

Responsible investment policy

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Introduction and scope

Artá Capital, SGEIC, S.A. ("Artá Capital") is convinced that the fulfilment of its strategy and objectives requires a sustainable management model that combines an adequate return on its investments with social justice, environmental protection and the creation of value for the different stakeholders.

Artá Capital wishes to formalize this philosophy and these values by defining the basic principles and action framework through which these principles will be implemented, both in decision-making and in its internal and portfolio management activities.

This policy sets out the principles and commitments that will enable Artá Capital to align its responsible investment strategy with all its stakeholders and systematize its investment approach in its activities.

Framework of action

The policies of both the management company itself and its investors/shareholders determine Artá Capital's framework for responsible investment and, in particular, Corporación Financiera Alba, as the main investor and with which it is linked at various levels. Specifically, the policies that define Artá Capital's basic framework of action are^[1]:

- Code of ethics and conduct
- Corporate governance policy
- Remuneration and conflict of interest policy
- Internal manual on prevention of money laundering and terrorist financing
- Internal code of conduct

This framework for action is in turn, aligned with the United Nations Principles for Responsible Investment, to which Artá Capital has been a signatory since 2020, which are as follows:

1. Incorporating ESG (Environmental, social and Governance) issues into investment analysis and decision-making processes.
2. Being active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

In addition, since 2015, Corporación Financiera Alba has been a member of the United Nations Global Compact, the largest international voluntary initiative to promote sustainable development in the areas of human rights and business, labour standards, the environment and anti-corruption. Through this membership, Corporación Financiera Alba and its group are committed to applying the 10 principles of the Global Compact in its sphere of influence, which includes Artá Capital.

[1] The Code of ethics and conduct and the Corporate governance policy are those of Corporación Financiera Alba, as Artá is part of its group.

This framework is based on ethical behaviour at all levels and strict regulatory compliance to ensure the integrity of the management company and its professionals in the conduct of all its activities, thus maintaining its credibility and reputation in the eyes of current and potential investors.

Governance model

To ensure the correct implementation of this policy and the associated investment strategy, Artá Capital considers essential to establish clear supervision and implementation responsibilities, both in terms of internal management and that of its investments, being aware of the crosscutting nature implicitly associated with these issues.

Artá Capital's Board of Directors is responsible for defining responsible investment guidelines, supported by Artá Capital's Investment Committee, which, among others, performs investment decision-making and monitoring functions and must take into account the policies and principles of responsible investment in the analysis of any investment opportunity.

Finally, the management team is responsible for the transfer and integration of the responsible investment guidelines in the investee companies through joint work, monitoring and periodic reporting

Responsible investment

Artá Capital's investment strategy focuses on unlisted companies located in the Iberian Peninsula, mainly family-owned, with a clear focus on long-term value creation, with active participation throughout the investment cycle. This investment approach has as its starting point the exclusion of companies with a strictly real estate or financial activity, as established in the Management Regulations of the investment vehicles managed by Artá Capital and in the Letters of Adhesion signed by investors.

Artá Capital believes that limiting its exposure to these sectors and companies, not only reduces the intrinsic risks of its portfolio, but also allows it to identify investment opportunities in companies that promote the generation of sustainable value in the long term.

In addition to this exclusionary approach, Artá Capital, based on its priorities and those of its investors, considers essential to take into account the following key Environmental, Social and Governance issues:



Environmental

Environmental Management
Sustainable use of resources
Climate change
Circular economy



Social

Attracting and retaining talent
Diversity and equal opportunities
Training and development
Reconciliation
Health and safety
Value chain
Impact on local communities



Governance

Corporate governance
Information security
Ethics and compliance
Commitment to Sustainable Development Goals

In this way, Artá Capital approaches these issues from a global perspective, integrating them into its daily management activities, as key levers of value creation, both for the management company itself and for its investments

Implementation of the policy in the investment process

Artá Capital understands that the commitments set out in this policy must be implemented in a practical manner throughout the investment cycle, from the selection of assets to the effective involvement in the management of its investments. For this reason, Artá Capital systematizes this integration and tries to involve all the agents taking part in the process:

- **Integration in the investment phase:** as previously stated, in this phase, Artá Capital applies exclusion criteria to all potential opportunities based mainly on the sector of activity.

This investment approach is complemented by a preliminary screening process, which is systematically applied to identify potentially large ESG risks associated with the investment opportunity.

Additionally, as part of the due diligence phase, not only financial and business aspects will be analysed, but also other environmental, labour, reputational and social issues, based on the sector and geography of the opportunity. Depending on the results of the preliminary screening, the due diligence process may be complemented with a specific ESG due diligence, allowing a comprehensive approach to all potential ESG risks and opportunities associated with the investment.

- **Post-acquisition integration:** it is during this phase when Artá has the greatest capacity to promote the integration of its responsible investment principles in its investments, considering its long-term approach and active participation, maximizing the results and value. For this reason, Artá Capital promotes joint work between its investment teams and the management team of its investees, to jointly advance in the integration of environmental, social and governance criteria in its decision-making, management and day-to-day activities.

This joint work includes, but is not limited to, the periodic monitoring of the most relevant indicators for Artá Capital, defined based on the priorities of its investors, the main standards in the investment environment and their sectoral relevance. The monitoring of these indicators allows Artá Capital to identify the starting point, the specific actions to be implemented and the progress in ESG matters on its investments.

In its commitment to transparency, especially with its investors, Artá Capital will prepare an annual performance report that includes its own progress in responsible investment, as well as consolidated information on the performance of its portfolio companies against the main environmental, social and governance indicators previously defined.

- **Integration in the divestment:** as part of the divestment process, Artá Capital performs a global analysis of the investment performance since its acquisition. Through this analysis, Artá Capital identifies its contribution to improving the performance of the companies and the potential for improvement in the short and medium term against the identified key indicators. These indicators include environmental, social and governance issues, depending on the company under analysis.

Performance evaluation

Dedication of Artá Capital's professionals to ESG issues is recognized and evaluated as part of their performance, and has an impact on the determination of their annual variable remuneration. Among others, aspects evaluated, include the introduction of ESG considerations into their daily work.

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Grupo March

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