

## PORTOBELLO CAPITAL'S RESPONSIBLE INVESTMENT POLICY

*Portobello Capital SGEIC, S.A. (“Portobello Capital” or the “Manager”) is an independent Spanish private equity firm that invests primarily in middle market Iberia and Italy, with \$2.7 billion under management (AUM). Its mission is to generate a positive and sustainable economic impact for investors and shareholders, driving responsible growth of its assets and portfolio companies with a long-term vision.*

*In order to provide guidance on responsible investment, Portobello Capital has prepared this document, which details how environmental, social and governance factors (hereinafter referred to as “ESG”) are integrated into the investment process, including beliefs, principles and procedures related to ESG.*

*The publication of this document not only complies with the reporting obligations set out in Articles 3, 4 and 5 of the Disclosure Regulation (EU 2019/2088), but also satisfies the requirements at the level of Sociedad Gestora de Entidades de Inversión Colectiva (SGEIC), as an entity regulated by the Comisión Nacional del Mercado de Valores (CNMV).*

### I. Principles and Commitments

The purpose of this policy is to establish Portobello Capital's basic principles and general framework for managing and integrating environmental, social and governance factors into our investment activity (hereinafter, “ESG Criteria”).

#### Our responsible investment philosophy

As part of our fiduciary duty to investors, we take into account environmental, social and corporate governance issues, which we see as value-creating levers in our investment activity. In addition, we recognize that the application of these principles allows us to align investors with broader societal objectives, as well as to contribute to making our investments more profitable in the long term by ensuring optimal risk management.

#### Commitments and principles that guide our actions

##### Commitment to UNPRI

As signatories to UNPRI since 2012, we are committed to the following premises:

- Incorporate ESG criteria in investment analysis and decision-making processes.
- Be active and incorporate ESG Criteria in our investee companies.
- Proceed to an adequate disclosure of the ESG Criteria in the entities in which we invest.
- Promote the acceptance and implementation of the ESG Criteria in the investment industry.
- Work collaboratively to increase our effectiveness in applying the ESG Criteria.
- Preparation of periodic reports on our activities and progress with respect to the application of the ESG Criteria.

### Commitment to UN Global Compact

As a signatory of the UN Global Compact since 2020, we have committed our investees to incorporate the Ten Principles of the UN Global Compact into their strategies. In this way, companies not only fulfill their basic responsibilities to people and the planet, but also lay the foundations for long-term success.

### Commitment to the Sustainable Development Goals (SDGs)

Portobello Capital's commitment to the SDGs has materialized through this active management of the ESG aspects of its investee companies. Portobello intends to pursue the achievement of the following goals within the Sustainable Development Goals:

<b>SDG 7</b> Affordable and non-polluting energy	<b>SDG 8</b> Decent work and economic growth	<b>SDG 9</b> Industry, innovation and infrastructure
<b>Target 7.2</b> Contribute to increasing the proportion of renewable energy in the energy mix.	<b>Target 8.2</b> Contribute to achieving higher levels of productivity through diversification, technological modernization and innovation.	<b>Target 9.2</b> Promote inclusive and sustainable industrialization, thereby seeking to increase the contribution of industry to employment and gross domestic product.
<b>Target 7.3</b> Contribute to achieving a doubling of the global rate of improvement in energy efficiency by implementing the resulting energy saving measures.	<b>Target 8.5</b> Pursue the growth of investee companies to achieve full and productive employment and decent work for all, including young people and people with disabilities, as well as equal pay for work of equal value.	<b>Target 9.5</b> Contribute to converting the industries in which it invests to make them sustainable, using resources more efficiently and promoting the adoption of clean and environmentally sound technologies and industrial processes that reduce negative externalities wherever possible.

