

Abac Capital Sustainability Report 2020



SUSTAINABLE VALUE





Abac Capital
Sustainability Report
2020

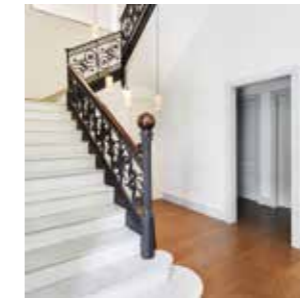
Sustainable Value
March 2021

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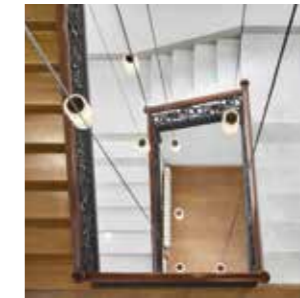
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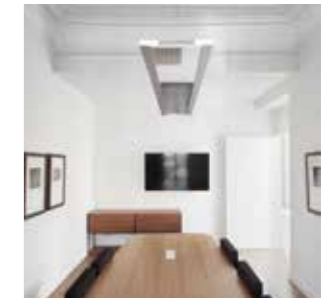
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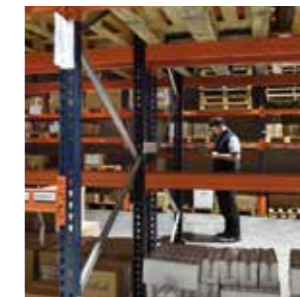
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Note: Abac supports the United Nations Global Compact Initiative as Signatory Participants

Highlights 2020



Certified as a **B Corp** in February 2021 after meeting the highest standards of verified ESG performance



UN Global Compact Signatories since December 2019, Bronze status in 2020

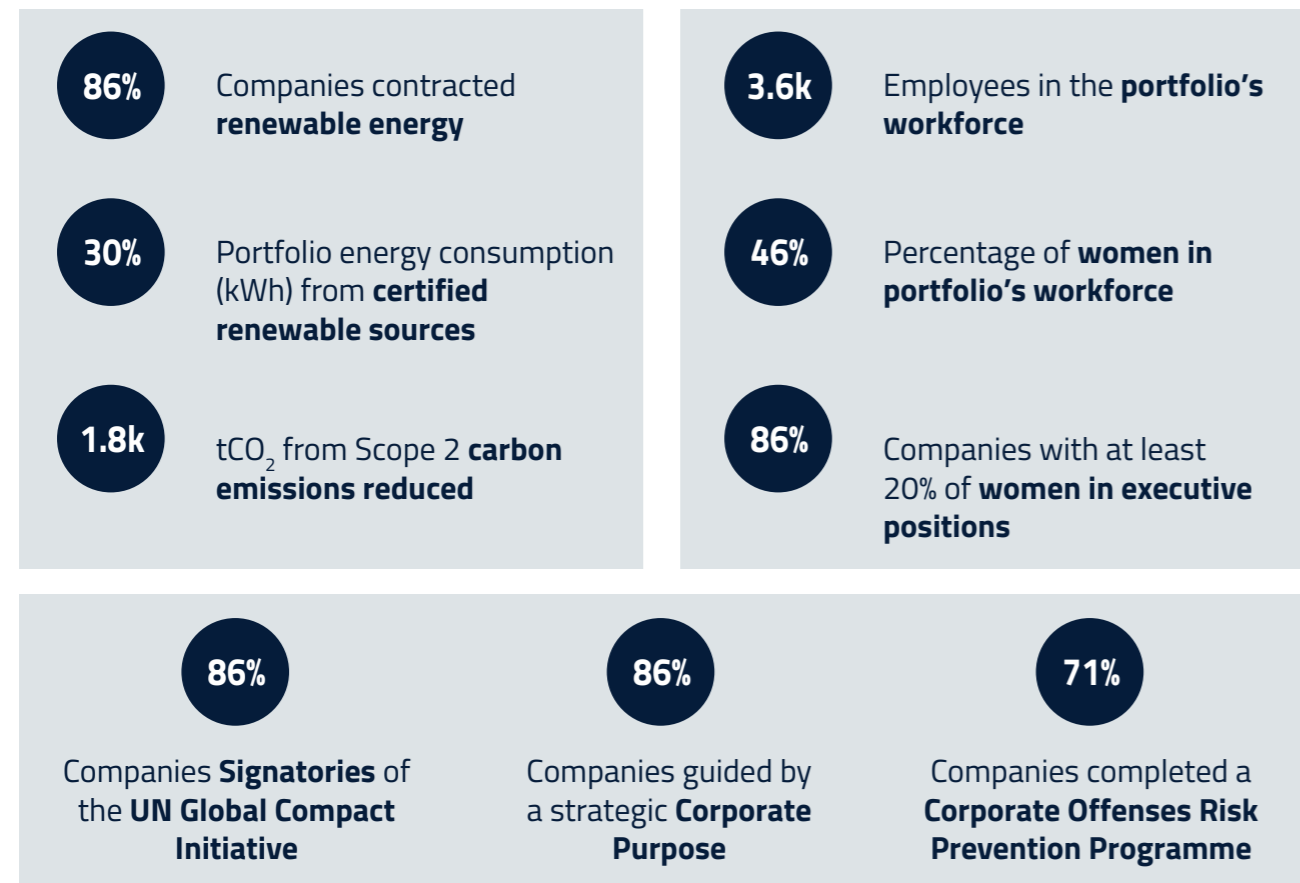


Revalidated top performance at the **UNPRI assessment** obtaining an **A+ score** in all applicable modules



Became **Supporters** of the **Task Force on Climate-Related Financial Disclosures (TCFD)** in March 2020

Key Portfolio data



Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

Our Purpose

“
To create sustainable value in our businesses and communities”





Oriol Pinya, Borja Martínez de la Rosa, Federico Conchillo, Partners of Abac Capital

Letter from the Partners

2020 was an extraordinarily difficult year for the world, particularly for the developing countries, the elderly population, and for all the people with weaker health conditions or informal and unskilled jobs. The consequences of the pandemic will last for at least a generation, and we have no doubt there will be a before and after COVID in the way we live, work, and interact with our planet.

At Abac, the sorrow of the terrible global economic and humanitarian crisis was multiplied by the tragic loss of one of our Founding Partners, Javier Rigau, in a car accident. Losing a dear friend and a partner is always very difficult, especially in such an unexpected way. However, his humble legacy of treating others as you would like them to treat you will always be with us and will help us heal the wound. Javier was and will continue to be a source of inspiration and a role model to all of us.

In this uncertain environment, we are even more committed to investing in opportunities that create sustainable value. We believe this is the best way we can meet our fiduciary duty to our investors, who trust our firm to invest responsibly and transform businesses into resilient organisations that will contribute to creating a better future.

In 2020, despite the adverse circumstances, we remained committed to our purpose and achieved great progress on the sustainability front by certifying as a B Corporation and advancing towards decarbonising our portfolio.

Rising momentum for sustainability

This year brought severe devastation and sorrow, but also highlighted the importance of sustainability in its broadest sense. Evidence mounted as to the importance of addressing rising inequality and environmental damage, as well as preparing our economies to address systemic challenges. This is also being reinforced by new regulations and funds dedicated to sustainable development.

To achieve this, the private sector must play an active role by increasing disclosure, aligning with the international sustainability agenda, and embracing change within their organisations and stakeholders.

Certifying as a B Corporation

We are happy and incredibly humbled to be joining a movement of companies that represent best-practices across different sectors from which we can learn. During the year, we integrated the B Impact Assessment tool to evaluate our operations and business model and worked to identify areas of improvement. Also, we are working on the implementation of the B Impact Assessment tool to evaluate the performance of our underlying portfolio companies.

Our climate agenda

At our 2020 Sustainability Day, we stressed the importance of decoupling emissions from our top line. By the end of 2020, 86% of our portfolio companies had contracted renewable energy, resulting in an average of 30% annual energy consumption from certified renewable sources during the year. We hope to bring Scope 2 emissions close to zero in 2021.

In an effort to improve our climate change standards, we also became supporters of the Taskforce on Climate-related Financial Disclosures (TCFD) in March 2020. To date, we have developed and integrated climate-change risk to our proprietary risk assessment tool, and we are measuring Scope 1 and 2 emissions at our portfolio companies.

Renewed commitments

During the year, we revalidated our A+ performance for the UNPRI 2020 Assessment, which was the highest score obtained since we first joined the initiative in 2015.

We also renewed our endorsement of the UN Global Compact Spanish Network as Bronze Signatories. Additionally, six out of our eight current portfolio companies, are now Signatories of the UN Global Compact and annually submit Communication on Progress reports, which are publicly disclosed by the organisation.

Closing thoughts

2020 was a challenging start to a new decade that sets ambitious goals for sustainability. At Abac we have a strong base from which to continue to grow and improve. We would like to thank Abac's team and the Sustainability Champions at the portfolio companies for their perseverance and accomplishments during this challenging period.

Herein, we provide a summary of the progress we have achieved. We remain committed to our purpose, aware of our responsibility to create sustainable value for our businesses and communities.

Federico Conchillo, Borja Martínez de la Rosa and Oriol Pinya.

Creating sustainable value in our businesses and communities

Our Purpose











At Abac Capital, we acknowledge that our investment decisions impact the life of the Fund’s portfolio companies, their employees, and communities. Thus, since inception, sustainability and a strong culture of citizenship underpin the way we conduct business.

Our purpose is to “create sustainable value in our businesses and communities”. The Abac Funds aspire to achieve positive externalities, creating better sustainable companies that will outlast Abac’s ownership, deliver sustainable returns, and positively impact their surrounding communities.

It is our understanding that sustainability is a true driver of not only social and environmental impact but also financial performance and long-term value creation.

Our purpose is articulated in three strategic objectives that constitute the core of our Sustainable value strategy:

- Providing portfolio companies with transformational value
- Delivering sustainable returns to our investors
- Creating community impact

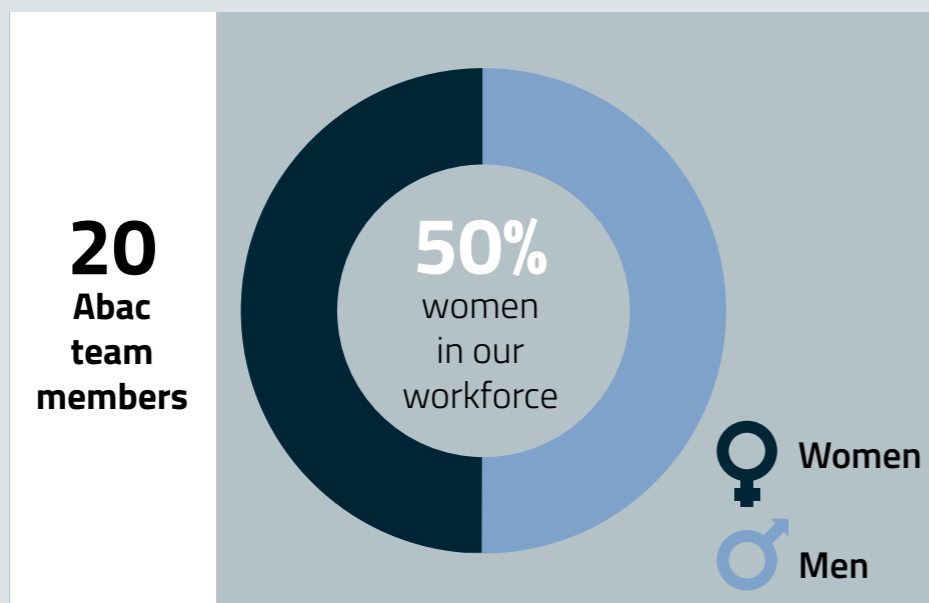
Transformational Value	Sustainable Returns	Community Impact
<p>Long-term value creation in our portfolio companies through:</p> <ul style="list-style-type: none"> ▪ Hands-on portfolio management ▪ Operational transformation in a sustainable manner <ul style="list-style-type: none">  People  Optimize operations  Digitalisation  International expansion 	<p>Delivering sustainable returns to our investors through:</p> <ul style="list-style-type: none"> ▪ Long-term value creation ▪ Putting LPs capital to work for good <ul style="list-style-type: none">  Purpose-led organizations  Governance  Reporting 	<p>Positive impact for our stakeholders and surrounding communities:</p> <ul style="list-style-type: none"> ▪ Community engagement ▪ Investors’ capital making a difference <ul style="list-style-type: none">  Citizenship initiatives  Good employment  Gender & minorities equality

About Abac Capital



About Abac

€350m Assets Under Management				
24 Investors				
15 Institutional Investors	9 High-Net-Worth Individuals (HNWI)	60% UE	30% US	10% Australia

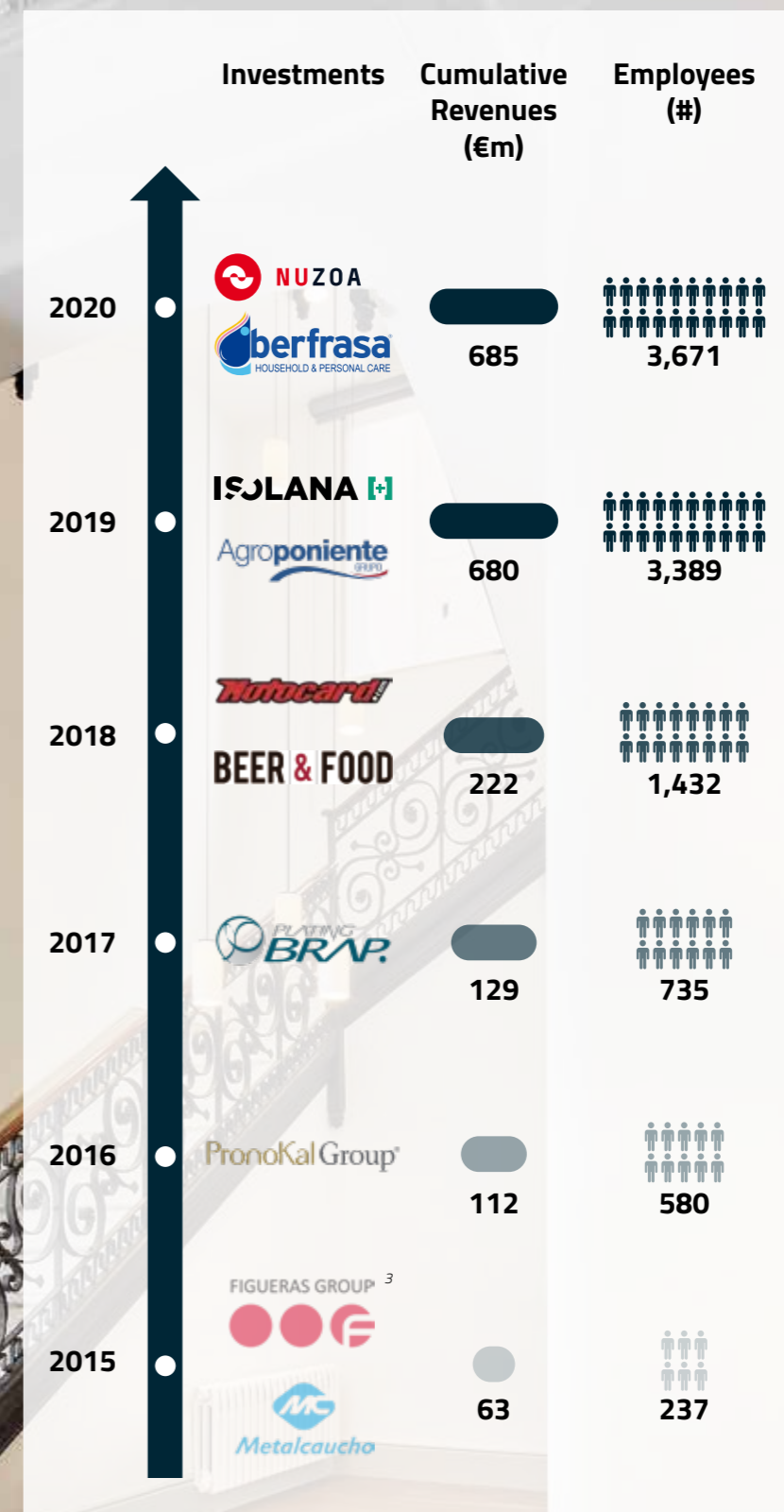


Focused in Iberia with offices in:

- Barcelona
- Madrid

About our portfolio companies		
8 portfolio companies ¹	3,671 employees	€685m combined revenue ²

¹ December 2020. However, sustainability data in this report reflects seven portfolio companies out of the ten investments completed by the Fund. Data in the report excludes divestments and the last acquisition, Nuzoa, which was completed in 4Q20.



