



RESPONSIBLE INVESTMENT POLICY

2021

Updated November 2024

ProA
C A P I T A L

The Responsible Investment Policy is mandatory and applies to all investments made by the funds managed by ProA. In companies where ProA-managed funds have a minority position, ProA is committed to promoting compliance with its Responsible Investment Policy, although the ability to influence may be more limited. For newly integrated portfolio companies, ProA allows up to one year to ensure seamless integration with this Responsible Investment Strategy.

This policy should be understood and interpreted in conjunction with ProA Capital's Internal Code of Conduct, which contains guidelines for managing conflicts of interest.

1. Introduction	2
2. Purpose	2
3. ProA’s ESG Approach	3
4. ProA’s Ownership Policy	6
5. Governance: Roles and responsibilities	6
6. Full Integration of ESG into ProA’s Investment Process	7
A. Screening	8
B. ESG Due Diligence	8
C. Investment decision	8
D. ESG Action Plan	9
E. Active Participation.....	9
F. Divestment phase	10
G. Transparency and communication	10
7. Commitment & Stewardship.....	11

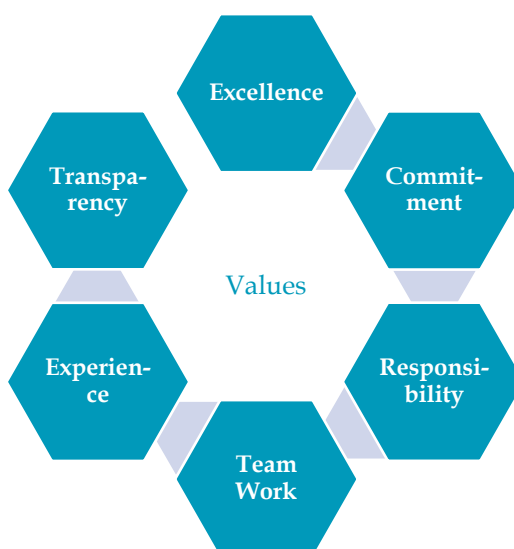
This Responsible Investment Policy has been approved by the Board of Directors (the Board) in 2021 and was subsequently updated. To measure success and determine whether the Responsible Investment Policy continues to reflect ProA’s investment beliefs, this policy will be reviewed at least annually and modified as appropriate.

1. Introduction

ProA Capital ("ProA") is a leading independent Spanish private equity firm that specializes in investing in market-leading family-owned businesses. We are deeply committed to responsible investing and maintain a firm belief that companies with an exceptional focus on environmental, social, and governance (ESG) factors create increased value in the long term while also benefiting society at large. ProA recognizes that ESG practices empower its portfolio companies to flourish in their respective markets and solidify their competitive edge by bolstering resilience.

ProA partners with management teams, providing support in developing growth strategies through internationalization, enhancement, and implementation of operational improvements, always prioritizing sustainable value creation. By addressing material sustainability issues throughout the investment life cycle, we ensure our commitments to responsible investing are upheld.

At the heart of our work lies the unique value we bring to each investment, as we continuously strive for differentiation and excellence in the realm of responsible investing.



2. Purpose

The purpose of this Policy is to articulate ProA's approach to integrating ESG criteria into its activities and throughout the investment process. This Policy has the following objectives:

I. Clarifying ProA's long-term vision: ProA views ESG as a catalyst for value creation and aims to maximize value upon exit, responding to the needs and expectations of its stakeholders. As such, ProA seeks to positively impact the locations and communities where it invests (primarily in Spain and Italy). To achieve this, ProA incorporates ESG best practices and continually strengthens its competencies and resources to actively manage ESG in its investee companies through specific actions. ProA aspires to lead by example.

II. Demonstrating ESG risk management as a fundamental part of its fiduciary duty:

Integrating ESG analysis in the management of investee companies is an essential aspect of a management company's fiduciary duty to its investors, safeguarding and promoting their interests. In this regard, ESG principles must be considered whenever they may have any impact or risk on the investee companies, whether in the short or long term.

