2025

Climate Strategy

TCFD Report

MAGNUM
INDUSTRIAL PARTNERS

Contents

Introduction

At Magnum, we recognize climate change as a structural factor shaping the real economy, with direct implications for risk management, capital allocation, and long-term value creation.

Established in 2006, Magnum is a leading Iberian private equity firm. With over €1.7 billion in capital invested across four funds, 29 direct investments and 91 add-ons to date, Magnum has built a track record grounded in operational value creation, sector specialization and disciplined investment execution.

Sustainability has been embedded in our investment philosophy since inception as evidenced, among other milestones, by our adherence in 2014 to the UN Principles for Responsible Investment. Since then, we have progressively strengthened our approach, from developing a formal Sustainability Policy and governance structure, to launching our first Article 8 fund (Magnum IV) in 2026. As part of our longstanding commitment to transparency and accountability, Magnum publishes an annual Sustainability Report providing a comprehensive overview of our ESG performance and that of our portfolio companies.

This report provides a structured overview of how we embed climate considerations across our investment approach and portfolio management, organized around the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, and Metrics & Targets. Each pillar is developed in detail throughout this report.

The reporting reference date for this report is 31 December 2025. As of that date, Magnum IV had not yet completed any investments and, consequently, no investment-level data relating to the fund is included in this report. Nevertheless, the policies, governance arrangements and investment practices implemented at Magnum entity level apply equally to Magnum IV. Unless otherwise stated, all portfolio-level data presented in this report therefore relates to Magnum III's investment portfolio as of 31 December 2025.

The Task Force on Climate-related Financial Disclosures (TCFD) provides a globally recognized framework for organizations to disclose, in a consistent and comparable way, the risks and opportunities that climate change poses to their business and financial performance. By publishing this report, Magnum aims to provide its investors and stakeholders with transparent, reliable and structured information on how climate-related factors are identified, assessed and managed across the investment lifecycle.

This is Magnum's first standalone TCFD-aligned climate disclosure. We recognize that this is an evolving process and are committed to deepening our approach over time, in line with market best practices and regulatory developments.

For further information on Magnum's sustainability strategy and portfolio-level ESG performance, please refer to our annual Sustainability Report.

Our approach: the 4 TCFD Pillars

Magnum's Climate Strategy

Governance

01

Magnum integrates climate-related oversight across its governance structure.

- The Board of Directors supervises responsible investment matters, including climate risks and opportunities, embedding them into strategic and investment decisions.
- The Investment Committee incorporates ESG and climate due diligence into its evaluations, while the Investment Team, supported by sustainability experts, manages and monitors climate-related issues throughout the investment lifecycle and across portfolio companies.

Strategy

02

- The impact of climate change varies depending on sector exposure and geographic footprint. Climate considerations are embedded into our sustainability framework and value creation plans, focusing on energy efficiency, renewable transition, GHG reduction, and other material environmental factors.
- For each investment, Magnum conducts an independent third-party-supported ESG due diligence, applying both financial and impact materiality lenses.

Risk management

03

- Magnum applies a systematic approach to integrating sustainability factors, including climate considerations, into the investment lifecycle.
- ESG analysis complements traditional financial analysis, from a double materiality perspective, assessing both financial relevance and broader environmental impact.

Metrics & targets

04

- We annually disclose GHG emissions (Scopes 1, 2, and 3), among other relevant KPIs, for assets under management, including carbon footprint and intensity indicators.
- We are progressively formalizing our climate target framework, evolving from high-level strategic commitments towards measurable, quantitative goals as data quality and reliability improvements.

01 Governance

Magnum has built a sustainability governance structure designed to ensure the full integration of environmental, social and governance factors, including **climate-related considerations**, into investment analysis and decision-making at all levels of the firm.

Board of Directors

The Board of Directors is the ultimate body responsible for the governance, formal oversight and accountability of the responsible investment approach, including all sustainability and climate-related policies and processes.