<b>SDG 12</b> Responsible production and consumption	<b>SDG 13</b> Decent work and economic growth	<b>SDG 16</b> Peace, justice and strong institutions
<b>Target 12.2</b> Promote sustainable management and efficient use of natural resources through the implementation of environmental policies and responsible sourcing policies.	<b>Target 13.2</b> Incorporate measures related to climate change in the policies, strategies and action plans of the investees.	<b>Target 16.5</b> To implement actions in the investees that contribute to the fight against corruption and bribery in all its forms.
<b>Target 12.5</b> Avoid waste through prevention, reduction, recycling and reuse	<b>Target 13.3</b> Include measures to improve education and awareness of the necessary	<b>Target 16.6</b>

activities, introducing circular economy practices within the action plans of the investees.	mitigation of climate change, adaptation to it, reduction of its effects and early warning.	Establish effective and transparent governance systems in the investees.
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Other commitments

- 1) **Applicable regulations:** to comply strictly with the legal obligations in force.
- 2) **Voluntary commitments, selectively applicable to funds classified as Article 8 and Article 9:**
  - a. The OECD Principles of Corporate Governance
  - b. United Nations Guiding Principles on Business and Human Rights
  - c. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
  - d. The International Bill of Human Rights

**I. ESG Governance and Resources**

**Governance and Resources**

Portobello incorporates its responsible investment strategy into all aspects of its organization, encompassing both its governance framework and operational practices. This strategy is implemented and monitored on an ongoing basis through various levels within the organization:

- **The Board of Directors** is responsible for approving and overseeing compliance with the ESG strategy and objectives. Its functions include oversight and ultimate responsibility for the development of the sustainability strategy, as well as its implementation and monitoring.
- **ESG Committee:** established in 2019, the ESG Committee is composed of five permanent members: one of the founding partners, the COO, a Legal Director, a Investment Director, and the ESG and Investor Relations Manager. Its role is to define and propose Portobello's ESG strategy and objectives, ensure and define the strategy for the implementation of new practices, address issues related to ESG aspects, prepare annual ESG reporting, as well as review the evolution of the portfolio and identify how we can, as a Management Company, support our investees in implementing ESG strategies and action plans.
- The **ESG Team** is made up of professionals from the Investor Relations and Legal departments whose main objective is to ensure the implementation of ESG commitments, provide training to other Portobello employees, promote the ESG culture in investee companies and follow up and monitor these criteria throughout the investment process.
- The **Investment Committee** evaluates ESG performance while analyzing investment opportunities.
- **Investment Managers** monitor ESG performance of the portfolio on a quarterly basis (including the agenda at the Boards) and address risks and opportunities on a regular basis.

- **External advisors:** Portobello is supported by sustainability specialists for the collection process, integrity assurance and data validation support. It also relies on sustainability experts when conducting due diligence to ensure that both sustainability risks and major adverse events are taken into account in the investment process.
- **Training:** annual training conducted internally or externally.
- **Digital tool for data collection:** when it comes to annual reporting, Portobello has an external digital tool that facilitates the collection of information and allows for a validation process to ensure data integrity.
- **Remuneration policy:** ESG objectives are integrated into the remuneration policy, including sustainability-related risks. In addition, ESG aspects are incorporated into the investment team's performance evaluation process.

In addition, in order to improve ESG performance at the investee level during active management, Portobello encourages:

- **ESG Officer and ESG Committee:** These bodies ensure effective integration of sustainability criteria, both in the investment stages and in the daily management of the investee company.
- **Biannual ESG meeting:** Twice-yearly meetings where the ESG managers of the investee companies receive topical training and exchange best practices and experiences.
- **ESG reporting:** Annual information gathering where all Investee Companies are involved in the collection of ESG information.
- **Ongoing ESG monitoring:** Monitoring of quarterly, half-yearly and annual KPIs of relevance to Portobello and its strategy.

#### I. **Main areas of application of the ESG Policy. Main ESG matters**

At Portobello Capital we work to fulfill our commitment to our investors:

1. Manage economic resources efficiently by working to create value.
2. Transparency, making available all information related to our ESG policy and reporting on the progress being made.

Portobello Capital has implemented an ESG Strategy that specifies six essential strategic axes that its Investee Companies must follow in relation to their ESG practices (environmental, social and governance). Therefore, at Portobello we maintain an active and continuous collaboration with these entities to promote the creation and execution of policies, procedures and measures that are aligned with these fundamental axes:

#### **Environmental Strategy:**

- We work with the fundamental objective of promoting decarbonization strategies aligned with the objectives of the Paris Agreement and the 2030 Agenda to reduce greenhouse gas emissions. Fighting climate change is not only an ethical responsibility, but also offers long-term benefits, such as creating a more stable and healthier environment, reducing financial risks, and opening up new sustainable investment opportunities.

