

Abac Capital

Sustainability Report

2019



SUSTAINABLE VALUE





Abac Capital
Sustainability Report
2019

Sustainable Value
March 2020

Table of Contents

Our Purpose	03
Letter from CEO	04
Creating sustainable value in our businesses and communities.....	06
About Abac Capital	07
Abac at a glance	08
Overview.....	09
Portfolio timeline	11
Our ethical compass.....	12
Our Sustainable Value strategy	13
Strategic objectives.....	14
Investment process	15
Foundations & Commitments	16
Sustainability at Abac	23
Transformational Value	25
Energy & Resource management	26
Waste & Materials.....	30
Environmental compliance.....	34
Sustainable Returns	38
Building Purpose.....	39
Governance	42
How we monitor performance	45
Community Impact	47
Decent employment.....	48
Gender & Minorities equality	54
Citizenship initiatives.....	60
Parting thoughts	64

Our Purpose

“

To create sustainable
value in our businesses
and communities ”

 **ABAC**
CAPITAL





Oriol Pinya, CEO of Abac Capital

In 2019, we pledged *to create sustainable value in our businesses and communities* as the guiding purpose of our corporate activity. During the year, we stepped up our commitment to further our positive impact, increase transparency and advance the 2030 Agenda for Sustainable Development, supporting the U.N. Global Compact Initiative as Signatory Participants and aligning our strategy with the Sustainable Development Goals.

Our sustainable value strategy

Striving to abide by our corporate purpose led us into an intense period of reflection to articulate how this materialised in practice. We finally identified *transformational value, sustainable returns* and *community impact* as the three strategic objectives we want to collectively achieve as a team.

The definition of our strategic objectives illustrates our aim to deliver attractive returns to our investors while putting their capital to work into deals that can have a positive impact in the communities. We are set to transform the Fund's portfolio companies into purposeful and international organisations that have efficient and sustainable operations, digitalised processes and outstanding management teams.

Aligning our business with our sustainability efforts

During the year, we helped our portfolio companies align their sustainability efforts with their core business and corporate strategies, using SDGs as lenses to identify their most pressing topics.

We also witnessed how our effort to align the sustainability initiatives of portfolio companies with broader global challenges started to materialise. By the end of 2019, more than 60% of the portfolio had endorsed the U.N. Global Compact Initiative as Signatory Participants.

Abac's Purpose in the global context

Our commitment to sustainable value creation goes hand in hand with our ambition to drive local impact with our activity and responds to the urgency of aligning organisations' strategies with the world's most pressing challenges. As we and the Fund continue to grow, we acknowledge that so does our responsibility. We have an opportunity to excel as sustainable investors and to contribute to the communities where we operate.

Our partnerships and public recognitions

In 2019, we also saw our efforts recognised by external organisations on multiple occasions, signalling we are on the right path in the implementation of our sustainability framework and encouraging us to continue working towards sustainable value creation.

In our U.N. Principles of Responsible Investment (UNPRI) score for 2019, we improved in multiple categories and revalidated our A level performance for the fourth consecutive year, achieving an A+ in the Private Equity module.

Together with the Fund's portfolio companies, we continued to strengthen our partnerships with public and private organisations. We collaborated with the Spanish Venture Capital and Private Equity Association (ASCRI) in the elaboration of a Responsible Investment Guide, PronoKal's Equality Plan was highlighted as a best practice by the U.N. Global Compact in October 2019, and Figueras Group received an award from the local city council for its contribution to youth employment.

New decade, new responsibilities

Since our inception in 2014, we have achieved remarkable progress in the sustainability front. We start a new decade with the energy to continue persevering in the goals we set for ourselves.

Herein, we provide a compilation of our progress showcasing our efforts to improve our businesses and communities. We could not wrap up the year without thanking Abac's team and the Sustainability Champions at the portfolio companies for putting this report together and contributing to create Sustainable Value year after year.



