

# RESPONSIBLE INVESTMENT POLICY



*Our commitment with the planet and society*

**CORPFIN CAPITAL**

*December 2020*

## RESPONSIBLE INVESTMENT POLICY

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## 1. OUR PURPOSE

Corpfin Capital is an independent private equity management company, with more than 30 years of experience in promoting and transforming medium-sized companies in the Iberian Peninsula.

Corpfin Capital's aim is to generate value and financial profitability for its investors, while promoting the sustainable growth of the invested companies.

Our **strategy** focuses on identifying business projects with the potential to create value and develop a growth plan with their founders and managers. We are temporary investors, proceeding to divest our participation once the established development goals have been achieved.

Responsible management and integration of environmental, social, and good governance (ESG) principles throughout the investment process, life of the investment and divestment, is an integral part of Corpfin Capital's identity and of our strategy to create value in the medium and long term. As fund managers, responsible investment is part of our fiduciary duty towards our investors, as they also combine financial objectives with the sustainability of their investments. We are convinced that respecting and complying with ESG principles positively affects, not only investment profitability for Corpfin Capital, but also the future success of companies after divestment, thus providing them with a competitive advantage in the long term while having a positive impact on society as a whole.

Our **objectives**, as a financial investor, are the following:

- To obtain returns for our investors by expanding the size and profitability of the participated companies
- To have an impact on investee companies so that they develop and promote environmental, social and good governance (ESG) aspects and become more sustainable and responsible companies at the time of divestment
- To contribute to the development of a sustainable business fabric, with a tangible positive impact on society while being environmentally neutral

## 2. VALUES OF CORPFIN CAPITAL

Corpfin bases its corporate culture on the following values, developed for more than 30 years:

- Ethics, integrity and honesty
- Excellence in every area and full compliance with our commitments
- Perseverance and effort
- Teamwork
- Alignment of our and our investors' interests, under whose mandate we manage the funds
- Respect, dignity and non-discrimination between our staff and investee companies
- Focus on a coherent and clearly defined investment strategy, eliminating any potential conflict between different activities or business areas
- Transparency and clarity in communication
- Independence in decision-making, regardless of any business, financial or governmental group.

## 3. GOVERNING PRINCIPLES OF THE RESPONSIBLE INVESTMENT POLICY

Corpfin Capital's responsible investment policy is based upon the following international guidelines and principles:

- United Nations Principles for Responsible Investment (UN PRI), developed by investors for investors, with the aim of developing a more responsible global financial system, supported by the United Nations since its launch in 2006
- The Sustainable Development Goals (SDGs), approved by the UN in 2015 within the framework of the 2030 Agenda on Sustainable Development, with a global objective for businesses to improve people's lives
- Suggestions from The Task Force on Climate Related Financial Disclosures (TCFD), created in 2015 to promote awareness and reporting of financial risks related to climate, and reduce the impact of climate risks on companies and the economy in general



- the six principles of the United Nations Global Compact developed in 2000



In addition, Corpfín Capital is respectful and aligned with the principles and convictions promoted by the following international organizations:

- the OECD Anti-Corruption Convention of which Spain is a signatory country and has adapted its legislation in accordance with OECD requirements



- the human rights enunciated in the International Bill of Human Rights proclaimed by the United Nations



- the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work



- the recommendations of Invest Europe, the European private equity association made up of approximately 550 private equity operators in Europe, investors and private equity service providers



Next, the main principles and objectives followed by Corpfín Capital regarding ESG.

#### A. PRINCIPLES FOR RESPONSIBLE INVESTMENT



Corpfín Capital was one of the first Spanish private equity firms to sign the United Nations Principles for Responsible Investment (UN PRI), committing ourselves since 2012 to comply with the principles of responsible investment, listed below:

1. We will incorporate ESG aspects into our investment analysis and decision-making processes.
2. We will be active holders and incorporate ESG aspects into our practices and policies.
3. We will persuade investee companies to publish relevant information on ESG aspects.
4. We will promote acceptance and application of the Principles in the global investment community.
5. We will collaborate to improve our effectiveness in applying the Principles.
6. We will report on our activities and progress in the application of the Principles.