III. Operating beyond the regulatory landscape: At ProA, we believe that our strategy, processes, and active portfolio management have enabled us to transition from compliance to value creation by leveraging ESG best practices for sustainable growth. A wave of European legislation, specifically targeting financial market participants, has emerged, such as the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). This legislation has underscored the importance of directing capital towards sustainable activities and imposed strict disclosure requirements. ProA not only integrates sustainability risks into its investment decisions but also considers the principal adverse impacts (PAIs) on the sustainability factors of its investment decisions. This active promotion of environmental and social characteristics in the funds has led ProA to classify Fund V as an Article 8 fund under the EU SFDR.

3. ProA’s ESG Approach

ProA believes that investments should be directed not only towards maximizing financial capital but also towards enhancing human, social, industrial, intellectual, and natural capital.

ProA began its journey towards greater sustainability in 2018 when it became a PRI Signatory and integrated ESG practices into portfolio companies in 2019. Since then, ProA has understood that being a responsible investor is a gradual process, committed to progressively incorporating ESG best practices in a continuous improvement effort, from a set of KPIs to the deployment of strategies and integration of ESG principles.

In this context, ProA has a systematic and differentiated approach to deal sourcing and value creation, both at the asset manager and portfolio company levels, consisting of four workstreams:

	Description	Objectives
1 Ownership policy	<p>ProA believes that its activity must contribute to Sustainable Development Goals (SDGs) and strives to align its activities to achieve it by focusing on 6 strategic themes:</p> <ul style="list-style-type: none"> • Climate Change • Wealth generation • Inclusive and positive work environment • Innovation, talent, and community engagement • Good Governance practices • Sustainable business 	<p>ProA aims to improve the achievement of the following goals within the Sustainable Development Goals:</p> <ul style="list-style-type: none"> • Climate Change: 13.2, 13.3, 7.2, 7.5 • Wealth generation: 8.3 • Inclusive and positive work environment: 8.5 • Innovation, talent, and community engagement: 4.4, 9.2 • Governance practices: 16.5, 16.6 • Sustainable business: 12.2, 12.5,










		<p>9.5</p> <p>ProA's encourage investees to define targets per theme tailored to the materiality and circumstances of each company.</p> <p>ESG material topics shall be fostered and reviewed at Board meetings.</p>
<p>2</p> <p>Governance</p>	<p>ProA is firmly convinced that strengthen ESG Governance leverages ESG integration in the investment process. Good Governance practices in ProA consist of</p> <ul style="list-style-type: none"> • A robust ESG governance framework that permeates throughout the organization and is reflected in its culture, ensuring that every employee understands and embraces ESG principles and practices. • The establishment of an ESG Club ProA aimed at fostering a culture of sustainability by providing a platform for discussing ESG-related synergies and best practices between portfolio companies. • ESG training conducted by specialists where ProA identifies ESG skill gaps which helps staying abreast of the latest developments. 	<p>Since a company becomes part of ProA's portfolio, every investee shall (i) define an ESG Governance structure appointing an ESG responsible, (ii) participate quarterly in the ESG Club ProA sessions and (iii) attend an annual training and an ESG expert session quarterly.</p>
<p>3</p> <p>Processes</p>	<p>ProA have implemented different actions through the investment cycle, from screening to exit:</p> <ul style="list-style-type: none"> • Materiality analysis: identification of financially material topics. • Measurement: ESG integrated Reporting (KPIs) process based on based practices. 	<p>Investees must foresee an ESG strategic plan for 2030 covering ESG guidelines and an ESG action plan (3 years) to be able to follow progress. In addition, 100% of the new investees, shall have a 100-day strategic plan since the investment.</p> <p>ProA's goal is to enhance the sustainability of each investee with the aim of achieving a score of 95%</p>

	<ul style="list-style-type: none"> • Evaluation: through a proprietary scoring, ProA strives to improve ESG performance by analyzing objectives vs sustainability results. • ESG strategic & action plan • Transparency and Communication: as part of are fiduciary and regulatory duty, sharing with investors the evolution at ProA and portfolio companies. 	<p>by the end of the investment period.</p>
<p>4 Commitments & Stewardship</p>	<p>ProA engages with international bodies as an effort of being at the cutting edge of international standards and commits to act, when undertaking its activity and that of its portfolio companies, according to the values and principles recognized in:</p> <ul style="list-style-type: none"> • UN PRI principles • UN Global Compact • Task Force on Climate-related Financial Disclosures (TFCD). • Main international agreements of the United Nations, the International Labor Organization and OECD. <p>In addition to being a member of the Spanish Private equity association SPAINCAP, where it indirectly exerts influence, ProA also wants to develop alliances with the best universities and foundations.</p>	<p>Portfolio companies must adhere to the values and principles outlined in the international frameworks that ProA is committed to operating within.</p> <p>Moreover, these companies should establish relationships with local authorities, universities, and foundations to impact not only wealth creation but also the community.</p>

