SHERPA

Responsible Investment Policy

2024

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Welcome to Sherpa

The following responsible investment policy is a document that articulates our core beliefs in responsible investing. It outlines the principles we adhere to, our firm commitments, and the dedicated resources we've allocated for implementing this policy. A critical aspect of this policy is the detailed approach to integrating ESG factors throughout our investment process. This includes their incorporation from the initial investment decisions to the ongoing management of our investees. The document culminates by addressing our commitments towards transparency and the active promotion of responsible investment practices.

This policy reflects our commitment to a narrative that transcends traditional investment strategies. It showcases our dedication to responsible stewardship, where financial performance harmoniously coexists with positive impacts on ESG standards. This is the essence of Sherpa — a journey of relentless pursuit of excellence, responsibility, and transformative impact.

Our Value Proposition

> *We go beyond merely investing; we transform companies to unlock and maximise value. Through active management, we strive for sustainable, long- term value creation – economically, socially and environmentally.*

Our Responsible Investment Beliefs

At Sherpa, we are committed to the principle that sustainability is a lever of long-term value creation. This conviction underpins our approach to our funds, where we strive not only to achieve substantial financial returns but also to generate lasting societal wealth, including job creation and the advancement of sustainable industries. Our investment strategy is firmly rooted in the integration of ESG considerations throughout our processes, reflecting our belief in the transformative power of responsible investing. By fully embracing ESG factors, we aim to cultivate long-term financial value that benefits all stakeholders.

We believe that understanding and recognizing systematic sustainability issues is crucial in today's investment landscape. These broad ESG challenges, such as climate change, biodiversity loss, water scarcity, social inequality, and corporate governance, have far-reaching impacts on global economies, societies, and natural ecosystems. By acknowledging these systemic issues, we can better anticipate risks and opportunities, contributing to a more sustainable and equitable global economy.

This belief allows us to **align ESG factors with our fiduciary work**, supporting our investees in obtaining long-term financial returns.,

We have built our own methodology, The Together Way, founded upon our responsible investment beliefs to ensure long-term value creation. For this reason, we have used the United Nation’s Sustainable Development Goals (SDGs) to guide our methodology, and carefully selected those SDGs that most resonate with our investment strategy.

In addition, the integration of ESG factors into the investment process allows us to respond to our stakeholders' sustainability concerns.

We consider our stakeholders to be:

- Investors;
- Team;
- Portfolio companies; and
- Society at large

Principles and commitments

Values

Sherpa's values that guide our actions are:

- *Passionate about our companies*
- *Committed to challenges*
- *Honest in our relationships*

Commitment to UN PRI

Sherpa operates according to the principles recognised in the main international agreements, namely under the umbrella of the United Nations, the International Labour Organisation, and the OECD.

In addition, Sherpa has been a signatory to the **United Nations Principles for Responsible Investment ("UN PRI")** since 2018, always with the aim of integrating best sustainability practices.

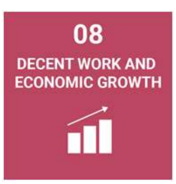
The principles we assume are the following:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work with other signatories to enhance our effectiveness in implementing the Principles.
- Report on our activities and progress towards implementing the Principles.

Commitment to the Sustainable Development Goals

Sherpa is committed to contributing through its activities to the achievement of the Sustainable Development Goals (SDGs), seeking to have a positive impact on society and future generations.

In this regard, we have identified **three primary Sustainable Development Goals** that are integrated throughout our investment process:



Targets 8.3, 8.4, 8.8

Decent work and economicc growth

We seek to promote economic growth as a source of social welfare and preservation and / or growth of stable Jobs.

Targets 9.2, 9.3

Industry, Innovation and Infrastructure

The capital invested enables our investees to modernize and develope their industries, adopting clean production processes and achievng efficient resource management.

Targets 16.5, 16.7

Promoting just, peaceful and inclusive societies

We promote the ntegration of best practices in corporate governance in each of our investees.

ESG Gobernanze

Sherpa places utmost importance on the role of its human team as a cornerstone of success. To this end, we emphasize the need for a robust ESG governance framework. This structure is meticulously designed to define, manage, measure, and assess the implementation of our ESG initiatives, ensuring that our actions are not only effective but also align with our core values and objectives.

