



Principal Adverse Impact Statement in accordance with Article 4-10 of Commission Delegated Regulation (EU)

2022/1288 of 6 April 2022

June 2025

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1. SUMMARY

Nazca Capital SGEIC, S.A. (hereinafter “Nazca Capital” or “Nazca”) considers principal adverse impacts of its investment decisions on sustainability factors.

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

The present statement consolidates principal adverse impacts on sustainability factors at entity level, i.e. Nazca Capital SGEIC, S.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024. This report includes results on sustainability indicators (Table 1) and additional information relevant to the results (Table 2).

RESUMEN

Nazca Capital SGEIC, S.A. (en adelante “Nazca Capital” o “Nazca”) considera los principales impactos adversos de sus decisiones de inversión en factores de sostenibilidad.

Nazca Capital es una firma de capital privado independiente especializada en el segmento del mercado que invierte en pymes, en su mayoría de propiedad familiar, mediante la adquisición de una participación mayoritaria o minoritaria significativa, con el objetivo principal de invertir en la península española y centrándose en los líderes del mercado con equipos de gestión sólidos.

La presente declaración consolida los principales impactos adversos en los factores de sostenibilidad a nivel de entidad, es decir, Nazca Capital SGEIC, S.A.

Esta declaración sobre los principales impactos adversos de los factores de sostenibilidad cubre el período de referencia del 1 de enero de 2024 al 31 de diciembre de 2024. Este informe incluye resultados sobre indicadores de sostenibilidad (Tabla 1) e información adicional relevante para los resultados (Tabla 2).

2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1. Adverse Sustainability Indicator Results

Adverse sustainability indicator		Metric	Unit	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for next reference period.
Greenhouse Gas Emissions	1. GHG Emissions	Scope 1 GHG emissions	t Co2-eq	3,359	2,843	Both Nazca IV and V Funds have experienced an increase in its carbon footprint. In Fund IV largely due to two investments. Specifically, one has increased its fuel consumption and the other one has as well, due to the progressive normalization of post-covid hotel activity and new hotels in the portfolio. In Fund V, mainly due to the first-time inclusion of the data pertaining to a new subsidiary of a Fund V portfolio company (acquired in 2022), with energy-intensive activity. SICC I has experienced a reduction in the carbon footprint compared to last year while for SC II it is the first time that Principal Adverse Impacts have been reported.	<p>The actions taken in 2024 have been:</p> <ul style="list-style-type: none"> Scope 3 emissions have been calculated for the second time for 100% of Fund V and SICC companies, and 86% of Fund IV portfolio companies and for the first time for 100% of SC II companies. Decarbonisation plans approved in 93% of our portfolio, 2 of them including scope 3 reduction targets. <p>The actions planned in 2025 are:</p> <ul style="list-style-type: none"> Calculating Scope 3 emissions for the remaining companies that have not yet completed this assessment, improving data availability and data quality for the entire portfolio. Approving and implementing carbon reduction plans for companies that have not yet done so, including, when reasonable, measures to reduce scope 3 emissions. Initiating a target-setting process to determine the feasibility of making a commitment.
		Scope 2 GHG emissions	t Co2-eq	3,074	3,001		
		Scope 3 GHG emissions	t Co2-eq	51,297	33,785		
		Total GHG emissions	t Co2-eq	57,731	39,629		
	2. Carbon Footprint	Carbon Footprint	tCo2-eq/€m invested	128	101		
3. GHG intensity of investee companies	GHG intensity of investee companies	t Co2-eq/€m revenue	154	117			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	0%	0%	None of our companies are active in the fossil fuel sector.	No action needed at this stage.	

Adverse sustainability indicator		Metric	Unit	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for next reference period.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	%	Consumption: 61% Production: 0%	Consumption: 72% Production: 0%	As part of Nazca's commitment to reducing our portfolio company's carbon footprint, non-renewable energy consumption has significantly declined, and production has been completely phased out. This demonstrates that our efforts to transition to renewable energy are delivering measurable results.	Nazca encourages renewable energy self-consumption mechanisms, such as the installation of solar panels at company facilities, and when not possible, contracting electricity from renewable energy providers.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of investee companies, per high impact climate sector	GWh/€m revenue	0.084	0.052	A slight increase has been observed in Funds IV and V, primarily due to the first-time inclusion of the data pertaining to a new subsidiary of a Fund V portfolio company (acquired in 2022), which involves energy-intensive operations. On the other hand, SICC I has seen a slight reduction in energy intensity per high-impact climate sector. Data is not yet available for SC II, but Nazca will work to obtain this information for the next reporting period.	Nazca encourages renewable energy self-consumption mechanisms, such as the installation of solar panels at company facilities, and when not possible, contracting electricity from renewable energy providers.
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to bio-diversity sensitive areas where activities of those investee companies negatively affect those areas	%	5.5%	5.3%	Only one of our companies' sites or operations are in or near to biodiversity-sensitive areas. A slightly increased is observed only due to portfolio composition and valuation changes that affect the weighted results.	No action needed at this stage.

