

RESILIENCE PARTNERS

ESG POLICY

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INDEX

1. GENERAL CONTEXT: Who is RSL, market, size, etc.
2. PURPOSE: Why the policy has been developed and how the organization defines responsible investment
3. SCOPE: Whether the policy applies to all assets under management, or certain geographic regions or asset classes
4. POLICY: The concrete objectives guiding the investments and the organization.
5. RESPONSABILITIES: The individual(s) accountable for achieving the policy's commitments
6. IMPLEMENTATION: How the organization plans to fulfill the commitments and monitor progress
7. REPORTING: How the organization intends to report on progress
8. REVIEW: How and when the policy will be reviewed

1. GENERAL CONTEXT: Who is RSL, market, size, etc.

Resilience Partners (RSL) has been designed as a direct lending Fund that provides long-term financing solutions to Spanish SMEs for their growth and financing plans (*Mission*).

Fund I started operations in 2017 and has raised c. EUR 50 M aiming to have a portfolio of 10-12 credit facilities at the end of its investment period. Fund II targets to raise between EUR 150-200M, expecting to start operations in 2020 with the aim of closing between 12-20 investments along the 3-years of investment period.

The team is a small team composed < 10 people among partners, investment managers and analysts. The small size of the organization and the limited resources conditions somewhat the areas of the policy application.

2. PURPOSE: Why the policy has been developed and how the organization defines responsible investment:

The policy has been developed to help investors, portfolio companies and staff to understand what the policy means in practice for the internal organization as well as for the investment activity, identifying who is responsible to implement it and finally how the results should be monitored.

RESILIENCE PARTNERS defines responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in its investment decisions and corporate organization.

ESG is in the DNA of Resilience Partners since inception given that the Fund was founded and developed by a majority of women, being the only Private Debt Fund in Spain still majority owned and managed by women. This way Resilience Partners commits to United Nations Sustainable Development Goal number 5 related to "Gender equality" as RSL aims to empower women in a sector historically and still nowadays dominated by men.

Moreover, Resilience Partners has identified many other sustainable principles that are strongly internally settled, among others:

1. Giving support to entrepreneurs to finance their growth plans, helping SMEs which does not have many financing options to become more solid, fomenting the economic growth of the country.
2. Creating impact to the society by promoting innovation, job creation, and/or any kind of initiatives giving value to every stakeholder not only to the shareholders. Following this approach RSL does not invest in sectors that attempt to human's good health and well-being like gaming, tobacco, arms, pornography, cloning, etc.

3. Supporting diversity and inclusion in gender, nationality, etc. giving opportunities following a meritocratic approach.
4. Eco-friendly working approach, ensuring sustainable consumption and production patterns. Internally this means reducing the use of paper by avoiding printing as much as possible, reducing physical travelling by using video or phone conference calls when possible, recycling office supplies, etc. Externally this means investing in companies that try to reduce carbon emissions, use recycled supplies, invest in R&D in order to improve efficiency in products and processes, etc.
5. Integrity, transparency, problem solving, alignment, LT partnership are the values that rule our internal organization, from staff recruiting to promotion and also in the selection of investment opportunities.
6. Focusing on efficient working process, avoiding unnecessary paperwork in order to allocate internal resources to those process that indeed generate value.
7. Mentoring is also promoted internally as a way to guide and help students and/or junior staff in developing their professional career.
8. Encouraging charity and/or activities that help and give visibility to vulnerable collectives.

3. SCOPE: Whether the policy applies to all assets under management, or certain geographic regions or asset classes

The policy applies to all staff and all the assets under management independently of the asset class (i.e. debt, equity, etc).

4. POLICY: The concrete objectives guiding the investments and the organization.

Out of the eight sustainable principles mentioned above, RSL has prioritized the first five as RSL key sustainable principles that should rule any internal decision as well as any investment decision:

1. Promote SMEs economic growth
2. Create impact to the society
3. Support diversity (gender and others)
4. Eco-friendly working approach
5. Transparency, alignment, LT partnership

For the investment decisions this means giving a score from 1 (worst) to 5 (best) to each of the five sustainable principles and decide to go ahead or decline the investment opportunity according to the final result. Thus final scores go from 5 (worst) to 25 (highest). For the sake of clarity any opportunity that results in a

sustainable score equal or below 10 should not be pursued any further. In addition to that, at least 70% of portfolio companies should have a score higher than 15.

As regards to the portfolio, the conclusion is that 100% of the portfolio have a rating above 15 either, at investment moment. The average rating at investment moment was 16,25 while the average rating as of May 2020 improved to 17. This means that our financing has helped companies to contribute further to any of RSL key sustainable principles. As of September, including the last two investments of RSL, average ESG rating has increased considerably. As regards the opportunities on the WIP we note a significant improvement in the ESG rating for most of the companies compared to the portfolio.

5. RESPONSABILITIES: The individual(s) accountable for achieving the policy's commitments

RESILIENCE PARTNERS will have an integrated responsible investment team. This means that partners, portfolio managers and investment analysts must analyse ESG issues and integrate their findings into overall investment analysis and decisions.

6. IMPLEMENTATION: How the organization plans to fulfil the commitments and monitor progress

Internal due diligences must include the analysis of the companies' policies and actions as regards ESG. Deal teams will then identify and rate the five sustainable principles that are key for RSL and include the result in the credit proposal that recommends the approval of the opportunity.

7. REPORTING: How the organization intends to report on progress

Besides reporting the rating of every investment opportunity in the credit proposal that recommends the approval of the opportunity, once a year RSL will report on the portfolio companies' ratings and comment on changes if any.

8. REVIEW: How and when the policy will be reviewed

The policy will be reviewed every time the organization expands into a new fund or a new asset class. Additionally, the policy should be also reviewed if targets have not been met, to evaluate what went wrong and why, and introduce measures to ensure future success.