In the systematic application of these principles in our organization, we consider an integral part of our mission to transfer these objectives and values to each of our investee companies, in order to contribute to the sustainable improvement of the environment and generating long-term returns for the communities linked with our companies, and for the society as a whole.

## B. SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Corpfin Capital aligns its investment strategy with the 2030 Agenda and promotes support to the SDGs to the extent that they are applicable to its activity and in its corporate social responsibility policy. Likewise, Corpfin Capital promotes support to the SDGs by its investee companies.

Corpfin Capital, considering its activity, has decided to be especially involved in impacting on the following SDGs:



**SDG #3-**We consider that caring for the **health and well-being** of our employees is essential. We provide annual medical check-ups to all our employees, healthy food for everyone in our premises every day of the year, and we facilitate remote working in certain positions in order to facilitate work/family balance.



**SDG #4-**We promote **quality education** among our employees and subsidize their training in areas of specialization according to position and needs. On the other hand, we subsidize 100% language classes to our employees.



**SDG #8-** We provide **decent and adequately paid work** and foster **economic growth** in communities and in society. Our goal is to make our investee companies grow through both internal and inorganic growth through acquisitions, creating jobs and wealth in our environment.



**SDG #9-**We promote the development of **industry, innovation, and infrastructure** by investing in the capital of industrial and technological companies with the aim of creating value in companies and all their stakeholders, in the areas where they operate, sometimes at national or international scale.



**SDG #12**-We contribute to **responsible production and consumption** in our investments following sustainability and circular economy criteria with business decision-making. We generate positive economic and environmental effects by saving costs and reducing emissions, consumption, by-products or waste in the production and supply chains.



**SDG #13**-We are convinced of the importance and need to act against **climate change** in the actions within our power, both at a management level and in our investee companies. The climate footprint is part of our investment evaluation and approval process, and of our activity monitoring role.

### C. OTHER GOVERNING PRINCIPLES OF OUR ACTIVITY

Corpfm Capital is aware of the importance of climate change and the physical and transition risks (regulatory, technological, reputational) it represents. We are committed with a progressive implementation of the transparency recommendations promoted by **TCFD (Taskforce on climate-related financial disclosure)** in terms of governance, strategy, physical and transition risk management, and metrics.

Ultimately, Corpfm Capital within its sphere of influence, supports and encourages compliance with the fundamental values on human rights, labour standards, environment and anti-corruption defined by the UN Global Compact, as per the following:

#### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

#### Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

#### Environment

7. Businesses should support a precautionary approach to environmental challenges;



8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

#### 4. CORPORATE GOVERNANCE OF THE SUSTAINABILITY AREA

The Board of Directors of Corpfine Capital, of which the Managing Partners of Corpfine Capital are members, bears the maximum responsibility regarding ESG aspects. The members of the Board of Directors are fully aware of the importance and impact of ESG aspects in the long term both with regards to the management company and to the portfolio. They are fully committed with progressing and improving this field.

Corpfine Capital has established a corporate governance structure for the development of all ESG topics with the following bodies:

1. **Board of Directors.** It is integrated by the Chairman plus the four Managing Partners of the firm.  
In addition to their functions of supervision and control of the activity, they take on specific functions related to ESG:
  - Discuss and promote ESG aspects at least every six months
  - Supervise the progress and compliance of ESG aspects in accordance with the previously established criteria
2. **Sustainability Committee.** It reports to the Board of Directors and is made up of a Managing Partner and the ESG Director.  
Their functions are:
  - Define the general lines of Responsible Investment Policy
  - Define the strategy and lines of action of the firm in terms of ESG, both internally and with regards to the investee companies.
3. **ESG Director.** Corpfine Capital has defined a specific responsibility in the development of ESG, by appointing a Director in March 2019.  
The ESG Director has been assigned the following main functions:
  - Present the ESG policy to the firm and the investee companies
  - Design and update the Responsible Investment Policy
  - coordinate and support the participating companies in the design of their bodies, ESG policy and their ESG action plans
  - Define, collect, monitor and measure the ESG KPIs in the management company and in the investee companies

- Report quarterly/annually to investors and other stakeholders on ESG progress within the management and portfolio companies, as per our internal models and ad-hoc requests
  - Prepare the annual reports requested by UN PRI
  - Coordinate, report and contribute to the Sustainability Committee or / and Board of Directors, as required.
4. **ESG Team.** Composed of a Managing Partner, the ESG Director, members of the investment team and employees of the management company. Their functions include:
- Circulate and promote ESG policies within the management and investee companies, through awareness-raising and/or training
  - Monitor and ensure the integration of ESG aspects in all the activities, and especially in the investment, monitoring and divestment steps of the portfolio companies

Corpfin Capital values its team members contribution to promote and develop ESG objectives as part of the performance evaluation of employees in the management and investee companies.

