

Responsible Investment Policy

Introduction

At Alantra Private Equity (“**Alantra PE**” from now on) we believe in responsible investing. By engaging in a broad set of sustainability considerations - including ESG matters – we trust we can improve the financial performance and value creation of our portfolio companies as well as the alignment between investors and society as a whole.

Whether ESG issues relate to improved health and safety practices, better energy efficiency, ensuring high standards of labour practices or ethical supply chain management, these areas have a direct impact on the financial and reputational risks to which Alantra PE and our investors are exposed.

As professional investors, at Alantra PE, we consider that there is a lot of value in taking into consideration RI criteria at the time of investing (“**Pre-investment**”). Since our holding period (“**Post-investment**”) lasts five years in average, we look for sustainable businesses that will allow us to maximize the value of a company at exit. Therefore, supporting and promoting the establishment of sustainable and resilient business models that generate value is a key objective of our holding period, and translating our Responsible Investment (“**RI**”) approach into the present guidelines is an important step in our aim for optimizing the value creation process.

The departing framework in which these policies take place include the commitment of Alantra PE to the UN PRI principles of which it is signatory since 2011, as well as the commitment of other Alantra Asset Management areas (signatory since 2016) and the publicly traded Alantra Group (from now on “**Alantra**”), which promotes strong ethical values and transparency through its Code of Ethics and Social Corporate Responsibility initiatives.

For Alantra PE, ESG is a relevant element into our decision-making processes, therefore, the CEO of the Management Company in representation of the Investment Committee along with the support of the Director of IR & Capital Raising are the frontrunners for the adoption of RI practices within Alantra PE’s investment process. At the same time, the implementation of these policies is part of the Investment Team functions both during the pre-investment and post-investment stages.

Alantra PE intends to revise these policies and assess the RI objectives biannually.

Responsible Investment Guidelines

I. Initial Framework

Alantra PE’s RI guidelines emerge within an existing framework established by both, Alantra and the Management Company itself, which seeks to guarantee across the organization the basic principles of alignment of interests, governance and transparency. This framework is mainly composed by:

- **Anti-Money Laundering Manual** which requires us to determine the risk profile of investors, and target investments;
- **Alantra Group Code of Ethics** which dictates the ethical principles and rules that all the executives and employees of the Group should adhere to with the supervision and support of the Risk and Compliance Department;
- **Alantra PE Corporate Governance Agreement** which supports objective decision making to maximize our investor’s returns;

- **Alantra PE compliance of the UN Principles of Responsible Investment (UN PRI):**

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes;
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices;
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest;
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry;
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles;
- **Principle 6:** We will report on our activities and progress towards implementing the Principles.

II. Integration of RI guidelines

For Alantra PE, the integration of RI principles into its activities, should be seen in two dimensions: A. Key ESG policies, and B. Implementation of the ESG policies:

A. Key ESG Policies

1. Environmental policy

Alantra PE respects the environmental laws of the Iberian region as well as those of the countries where its portfolio companies may have subsidiaries. In addition to this, Alantra PE seeks an environmentally-friendly approach to the value creation in its portfolio companies.

In order to adhere to such elements, Alantra PE is selective among investment opportunities applying exclusion criteria (i.e. projects unacceptable in environmental and social terms, projects that take place in protected areas) and, contingent to the type of business, environmental due diligence within its analysis in the pre-investment phase.

In the post-investment phase, Alantra PE promotes and supports among its portfolio companies the efficient use of resources, the limitation of pollution, the efficient waste management and the adoption of environmentally-friendly technologies. Most of our portfolio companies have implemented improvements in these aspects during our holding period.

2. Social policy

Alantra PE believes that it is essential that the employees of the portfolio companies enjoy a good work environment that would allow them to grow and contribute to the value creation process. With this belief, Alantra PE considers it relevant to offer an environment that will respect the diversity of people and cultural backgrounds, give access to workers with reduced mobility, comply with the international conventions on human rights, promote fundamental employee working conditions such as minimum wages, working hours, health & safety at the workplace and the management of individual career plans.