This ESG governance structure reflects and is therefore a consequence of our mixed investment and portfolio management model:

- **Board of Directors:** responsible for defining, approving, and ensuring compliance with the ESG strategy, including (i) exercising oversight and (ii) ultimate responsibility for strategy development, implementation, and achievement of results.
- **ESG Committee:** composed of a Sherpa partner, the person responsible for ESG and two people from the investment and portfolio management teams.
- **ESG Responsible:** responsible for coordinating and managing ESG issues at management level.
- **Portfolio Management Team:** responsible for managing the performance of portfolio companies with the CFO of the portfolio company.
- **Management/Operational Team:** responsible for coordinating and managing ESG issuesat the investee level.
- **Specific training sessions:** on an annual basis to ensure that teams have the capacity to consider ESG factors in their activities.
- **Policies and procedures:** ESG risk analysis is included in the mandatory internal procedures detailed in section 4.
- **ESG knowledge:** with the external support of a specialised advisor.

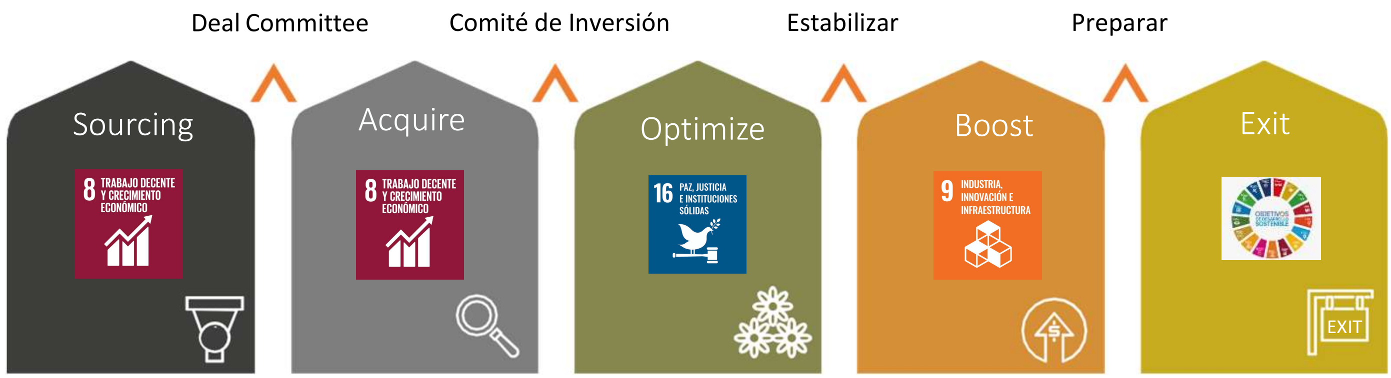
The Together Way - Integrating ESG factors into the investment process

At Sherpa, we consider and incorporate ESG criteria throughout the investment process. The Together Way methodology meticulously covers the investment cycle segmenting it into distinct phases, each with a specific purpose and outcome.

We incorporate our priority SDGs into our processes, these being SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure) and SDG 16 (Peace, Justice, and Strong Institutions).

Sherpa actively engages with portfolio companies to foster the development and implementation of ESG strategies. This engagement is aimed at ensuring these strategies not only provide a competitive edge but also serve as a catalyst for sustainable growth. By acting as strategic partners, we support our investees in identifying and managing ESG-related risks and opportunities, thereby enhancing their positive impact on society and the environment.

The key processes of Sherpa's investment model that enable us to maximise the intrinsic value of investee companies are as follows:



Sourcing

This stage of our investment process is crucial as we identify opportunities that align with our strategic objectives. This involves a rigorous evaluation to ensure alignment with our core values and those of our investors. Key to this phase is the exclusion of any investments in companies whose activities conflict with our ethical standards or those upheld by our investors.

Concurrently, we proactively seek out and select opportunities that not only fit within our investment strategy but also contribute positively to job preservation and creation, in harmony with SDG 8.

The **excluded activities or businesses** are the following:

Illegal economic activities:

Production, commercialization, or other activity, which is illegal under the laws or regulations of the Spanish jurisdiction. Human reproductive cloning is considered an illegal economic activity in the context of these guidelines.

Tobacco and distilled spirits:

The production and trade of tobacco and distilled spirits and related products.

Pornography:

Companies that derive their revenue from adult entertainment services, including the publication and distribution of pornographic magazines or newspapers, or violent video games.

Production of and trade in arms and ammunition:

The financing of the production of and trade in arms and ammunition of any kind. This restriction does not apply to the extent that such activities are part of or ancillary to EU policies.