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 impact in the communities

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 strategy in a sustainable manner <ul style="list-style-type: none">  People  Optimisation of operations  Digitalisation  International expansion 	<p>Delivering sustainable returns to our investors through:</p> <ul style="list-style-type: none"> ▪ Value creation strategy for the long term ▪ Putting LPs capital to work for good <ul style="list-style-type: none">  Purpose-led organisations  Governance  Reporting 	<p>Positive impact for our stakeholders and surrounding communities:</p> <ul style="list-style-type: none"> ▪ Value creation in the community ▪ Investors’ capital making a difference <ul style="list-style-type: none">  Citizenship initiatives  Decent employment  Gender & minorities equality

About Abac Capital



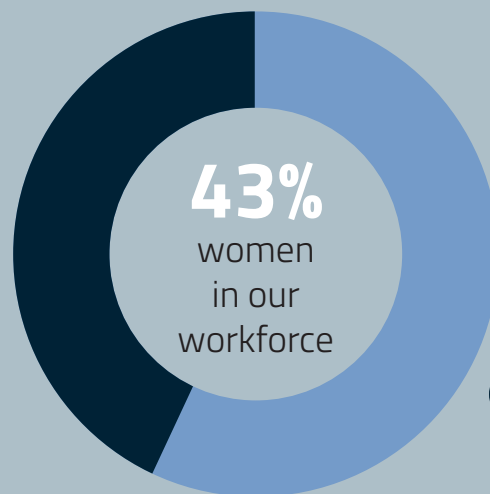
About Abac



€350m Assets Under Management

24 Investors

15 Institutional Investors	9 High-Net-Worth Individuals (HNWI)	60% UE	30% US	10% Australia
---	---	------------------	------------------	-------------------------

21
Abac
team
members



 Women
 Men

About our portfolio companies

8
portfolio
companies

3,389
employees

€680m
combined
revenue¹

¹ December 2019



Javier Rigau, 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 Javier Rigau, Borja Martínez de la Rosa and Oriol Pinya, 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 four partners of Abac Capital bring over 75 years of investment experience to the partnership 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 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: Consumer, TMT, Services, Industrials and Energy.

We like solid cash flow positive businesses led by skillful teams that face challenging situations such as ownership transitions, corporate carve-outs, overleveraged balance sheets 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 learnings and depth 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 put our money where our mouth is. 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 always do the right thing even if it takes longer or costs more.

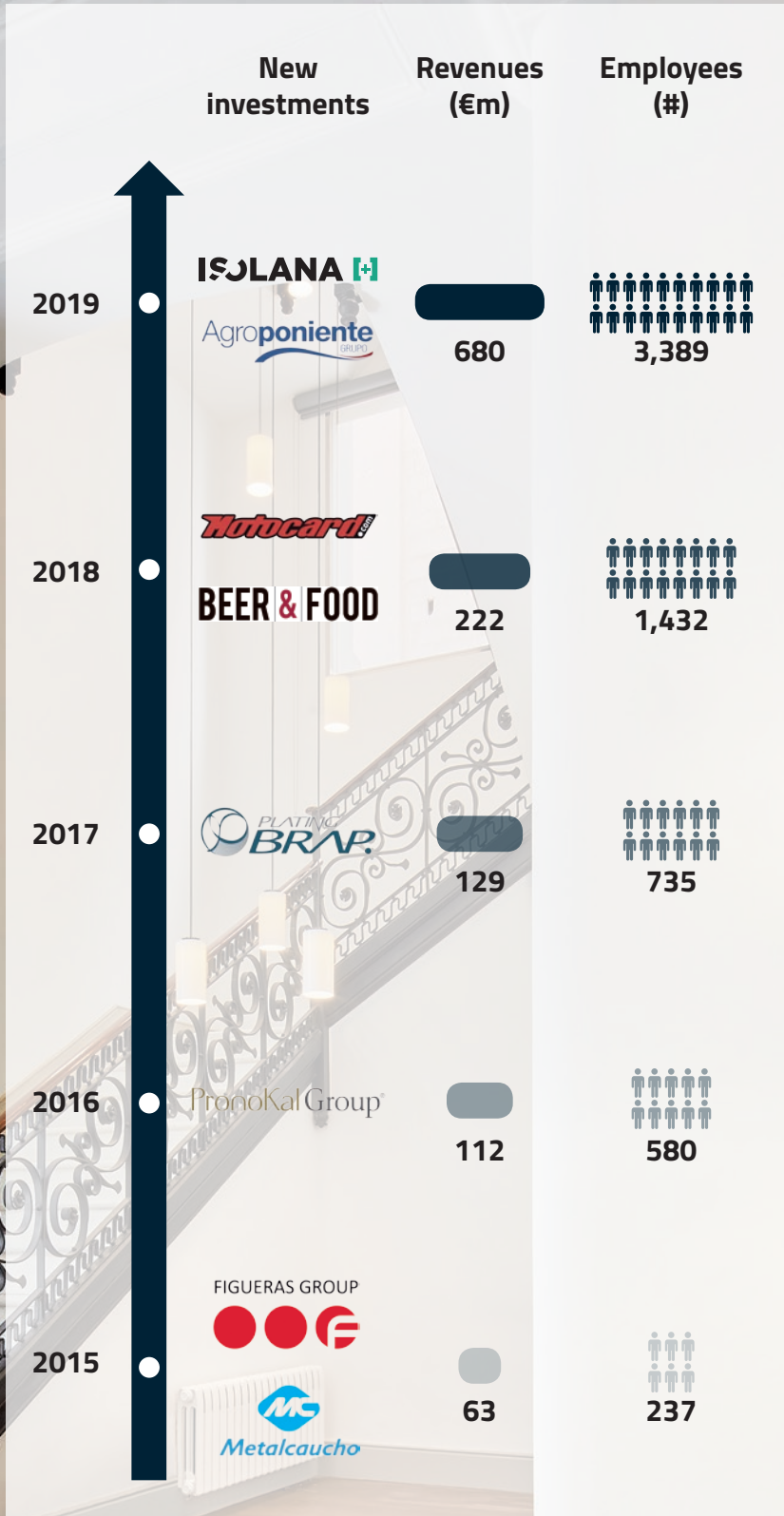
We believe in the Principles of Responsible Investing and we do not take shortcuts, as our reputation is our most valued asset.

