

Talde's ESG Policy

Talde is one of the main players in the Private Equity Sector in Spain, focused on Spanish small and medium enterprises growth, as well as on sector consolidation. In this sense, Talde's mission is to improve their management and benefit from the potential growth of the companies in which it invests, and believes that Environmental, Social and Governance (ESG) issues should be embedded in the investment process to build maximum long-term value creation for portfolio companies and investors.

Talde's values

This ESG policy reflects Talde's approach to environmental, social and governance (ESG) issues management throughout our investment horizon spanning from initial due diligence and investment decision, through the holding period with ongoing support, and our exit strategy, aiming to generate sustainable and socially responsible value in the companies in which we invest. This document sets out Talde's responsible investment fundamentals and ESG commitments.

The fundamentals of Talde's Responsible Investment

Talde considers that global concerns such as climate change, resources scarcity, demographic development, technology advances and social inequality will influence markets, businesses and society in general, and will have implications in terms of risks and opportunities for businesses that should be evaluated and taken into account.

Reciprocally, Talde recognizes that the Private Equity, Private Debt and Real Estate businesses can have a significant impact on economy, environment and society, factors that cannot be addressed separately. Consequently, the environmental, social and governance implications of our investments should be taken into account and we should influence our portfolio companies to act in a socially responsible manner.

For these reasons, Talde believes that ESG issues should be integrated into the investment process and this falls within our fiduciary duties as investor.

Talde's commitments

The Responsible Investment Strategy and considerations of ESG issues are integrated within the organizational structure of Talde, as well as in its culture and activities, which is materialized in the commitments described below.

- ***Sustainable solutions and Outcomes:*** At Talde, we acknowledge the need of an active participation of the financial sector on the Agenda 2030 to fully achieve the Sustainable Development Goals (SDGs) by 2030. Therefore, we are committed to contribute through our business operations and investments to the following SDGs:
 - ***SDG 5: Gender Equality***
 - ***SDG 6: Clean Water and Sanitation***
 - ***SDG 7: Affordable and Clean Energy***
 - ***SDG 8: Decent Work and Economic Growth***
 - ***SDG 9: Industry Innovation and Infrastructure***

- ***ESG engaging at Talde level:*** Talde will set up an internal committee to deal with ESG issues and assign specific duties to persons within the Board of Talde who will be responsible for gathering information from investee companies and communicating with investors. This committee will also be in charge of formulating an ESG training plan for Talde staff and investee companies.

- **Sectorial exclusion:** Talde has established an **exclusion list** according to the International Finance Corporation (World Bank) as well as the European Investment Bank's exclusion list. Talde will not invest in any company that undertakes any kind of illegal economic activity. In addition, we exclude the following illegal or morally controversial sectors:
 - *Tobacco or distilled alcoholic beverages and related products.*
 - *Weapons and ammunition of any type (except for EU strategic activities included in its policies).*
 - *Gambling, casinos and equivalent enterprises.*
 - *Projects unacceptable in environmental and social terms: developed in protected areas, critical habitats and heritage sites, without adequate compensation /mitigation.*
 - *Projects which result in limiting human rights*
 - *Any target with signs of corruption, money-laundering practices or crime.*

- **Integrate ESG issues management throughout the deal cycle:**
 - **Pre-acquisition:** Talde commits to assess ESG issues, climate related risks and opportunities, circular economy opportunities, as well as management standards in target companies during the evaluation of investment opportunities and to document any material finding in the investments papers. Before any investment, Talde will always perform a high-level screening process to identify sustainability risks and opportunities. In case significant risks are identified, Talde will carry out a more detailed ESG Due Diligence. This assessment will be used to inform Investment Committee prior to the acquisition.
 - **Post- investment:** Portfolio companies will acknowledge Talde's ESG Policy. Talde has started to support portfolio companies in improving their ESG performance and meeting Talde's ESG principles. Talde together with the investee company will define an Action Plan to address ESG risk and opportunities identified in the pre-acquisition ESG Due Diligence.
 - **Ownership period:** To ensure continuous improvement, Talde will monitor companies on a regular basis. A number of ESG Key Performance Indicators (KPIs) and goals will be defined and evaluated in the portfolio companies. Talde will also discuss with portfolio companies matters that could significantly impact the company or create a potential opportunity and will encourage them to identify ESG issues and address them at a corporate level. Talde will develop processes to enable companies to report ESG incidents and will assist on developing ESG action plans and sharing best practices among portfolio companies.

- **Communication with investors:** Talde will perform a periodical ESG follow up during Board of Directors and will organise regular funds meetings. It is Talde's desire to have an investor communication policy, specific to this field. To that end, Talde will include its ESG Policy and ESG related information on its webpage and will develop annual ESG report

Governance:

Talde seeks to improve its sustainable performance and include ESG considerations in all its activities. Considering the type of small and medium size companies in which Talde invests, special emphasis and care will be given to the following topics:

- **Human rights and social issues:** Talde will respect human rights and will ensure it does not invest in companies involved in any type of modern slavery, forced labour or child abuse. Talde will ensure equal opportunities. Talde will ensure equal opportunities.
- **Bribery and corruption:** Talde will prohibit any type of bribery and corruption and will support ethical behaviors within the company and portfolio companies.
- **Natural Capital, Climate Change and Respect for the Environment:** Talde recognizes the importance of conserving healthy ecosystems for the well-being of future generations.

Talde will emphasize the precautionary principle of “do no harm to the environment” by trying that Portfolio Companies assess their environmental impacts, reduce their footprint and improve their sustainable performance.

- **Labour rights:** Talde will ensure portfolio companies commit to comply with applicable labour laws in the countries in which they operate, to support the payment of competitive salaries, to provide a safe and healthy workplace and to respect the rights of employees to decide whether or not to join a union, as well as to participate in collective bargaining

Implementation of the ESG Policy

The Board of Talde will review and, where necessary, update this ESG Policy annually to reflect ongoing efforts to improve its ESG approach, as well as emerging requirements from stakeholders and evolving good practices. . The company will continue to work on additional initiatives and projects. Talde will actively communicate this ESG Policy.

Board of Directors of Talde Gestión, SGEIC, SA
June 15, 2021