



ESG 2021 Report

Environmental, Social and Governance

Meridia
Capital





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1. Our purpose

At Meridia Capital we are proud to have a sense of purpose. We are dedicated to creating long-term value through our investments, embedding ESG in our day-to-day decision making process. Improving the sustainability performance across all our portfolio is our priority. During the past year, we have made significant steps in order to minimize our environmental footprint whilst positively impacting our community and encouraging a culture of entrepreneurship.

We see the ever-growing impact of Environmental, Social and Governance ("ESG") factors on the corporate agenda inextricably linked to global challenges, such as climate change or the COVID-19 pandemic, which will continue to prevail.

Since Meridia Capital's founding, 15 years ago, our purpose has been to invest with responsibility. Over the past years ESG has been at the forefront of our investments and most recently we have reinforced our ESG area, as such, we are proud to present this report summarising all our steps and concrete actions to our stakeholders.

We look forward to continuing growing on this journey, committing to the environment and our communities through our investments.

Javier Faus

Chairman





Our dedication

As ESG Responsible, my goal is to lead Meridia's day to day ESG efforts supporting all the teams to achieve sustainable value. In 2021 we launched a business plan with clear objectives and targets for the 2021-2023 period. The plan has a specific budget and, in order to execute it, we have created an ESG committee with representatives from all divisions, so that ESG is implemented in all investment and business decisions.

The purpose of this report is to communicate our ESG progress and to enhance transparency to all our stakeholders. We trust that you will enjoy reading it.

Paula Piera

ESG Responsible





2. Meridia at a Glance

Alternative investment fund manager founded over 15 years ago in Barcelona. Since then, Meridia has grown to become a leading manager investing in private markets in Spain.

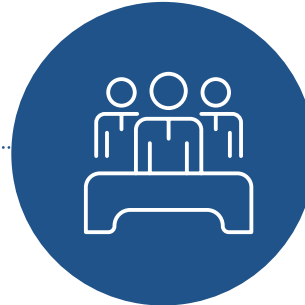
4
business divisions

c. €1 bn
AuM

15
years experience



REAL ESTATE
PRIVATE EQUITY
VENTURE CAPITAL
ADVISORY ACCOUNTS



2
offices:
Barcelona and Madrid

26
professionals
and growing



+80%
institutional investors

High repeat investor rate but also welcoming new LP's in every new vehicle raised

MEMBER OF

INREV

Ascri
ASOCIACIÓN ESPAÑOLA
DE CAPITAL CRECIMIENTO
E INVERSIÓN

CNMV
COMISIÓN NACIONAL
DE VALORES

PRI | Principles for
Responsible
Investment

United Nations
Global Compact

GRESB

TCFD

**Green Loan
Principles**

**LEVEL
20**

VentureESG

AWARDS

**2018 GLOBAL
PERE AWARDS**

**Firm of the Year
Southern Europe**

PERE

**Nominated Firm of
the year in Spain**



3. Values, Approach, Commitment

VALUES

Integrity

Our investments are analysed and managed in accordance with the highest ethical values. Transparency is a must in everything we do.

Social Impact

Responsibility is embedded into every decision we make. We believe careful management of ESG factors is of the utmost importance to the firm, our investments and community.

Entrepreneurship

An agile and flexible professional environment allows us to differentiate ourselves through creative thinking. We strongly encourage personal accountability across every level of the organisation.

Excellence

We seek to be the best in everything we do. We set the greatest working and moral standards and aim to surpass them in all our actions.

Dedicated to creating **long term value** to our investors through best-in-class investment strategies designed to strengthen our communities.

APPROACH

We believe that integrating ESG into our business activities will lead to tangible benefits beyond long term value creation, such as increased access to capital, improved operational efficiency and employee wellbeing. Therefore, upon understanding the ESG issues that are relevant and material to our business, and conducting a materiality analysis, during 2021, Meridia developed an ESG strategy

focusing on four transformational pillars with clear plans and objectives while at the same time supporting the UN Sustainable Development Goals.

Our ESG strategy has a business plan with significant commitments, actions and targets to all our stakeholders.



COMMITMENTS

To ensure alignment with the highest possible standard on ESG performance management, we support various internationally recognized sustainability-themed frameworks to benchmark our ESG performance. This, on one hand,

improves our level of transparency on how our business performs, and on the other hand, enables us to keep track of the latest global ESG trends and best practices so that we provide crucial insights that drive continual improvement.



