Regulation 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports

Description of the principal adverse impacts of investment decisions on sustainability factors:

Indicators applicable to investments in investee companies

ADVERSE SUSTAINABILITY INDICATOR	METRIC	IMPACT (YEAR 2023)	IMPACT (YEAR 2022)	EXPLANATION	ACTIONS TAKEN, ACTIONS PLANNED, AND TARGETS SET FOR THE NEXT REFERENCE PERIOD	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,820 tCO ₂ e	1,737 tCO ₂ e	The indicator considers all the companies in the private equity portfolio, which represents 55% coverage of the entire portfolio.	The carbon footprint of the entire portfolio including Scope 1, 2 and 3 has been calculated. There is evidence of improvements aimed at reducing emissions, as published in Talde's ESG Report.
		Scope 2 GHG emissions	4,325 tCO ₂ e	4,714 tCO ₂ e		
		Scope 3 GHG emissions	51,191 tCO ₂ e	48,859 tCO ₂ e		
		Total GHG emissions	57,337 tCO ₂ e	55,310 tCO ₂ e		
	2. Carbon footprint	Carbon footprint	504,05 tCO ₂ e/€M	524,50 tCO ₂ e/€M	Refer to indicator 1	Refer to indicator 1
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,492 tCO ₂ e/€M	1,366 tCO ₂ e/€M	Refer to indicator 1	Refer to indicator 1
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	N/A	N/A
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and 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	82%	74%	The sources of energy consumption of electricity, natural gas and diesel have been considered for the entire portfolio (coverage of the indicator: 100%).	There is evidence of improvements aimed at promoting renewable energy (installation of solar panels, fossil fuel substitution...), as published in Talde's ESG Report.	
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	2.32 GWh/€M	2.51 GWh/€M	Refer to indicator 5	Refer to indicator 5	

ADVERSE SUSTAINABILITY INDICATOR		METRIC	IMPACT (YEAR 2023)	IMPACT (YEAR 2022)	EXPLANATION	ACTIONS TAKEN, ACTIONS PLANNED, AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
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 to those areas	0%	0%	N/A	N/A
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 t/€M	0.00 t/€M	N/A	N/A
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.19 t/€M	0.24 t/€M	N/A	At portfolio level, circular economy initiatives have been developed to reduce the generation of waste, particularly hazardous waste.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
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%	N/A	N/A
	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	31%	34%	The provision of either a code of ethics or a complaints channel is considered a compliance and compliance monitoring mechanism, as well as other specific tools or procedures.	The adoption of mechanisms and procedures for compliance with UNGC principles in portfolio companies will be promoted.

ADVERSE SUSTAINABILITY INDICATOR		METRIC	IMPACT (YEAR 2023)	IMPACT (YEAR 2022)	EXPLANATION	ACTIONS TAKEN, ACTIONS PLANNED, AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	35%	4%	It is worth mentioning that the calculation of the pay gap comprises the entire portfolio, with a variety in terms of nature, activity, size and sector of operations, which can lead to heterogeneity in the calculation of the gap. Also, the calculation does not take into account jobs of equal value, as it considers the entire workforce, which can lead to differences.	Portfolio companies have specific measures in place to reduce the gender pay gap such as: the provision of an equality plan, the provision of work-life balance policies and benefits etc. In Talde, this is a priority aspect, which is why we promote the adoption of actions aimed at achieving equality.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	21%	25%	N/A	N/A
	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%	N/A	N/A
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Water, waste and material emissions	6. Water usage and recycling	Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	82 m ³ /€M	70 m ³ /€M	The coverage of this indicator takes into account only the private equity portfolio, which has a coverage of 75%, i.e. 43% at Talde's global level.	Talde works to promote the adoption of best practices in water consumption and rationalization.
		Weighted average percentage of water recycled and reused by investee companies	35%	36%	Refer to previous indicator	Refer to previous indicator
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	1.37	1.83	The accident rate indicator used is LTIFR=(Number of Lost time accidents/number of employees*total worked hours)*1,000,000	The portfolio companies take various initiatives to ensure the health and safety of workers, and training is provided.

