

Palladium Equity Partners, LLC
2025 Annual Stewardship Report

APRIL 2026

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CEO Statement

In 2025, Palladium entered the year with momentum following the strongest realization year in our history. Since our founding in 1997, we have acquired more than 230 businesses across 41 platforms and completed over 200 add-on acquisitions.

We believe these results reflect the strength of our team, the durability of our investment approach, and the discipline with which we have embedded stewardship across the Firm and portfolio. At Palladium, stewardship is integrated into how we source, diligence, build, and realize value.

We remain proud of our leadership in the U.S. Hispanic market, where we have invested approximately \$1.5 billion since inception representing 60% of our portfolio companies. As U.S. Latino GDP reached \$4 trillion in 2025, our conviction in this market continues to deepen.*

This year we continued our efforts to strengthen our stewardship platform through our second UN PRI transparency report, SFDR Article 8 formalization for Fund VI Lux, and our renewed B Corp certification. We are proud to present this year’s Stewardship Report and continue to strive to build attractive businesses through disciplined investment and active stewardship.

Marcos A. Rodriguez
Chairman, Founder and CEO
April 2026



“ In a dynamic market environment, we remain focused on our core thesis and strategic positioning in the U.S. Hispanic market. We are encouraged by the meaningful opportunities it continues to present.

We believe the strength of our team and our stewardship-driven approach position us well to capture the opportunities ahead. ”

Marcos A. Rodriguez
Chairman, Founder and CEO

*See McKinsey The Economic State of Latinos in America: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/the-economic-state-of-latinos-in-the-us>; LDC US Latino GDP Report Part 1: [The 2025 Official LDC U.S. Latino GDP Report™ - Part One - Latino Donor Collaborative](#)

2025 Review



2025 Review

We believe stewardship is a driver of value creation at both the portfolio and Firm level.

In 2025, Palladium advanced its stewardship strategy as part of our efforts to create value and deliver impact across the portfolio. The Firm operationalized key initiatives—including continuing to implement our portfolio-wide governance playbook and cybersecurity initiatives—targeted at strengthening portfolio company resilience. Palladium also continued its relationships with third-party providers to conduct annual independent sustainability assessments, providing objective measures of portfolio-wide progress.

Our commitment to delivering improvement in stewardship was evidenced by our Firm’s recertification as a B Corp, a designation that we believe demonstrates high standards of accountability and transparency, with a 44% improvement in our overall score.*



Daniel Ilundain,
President, Co-Head
of Flagship Funds

“ This year, we deepened our commitment to stewardship by embedding it more fully across the investment process. We believe that our commitment to stewardship results in more sustainable, and well-governed businesses. ”

Partnerships continued to play a key role in our stewardship program in 2025. We maintained our commitments to the ILPA Diversity in Action Initiative (DIA), the ESG Data Convergence Initiative (EDCI), and the UN Principles for Responsible Investment (UNPRI), of which we are both a signatory and founding member. Furthermore, we demonstrated our thought leadership in stewardship through participation in industry-wide initiatives such as the Milken Institute.



“ By combining our existing processes with emerging technologies, we strengthened our Stewardship Playbook and positioned ourselves to provide support to our portfolio companies. ”



Carlos Reyes
Managing Director & Head of
Sustainability/Value Creation

*B-Lab is a third-party that certifies businesses as B Corporations based on independent criteria and information provided by its clients. Palladium pays a fee for its membership in B-Lab.

2025 Objectives & Key Results

Palladium leverages data-driven insights and consistent processes to drive measurable improvement in selected stewardship metrics.

Palladium’s commitment to stewardship across the portfolio focuses is driven by implementation of our Objectives and Key Results (OKRs) and 100-day Stewardship Plans. In 2025, we also partnered with Ownership Works to integrate its framework into certain Fund VI portfolio companies, with the goal of expanding wealth-building opportunities for employees.

Palladium also continues to advocate for robust governance and Artificial Intelligence (AI) and cybersecurity practices at our portfolio companies through portfolio-wide initiatives supported by the Firm. At the Firm, our Information Security Policy provides a framework for the responsible use of AI in a secure, ethical, and risk-aware manner.

Acceleration Metrics >>>

100% of portfolio companies in the program since 2022 achieved overall stewardship improvements against 2022 EcoVadis baseline *

35% average improvement in overall EcoVadis scores by the portfolio companies in the program since 2022 relative to 2022 baseline*

*Stewardship improvements are determined based on EcoVadis assessments. EcoVadis is a third-party that was retained by Palladium to conduct assessments of Palladium and its portfolio companies based on EcoVadis’ independent criteria. Palladium and its portfolio companies pay EcoVadis a fee to conduct such assessments based on information provided by Palladium and the portfolio companies. The portfolio statistics regarding improvements are measured against the 2022 baseline and include only portfolio companies for which 2022 and 2025 data is available. These statistics may not be reflective of Palladium’s full portfolio.

**Green Project Tech is a third-party that was retained by Palladium to conduct GHG emissions assessments of Palladium and its portfolio companies based on independent criteria. Palladium and its portfolio companies pay Green Project Tech a fee to conduct such assessments based on information provided by Palladium and its portfolio companies.