#### 5. **INTEGRATION OF SUSTAINABILITY FACTORS IN THE INVESTMENT PROCESS, MONITORING AND DIVESTMENT PROCESS OF PORTFOLIO COMPANIES**

Corpfin Capital has developed detailed procedures aimed to comply with ESG aspects during the whole investment process, including all phases from pre-acquisition and along the analysis and until the execution of an investment, also while the investment is part of the portfolio and finally at the divestment and post-divestment phase. The essential points of this procedure are summarized below.

##### **a. Selection and initial analysis**

Corpfin Capital's investment policy, in addition to any illegal activity, excludes a series of activities because they are not considered adequate to its principles of responsible investment. Corpfin Capital expressly rules out continuing with the analysis of any company in the sectors excluded from the investment strategy.

In summary, the excluded activities are those related to:

- the production of, the sale of or the trade in tobacco or distilled alcoholic beverages and related products
- gambling, casinos and equivalent enterprises, either on-site or online
- pornography
- production of and trade in weapons and ammunition of any kind
- the exploration, mining or extraction of oil, gas, or natural resources
- generation of revenues from coal-based activities
- speculative trading of food commodities
- any kind of human cloning
- genetic modification of organisms
- animal testing
- the research and development of technical applications relating to electronic data programs or solutions electronic programs that support any of the excluded activities, or aimed at illegal access to electronic data networks

In general Corpfm Capital rule out any investment contrary to ESG principles.

#### **b. Due diligence**

Corpfm Capital performs a due diligence of ESG aspects on potential investments prior to making any investment decision. Corpfm Capital generally uses external expert advisors to complete the due diligence and focuses on the material aspects applicable to each activity, in particular on potential risks and opportunities for improvement. In case of any risks, a correction plan will be established prior or subsequent to the entry of Corpfm Capital into the shareholding.

Corpfm Capital has internal processes detailing the aspects and risks to be considered in any due diligence in environmental, social and corporate governance (ESG). Those serve as a guide during the due diligence process. These processes have been shared with the team.

#### **c. Decision, closing of the investment and supporting documents**

The documents presented to the Investment Committee for the final approval of any transaction at Corpfm Capital include a summary of the ESG due diligence results, a rating of the various risks identified and the progress status in compliance and development of ESG policies in the target company. The final investment recommendation also includes an explanation of the areas for improvement identified, and an initial proposal of action plans to be executed during the first year of investment in that company.

Corpfin Capital has also agreed that the closing contracts and documents concerning the closing of an investment, as well as the shareholders' agreement signed with the management team and other potential shareholders, if applicable, must include the appropriate clauses to ensure the commitment of Corpfin Capital and the rest of the shareholders to monitor, minimize risks, and improve ESG aspects in any investment; as well as also include specific references to climate change. Those clauses aim to promote value creation in the investee companies through the integration of ESG aspects, with the commitment of all parties involved.

Regarding bank financing documents, if applicable, Corpfin Capital promotes the inclusion of clauses that lower the price of financing if previously identified ESG objectives are implemented.

#### **d. Investment Period**

Corpfin Capital engages and influences its investee companies in relation to ESG aspects while they are shareholders.

The main areas to focus on are the following:

- **Policy and Action Plan concerning ESG aspects**

One of Corpfin Capital's objectives is to lead, promote and influence the improvement of ESG positioning of its investee companies during the investment period.

In order to achieve that objective, we make sure that each company formally implements an ESG policy, also following its sector's guidelines, provided that they don't already have it at the time of Corpfin's investment; also that policy must be approved by the company's Board of Directors.

