

Website disclosures pursuant to Article 10 of Regulation (EU) 2019/2088 and Articles 25 to 36 of Commission Delegated Regulation (EU) 2022/1288

Product Name: Fondo Nazca Aeroespacial y Defensa Invierte I, F.C.R.

a) Summary

- a) **No sustainable investment objective:** This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.
- b) **Environmental or social characteristics:** Fondo Nazca Aeroespacial y Defensa Invierte I, F.C.R. (the “Fund”) is an Article 8 fund that promotes the improvement of environmental, social and corporate governance (ESG) performance of the companies in which it invests. The main objectives of improving the ESG performance of investee companies are:
- **Characteristic 1:** the reduction of the negative externalities that are generated by the companies, in particular the reduction of the carbon footprint through its measurement;
 - **Characteristic 2:** the creation of jobs; and
 - **Characteristic 3:** improving corporate governance structures and establishing compliance policies that contribute to creating appropriate incentive systems and prevent corruption.
- c) **Investment strategy:** Nazca pursues a strategy based on the strategic improvement of its investments seeking to generate sustainable value creation and preservation. Nazca’s deal-sourcing approach emphasizes attractive growth opportunities across diverse sectors, instead of focusing on specific sectors, with the intention of adding value through: (i) inorganic growth, (ii) acquisitions, (iii) strategic definition, (iv) operational improvements, (v) reinforcement of management teams and (vi) active management of ESG factors in the company.
- In addition, during the Due Diligence phase, an assessment of good governance practices is carried out, specifically: adequate management structures, employee relations, employee remuneration, and compliance with tax obligations. All of this is in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
- d) **Proportion of investments:** 51% of the Fund's investments promote environmental and social characteristics in accordance with Article 8 of the SFDR, without having among its objectives to make sustainable investments.
- e) **Monitoring of environmental or social characteristics:** To assess the ESG performance of investee companies, a set of indicators is used that are reviewed at least once a year and grouped into two types: Core KPIs, common to the entire portfolio and based on international standards; and Company-specific KPIs, defined according to financial materiality criteria. This system allows Nazca's ESG Committee to make informed decisions and link observed impacts to the Sustainable Development Goals (SDGs).
- f) **Methodologies:** The Fund promotes ESG characteristics through several binding elements:
1. **Due diligence** conducted by an external provider, who identifies the main ESG risks and opportunities in the company prior to the investment. If material risks or significant adverse incidents are detected, the company is required to implement immediate measures to manage these risks and eliminate the identified negative impact.
 2. **Holding period:** a continuous improvement protocol for ESG performance is activated. This protocol includes a medium- and long-term ESG strategic plan developed by an independent expert, with specific actions to be executed annually and a set of ESG indicators that allow for the evaluation of progress on planned actions, identification of adverse incidents, and monitoring of achievements in ESG matters. To align the Fund’s investment in the company with compliance with this protocol, an evaluation of the investment process will be conducted, which will include the implementation of the ESG strategic plan for the overall improvement of the company’s ESG performance.
- g) **Data sources and processing:** Nazca, in collaboration with sustainability external experts and an ESG Leader appointed internally within each investee, measures the ESG KPIs and reports back on progress on an annual basis.

- h) **Limitations to methodologies and data:** there are limitations related to (i) Lack of consistency, comparability, periodicity and reliability from each of the investees (ii) human error in the provision of data and (iii) different reporting periods and group perimeters. Nazca expects to improve data quality and minimize the limitations mentioned above as the reporting process is improved overtime. The Fund engages with an external consultant each reporting period to provide guidance on best practices to ensure data quality.
- i) **Due diligence:** Nazca's due diligence process allows the Fund to identify, in the pre-investment, ESG risks and opportunities of the potential investment. This is complementary to the other Due Diligences carried out before an investment decision is made (legal, labor, commercial, etc.) Due diligence in ESG matters covers the following:
- Identification of the company's material financial issues based on sector classification.
 - ESG assessment based on Nazca issues.
 - Development of short- and long-term recommendations based on conclusions about risks and opportunities.
- The results and conclusions of the ESG due diligence are summarized in a report that is submitted to the Investment Committee for review before an investment decision is made.
- j) **Commitment policies:** Once the investment decision has been made, a medium- and long-term ESG strategic plan is implemented for the company, which also adheres to Nazca's ESG policy. To this end, an external advisor specializing in sustainability is hired to develop the action plan. The plan is validated by the company and approved by its Board of Directors within a maximum period of 12 months from the investment. Internally, an ESG manager is appointed to coordinate the implementation of the plan. Progress on the plans is reported periodically to the company's Board of Directors, informing them of the progress made on the objectives set for each year.
- k) **Designated reference benchmark:** No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by Fondo Nazca Aeroespacial y Defensa Invierte I, F.C.R.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

c) Environmental or social characteristics of the financial product

Fondo Nazca Aeroespacial y Defensa Invierte I, F.C.R. ("the Fund") promotes, as part of its investment strategy, the improvement of environmental, social and corporate governance (ESG) performance of the companies in which it invests.