³ Metalcaucho and Figueras were exited during 2020 and not included in the total 2020 figures



Javier Rigau (RIP), Federico Conchillo, Borja Martínez de la Rosa and Oriol Pinya, Partners of Abac Capital

History

Abac Capital is an independent Private Equity advisor based in Barcelona. Originally founded in 2014 by Oriol Pinya, Borja Martínez de la Rosa and Javier Rigau (RIP), they were later joined by Federico Conchillo. The firm advises Abac Solutions Manager S.à.r.l. on investments across the capital structure of Spanish businesses that require transformational capital.

Today, the Abac team brings over 100 years of investment experience in a myriad of industries, countries, stages of development and deal structures. Collectively, the partners have advised, managed, and exited over €3.7 billion in equity and debt-like instruments in over 40 companies.

Our role

Abac Capital is the exclusive advisor of Abac Solutions Manager S.à.r.l., manager of Abac Solutions Fund I. Abac Solutions Manager S.à.r.l., as the General Partner, is the Fund's decision-making body and makes investment and divestment decisions based on recommendations from the Abac Capital team.

At Abac Capital, we believe we add value to the companies backed by the Fund through operational excellence, strong personal and professional

relationships, deep industry knowledge, and financial acumen. We align our interests with those of the Fund's investors by investing significant amounts of our own capital alongside other Limited Partners.

We think long-term and take the business seriously and responsibly. Consequently, we put our hearts, heads and pockets behind the businesses we back and share our successes with the other stakeholders.

Our Approach

The Fund has the mission to invest profitably in solid Spanish medium-sized companies that require long-term transformational capital solutions. We are thesis-driven and we focus mainly on the industries we know well and where we have previously made money for investors: Services, Industrials, TMT, Consumer Digital, Healthcare and Energy.

We like solid cash-flow-positive businesses led by skillful teams that face challenging situations such as ownership transitions, corporate carve-outs, misunderstood assets, or lack of liquidity to finance their growth. The Fund does not invest in start-ups, real estate, or in operationally distressed situations.

Why Abac

We believe that we add value to the businesses we back and are proud of the way we conduct business. Some of the reasons why entrepreneurs, company owners, and management teams choose to work with us are:

Experienced team with a successful track record

Abac Capital's founders have excelled investing together in a variety of situations for almost 20 years. We devote our breadth of experience to ensure that we understand each situation properly and devise the optimal solution. Abac Solutions is one of the very few Southern European private equity funds focused exclusively on sustainable value investing.

Committed capital behind our ideas

We always co-invest with the Fund's Limited Partners and management teams as we believe this is the best way to align our interests and focus on long-term value creation.

Long-term relationships

We are committed to supporting businesses throughout the economic cycle to ensure their success. We do not speculate. Once the Fund invests in a business, we are loyal to its team and help execute the agreed business plan.

Integrity

We never compromise on integrity, as we see it as non-negotiable. We believe in the Principles of Responsible Investing and we do not take shortcuts, as our reputation is our most valued asset.

Certainty of execution

Once we decide to go ahead with a deal, we commit senior attention, resources across the entire firm, and the necessary capital from the Fund to ensure the transaction closes timely and fairly. We have a simple, well-paced and structured decision-making process that delivers clear feedback during the execution phase of a deal.

Strong partnership with portfolio companies

Investing the Fund's capital in a business is only the beginning of the journey. We are a hands-on advisor supporting management teams as an integral piece in the definition and execution of a joint business strategy. Our operating partners provide in-depth analysis and seamless execution skills to get the job done. Our boards of directors have clear agendas, long-term focus, and a sustainability drive, and are prepared to encourage bold capital expenditures when required to transform the businesses in which we invest. Our investment team is constantly looking for add-on acquisitions and growth opportunities consistent with the Fund's portfolio companies strategies.

Our ethical compass



Integrity: We share an uncompromising commitment to do the right thing.



Directness: We are honest and direct in our internal and external communications.



Excellence: We work hard to excel at whatever we do and to deliver outstanding solutions.



Entrepreneurship: We are constantly looking for new opportunities. See a problem? Bring a solution. See an opportunity? Chase it!



Accountability: We are all accountable for our job and we take responsibility for our actions individually and as a team.



Respect: We like different backgrounds and opinions. We pride ourselves on respecting people of all races, nationalities, and beliefs.



Team: We play, win and lose together.

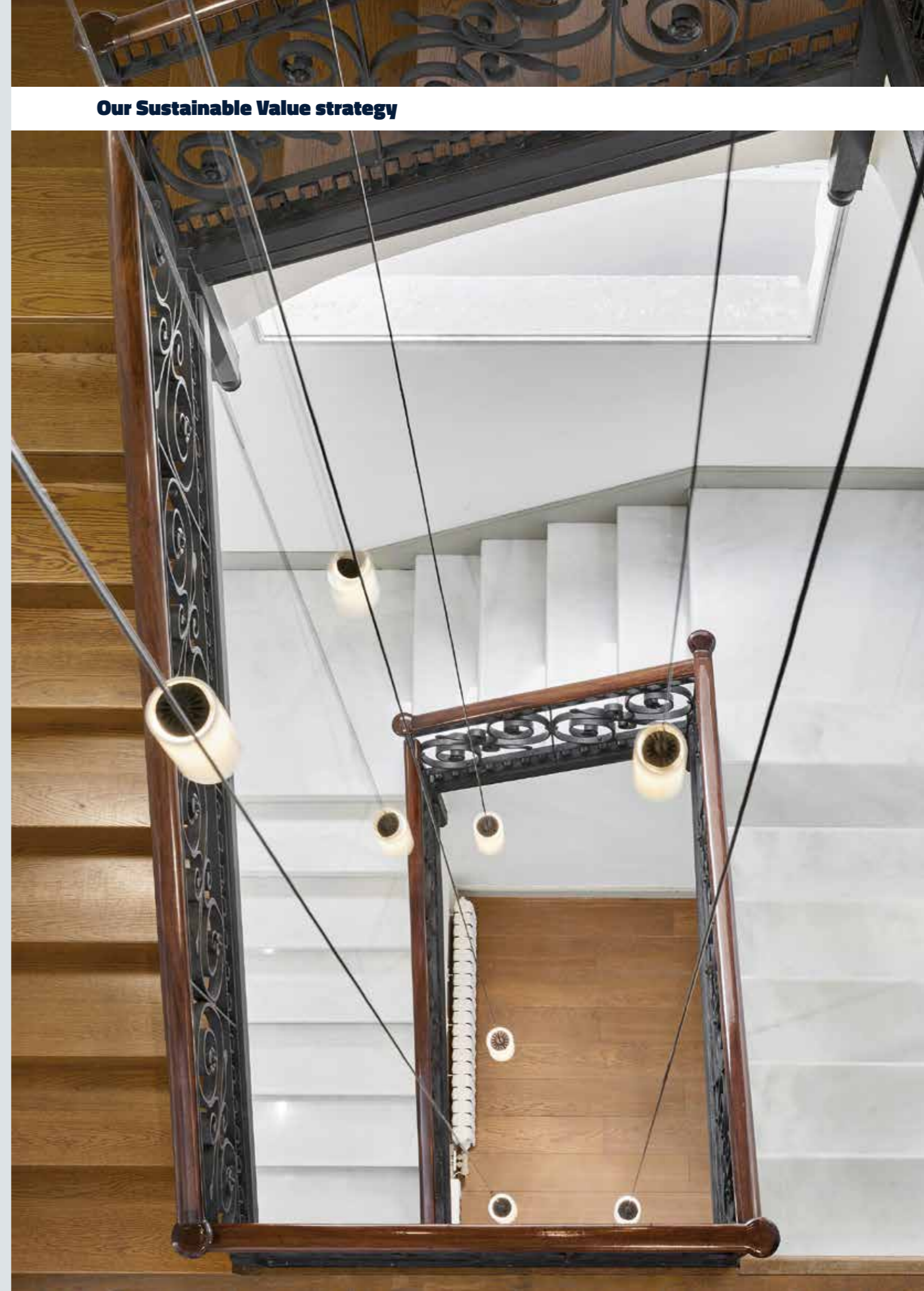


Social conscience: Sharing time, knowledge and money with those who need it is an integral part of who we are and what we do.



Abac team members

Our Sustainable Value strategy



At Abac, we believe that long-term value creation has to come necessarily from improving the businesses in which the Fund invests in a sustainable manner. Abac aims to deliver financial value transforming businesses in a way that has a positive impact for all stakeholders.

Transformational Value

Through creating Transformational Value we strive to grow and improve the long-term sustainability of portfolio companies through hands-on portfolio management and an operational transformation strategy. Therefore we:

- Transform the Fund's portfolio companies' sustainably through appointing excellent management teams, optimising operations, digitalising processes, and helping their international expansion;
- Take resource & energy efficiency, environmental compliance, and waste management into consideration as an opportunity to generate positive externalities in our businesses.

Sustainable returns

Through delivering Sustainable Returns we embrace our fiduciary duty towards our investors, pursuing a value creation strategy and putting our Limited Partners' capital to work for good. Therefore we:

- Consider associated environmental, public health, safety, and social issues before investing in a company;

- Transform portfolio companies into purpose-led organisations;
- Implement appropriate reporting, audit processes, compensation and governance structures at the Fund's portfolio companies with the goal of improving performance, aligning interests, and minimising risks;
- Provide appropriate information to the Fund's Limited Partners on ESG and Sustainability matters and promote transparency about our activities.

Community Impact

Through creating Community Impact, we aim to positively influence all our surrounding communities with our activity, contributing to making a difference with LPs capital. Therefore we:

- Engage with all relevant stakeholders, either directly or through representatives from our portfolio companies;
- Work to create decent employment and improve gender & minorities equality both at Abac and the Fund's portfolio companies;
- Embrace citizenship initiatives both at Abac and the Fund's portfolio companies by committing our time, knowledge, and resources to those who need it.

This is Abac's pledge to the Fund's investors, to portfolio companies, to our employees and to our surrounding communities. We are grateful to have investors that share this view and push our boundaries to ensure we do not derail from our Sustainability path.

Investment process

Abac's purpose and strategic objectives materialise in a curated investment process designed to ensure tangible impact and value are created. Our investment strategy is outlined in a publicly available Responsible Investment Policy, and leverages the firm's corporate values as well as our commitments to international organisations and standards.

Sustainability is contemplated at all stages of the investment and divestment process.

1 Deal sourcing

Our screening criteria

We exclude from the Fund's investment process any company a primary activity of which is:

- the business of pornography or vice;
- the manufacture, distribution, sale or supply of offensive armaments and weapons;
- the manufacture of tobacco products;
- the operation of gambling or gaming facilities;
- the engagement in harmful practices to the environment;
- the engagement in discriminatory practices against any minority group; or
- the employment of child labour

We also exclude any business of which we have evidence of Human Rights, labour, environmental or corruption issues (as defined by the UN Global Compact) that cannot be easily stopped by a change of ownership.

2 Due Diligence

Our investment analysis

The focus on Sustainability begins ahead of the deal being executed whereby Abac conducts thorough due diligence on the target company.

We discuss the ESG implications of the business in our Approval and Investment internal committees to develop sound action plans and we commission independent specialist ESG due diligence. An ESG red flag is often enough to reject a potential deal at the approval stage.

3 Investment period

Our ownership policies and practices

- **100 Day Plan:** A 100-day plan at the beginning of the investment period includes a Sustainability section on ESG and Compliance, defining the policies and monitoring systems to be implemented.
- **Purpose definition and identification of material issues:** We accompany portfolio companies in the process of redefining their strategic purpose, as well as aligning their corporate strategy to address material issues and contribute to strategic Sustainable Development Goals (SDGs).
- **Monitoring:** We quarterly monitor 60 ESG KPIs, the policies implemented, and the initiatives put forward to ensure progress is achieved on the sustainability front. Monitoring includes quarterly reporting on performance and status to portfolio companies' BoD and Abac, as well as biannual discussions at Portfolio Reviews and Risk Management Committees.
- **Investor Reports:** Sustainability matters are periodically covered in investor communications at the Annual Investors Meeting (AIM), the Supervisory Board and the Annual Sustainability Report.

4 Divestment period

Accountability and abidance

At exit, we prioritise the continuity of the Sustainability strategy implemented during the investment period and consider ESG matters in addressing potential bidders.

- We provide the potential bidders with detailed information regarding the sustainability initiatives, milestones, and impact achieved during the investment period.
- We consider the potential bidder's treatment of ESG matters and the willingness to perpetuate the Sustainability policies implemented during Abac's holding period.
- We analyse potential bidders' history with regards to ESG.
- Our Compliance team performs the relevant know your customer (KYC) checks in accordance with the anti-money laundering and the prevention of terrorist financing rules on potential bidders.

Foundations & Commitments

Our public commitments

Our sustainability efforts are guided by the most rigorous international standards, reporting tools and certifications.

We are a Certified B Corporation⁴ and follow the highest verified standards of social and environmental performance, transparency, and accountability.

Our Sustainability undertakings are informed by the following international guidelines:

- The Ten Principles of Corporate Governance by the UN Global Compact
- The United Nations Principles for Responsible investment
- The European Venture Capital Association recommendations
- The Commission du Surveillance du Secteur Financier rules
- The Comisión Nacional del Mercado de Valores rules
- The United Nations Sustainable Development Goals
- The Global Reporting Initiative Standards
- The B Impact Assessment (BAI)
- The OECD Anti-Bribery Convention

We are signatory of the following international initiatives:

- The United Nations Principles for Responsible Investment (UN PRI)
- The United Nations Global Compact Initiative (Signatory Participants)⁵
- Task Force on Climate-Related Financial Disclosures (Supporters)⁶

⁴Abac Capital certified as a B Corporation in February 2021

⁵Abac Capital is a Signatory of the UN Global Compact Initiative since December 2019

⁶Abac Capital is a Supporter of the TCFD since March 2020

Certified



B Corp Certification

During 2020, we worked towards completing the B Impact Assessment and certifying as a B Corporation. In February 2021, we successfully completed the verification process and certified with a performance score of 94.

We are proud to be now part of a community envisioning a global economy that uses business as a force for good.



Why B Corp

At Abac, we strive to contribute to the global business movement seeking to build inclusive and sustainable economies that consider the wellbeing of people and the planet. B Corporation is an organisation leading this systemic transformation together with a growing group of companies that follow the highest verified standards of social and environmental performance, transparency, and accountability.

The B Impact Assessment developed in 2007 by B Corp, is a 360-degree tool designed to evaluate the impact of an organisation's operations and business model. Companies that obtain an overall performance of at least 80 points in

the B Impact Assessment, are eligible to certify as a B Corporation. The certification is widely recognised as a best-practice and shared among a select although growing group of companies that are leading sustainable transformation and responsible leadership in a wide array of sectors and geographies.

At Abac, we were seeking to validate the impact of our activity through a tool that would also guide our efforts to continue improving our performance as a company leading sustainable transformation. In January 2020, we set the objective to certify as a B Corp and embarked on a full-year journey to obtain the certification.