Following the closing of an investment, Corpfin Capital, together with the company and some consultants, performs an analysis of materiality and key ESG aspects, and identifies the main indicators and principal adverse impacts.

The next objective is to develop an ESG Action Plan for each of the investees, pinpointing the main risks and opportunities in the ESG field. With this information, the company will draw a plan stating measurable objectives and the steps to achieve them.

- **Reporting of KPIs and Principal Adverse Impacts in ESG aspects**

Corpfin Capital periodically monitors different parameters and principal adverse impacts related to sustainability, including environmental, social and corporate governance aspects. We use regularly updated

questionnaires based on the requirements of Corpfín Capital's stakeholders and also the investee company at stake.

Among those indicators, Corpfín is committed to measuring the carbon footprint of its investees. A measurement system is currently being implemented for that purpose. We also have an incident reporting system in place.

On a quarterly basis, we report to our investors, and all relevant stakeholders, the evolution of ESG aspects in each of the investee companies.

- **Monitoring by the Board of Directors**

Each investee company's Board of Directors includes the discussion and monitoring of ESG aspects in their agenda.

**e. Divestment**

One of Corpfín Capital's objectives during the investee's divestment processes, is to value the advancement in ESG matters by virtue of its influence as a shareholder. Corpfín Capital will protect, as much as possible, the ESG aspects of its divested companies, by including legal clauses if that was the case.

Corpfín Capital has established ad-hoc procedures and templates to include information related to ESG in the documentation assembled for each investee from the beginning of the investment process until its divestment.

## 6. INTEGRATION OF SUSTAINABILITY FACTORS IN CORPFIN CAPITAL

Corpfín Capital integrates environmental, social, and good governance aspects in its operations, at all levels, developing policies and practices in accordance with the promotion of these aspects.

Corpfín Capital offers employees training on sustainability and environmental, social and good governance aspects.

Currently Corpfín Capital has assumed the following commitments:

### E- ENVIRONMENTAL

Corpfín Capital is committed to reducing its impact on the environment, using energy and natural resources efficiently, minimizing waste and acting responsibly. Measures implemented:

- Corpfine Capital promotes virtual meetings, to reduce greenhouse gas emissions, except when traveling is essential for any specific reason
- We use computer and printing equipment with automatic energy-saving mode, to reduce electricity consumption
- We sort waste into organic, packaging, paper / cardboard and others such as printer toners, and batteries, to be properly recycled
- We avoid single-use dishes and cups in favour of reusable dining utensils
- We have timers to optimize water and electricity consumption
- We minimize the use of plastic containers by opting for the consumption of tap water vs. bottled water
- We use recycled paper
- We promote the use of electric vehicles among our employees and we have installed charging points for corporate parking spaces
- We promote renewable energy use among our investees
- We promote environmental awareness among our investee's management teams

## S - SOCIAL

Corpfine Capital provides healthy and adequate working conditions and environment as well as maintaining an occupational health program for its employees. In more detail:

- We are committed to equal opportunities, diversity and inclusion, in relation to gender, sexual orientation, age, ethnicity, religion or disabilities
- We do not employ neither directly nor indirectly forced labour or underage children
- We provide adequate space and lighting working conditions, in a protected work environment, implementing measures to prevent workplace safety hazards
- We offer an annual medical check-up to our staff
- Under the current circumstances we protect our employee's health by implementing prevention measures for Covid-19 following a Covid Plan developed with Grupo Preving
- We provide a flexible benefits scheme personalized and adapted to each employee (meal vouchers, public transport allowance, childcare benefits, corporate vehicle lease, health plans, etc.)
- We provide life insurance for all our employees
- We offer French and English lessons to our staff during working hours
- Our staff has daily access to a free selection of fruits, drinks and other healthy foods.