Our Stewardship Framework

Corporate Governance Policies: framework designed to support portfolio companies improve governance standards

Cybersecurity Program: cybersecurity program supported by third-party providers to provide guidance and strengthen capacity and prevent, detect, and respond to incidents

Greenhouse Gas (“GHG”) Emissions Accounting: program to measure GHG emissions twice a year, using the data provided by Green Project Tech** to establish tailored resource efficiency programs



Employee Satisfaction: Where applicable, portfolio companies gauge employee sentiment through an Employee Net Promoter Score (ENPS)

Palladium X-Cellence Factor (PxF): Calculate PxF to evaluate overall income disparities across portfolio company workforces, with the goal of reducing gaps

Program & Operations



Program & Operations: *Measuring Stewardship*

Integrating Stewardship across our investments, portfolio operations, and internal processes.



At Palladium, we believe stewardship is an important component of our investment approach and long-term value creation strategy.

We strive to embed accountability, transparency, and good governance throughout the investment lifecycle in an effort to build businesses positioned for sustainable growth. From diligence through ownership, we incorporate stewardship considerations into how we assess opportunities, set priorities, and work alongside management teams to execute value creation plans.

We believe this disciplined approach supports our decision-making and helps identify opportunities across the portfolio. Our sector expertise and active ownership model are core to this work.

Through regular engagement with portfolio company management teams, we advance strategic, operational, and governance initiatives designed to support performance and resilience.

Key Milestones

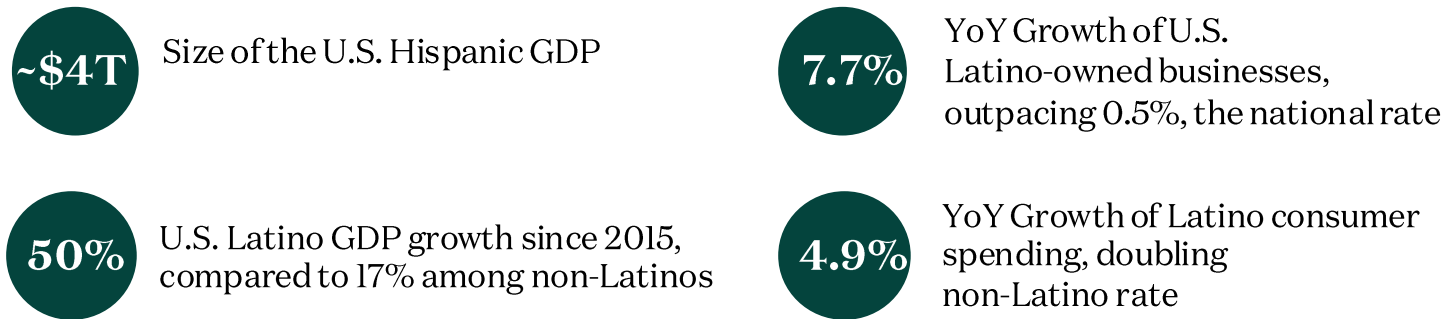


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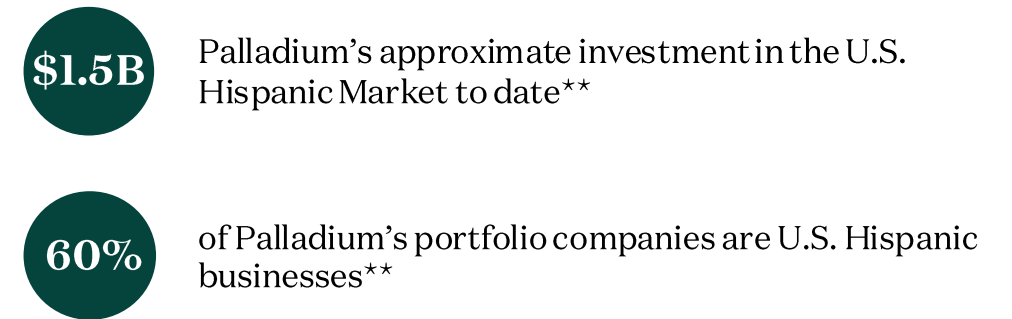
Program & Operations: *U.S. Hispanic Market Focus*

Palladium continues to invest in businesses within the U.S. Hispanic market.

*The U.S. Hispanic Market features strong investment tailwinds**



Palladium has been investing in this market for decades



*Spotlight: Source Logistics****

In 2023, Palladium invested in Source Logistics, a provider of value-added warehousing, distribution, and fulfillment logistics services primarily to U.S. Hispanic food and beverage brands.

With our support, Source Logistics has expanded its Midwest operations, doubled its warehouse space and drive brand awareness across a broader customer base.

The Company can now serve 73% of the U.S. population within one day transit time. Since acquisition, EBITDA has more than doubled, with revenue increasing just under 90% YoY in 2025.



Palladium has invested in the U.S. Hispanic market since 2000. With sustained growth in Hispanic consumer spending, employment, and business value, we see opportunity to create value while supporting a vital community. The 2025 Latino Donor Collaborative GDP Report shows Latino macroeconomic metrics growing at least twice as fast as the broader U.S. economy.