Adverse sustainability indicator		Metric	Unit	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for next reference period.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	tonnes/€m invested	24	24 ¹	Only two companies in the portfolio reported emissions to water, which have the appropriate permits in place to do so.	Nazca has not taken concrete measures in order to reduce emissions to water in 2024. We will encourage those investees where this impact is relevant to analyze emissions to water during 2025 with a view to identifying possible improvements.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	tonnes/€m invested	0.16	0.26	Portfolio companies have seen a significant reduction in hazardous waste generation. Overall, hazardous waste levels across the portfolio remain low and continue to follow a downward trend.	No measures are necessary at this stage. The amount of hazardous waste is already very insignificant and is on a downward trend.
Social and Employee Matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	0%	0%	There are no known violations of the Global Compact.	Encourage the establishment of processes to monitor compliance with OECD Guidelines for Multinational Enterprises for potential new investee companies.
	11. Lack of processes and compliance mechanism to monitor compliance with UN Global Compact principles and OECD Guidelines for multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance	%	31%	34%	Four companies have not yet formalized processes to monitor compliance with UN Global Compact principles and OECD Guidelines for multinational Enterprises. These are part of the Fund IV.	In 2024, Nazca has encouraged the establishment of formalized processes to monitor compliance with OECD Guidelines for Multinational Enterprises. During 2025, Nazca will continue doing so.

¹ Figure revised from the previous year, mainly owing to enhanced data collection and quality.

Adverse sustainability indicator		Metric	Unit	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for next reference period.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	15%	16%	A slight decrease in the gender pay gap is observed, indicating that efforts to reduce it across the portfolio are ongoing. SC II contains the sole company demonstrating a gender pay gap favorable to female employees.	<p>In 2024, we have calculated the gender pay gap in all our companies except for two.</p> <p>Our companies follow the Spanish Equality law which seeks transparency on gender pay gap. When the topic is deemed material, a specific action is included in the ESG long-term strategic plan.</p> <p>Nazca encourages non-discrimination on the basis of gender in terms of salary allocation.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies	%	21%	20%	A slight increase in the gender diversity of the boards has been observed.	<p>Nazca is committed to promoting gender diversity on the Board whenever feasible.</p> <p>However, this will always be done in compliance with Nazca's robust requirements for obtaining board membership in investee companies.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%	0%	0%	Our RI Policy strictly forbids the investment in controversial weapons.	No action needed.

Adverse sustainability indicator		Metric	Unit	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for next reference period.
Environment - Emissions	15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	%	4%	6%	All companies except one have developed a quantitative emissions reduction plan.	In 2024, Nazca has promoted the approval of quantitative emissions reduction plans, setting quantitative targets for 2030. In two of those companies, targets for Scope have been set.
Social - Social and employee matters	16. Number of days lost to injuries, accidents, fatalities, or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	N.	940	894 ²	There has been a slight increase in the number of days lost to injuries, accidents, fatalities, or illness in all Nazca-managed funds, except for SCII, as it is the first-time this KPI is calculated. Additionally, it is worth mentioning that the portfolio-wide employee count has also increased.	Nazca has an accident prevention protocol and ensures the monitoring and implementation of Health and Safety improvements in its investees.
	17. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	Rate	12.1	11.3 ²	The accident ratio has seen a minor increase, largely attributable to Fund V following the exit of a company that accounted for a substantial workforce but maintained low accident rates.	Nazca has an accident prevention protocol and ensures the monitoring and implementation of Health and Safety improvements in its investees.

² Figures adjusted from the previous year, mainly driven by shifts in the relative weight of each portfolio company, as calculations are value-weighted and potentially subject to significant annual variations.

