

# Environmental Social and Governance Policy (ESG)

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**"One of our main objectives is to form part of the global project that focuses on improving our ecosystem. We aim to achieve this by taking care of it as well as developing new opportunities for all those who wish to move forward in a project that concerns us all."**

## 1. INTRODUCTION

This document describes the approach of 4Founders Capital SGEIC SA (hereafter 4Founders Capital) towards responsible investment within the ethical framework of environmental, social and governance considerations in all our actions as a private equity fund manager. This Policy is aligned with regulatory developments and supervisory expectations in the ESG field, including Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector.

4Founders Capital was founded in 2017 and is based in Barcelona. The managed funds are dedicated to empowering talented entrepreneurs with international vision and their teams to build high-impact global technology companies. We help the next generation of entrepreneurs maximize their chances of success to realize their dreams.

4Founders Capital's main contribution to social, environmental and governance impact is made through the partnerships in which it participates. The main impacts are focused on the digitization of SMEs to improve resource efficiency, productivity, and equality, or helping society through the use of technology for the improvement of health, education and responsible consumption.

4Founders Capital works for the economic and social progress of the companies in which its Funds are investing, and also works to improve the overall economy, ecosystem and social progress.

4Founders Capital is committed to ensuring that any actions or decisions it takes, both through its Funds and its investors, are aligned with all the ESG objectives to which it is committed and which are presented below in this document.

## 2. APPROACH TO RESPONSIBLE INVESTMENT

The development of Socially Responsible Investment (SRI) is based on being a responsible and sustainable entity.

Being a responsible entity is based on avoiding harm, which means that we try to prevent significant negative effects on people and the planet, trying to provide the best possible outcome.

A sustainable entity is directed towards the benefit of all stakeholders, which means that it greatly affects positive outcomes for people and the planet itself, showing a beneficial impact on the world and helping to maintain long-term financial performance.

At 4Founders Capital we feel identified with the Sustainable Development Goals (SDG's) published by the United Nations Organization (UN), in particular we pursue to generate a positive impact on Health and wellness (SDG 3), Quality education (SDG 4), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reducing inequalities (SDG 10) and Responsible production and consumption (SDG 12).



### a) Principles and commitments

4Founders Capital is committed to conducting its investment activity guided by the most rigorous values of international standards and principles. It will strive to align the strategies and interests of its investees with international human rights, labor, environmental and anti-corruption standards.

4Founders Capital has made public its commitment to responsible investment by subscribing to the United Nations Principles of Responsible Investment (UN PRI). As a signatory, it is committed to the following principles:

- a) Be active managers and incorporate ESG issues in their policies and practices.
- b) Incorporate ESG values in the investment analysis and decision-making process.
- c) Seek appropriate disclosure on ESG issues by the entities in which it invests.
- d) Promote acceptance and implementation of the principles within the investment industry.
- e) Work together to improve the effectiveness of the implementation of the Principles.
- f) Report on their activities and progress in the implementation of the Principles.

Pursuing maximum transparency, annually as part of our link to UN PRI, 4Founders Capital will publish the Transparency Report.

Furthermore, through quarterly reporting to investors, we inform our LPs of the evolution of the ESG criteria of our investees.

### b) Tools and Resources

4Founders Capital, in order to implement its ESG commitments, has an ESG Committee composed of two senior managers, which is responsible for defining the ESG policy and ensuring its correct implementation both internally and in relation to its investees. The actions of the ESG Committee are supervised and approved by the Board of Directors.

ESG training for the other members of the team is planned on an annual basis.

ESG criteria are expected to be included in 4Founders Capital's remuneration policy in the medium term. Prior to this, we must establish the parameters to be considered for an objective assessment of the fulfillment of objectives.

### 3. ENVIRONMENTAL FACTORS

At the team level, the goal is to minimize our environmental impact in every action we take as individuals and as a company, always looking for effective ways to reduce the impact on our environment with small gestures that, together, can be significant.

One of our goals is to reduce our use of paper in the office. We also use videoconferencing instead of traveling to face-to-face meetings, avoiding CO2 emissions from travel. We have also managed to avoid disposable plastics, recycle and try to buy environmentally friendly office components whenever possible, as well as verifying the Corporate Social Responsibility of our main suppliers.