Palladium partners with Hispanic founders and businesses serving the U.S. Hispanic community, leveraging market expertise, a strong network, and a well-earned reputation. This approach has generated returns across multiple funds, reinforcing our focus on the U.S. Hispanic market.**

*Hispanic Market data has been compiled by Palladium from the Latino Donor Collaborative - LDC US Latino GDP Report 2024 and publicly available data from the 2023 and 2024 US Census Bureau

***Palladium defines a U.S. Hispanic business as an enterprise that is owned, founded, or managed by individuals of Hispanic heritage, or one that primarily markets or sells its products and services to Hispanic communities in the United States, or alternatively, offers Hispanic products or services to the broader U.S. population.

**Source Logistics was selected based on non-performance-based criteria and is not necessarily representative of all Palladium investments.

Program & Operations: *Firm Level.*

EcoVadis Core Themes*	2022		2025
Firm-Level Score Percentile	80th	+18%	94th
Firm-Level Overall Score	60/100	+32%	79/100
Environmental Score	60	+32%	79
Labor & Human Rights Score	70	+13%	79
Ethics Score	70	+20%	84
Sustainable Procurement Score	50	+26%	63

Over the past year, Palladium continued to support portfolio companies with measuring and completing third-party sustainability reviews. Palladium and its portfolio companies use this data to develop stewardship initiatives aligned with firm-wide priorities.

For the fourth consecutive year, the Firm completed an EcoVadis assessment of our business practices across four core dimensions.* Our scores reflect our progress towards advancing sustainability practices.

In 2025, Palladium also completed its second year of UN PRI reporting. The Firm's 2025 score increased year-over-year, demonstrating our continued commitment to leading responsible investment practices.

Finally, Palladium renewed its B Corp certification and increased its overall score by 44%, reflecting continued progress in strengthening organizational governance and impact.**

2025 UN PRI Scores

Policy, Governance, & Strategy	★★★★☆
Private Equity	★★★★☆
Confidence-Building Measures	★★★★☆