Certainty of execution

Once we decide to go ahead and recommend 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 ready 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.





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 at an artistic team-building activity to reflect on our corporate values.

Our Sustainable Value strategy



We strongly believe that long-term value creation has to come necessarily from a combination of improving the businesses in which the Fund invests and doing so in a sustainable manner.

In creating Transformational Value we strive to grow and improve long-term sustainability of portfolio companies through a 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.

In 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.

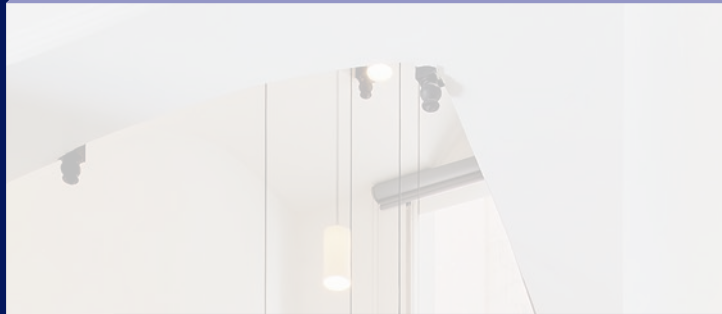
In creating Community Impact, we aim to positively influence all our surrounding communities with our activity, contributing to making a difference with LPs capital. Therefore we:

- 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 with 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.



1 Deal sourcing
Our screening criteria



2 Due diligence
Our investment analysis



3 Investment period
Our ownership policies and practices



4 Divestment period
Accountability and compliance



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 built on the firm's corporate values and the commitment to positively impact the United Nations' Sustainable Development Goals.

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

Deal sourcing

Our screening criteria

We exclude from the Fund's investment process any company whose primary activity 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 U.N. Global Compact) that cannot be easily stopped by a change of ownership.

Due Diligence

Our investment analysis

The focus on Sustainability begins ahead of the deal being executed when 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 always commission independent specialist ESG due diligence.

An ESG red flag is often enough to reject a potential deal at the approval stage.