- Our employees have the option to invest in the funds managed by Corpfín Capital with no lower limit and under preferential conditions

## G - GOVERNANCE

Corpfín Capital has established a corporate governance model based on the firm's corporate values as specified in section 2, which exemplify our respect for ethics and integrity. In particular:

- We comply with all regulations applicable to Corpfín Capital's activity and to its management company as an entity regulated by the Comisión Nacional del Mercado de Valores (CNMV)
- We comply with every aspect stated in our Fund's Management Regulations
- We have a Code of Conduct that defines internal policies and inspiring principles to guide our activity. This code includes:
  - o Commitment of diligence and good faith in our business performance
  - o Prohibition to use privileged information
  - o Prevention and resolution of conflicts of interest, if applicable
- We pay attention and comply with all aspects related to the regulations on prevention of money laundering
- Both the firm as a whole and the ESG area have clear and transparent corporate governance structures
- We are committed to transparency with our stakeholders and we provide detailed information on a regular and ad-hoc basis to our investors and other stakeholders
- We have a responsible and sustainable investment policy in the long term
- We promote good corporate governance in our portfolio companies

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The partners and employees of Corpfín Capital want to return part of the profits that it has given us to the society. Following this objective, Corpfín Capital implemented the "MATCH" program in 2001, a pioneer in the sector. Through this program, the firm annually doubles the amount of endowment donations that each of its employees contributes to the NGOs and foundations of their choice.

Among the NGOs and foundations with which Corpfín Capital and its employees collaborate are Cáritas, Food Bank, UNHCR, Doctors without borders, Education and Cooperation Foundation and Effective Help Foundation. Corpfín Capital also collaborates with the Exchange Scholarship program that the ICADE Business Club has

organized since 2009, aimed at allowing ICADE students with limited financial resources to be able to afford exchange studies at foreign universities.



## 8. TRANSPARENCY, COMMUNICATION AND EXTERNAL PROMOTION OF RESPONSIBLE INVESTMENT COMUNICACIÓN

### A. TRANSPARENCY AND COMUNICACION

Corpfin Capital recognizes the growing importance that ESG aspects have for its stakeholders and promotes the transparency of these aspects, internally and externally.

Since 2012 Corpfin Capital has prepared the **UN PRI Annual Report** according to the established criteria, which includes ESG aspects in the management company Corpfin Capital Asesores, S.A., SGEIC and in relation to its portfolio of companies. The **Transparency Report** is public through the UN PRI website.

Quarterly, Corpfin Capital, together with the ESG officer of its portfolio companies, collects and analyses information on ESG and CSR aspects and reports to its investors on the status and progress of the portfolio companies in relation to the established ESG objectives. For this process, Corpfin Capital has elaborated its **own questionnaire** that includes KPIs and principal adverse impacts in terms of sustainability. Among these KPIs is the measurement of the carbon footprint, whose system Corpfin Capital has committed to implement in 2021. Corpfin Capital will implement progressively and according to the legally established deadlines, the remaining parameters and the principal adverse sustainability impacts, according to the Disclosure Regulation established in 2021.

Corpfin Capital employees have access to the ESG reports of portfolio companies and contribute to their continuous improvement.



## **B. PARTICIPATION IN FORUMS AND DISCUSSIONS**

Corpfin Capital regularly attends forums and debates on ESG aspects, company purpose and sustainability, organized by prestigious institutions and organizations such as UN PRI, ASCRI, IESE and IE and other private entities that organize events, conferences and courses in the ESG area.

Employees of Corpfin Capital are members and participate in the sustainability forum of the Association of Directiv@s and Consejer@s EJE&CON and are part of the Board of Directors of Level 20 in Spain, a non-profit organization with the aim of improving gender diversity in the private equity sector.

## **9. IN-HOUSE AWARENESS AND TRAINING**

### **A. IN-HOUSE AWARENESS**

Corpfin Capital provides its employees with procedures to participate in the integration of ESG factors in the firm's activities, highlighting its importance across the investment process, and in monitoring the companies during Corpfin Capital holding period as shareholder, and in the divestment process. The Investment Committee includes sustainability and ESG aspects in its discussions according to the documentation provided.

In this way, the whole organization feels involved and committed to the achievement of ESG objectives in its daily management of activities.

### **B. TRAINING**

Corpfin Capital has established a training plan to make its employees aware of ESG principles and trends. This training is delivered externally annually. Additionally, Corpfin Capital team receives materials and talks given by the ESG officer or external advisors.

Finally, Corpfin Capital contributes to and benefits from its portfolio companies' ESG practices, forming an ESG ecosystem that continuously improves.

ESG policy closed in December 2020  
This policy will be reviewed biannually