**Social Strategy:**

- Aiming to promote gender equality, human and labor rights and decent work. We believe that by measuring and improving our social impact we not only strengthen communities by creating a stable workforce, but also reinforce our corporate responsibility and promote long-term sustainable growth.

**Governance Strategy:**

- We work in this pillar to ensure transparent, fair and responsible ESG governance and management of our investee companies.

We prioritize actions that are closely aligned with the objectives of our main investors and have a tangible impact on the fight against climate change, the advancement of social equity and the promotion of business ethics and transparency, so we focus on the following strategic axes:

Portobello's ESG strategy						
Strategic Pillar	Environmental		Social		Governance	
	Climate Change	Renewable Energy	Equal opportunity	Talent Management	Business Ethics	Sustainability
Objective	Ensure that all companies have decarbonization plans with established targets.	Increase the use of renewable energies.	All companies should have an Equality Strategy.	All companies should have a retention plan focused on reducing/improving absenteeism and turnover rates.	Review of Corporate Compliance Defense by external advisors in all portfolio companies.	ESG training for executives and Board members.
Description	Develop and implement clear decarbonization strategies that define specific targets for reducing greenhouse gas emissions.	Transition to renewable energy sources, such as solar, wind and hydro, to reduce dependence on fossil fuels.	Establish an Equality Strategy that promotes diversity and inclusion at all levels, offering equal opportunities.	Implement retention plans that address the root causes of absenteeism and high turnover rates.	Identify potential legal and ethical risks, ensure regulatory compliance and instill a culture of integrity and accountability.	Ensure that company management is well aware of ESG principles and understands their importance.

We believe that ESG factors are fundamental to value creation and risk management. By incorporating these criteria into our investments, we not only optimize long-term economic performance, but also align our objectives with major global challenges, contributing to the well-being of society and the planet.

### **Climate Change Strategy**

Environmental impact is for Portobello one of the fundamental pillars, of great importance nowadays due to the relevance that Climate Change has acquired in recent times both for most governments and other international organizations.

Portobello understands that climate change can have adverse effects on the economy, which can present both risks and opportunities for our portfolio of investees. As such, our Climate Change strategy seeks to align with the Paris Agreement in its objective to substantially reduce greenhouse gas emissions to limit global temperature rise this century to 2°C and strive to limit this increase to even more than just 1.5°.

During the pre-investment phase, in some funds that have so committed (Article 8 and Article 9), Portobello seeks to understand the financial and extra-financial effect of Climate Change risks. Likewise, during the management phase of our investee companies, we seek to ensure that most of our investees, and particularly those belonging to Article 8 and Article 9 funds, measure their Carbon Footprint and draw up an emissions reduction plan.

### **Equal Strategy**

Portobello seeks equal treatment, equal opportunities and equal pay as a basic principle, as well as compliance with current regulations in the geographies in which it operates. We are firmly committed to promoting diversity of gender, skills and experience in our investees. To this end, our investees draw up an Equality Plan and the management company monitors its design and implementation, ensuring that, as a minimum, it complies with the requirements established in the regulations.

### **Human Rights Strategy**

Portobello is committed to respecting internationally recognized Human Rights and aims not to infringe human rights, be complicit or contribute to human rights abuses, both its investees and its value chain, as far as possible.

Portobello supports respect for Human Rights through its Code of Conduct.

- Portobello is committed to respecting, defending and protecting basic labor rights and globally recognized human rights and civil liberties.
- The Code of Conduct confirms the commitment to uphold high legal, ethical and moral standards, and aims to promote compliance with local and international laws and regulations.
- Portobello fosters a culture of compliance and ethically sound business conduct and invites its employees, customers and stakeholders, including the value chain of its investees.

### **Good governance strategy and transparency**

We ensure compliance with applicable laws and regulations, as well as that companies are well structured and transparent in terms of internal governance. To this end, we work to obtain optimal board structures, with independent members, gender equality, as well as the implementation of various internal policies that guarantee aspects such as equal pay and equal opportunities for different groups of employees.