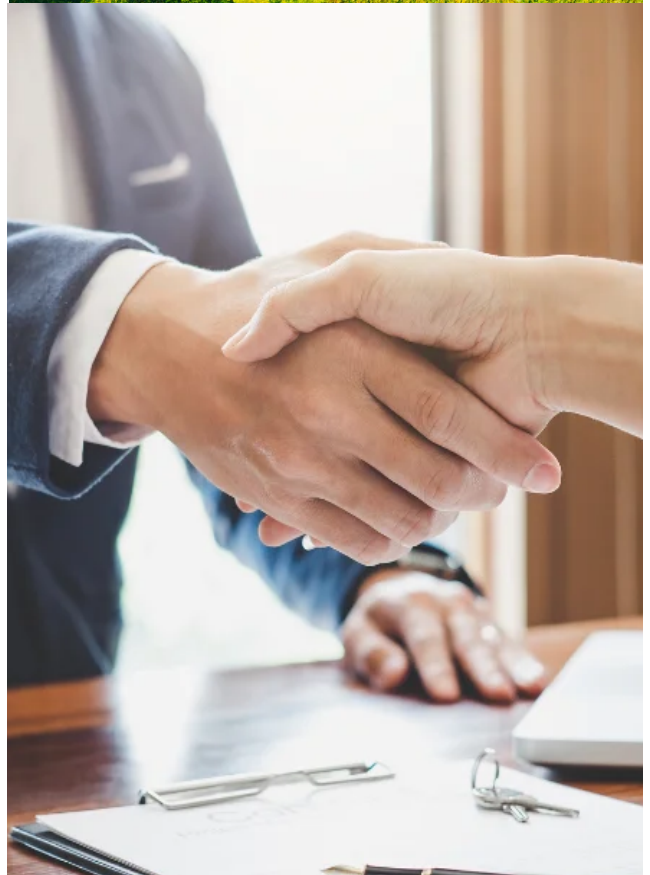
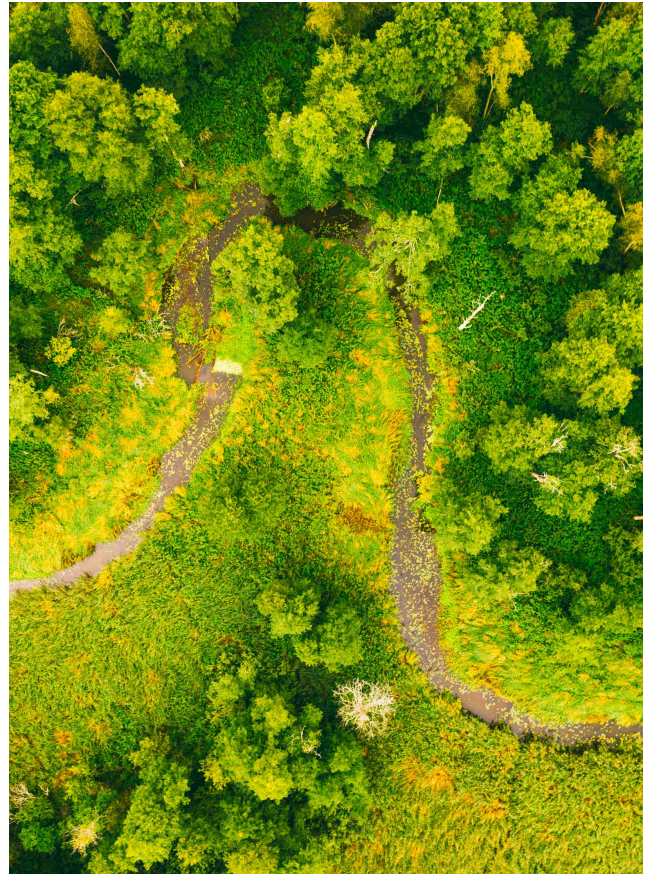
At the business level, we are committed to improving our ecosystem through our investments. Section 6 of this document explains in detail *4Founders Capital's* application of ESG in the investment process.

### 4. SOCIAL FACTORS

4Founders Capital collaborates socially, on one hand, by investing in businesses and advising startups during the early stages so that they progress quickly, thus creating new job opportunities. It also actively collaborates with the non-profit association SeedRocket, an entity that promotes entrepreneurship by working since 2008 to promote startups with high growth potential to present to its network of investors and mentors. The collaboration with Seedrocket is materialized both financially and through our participation and sponsorship of their Podcasts, which improves the knowledge of entrepreneurs through the experience of their network, as well as through the mentoring of their startups.

In addition, we are committed to participate in companies that improve and facilitate the welfare of our society through our specialty: technology.

Finally, each year we select a social project to which we provide financial support through a donation.



## 5. CORPORATE GOVERNANCE FACTORS

We conduct our business by applying good ethical principles and follow the best industry practices included in Invest Europe's Professional Standards Manual, strictly following our value system and including our ethics in our daily actions, as well as in the responsibility we have towards our investors.