Our UN Principles for Responsible Investment scorecard



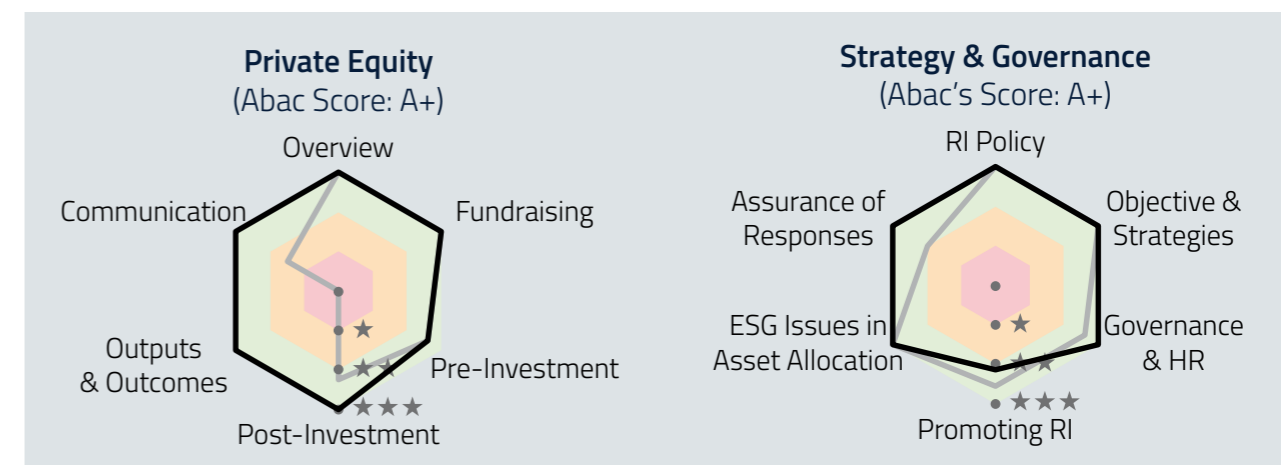
- 1 We incorporate ESG issues into our investment analysis and decision-making processes.
- 2 We are active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We promote acceptance and implementation of the Principles within the investment industry.
- 5 We work together to enhance our effectiveness in implementing the Principles.
- 6 We report on our activities and progress towards implementing the Principles.

Since 2015, we are signatories of the Principles for Responsible Investment, a United Nations' initiative launched in 2006 by Kofi Annan encouraging its endorsers (asset owners, investment managers and service providers) to respect its six core principles (see left).

At Abac, we recognise that applying these Principles helps us better align investors' interests with broader societal objectives.

Since our first submission in 2016, we have persistently worked to improve our assessment and we will continue to do so as the UN PRI adapts its Investor Reporting Framework to the most relevant sustainability issues.

In our 2020 UN PRI evaluation, we obtained an A+, achieving a maximum score in all categories assessed



● Abac score ● Median other signatories

The PRI assessment methodology is available at www.unpri.org
Abac's Assessment Report and Transparency Report are available at www.abacsolutions.lu/en/responsibility/

WE SUPPORT



2030 Agenda for Sustainable Development

At Abac, we acknowledge the private sector has a fundamental role to play to achieve the goals established in the UN 2030 Agenda. We are fully committed to advance the Sustainable Development Goals (SDGs) through our business activity, and we steward portfolio companies in designing long-term strategies that consider their contributions and impacts to the SDGs.

We support the United Nations Global Compact Initiative as Signatory Participants⁷ and we are committed to implementing its ten principles regarding human rights, labour, environment, and anti-corruption.

Abac's Commitment to SDGs

Although we consider all Sustainable Development Goals in our decisions, we believe we must strive to focus our sustainability efforts on impacting those topics to which we can contribute the most.

5

Gender equality

- Increasing opportunities for women in the private equity industry.
- Embracing women in leadership positions at our portfolio companies.
- Fostering gender equality across all our portfolio industries.

8

Decent employment and economic growth

- Creating purpose-led organisations that will contribute to a prosperous economy in the long-term.
- Embracing employee wellbeing across our portfolio.

12

Responsible consumption and production

- Optimising operations in a sustainable manner across our portfolio.
- Promoting responsible production and consumption practices along our businesses value chains.

16

Peace, justice and strong institutions

- Implementing sound Governance structures across our portfolio.
- Increasing transparency and reporting processes.

17

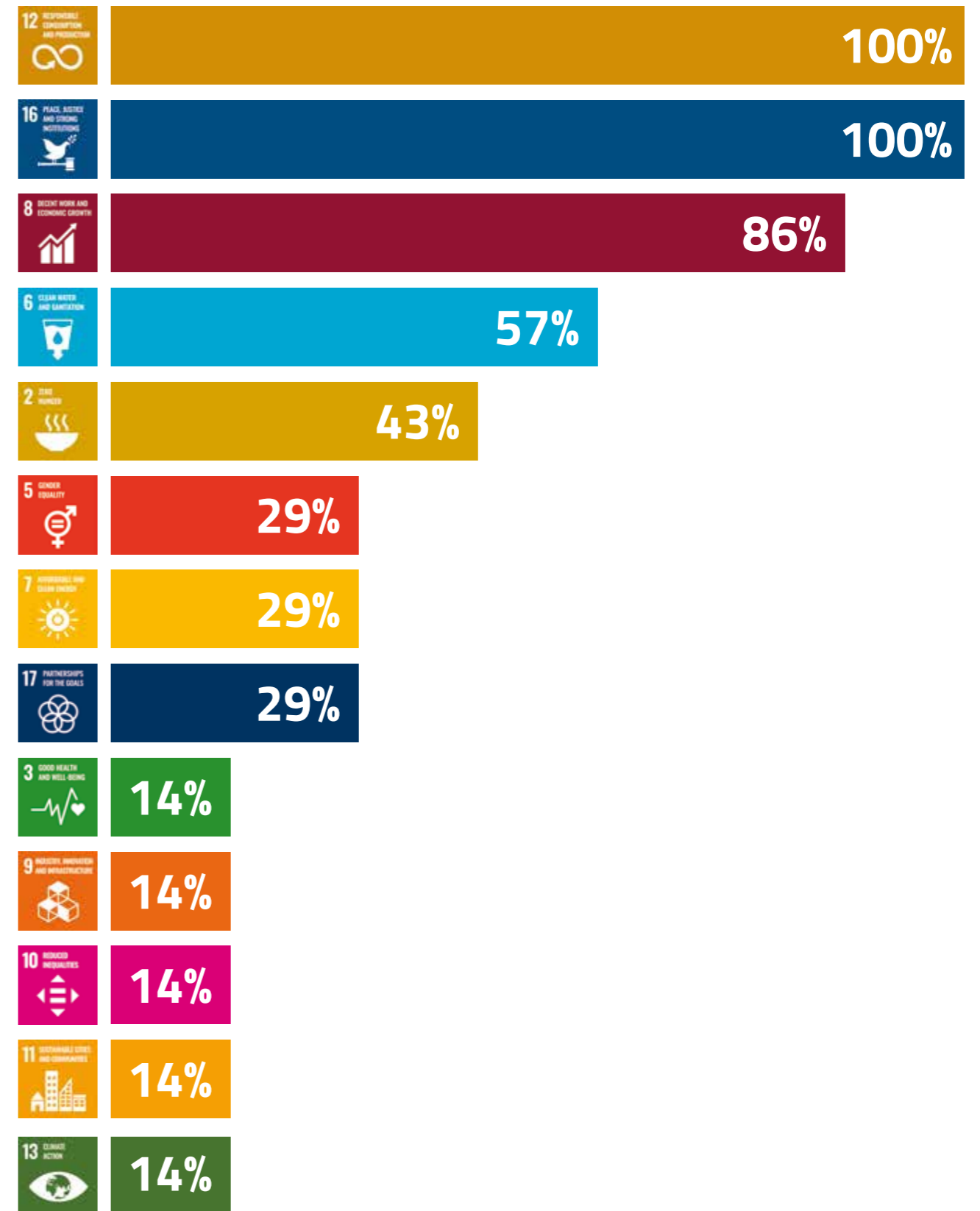
Partnerships for the goals

- Embracing sustainability within the Private Equity Industry.
- Sharing best practices across different industries through our Sustainability Champions.

⁷ Since 2019, Abac Capital S.L. has supported the Global Compact Initiative as Signatory Participants

Our portfolio's commitment to SDGs

% of portfolio companies identifying each SDG as strategic (2020)



Climate - Task Force on Climate-Related Financial Disclosures

Climate change is undoubtedly one of the most pressing challenges of our time. During 2020, evidence has continued to mount demonstrating its urgency and the need for coordinated rapid action to mitigate its effects. Consequently, guidance and transparency requirements to the private sector from regulators, investors, and society will continue to increase at a rapid pace.

At the same time, climate change poses not only risks, but also opportunities for businesses to innovate and explore new markets.

In this context, we have taken several steps to improve the governance, monitoring, and disclosure of climate change risks and metrics.

In March 2020, we became Supporters⁹ of the Task Force on Climate-Related Financial Disclosures (TCFD).

The TCFD was established by the Financial Stability Board in 2015 to develop recommendations for more effective climate-related disclosures that

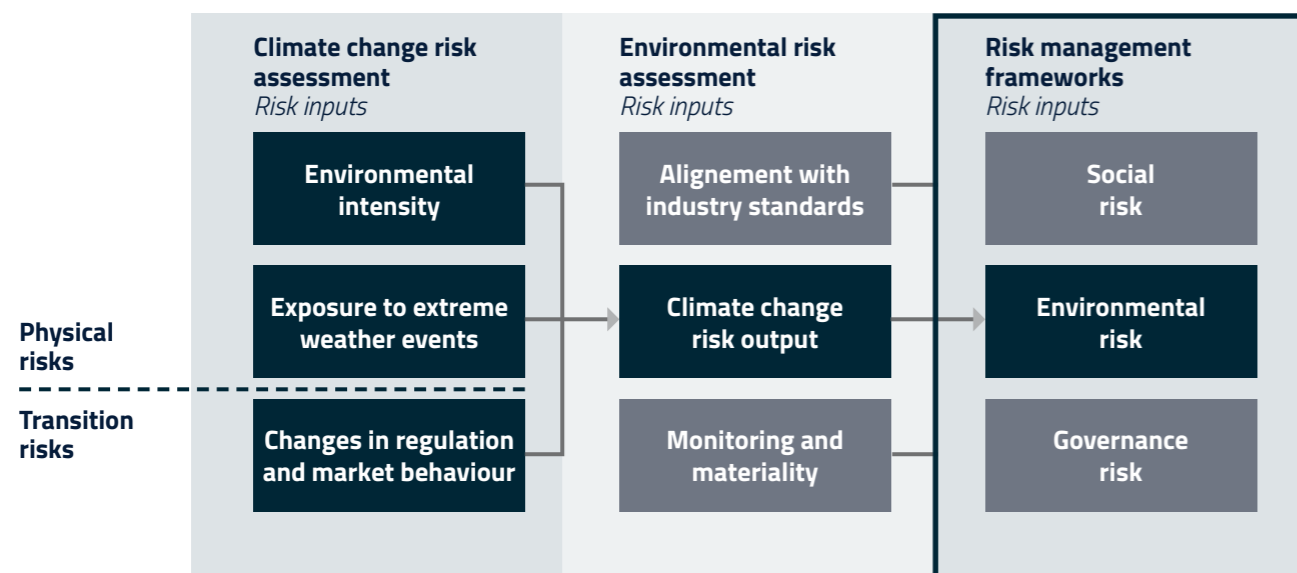
could promote informed financial decisions and enable understanding of exposures to climate-related risks.

The TCFD's recommendations are articulated around four core pillars: Governance, strategy, risk management, and metrics and targets

Climate Change Risk Assessment

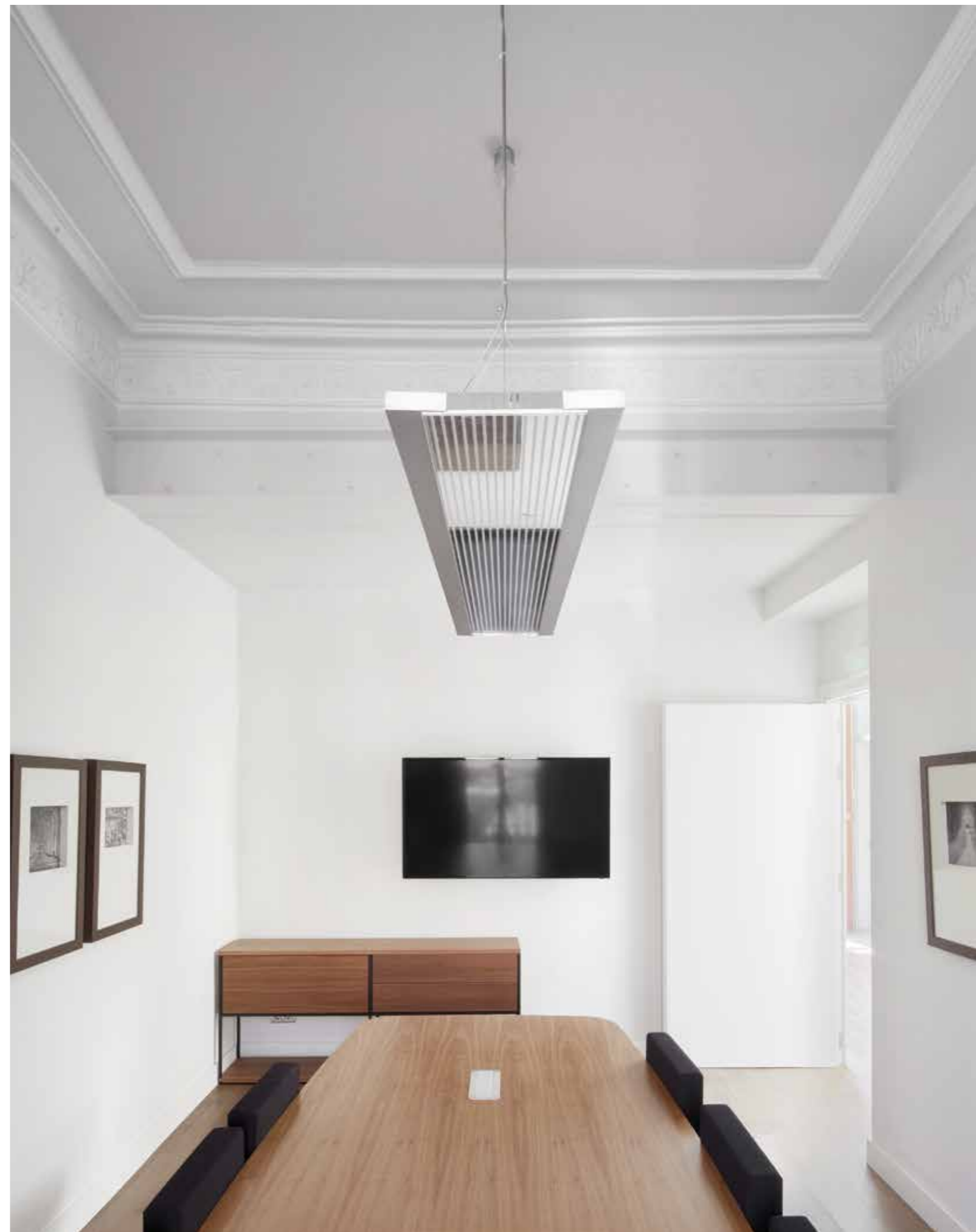
During 2020, we developed a climate-change risk assessment framework to evaluate the exposure of our portfolio to climate-related risks and opportunities throughout the investment period. The framework has been articulated to consider both physical risks as well as transition risks arising from the transition to a low-carbon economy.

The climate-risk assessment framework has been integrated into Abac's Risk Management Framework⁹ and will therefore be performed on a biannual basis.