All objectives are pursued and reviewed annually to ensure their execution. ProA is responsible for supervising and ensuring that all commitments to sustainability and ESG are met with accountability.

4. ProA’s Ownership Policy

ProA has established an Ownership Policy that outlines six strategic themes for investees to adhere to in terms of their ESG practices. ProA works closely with its investees to promote the development of policies, processes, and actions that align with these themes.

Climate Change	Wealth generation	Inclusive and positive work environment
  <p>ProA's climate strategy includes: i) calculating carbon footprint and setting goals for reduction and compensation, ii) analyzing physical, regulatory, and transition risks, and iii) reducing energy consumption and transitioning to sustainable sources.</p>	 <p>ProA promotes economic development and growth to positively impact local communities .</p>	 <p>ProA prioritizes people by promoting quality jobs with low turnover rates, high employee satisfaction, and opportunities for career development. ProA also encourages partnerships with social inclusion foundations and special work centers.</p>
Innovation, talent, and community engagement	Governance practices	Sustainable business
  <p>ProA promotes the engagement with local universities to attracting talent and creating innovation programs (e.g., challenges). Likewise, encourages agreements with local foundations, and public bodies.</p>	 <p>ProA strives for excellence in good governance practices through robust policies and processes, including cybersecurity measures. Additionally, ProA encourages certification in ESG issues.</p>	  <p>ProA promotes sustainable business models, fosters responsible supply chains, encourages the development of sustainable products, and facilitates cross-business collaboration among investees, leveraging internal expertise in ESG matters.</p>

5. Governance: Roles and responsibilities

ProA integrates its responsible investment strategy into its organizational and governance structure, corporate culture, and operational processes. Implementation and monitoring occur at multiple levels:

- The Board approves and amends the strategy, stays informed about relevant ESG issues, and oversees the assessment and management of climate-related risks and opportunities.

- The ESG Committee is composed of three members from the Investor Relations, Legal, and Investment Teams. It meets monthly and the latter two team members serve as the dedicated ESG Team responsible for coordination and daily practice.
- The Investment Committee monitors the ESG portfolio performance quarterly (includes the Board) and addresses opportunities on an ad hoc basis.
- The deal team assists in ESG functions based on their respective responsibilities, with an ESG journey framework provided by ProA. ESG objectives and ratings are integrated into the remuneration policy, incorporating sustainability-related risks.

To enhance ESG performance at the investee level during active management, ProA promotes:

- ProA ESG Club: A quarterly meeting where investees' ESG managers share best practices, encourage cross-business collaboration, and exchange views on value creation. The meetings feature guest speakers and include ESG workshops.
- ESG Responsible & ESG Committee at investee level: These committees ensure proper integration of ESG factors in investment processes and daily post-investment management.
- ProA engages external advisors with expertise in the field to improve ESG processes, perform due diligence, and provide guidance on ESG strategic planning.
- All ProA employees are responsible for aligning their activities, including those conducted through third parties, with the company's ESG strategy. Employees receive information regarding ProA's ESG commitments.

6. Full Integration of ESG into ProA's Investment Process

Integration of ESG into ProA's Investment Process					
Screening	ESG Due Diligence Process	Investment decision	Actions Plans	Active participation	Exit
Verify target against exclusion list and address ESG concerns. Follow up on investment exclusion criteria.	Conduct thorough ESG due diligence, including climate risk analysis. Outputs include opportunities, risks, action plan, and ESG scoring. Review session to be held with the team and ESG Committee.	Utilize Investment Committee checklist. Conclusions to be incorporated into Investment Memorandum and contractual relationships.	Validate a ProA-driven strategic plan for the first 100 days by prioritizing ESG issues, material risks, and opportunities. The team will be responsible for developing the plan.	Create ESG strategy for 2030 along with an action plan. Track performance against objectives using ESG reporting and scoring. Engage in ESG Club ProA for participation.	Analyze ESG value creation through proactive management of the investee. Incorporate ESG issues in the exit report.