4Founders Capital has an Internal Code of Conduct which, without prejudice to any other obligations that may be required by virtue of its labor or commercial relationship, the applicable regulations or the bylaws, determines the criteria of behavior and action to be followed by its addressees in relation to conflicts of interest, confidential information, the treatment of reserved information and the cases of intervention in the securities market.

We practice a transparent communication system towards our investors and within our network. Transparency is an unequivocal value in our business, as clear communication with our investors is one of our main priorities, informing them of any change or event that is important to them.

We foster a multidisciplinary team, providing equal opportunities to employees regardless of race, gender, age, religion, or political ideology.

All projects that come into our hands are treated in the same way, providing the same opportunities to all possible investments, focusing on the business idea and without discriminating by race, gender, religion or political ideology.

4Founders Capital is authorized and regulated by the Comisión Nacional del Mercado de Valores (CNMV).

External audits corroborate all the values of our entity, and reinforce our commitment to our network of employees, investors, mentors and other collaborating companies.

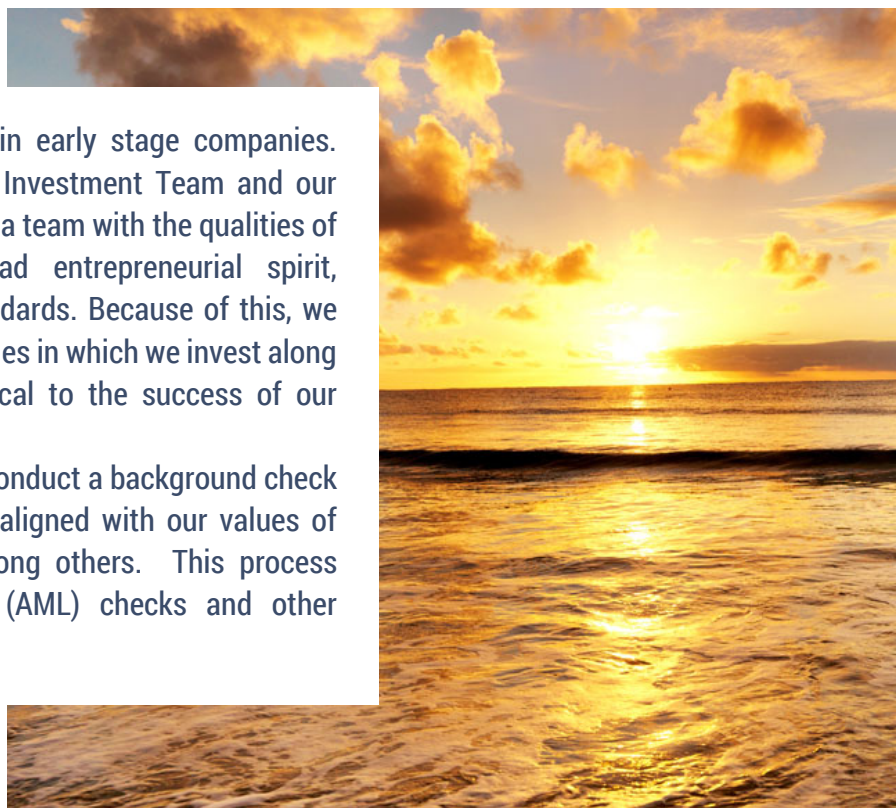
## 6. ESG APPLICATION IN 4FOUNDERS CAPITAL

### a) Constitution of the Funds:

#### Fundraising

4Founders Capital is dedicated to investing in early stage companies. Therefore, we believe it is essential that our Investment Team and our network of Mentors together with our LPs form a team with the qualities of a strong international background, a broad entrepreneurial spirit, management experience and high ethical standards. Because of this, we are able to offer additional value to the companies in which we invest along with ethical behavior that we believe is critical to the success of our investors.

Therefore, when we accept new investors, we conduct a background check and assess whether the potential investor is aligned with our values of integrity, commitment and transparency, among others. This process includes conducting anti-money laundering (AML) checks and other investigations of illicit practices.