## **II. Integration of ESG Criteria in our investment process**

In line with the regulatory considerations, Portobello Capital considers ESG criteria in our investment process, integrating sustainability risks and the analysis of major adverse

sustainability events, as defined in the Disclosure Regulation and its subsequent regulatory technical standards.

Portobello Capital seeks to improve the responsible management of its investees by promoting the active management of environmental, social and good governance factors on the boards of the investees. The integration of ESG criteria is promoted by Portobello to its investee companies through their representatives in the management bodies.

This *engagement* work is preceded by a preliminary analysis carried out in the pre-investment phase, which consists of a negative screening and a *due diligence*, the conclusions of which are incorporated into the investment decision process. The conclusions obtained in the pre-investment phase inform the drafting of the Action Plan on which the engagement activity is based throughout the investment period, and which is put to good use in the divestment phase.

Negative screening: as a preliminary step to the analysis of any investment, the investment teams check that the target company does not invest, in general, in any illegal economic activity and, specifically, in any of the illegal or morally controversial sectors listed below:

- **Illegal economic activities**: any production, trade or other activity that is illegal under the laws or regulations of the jurisdiction of origin for such production, trade or activity. Human reproductive cloning is considered an illegal economic activity in the context of these Guidelines.
- **Tobacco and Distilled Alcoholic Beverages**: the production and marketing of tobacco and distilled alcoholic beverages and related products.
- **Arms and Ammunition Production and Trade** The financing of the production and trade of arms and ammunition of any kind. This restriction does not apply to the extent that such activities are part of or ancillary to explicit European Union policies.
- **Casinos**: casinos and equivalent enterprises.
- **Restricted Information Technology sector**: research, development or technical applications related to electronic data programs or solutions, which
  - (ii) are specifically intended to support any activity listed as a restricted sector.
  - (iii) Internet gambling and online casinos; or
  - (iv) pornography

or that

- (v) are intended to enable unlawfully accessing electronic data networks; or downloading electronic data.
- **Life sciences sector restrictions**: when supporting the financing of research, development or applications related to (i) human cloning for therapeutic or research purposes; or (ii) genetically modified organisms (GMOs). Specific restrictions requested by institutional investors.
- **Due Diligence**: it is considered essential to carry out due diligence to identify ESG risks and opportunities by independent experts in the pre-investment phase, the results of which will be essential for the final investment decision. In addition to the commercial, financial, business and legal verification processes (in their different areas), the work of verifying the soundness of the potential investment includes the analysis of the most relevant environmental, social and corporate governance issues. All this allows the

company's main ESG risks and opportunities to be considered. This analysis covers key aspects such as climate risk, social issues and human rights, where Portobello attaches particular importance to the company's commitment to human rights and its efforts to promote the interests and welfare of people. The conclusions of these due diligences include recommendations to exploit the opportunities found and mitigate or reduce the risks and negative impacts identified. In this phase, specific indicators are identified for each investee based on the financial materiality of sustainability. As a result, high-level ESG recommendations are generated that will form part of the strategic plan for the first 180 days, and subsequently an action plan for the following 2 to 5 years of the investment period. During the Due Diligence process, the following actions are carried out:

- A detailed ESG questionnaire is sent to target companies;
  - We conduct a materiality analysis based on SASB® standards, where we identify the main material risks and opportunities for the sector and the company;
  - We assess the company's alignment with the United Nations Sustainable Development Goals (SDGs) and commitment to the UN Global Compact Principles;
  - A climate change impact analysis is conducted using the SASB® Climate Risk Technical Bulletin framework;
  - We conduct site visits when possible and deemed necessary; and in-depth interviews are conducted with management and key company personnel.
- Investment decision: the conclusions of the due diligence process, together with the resulting action plan, are taken into consideration by the Investment Committee before the investment decision is made. In the event that material risks have been identified, the company will be required to implement the necessary or appropriate measures to manage the risk and cease the negative impact that is being generated.
  - Investment follow-up: During the investment holding period, an Action Plan is prepared to improve the ESG performance of the investee company through *engagement* with the investee company's management team and through the influence capacity derived from the political rights held over the company. To this end, it is important to designate, within each company, a person in charge to whom the chief executive must set annual objectives. This person in charge will report periodically to the Board of Directors on the work carried out in each of the specific areas of action in order to progressively achieve the fulfillment of those objectives. This Protocol has the following elements:
    - Incorporation of the material aspects of the action plan and certain reporting obligations to facilitate its monitoring within a 180-Day Plan and Investment Period Value Creation Plan.
    - Monitoring the implementation of the Value Creation Plan through regular dialogue with the investee and at meetings of its Board of Directors, and the appointment of the person responsible in the investee for leading the investee's ESG strategy. This 2–5-year Value Creation Plan details the strategic objectives and the actions required to achieve these objectives. During the Investment Period, compliance with the action plan is monitored and promoted in the