Specifically, the Board:

- Reviews and, where necessary, updates the Sustainability Policy and related policies to reflect ongoing efforts to improve Magnum's responsible investment approach, as well as emerging stakeholder requirements and evolving best practices.
- Considers climate factors in the oversight of corporate strategy, budgets, business plans, performance targets and relevant investment and divestment decisions.
- Monitors, at least annually, progress against established sustainability and climate commitments.

Investment Committee

The Investment Committee, comprised of voting partners, non-voting senior advisors and the relevant Investment Team members for each opportunity, is responsible for the approval or rejection of proposed investments.

The findings of the pre-acquisition due diligence analyses, including sustainability, ESG and climate analysis, are presented to the Investment Committee, ensuring that sustainability and climate criteria are fully integrated into every step of the decision-making process.

Investment Team

The Investment Team manages Magnum's portfolio and analyses all potential investments. The team is responsible for identifying sustainability risks and opportunities, defining strategic goals and related action plans, and monitoring their implementation and progress at portfolio company level. This oversight is supported by the Investment Team's role as members of portfolio companies' boards of directors and through close collaboration with management teams. Climate-related risks and opportunities are embedded in this process throughout the investment lifecycle.

Sustainability Team

The Sustainability Team is comprised of Magnum's Sustainability Co-Heads, Alberto Bermejo and Cristina Zuleta de Reales, who are responsible for ensuring that sustainability and climate factors are integrated into Magnum's policies, processes and organizational culture. The Sustainability Team provides its assessment of the sustainability and climate considerations of each potential investment to the rest of the team and to the Investment Committee.

02 Strategy

Magnum's climate strategy is aimed at identifying and managing the risks and opportunities arising from climate change that may have a material impact on the business, financial planning and the value of portfolio companies. As stated in our Sustainability Policy, Magnum strongly believes that companies that are successful in avoiding sustainability risks while capturing opportunities will outperform over the longer term by creating resilient business models.

2.1. Identification of climate risks and opportunities

The analysis of climate-related risks and opportunities at Magnum is framed by the investment horizon of each holding. Given the illiquid, medium-to-long-term nature of Magnum's investments, the predominant time-horizon is the long term, although potential short- and medium-term emerging risks are monitored throughout the life cycle of each investment.

The climate factors assessed vary according to the sector and geographic exposure of each portfolio company. As a general matter, Magnum analyses three categories of factors:

1. Physical Risks

Particularly relevant in the Iberian Peninsula, where key hazards include:

- Structural droughts and water stress
- Torrential flooding
- Heat waves of increasing intensity and duration
- Coastal events and sea-level rise
- Potential desertification in southern regions

These phenomena can directly affect operational continuity, production costs, supply chain reliability and asset values.

2. Transition Risks

- Regulatory and normative changes: CSRD, EU Taxonomy, SFDR, EU ETS and evolving national climate legislation
- Evolving environmental standards and carbon taxation
- Shifts in energy costs and the pace of the energy transition
- Decarbonization requirements across the value chain
- Changes in market demand towards more sustainable products and services
- Reputational risk linked to insufficient climate action or greenwashing concerns

3. Climate Opportunities

- Improvements in energy efficiency and operational cost reductions
- Development of more sustainable products and services
- Access to sustainable finance instruments (sustainability-linked loans, green bonds)Strengthened competitive positioning in sectors undergoing transformation
- Revenue growth from expanding product and service offerings that meet demand for safer and more sustainable inputs, such as natural ingredients or renewable energy
- Value creation through circular economy practices and by-product recovery

As stated in our Sustainability Policy, Magnum identifies "Raised Environmental Awareness" as one of three core investment megatrends. We are convinced that sustainable growth requires prioritizing safety and resource efficiency and have made these two dimensions a core focus for both Magnum and our portfolio companies.

02 Strategy

2.2. Materiality assessment process

For each investment, Magnum conducts a third-party ESG due diligence, applying both financial and impact materiality criteria. This analysis identifies and evaluates the climate-related risks and opportunities specific to each company, considering its sector, geography and business model.