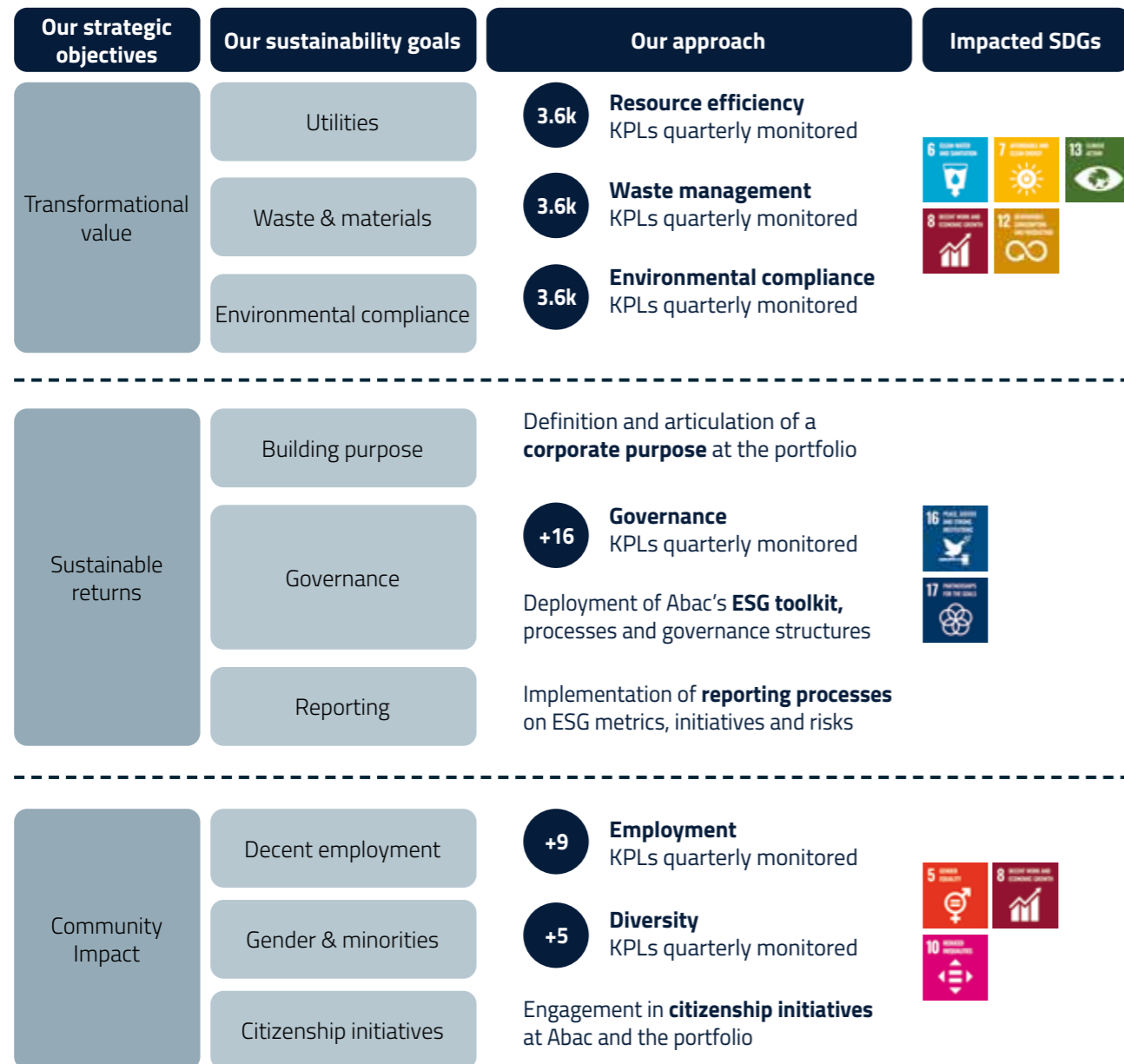


⁹The Task Force on Climate-Related Financial Disclosures' (TCFD) list of Supporters is available at the following link: www.fsb-tcfd.org/supporters/
⁹To access more information regarding our approach to risk management, please visit the risk management section in this report.

Sustainability at Abac



Our sustainability framework



Materiality

Materiality analysis is fundamental to identify the main ESG issues which are likely to influence the financial and the operating performance of a company and therefore, have the most significant impact. We understand our sustainability efforts should especially focus on the financially material aspects of our business and the portfolio.

Our materiality analysis is based on the industry framework developed by the **Sustainability Accounting Standards Board (SASB)** which outlines 26 sustainability issues organized under 5 sustainability dimensions.

- Portfolio companies are benchmarked within the SASB materiality framework according to their industry.
- The weight of the financially material issues identified is then adjusted based on Abac's knowledge regarding the specific portfolio company and its environment.

Low Materiality  High Materiality

Environment

GHG emissions	
Air quality	
Energy Management	
Water & Wastewater Mgmt.	
Waste & Hazardous Materials Mgmt.	
GHG emissions	

Business Model & Innovation

Product Design & Lifecycle Mgmt.	
Business Model Resilience	
Supply Chain Mgmt.	
Materials Sourcing & Efficiency	
Physical Impacts of Climate Change	

Social Capital

Human Rights & Community Rel.	
Customer Privacy	
Data Security	
Access & Affordability	
Product Quality & Safety	
Customer Welfare	
Selling Practices & Product Labelling	

Leadership & Governance

Business Ethics	
Competitive Behaviour	
Mgmt. of the Legal & regulatory Env.	
Critical Incident Risk Mgmt.	
Systemic Risk Mgmt.	

Human Capital

Labour Practices	
Employee Health & Safety	
Employee Engagement, Diversity & Inclusion	

Transformational Value

“

We execute our operational transformation strategy through a hands-on portfolio management approach that focuses on improving operations in a sustainable manner.

Across the portfolio, we encourage companies to implement initiatives to reduce waste and utilities consumption as well as to improve environmental standards. We are confident that optimising on these dimensions is a triple-win strategy, for it helps the environment, our companies' competitive position, and in turn the Fund's performance.

”

Energy & Resource management

Energy & Resource Management achievements

- 86%** Companies contracted **renewable energy**
- 30%** Energy consumption (kWh) from **renewable sources** (to reach 70% in 2021)
- 60%** Energy consumption audited for **energy efficiency**
- 100%** Companies measuring their **carbon footprint** for scope 1 & 2 emissions
- 43%** Reduction in Scope 2 **CO₂ emissions**

Abac's energy & resource management approach

We are committed to the transition to a net-zero economy and we actively work with portfolio companies to advance towards carbon neutrality.

During the investment period, we consistently monitor energy consumption, resource management and carbon emissions across the portfolio, and we promote initiatives to decarbonise and optimise consumption.

We regard these initiatives as an opportunity to improve our environmental impact while optimising operations and costs.

Examples of energy & resource management initiatives

In 2020, we worked with portfolio companies to decrease Scope 2 emissions by switching energy consumption to 100% renewable energy. Additionally, the portfolio continued to implement energy efficiency measures to decrease the consumption (kWh) per unit of revenue generated.

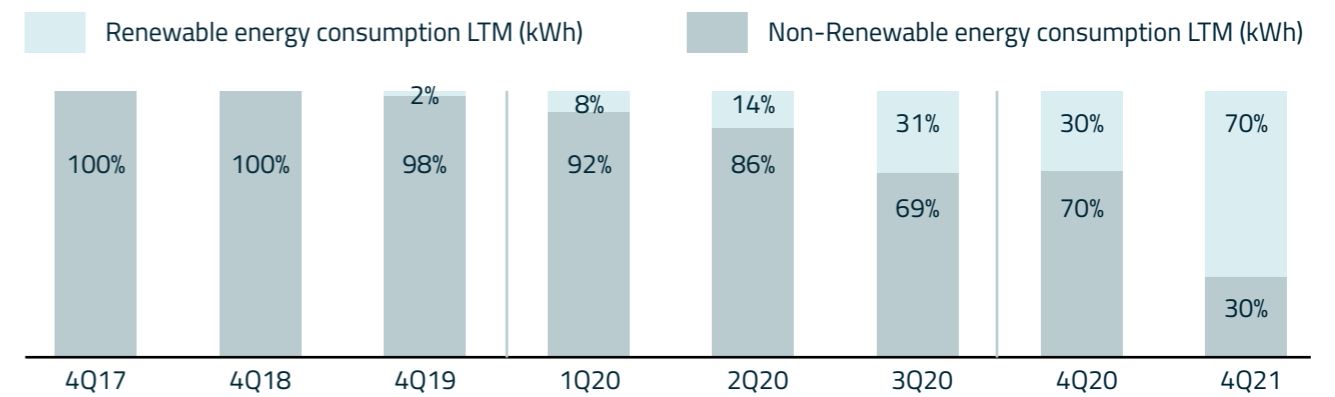
By December 2020, 86% of portfolio companies had contracted renewable energy to power their operations. In 2020, renewable energy accounted for 30% of the portfolio's total energy consumption, and contracted renewable energy was forecasted to reach 70% of the portfolio's aggregated consumption in 2021.

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

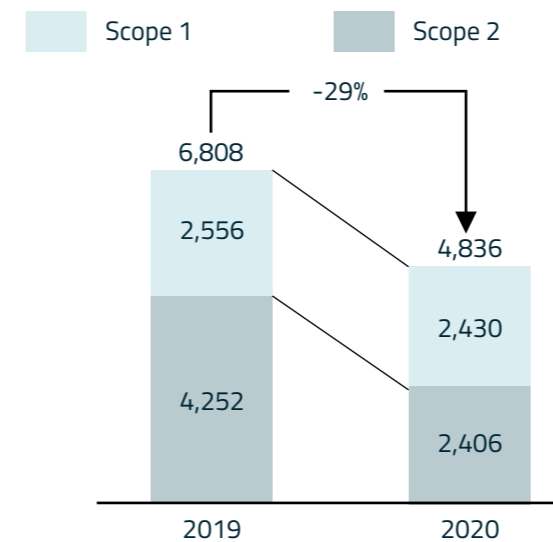
Portfolio overview - Energy & Resource management performance



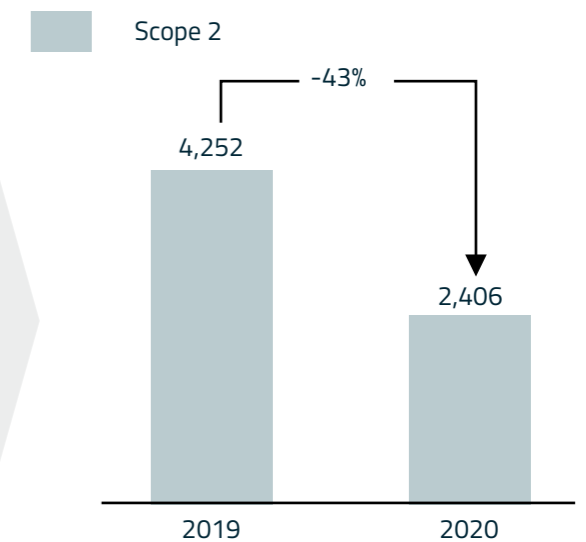
Energy consumption by source (% LTM)



Carbon emissions evolution (tCO₂)



Scope 2 emissions evolution (tCO₂)



Note: Data excludes 2020 acquisitions and exits to portray comparable data. Total carbon emissions in 2020, including 1H20 acquisitions, reached 8.7k tCO₂.

Note: Data excludes 2020 acquisitions and exits to portray the YoY effect of changing to renewable energy to reduce Scope 2 carbon emissions.

ISOLANA

“Leading energy efficiency in distribution and housing”



Deal Status: Current
Investment Year: 2019
Sector: Insulation systems
Revenues: €113m
Employees in payroll: 396
UN Global Compact adherence date: July 2020

Strategic SDGs:



Purpose:
 “To help our clients build comfortable and sustainable housing”

Isolana is a distributor of insulation systems with 35 distribution centers and over 55,000 sqm facilities in Spain. Founded in 1939, the company is one of the leaders in the supply of thermal and acoustic insulation systems, interior partitions, and passive fire protection materials. The group benefits from its nationwide network to distribute other products such as ceramics, paint, parquet, toilets, cement and mortar, among others. The organisation also features a business unit, Ahorro Energético, focused on delivering energy consulting and environmental certifications.









During 2020, Isolana made significant progress improving sustainability in its product portfolio and its operations. The company continued to position as a sustainability leader in the insulation specialty distributors sector, introducing sustainability labeling to its product portfolio, as well as ecodesign and passivhaus products in its catalogue. Moreover, Isolana contracted renewable energy to power its operations in 89% of its distribution centers and launched an internal energy audit programme to optimise energy consumption.

Additionally, the company drafted a sustainability strategic plan committing to six corporate objectives to be achieved in the environmental, employee wellbeing, and governance fronts.

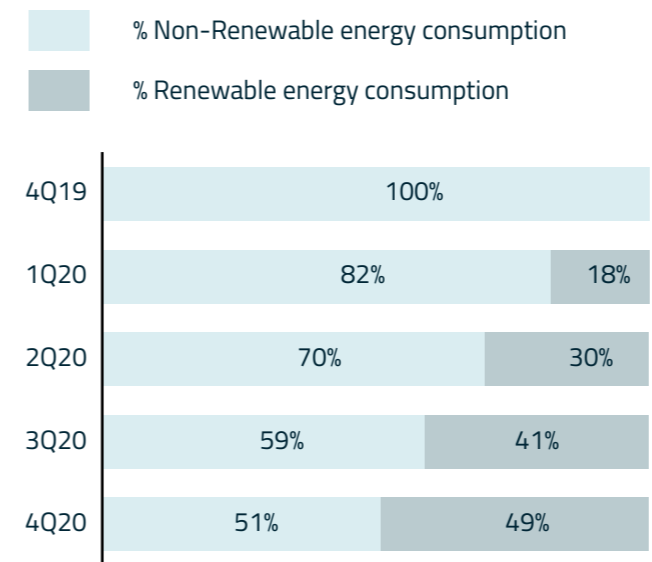


“2020 was a pivotal year at Isolana – We defined our sustainability roadmap for the upcoming years setting six ambitious objectives regarding climate change mitigation, social impact and corporate governance, which we will be measuring and reporting to our BoD. During the year, we also launched a citizenship programme we are especially proud of, focusing on improving housing quality and efficiency of groups at risk of exclusion”.

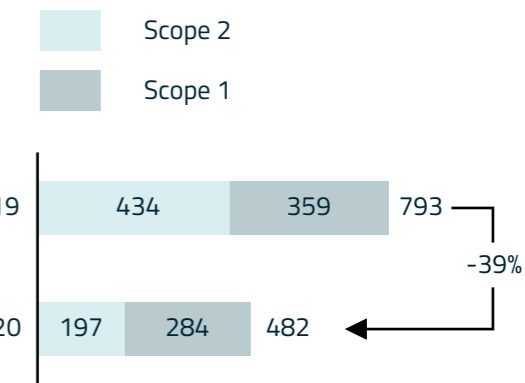
Amalia Roca, Sustainability Champion at Isolana

Initiatives	Outcomes and impact
<p>Environmental Embracing sustainability in operations and the product portfolio</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">  </div> <ul style="list-style-type: none"> ▪ Introduction of sustainability information to product portfolio descriptions and launch of a <i>PassivHaus</i> PoS ▪ Contracted renewable energy at 89% of its PoS and centres ▪ Energy efficiency audit at PoS and operation centres to identify improvements ▪ Introduction of 80% recycled plastic bags at PoS 	<ul style="list-style-type: none"> 49% Energy consumption from renewable sources in 2020; to reach c.100% in 2021 237 tCO2 YoY reduction in Scope 2 emissions by contracting 100% renewable energy 7 PoS audited for energy efficiency - equivalent to 60% energy consumption audited
<p>Social Connecting citizenship initiatives to corporate purpose</p> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">  </div> <ul style="list-style-type: none"> ▪ Launch of a corporate citizenship programme connected to the company's purpose ▪ Implementation of a quarterly corporate update open to all employees at the company <p style="margin-left: 20px;">The meeting covers strategy, financials and ESG, and is led by the CEO, the CFO and the Sustainability Champion</p>	<ul style="list-style-type: none"> 40 Hours of volunteering to refurbish housing of families at risk of exclusion €4.8k Material donated to refurbish 2 dwellings of families at risk of exclusion 200 Employees connected to the first business update which was held in Nov'20 through Zoom
<p>Governance Building governance structures</p> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div> <ul style="list-style-type: none"> ▪ Engagement with the UN Global Compact Spanish Network as a Signatory ▪ Advanced towards completion of a Corporate Offences Risk Prevention Programme; expected in 1H21 	<div style="display: flex; align-items: center;">  <div style="margin-left: 5px;"> <p>Supported the UN Global Compact as a Signatory.</p> </div> </div> <ul style="list-style-type: none"> >80% Employees signed the company's code of conduct.