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 strategic SDGs identification:** We accompany portfolio companies in the process of redefining their strategic purpose and aligning their corporate strategy with a selection of Sustainable Development Goals (SDGs).
- **Monitoring:** We periodically monitor ESG KPIs, policy implementation and actions to be developed throughout the investment period to ensure objectives are met and impact is generated. 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.

Divestment period

Accountability and compliance

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

- 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 request potential bidders to include a section on Sustainability strategy in their offer letters.
- 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.

Our public commitments

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

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 Comission 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 Corporation Certification - B Impact Assessment (BAI)
- The OECD Anti-Bribery Convention

We are signatory of the following international conventions:

- The United Nations Principles for Responsible Investment (U.N. PRI)
- The United Nations Global Compact Initiative (Signatory Participants)²

² Abac Capital is a Signatory Participant of the U.N. Global Compact Initiative since 2019

Our U.N. 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.

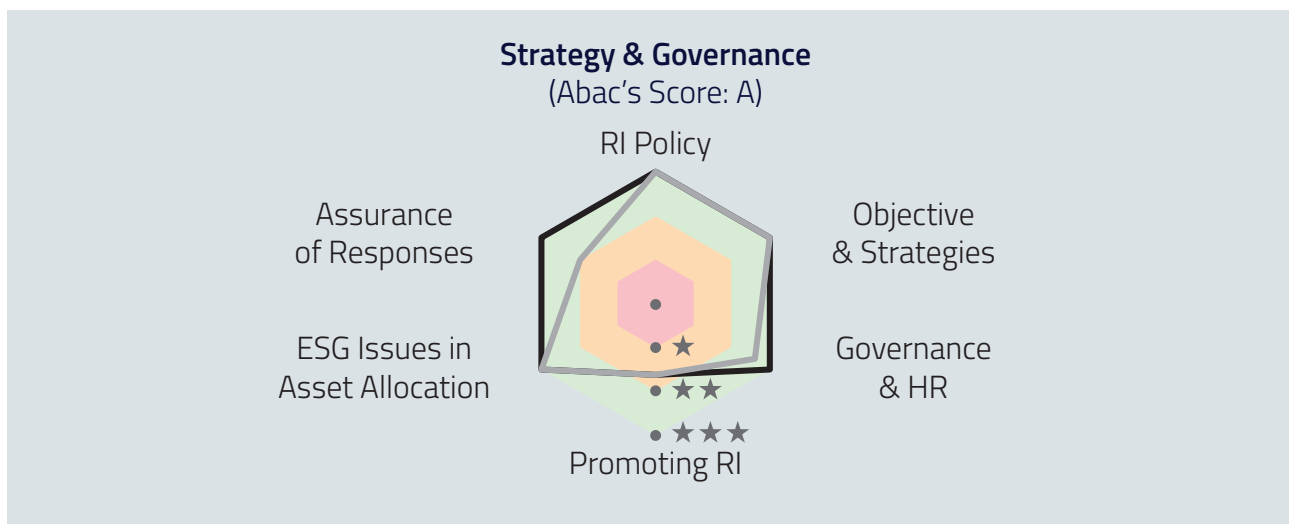
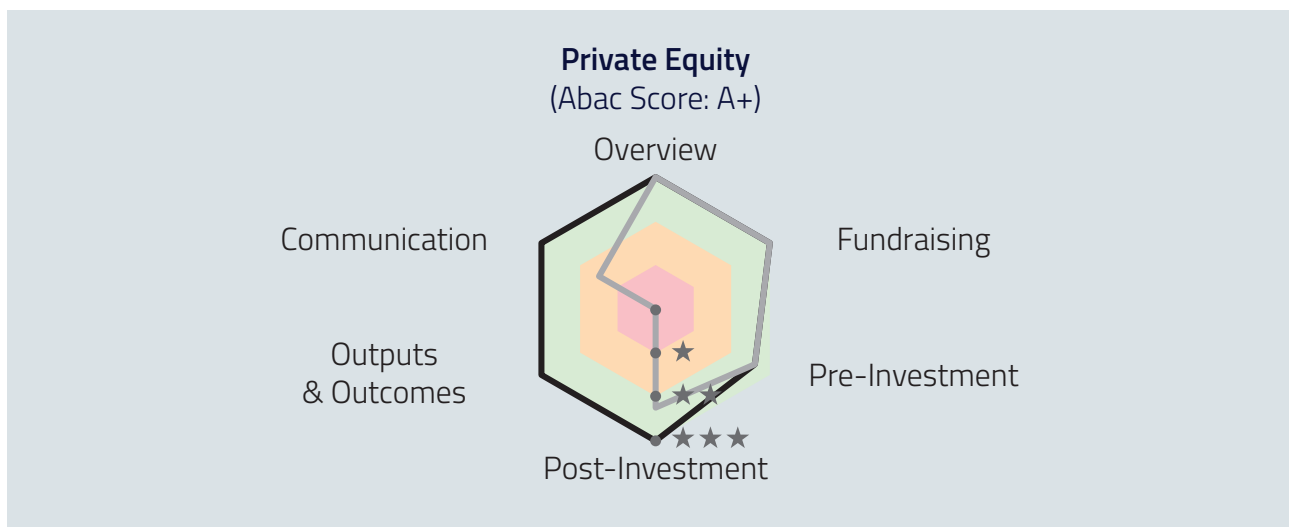
We voluntarily submitted our ESG performance to the U.N. PRI board for the first time in 2016, although we were still not mandated to do so and our Sustainability practices were not yet where they are today. Still, we already obtained above-average scores of "A" for Abac vs. an average of "B" for all signatories under our reporting sections ("Strategy and Governance" and "Private Equity").