3. DATA SOURCES

Table 2. Adverse Sustainability Indicator Sources and Assumptions

Adverse sustainability indicator		Unit	Source	Explanation & Assumptions
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse Gas Emissions	1. GHG Emissions	t Co2-eq	Company information	GHG emissions are measured under GHG Protocol methodology. The latest characterization factors have been applied from the 2014 IPCC Fifth Assessment Report. Operational Control approach is applied.
	2. Carbon Footprint	tCo2-eq/€m invested	Company information	All variables have been considered as per defined in Annex I from COMMISSION DELEGATED REGULATION (EU) 2022/1288 of 6 April 2022 (https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj). Debt investments are considered following the indications of the Regulation in Article 17 Section 1.a).
	3. GHG intensity of investee companies	t Co2-eq/€m revenue	Company information	GHG intensity of portfolio companies calculated in accordance with the formula specified in Annex I from COMMISSION DELEGATED REGULATION (EU) 2022/1288 of 6 April 2022. Weighting is applied proportionally to the value of the investment as a ratio of the total value of all investments, both in million euros.
	4. Exposure to companies active in the fossil fuel sector	%	Company information	Sum of all investments made in companies related to the fossil fuels sector (exploration, mining, extraction, production, processing, storage, refining or distribution) as a ratio of the total value of all investments, both in million euros.
	5. Share of non-renewable energy consumption and production	%	Company information	Sum of all investments made in companies related to the fossil fuels sector (exploration, mining, extraction, production, processing, storage, refining or distribution) as a ratio of the total value of all investments, both in million euros.
	6. Energy consumption intensity per high impact climate sector	GWh/€m revenue	Company information	Weighted average of the energy consumption intensity of the portfolio companies', specifically for companies listed as part of a High Impact Climate Sector. Intensity metric is calculated dividing the total energy consumption of the company in GWh by its annual revenue in million euros. Weighting is applied proportionally to the value of the investment as a ratio of the total value of all investments, both in million euros. 'High impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	%	Company information	Sum of all investments made in companies with sites or operations located in or near to biodiversity-sensitive areas as a ratio of the total value of all investments, both in million euros.
Water	8. Emissions to water	tonne/€m invested	Company information	The proportional part of each portfolio company's emissions to water corresponding to the fund is calculated multiplying each company's emissions to water by the Investment-to-Enterprise Value Ratio. All the proportional emissions are aggregated to obtain the fund's final emissions to water that is then divided by the value of all investments in million euros. Emissions focused in eutrophication impact category (i.e. contamination of excess nutrients in water bodies due to human activity).
Waste	9. Hazardous waste ratio	tonne/€m invested	Company information	The proportional part of each portfolio company's hazardous wastes generated corresponding to the fund is calculated multiplying each company's hazardous wastes by the Investment-to-Enterprise Value Ratio. All the proportional emissions are aggregated to obtain the fund's final waste generation that is then divided by the value of all investments in million euros. Hazardous waste categorization as per defined by the EU LoW codes (Table 1: List of waste categories - European Commission)
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND BRIBERY MATTERS - RELATED INDICATORS				
Social and Employee Matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	%	Company information	Sum of all investments made in companies with violations of the UN Global Compact principles and OECD as a ratio of the total value of all investments, both in million euros.
	11. Lack of processes and compliance mechanism to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	%	Company information	Sum of all investments made in companies with a lack of processes and compliance mechanisms to monitor UN Global Compact principles and OECD as a ratio of the total value of all investments, both in million euros.
	12. Unadjusted gender pay gap	%	Company information	Difference between average gross hourly earnings of male paid employees and of female paid employees as a ratio of average gross hourly earnings of male paid employees is calculated for each company. Then the average of all ratios is determined.

	13. Board gender diversity	%	Company information	Women board members as a ratio of total board members are calculated for each company and then the average of all ratios is determined.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	%	Company information	Sum of all investments made in companies related to controversial weapons' manufacture or selling as a ratio of the total value of all investments, both in million euros.
OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACT				
Environment - Emissions	15. Investment in companies without carbon emissions reduction initiative	%	Company information	Sum of all investments made in companies related without carbon emission reduction initiatives as a ratio of the total value of all investments, both in million euros.
Social - Social and employee matters	16. Number of days lost to injuries, accidents, fatalities or illness	N.	Company information	Number of workdays lost to injuries, accidents, fatalities or illness of portfolio companies expressed as a weighted average
	17. Rate of accidents	Rate	Company information	Rate of accidents in portfolio companies expressed as a weighted average

4. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Nazca Capital is committed to incorporating ESG factors into the entire investment process. In this sense, we have committed to integrate non-financial ESG considerations, including principal adverse impacts of investment decisions on sustainability factors, as a core value-creation strategy, from the initial companies' screening stages to the end of its investment.