The main objectives of improving the ESG performance of investee companies are:

- **Characteristic 1:** the reduction of the negative externalities that are generated by the companies, in particular the reduction of the carbon footprint through its measurement;
- **Characteristic 2:** The creation of jobs; and
- **Characteristic 3:** Improving corporate governance structures and establishing compliance policies that contribute to creating appropriate incentive systems and prevent corruption.

(together, the "Characteristics")

The improvement of ESG performance of the investee companies as the main feature pursued by the Fund will be implemented in 51% of the Fund's investments.

d) Investment Strategy

Nazca Capital is an independent private equity firm specialized in the mid-market segment investing in small and medium enterprises, mostly family-owned, by taking a majority or significant minority stake. Nazca predominantly targets investments in the Spanish peninsula focusing on market-leaders with strong management teams.

Nazca pursues a strategy based on the strategic improvement of its investments seeking to generate sustainable value creation and preservation. Nazca's deal-sourcing approach emphasizes attractive growth opportunities across diverse sectors, instead of focusing on specific sectors, with the intention of adding value through: (i) inorganic growth, (ii) acquisitions, (iii) strategic definition, (iv) improvements in organization and operations, (v) reinforcement of management teams and (vi) active management of ESG factors in the company. With an average investment period of 3 to 6 years, Nazca believes in long-term investments to explore the untapped potential of the business models it invests in.

Throughout the holding period, Nazca ensures that the investment decision requirements are well understood and that the company has an action plan and sufficient resources to mitigate risks and material adverse impacts.

This improvement in the company's ESG performance is achieved through engagement with the company's management team and through the influence exerted by exercising political rights in the companies in which the Fund invests.

Policy to assess good governance

The majority of investments have been in family-owned businesses with basic governance structure. In this respect, Nazca's ESG Action Protocol ensures that once a company enters the portfolio, a corporate compliance program is implemented within the first 12 months of the holding period.

In line with their commitment to responsible investment and as a signatory of the UN PRI since 2016, Nazca incorporates ESG factors throughout the entire investment cycle to support sustainable value creation. This begins in the pre-investment phase with the execution of an ESG Due Diligence to identify ESG risks and opportunities, in particular, governance practices, which are discussed in the Investment Committee, specifically: adequate management structures, employee relations, employee compensation, and compliance with tax obligations. Once the investment decision has been made, an ESG action protocol is triggered which involves the drafting and approval of an ESG action plan and the measurement of ESG KPIs that are monitored and reported on a periodic basis. Nazca actively engages with the management teams of investee companies to provide support with Action Plan implementation and KPI reporting.

All of the above is carried out in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

e) Proportion of Investments

We expect 51% of the Fund's investments to promote environmental and social characteristics in accordance with article 8 of the SFDR.

f) Monitoring of environmental or social characteristics

To monitor progress in the company's ESG performance, a system of indicators is used, which are evaluated at least once a year.

These indicators are grouped into two categories: Core KPIs (common to the entire portfolio) and Company-Specific KPIs (specific to each company).

The Core indicators have been selected based on recognized regulations and standards, such as SFDR, SDGs, ILPA, and Data Convergence Project, and allow Nazca's ESG Committee to effectively monitor the Fund's sustainability performance and make informed decisions.

For their part, specific KPIs are defined using a financial materiality methodology and allow for the evaluation of ESG factors that are financially relevant to the Fund's investment strategy in the company.