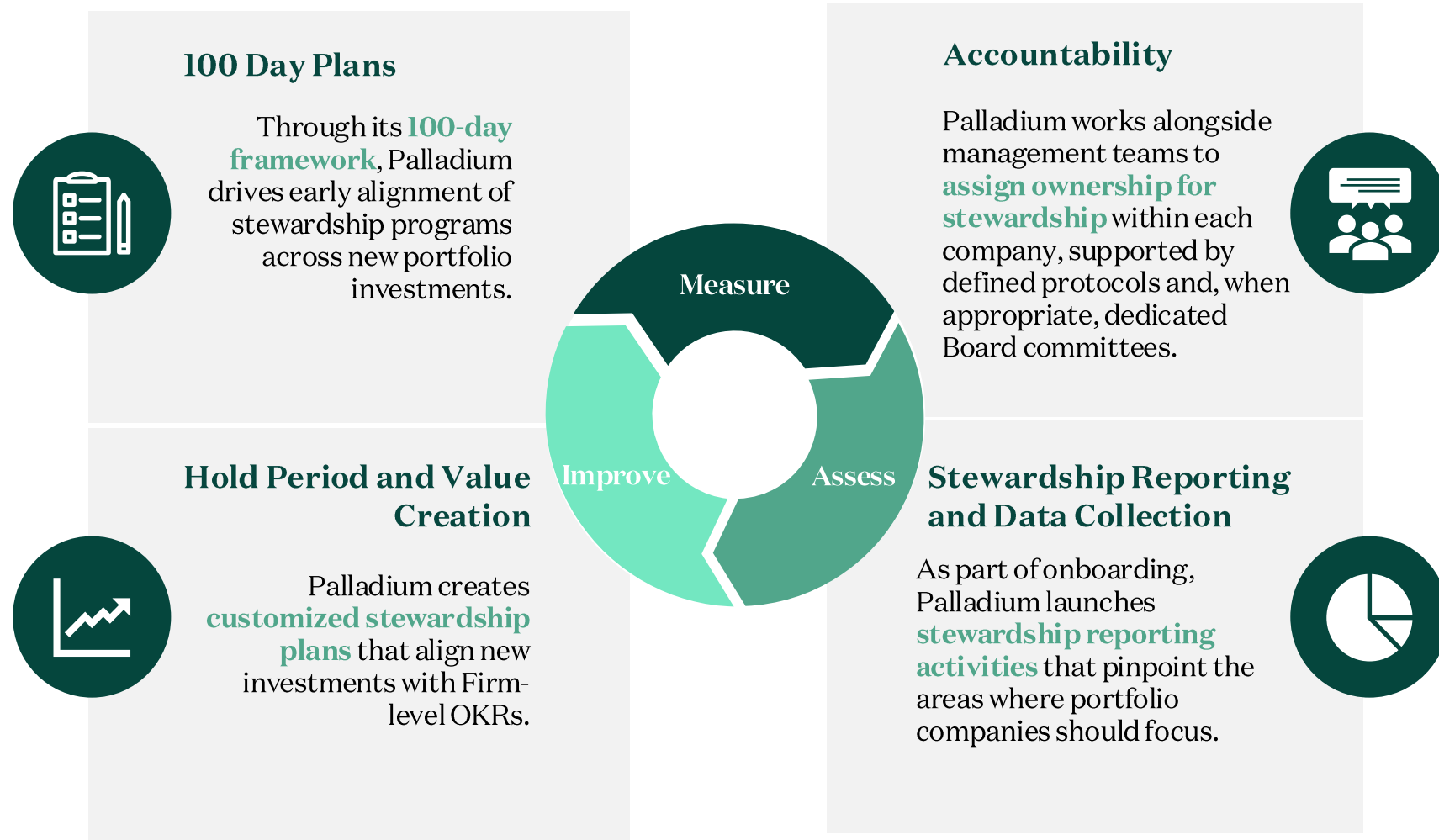


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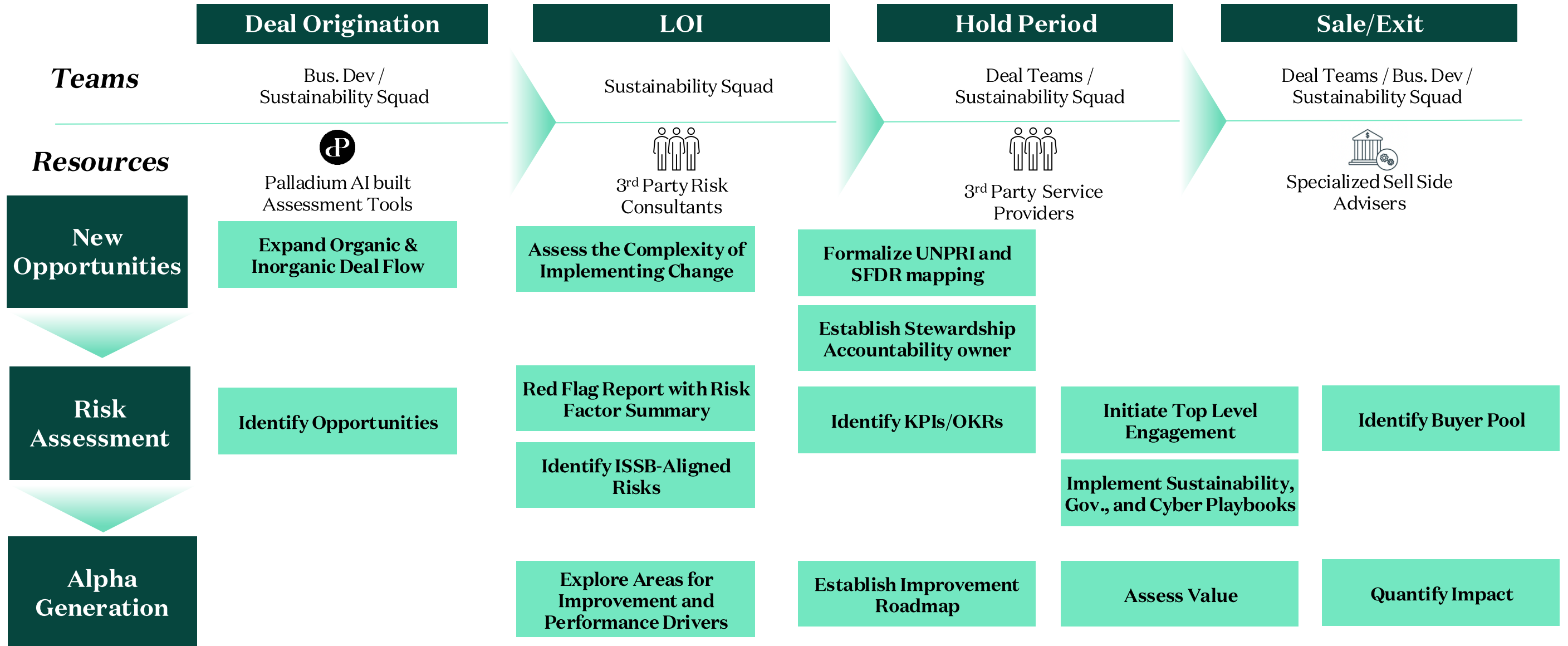
Program & Operations: *Portfolio Management*

We operationalize our stewardship framework through implementation across our portfolio companies.



Program & Operations: *Stewardship Integration*

Our team integrates stewardship across our investments' lifecycles.



Program & Operations: Quantifying Progress

In 2025, Palladium observed gains in portfolio company stewardship performance based on EcoVadis assessments, with 64% of eligible companies improving their scores year-over-year.*

These outcomes were driven by Palladium’s application of its “measure, assess, and improve” approach, identifying targeted opportunities for companies to strengthen their stewardship programs. Palladium worked closely with management teams to tailor objectives and initiatives to address company-specific stewardship priorities.

Health Connect Average Stewardship Score Improvements Since 2022**



Health Connect America



Health Connect America strengthened its stewardship program through targeted operational initiatives, including the implementation of a data-driven talent acquisition strategy (e.g., AI-enabled candidate screening, structured behavioral interviews, defined hiring KPIs) to improve hiring efficiency and reduce turnover, alongside expanded employee retention programming such as on-demand and live training, an 8-week leadership development program for managers, and enhanced employee feedback mechanisms (e.g., pulse surveys, exit interviews) to identify and address root causes of attrition. HealthConnect believes these initiatives contributed to a 57% increase in the number of families actively receiving services.