We became a signatory to the United Nations Principles for Responsible Investments (UNPRI) in 2018.



We are a longstanding supporter to the United Nations Global Compact and reported against its principles since 2014.



We completed the GRESB real estate assessment for the first time in 2021. At Meridia we will aim to improve our overall ESG performance by continuously improving our GRESB rating.



Level 20 sponsor, the not for profit organisation dedicated to improving gender diversity in the European private equity industry. Meridia also chairs Level 20 Spanish chapter



We are working to approach climate challenges incorporating recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in our processes and reporting.



Meridia has achieved 2 Green Financings following the Green Loan Principles in Project Sea and Project Smart.

4. Contribution to SDGs

With the goal of contributing to the 2030 Agenda, Meridia is using SDGs as a basis to build its purpose and its investment strategy. After a careful analysis of the SDGs, our stakeholders, our ESG strategy and Policy, Meridia is especially focusing on 3 Goals where it can best deliver opportunities and minimize risks through its activities and corporate strategy:

SUSTAINABLE DEVELOPMENT GOALS



Goal 11 – Make cities and human settlements inclusive, safe, resilient and sustainable.



Goal 13: Take urgent action to combat climate change and its impacts



Goal 5 - Achieve gender equality and empower all women and girls



5. Environmental

As Real Estate investors, we aim to maintain a portfolio that remains resilient under the constant threat of climate change, and at the same time maximizes efficient use of resources with minimal environmental impact. To do so, we follow a strict environmental due diligence process to ensure thorough understanding of the environmental risks of any potential acquisitions; whilst Identifying new opportunities that could further enhance the environmental performance of our assets in operation.

Resources Efficiency

During the past year, we continued to implement a broad spectrum of **measures to optimize resource consumption** at our properties, such as:

Installing
LED
lightings

Retrofitting aged
chillers with VRF
systems

Replacing
inefficient water
fixtures

Green Lease Clauses

Meridia also acknowledges the need to engage our tenants in order to manage the broader environmental impacts of our business operations. Therefore, as of **2021 we have implemented the inclusion of green lease clauses** as a mean to drive improvement among our tenants, while we adapt to serve tenant needs and sustainability priorities.

Certifications

To integrate and promote sustainable practices into our building operation, we are proactively expanding our green building portfolio by obtaining internationally recognised certificates to our assets.

As of December 2021, Meridia Captial's real estate practice has achieved – or targets to achieve – the below certifications, recognising sustainability and wellbeing:



27

BREEAM
Certificates



8

LEED
Certificates



2

WELL
Certificates

Meridia is actively and thoroughly integrating climate change into its investments:

- In our private equity division, since 2018 measuring climate related KPIs in all portfolio companies, such as, energy consumption, GHG emissions, % of renewable.
- As real estate investors we have an unequalled opportunity to take action against climate change, Meridia has implemented the below initiatives, among others:
 - Energy efficiency in all investments.
 - Reducing water consumption.
 - Reducing CO₂ emissions in all investments.

Key Performance Summary and Targets



63% of total floor area of assets in operation have BREEAM In-Use Certificates

Target: 100% of assets have BREEAM or equivalent certificates



26% of electricity consumption procured from renewable energy sources

Target: procure at least 100% renewable energy by 2030



19% of the waste produced by assets in operation is recycled

Target: Increase to 60% recycled waste by 2030



Landfill waste stands at 81%

Target: Reduce landfill waste to 50% by 2025



Meridia is currently going through a thorough measurement of its overall **CO₂ emissions** with the objective of setting a target as an organisation to work towards the coming years.

6. Social

Adding Value to our Communities

As real estate investor, Meridia has the opportunity to design more inclusive, efficient and sustainable buildings, contributing to create better communities. Through our asset investment strategy our focus is to reduce environmental impact and support the local economy and the cities we invest.

Examples include:

- Designing buildings that integrate with the local environment.
- Measuring and reducing waste management.
- Using renewable and local building materials.
- Promoting job creation and activities with the local areas where assets are being developed.



Transforming Cities

Meridia, through its investments, works with local agents to create value in the communities. Some examples include:

- Holistic approach in Project Smart where Meridia is working with several stakeholders, public and private, to promote a neighbourhood – underinvested – enhancement. Meridia has maintained conversations with the City Hall, public entities, local groups and non-profit organisations to increase resources in the area. Meridia Capital also partnered with local artists on the construction wall – Smart is neighbouring art centre La Escocesa.
- Project Hotel 1882 received the CSR Hotel Award for its involvement with the local community, for initiatives such as offering maintenance services to residents with modest resources.
- Project Sea located in Barcelona's 22@ has been developed integrated with its surroundings with an ambitious environmental plan: the building includes 1,200 sqm of green areas and 10,518 natural plants.
- In Barnasud (Project Beatle), we collaborate with local entities, such as Gavà Food Bank.





