

PRODUCT DISCLOSURE FOR FINANCIAL PRODUCTS THAT PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Article 10 (1) SFDR, articles 25-36 RTS

PROA CAPITAL DE INVERSIONES SGEIC, S.A.,

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For financial products promoting environmental or social characteristics, financial market participants shall publish the information referred to in Article 10 (1) of Regulation (EU) 2019/2088 and Articles 25 to 36 of this Regulation in the following order, consisting of all the following sections:

a) **Summary (Article 25)**

PROA CAPITAL FUND IV, FCR ("Fund") discloses information on product sustainability under Article 8 of Regulation (EU) 2019/2088 on disclosure of information related to sustainability in the financial services sector ("SFDR").

The Fund promotes environmental or social characteristics and does not aim to make sustainable investments. 100% of the fund's investments will promote environmental and social characteristics in accordance with article 8 of the SFDR.

As part of its investment strategy, the fund promotes improvements in the environmental, social and corporate governance (ESG) performance of the companies in which it invests, minimizing adverse impacts. For its compliance, ProA engages with the management team and through the influence capacity granted by the exercise of the political rights held over the company on the Board. The work of engagement is carried out mainly with the manager of the investee entity in the Due Diligence, Hiring and Monitoring phases.

In a first screening phase, ProA has defined a series of sectoral exclusions in which its Funds will not be able to invest in certain activities (such as human cloning or gambling).

Second, ProA Capital is committed to assessing ESG issues, including associated risks and opportunities, during the evaluation and due diligence process of target companies. The results of this evaluation are systematically reflected in the investment memorandum to ensure that the investment committee is informed about ESG issues.

Third, for each company in the portfolio, ESG Key Performance Indicators (KPIs) and objectives will be defined, compliance with which will be monitored. These ESG KPIs and objectives defined for the companies will be reported to the Board of Directors at

least quarterly. In the same way, any matter that may significantly affect their value creation will be shared and evaluated with the management of investee companies. Likewise, the application of ESG criteria within investee companies will be promoted and efforts will be made to share good practices among the different portfolio companies in order to improve ESG performance in all of them.

In addition, ProA undertakes to regularly monitor the ESG Policy during the meetings of the Board of Directors and of the funds managed. To this end, ProA will supervise, review and publicly report its ESG performance through its annual ESG report in order to increase transparency with investors and the general public.

The Fund does not use a benchmark for the purpose of promoting environmental or social characteristics.

b) No sustainable investment objective (Article 26)

The financial product promotes environmental or social characteristics but does not have sustainable investments as their objective.

c) Environmental or social characteristics of the financial product (Article 27)

The fund promotes as part of its investment strategy the improvement of the environmental, social and governance (ESG) performance of the companies in which it invests.

- To improve the environmental performance of investees and minimise adverse impacts, ProA seeks to:
 - Promote an efficient use of resources, promoting measures that contribute to reducing water and energy consumption in investee companies.
 - Minimise greenhouse gas emissions, measuring the carbon footprint and promoting reduction actions such as the use of renewable energies.
 - To reduce waste, prioritising reuse and recycling options, promoting the circular economy, favouring raw material options from renewable sources and promoting eco-design.
 - Promote good environmental practices and raise environmental awareness among employees of investee companies.
- To improve the social performance of its investees, ProA aims to:
 - Ensure fair working conditions,
 - Provide a safe and healthy workplace,
 - Respect the human rights of employees and partners. In particular, ProA is committed to:
 - Support the payment of competitive wages, respect the right of employees to decide whether or not to join a union, or to engage in collective bargaining.
 - Do not allow child or forced labour or discriminatory policies.
 - Do not tolerate human rights abuses by their investees, managers and employees.

- Ensure the health and safety of employees, assessing the risks associated with their jobs and taking appropriate measures to reduce accident statistics.
 - Promote structures and channels that give employees the opportunity to present their views to management.
 - Promote equal opportunities and support talent retention.
 - Promote the inclusion of people with special needs.
 - Promote the collaboration of portfolio companies with local organisations.
- To improve the social performance of investees ProA encourages investees to maintain strict policies to ensure compliance with all relevant laws to prevent corruption in all its forms, including extortion, money laundering and bribery. In particular, ProA commits to:
 - Comply with, as a minimum, all relevant regulatory standards and operate to best international standards where local standards are deemed insufficient.
 - Ensure honesty, integrity, fairness and respect in all its business dealings.
 - Prohibit contributions to political parties or political candidates where they may constitute a conflict of interest.
 - Identify, avoid and report conflicts of interest in accordance with stakeholder agreements.

d) Investment strategy (Article 28)

The investment strategy to improve the company's ESG performance is carried out through engagement with the management team and through the ability to influence granted by the exercise of the political rights held over the company on the Board.