In this context, Alantra PE conducts Labour due diligence in almost every investment analysis as it considers social issues to be a great determinant of the performance of a company, and it promotes among its portfolio companies the best practices in terms of diversity, meritocracy, entrepreneurship, fairness, feedback and training.

3. Corporate Governance and Ethical issues

Governance is one of the first aspects that Alantra PE seeks to improve once it has invested in a Company. The Management Company would generally constitute a Board of Directors that would bring to the business relevant experience in the sector and contribute to defining the strategy with the highest ESG standards, including independence, transparency, and a correct management of conflicts of interest and ethics.

Alantra PE is committed to the Alantra Group Code of Ethics which seeks to promote the alignment of conflicts of interest, the accountability and the transparency in all its activities, and it intends to transmit the same values to its portfolio companies. Some of the most relevant aspects procured in portfolio companies include:

- compliance to international best practice standards to prevent corruption, bribery, financial crime, etc., promoting accountability,
- transparency, honesty and integrity at the moment of making business,
- cooperating with regulators and complying with their requirements,
- establishing proper systems for risk management and reporting

B. Implementation of the ESG Policies

Finally, the policies previously mentioned transform into action at different stages of Alantra PE's activity. The Investment Team along with other members of Alantra, external advisors, and other stakeholders, participate in building an ESG view of each potential investment and the implementation of approaches that will contribute to creating long-term sustainable businesses.

Figure 1: Pre-investment phase RI actions

Pre-investment			
Policy	Exclusion policy Alantra PE strictly complies with a list of excluded sectors which is in line with our RI approach.	Conflict check list Each new investment opportunity is checked by the Compliance Director of Alantra before further analysis.	Due Diligence Besides financial DD, Alantra PE conducts non-financial DD which usually include environmental, public health, labour and social issues
Applicability	<ul style="list-style-type: none"> • Applies to all investment opportunities analysed • Formalized in the Fund's Legal Documentation 	<ul style="list-style-type: none"> • Applies to all investment opportunities analysed • Formalized in the Alantra Group Code of Ethics 	<ul style="list-style-type: none"> • Applies to all investment opportunities analysed • There are different DD approaches depending on the type of business and the risks associated
Responsible	The Investment Committee along with the IR Director	The Investment Team is in charge of keeping updated the centralized system for conflict checks and the communication with Compliance	Results are included in the Note(s) presented to the Investment Committee by the investment Team in charge of the transaction

Figure 2: Post-investment phase RI actions

Post-investment			
Policy	Support and guidance During the holding period Alantra PE supports the management team of its portfolio Companies in the implementation of ESG improvement plans agreed during DD phase, or in case any needs arise during the period	ESG Promotion Alantra PE promotes among its portfolio Companies the commitment to the UN PRI principles, the continuous monitoring of ESG factors and encourages corporate responsibility initiatives	Reporting & Communication <ol style="list-style-type: none"> 1 Portfolio Companies fill certain questionnaires from our LPs on a demand basis 2 The Management Company communicates to its LPs the developments in ESG on its annual and quarterly reports
Applicability	<ul style="list-style-type: none"> • Applicable to all Companies in the portfolio. However, the amount of time devoted will be contingent to the needs, risks and ESG plan defined during the DD phase 	<ul style="list-style-type: none"> • Applicable to all Companies in the portfolio. However, the amount of time devoted will be contingent to the needs, risks and ESG plan defined during the DD phase 	<ul style="list-style-type: none"> • All portfolio Companies fill the questionnaires • There is an ESG segment in Alantra PE's reporting to LPs
Responsible	The Investment Team that executed the transaction is usually in charge of monitoring the ESG plan execution (if applicable)	The Investment Team that executed the transaction is usually in charge of monitoring the ESG plan execution (if applicable)	The investment Team along with the IR Director