7. Governance

Meridia is committed to responsible investment decisions. By placing ESG considerations at the forefront of all our actions, Meridia aspires to become a leading alternative investment fund manager in Spain, leveraging our expertise to generate broader social and environmental benefits on top of financial gains.

At Meridia, good governance remained the core of our business activities as a regulated investment fund manager. Beyond good governance, we constantly strengthen our foundation on ESG management, including regularly review of our ESG management approach and the development of ESG business plan, setting the path for continual improvement. All these efforts enable us to more effectively integrate ESG considerations into the core of our decision making process.

Meridia has a **Head of Compliance**, Ms. Elisabet Gómez, responsible for reviewing procedures to prevent, detect, correct, and minimize risks of suffering sanctions, material financial loss or reputation as a result of violating the regulation, internal processes or the code of conduct.

Meridia has established prudent policies and measures to promote good governance across the organization. Our staff members are required to fully comply with our Code of Conduct, which was developed in alignment with universal human rights principles to prevent any unethical behaviour including abuses and discrimination.

Our Compliance Unit regularly reviews the procedures to prevent, detect, rectify and minimise risks of sanctions, material financial loss or reputational loss as a result of violating any laws and regulations or breaching the Code of Conduct. Lastly, our Internal Audit Unit, as the last line of defence, is responsible for designing and implementing an annual supervision plan to review the effectiveness of our internal controls system and our compliance and risk management units.

Meridia has implemented its **ESG policy** and principles within its funds management activities and internal corporate operations.

All Meridia ESG decisions are approved by the **Board of Directors**, who oversees and manages the implementation of all actions.

Meridia has a designated **person responsible for ESG**, reporting to the Board on a quarterly basis. Meridia also secures the services of external specialised advisors for specific matters. Furthermore, as part of its efforts to integrate ESG into the business, Meridia has a designated **ESG Committee** that meets monthly. The Committee is led by the ESG responsible and has representatives of each of Meridia's verticals. The Committee has a twofold objective: i) create and monitor initiatives in the different business verticals and ii) have an assigned person for ESG matters in all divisions.

ESG Committee



Paula Piera
ESG responsible

Mgmt. Company



Cristina Badenes

Real Estate



Marta de Azlor
Investment



Zulema Canosa
Asset Mgmt.



Jaime Monzó
Project Mgmt.

Private Equity



Jose Maria Mateu

Venture Capital



Alfonso Bassols

8. Our people

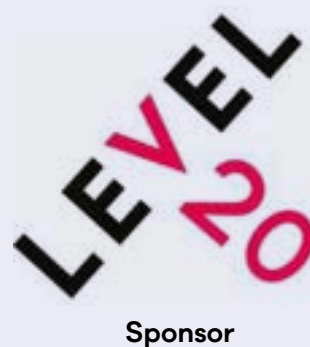
Diversity and Inclusion

It is our constant belief that our employees comprise the core of our business. Therefore, Meridia strives to maintain a healthy, engaged and connected workforce such that we all share the same values in advancing innovation and pursuing sustainability.

We understand that diversity brings broad perspectives that lead to better decision-making, and hence we select partners and employees according to their skills and potential, irrespective of their gender, ethnicity or any other minorities.



In 2021, Cristina Badenes, Partner, was appointed as Chair of Level 20's Spanish Committee, demonstrating our leadership to promote gender diversity in the private equity industry in the region. Meridia Capital is also a Level 20 Sponsor.





Staff Development

We recognize that **our 26 employees are the most important asset and resource in advancing innovation** and will create new opportunities for them to contribute to our efforts.

Meridia's **agile and flexible professional environment** enables an entrepreneurial and creative culture. We strongly encourage personal accountability across every level of the organisation.

Meridia Employees have objectives and performance feedback is provided on an ongoing basis.

Professional development opportunities are also supported to ensure that our people are equipped with the skills necessary to do their job and enable them to grow. All employees benefit from specialised courses. In addition, there is a mandatory certified training in responsible investment from PRI Academy to all employees, so that all employees implement the most up to date sustainability processes to their day to day jobs.

