



Avior Capital - ESG Policy

At Avior Capital SGEIC, S.A., (“Avior” or “the Firm”) we believe that environmental, social and governance (“ESG”) issues can have a material impact on our investments and on the communities in which we operate, which in turn has a material impact on the risks and opportunities generated by our investment activity.

Moreover, we believe that our ability to generate value for our investors is significantly influenced by our ability to manage and exploit these risks and opportunities.

Therefore, we have developed policies to ensure responsible investment (See Section 1 *Responsible Investment Policies*), alongside policies for internal operation (See Section 2 *In-house ESG Policies*). Our aim in developing these policies is four-fold:

- To minimise the risks and cost base of Avior Capital through responsible corporate activity;
- To ensure that each investment decision is based on information that includes an accurate, in-depth understanding of the ESG-related risks and opportunities relevant to each individual investment;
- To ensure that each investee company is encouraged to take action to improve its ESG risk profile and to enhance its ability to exploit ESG-related opportunities to improve performance; and
- To ensure that the results of this activity are understood by Avior and its investors.

We appreciate that most companies will show ESG-related risks. Our aim is to understand those risks and to identify the extent to which they can be managed, improved or converted into opportunities for further value creation. In parallel, we aim to provide consistent, relevant reporting to our LP base on all aspects of our ESG-related activity.

ESG Governance Structure

Avior has a designated staff member who oversees compliance with our ESG policies and reviews them annually to ensure they are in line with international best practices.

Performance Evaluation

The involvement in ESG issues of Avior's professionals is recognized and evaluated as part of their performance and influences the calculation of their annual compensation. The concepts evaluated include the integration of sustainability risks (financial risks) in their analysis and investment decision-making.

1. Responsible Investment Policies

1.1 Introduction

1.1.1 Background

We believe high ESG investment standards are fundamental to the long-term growth and sustainability of our firm. Our Responsible Investment Policies are focused on improving long-term resilience and reducing costs by mitigating or eliminating ESG risks, and on identifying ESG-related opportunities to create new value in our investee companies.

Having given careful consideration to the different aspects of ESG, we have developed detailed policies in what we believe are the key areas of Environmental, Climate Change, Health and Safety, Social and Business Integrity issues. Each policy area includes commitments to international best practices.

In developing our approach and policies, we have given consideration to a range of codes and standards, including the Principles for Responsible Investment and the United Nations Global Compact.

1.1.2 Planning and Implementation

An ESG review is a required part of the firm's due diligence process. Each potential investment undergoes a rigorous assessment of actual or potential ESG risks and opportunities, broken down into five key areas of Environmental, Climate Change, Health and Safety, Social and Business Integrity issues. This initial assessment forms part of the core risk management documentation which is updated throughout the investment cycle.

In our strategy, within our investment criteria, we follow the exclusion list of the World Bank's International Finance Corporation and that of the European Investment Bank.

As a prior step to the analysis of any investment, the investment teams check that the company or project in which they wish to invest does not belong to any of the excluded activities.

Avior will not invest in any business activity that consists in carrying out an illegal economic activity. illegal economic activity.

In addition, we excluded the following sectors:

- Production and marketing of tobacco or distilled alcoholic beverages and related products.
- Production and marketing of arms and ammunition of any kind (except EU strategic activities included in its policies).
- Gaming, casinos and equivalent businesses.
- Developments and technical applications related to computerized data programs or solutions, specially focused on any activity described above, such as online gambling or online casinos, or pornography, or any activity that involves or allows illegal access to data networks or the downloading of electronic databases.
- Research, development or technical application related to human cloning or genetic modification of organisms.
- Any activity that limits human rights in any way.

- Exclusion of any company or project with indications of corruption, money laundering practices or other crimes.
money laundering or other crimes.

Where we identify manageable ESG risks, we work closely with individual management teams to develop action plans that enable each company to work towards compliance with the firm's ESG policy post-investment.

We will not invest where we believe that the level of ESG risk is unacceptable and cannot be improved to an acceptable level.

We encourage managers of all investee businesses to adopt and implement in-house ESG policies, whether or not the business entails specific ESG risks.

1.1.3 Monitoring

We regularly monitor to what extent portfolio companies are compliant with our ESG policies, using our risk assessments to determine the appropriate level of management and monitoring required in each case.

Each investee company is required to include information on ESG performance in at least one Board pack annually, which aids our ESG monitoring process.

1.1.4 Reporting

We recognise the importance of communicating openly about ESG activity to our investor base.

We comply with our duty of transparency as a market participant and subject obligated by the Disclosure Regulation.

We will include an ESG update in each quarterly and annual report on our portfolio, and a short session on ESG progress during the Annual General Meeting.

We welcome any feedback, suggestions or advice on our ESG activity from our investor base.

1.1.5 Responsible Investment Policies Review

We review our investment policies and implementation of ESG procedures on an annual basis to ensure that they are in line with current best practice.

1.2 Information regarding Adverse Sustainability Impacts

Currently, Avior does not take into account the Principal Adverse Impacts (significant negative impacts on environmental and social aspects) in its investment decisions, due to the lack of available information.

However, the company is aware of the potential negative impact that its investments may have on the environment and society. Therefore, through its sustainability risk integration process, it seeks to make a global assessment that considers both the internal and external impacts of ESG factors on its investments.

Finally, as the information necessary to properly manage Major Adverse Incidents (MIAs) becomes more accessible, Avior will evaluate considering MIAs in its investment processes.

2. In-house ESG Policies

2.1 Environmental Policies

Avior seeks to minimise any negative environmental impact arising from its operations through:

- Reduction of paper use;
- Reduction of energy and water consumption;
- Waste recycling;
- Preferential use of reusable objects; and
- Limitation of business trips.

2.2 Social Policies

Avior has adopted a human resources policy which values and respects all employees, irrespective of role, gender, race, age, sexual orientation or religious belief.

2.3 Corporate Governance Policies

Avior adopts a responsible and ethical approach to governance and conducts its operations in such a manner as to:

- Comply with all applicable laws;
- Deal with regulators in an open and cooperative manner;
- Prohibit all employees from making or receiving gifts of substance in the course of business;
- Prohibit the making of payments as improper inducement to confer preferential treatment on the company, its agents or advisers;
- Properly record, report and review financial and tax information;
- Clearly define responsibilities, procedures and controls;
- Only use information received from its partners in the best interests of the business relationship and not for personal financial gain by any employee; and
- Prohibit contributions to political parties or political candidates.

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