In parallel, the Company formalized environmental and operational practices by transitioning to paperless systems, implementing office-level sustainability checklists, introducing vendor ESG screening criteria, and beginning to track emissions-related data (e.g., employee travel) through third-party tools, improving oversight of environmental impact and third-party alignment.

These improvements are also reflected in Health Connect America’s stewardship scores. Of note, its Environmental performance increased from 53 to 64, whereas its Labor & Human Rights score improved from 60 to 64.*



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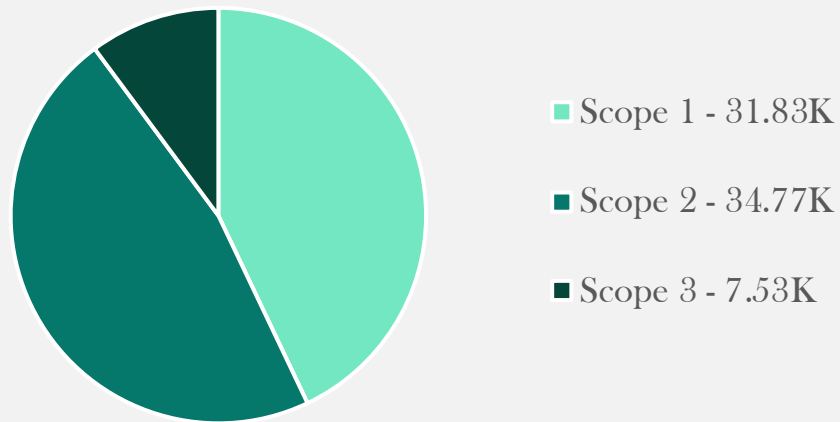
Resource Efficiency



Resource Efficiency: *Portfolio Level*

Palladium’s portfolio companies continued advancing energy efficiency initiatives, mitigating their contributions to climate change.

Portfolio-Level 2025 GHG Emissions (mtCO₂e)*



*Palladium retained Green Project Technologies** to measure our GHG emissions based on their objective criteria. Where 2025 data was unavailable, 2024 data was used to estimate emissions.



- Due Diligence:** Before closing, Palladium evaluates physical and transition climate risks with an emphasis on emissions
- 100-day plan:** As part of our 100-day plan, Palladium asks portfolio companies to perform annual GHG emissions assessments
- Action Items:** Palladium supports portfolio companies to leverage GHG emissions data to identify targeted reduction initiatives
- Value Creation:** Reduced energy consumption may result in cost savings

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Resource Efficiency: *Portfolio Trends*

Palladium encourages its portfolio companies to implement resource efficiency initiatives.



Spice World: Reduced Waste Costs

Spice World is a provider of fresh seasoning products, earning a substantial portion of its revenue from garlic. As garlic within Spice World’s facilities occasionally fails its quality standards, the company must properly discard thousands of tons of unsellable garlic each year.

Prior to 2025, Spice World paid a third-party vendor to dispose of garlic waste in line with environmental regulations.

In 2025, Spice World began selling all unusable garlic to a cattle feed company, replacing a driver of costs with a new revenue stream. Spice World’s distribution of garlic to feed cattle keeps thousands of tons of waste from the landfill.

4,500+ Tons

What was once unusable garlic became a new revenue source in 2025 through cattle feed conversion



Accupac: Sustainable Product Growth

Accupac, a provider of solutions for the personal care and beauty products market, receives customer requests for eco-friendly alternatives. Cobalt Labs, Accupac’s research and development arm, partners with sustainability-oriented customers to customize sustainable product formulas.

Accupac’s defined sustainability criteria encompass recyclability, percent of virgin material, and ‘all-natural’ and ‘clean’ designations, supporting customer efforts to minimize landfilled products and other environmental harms.

50%

2025 target for sustainable product formulas

85%

Sustainable new product formulas in 2025

People & Community



People & Community: *Firm Level*

Human capital management is important to Palladium, used to build **strong skill sets and relationships, and foster varied viewpoints**. Our recruitment practices have been **internalized and tailored** to our needs and values, with the goals of promoting efficiency, fairness, and broad access to talent. Through anonymized resumes and case studies, and close collaboration with organizations that support inclusion across the financial industry, we seek to attract individuals with a range of perspectives and experiences, **strengthening our capabilities and network**.

Within Palladium, we support the development and retention of our teams through our **training programs and advancement pathways**. In addition, leadership works to cultivate an engaged culture by relying on **direct, ongoing dialogue**, ensuring that employee insights inform initiatives and strengthen our organization.

“ At Palladium, People Operations is about more than supporting our employees; it’s about building an environment where people can do their best work and grow over the long term. By moving beyond traditional HR and connecting our purpose, values, and culture to the everyday employee experience, we aim to create a workplace that is not only productive, but meaningful, engaging, and sustainable. ”

Kathy Gardner, *Head of People Operations*



Inclusive Organization Connections



People & Community: *Portfolio Level*

Enhancing human capital management across portfolio companies.