Wellbeing

Meridia prioritises health and **wellbeing across its workplace**. We have implemented multiple initiatives to support the physical and mental wellbeing of our employees, some of them especially reinforced as a result of the COVID-19 pandemic.

Encouraging
**free green
transportation**
(bikes)

**Flexible
working
policies**

Health training:
such as
mandatory
first-aid training
to all employees

Encourage and
organised **group
sport activities**

Providing
**seasonal
fruit** and
complementary
lunch options

**English
lessons**

Additional **days
of paid leave** to
all employees

Promoting a
plastic free
environment

**Team
voluntary
work**

9. Investment methodology

As part of Meridia's active ownership strategy, ESG aspects are entirely integrated into the investment life of our projects so as to achieve long term value creation. Our ESG policy covers 100% of Meridia's assets under management and is integrated into all investment phases, from pre-due diligence to exit.



PRE - DUE DILIGENCE

Meridia does not invest or partner with stakeholders that are not likeminded, in particular, those related to the following activities:

- The production or distribution of tobacco and tobacco-related products.
- Companies related with controversial weapons (anti-personnel mines, Biological and chemical weapons or Cluster Munitions).
- Gambling.
- Any resulting in the limitation of the individual rights or freedoms of individuals, or human rights violations.
- Meridia Capital also excludes stakeholders not in compliance with UN Global Compact principles and that do not consider legally required elements.



DUE DILIGENCE

– Meridia seeks to understand and consider the environmental and social impact of the assets in which it invests on behalf of clients. Additionally, Meridia focuses on the governance structures in place at current and potential investee assets. During the investment due diligence process, which follows the guidelines of the UN-supported Principles of Responsible Investment, Meridia ensures disclosure on a variety of issues, which may include key ESG factors. Meridia defines “sustainability factors” as ESG matters including human rights, anti-corruption and anti-bribery.

– ESG Materiality Analysis to **identify key issues, risks and opportunities**:

– **Environmental Factors, Data and Ratios**, involving matters such as:

- Climate change
- Materials
- Water scarcity and security
- Energy security
- Deforestation
- Land degradation
- Energy
- Biodiversity loss

– **Social Factors, Data and Ratios**, involving matters such as:

- Regulation
- Reputation
- Community
- Wellbeing / Health and Safety
- Human Rights
- Supply Chain
- Diversity and inclusion
- Incident rates

– **Governance Factors, Data and Ratios**, involving matters such as:

- Policies
- Board
- Internal processes and committees
- Shareholder rights
- Remuneration
- Risk Management
- Audit

– Set up an **action plan** with clear objectives



ACTIVE OWNERSHIP

Meridia monitors ESG factors and indicators of adverse sustainability impacts during the full duration of the asset's ownership. Meridia defines "principal adverse impacts" to be the consequences of its investment decisions that could result in negative effects in sustainability factors.

Through its equity positions in its investments, Meridia monitors and influences where appropriate the behaviours of its portfolio company management teams both around ESG factors and other important issues. Meridia seeks to use Board representation and interaction with management teams to ensure appropriate consideration of ESG factors and engagement in ESG related activities which are aligned with Meridia's policy.

Meridia identifies the potential adverse environmental sustainability impacts of its equity investments and implements action plans to manage key resource efficiency indicators on:

- Energy
- Renewable energy
- Raw materials
- Water and land
- Waste generation
- Greenhouse gas emissions
- Biodiversity and the circular economy.

Similarly, Meridia identifies the potential social impacts of investments that tackle inequality, foster social cohesion, social integration and labor relations or investments to support human capital or economically or socially-disadvantaged communities.

Meridia assesses on a continuous basis relevant sustainability risks that might have a relevant material negative impact on the financial return of its investments.



EXIT

Meridia recognises the importance of long term value creation, as such, the investment life doesn't end with our exit.

We can make a difference by developing and repositioning investments that do not become obsolete over the long term. Investments should have a responsible purpose and business plan. In real estate, we have to build differently in order to make a building more resilient, in most cases, this means more upfront costs. Meridia is willing to de-risk its investments by creating long term sustainable goals.

In addition, Meridia is working to implement in the medium term:

- Exit clauses for its investments.
- A system that measures ESG value of the portfolio and is able to quantify how ESG plays a role to risk-adjusted returns.

10. Citizenship

Over the past months we have embraced community initiatives by committing our time and resources to local non-profit organizations. We have collaborated with several institutions, examples include:



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Capital