Energy consumption by source (% LTM)



Carbon footprint (tCO2)



Waste & Materials

Waste & Materials achievements

100% Companies implementing initiatives to **reduce paper and packaging**



11% Reduction in **packaging** from initiatives implemented to optimise boxing



29% Reduction in **paper purchased** representing over €4k cost savings



1.2k **Kg of single-use plastic** avoided removing plastic lids and straws



71% Companies with a **waste management policy** in place



Abac's waste & materials approach

At Abac, we are committed to advancing responsible production and consumption. During the investment period, we work with our portfolio to improve waste and materials management throughout the companies' operations and value chains.

This ambition materialises in initiatives such as implementing waste management processes, choosing more sustainable materials, and advancing on R&D to make packaging and operations leaner.

Examples of waste & material management initiatives

In 2020, portfolio companies continued advancing digitalisation and optimising processes to reduce paper consumption.

For instance, Isolana achieved a 29% YoY reduction in paper consumption through the digitalisation of processes, and Plating Brap reduced cardboard consumption by 11% through the optimisation of boxing.

Additionally, Agroponiente made significant R&D efforts to reduce packaging while preserving products' shelf life, developing technologies which are already under implementation with several of its clients.

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

Portfolio overview - Waste & Materials



Status of initiatives



Initiatives to reduce paper and packaging

2020	100%
2019	100%
2018	100%
2017	100%



Initiatives to reduce waste

2020	71%
2019	75%
2018	50%
2017	75%



Waste management policy

2020	71%
2019	75%
2018	67%
2017	75%



“ Advancing sustainable industrial innovation ”



Deal Status: Current
Investment Year: 2017
Sector: Electroplating on plastics
Revenues: €8m
Employees in payroll: 88
UN Global Compact adherence date: December 2019

Strategic SDGs:



Purpose:

“To become leaders in the plating market through the usage of healthy and environmentally friendly technology”

Plating Brap is a European Leader in the plating on plastics market focusing mainly on the automotive sector, where it operates as a Tier 2 supplier for the main European brands. The Company estimates that 85% of sales end up in cars manufactured outside Spain.

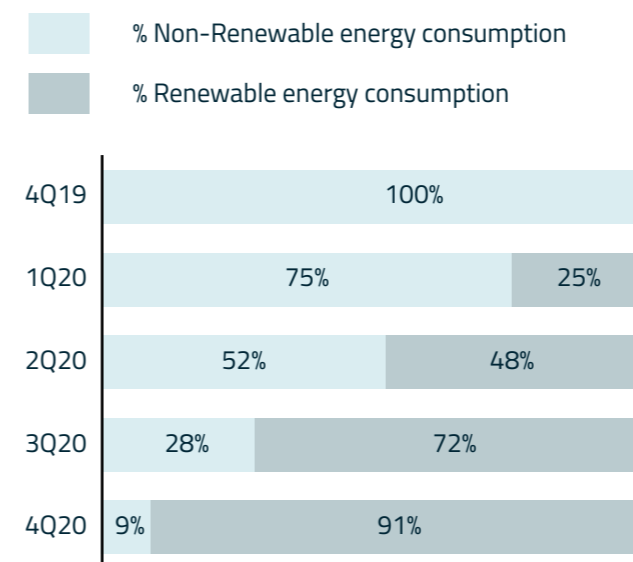
During 2020, Plating Brap continued working on the transition to eco-friendlier chemical products completing the development of the new chromium-free etch production line technology. This cleaner and disruptive technology will enable the company to perform its industrial processes free from Hexavalent Chromium (Cr(VI)). Plating Brap has already been awarded two new parts using this new technology. Additionally, Plating Brap increased its efforts to evaluate suppliers not only on the environmental front but also in terms of social practices. On that note, the company celebrated its first year anniversary as a UN Global Compact Signatory and published its 2019 Communication on Progress Report in December 2020.

“Despite the difficulties endured in 2020 because of the effects of the pandemic, we remained committed to become sustainable industrial innovation leaders in our sector. During the year, we continued investing in the development of the chrome-free (Cr(VI)) etch production line”

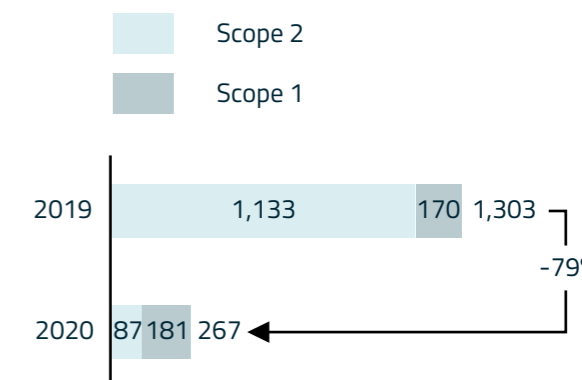
Francesc Capella, CFO & Sustainability Champion at Plating Brap

Initiatives	Outcomes and impact
<p>Environmental Developing sustainable industrial etching technology</p>	<ul style="list-style-type: none"> Development of a chrome-free etching technology eliminating Cr(VI) from the etching process Change of electricity supply to guaranteed renewable sources Renewable consumption in 2021 to reach 100% Reduction of Scope 2 carbon emissions by switching to 100% renewable electricity
<p>Social Screening suppliers for social best practices</p>	<ul style="list-style-type: none"> Evaluation of suppliers' compliance with legal, human rights and anticorruption best practices Launch of a best-practice questionnaire in 4Q20 Advancement and complement of temporary labour force adjustment subsidies
<p>Governance Disclosing progress to the UN Global Compact</p>	<ul style="list-style-type: none"> Publication of UN Global Compact 2019 Communication on Progress Report Completion of a Corporate Offenses Risk Prevention Programme already completed in 2019

Energy consumption by source (% LTM)



Carbon footprint (tCO2)



Note: 6,5% YoY increase in Scope 1 emissions attributable to fugitive emissions and timing of recharges. Emissions from consumption of fossil fuels in stationary sources and transportation decreased by 18% YoY and 14% YoY respectively.



“ Committed to sustainability in the personal care and household products industry ”



Deal Status: Current
Investment Year: 2020
Sector: Personal care and household products
Revenues: €81m
Employees in payroll: 357

Strategic SDGs:



Iberfrasa is a leading manufacturer of household and personal care products with a strong focus on private label products for large retailers. Founded in 1984, the company develops its activity in over 32,000 sqm state-of-the-art facilities located in Quintanar de la Orden (Toledo) where it employs over 350 employees.

Prior to Abac’s acquisition, Iberfrasa had already achieved relevant Sustainability milestones related to the company’s most material topics. On the environmental front, the company had obtained relevant environmental certifications such as ISO 9001, ISO 14001 and ECOCERT, and was already including ECODESIGN considerations in product development. On the social front, Iberfrasa had a strong prevention of workplace hazards corporate culture and had an Equality Policy under development. Finally, on the Governance front, the company had a Code of Conduct in place, a system of approval of suppliers, and was annually conducting a risk-opportunity map sustainability analysis.

Environmental compliance

Environmental compliance

86% Companies with an implemented environmental policy



57% Companies with policies requiring its suppliers to adhere to **environmental best practices**



93% **Sales volume** (equivalent to 104 suppliers) committed to the company’s environmental standards



80% Suppliers certified with **Global GAP** and **Global GAP GRASP** certification modules



Abac’s environmental compliance approach

We encourage portfolio companies to increase transparency regarding their environmental performance as well as to screen suppliers’ environmental practices.

Examples of environmental compliance initiatives

By December 2020, 86% of the Fund’s portfolio companies had an environmental policy in place and 57% were also screening their suppliers’ compliance with environmental standards.

By December 2020, 80% of Agroponiente’s suppliers were certified with Global GAP and Global GAP GRASP. These certification modules represent best-practices in the agricultural sector regarding the sustainable management of water and water sources, as well as employment standards.

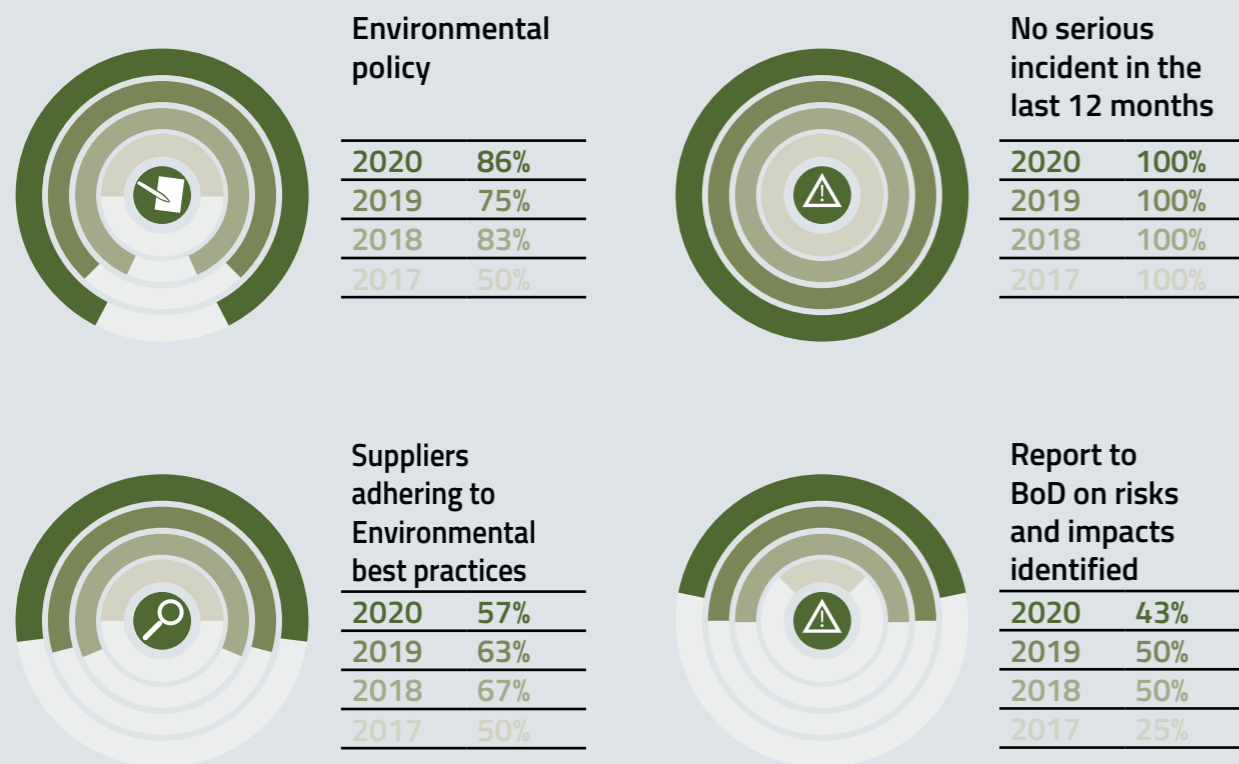
In the case of Metalcaucho, 104 suppliers (93% sales volume), had adhered to its requirements by the time of exit. The company had also conducted visits to 88 suppliers (89% sales volume) to ensure compliance with the subscribed policy.

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

Portfolio overview - Environmental compliance



Status of initiatives





“ A journey towards sustainable operations ”



Deal Status: Exited
Investment Year: 2015
Sector: Automobile components
Revenues: €49m¹⁰
Employees in payroll: 96

Strategic SDGs:



Metalcaucho is an independent auto spare parts producer focused on rubber and rubber to metal parts with over 18,000 SKUs. Founded in Barcelona, Metalcaucho has a global footprint, generating over 60% of revenues internationally.

Metalcaucho was our first portfolio company and therefore a valuable learning experience. At the time of exit, almost five years after Metalcaucho's acquisition in July 2015, ESG integration had played an essential role in addressing financially material aspects of the business and building resilience.

During the investment period, the company especially focused on improving value chain Governance, achieving leaner operations, and increasing employee standards. The efforts made on the sustainability front resulted in higher productivity, cost optimisations, and lower employee turnover.

• As of March 2020, 104 suppliers representing 93% of sales volume had committed to Metalcaucho's standards, and 88 visits had been conducted to their manufacturing plants.

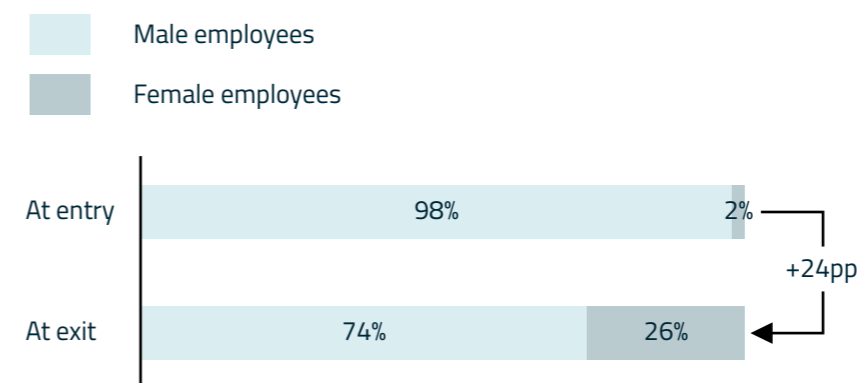
• Coordinating with suppliers facilitated box standardisation across suppliers to eliminate repackaging. Film thickness was also reduced from 23 to 12 microns which resulted in 45% and 58% cost and plastic savings per pallet, respectively.

• In August 2017, the company moved to new 13,700 sqm premises improving efficiency in operations, safety standards, and compliance. Two years later, further ergonomic improvements were introduced in the manipulation area. These improvements together with a sustained effort to increase diversity (from 2.4% women in the workforce in 2014 to 26% at exit in 1Q20) resulted in 12% productivity gains.

¹⁰Revenues FY 2019

	At entry (3Q15)	At exit (1Q20)
Environmental Reducing waste by coordinating with suppliers to achieve leaner operations.	N Lack of Environmental policy and environmental reporting to BoD N Lack of coordination with suppliers regarding packaging N Lack of packaging and waste reduction initiatives N Lack of relevant certifications	Y Environmental policy and reporting to BoD in place Y Coordinated with suppliers to standardise boxes and eliminate repackaging 48% Reduction in packaging film thickness from 23 to 12 microns 45% Cost savings per pallet (58% plastic savings per pallet) by reducing film thickness
Social Increasing diversity and screening labour standards.	2.4% Female employees in the workforce N Lack of ergonomic improvements in place N Lack of supplier screening for ESG issues such as labour standards	26% Female employees in the workforce 12% Productivity gains from diversity and ergonomic improvements 104 Suppliers committed to Metalcaucho's standards (equivalent to 93% of sales volume) 88 Site visits conducted to suppliers' facilities
Governance Setting up strong and formal control structures	N Lack of several Governance structures	>80% Completion of a Corporate Offences Risk Prevention Programme including: ■ Audit Committee ■ Nominations Committee ■ Compliance Committee ■ Whistleblowing system ■ Two-Signatory policy

Evolution of workforce breakdown by gender (2016-2020)



Sustainable returns



“

At Abac, we recognise that successful long-term performance requires implementing sound Governance structures, fostering transparency and control, and creating purpose-led organisations.

”

Building Purpose

We strive to transform portfolio companies into purpose-led organisations that will succeed together with their surrounding communities in the long-term. We believe defining a corporate purpose helps organisations align their corporate strategy with broader societal challenges and integrate sustainability into their core business, ultimately increasing resilience and their long-term performance.

Purpose-led organisations

86% Companies guided by a strategic **Corporate Purpose**



In 2020, the Sustainability Champions, together with the portfolio management teams and supported by the Board of Directors and our Operating Partners, worked to articulate a corporate purpose at each of the portfolio companies.

By December 2020, all portfolio companies invested by the portfolio for over a year, had defined, communicated, and integrated a corporate purpose into their strategy.



Abac Operating Partner, Montserrat Maresch, delivering a training on corporate purpose during Abac's Sustainability Day 2020

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

Governance

Governance achievements

100% Companies with a **Code of conduct**



86% Companies **Signatories** of the **UN Global Compact Initiative**



71% Companies completed a **Corporate Offenses Risk Prevention Programme**



43% Companies with a **>20% Female Directors** at the Board of Directors



Abac's governance approach

We believe that proper governance increases resilience and strengthens the trust placed in Abac and its portfolio companies by their employees, business partners, and the Fund's investors.

