



RESPONSIBLE INVESTMENT POLICY

BONSAI PARTNERS

2023

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I. Our beliefs in responsible investment

The public nature of the policy responds to the obligations of the Disclosure Regulation (EU 2019/2088) at the fund manager level.





At Bonsai Partners, our conviction is that the incorporation of social, environmental and governance factors in our investment processes and in the management of our investees contributes to their value creation process, as well as being an effective means of risk management in our investment activity.

We understand that acting as responsible investors is part of our fiduciary duty in a context where our investors are actively working to align their financial and sustainability objectives.

We are aware that acting as responsible investors is a gradual process of incorporating best practices and a process of continuous improvement to which we are committed. We also firmly believe that mitigating sustainability risks protects our investments and enhances our reputation as an investor in the market, generating value in the medium and long term.

Our investment approach is intrinsically linked to sustainability, as we focus on companies that optimize resources, even eliminating the consumption of inputs in certain cases. Our investments **pursue the search for efficiency** together with **the improvement of the social and environmental impact of their activities**, their value chain and the life cycle of products and services.

In this sense, we invest in alignment with the **Sustainable Development Goals**:

Sustainable Development Goals at Bonsai Partners			
			
<p>SDG 8: Decent work and economic growth. 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.</p>	<p>SDG 12: Responsible consumption and production. 12.5 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>SDG 9: Industry, innovation and infrastructure. 9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<p>SDG 11: Sustainable cities and communities. 11.6 - By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>
<p>Pursuit of job creation and talent retention with special emphasis on the technology sector.</p>	<p>Supporting companies that pursue the objective of promoting responsible production and consumption.</p>	<p>Investing in and promoting the creation of digital platforms. We are committed to efficiently connecting supply and demand.</p>	<p>Search for efficient solutions, where the use of resources is optimized.</p>

II. Guiding principles and commitments

The general principles that guide our actions are the following: (i) respect for Human Rights and individual freedoms (ii) preservation of the natural environment and (iii) collaboration with the development and well-being of the communities and people with whom we interact.

As a result, **"our commitment to sustainability has significantly increased the weight in our portfolio of more ESG-conscious companies."**

In this sense, we are committed in our activity and that of our investees to act in accordance with the values and principles recognized in the United Nations Global Compact on human rights, labor rights, environment and anti-corruption, and in the main international agreements in this regard, included in the framework of the United Nations, the International Labor Organization or the OECD.

When investing, we aspire to comply with best practices as responsible investors.

We embrace the following principles:

1. Incorporate ESG issues in the analysis and investment decision-making processes.
2. Incorporate ESG issues in the exercise of our ownership practices and policies.
3. Influence our investees to report on ESG issues that are relevant to them, wherever possible.
4. Promote acceptance and application of the Principles among the investment industry.
5. Work with other signatories to improve the effectiveness of the implementation of the Principles.
6. Report our activities and progress in implementing the Principles.

III. Means and dedicated team

At Bonsai we understand that in order to effectively respond to the commitments assumed as a responsible investor, it is necessary to have an adequate ESG governance structure:

- i. we have appointed people responsible for ESG at the management company, formed by two members of the team: a founding partner and the CFO, who direct and coordinate the ESG activity of the management company and the investees.
- ii. we have the services of an expert consultant who works closely with ESG managers and investment teams in incorporating ESG factors into the investment process.
- iii. we provide ESG training to the investment teams.
- iv. we conduct a performance evaluation including ESG issues in the computation of the annual variable compensation of our professionals. The evaluated concepts include the integration of sustainability risks in the analysis and investment decision-making process.

Within our own investees, we are committed to exerting maximum influence on ESG topics, providing them as far as possible with all the necessary means to carry out our sustainability commitments.

IV. Integration of ESG factors in the investment process

At Bonsai, we act as responsible investors in our day-to-day business, integrating ESG factors in each of the phases of our investment process by incorporating sustainability risks and the analysis of the main adverse impacts in terms of sustainability.

We understand the principal adverse impacts (PAIs) set out in the Disclosure Regulation (EU 2019/2088) to be the adverse impacts of an investment decision from an environmental, social or governance perspective (non-financial risk). Bonsai does not commit to collect PAIs on an annual basis, as set out in the obligations detailed in the technical standards of the Disclosure Regulation (EU 2019/2088).

1. Screening

We have decided to exclude a number of activities that we believe are contrary to our principles and those of our investors, and which carry a high reputational risk, from our investment universe.