Investee Companies through representation on the Board of Directors, dialogue with the management team and coordinated action with the ESG manager of the Investee Company.

- The Value Creation Plan shall include at least the following actions for all investees:
  - the attachment of the Investee Company to Portobello's ESG policy;
  - the appointment of the ESG manager in the Investee Company;
  - the approval of ESG measures within the framework of the 180 Days Plan and the Value Creation Plan;
  - the inclusion of ESG issues on the agenda of the Board of Directors' meetings of the Investee Company at least twice a year; and
  - the definition and calculation of ESG KPIs to monitor the progress made. The KPIs shall include those that make it possible to measure the portfolio's exposure to climate risk, particularly in those investee companies in which this risk is material.
  - the evaluation of ESG performance and the measurement of sustainability achievements is carried out through an ESG reporting and rating system in which the most relevant KPIs for Portobello and its stakeholders are considered. These indicators are organized in the six strategic areas: Climate Change; Renewable Energy; Equal Opportunities; Talent Management; Business Ethics and Sustainability.

Once a year, the team assigned by the Management Company will be required to complete a questionnaire covering the degree of compliance with the Value Creation Plan and the reporting of key indicators. The investment team assigned by the Management Company will analyze the responses, reporting conclusions to the Management Company's ESG Committee, which will evaluate improvements in the Participated Company's ESG performance and agree with the investment team on actions for the upcoming year.

Sufficient responsibilities and resources are allocated to ensure each investment phase has necessary organization and support.

- **Divestment:** Portobello ensures that the standards and objectives achieved are maintained even after its divestment from the company. We will make every effort to demonstrate and realize value during the divestment phase.

At Portobello's ESG team, we continuously refine our methodology and procedures by integrating insights and best practices from both our investment portfolio and the broader industry. We set goals that take into account the specific relevance and context of each Participated Company, and we assess and compare their performance against industry and market standards using the most pertinent operational indicators.



### **Transparency and communication**

Portobello is committed to transparency as a signatory to the established commitments and pledges to report on ESG progress. This commitment is realized through the publication of annual reports, progress reports required by international standards, and internal ESG performance reports prepared for its investors.

Madrid, October 31, 2024

*This policy enables Portobello Capital Gestión SGEIC to comply with Regulation (EU) 2019/2088 of the European Parliament and Council of November 27, 2019 (“Disclosure Regulation”) regarding sustainability information disclosure in the financial services sector.*

#### **Consideration of Sustainability Risks (Article 3 SFDR)**

Portobello Capital integrates sustainability risks into its investment processes, defining them as any environmental, social, or governance event that may negatively impact investment value. Details on this integration are outlined in Section IV.

#### **Consideration of Principal Adverse Impacts (Article 4 SFDR)**

Portobello considers the Principal Adverse Impacts of investment decisions on sustainability factors in accordance with its investment strategy and the types of financial products offered, as per Article 4 of the Disclosure Regulation. Depending on each financial product's characteristics, the firm will determine and disclose the extent to which it considers these impacts.

Portobello Capital collects, monitors, and discloses indicators related to the Principal Adverse Impacts as established by Article 4 of the Disclosure Regulation and corresponding regulatory technical standards.

#### **Consideration of Remuneration Aligned with Sustainability Aspects (Article 5 SFDR)**

Portobello aims to align its strategy, objectives, and principles with the actions and work methods of its employees. Employee involvement in implementing and monitoring ESG factors is considered when determining their annual variable compensation.