In our 2019 submission, we achieved an A+ in the Private Equity module (see below) and improved in multiple categories revalidating our A level performance for the fourth consecutive year.

Particularly, we improved in the following sub-categories:

- Responsible Investment Policy and Coverage
- Fund placement documents and Responsible Investment
- Disclosure of approach to public



● 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/

Our Strategic SDGs

We are fully committed to advance the United Nations' 2030 Agenda by positively impacting the Sustainable Development Goals (SDGs) through our business activity. We also steward portfolio companies to design a sustainable strategy integrating the United Nations Sustainable Development Goals (SDGs).

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

WE SUPPORT



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.

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.

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.

Responsible consumption and production



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

Peace, justice and strong institutions



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

Partnerships for the goals



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

Our portfolio's commitment to SDGs

Background picture:
Figueras seats at the United Nations, Hall XX, Genève, Switzerland.

Our Sustainability Golden Rules

We abide by the following Sustainability Golden Rules:

Integrity

- We have an uncompromising commitment to always do the right thing.
- We report any conflict of interest in accordance with our Internal Conduct Regulations.
- We keep strict policies that prohibit bribery and other improper payments to public officials, consistent with the OECD Anti-Bribery Convention.
- We abide to our Internal Conduct Regulations on confidential, reserved and inside information.

Stewardship

- We acknowledge that its investment decisions impact the life of the Fund's portfolio companies, their employees and communities.
- We have a fiduciary duty to the Fund's investors and are committed to the utmost ethical behaviour.
- We are aligned with the long-term interests of the Fund's portfolio companies.
- We monitor Environmental, Social and Governance (ESG) factors during the investment process and report them to our Approval, Investment and Portfolio Review Committees.

Citizenship

- We pride on our extensive commitment to community service and non-profit organisations.
- Sharing time, knowledge and money with those who need it is an integral part of our ethos.

Sustainability at Abac



Purpose	Strategic Objectives	Sustainability Goals	KPIs & Description	SDGs
<p>“To create sustainable value in our businesses and communities”</p>	<p>Transformational Value</p>	<p>Energy & Resource Management</p>	<p>+ 12 KPIs are consistently monitored to improve energy efficiency</p>	
		<p>Waste & Materials</p>	<p>+ 4 KPIs are consistently monitored to reduce and improve waste management</p>	
		<p>Environmental Compliance</p>	<p>+ 5 KPIs are consistently monitored to increase environmental compliance standards</p>	
	<p>Sustainable Returns</p>	<p>Building Purpose</p>	<p>Portfolio companies are guided in building and articulating their purpose</p>	
		<p>Governance</p>	<p>+ 15 KPIs are consistently monitored to improve governance structures. Abac implements reports and processes to improve visibility and progress of ESG across portfolio</p>	
		<p>Reporting Processes</p>	<p>Portfolio companies quarterly report ESG metrics, initiatives & risks to Abac</p>	
	<p>Community Impact</p>	<p>Decent Employment</p>	<p>± 9 KPIs are consistently monitored to ensure portfolio companies are good employers</p>	
		<p>Gender & Minorities Equality</p>	<p>± 5 KPIs are consistently monitored to improve gender and minorities equality</p>	
		<p>Citizenship Initiatives</p>	<p>Abac engages in citizenship initiatives in multiple ways, devoting time and resources to local organisations. Citizenship initiatives are encouraged and consistently monitored across portfolio</p>	