At the time of acquisition by the Fund, most portfolio companies do not have robust governance systems in place. During the first 100 days after an investment, we set up a common governance structure typically encompassing a Board of Directors with independent members, Audit and Remunerations Committees, a Two Signatory Policy, and a Code of conduct. Once these are in place, the Sustainability Champion and Compliance Officer at each portfolio company work with the HR and Legal departments, and with Abac's Compliance Director, to further improve the company's governance and complete a Compliance Programme.

Governance highlights in 2020

During 2020, Abac's Compliance Director together with the portfolio companies' Sustainability Champions, HR and Legal teams focused on completing the implementation of a Corporate Offenses Risk Prevention Programme (Compliance Programme).

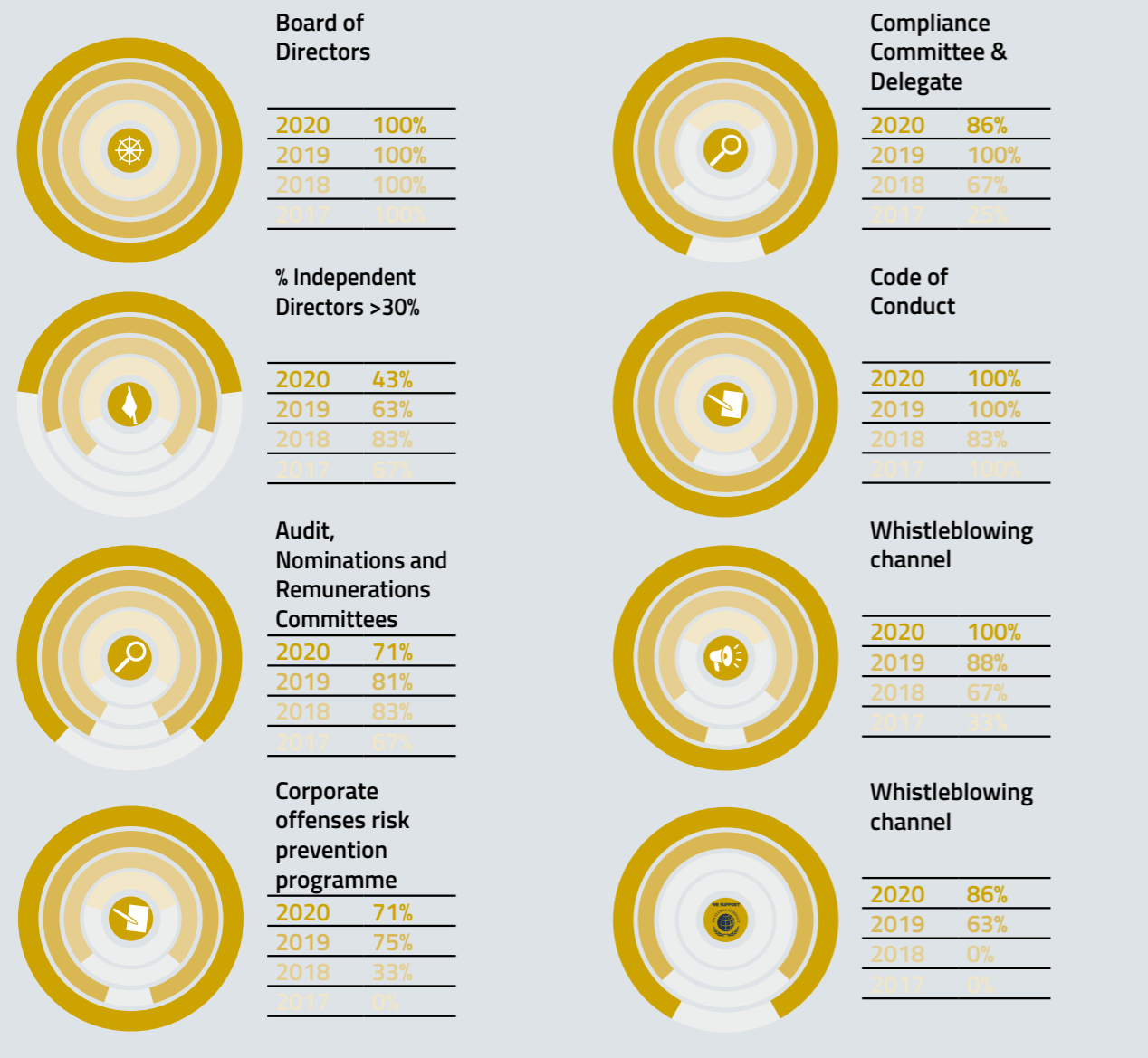
Portfolio companies also worked on the articulation of a corporate purpose. At Abac, we believe the reflection and definition of a purpose is a necessary step to successfully integrate sustainability into business models and build a shared vision for the future of the company. By the end of the year, 86% of the portfolio had completed the endeavour.

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

Portfolio overview - Governance



Status of initiatives



Abac's Corporate Governance Structure

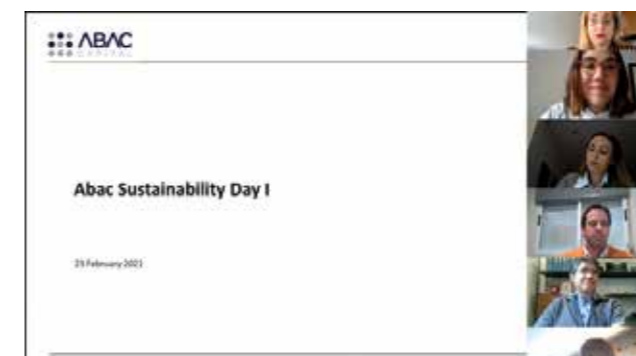
At Abac, we recognise that effective corporate management is underpinned by solid governance systems that foster transparency and control. Our Sustainable Value strategy materialises in a series of formal reviews and processes reflecting our embedded Sustainability governance structure.

A sound governance structure embeds ESG and Compliance responsibilities across Abac and portfolio companies. Such structure, comprises the involvement of:

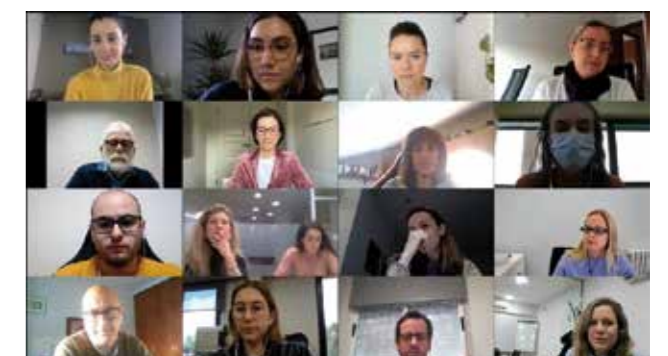
- (I) Abac's CEO and portfolio companies' BoDs in ESG reviews and strategy;
- (II) the appointment of a Compliance Officer at Abac and all portfolio companies;
- (III) the appointment of a Compliance Director at Abac; and
- (IV) the appointment of Sustainability Champions at Abac and all portfolio companies monitoring and executing ESG strategy.

Sustainability matters are discussed periodically at the portfolio's BoD and risk committees, as well as at quarterly meetings between Abac and portfolio Sustainability Champions. Additionally, Sustainability is addressed at Abac's Portfolio Review Committees, the LP Supervisory Board, Abac's Board of Directors, Abac's Strategy Offsite and at the Annual Investors Meeting. Finally, an annual Sustainability Day summons all Sustainability Champions.

At our annual Sustainability Days, we come together with all the Sustainability Champions at the portfolio, to discuss our strategy for the upcoming months. During these sessions, we share the objectives we are setting for the portfolio, share the portfolio's achievements, discuss areas of improvement and deliver trainings.



Oriol Pinya, CEO and Founding Partner at Abac Capital, speaking at Abac's Sustainability Day I in February 2021



B Lab Spain delivering a training to portfolio companies at Abac's Sustainability Day II in February 2021

How we monitor performance

Abac's reporting toolkit

As incoming investors to our portfolio companies, we believe it is important to set the tone of the new ownership standards from the very beginning. This is why we make sure the acquired company appoints a "Sustainability Champion" within the first 100 days of ownership and sets up our standardised reporting toolkit.

The Sustainability Champion figure

Sustainability Champions are employees from the portfolio companies, responsible for coordinating sustainability efforts within their organisations. These figures are essential to implement and coordinate initiatives between each portfolio company and Abac.

Our reporting toolkit

Portfolio companies report quarterly on 60 environmental, social, and governance metrics (KPIs) and an ESG initiative pipeline. Our reporting toolkit includes a set of KPIs applicable to all companies, in addition to some company or industry-specific measures to gain further insights into the material topics of each business. Additionally, it includes a tracker of the initiatives implemented over time to improve the company's Sustainability performance.

KPIs are designed to monitor ESG progress and provide a snapshot of the evolution of the companies' activities' impact. The initiative pipeline, reports on the actions portfolio companies are taking to ameliorate KPIs performance. Initiatives describe a concrete action plan, set a target date for implementation, and indicate the person responsible for its implementation.

Once KPIs and initiatives are reported, we set up quarterly meetings between the Sustainability Champion at Abac and the portfolio companies, where these KPIs and initiatives are reviewed and discussed before being presented to their Board of Directors and Abac's Portfolio Review Committees.

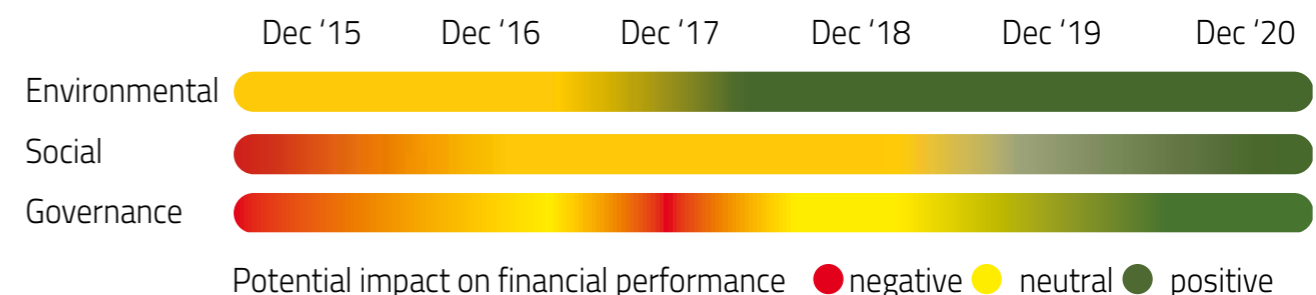
Our approach

We believe that improving Sustainability performance should firstly be driven by our portfolio companies rather than being imposed by Abac. Abac's will is to empower portfolio companies with an ESG strategy aligned with their purpose that will contribute to long-term value creation and consolidate them as organizations positively contributing to their stakeholders and surrounding communities.

With this in mind, we align incentives to ensure that ESG metrics matter as much as financial ones (e.g., the Remuneration Committee has the mandate to include ESG implementation as part of management's variable compensation) and strive to empower Sustainability Champions with the tools required to do their job effectively.

Risk management

We protect our downside and minimise the negative impact of events out of our control by rigorously adhering to a comprehensive Risk Management Framework developed in-house based on EVCA's Risk Measurement guidelines. Every semester we identify key risks at portfolio companies across multiple dimensions to track them over the investment period. We also aggregate the level of risk at the Fund level to assess our consolidated exposure (see below for ESG risks). Furthermore, this exercise validates the impact of previously defined mitigation initiatives to, when necessary, propose new ones.



Our Risk Management Framework considers Environmental, Social, and Governance issues as risk categories at the same level of management, supply and demand, or regulatory risks, among others. The framework not only evaluates the exposure of the portfolio to certain ESG risks, but also considers the contribution of monitoring ESG performance, integrating materiality into corporate strategy, and aligning with regulation and industry standards to mitigate risk.

In 2020, we undertook a thorough review of our ESG risk framework to ensure our analysis was capturing all issues subject to materialise and potentially affect the portfolio. In an effort to align our framework with our climate commitments and the TCFD, we developed an independent climate change risk assessment. This assessment is factored in the portfolio companies' environmental risk assessment as one of its main inputs.

While we understand that some risks may never be completely ruled out, when assessing ESG risks we consider the contribution of

implemented initiatives to mitigate them. Our sustainable ownership framework also contemplates the opportunity to generate value through initiatives addressing ESG issues; thus, we seek to implement actions that generate positive contributions to the company's performance beyond simply mitigating risk exposures.

We share our Risk Management Framework, including our view of ESG risks and opportunities, with the portfolio management teams, so as to contrast our analysis with the companies' internal judgement. From these discussions we derive the set of initiatives that will be implemented and define a joint task force to execute them, typically coordinated by the companies' financial directors. The status of these initiatives is periodically reviewed by the respective Boards of Directors to track progress and remove any roadblock in implementation. We believe that our systematic approach to risk management allows us to create value by leaving healthier companies with controlled risk exposures.



Community Impact

“

At Abac, we recognise the importance of having a positive impact in the communities where our companies are based.

As the Fund's portfolio grows, so does the number of employees under the Abac umbrella and therefore the breath of positive impact good employment initiatives may have. We also advocate the need for improving gender and minorities equality across all industries and support employee-driven community engagement initiatives across our portfolio to foster a responsible citizenship mindset.

”

Good Employment

Good employment achievements

86% Companies with a **workers' council**



51% Decrease in the number **accidents** vs. 2019



71% Companies with **suppliers** adhering to **social best practices**



88 **Visits** conducted to suppliers facilities



Abac's good employment approach

We wrapped up 2020 with 3,671 employees under Abac's umbrella¹¹. As we continue to grow, so does our opportunity to provide good employment through our portfolio companies.

Fostering good employment and wellbeing is an essential part of our commitment to community impact, as we recognise that our employees are those we should be first striving to positively impact.

Examples of good employment initiatives

During the year, our portfolio companies made significant advances to improve employee wellbeing despite the challenges posed by Covid-19.

Particularly, Agroponiente reduced accidents by 51% compared to 2019, despite an average 23% increase in its employee base during the same period. This achievement, especially significant in the agriculture industry, placed Agroponiente above its industry average, and positively impacted the company's bottom-line, reducing costs from accidents by 34% and days of medical leave by 43%.

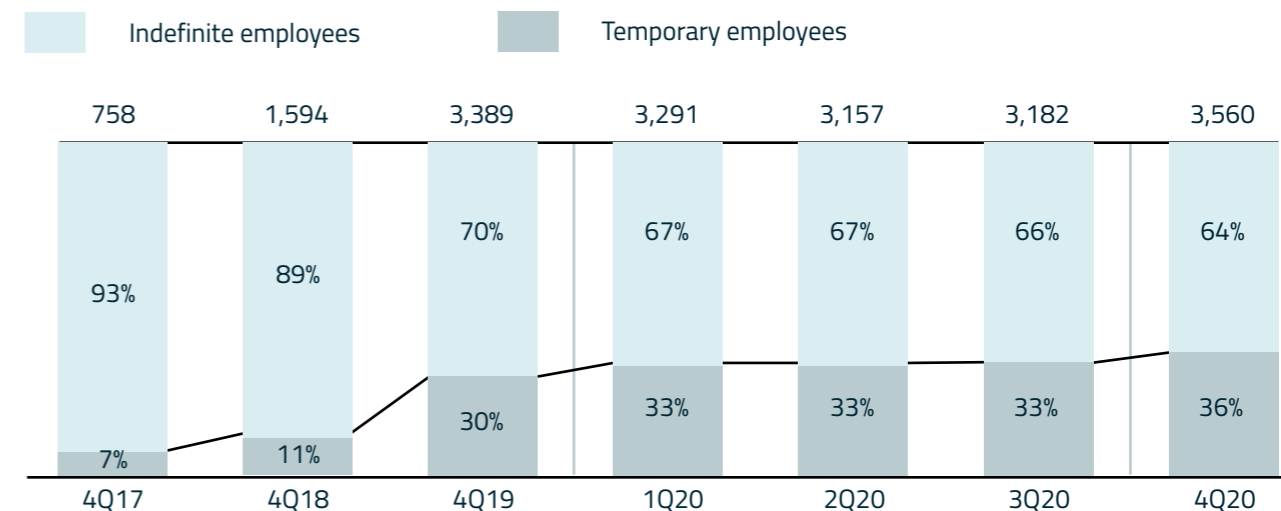
Additionally, Pronokal and Motocard introduced initiatives to improve employees' wellbeing and professional development within their firms.