Palladium works with portfolio companies to **strengthen employee management, policies and practices** through periodic assessments and ongoing engagement. Third-party surveys evaluate performance across labor topics, identify gaps, and inform targeted action plans for 2026. Most portfolio companies maintain board-level Stewardship oversight and report quarterly to the Firm on progress. Palladium's Sustainability Squad maintains an internal tracking tool and holds monthly monitoring calls to drive accountability and advance sustainability initiatives tied to value creation.

This sustained focus is producing measurable results. When compared to 2022 baselines, portfolio companies have achieved an average 38% improvement in third-party EcoVadis "Labor & Human Rights" scores as of 2025. *

This improvement reflects a deeper organizational commitment to fair labor standards — one that seeks to reduce operational and reputational risk while building the workforce stability that underpins long-term business performance.**

3x
More profit per employee

8%
Decrease in turnover



Employee Engagement

In 2025, Health Connect America **overhauled its talent acquisition process** and implemented initiatives aimed at **combatting attrition**, a common issue facing the healthcare sector. New additions include:

- Updated screening process - Reached more talent and accrued time savings
- Development of new training programs - Fostering talent and growth
- Regular pulse surveys - Complements annual survey feedback

Health Connect's 2025 voluntary turnover rate **decreased by 8%** from the year prior. Further, its measure of profit per employee **increased nearly 3x** between Q4 2024 and Q4 2025, resulting in significantly more earnings per person.



Bolstering Safety Programming

Source Logistics developed and deployed a **company-wide safety program** in 2026, creating a unified framework for **governance, accountability**, and a **proactive safety culture** across all Source Logistics operations. Updates included:

- Deploying **bilingual, role-based safety training** content
- Expanding **OSHA certification** programs
- Standardizing **metrics tracking and root cause analysis**
- Implementing **corrective action tracking** with follow-ups
- Developing **Emergency Action Plans (EAP)**

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People & Community: *Prioritizing Employee Safety*

Palladium supports advancing employee health and safety across its portfolio.

Palladium’s Sustainability Squad partners with management teams in an effort to advance health and safety performance throughout the investment lifecycle. We evaluate workforce health and safety during due diligence and, during ownership, require portfolio companies to report incidents and management capacity through annual third-party EcoVadis assessments.***

In 2025, **Palladium continued to monitor safety performance by tracking TRIR* at its portfolio companies**, aligning with its focus on employee safety. Below are a few safety initiatives implemented at Accupac and Kymera, both of which have seen a decrease in safety incidents over the past three years.*** These case studies are not necessarily representative of all Palladium investments.