ESG due diligence of investee companies looks at good governance practices. The issues reviewed are:

- the existence and composition of the Board of Directors,
- the remuneration of directors,
- the existence of compliance policies,
- the existence of adequate information systems,
- supplier policies,
- cybersecurity and data protection policies.

Subsequently, the definition of action plans includes actions such as the incorporation of independent persons on the Board of Directors, the existence of criminal compliance and robust policies in the management of the supplier chain, cybersecurity and data protection.

e) Proportion of investments (Article 29)

100% of the fund's investments will promote environmental and social characteristics in accordance with article 8 of the SFDR, without having sustainable investments among its objectives.

f) Monitoring of environmental or social characteristics (Article 30)

In the role of shareholder and, where appropriate, member of the Board of Directors of investee companies, ProA, aware of its fiduciary duties, will continuously monitor the ESG Policy. For each company in the portfolio, ESG Key Performance Indicators (KPIs) and objectives will be defined, compliance with which will be monitored. These ESG KPIs and objectives defined for the companies will be reported to the Board of Directors at least quarterly. In the same way, any matter that may significantly affect their value creation will be shared and evaluated with the management of investee companies. Likewise, the application of ESG criteria will be promoted. The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance within investee companies and efforts will be made to share good practices among the different portfolio companies in order to improve performance. ESG in all of them.

g) Methodologies for environmental or social characteristics (Article 31)

The degree of achievement of improvements in the ESG performance of the Investee Companies is measured using the following indicators:

To measure environmental performance:

- Carrying out energy efficiency analysis
- Use of renewable energy sources
- Measurement of the investee's carbon footprint
- Water consumption
- Electrical consumption
- Existence of practices for the optimization of resources

To measure performance in social matters:

- Hiring employees with disabilities
- Diversity ratio
- Employment created
- Employee turnover
- Production or sale of sustainable products

To measure performance in terms of Good Governance:

- Carrying out a diagnosis on Corporate Governance.
- Hold ISO 37001 on the Corporate Governance model.
- Carrying out a cybersecurity assessment

All these indicators are public and are published each year in the manager's annual ESG report.

h) Data sources and processing (Article 32)

The data used to measure the achievement of the Fund's environmental objectives is obtained from the companies themselves, but there is no specific process for reviewing or auditing the quality of the data.

For each company in the portfolio, ESG Key Performance Indicators (KPIs) and objectives will be defined, compliance with which will be monitored. These ESG KPIs and objectives defined for the companies will be reported to the Board of Directors at least quarterly. In the same way, any matter that may significantly affect their value creation will be shared and evaluated with the management of investee companies.

The proportion of data that has been obtained by estimation depends on the indicator in question and its availability. Data estimates, where appropriate, will be made by extrapolating values or characteristics based on experience.

i) Limitations to the methodologies and data (Article 33)

In some cases, it will not be possible to obtain the data necessary to calculate the investee's indicators when the latter has been recently acquired and, as a consequence, has not been able to implement the ESG processes required by the Manager.

The lack of data to measure the indicators does not prevent the investee from achieving the social or environmental characteristics.

j) Due Diligence (Article 34)

ProA Capital is committed to assessing ESG issues, including associated risks and opportunities, during the evaluation and due diligence process of target companies. The results of this evaluation are systematically reflected in the investment memorandum to ensure that the investment committee is informed about ESG issues.

The Fund considers the major material or potentially material adverse events of the Fund's investments on sustainability factors. These are identified during the due diligence phase and are actively managed throughout the investment period, defining and implementing actions that contribute to their reduction. Its evolution is measured through the annual calculation of 16 indicators included in the Technical Development (RTS) of the Disclosure Regulation.

k) Engagement policies (Article 35)

It is carried out mainly through active participation in the Governing Bodies of investee companies, particularly through the Board of Directors. For each company in the portfolio, ESG Key Performance Indicators (KPIs) and objectives will be defined, compliance with which will be monitored. These ESG KPIs and objectives defined for the companies will be reported to the Board of Directors at least quarterly. In the same way, any matter that may significantly affect their value creation will be shared and evaluated with the management of investee companies. Likewise, the application of ESG criteria within investee companies will be promoted and efforts will be made to share good practices among the different portfolio companies in order to improve ESG performance in all of them.

l) Designated reference benchmark (Article 36)

No reference benchmark has been defined.