Transformational Value

“

We execute our operational transformation strategy through a hands-on portfolio management 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 increase their environmental standards. We are confident that optimising on these dimensions is a triple-win strategy, as it helps the environment, our companies' competitive position, and in turn, the Fund's performance. ”

Energy & Resource management

Energy & Resource management achievements (2019 vs. 2018)

25% Companies running on **renewable energy**
 PronoKal Group **ISJLANA** 

100% Companies with **energy efficiency** measures implemented

 
 Metalcaucho 
 PronoKal Group 
BEER & FOOD 
ISJLANA  


6% Reduction in **electricity consumption** from transition to LED lighting and other measures

20% Reduction in **water consumption** from upgrading and retrofitting facilities



6% Decrease in **CO₂ emissions** from reduced gas consumption



Abac's energy & resource management approach

During the investment period, we consistently monitor energy and resource management across the portfolio, and we encourage initiatives to optimise utilities consumption.

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

Although we support responsible resource management in all its dimensions, we especially ask portfolio companies to focus on improving those that are most relevant to their business activity so as to maximise their impact.

Examples of energy & resource management initiatives

In 2019, all portfolio companies implemented energy efficiency measures. Particularly, Metalcaucho and Plating Brap continued to build on their energy efficiency initiatives achieving an additional 6% reduction on their electricity consumption.

In the case of Isolana, only several months after its acquisition by the Fund, the company followed PronoKal's steps and also changed its electricity supplier to one 100% based on renewable energy sources. Currently, 29 of Isolana's 36 warehouses run on renewable energy.

Portfolio Overview - Energy & Resource management performance



Status of initiatives



Companies with energy efficiency measures

2019	100%
2018	100%
2017	100%
2016	100%



Companies with gas reduction initiatives

2019	33%
2018	33%
2017	50%
2016	0%



Companies with electricity reduction initiatives

2019	100%
2018	100%
2017	100%
2016	100%



Companies with water reduction initiatives

2019	50%
2018	50%
2017	25%
2016	50%



“ Leading resource efficiency and responsible waste management in agriculture ”



Raf tomatoes from Agroponiente.

Case Study Agroponiente

Deal Status: Current
Investment Year: 2019
Sector: Production and distribution of fresh vegetables and fruits
Revenues: €319m
Employees in payroll: 1,415
U.N. Global Compact Initiative adherence date: November 2019

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 c.80 hectares of greenhouses.

Strategic SDGs:



Prior to Abac’s acquisition in February 2019, Agroponiente was already active in the ESG front. The company was a resource efficiency leader in the agriculture sector, spearheading best-practices in drip irrigation and introducing the Wise Irrisystem technology to monitor crops and optimise water and fertiliser usage. Agroponiente was also monitoring ozone-depleting substances in refrigeration chambers, ensuring recycling of all food waste, and was active in the employment and social fronts, implementing non-discriminatory practices and corporate volunteering.



Implementing Abac's framework to accelerate sustainability efforts

"Abac's framework has given consistency and direction to the initiatives we were already undertaking in the sustainability arena. Formalisation of sustainability processes has attributed to these initiatives the value they deserve and ensures our actions are always aligned with our sustainability ethos. We are now more agile in the development of new initiatives and have succeeded in engaging employees in the advancement and proposal of actions. We surely have a long way to go, but we are proud to say that Agroponiente has already achieved important milestones within these first months of Abac's ownership"

Andrea Alonso, Sustainability Champion at Grupo Agroponiente

Strengthening Governance

At the very beginning of the investment period, Agroponiente focused on strengthening corporate governance, appointing a Compliance Committee, and implementing a Code of Conduct, an Anti-corruption policy and a Whistle-Blowing Channel.