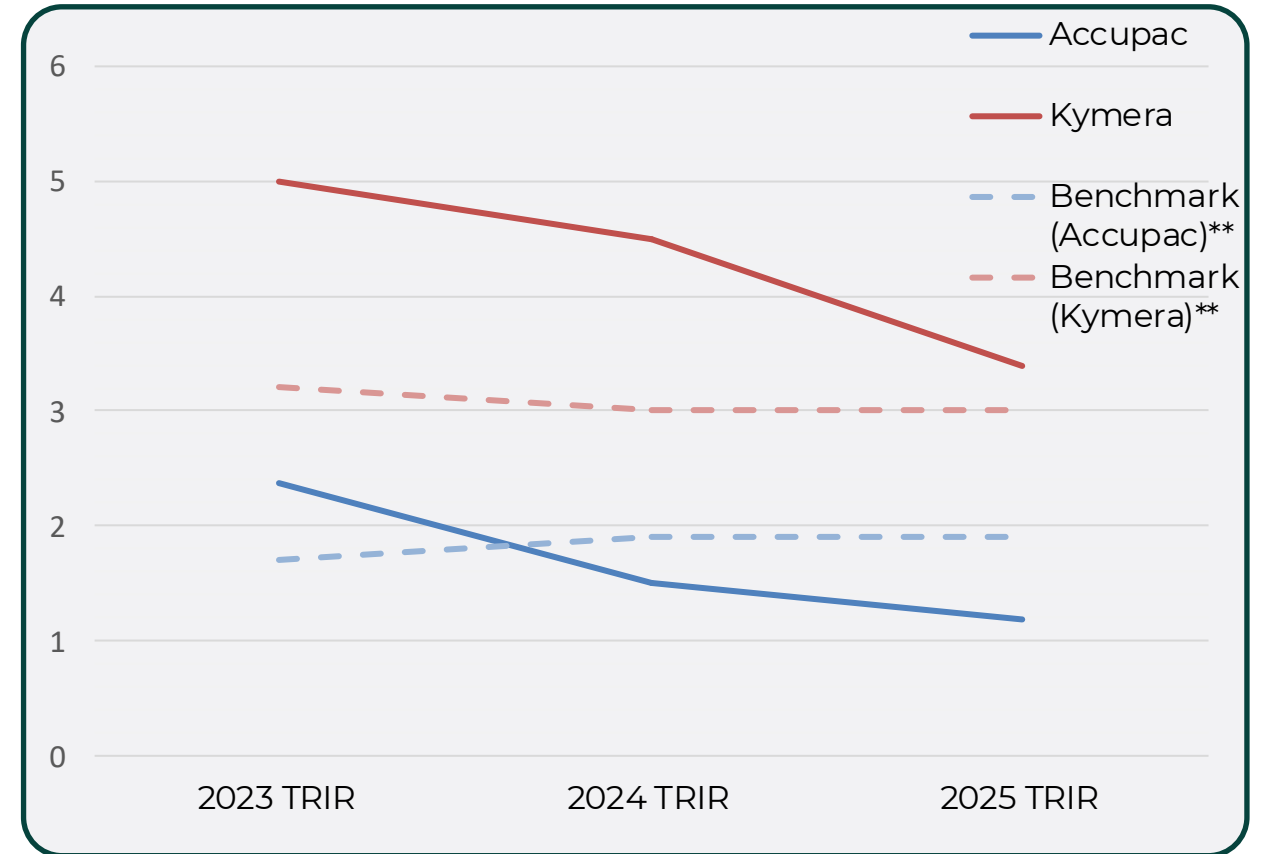
accupac

- Fostered a “**Safety is #1**” culture through consistent messaging (e.g., posters, walkthroughs)
- **Tracked and investigated** near misses to identify best practices
- Developed structured compounder **safety training**
- Implemented a **mentoring system** for new compounders
- Removed utility knives, **eliminating laceration risks**



- **Safety Motto:** Safety First - Stop. Think. Act.
- New **Global Health and Safety Policy**
- Corporate accident **root cause analysis protocol**
- Safety **Golden Rules**
- **PPE requirements**
- **Stop Work** guidance

Total Recordable Incident Rate (TRIR)



Lower incident frequency may enhance employee well-being, reduce worker’s compensation claims, and promote operational continuity.

*Total Recordable Incident Rate (TRIR) represents the number of work-related incidents and accidents per quarter: (Number of Incidents x 200,000) / Total Employee Hours

**Benchmarks are based on industry-specific TRIR data from the U.S. BLS for the years 2023-2024 (2025 data not yet available), for the following industries: Accupac: Soap, Cleaning Compound, and Toilet Preparation Manufacturing; Kymera: Secondary Smelting, Refining, and Alloying of Nonferrous Metal

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Integrity & Accountability



Integrity & Accountability: *Firm & Portfolio Level*

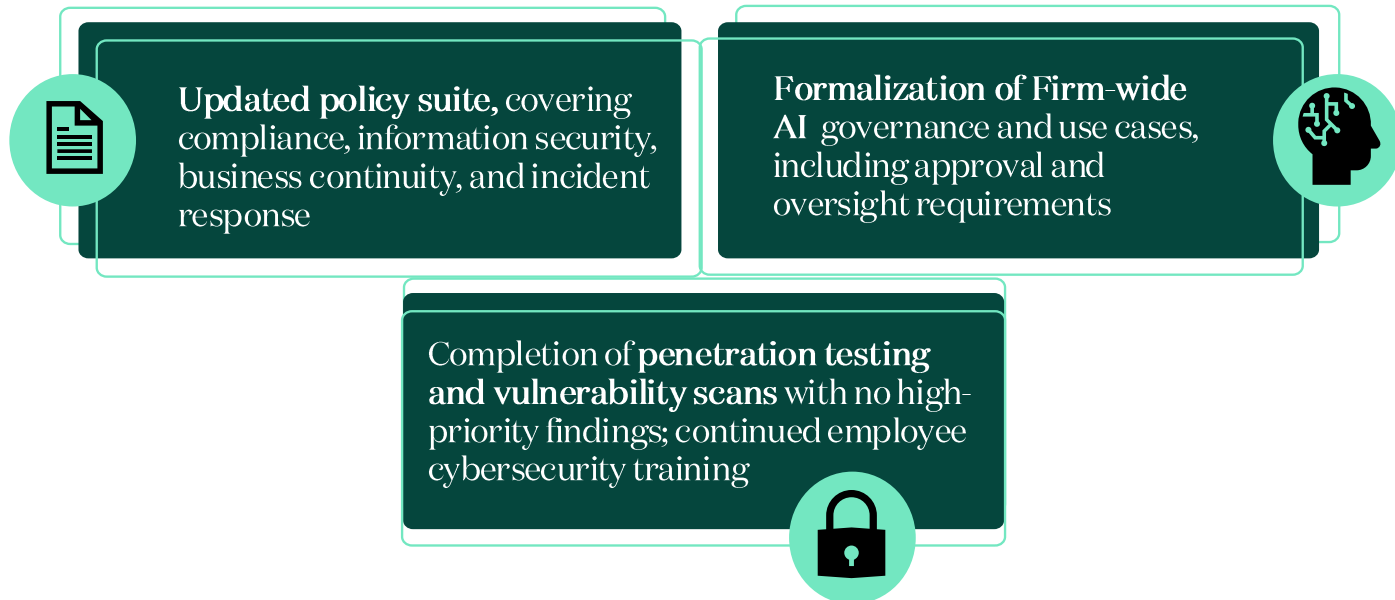
Strong governance remains a priority for the Firm.