Production and marketing of radioactive material.

This expressly does not apply to any activity dedicated to the purchase of medical equipment, quality control and measurement, or any other material that Sherpa deems acceptable.

Life sciences sector:

Where support is provided for the funding of research, development or technical applications related to human cloning for research or therapeutic purposes.

Casinos:

Financing of casinos and equivalent businesses.

Our list of exclusions is **regularly reviewed and updated** to include those controversial issues deemed relevant by our investors.

Deal Committee. As a preliminary step to the Discovery phase, companies that meet our investment criteria and do not belong to any of the excluded sectors are subject to a thorough screening process by the investment team.
This process leads to the Deal Committee's decision; if favourable, we may even submit a non-binding offer, initiating the Due Diligence process.

Acquire

In the 'Acquire' phase, our focus is on realising the investment thesis and finalizing the deal. Central to our investment thesis are well-defined mechanisms for value creation, with a strong emphasis on incorporating ESG factors as a key component of value generation. This phase is crucial in ensuring that our investments not only meet financial objectives but also align with and contribute to sustainable and responsible business practices.

ESG Due Diligence

Our Due Diligence process is predominantly managed in-house. However, for the ESG due diligence, we engage external expertise to ensure a comprehensive and specialised assessment. This outsourced component encompasses the following key elements:

- Alignment with this Responsible Investment Policy, specifying whether they belong to the list of excluded activities.
- Financial materiality analysis of the sectors and geographic location regarding the main ESG risks, adverse impacts, and opportunities.
- Company-specific analysis of the main ESG risks and opportunities.

We will seek an alignment of the transaction with SDG 8, by further developing the specific targets 8.3, 8.4 and 8.8. In the financing of the transaction, a sustainable financing opportunity (green finance or similar) will be sought, to the extent possible - aiming to contribute to SDG 8.3.

International approval by Investment Committee

The findings of the ESG due diligence are incorporated into the Investment Memo to be submitted to the Investment Committee. The Memo includes any material issues identified that need to be addressed to remedy risks or leverage ESG opportunities presented by the transaction.

- Sherpa will encourage/support the investee company to implement the ESG action plan definedon the basis of objectives, planning and resources.

  Specifically, should material sustainability risks be identified during the due diligence phase, the Investment Committee will require the company to implement recommended measures to mitigate those risks.

In the next two phases, “Optimize" and “Boost", we exert maximum influence on the sustainability theme, incorporating the ESG lens into our investment and management practices.

Optimize

Once the deal is closed, we seek to implement the necessary changes that will first ensure adequate governance in the company. In addition, we ensure that our portfolio companies have an ESG governance structure, and a basic ESG action plan aligned with the intrinsic value levers. The implementation of these actions is coordinated by an ESG manager at the investee who will ensure that ESG issues are discussed at least twicea year at board meetings.

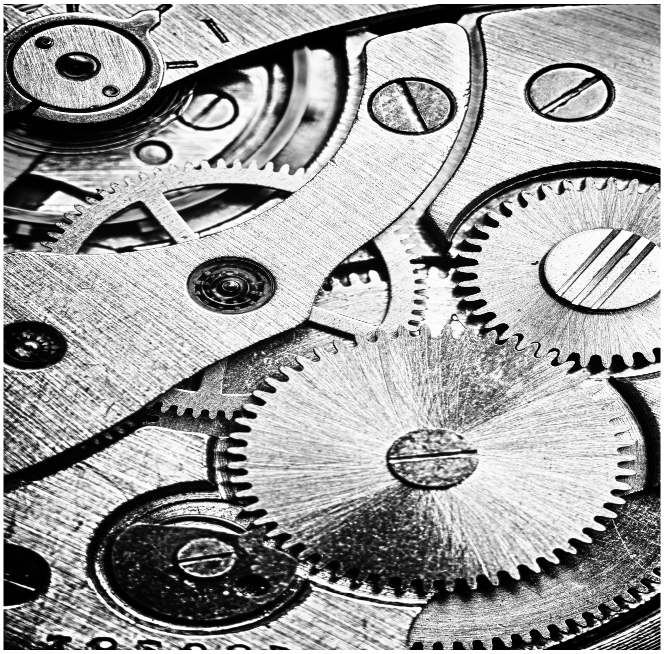
Once we invest in a company, we provide support in developing ESG strategies that offer a competitive advantage while acting as a catalyst for growth. Our role is to act as external experts who support in the systematic identification of risks, and designing opportunities for our portfolio companies to reduce negative impacts and enhance positive contributions to the environment, people, and the company’s other stakeholders. In this foundational phase we (i) support the establishment of an ESG governance framework and (ii) design and define specific KPIs for each portfolio company. The defined KPIs will be measured and monitored in order to assess progress and advancement of our portfolio companies in ESG matters. Results will be presented to the Board of the portfolio companies on a periodic basis for their analysis and to determine improvement actions.