Finally, the impacts identified through this set of indicators are linked to their direct contribution to the SDGs.

g) Methodologies

As part of the investment strategy aimed at improving the performance of the company, several binding elements have been established:

- (a) A specialized due diligence is carried out by an external provider, identifying the main ESG risks and opportunities of the company prior to the investment. This analysis also considers potential adverse incidents in the pre-investment phase and includes recommendations to seize opportunities and mitigate risks and negative impacts.
- (b) If material risks or significant adverse incidents are detected, the company is required to implement immediate measures to manage those risks and eliminate the identified negative impact.
- (c) During the holding period, a continuous improvement protocol for ESG performance is activated. This protocol includes two key components:
 - A medium- and long-term ESG strategic plan, developed by an independent sustainability expert, with concrete actions to be carried out annually.
 - A set of ESG indicators that allow for evaluating the progress of the planned actions, the main adverse incidents, and tracking the achievements obtained in ESG matters.
- (d) The action protocol will include, at a minimum, the following actions:
 - The company's adherence to Nazca's ESG policy.
 - The appointment of an ESG Leader within the company to coordinate and drive the implementation of the actions.
 - The approval of the company's medium- and long-term ESG strategic plan, along with the proposal of concrete annual measures to achieve the longer-term strategic objectives.
 - The approval of a Corporate Compliance program that strengthens Corporate Governance.
 - The measurement of the carbon footprint.
- (e) To align the Fund's investment in the company with compliance with this protocol, staff assessments take into account the degree of implementation of the ESG strategic plan for overall improvement in the company's ESG performance, as well as its progress in this area.

h) Data sources and processing

Data sources: Information is gathered directly from the portfolio companies through Nazca's ESG Monitoring Tool.

Data quality: Nazca has engaged an external advisor to review the information to ensure data quality. In case insufficient data quality is spotted, the ESG Team engages with the investee to iterate the data until it is correct and undertakes an internal validation.

Data processing: The data obtained from portfolio companies is processed by Nazca's ESG team with the help of an external ESG consultant. The data is collected in a digital format and processed in Nazca's ESG monitoring tool.

Data estimation: Nazca relies on real data and not are estimated, with the limitations mentioned below.

i) Limitations to methodologies and data

Limitations to the methodologies and data referred to in the above sections include, but are not limited to:

- limited capacity to measure or report from the portfolio companies,
- different reporting periods and group perimeters,
- human error in the provision of data,
- data collection done by email and excel as well as through web tools, which could lead to human error

We expect to improve data quality and minimize the limitations mentioned above as we improve the data collection process.

The engagement with an external ESG consultant helps with the centralization of the data collection process and ensures the highest amount of accuracy/consistency possible.

j) Due Diligence

The Fund's Due Diligence process allows for the formal assessment of target companies on financially material ESG factors and principal adverse impacts that could pose risks and opportunities for their short- and long-term value creation along the life of the investment.

The ESG Due Diligence is done in parallel to the financial, legal, and tax due diligences in the pre-investment phase and is carried out by a specialized external consultant.

The ESG Due Diligence covers the following:

- Identification of the company's financially material themes based on industry classification
- ESG assessment based on Nazca's themes
- Elaboration of short-term and long-term recommendations based on risk and opportunity findings

The due diligence is constituted of desk-based assessments, direct engagement with the target and, to the extent possible, a site visit to the company's headquarters. The latter allows the due diligence team to assess and verify first hand, claims made by the company¹.

The findings and conclusions of the ESG Due Diligence are summarized in a report which is then turned over for review to the Investment Committee before an investment decision is made.

k) Engagement Policies

Once the decision to invest in a company has been made, a mid and long-term ESG strategic plan is activated post-closing, which includes the company's adherence to Nazca's ESG policy. The investee hires a sustainability external expert to design a strategic action plan. This plan is to be approved by the company within a maximum of 12 months and approved at Board level. An ESG leader is appointed internally within each investee to ensure the proper implementation of the action plan. The ESG leader reports to the Board of Directors to communicate on the progress made on annual objectives.

- Include the action plan's material aspects as well as certain information obligations to facilitate its monitoring within a 180-day Plan and Value Creation Plan for the Investment Period
- The monitoring of the execution of the Value Creation Plan through periodic dialogue with the investee's ESG Responsible as well as Board of Directors' meetings. This Value Creation Plan, details the strategic objectives and the actions necessary to achieve said objectives. During the Investment Period, compliance with the action plan is monitored and promoted in the Investee Companies through representation on the Board of Directors, dialogue with the management team and coordinated action with the ESG Responsible.
- The Value Creation Plan includes a core set of actions that have been described in the "Methodologies" section.

l) Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by Fondo Nazca Aeroespacial y Defensa Invierte I, F.C.R.

VERSIONS

Date	Comments	#
2025.08.01	First approval	1

¹ Site visits are not conducted on all potential investments. The investment team alongside the external consultants conducting the due diligence assess whether a site visit is necessary and/or possible on an ad-hoc basis.