Firm Level

In 2025, Palladium enhanced its integrity and accountability framework through targeted actions across governance, information security, and responsible AI use. Oversight is embedded across the organization, supported by the legal and compliance function, Chief Compliance Officer, Management and Risk Committees, and a dedicated Information Security & Technology Working Group.

No material compliance, ethics, or data privacy incidents were identified during the year, reflecting the Firm’s continued focus on risk management and alignment with evolving regulatory expectations.

Integrity & Accountability at Palladium



Portfolio Level

During the year, the firm advanced its shift from a decentralized, company-by-company model to a more standardized integrity and accountability framework across the portfolio. This work emphasized consistency in governance practices and clearer expectations for ethical conduct throughout the investment lifecycle.

In 2025, Palladium advanced a portfolio-wide initiative to improve corporate governance practices across the portfolio. This effort reflects the Firm’s commitment to transforming entrepreneurial businesses into institutional-grade platforms capable of attracting both strategic and institutional buyers at exit.

A central initiative was the rollout and continued implementation of Palladium’s Corporate Governance Playbook. The Playbook provides portfolio companies with guidance and templates for core governance policies, including employee conduct, labor and human rights, and anti-corruption. Through this effort, portfolio companies have begun aligning internal policies and procedures with governance standards expected by institutional investors and global strategic acquirers.

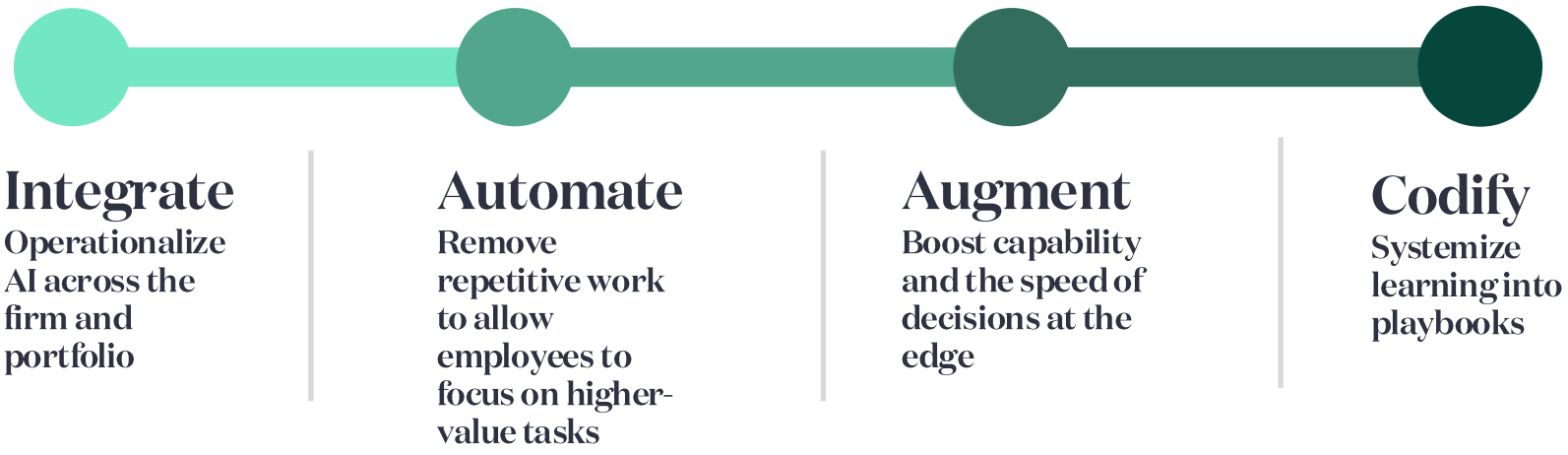
Integrity & Accountability: *Unlocking a Brave New ‘AI World’*

Palladium believes that the first step in accelerating AI deployment is to define the guardrails that ensure responsible, effective use.

In 2025, Palladium expanded the use of generative AI across the Firm and portfolio, treating it as both a governed capability and an accelerator of our business objectives.

Through its AI Task Force, Palladium works with portfolio company leadership to identify, pilot, and scale use cases within a secure, responsible framework. Regular engagement with portfolio companies, including monthly discussions and an annual AI Summit, supports consistent adoption, strong governance, and measurable gains in efficiency, decision-making, and performance.

AI initiatives are organized across four integrated workstreams, **Integrate, Automate, Augment, and Codify**, enabling successful use cases to be standardized and scaled across the portfolio.



Responsible AI Governance

Palladium formalized governance over Generative AI within its information security framework, establishing clear controls on approved tools, data protection, and employee accountability to ensure AI use aligns with compliance and confidentiality standards.

AI tools require Chief Compliance Officer approval following third-party due diligence (via Drawbridge), and employees must validate outputs before use in investment decisions. Additional safeguards for AI note-taking tools include consent requirements, usage tracking, and alignment with existing data security protocols, embedding AI governance into core risk management processes.



AI Use Case: Stewardship Assessments

By leveraging Palladium’s stewardship assessment frameworks, an AI agent can proactively surface investment-related risks and opportunities during due diligence. This allows teams to direct attention to the most material issues earlier in the process, improving focus, consistency, and speed. As a result, workstreams that previously took a week can now be completed in less than an hour.