## Inclusion of ESG criteria in the Prospectus of the managed funds

In "Annex III - Disclosure of information related to sustainability" which has been incorporated into the Prospectus of the managed funds, the following is established;

*"In accordance with the provisions of art. 6.1 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information relating to sustainability in the financial services sector, it is hereby informed that the Management Company shall integrate sustainability risks in the investment decisions on the Investee Companies, incorporating them in the due diligence processes and being a factor to be taken into consideration in the selection of investments. For this purpose, the Management Company shall use its own methodology, based on internal analyses for which it may use data provided by the managers with which it co-invests, by the Investee Companies or by other sources. The potential impact of sustainability risks on the profitability of the investee companies will also be assessed. The sustainability risk of the investee companies will depend, among other things, on their sector of activity or geographical location. Thus, investee companies with a higher sustainability risk may suffer a decrease in their valuation and, therefore, negatively affect the Fund's valuation.*

*In relation to the main adverse impacts of investment decisions on sustainability factors, the Management Company does not take into consideration adverse impacts on sustainability factors as it does not currently have due diligence policies in relation to such adverse impacts."*

### **b) Investment decisions:**

#### Pre-investment ESG Due Dilligence of investees

The project analysis process includes a Due Diligence where the main indicators monitored by 4Founders Capital are reflected. If in any of these indicators the investee under study does not reach 50% of the ratio, the investment is discarded.

We invest in early stage companies where the human team is what counts the most. The team is the fundamental pillar for success and, consequently, the values of integrity, respect, excellence, entrepreneurship, social awareness, and teamwork are meticulously analyzed and contrasted through references, because we believe that people are the most valuable element of a company. Likewise, potential investee companies are evaluated to see if they are aligned with our values and especially if what they offer can contribute in some favorable way to the environment or society, as it is a means to promote sustainability.

The investee's compliance is assessed for each investment, and we take into account future regulations and market changes that could affect the investment.



## Exclusions

4Founders Capital will not invest in, guarantee, or otherwise provide financial or other support, directly or indirectly, to companies or other entities (i) whose business consists of illegal economic activity (i.e., any production, trade or other activity that is illegal under laws or regulations applicable to the Company including, but not limited to, human reproductive cloning) or (ii) that are substantially focused on:

- a) the production of and trade in tobacco and distilled spirits and related products;
- b) the production of and trade in arms and ammunition of any kind, it being understood that this restriction does not apply to the extent that such activities are part of or incidental to explicit policies of the European Union;
- c) casinos and equivalent enterprises;
- d) technical or research applications related to electronic data programs or solutions that:
  - i. specifically seek to support any activity referred to in (i) and (ii), and (a) to (c) above; Internet gambling and online casinos; or pornography; or
  - ii. that are intended to enable unlawful entry into electronic data networks; or downloading electronic data;
- e) fossil fuel-based energy production and related activities, as follows:
  - i. extraction, processing, transportation and storage of coal;
  - ii. petroleum exploration and production, refining, transportation, distribution and storage;
  - iii. natural gas exploration and production, refining, transportation, distribution and storage;
  - iii. natural gas exploration and production, liquefaction, regasification, transportation, distribution and storage;
  - iv. electric power generation exceeding the Emission Performance Standard (i.e., 250 grams CO<sub>2</sub>e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydroelectric plants with large reservoirs;
- f) Energy intensive industries and/or with high CO<sub>2</sub> emissions, as indicated:
  - i. Manufacture of other inorganic basic chemicals (NACE 20.13);
  - ii. Manufacture of other organic basic chemicals (NACE 20.14);
  - iii. Manufacture of fertilizers and nitrogen compounds (NACE 20.15);
  - iv. Manufacture of plastics in primary forms (NACE 20.16); v. Manufacture of cement (NACE 23.51)
  - v. Manufacture of cement (NACE 23.51);
  - vi. Manufacture of iron and basic steel and ferroalloys (NACE 24.10);
  - vii. Manufacture of tubes, pipes, hollow sections and related fittings, of steel (NACE 24.20);
  - viii. Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34);
  - ix. Aluminum production (NACE 24.42);
  - x. Manufacture of conventionally fueled aircraft and related machinery (sub activity of NACE 30.30);
  - xi. Conventional fuel air transport and airports and service activities related to conventional fuel air transport (NACE 51.10, 51.21 and 52.23).

Notwithstanding the foregoing, Investments in the sectors referred to in this paragraph (f), including items i. to xi., if the Management Company confirms that the operation of the final recipient (i) qualifies as environmentally sustainable investments as defined in the "EU Taxonomy for Sustainable Activities" (Regulation (EU) 2020/852, as amended from time to time) supplemented by technical criteria established under the "EU Taxonomy Delegated Acts" (Commission (EU) Delegated Regulations supplementing Regulation (EU) 2020/852 or forthcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under the European Investment Fund's Climate Action and Environmental Sustainability (CA&ES) criteria for green financing. In addition, if the Fund supports the financing of research, development or technical applications related to (i) human cloning for research or therapeutic purposes, or (ii) genetically modified organisms, the Management Company shall ensure adequate monitoring of the legal, regulatory and ethical issues related to such human cloning for research or therapeutic purposes and/or genetically modified organisms.