ProA acts as a responsible investor, integrating sustainability risks and analysing principal adverse impacts on sustainability factors in each investment process stage.

A. Screening

During the initial screening process, the Investment Team will promptly exclude companies engaged in activities or sectors that are included in the following list:

1. Production, trade, or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes.
2. Production and trade of tobacco and distilled alcoholic beverages and related products.
3. Financing the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.
4. Gambling: casinos and equivalent enterprises.
5. Restrictions in the information technology sector: the research, development or technical applications relating to electronic data programs or solutions, which
 - a. aim specifically at supporting any activity referred to under items above; internet gambling and online casinos; or pornography; or
 - b. are intended to enable to illegally: enter electronic data networks; or download electronic data.

In addition, when supporting the financing of research, development or technical applications related to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (GMOs), the Management Company shall ensure adequate control of the legal, regulatory, and ethical issues related to such human cloning for research or therapeutic purposes and/or GMOs.

Likewise, it will not make investments in companies that, upon the Investment, are (i) located in countries or territories prohibited or sanctioned by the United Nations or the EU; or (ii) included in the corresponding sanctions list published by the U.S. Office of Foreign Assets Control (OFAC).

ProA regularly reviews and updates its exclusion list based on investor dialogue.

B. ESG Due Diligence

During the next phase, ESG is incorporated as part of the due diligence process. The ESG Team together with the Investment Team analyze the risks and assess opportunities of material ESG topics related to the target company, alongside careful assessment of the company and management team's ethics and reputation, including climate risk analysis and a high-level identification of ESG recommendations (100 days strategic plan). When the ESG Team considers a more profound understanding is needed, a specific Due Diligence is conducted by a consulting firm. The phase is completed with a review session between the Team and the ESG Committee.

C. Investment decision

ProA will proceed with an investment opportunity when it deems the ESG risks as acceptable or manageable and if it believes positive changes can be implemented

during its period of ownership. Results and findings from ProA’s screening and due diligence processes are shared in the notes discussed at the Investment Committee, where a checklist with ESG topics is reviewed. The Investment Team will share the result of its ESG due diligence with the management team and discuss how ESG objectives can be jointly achieved.

The Shareholders Agreement includes a series of ESG clauses:

- a. Acknowledge that ProA is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and integrates the Sustainable Development Goals (SDGs) in its investment strategy.
- b. Acknowledge that ProA is committed to the active ESG management of its investees and aims to contribute positively to sustainable development
- c. Acknowledge and understand that ProA performs strategic monitoring and management of ESG performance indicators to increase positive impacts and reduce negative impacts on investee companies, in addition to assessing their ESG performance.
- d. Adherence to ProA's Responsible Investment Policy
- e. Commit to use their best efforts to achieve the following:
 - o Strive to make a positive contribution to sustainable development.
 - o Consider ProA's expectations regarding sustainability in all its actions, ensuring that these are integrated into the organization and put into practice in its professional relationships.
 - o Include in annual reviews all social, environmental and governance factors that may affect its business and growth and report to the Board of Directors, in simple and practical terms, its performance on these factors.
 - o Promote actions to increase positive impacts and reduce negative impacts on the company.
 - o Report to ProA as soon as possible any incident related to its business and operations that may have a negative impact on itself or ProA, in terms of public health, environmental pollution, social conflict or business ethics.

Moreover, in the SPA’ s section on representations and warranties, the risks identified in the Due Diligence are considered.

D. ESG Action Plan

ProA will encourage investees to improve ESG risk management and develop more sustainable business practices. ProA will engage with senior management and the board to address the risks and opportunities identified in the due diligence process fine tune the 100 days strategic plan and agree a set of ESG Key Performance Indicators (“KPIs”) supported by ProA’s ESG team.

E. Active Participation

ProA emphasizes the responsibility of investee companies' corporate governance bodies to implement the ESG Action Plan.