The investment opportunities we consider are screened on a preliminary basis. In this screening we rule out investing in companies engaged in any of the following businesses or activities:

- a) Illegal economic activities: production, marketing or any other activity which is illegal under the law or regulation of the applicable jurisdiction for each fund. Human cloning for reproductive purposes is considered an illegal economic activity in the context of these guidelines.
- b) Or that are substantially focused on:
 - i. Tobacco and distilled spirits: the production and trade of tobacco and distilled spirits and related products.
 - ii. Production and trade of arms and ammunition: the financing of the production and trade of arms and ammunition of any kind. This restriction does not apply to the extent that such activities are part of or ancillary to European Union policies.
 - iii. Casinos: financing of casinos and equivalent companies.
 - iv. Research, development or technical applications related to electronic data programs or solutions, that:
 - a. Have as their specific purpose (i) the support of any activity referred to in section a) or b) (ii) internet gambling and online casinos or (iii) pornography or;
 - b. Are intended to unlawfully enable (i) access to data networks or (ii) the downloading of computer data.
 - v. Life sciences sector: any support for the financing of research, development or technical applications related to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms will be excluded, in the latter case with the exception of those lines of research that ensure adequate control of legal, regulatory and ethical issues related to genetically modified organisms.

We review our list of exclusions on a regular basis to capture controversial issues that we may identify in our ongoing dialogue with our investors.

2. Due Diligence

Once it has been verified that the company we are analyzing does not carry out excluded activities, we will carry out, as far as possible, an internal ESG assessment of the company through the completion of a questionnaire on ESG risks and opportunities, the ESG questionnaire, where the following points will be included:

- Sector analysis of key ESG risks, adverse impacts and opportunities.
- Company specific analysis on major ESG risks, adverse impacts and opportunities.

3. Investment Committee Approval

The conclusions of the analysis shall be set forth in the Investment Memorandum for evaluation by the Investment Committee, and shall include, at least, a description of the material risks and recommendations to mitigate such risks.

The Investment Memorandum will be presented to the Investment Committee for final approval of the investment incorporating ESG aspects into the discussion.

Specifically, if material sustainability risks or significant adverse impacts were identified in the Due Diligence phase, Bonsai's Investment Committee commits to request that the company develops the identified recommendations that mitigate such risks.

4. Portfolio management

As a non-controlling investor, our ability to influence and manage the investment is limited at Bonsai. Even so, we are committed, within our means, to make our best efforts to influence the decisions of the management team and the Board of the investees in the integration of ESG aspects in the value creation plans.

In addition, we will make our best efforts to seek agreements with our co-investors to achieve alignment on ESG matters and to obtain sufficient capacity to influence the investee's management team.

The purpose of these agreements will be to encourage the investee to manage identified material ESG risks that could undermine the value of the investment, or to activate ESG value creation levers at different stages of the investment process.

On an annual basis, our investment team will update the ESG questionnaire, with the collaboration of the investee companies whenever possible. This update will allow us to detect improvement areas the company can build an action plan off of. The ESG questionnaire will also enable to record the progress made by the company in terms of sustainability. For the time being, we do not envisage the possibility of implementing the definition and calculation of PAIs to measure the main adverse impacts.

5. Follow-on

For the follow-on phase, i.e. the investment of new capital, our investment team will re-evaluate the ESG progress made and propose adjustments to the value creation plan if necessary. The evaluation will be done by updating the ESG questionnaire completed during the due diligence and portfolio management phases.

6. Divestment

The fundamental purpose of the exit process is to be able to demonstrate that ESG has been considered as a lever for value creation and thereby reach more investors through the financing rounds. In this sense, Bonsai will conduct an ESG exit evaluation, based on the ESG questionnaire that will assess the progress made during the investment period.

V. Transparency and communication

We understand that transparency in ESG issues is also a responsibility of our investees, and we will encourage, using our levers of influence, that they report on the ESG issues that pertain to them.

Furthermore, as a participant in the financial market and subject to the Disclosure Regulation (EU 2019/2088), we include information on the integration of sustainability risks on our website.

VI. Internal and external promotion of responsible investment

The Bonsai team actively participates in the promotion of responsible investment among the investment community and society in general, offering to share best practices.

Finally, we understand that in ESG it is fundamental to lead by example and we try to apply ESG best practices in our operation as a management company, in our internal governance structure, in our relationship with our employees, with the investment industry, society and the environment.