The Fund, in no case, will invest, directly or indirectly, in companies whose activity is related to:

- a) The sale or production of armament, equipment or ammunition for military or police use;
- b) The development and/or execution of projects whose results limit the individual rights of persons or violate human rights;
- c) The development and/or execution of projects that harm the environment or are socially inadequate;
- d) Projects that are ethically or morally controversial.

## **Investment decisions**

Based on the Due Diligence we perform on each company for the evaluation of the investment opportunity, we may exclude investment in companies that do not follow our values and policies, including those that contain ESG risk.

4Founders Capital does not invest in companies that have not met the minimum requirements set forth in the ESG KPIs (<50% of any of them).

## **ESG Partners Pact**

The obligation to comply with ESG policies is included in the shareholders' agreement with the wording of the following section:

## Environmental, social and corporate governance

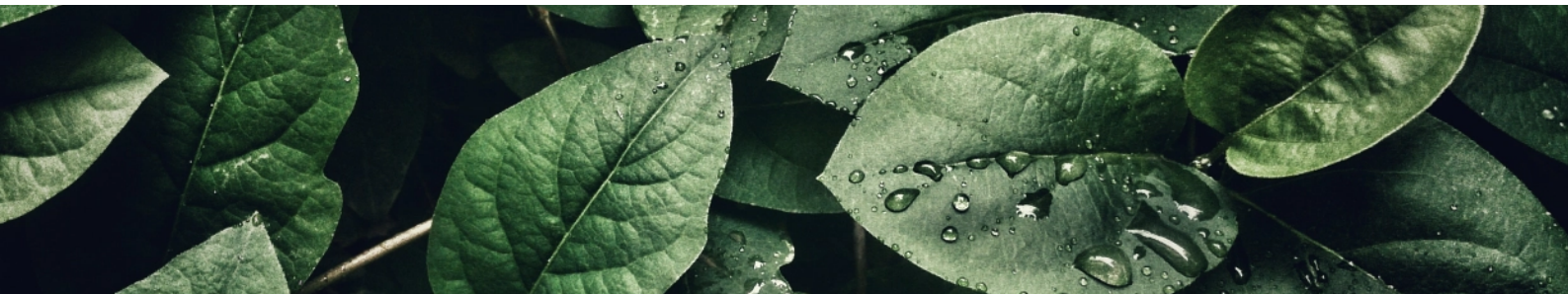
- *The Company expressly declares that it complies with environmental, social and governance (ESG) standards, such as those relating to (i) use of natural resources, (ii) impact on the environment, (iii) employment, (iv) social dialogue, (v) human resources, (vi) attention to people, (vii) relationship with suppliers and customers, (viii) relationship with the region and partners in general, (ix) governance and (x) management.*

- *In consideration of the foregoing, the Company and the Founders are committed to use their best efforts to adopt a forward-looking approach so that the Company and its Affiliates operate their businesses in a manner that reconciles economic interest and corporate social responsibility. In particular, the Company and the Founders undertake to concentrate their efforts, initially, on matters to be decided by mutual agreement between the Founders and the Investors, within three (3) months following the date hereof.*

- *As part of the general information and inspection rights attributed to the Investors in connection with their investment under the Investment Agreement, the Investors shall have the right to request an audit of the environmental, social and corporate governance matters of the Company and/or its Subsidiaries from an accredited auditing firm.*

In addition, the right to periodic information on behavior in this area is incorporated along with other economic-financial variables:

-As soon as possible, but in any case, no later than 30 days after the close of each fiscal year, ESG data will be reported.



## **c) Holding Period:**

### **ESG policy compliance monitoring**

Sustainability policies, ESG responsibilities and actions to be taken or improved are discussed with the investee in order to obtain optimal results.

During our contact with companies, we go a step further by giving recommendations on their next decisions and provide advice on any topic, including any ESG recommendations we may make.

On a quarterly basis, compliance with ESG criteria is reviewed for each of the investees. The analysis is reflected in the Investor Report, which includes ESG monitoring indicators.



## d) Disinvestment Impact Reporting

At the time of disinvestment, we provide a full description of the impact achieved by the investee on ESG criteria since the beginning of the investment.

## 7. TRANSPARENCY AND COMMUNICATION

We periodically inform our LPs of the evolution of the ESG criteria of our investees, parameters that are an integral part of 4Founders Capital's quarterly reporting. In addition, as part of our link with UN PRI, 4Founders Capital will publish an annual Transparency report.