Financial materiality

Magnum applies the SASB (Sustainability Accounting Standards Board) standards, specifically designed to identify sustainability factors with potential impact on the economic value of each sector. In the environmental area, the elements assessed include, among others:

- Greenhouse gas (GHG) emissions
- Energy management and transition to renewable energy
- Water and wastewater management
- Waste and hazardous materials management
- Ecological impacts and biodiversity

Impact materiality

Since 2024, Magnum has been measuring the Principal Adverse Impacts (PAIs) of its portfolio companies in line with SFDR and the applicable Regulatory Technical Standards, covering indicators related to GHG emissions, energy consumption, biodiversity, water and waste management, among others.

The results of this dual assessment are integrated into the overall investment evaluation and into the value creation plan for each portfolio company, enabling the prioritization of climate issues with the most significant potential financial and environmental impact.

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2.3. Integration into investment strategy: Magnum IV (Article 8 SFDR)

In 2026, Magnum launched Magnum IV, its first fund classified under Article 8 of the SFDR Regulation.

This classification implies compliance with higher sustainability standards, explicitly set out in the fund's legal documentation.

In the environmental and climate area, Magnum IV actively promotes improvements in the environmental strategy and governance of portfolio companies, with a focus on:

- Greater energy management efficiency and a progressive transition towards renewable energy sources.
- Reduction of greenhouse gas (GHG) emissions across all scopes.
- Efficient water management and minimization of biodiversity impacts.
- Proper management of waste and hazardous materials, integrating circular economy principles.
- Implementation of sustainable practices throughout the supply chain.

Specific environmental action plans are tailored by sector and geography, bringing focus to the unique risk profiles in each sector and geographical location. Climate risks (physical, transition and regulatory) and opportunities are, when feasible, managed through adaptation or mitigation measures.

02 Strategy

2.4. Climate and environmental initiatives across our portfolio

Magnum's climate strategy translates directly into targeted engagement with portfolio companies, driving concrete improvements in areas such as waste management, circular economy, energy and resource efficiency, and sustainable production practices.

Engagement with portfolio companies
Magnum integrates climate risk management into its active dialogue with portfolio companies, with the aim of monitoring their key mitigation measures and adaptation plans.

This engagement seeks to:

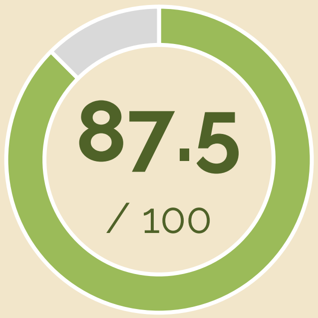
- Support companies in defining **climate risk management plans**.
- Encourage the **adoption of strategies aligned with lower climate risk exposure**.
- Improve the availability, quality and traceability of **reported climate data.**
- Promote **good waste management practices** and **pollution reduction initiatives**.
- Foster the **progressive increase in the use of renewable energy** across the portfolio, where technically feasible and appropriate to the nature of each company's activities.

The examples presented on the right provide a non-exhaustive overview of the environmental and climate-related progress achieved by some of the portfolio companies.

MARNYS®

Environmental

Progress



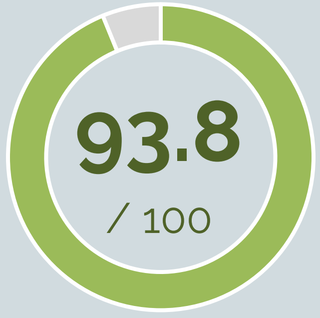
2024 score: 87.5/100

- Has developed a **program to offset carbon emissions**, reflecting early engagement with the decarbonization agenda.