Description of policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors:

Talde has implemented a well-defined and formalized strategy outlined in its Environmental, Social & Governance (“ESG”) Policy to identify and prioritize significant adverse effects on sustainability factors. During the pre-investment phase, the Asset Manager employs exclusion criteria to conduct an initial high-level screening of potential investment targets. Additionally, Talde conducts a preliminary evaluation of investment opportunities by considering the material impacts associated with these potential investments, which include PAIs on sustainability factors.

To support this process, prior to any investment, Talde carries out a dedicated review or screening process to identify the material risks and opportunities associated with sustainability issues. In case significant risks are identified, Talde executes a more detailed ESG Due Diligence audit. This evaluation provides key information to the Investment Committee before the acquisition, enabling Talde to identify and prioritize PAIs on sustainability factors.

On an annual basis, Talde employs dedicated tools to collect investment-level ESG data, monitoring a set of material ESG KPIs, which includes the assessment of PAIs. Based on the findings from this data collection, the Asset Manager engages with investments to establish remedial actions, where necessary. These actions are then incorporated into specific ESG Action Plans, which are implemented throughout the investment life cycle to mitigate any identified adverse impacts and maximize the ESG profile of investments.

Engagement policies section

Talde emphasizes proactive engagement with its investments, fostering collaboration in order to enhance their ESG performance. Such an engagement starts during the ownership phase, as the Asset Manager works closely with each investment to establish ESG action plans, primarily based on the findings of pre-investment analysis and ESG Due Diligence assessments; moreover, as mentioned in the previous paragraphs, action plans also embed improvement actions based on the monitoring of PAI indicators.

To facilitate performance monitoring, Talde encourages investee companies to actively participate in the process. Dedicated data collection tools are employed to gather information on the ESG performance of portfolio companies, including the necessary data to calculate Principal Adverse Impact (PAI) indicators. This enables the identification of the most significant negative effects associated with investments.

Under this framework, Talde discusses with its investments issues that could significantly impact the company or create a potential opportunity and encourage them to identify ESG issues to address them at the corporate level. Moreover, Talde oversees and monitors the progress of priority ESG corrective and improvement actions outlined in the ESG Action Plan, which stems from the pre-investment ESG Due Diligence results. Based on the outcomes of the data collection activities, Talde reviews and updates the ESG action plan in collaboration with each investment, sharing best practices across investment the portfolio. The aim is to mitigate both ESG risks and PAIs, as well as to foster relevant ESG opportunities.

References to international standards

As a UN PRI signatory, Talde is committed to adhere to UN PRI’s six Principles for Responsible Investment:

- 1) Incorporate ESG issues into investment analysis and decision-making processes.
- 2) Be active owners and incorporate ESG issues into our ownership policies and practices.
- 3) Seek appropriate disclosure on ESG issues by the entities in which we invest.

- 4) Promote acceptance and implementation of the Principles within the investment industry.
- 5) Work together to enhance our effectiveness in implementing the Principles.
- 6) Each report on our activities and progress towards implementing the Principles.

Moreover, Talde, in its responsible investment activities, considers the principles of the United Nations Global Compact, the United Nations International Declaration of Human Rights, and The United Nations Guiding Principles on Business and Human Rights.

Finally, Talde actively contributes to the attainment of the Sustainable Development Goals ("SDGs") and the objectives set forth in the Paris Agreement.

Historical comparison

Talde then reports on the historical comparisons of the reported years, 2022 and 2023. It is worth mentioning that the reporting coverage has improved substantially in 2023, so the differences between the two periods should take this into account. Comparative data is presented in the table above, with reporting periods 2022 and 2023.

In general, the indicators that have shown positive evolutionary trends are the following: Carbon footprint, (although at scope level, only scope 2 decreases), Hazardous waste and radioactive waste ratio, Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and accident rate. Thus highlighting the good results derived from the great efforts made by the portfolio companies, as guided by Talde.

Likewise, certain indicators have been identified that have not shown positive trends, and therefore, highlight areas for improvement to be addressed in the companies participated by Talde, as follows: Share of non-renewable energy consumption and production, board diversity and water consumption.