

SWANLAAB ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

SWANLAAB VENTURE FACTORY, S.G.E.I.C., S.A.

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Contents

1.	Introduction	4
2.	Responsible Investment Policy	4
3.	Swanlaab's responsible investment approach	4
4.	Minimum ESG standards	5
5.	Environment, labour, health & safety, extortion, bribery and financial crime	6
6.	Corporate governance	7
7.	Integration of sustainability risks	7

1. Introduction

Swanlaab Venture Factory, S.G.E.I.C., S.A. (hereinafter "the Management Company") is a Spanish company registered in the *Registro de sociedades gestoras de entidades de inversión de tipo cerrado* of the CNMV with number 100 and registered offices in Madrid, Arbea Campus Business, building 2, 1st floor, 28108, Alcobendas.

In compliance with the requirements introduced by the Spanish Law "Ley 22/2014, de 12 de Noviembre" and being aware of the importance of prudent and efficient risk management, the Management Company has established a responsible investment policy, which comply with the above-mentioned law.

2. Responsible Investment Policy

Swanlaab will use its influence as an investor to promote a commitment in our investee companies to:

- Comply, as a minimum, with applicable local and international laws and regulations (Applicable Laws) and, where appropriate, relevant international standards (International Standards)¹ where these are more stringent than Applicable Laws.
- Mitigate any adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders.
- Uphold high standards of business integrity and good corporate governance.

3. Swanlaab's Responsible Investment Approach

Swanlaab will:

- Promote consistent practice and adherence to this Policy across its Venture Capital investment businesses.
- Provide sufficient information, instruction, training and resources to its staff to ensure **that they can effectively manage ESG matters within their investment activities.**
- Monitor and audit the implementation of this policy on an ongoing basis.
- Report progress on the implementation of this policy annually to relevant Swanlaab stakeholders.

Swanlaab will implement this policy in its new investment activities by:

¹ The **International Standards** include the relevant IFC Performance Standards and associated Guidelines and the International Labour Organisation (ILO) Fundamental Conventions. The IFC is the private sector arm of the World Bank and its Performance Standards are intended to provide a reference for businesses in emerging markets for environmental and social standards. The IFC's Environmental, Health and Safety (EHS) Guidelines are technical reference documents with general and industry-specific examples of good industry practice. The most basic labour rights have been codified by the ILO in the 1998 Declaration on Fundamental Principles and Rights at Work which identified 8 conventions fundamental to the rights of people at work, irrespective of the level of development of a country.

- Carrying out an initial assessment of new investment opportunities using an ESG due diligence tool to identify potential ESG risks and opportunities.
- Where potential ESG risks are identified, evaluating management's commitment, capacity and track record in addressing ESG issues and whether specialist due diligence is required.
- Where our due diligence identifies actual material ESG risks, Swanlaab will require the potential investee company to commit to implementing appropriate measures to mitigate those risks. Such measures may include meeting relevant International Standards (over a reasonable time frame) where these are more stringent than Applicable Laws. Swanlaab will support the potential investee company to do so by developing action plans with appropriate targets, timetables and resources.

Swanlaab will implement this policy in its portfolio management and advisory activities by:

- Encouraging and supporting the investee company to work over the period of Swanlaab's investment to pursue continuous improvement in relation to managing ESG matters as best practice continues to evolve.
- Monitoring and recording the investee company's performance against agreed action plans, targets and timetables as part of Swanlaab's portfolio review process.
- Monitoring and recording serious incidents involving investee companies which result in loss of life, serious injury, material effect on the environment or material breach of law and by promoting corrective actions.
- Considering, at the time of exit, appropriate disclosure of material ESG matters, impacts and steps taken to manage them.

4. Minimum ESG standards

We seek to invest in businesses which are committed to:

A cautious and responsible approach to environmental management of their business operations by making efficient use of natural resources and mitigating environmental risks and damage.

- Respecting the human rights of their workers.
- Maintaining safe and healthy working conditions for their employees and contractors.
- Treating their employees fairly.
- Upholding the right to freedom of association and collective bargaining.
- Respecting the health, safety and wellbeing of those adversely affected by their business activities.
- Upholding high standards of business integrity, avoiding corruption in all its forms and complying with applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.

- Implementing sound corporate governance by establishing clearly defined responsibilities, procedures and controls with appropriate checks and balances in company management structures.

5. Environment, labour, health & safety, extortion, bribery and financial crime

As a minimum, each potential new investee company must comply with all Applicable Laws relating to the environment, labour and health & safety matters and the prevention of extortion, bribery and financial crime.

Where Swanlaab's initial assessment identifies one or more potential risks, Swanlaab's pre-investment due diligence will typically include a more focused investigation into relevant areas, such as:

- Significant labour issues (for example, health & safety issues, poor working conditions, wages below industry / national legal minima, discrimination or absence of a freedom of association and collective bargaining).
- Involuntary resettlement.
- Impact on cultural or archaeological heritage or indigenous peoples.
- Non-local labour or other issues where the negative social impact could be significant.
- Bribery and corruption.
- Severe degradation of water, soil or air quality.
- Production of substantial solid waste.
- Emission of significant quantities of greenhouse gases
- Loss of biodiversity or habitat.

If our pre-investment due diligence identifies one of the above as an actual or potentially material risk, management must:

- Demonstrate to us that they have the commitment, capacity and track record to effectively manage those risks and a willingness to make improvements and reach standards acceptable to Swanlaab in this area over time; and
- Commit to implementing appropriate measures to mitigate those risks, which may include committing to apply the relevant International Standards over a reasonable time frame where these are more stringent than Applicable Laws.

With particular regard to bribery, even where Swanlaab's pre-investment due diligence assesses the company as low risk, we expect management to carry out an assessment of the

business's exposure to bribery within an agreed time frame following Swanlaab's investment and to commit in advance to implement any improvements which may be identified.

6. Corporate governance

As a minimum, we expect all potential investee companies to have in place or, as a term of Swanlaab's investment, agree to implement:

- An appropriate balance of executive and non-executive directors on the board
- Regular board meetings with an agreed agenda and papers circulated in advance
- An annual programme of Board agenda topics including, at least annually, a review of material ESG issues
- Board pack delivered within an agreed period and in a form agreed with Swanlaab
- A robust budget and objective-setting process with clear accountability for key deliverables
- A respected firm of accountants acting as auditors who are independent of the board and shareholders
- Robust systems that produce the data required to manage the business without significant manual intervention
- Adequate internal controls and risk management systems
- A business continuity/disaster recovery plan.

7. Integration of sustainability risks

Swanlaab's commitment to society promotes sustainability and mitigates related environmental, social or governance risks. In order for its employees to pursue those goals, Swanlaab integrates sustainability risks into its compensation policies.

To this end, Swanlaab requires, within the framework of its remuneration principles, that the variable remuneration of its employees does not encourage the assumption of excessive risks relating to sustainability risks in relation to investments regulated by the European SFDR Regulation.

Through its remuneration policy, Swanlaab aims to promote commitment to the social environment, contribute to responsible and sustainable development and have a positive effect on society.

This involvement is based on two main pillars:

- Promoting respect for human rights, and
- The protection of the environment and the fight against climate change.