EXTE

Environmental

Progress



2024 score: 50/100

- Has started developing an **environmental management system with the aim of aligning with ISO 14001** or equivalent standards

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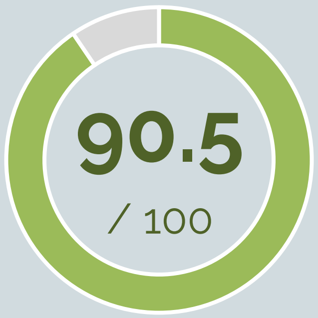
Environmental

Progress



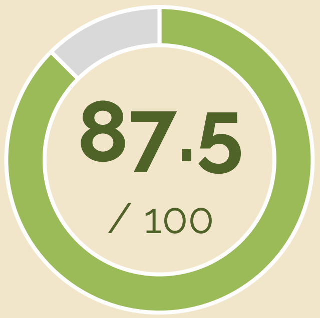
2024 score: 66.7/100

- Has implemented an **internal system to effectively manage water and energy consumption..**

procubitos EUROPE

Environmental

Progress



2024 score: 47.9/100

- Implementing measures to **increase the share of energy consumption from renewable sources**, including the progressive expansion of on-site solar photovoltaic installations and the replacement of machinery with more energy-efficient models

03 Risk Management

Magnum adopts a systematic approach to integrating climate-related risks and opportunities across the entire investment cycle, from initial screening through active portfolio management and exit. As stated in our Sustainability Policy, this approach is based on three pillars: a double-materiality perspective, the identification and consideration of specific environmental and social issues, and the definition of areas of work that set the first step for active ownership.

3.1. Climate risk management across the investment lifecycle

i. Exclusions: Negative Screening

Magnum recognises that there are certain sector and business practices that can have a negative impact on the environment and society. Therefore, the investment process begins with applying a binding investment exclusion list, prohibiting investment in several sectors based on our investment values and beliefs.

ii. ESG Integration: identifying risks and opportunities

Once we have filtered through the activities precluded by our exclusion list, an elaborate ESG due diligence is performed to to identify material sustainability risks and opportunities, including climate-related factors. The results are integrated into the investment memorandum and presented to the Investment Committee.

During the due diligence process, an initial sustainability risks and opportunities assessment is also prepared to serve as starting point for Magnum's subsequent stewardship activities. This approach is based on the following pillars: double-materiality approach, identifying and considering specific environmental and social issues, and defining areas of work and/or improvement that set up the first step for an active ownership.

iii. Active Ownership

Sustainability opportunities and risks identified during the due diligence process are considered for inclusion in the 100-day post-acquisition plan. These plans establish strategic objectives for sustainability outcomes, action plans, and targets, while also strengthening corporate governance. Internal control processes are put in place to measure, monitor, and manage ESG KPIs in alignment with annual performance targets.

The Investment Team and Sustainability Team maintain ongoing dialogue with portfolio company management teams on ESG and climate performance, including risks, opportunities and incidents. ESG incident management is a key governance consideration, and an internal incident register is maintained.

Additional economic and non-economic value creation and monitoring is secured by arranging sustainability-linked financing, among other initiatives.

iv. Exit

Our objective is to help companies evolve and grow in terms of sustainability, contribution to their communities and ultimately, become more valuable while in our portfolio. Through the periodic measurement and monitoring of key KPIs, we are able to calculate that growth and compared it against the starting value.

03 Risk Management

3.2. Identification and measurement tools

To ensure robust, up-to-date and properly managed sustainability processes, Magnum uses **Dcycle**, one of only two European carbon footprint measurement companies certified by TÜV Rheinland under ISO 14064. Through this platform, Magnum can define, measure, monitor, verify and communicate its environmental objectives, performance and strategy with greater precision.

The use of this tool has enabled Magnum to overcome the common challenge of data scarcity — particularly relevant in the low-mid market segment — and to process large volumes of information efficiently. As a result, both Magnum and its portfolio companies have begun measuring and tracking their carbon footprint, enabling the definition of viable emission reduction plans and the identification of CO_2 offsetting opportunities.