This commitment seeks to ensure that the most relevant ESG criteria, and specifically including principal adverse impacts of investment decisions on sustainability factors, are continuously and diligently monitored by both Nazca and its portfolio companies, to minimize investment risk and maximize value.

The way we prioritize principal adverse impacts on sustainability factors and how those policies are kept up to date and applied, include all of the following:

- (a) the date on which the governing body of the financial market participant approved those policies:
 - the Responsible Investment policy last updated on July 25th, 2023
 - the Principal Adverse Impact statement initially approved on March 31st, 2021 and updated on 1st January 2023. The statement is publicly available on our website: <https://www.nazca.es/estrategia/esg/>
- (b) how the responsibility for the implementation of those policies within organizational strategies and procedures is allocated: at Management Company level, the ultimate responsible for overseeing responsible investment is Nazca's Investment Committee, as well as the investment team of each portfolio company. At company level, the responsibility to oversee the effective implementation of ESG plans and initiatives corresponds to the Board of Directors of every company. Additionally, Nazca's ESG Committee is comprised of senior members who meet on a periodic basis. The team, reporting to Nazca's Board of Directors, is also committed to lead Nazca's integration process, by issuing policies and processes, and making sure that Nazca's team and portfolio companies are fully on board in the implementation of ESG.
- (c) the methodologies to select the indicators referred to in Article 6(1), points (a), (b) and (c), and to identify and assess the principal adverse impacts referred to in Article 6(1), and in particular an explanation of how those methodologies take into account the probability of occurrence and the severity of those principal adverse impacts, including their potentially irremediable character:
 - a. During our due diligence process, we undertake an external 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
 - b. We have not started yet to take into account the probability of occurrence and the severity of those principal adverse impacts, and do not assess their potentially irremediable character.

- c. Any associated margin of error within the methodologies referred to in point (c) of this paragraph, with an explanation of that margin: the calculations above might have a margin of error due to:
 - i. Limited capacity to obtain KPIs from our portfolio companies
 - ii. Existence of potential differences in perimeter or information periods
 - iii. Human error in the provision and gathering of data (formula miscalculation, misunderstanding, etc.)
- (d) the data sources used: data are sourced directly from portfolio companies by email and through ESG Advantage, an ESG platform specialized in ESG data collection.

5. ENGAGEMENT POLICIES

Summary of engagement policies:

During our ownership period, Nazca includes ESG topics in the ongoing dialogue and monitoring of portfolio companies with the aim to encourage their management teams to include ESG initiatives in their activity and promote good practices and continual improvement. Nazca has designed an ESG protocol for portfolio companies that seek to engage with the investees in a structured way. This protocol includes ESG actions that will have to be performed by the portfolio companies within the investment period as well as the design of ESG action plans for long-term value creation elaborated by external ESG experts, with specific targets and goals. Of note, Management teams' incentive packages include ESG objectives.

6. REFERENCES TO INTERNATIONAL STANDARDS

Nazca Capital uses internationally-accepted standards as well as Spanish local regulation, including (but not exhaustive, the UN SDGs, the UN Guiding Principles on Business and Human Rights y OECD Guidelines for Multinational Enterprises.

- (a) The indicators used to consider the principal adverse impacts on sustainability factors are the ones required and described by the SFDR and its RTS. In particular:
 - Nazca is signatory of the TCFD and the GHG emissions calculations follow the GHG Protocol.
 - Biodiversity metrics follow Spanish local regulation.
 - Gender pay gap follow Spanish local regulation.
- (b) Scope of coverage and data sources: Nazca has used data received directly from its portfolio companies and 100% have reported on PAIs.
- (c) No forward-looking climate scenario is used, and we do not envisage to use it in the near future.
- (d) The companies Nazca Capital invests in are SMEs with limited resources dedicated to sustainability. An advanced forward-looking climate scenario implies having both internal and external resources that are not envisaged in the near future.

7. HISTORICAL COMPARISON

A historical comparison of the period reported on with the previous reported period is included in Table 1 above.