The ESG core action plan will include a set of common portfolio wide ESG actions aimed at providing portfolio companies with minimum ESG standards. These minimum standards aim to make a priority contribution to SDG 16, specifically targets 16.5 (reducing corruption and bribery) and 16.7 (inclusive, participatory, and representative decision-making). At a minimum, the ESG actions will seek to:

- Adherence to Sherpa's ESG policy.
- The designation of an ESG manager in the investee.
- The inclusion of ESG issues on at least two boards per year.
- The definition and calculation of ESG KPIs and monitor the progress made.

Boost

When leveraging, we seek to identify and implement additional external and/or internal value levers, exploring different options, such as add-ons, new business lines or uncovering hidden assets.

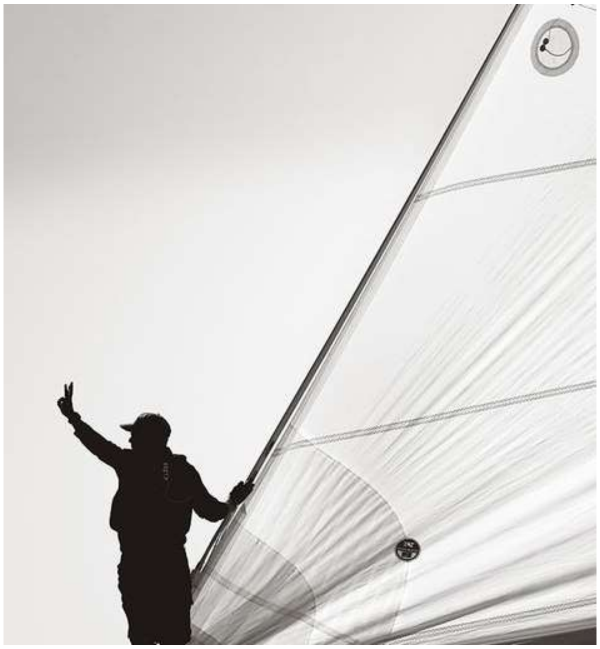


Of particular importance in this phase are the findings of the ESG due diligence that allow us to explore additional value creation levers generated that have the potential of transforming the company. These value creation levers stem from incorporating ESG factors, grounded in financial materiality and sector-specific insights. This approach can lead to new business opportunities and enhance long-term risk management.

Our experience allows us to confidently commit to:

- SDG 9.2
  Contributing to promoting inclusive and sustainable industrialisation, contributing to employment generation
- SDG 9.3
  Promoting SMEs' access to finance, and
- SDG 9.4
  Promoting the modernisation of industryby adopting clean technologies and industrial processes.

Investees are required to report on the progress of their ESG action plans, and on ESG KPIs on an annual basis.



Exit

The monetisation of ESG actions, carried out during the management phase of the investee, occurs at the time of divestment.

Sherpa's objective at this stage is to demonstrate that we have contributed to the transformation of a company, highlighting our contribution towards fostering **long-term value**. This value is grounded in an approach that integrates economic, social and environmental dimensions, underlining our commitment to holistic and responsible growth. To this end, a report detailing the results and conclusions of the ESG actions carried out during the investment period, as well as the contribution to the SDGs, will be shared with future buyers.

Transparency & Communication

As a signatory to the UN PRI, we are committed to producing the UN PRI Transparency Report on an annual basis where we report on our progress in embedding the principles of responsible investment.

Promoting Responsible Investment

We are aware of the importance of promoting responsible investment practices in our sector.

Therefore, we want to contribute to promoting the integration of ESG practices among our investors and in the market in which we operate. In this regard, we seek to actively participate in the promotion of responsible investment among the investment community and society in general, by participating in conferences and events aimed at promoting and sharing best practices.

This policy will be reviewed and approved by the Board of Directors at least on an annual basis to ensure it remains aligned with our evolving commitments to responsible investment and reflects the latest industry standards and best practices.