3.3 Climate risk assessment framework

As part of its commitment to continuously improving climate risk integration, Magnum is working on developing a complementary internal climate risk assessment framework. The approach is expected to be built on three interrelated dimensions that already inform how climate factors are considered across the portfolio:

- **Hazard**: the nature and severity of climate-related events, both physical and transition, that could materially affect a company's operations, assets or market position.
- **Exposure:** the degree to which each company is exposed to those events, considering its geographic footprint, sector, value chain dependencies and operational characteristics.
- **Vulnerability:** the company's capacity to anticipate, absorb or adapt to climate-related disruptions, whether through existing management practices, technological readiness or strategic flexibility.

These dimensions currently guide Magnum's qualitative assessment of climate risks during due diligence and portfolio monitoring. Going forward, the objective is to formalize this framework into a structured model that enables a more systematic and comparable evaluation of climate risk across the portfolio, supporting the prioritization of engagement efforts and the definition of company-specific action plans.

Scenario analysis

Magnum does not currently carry out a climate scenario analysis. The level of data maturity and quality among portfolio companies limits, for the time being, the feasibility of developing such an exercise under the usual technical standards.

However, **Magnum has prioritized the strengthening of its ESG data infrastructure, focusing on improving the quality, coverage and traceability of climate information,** particularly in the measurement of the carbon footprint of portfolio companies across all scopes. This approach will consolidate the methodological foundation needed to implement, at a later stage, climate scenario analysis in line with market best practices.

04 Metrics & targets

Magnum monitors a set of climate and environmental metrics to assess its portfolio's exposure to climate-related risks and opportunities, and to measure the progress of portfolio companies in managing their environmental impact. Magnum discloses annually the GHG emissions (Scopes 1, 2 and 3) of its assets under management, along with the carbon footprint of the portfolio.

The figures for the 2025 financial year are as follows:

Implementation at company-level

Magnum maintains a structured monitoring framework of KPIs across its portfolio companies, including climate-related metrics. This enables continuous tracking of exposure to climate risks and supports the early identification of opportunities associated with sustainability and the transition to a low-carbon economy.

Carbon footprint	GHG Emissions Scope 1	GHG Emissions Scope 2	GHG Emissions Scope 3
220 tCO2e / €M invested	34,186 tCO2e	5,906 tCO2e	31,027 tCO2e

Our **portfolio companies are committed to reducing their carbon footprint** and are actively implementing tailored climate and environmental actions

75%	Have a **decarbonization strategy** in place or are in progress of implementing it.
37.5%	have facilities awarded with **environmental certifications.**
75%	Have **waste management systems in place and 12,5%** are in progress of implementing them.
100%	Have **water management systems in place**
87.5%	Have a **recycling policy** in place or are in progress of implementing it.
37%	Of energy consumption comes from **renewable energy.**

Climate Opportunities

At Magnum, we identify "**Growing Environmental Awareness**" as a key megatrend and a significant source of investment opportunity. We systematically look for opportunities arising from the challenges posed by the climate transition.

Global population growth and rising consumption have placed increasing pressure on the environment. What was once a debate about feeding the planet has evolved into broader concerns around resource scarcity, security and the consequences of climate change — reshaping consumer behavior, public policy and business strategy alike.

Environmental responsibility and high sustainability expectations are becoming the norm across all sectors, not just those traditionally associated with pollution or resource intensity. At the same time, growing awareness of greenwashing is driving greater scrutiny from consumers, companies, investors and regulators — pushing all actors to align more closely with their stated values.

We believe sustainable growth requires prioritizing safety and resource efficiency. For this reason, we have made these two dimensions a core focus for both Magnum and our portfolio companies, by expanding product and service offerings to meet demand for safer, more sustainable inputs — such as natural ingredients or renewable energy; transforming production processes to strengthen circular economy practices and the recovery of by-products; and promoting best practices in waste management and pollution reduction initiatives.