Portfolio overview - Good employment

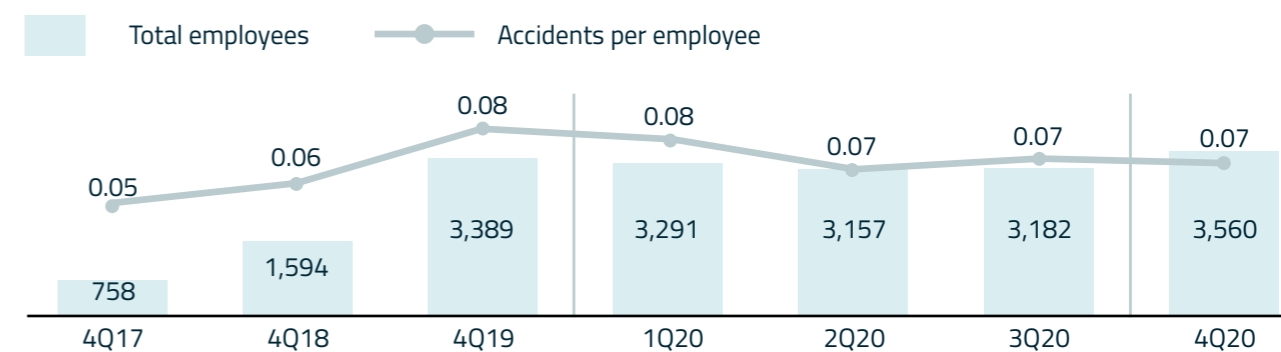


Status of initiatives

Portfolio workforce evolution by contract type (LTM)



Accidents per employee evolution (LTM)



Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

¹¹ Data in this section considers a 3,560 employee base as it excludes the acquisition completed in 4Q20



“Advancing towards zero accidents and waste in the agriculture sector”



Deal Status: Current
Investment Year: 2019
Sector: Production and wholesale of fresh fruits and vegetables
Revenues: €295m
Employees in payroll: 1,735
UN Global Compact adherence date: November 2019
Purpose:

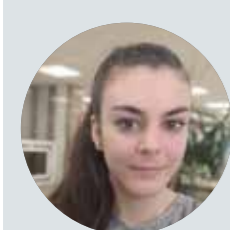
Strategic SDGs:



“Supplying fruits and vegetables to families in a sustainable and innovative way”









Agroponiente is a European leader in the production and commercialization of fresh vegetables and fruits. Its network of over 25 collection and operations centres is used by more than 1,500 farmers from the Spanish provinces of Almería, Granada, Jaén, Málaga and Murcia that on a daily basis entrust the Group to commercialise their products to the most demanding European Clients. The Group also owns and operates 220 hectares of greenhouses.

In 2020, Agroponiente made significant progress on the sustainability front focusing in three areas highly material to its business: food and plastic waste, resource-efficiency, and employee safety. The company’s R&D efforts culminated with the launch of a new technology, New Fresh, which eliminates film plastic while prolonging products’ shelf-life for an average of 10 days. Additionally, Agroponiente improved its resource-efficiency certifications obtaining the Global Gap Spring module on management of water sources, and advancing towards obtaining biodynamic agriculture certifications such as Demeter. Finally, during the course of one year, the company reduced by 51% the number of accidents by creating an Internal Risk Prevention Organism and increasing the number of safety trainings delivered to employees.

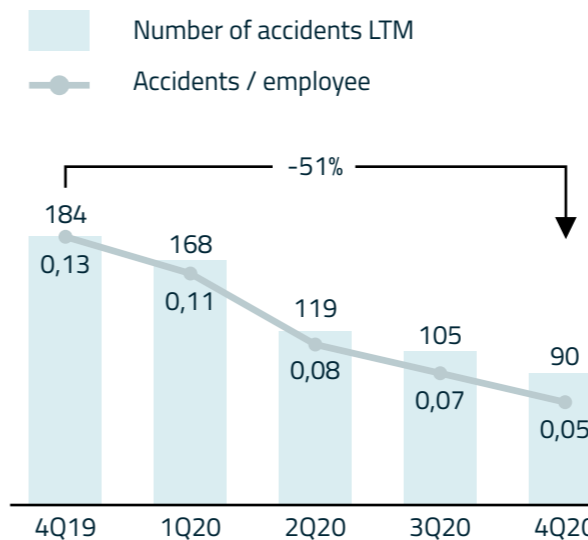


“At Agroponiente we are committed to health, which is why the safety of our employees is of utmost importance to us. In 2020, we achieved a 51% reduction in the number of accidents of our employees through the implementation of an internal prevention protocol and a sharp increase in training. We also worked to reduce packaging by implementing innovative alternatives that preserve shelf life.”

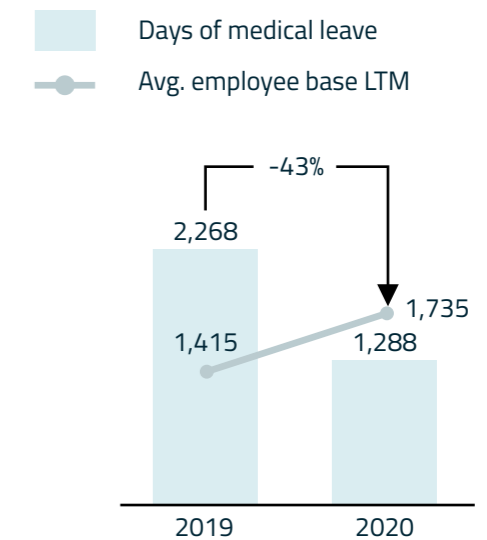
Andrea Alonso, Sustainability Champion at Grupo Agroponiente

Initiatives		Outcomes and impact
Environmental Increasing water efficiency and reducing waste  	<ul style="list-style-type: none"> R&D for alternatives to single-use plastic Developed the “New Fresh” technology to eliminate plastic films while preserving products’ shelf life Alignment with best-in-class agricultural standards: Wise Irrisystem, Global GAP (GRASP & Spring modules), Ecocert, Krav and Demeter Biodynamic 	<ul style="list-style-type: none"> 5 Clients adopted the New Fresh technology in two product categories to eliminate plastic  Obtained Global GAP Spring certification on sustainable management of water sources 80% Suppliers certified with Global GAP and Global GAP GRASP certification modules
Social Improving employee safety in the agriculture industry  	<ul style="list-style-type: none"> Implementation of an Internal Risk Prevention Protocol to reduce the number of accidents Despite an avg. employee base increase of 23% from FY19 to FY20, accidents per employee ratio decreased from 0.13 to 0.05 Exponential increase in the hours of accident prevention training delivered to employees 	<ul style="list-style-type: none"> 51% YoY accident reduction in 2020 compared to 2019 43% Reduction in days of medical leave (indicating lower accident severity) 163 Risk prevention trainings delivered to 85% of the employee-base
Governance Formalising policies and disclosing progress  	<ul style="list-style-type: none"> Publication of UN Global Compact 2019 Communication on Progress Report Featured in the UN Global Compact weekly publications highlighting corporate initiatives during the covid-19 emergency Completion of a Corporate Offenses Risk Prevention Programme, as well as internet, sales and purchase policies 	<ul style="list-style-type: none">  Celebrated its 1st anniversary as a UN Global Compact Signatory 1 Citizenship initiative featured in a UN Global Compact publication 100% Completion of a Corporate Offenses Risk Prevention Programme

Number of accidents evolution (LTM)



Days of medical leave after accident





Improving employee wellbeing and development in retail



Deal Status: Current
Investment Year: 2018
Sector: Omnichannel motorcycle accessory retailer
Revenues: €46m
Employees in payroll: 195
UN Global Compact adherence date: July 2020

Strategic SDGs:



Purpose:

“To improve the safety of motorbikers, fostering the use of technical equipment while creating a community committed to its proper use”



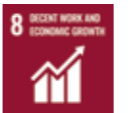



Motocard is a leading distributor of motorcycle gear and accessories with store presence in Spain and Andorra, and selling online in main European countries. The company distributes its products through a network of 12 stores and an e-commerce platform that registers more than 30,000 daily visitors.

During 2020, Motocard made significant progress on the social front implementing initiatives to improve employee wellbeing. Particularly, the company introduced a flexible retribution scheme and a company-wide performance evaluation plan to contribute to employees’ professional development. Additionally, Motocard continued advancing its diversity and equality efforts to increase the role of women in the sector. Ana Carrasco, a leading Spanish motorcycle racer, is representing Motocard own brand launched in 2020. Finally, the company also achieved significant milestones on the Governance front, completing its Corporate Offenses Risk Prevention Programme and becoming a Signatory of the UN Global Compact Spanish Network.



“In 2020, we took our commitment to road safety a step further, integrating it into our corporate purpose. During this challenging year, Motocard also increased its participation in campaigns to support social groups at high risk”

Èric Testagorda, Sustainability Champion at Motocard

Initiatives		Outcomes and impact
<p>Environmental Decarbonising operations and fostering correct recycling of special products</p> 	<ul style="list-style-type: none"> Change to 100% renewable electricity supplier effective from 1Q21 onwards Measurement of company’s carbon footprint (Scope 1 & 2) Design of a recycling initiative to collect and recycle old helmets from customers while improving road safety 	<p>c.65% Energy consumption from 100% renewable sources in 2021</p>
<p>Social Committing to employees’ wellbeing and development</p>  	<ul style="list-style-type: none"> Implementation of a company-wide performance evaluation plan to improve employees’ professional development Implementation of a flexible retribution scheme Draft of a Supplier Social liability Code to be signed by the company’s suppliers 	<p>70 Off-road glasses donated to hospitals during the health emergency</p> <p>3 Campaigns organised to support groups at risk</p> <p>50% Suppliers committed to Motocard’s Social liability Code</p>
<p>Governance Formalising policies and disclosing progress</p>  	<ul style="list-style-type: none"> Engagement with the UN Global Compact Spanish Network as a Signatory Completion of a Corporate Offenses Risk Prevention Programme Increase in the % of female Directors at the BoD 	<p>WE SUPPORT  Supported the UN Global Compact as Signatory</p> <p>100% Completion of a Corporate Offenses Risk Prevention Programme</p> <p>25% Female Directors at Motocard’s BoD</p>



Motocard’s communication on its corporate purpose.



Food collection campaign to support groups at risk.



Healthcare workers using Motocard’s off-road glasses.

Gender & Minorities equality

Gender & Minorities equality achievements

46% Percentage of **women in portfolio's workforce**

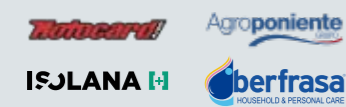
71% Companies with at least 40% of **women in the workforce**



86% Companies with at least 20% of **women in executive positions**



86% Companies with **disabled employees** in the payroll



1 Companies with a **female CEO**



Abac's gender & minorities equality approach

At Abac, we believe plurality matters and creates value for companies and society. We acknowledge the benefits of diversity and work hard to suppress gender bias and foster inclusion in the portfolio companies' workforce.

In 2020, the urgency of advancing diversity standards became even more evident. We witnessed how the pandemic specially affected minorities, and saw the rising momentum of advocacy movements. In this context, we are committed to improving diversity at Abac and the underlying portfolio.

Examples of gender and minorities equality initiatives

By December 2020, 86% of our portfolio companies had over 20% women in their management teams, and 43% of them had over 20% Female Directors at the Board.

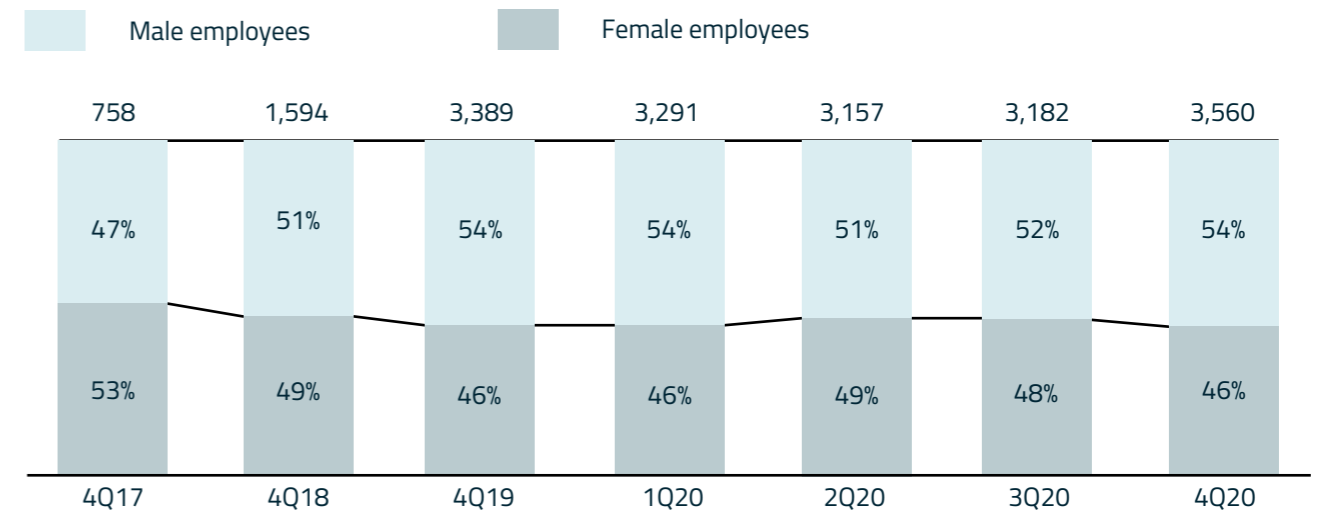
During the year, portfolio companies especially focused on advancing the development of Equality Plans, and started drafting initiatives to improve diversity ratios in recruitment processes towards the following year.

Note: Metrics exclude data from exited portfolio companies and the last acquisition completed by the Fund (Nuzoa)

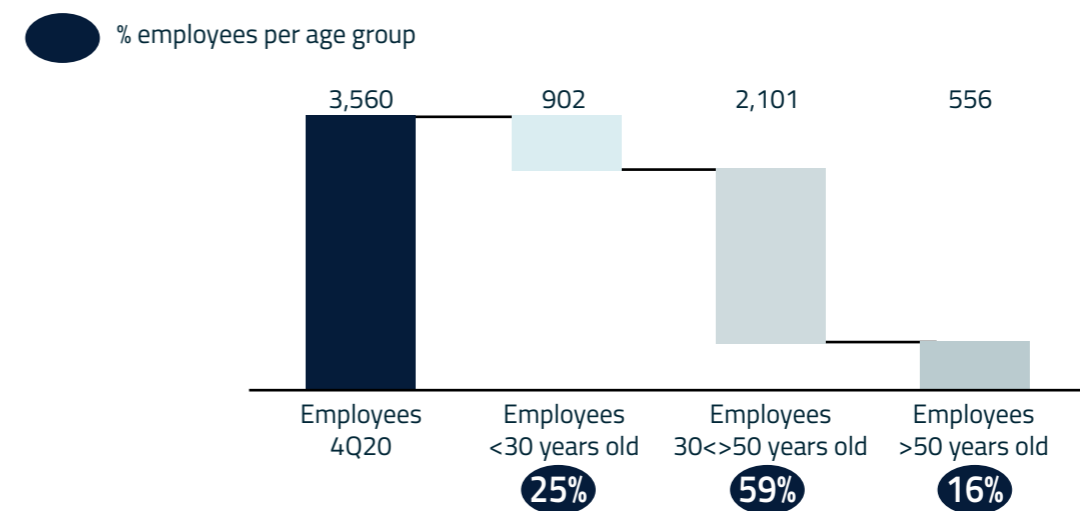
Portfolio overview



Portfolio workforce evolution by gender % LTM (2017-2020)



Portfolio workforce evolution by age group % LTM (2017-2020)



PronoKal Group®

“A pledge to employee wellbeing”



Deal Status: Current
Investment Year: 2016
Sector: Medical dietary treatments
Revenues: €45m
Employees in payroll: 280
UN Global Compact adherence date: April 2019

Strategic SDGs:



Purpose:

“To contribute to people’s wellbeing by achieving & maintaining a healthy weight”







PronoKal is specialised in medical dietary treatments for patients suffering from obesity or who are overweight. The company operates in more than 10 countries mainly in Europe, offering a comprehensive weight-loss solution that includes medical and dietary advice, meal replacements, fitness training, and coaching services.