An ESG representative is appointed in all companies to drive the 100-day strategic plan, develop the ESG strategy 2030, and create an ESG action plan (3-year roadmap to be updated). The plan is developed by the team, with assistance from external experts, based on internal analysis, additional analysis (100-day strategic plan), external analysis,

and ProA's ESG strategy.

ProA, as a shareholder and, when applicable, a member of the Board of Directors of investee companies, monitors the implementation of the ESG Action Plan regularly. The ESG and Investment Team reports to the Board of Directors at least quarterly. ESG performance/sustainability results are evaluated using a proprietary ESG scoring system that considers material KPIs.

The ESG Team continuously improves its process, incorporating lessons and best practices from the portfolio and the industry. Targets are set based on each company's materiality and circumstances.

ProA has an incident management process in place to address issues that may significantly impact the value creation of investee companies. Such issues are shared and evaluated with investee management and, if material, reported to investors.

Furthermore, ProA promotes the application of ESG criteria within investee companies and strives to share good practices among different portfolio companies through ProA's ESG Club.

F. Divestment phase

ProA believes that integrating ESG factors in portfolio companies must be results-oriented. ProA highlights ESG progress to potential acquirers during the divestment phase, sharing ESG information and demonstrating the results achieved by portfolio companies.

G. Transparency and communication

It is in ProA's interest to increase transparency and communication as they are crucial in ESG matters because they allow companies to demonstrate their commitment to sustainability, build trust with stakeholders, and mitigate risks related to ESG issues.

ProA proactively discloses its efforts regarding sustainability with:

General public:
<ul style="list-style-type: none"> • Annual Sustainability Report. • UN PRI Transparency Report and UN Global Compact report. • SFDR website disclosures • Participate in promoting responsible investing among the investment community and society through conferences and events.
Internally:
<ul style="list-style-type: none"> • Report to Investment Committee and ProA's Board. • Club ProA, where investee companies meet and share. • Investee Board of Directors meeting.
Investors:
<ul style="list-style-type: none"> • Response to ESG issues requested by investors. • Information related to sustainability risks and principal adverse impacts on sustainability factors in its periodic reports.

- Inclusion of ESG performance in annual investor meeting.

ProA will also participate in promoting responsible investing among the investment community and society at large through conferences and events.

7. Commitment & Stewardship

ProA actively supports and is a signatory/member of the following initiatives, reflecting its strong commitment to ESG:

- ProA became a signatory of the United Nations Principles for Responsible Investment (“UN PRI”) in 2018. As a signatory of UN PRI, ProA commits to incorporating the six principles promoted by the United Nations into its investment practices.
- ProA became a signatory to the United Nations Global Compact (UNGC) in 2020 and strives to incorporate its Ten Principles in human rights, labor, environment, and anti-corruption into its business activities.
- ProA recognizes the United Nations’ Sustainable Development Goals (“SDGs”), a blueprint to achieving a better and more sustainable future for all people and the world by 2030, commonly referred to Agenda 2030. The Firm is committed to contribute to these goals through the integration of these objectives in its investee companies.
- ProA recognizes the importance of the Paris Agreement, at COP21 which set out a global framework to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. To support this objective, ProA is committed to aligning its responsible investment strategy with these objectives, assessing climate change issues within its investment activities, and preparing to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) to improve and increase reporting of climate-related financial information.
- ProA follows the OECD Guidelines for Multinational Enterprises on responsible business conduct to encourage sustainable development and social progress. And ProA respects the 31 principles of the UN Guiding Principles on Business and Human Rights.
- ProA is also member of the Spanish Venture Capital & Private Equity Association (SPAINCAP), whose mission is to connect the players in the industry in Spain, representing their interests before the Government, media, and public opinion.

Signatory of:



- ProA cooperates with foundations Prodis and Aura to improve the quality of life of people with intellectual disabilities and their families, supporting and promoting their full inclusion in a fair and caring society. In addition, ProA boost working with local universities.
- ProA generates sustainable returns by actively engaging with its investees on matters pertinent to the community and sustainable materiality that impacts the business, in collaboration with policy makers (both public and private local entities).
- ProA participates in the Pro-Bono Private Capital program, which promotes the construction of a social impact ecosystem through financial knowledge and experience.