In practice, this translates into active opportunity identification across sectors and activities such as:

- **Waste management**
- **Circular economy**
- **Energy & resource efficiency**

Roadmap and future commitments

Magnum is committed to the continuous improvement of its climate strategy and to making steady progress in meeting the TCFD recommendations. The table below maps each TCFD recommendation to the relevant section of this report. While the commitments and practices described apply across Magnum's investment activities, most of the forward-looking developments outlined in this report, including the formalization of climate risk assessment frameworks, enhanced scenario analysis, and the progressive setting of quantitative climate targets, are expected to be **primarily implemented in Magnum IV**, our first Article 8 fund.

01. Climate risk management

- Magnum will continue to strengthen the identification and assessment of climate-related risks across its investment activities. In the near term, this means incorporating a more systematic identification of climate risks into the due diligence process for new investments, with the aim of building an internal model that provides a more consistent assessment of climate risk at company level.
- As these practices mature, Magnum will progressively explore the incorporation of formal climate scenario analysis to evaluate portfolio-level exposure across different climate pathways and time horizons, moving towards a more forward-looking and quantitative approach to climate risk assessment.

02. Continue enhancing the engagement with portfolio companies

- Climate engagement with portfolio companies will remain a central pillar of Magnum's approach.
- This means deepening the integration of climate-related considerations into the ongoing dialogue with management teams, with a particular focus on supporting companies in the definition and implementation of their own climate risk management plans and decarbonization strategies.
- Magnum will continue to encourage the adoption of measures aligned with lower climate risk exposure, improved environmental data reporting, and the progressive alignment of business strategies with the demands of the low-carbon transition.

03. Reporting and metrics

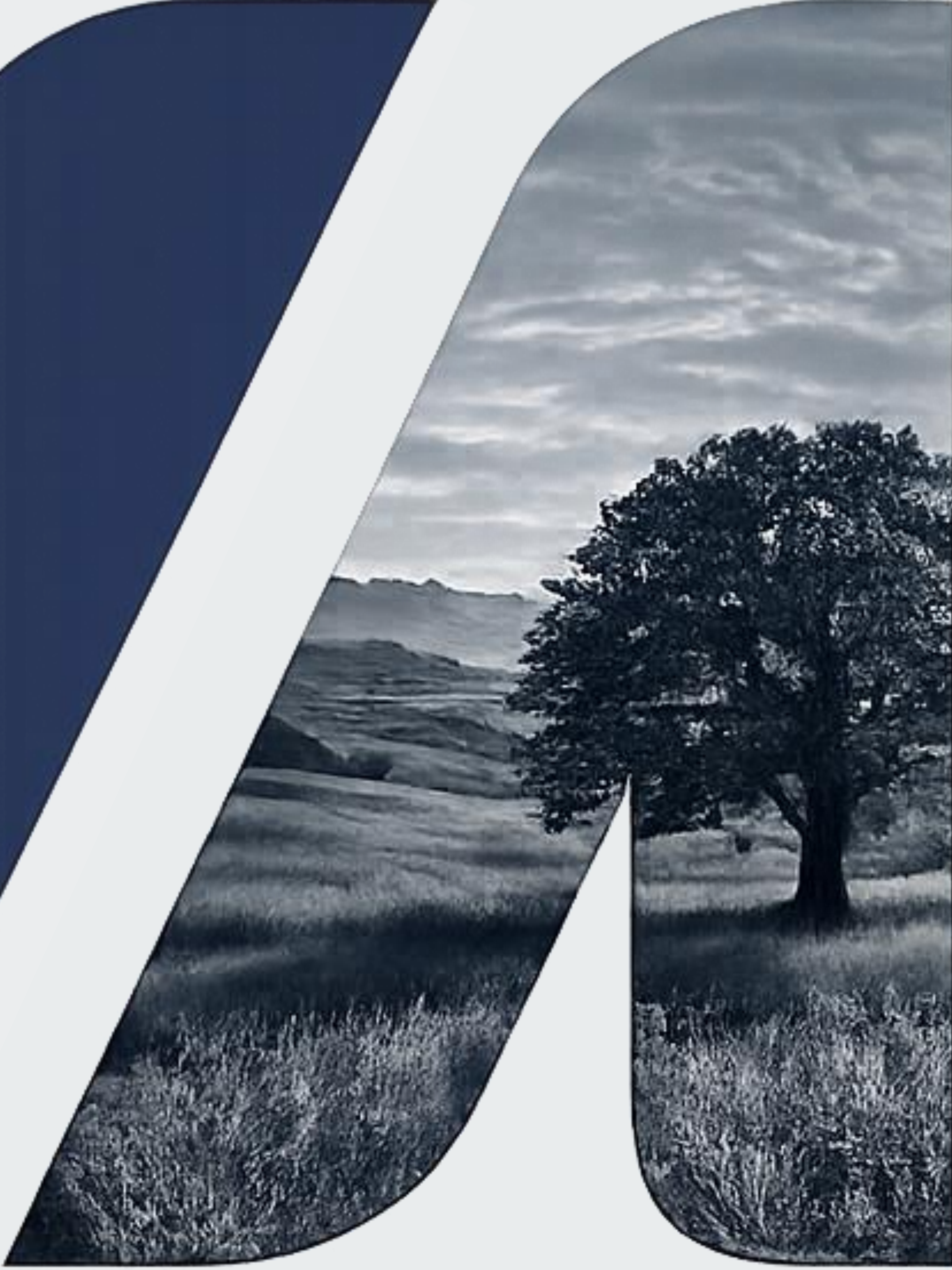
- Magnum will continue to monitor climate and environmental KPIs across the portfolio on an annual basis, consolidating its ESG data infrastructure to improve coverage, consistency and reliability over time.
- Regarding targets, Magnum has not yet established specific quantitative climate or environmental objectives, either at indicator level or at portfolio strategy level.
- However, Magnum is progressively formalizing its climate target framework, evolving from high-level strategic commitments towards measurable, quantitative goals as data quality and reliability improve. The key priorities in this area are:
  - Consolidating carbon metrics across all portfolio companies and expanding measurement to Scope 3 with greater granularity.
  - Integrating climate performance into portfolio companies' business plans and value creation strategies.
  - Advancing towards the definition of portfolio-level emission reduction targets, informed by the evolving quality of the data infrastructure.
  - Assessing alignment with science-based target-setting frameworks (such as SBTi) as a potential medium-term objective.