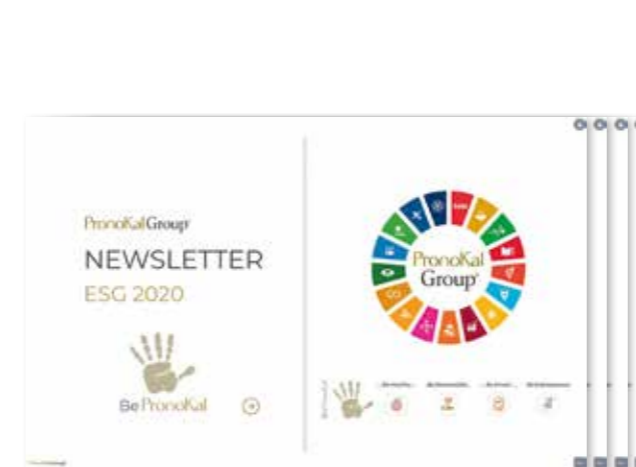
In 2020, PronoKal made significant progress in the human capital front. Building on the employee wellbeing policies which had been put forward in 2019, the company stepped up its efforts launching emotional health and coaching support programmes for employees during lockdown. Additionally, and aligned with the company’s corporate values, PronoKal offered free online nutritional care to support 400 individuals struggling with health and eating habits during lockdown. Finally, PronoKal made significant efforts to move its citizenship initiatives online and even virtually held its annual solidarity walk challenge to raise funds for Acción Contra el Hambre.



“Our effort to improve the commitment, wellbeing, and motivation of our employees is especially relevant in this uncertain and challenging times”

Marta Morell, HR Director and Sustainability Champion at PronoKal Group

Initiatives		Outcomes and impact
Environmental Reducing the environmental intensity of offices 	<ul style="list-style-type: none"> Implementation of energy efficient office-equipment to minimise resource consumption in the company’s premises Contract energy supply from guaranteed renewable sources at Spanish offices 	<ul style="list-style-type: none"> 42% Reduction of energy consumed by printing through equipment upgrades in Spanish and Portuguese offices 71% Energy consumption from renewable sources in 2020
Social Supporting employees during lockdown and groups at risk   	<ul style="list-style-type: none"> Coaching and emotional health support offered to employees especially during the COVID-19 lockdown period Online free nutritional care programmes offered during COVID-19 lockdown period Co-financed over 50 training and empowerment workshops for women at risk of exclusion 	<ul style="list-style-type: none"> 53 Employees assisted through emotional health programmes in 2020 400 People received free online nutritional care during COVID-19 lockdown 100 Women at risk received support to improve their employability
Governance Improving sustainability reporting to stakeholders  	<ul style="list-style-type: none"> Publication of UN Global Compact 2019 Communication on Progress Report Development of a biannual Sustainability Newsletter to share ESG progress an endeavours with stakeholders Development of an online Corporate Risk Prevention Programme training to deliver to employees 	<ul style="list-style-type: none"> WE SUPPORT UN GLOBAL COMPACT Celebrated its 1st anniversary as a UN Global Compact Signatory 4 Citizenship initiatives featured in UN Global Compact publications 2 Biannual sustainability newsletters shared with stakeholders



PronoKal ESG Newsletter 2H20. The document was published in Jan'21 and publicly shared with the company' stakeholders.



(I) UN Global Compact 2019 Communication on Progress Report, (II) publication featuring Signatories' initiatives to fight the COVID-19 pandemic in Spain. PronoKal was featured in four different editions during 2Q20.

BEER & FOOD

Supporting essential workers and groups at risk of exclusion



Deal Status: Current
Investment Year: 2018
Sector: Restaurant operator
Revenues: €24m
Employees in payroll: 519
UN Global Compact adherence date: January 2019

Strategic SDGs:



Purpose:

"To create authentic food experiences for our customers, families & friends in a sustainable environment"

Beer&Food is a multi-brand restaurant operator serving over 400 points of sale through a combination of international master franchises such as American chains Carl's Jr. and Tony Roma's, national licenses such as Gambrinus and Cervecería Cruz Blanca, and own brands such as La Chelinda and Tommy Mel's. The company recently worked on the implementation of a dark kitchen model as a driver of development and value creation. By December 2020, Beer&Food was already operating a dark kitchen in Valladolid with a portfolio of 9 virtual brands.

In 2020, Beer & Food especially focused its efforts on supporting essential workers and groups at social risk amid the COVID-19 health emergency in Spain. Additionally, and despite the intermittence in restaurant opening hours, the company worked to improve energy efficiency in its premises, switching to 100% renewable energy and continued to inform its stakeholders regarding their sustainability efforts through quarterly ESG Newsletters.



"Despite de difficulties posed by the pandemic in 2020, which especially hit the hospitality industry, at B&F we remained more committed than ever to sustainability. We particularly stepped up our efforts to support essential workers and local communities affected by this crisis"

Victor Pereira, Sustainability Champion at Beer&Food

Initiatives	Outcomes and impact
<p>Environmental Moving towards sustainable consumption and operations</p> <p>6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <ul style="list-style-type: none"> Change of electricity supply to 100% guaranteed renewable sources in July 2020 Implementation of initiatives to reduce single-use plastic at Carl's Jr. restaurants in Madrid Introduction of 100% recycled AUARA bottled water¹ Development of adhesion letter for suppliers to commit to environmental and social best practices 	<ul style="list-style-type: none"> 50% Electricity consumption in 2020 from renewable sources 1.2k Kg of single-use plastic avoided removing plastic lids and straws 880 Litres of oil saved by selling 23,385 units of 100% recycled AUARA bottled water 57% Main suppliers committed to environmental and social best practices
<p>Social Supporting essential workers and groups at social risk</p> <p>2 ZERO HUNGER 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH</p> <ul style="list-style-type: none"> Collaboration to support essential workers and groups at social risk amid the COVID-19 pandemic emergency Participation in social partnerships and corporate citizenship initiatives to fight poverty and gender inequality 	<ul style="list-style-type: none"> 1.2k Deliveries to COVID-19 essential workers in 2Q20 and 4Q20 1.9k Meals delivered to 480 families at social risk in 3Q20 and 4Q20 114 People with granted access to water for life by selling 23.4k units of AUARA water
<p>Governance Engaging employees in corporate sustainability efforts</p> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS</p> <ul style="list-style-type: none"> Development of a strategic sustainability plan aligned with the UN Sustainable Development Goals UN Global Compact Adherence as Signatory Members Development of a Quarterly ESG Newsletter to promote sustainability among stakeholders. 	<p>WE SUPPORT UN GLOBAL COMPACT</p> <ul style="list-style-type: none"> First Spanish restaurant operator to become a Signatory Member Awarded UN Global Compact Bronze member status 8 Quarterly ESG Newsletters distributed among stakeholders 650 Quarterly readers reached with every ESG Newsletter edition



Weekly deliveries to essential workers amid COVID-19 pandemic. Deliveries orchestrated through #JuntosEsMejor project in partnership with Glovo



Quarterly ESG Newsletter distributed to 650 stakeholders (April 2020 edition)









¹ AUARA is a social enterprise selling 100% recycled and recyclable water bottles, dedicating 100% of its profits to fund water accessibility and sanitation projects in the developing world.

Citizenship initiatives

COVID-19 response

In 2020, portfolio companies coordinated multiple initiatives to fight the effects of the COVID-19 pandemic. We are extremely proud our underlying portfolio stood by its communities stepping up citizenship efforts despite the difficulties endured by the businesses.

At the start of the COVID-19 pandemic in Europe, portfolio companies especially focused on cooperating with essential workers to alleviate the pressure on the health system and also supported employees' wellbeing during the lockdown. During the rest of the year, the portfolio worked to fight the socio-economic effects of COVID-19 which have especially touched already vulnerable groups.

	Initiatives	Outcomes and impact
Health emergency Supporting the capacity of the healthcare system 	1.2k Deliveries to COVID-19 essential workers BEER & FOOD	2k Kg of vegetables donated to three local hospitals 
	1 Collaboration to build an emergency field hospital in Barcelona ISJLANA	70 Off-road glasses donated to healthcare workers to be used as protective equipment 
Social relief Supporting communities at socio-economic risk 	400 People received online free nutritional care during lockdown PronoKal Group	€5k Profits from sales of protective masks donated to Caritas ISJLANA
	1 Food donation campaign activated to support families at risk 	20 Off-road glasses donated to healthcare workers to be used as protective equipment 
Employee support Supporting employees' adjustment to a new personal and professional paradigm 	53 Employees assisted through an emotional health program activated to support employees during lockdown PronoKal Group	100% portfolio companies prioritised WFH when possible and implemented high safety standards in the workplace
	3 Educational games shared with employees and clients to support their children during lockdown ISJLANA	3 Companies advanced and complemented temporary labour force adjustment subsidies PronoKal Group BEER & FOOD 

Herby, we provide a compilation of some of the initiatives put forward during the year



One of Beer & Food's 100+ weekly deliveries to essential workers.



Healthcare workers using Motocard's off-road glasses.



5 Portfolio initiatives featured in UN Global Compact weekly publications.



Online free nutritional care service launched by PronoKal during lockdown.

#NoOneLeftBehind

The COVID-19 pandemic is putting many households at high socio-economic risk.

In these difficult times, we want to live up to our commitment to stand by our local communities. With this campaign we are reaching out to our network to publicise and support the fundraising efforts of the Spanish Food Banks Federation (FESBAL) and Pere Tarrés Foundation.

join our social relief campaign to ensure there is #NoOneLeftBehind!



"No One Left Behind" Campaign organised by Abac in collaboration with Pere Tarrés Foundation and FESBAL to support groups at high socio-economic risk.



Agroponiente employees donating food to local hospitals during the height of the COVID-19 pandemic.



Citizenship initiatives at Abac

At Abac, we believe that it is important to lead by example. We consider our citizenship initiatives an integral part of who we are as a team and we take pride in our extensive commitment to community service and support of non-profit organisations. We strive to support our community by devoting our time, knowledge, and financial resources to them. Key elements of our citizenship initiatives include:

Pro bono work

Abac employees devote part of their work time to collaborate with NGOs such as the Aura Foundation or Cottolengo del Padre Alegre. We also collaborate with educational institutions such as ESADE Business School, Barcelona Graduate School of Economics and Fundació Pere Tarrés.

Non-profit board service

We encourage our team members to take active board positions in non-profit organisations and help these institutions with our organisational expertise and network of contacts.

Sustainable Investment promotion

Sustainable Investment is an integral part of Abac's ethos; we proactively talk about and promote ESG and Sustainable Investment in public forums such as private equity conferences, talks in universities and roundtables.

Social entrepreneurship

Abac Capital collaborates with Ship2B, a social impact fund, analysing and offering investment recommendations on early stage social impact projects.

Abac to Foundations

Abac Capital donates 1% of its annual profits to a selected group of non-profit organisations sponsored by our employees.

Matching Gift Program

Abac matches euro for euro the donations that our employees make to charitable and non-profit organisations where they volunteer their time for service.

Sustainability Prize

We annually offer a symbolic award to the employee that contributes the most to sustainability at Abac devoting hours to volunteering, commuting sustainably to our offices and fostering initiatives to be implemented both at Abac and portfolio companies. The winner is designated as Abac's Annual Sustainability Ambassador.

In 2020, our long-standing citizenship programme was put on hold due to COVID-19 restrictions. Alternatively, we organised an online campaign, #NoOneLeftBehind, to support households at high socio-economic risk. During the year, we also defined our citizenship framework for the following years and pledged to dedicate 1% of profits and 1% of our time to community service. Herby, we provide a compilation of the institutions we collaborate with:



Aura Foundation is a non-profit organisation striving to improve the quality of life of people with intellectual disabilities by helping them integrate into society and finding employment. Once a month, a team from Aura comes to Abac's offices, where we coach them and help them prepare for professional interviews.



Ship2B is the largest impact investing network in Spain, accelerating social impact projects through a community of mentors, experts, and public and private entities. During 2020, we supported Ship2B's Annual Impact Forum and mentored some of their entrepreneurs-in-residence.



Recover Hospitals for Africa is a non-profit organisation developing health-related projects in Africa together with local partners. Our donation in 2020 financed training programmes for healthcare professionals.



Cottolengo del Padre Alegre is an institution created in 1939 in Barcelona as a home for people with incurable diseases and limited financial means. Prior to COVID-19, a team of two Abac employees visited the centre every two weeks to help feed patients.



Pere Tarrés Foundation is a non-profit educational and social-action organisation promoting the leisure education of children and young people. Abac participates in regular meetings of the "Agrupació d'Amics de la Fundació Pere Tarrés" together with other managers to strengthen the organisation's partnerships. In 2020, Abac raised 20 summer-camp scholarships to support children at risk.



Nuevo Futuro is a non-profit organisation aiming to foster the social development of children deprived of a normal family environment. In 2020, we supported "Proyecto Sirio", an initiative providing assistance and special treatment to children with serious mental illnesses.



ASCRI is the association that brings together Venture Capital & Private Equity firms in Spain. ASCRI's objectives include establishing an appropriate regulatory framework for the sector, communicating the positive impact of its activities, and promoting the sustainability of its members and their investee companies. Oriol Pinya, Founding Partner and CEO at Abac Capital, was appointed as ASCRI's Vice Chairman.



Banc dels Aliments is a charitable foundation that recovers surplus food and distributes it to local entities that deliver it to people in need. In 2020, Abac launched a campaign to raise awareness and support FESBAL's food collection efforts for groups at risk due to the effects of the pandemic.



ESADE Alumni Social promotes active participation in the construction of a more just society and a more sustainable world within the business profession. Some Abac employees who are alumnus volunteered as social consultants for non-profit organisations during 2020.



"Escola i Empresa" is an initiative aiming to connect High School students to local businesses and debate among business contribution to society. Abac employees, regularly engage with the organisation leading sessions with students at local High Schools.



ESADE is one of the top global centres of management education. Abac employees collaborated with ESADE delivering lessons on private equity and case studies on management where Sustainable Investing was a recurring topic of discussion.



Barcelona Graduate School of Economics is a graduate education institution offering master's degrees in Economics, Finance, and Data Science. Abac employees delivered lessons on private equity incorporating Abac's ESG framework.



Parting thoughts



We hope our 2020 Sustainability Report has provided a good overview of our endeavours. We are certain there is an opportunity in leveraging sustainability to build resilient organisations that will create shared value for communities and the Fund's investors.

Since our inception in 2014, sustainability has been at the core of our strategy and portfolio management. We have achieved great progress since then, but we must continue to advance together with our team, portfolio companies, investors and Operating Partners. We are convinced the private sector has a pivotal role to play in helping companies transition to a new economy that contributes to addressing social and environmental challenges. In this context, we remain committed to catalysing change within the Private Equity ecosystem, as we are convinced its future broadly relies on how firmly we integrate sustainability in our investment activity and ownership mindsets.

We could not have achieved the progress summarised in this report without our Sustainability Champions Marta Morell (PronoKal), Francesc Capella (Plating Brap), Victor Pereira (Beer & Food), Èric Testagorda (Motocard), Andrea Alonso (Agroponente), Amalia Roca (Isolana) and Juan José Ortiz (Iberfrasa). Thank you all for your persistent efforts to drive change within your organisations.

We look forward to creating sustainable value in our businesses and communities together.

The Abac Team





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