04. Technology and tools

- Magnum will assess the adoption of specialized tools and software that enable a more comprehensive and quantitative measurement of climate risks across the portfolio.
- This includes exploring technological solutions, including AI-powered analytics, that can support the progressive implementation of climate scenario analysis, improve the efficiency of ESG data collection from portfolio companies, and facilitate benchmarking against sector and market standards, in line with evolving best practices.

Alignment with TCFD Recommendations

TCFD Pillar	Recommendation	Section at Magnum's Report
Governance Disclose the organization's governance around climate-related risks and opportunities.	1. Describe the board's oversight of climate-related risks and opportunities.	**01. Governance: Board of Directors**
	2. Describe management's role in assessing and managing climate-related risks and opportunities.	**01. Governance: Investment Committee, Investment Team, Sustainability Team**
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	3. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**02. Strategy: Section 2.1 and Climate Opportunities**
	4. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	**02. Strategy: Sections 2.2, 2.3 and 2.4**
	5. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2˚C or lower scenario.	**02. Strategy: Sections 2.4** *Magnum does not currently have specific tools to conduct a climate scenario analysis. The level of data maturity and quality among portfolio companies limits, for the time being, the feasibility of developing such an exercise under the usual technical standards.*
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	6. Describe the organization's processes for identifying and assessing climate-related risks.	**03. Risk Management: Sections: 3.1, 3.2, 3.3**
	7. Describe the organization's processes for managing climate-related risks.	**03. Risk Management: Sections: 3.1, 3.2, 3.3**
	8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	**03. Risk Management: Sections: 3.1, 3.2, 3.3**
Metrics & Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	9. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	**04. Metrics & Targets**
	10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	**04. Metrics & Targets**
	11. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**04. Metrics & Targets**



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