Formalising Environmental policies to reduce waste

During 2019, Agroponiente formalised environmental and waste practices already in place, developing an environmental and waste management policy, implementing registration procedures and establishing formal relationships with waste management subcontractors and authorities.

Aligning Agroponiente's roadmap with the Sustainable Development Goals

To further align sustainability efforts with its core business, Agroponiente joined the U.N. Global Compact Initiative as a signatory participant in Q4 2019. The company committed to advance those goals most related to their business activity and material topics.

The company's initiatives are guided by the intention to advance the following SDGs:

- SDG 2.4, on the implementation of resilient and sustainable agricultural practices
- SDG 6.4, on water-efficiency and the sustainable supply of fresh water
- SDG 8.8, on labour rights and safe working environments
- SDG 12.3, on the reduction of food-waste and losses throughout their value chain.
- SDG 12.4, on the environmentally sound management of chemicals (including carbon emissions) along their value chain, contributing to minimise the impact on human health and the environment.

"Grupo Agroponiente is now more committed than ever to our surrounding communities and society. Sustainability and responsibility now guide our actions and constitute essential pillars of our competitive advantage"

Manuel González, HR Director at Grupo Agroponiente

Waste & Materials

Waste & Materials achievements (2019 vs. 2018)

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



10% Reduction in **paper and packaging** from implemented initiatives



5% Reduction in **paper and packaging** from digitalising processes and standardising packaging with suppliers



14% Reduction in **paper and packaging**



63% Reduction in **Isocyanate & Polyol** waste



Abac's waste & materials approach

At Abac, we are committed to responsible production and consumption. Consequently, we work to improve waste and materials management in our portfolio companies' operations and value chains.

This ambition entails properly managing waste generated by the companies' operations, as well as choosing more sustainable materials and advancing on R&D to make packaging and operations leaner.

Examples of waste & material management initiatives

In 2019, several portfolio companies successfully reduced paper consumption by digitalising and optimising processes. We believe these initiatives illustrate how improving environmental responsibility also helps us advance towards our strategic goals.

For instance, Metalcaucho avoided printing over 1,000 paper sheets per day through process digitalisation and also reduced packaging waste by better coordinating with suppliers.

Plating Brap is transitioning to more sustainable materials developing a pioneer chrome-free etching technology.

Portfolio Overview - Waste & Materials performance



Status of initiatives



Initiatives to reduce paper and packaging

2019	100%
2018	100%
2017	100%
2016	100%



Initiatives to reduce waste

2019	75%
2018	50%
2017	75%
2016	100%



Waste management policy

2019	75%
2018	67%
2017	75%
2016	100%



“ Leading sustainable industrial innovation ”



Case Study Plating Brap

Deal Status: Current
Investment Year: 2017
Sector: Electroplating on plastics
Revenues: €13m
Employees in payroll: 89
U.N. Global Compact Initiative adherence date: December 2019

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 sold outside Spain.

During 2019, Plating Brap continued to focus on becoming a leader in sustainable industrial innovation. The company was immersed in the process of transitioning to eco-friendlier chemical products through the development of new technologies, as well as adhering to the most rigorous environmental management standards. Plating Brap also worked on strengthening its governance standards and focused on implementing compliance policies, improving security within their facilities and engaging in corporate volunteering activities.

Plating Brap’s efforts to align the core of its business to sustainability and particularly environmental management exemplify how embracing a company’s potential contribution to the Sustainable Development Agenda, constitutes an opportunity to strengthen its competitive advantage, anticipating future environmental requirements.

Strategic SDGs:



Anticipating future environmental standards

In May 2019, the company obtained the ISO 14001 certification. As the automotive sector continues to increase the required environmental standards for players to operate, Plating Brap has pledged to be at the forefront of change. The company has gone a step further and is scheduled to obtain IATF certification by the second quarter of 2020, which will substantially increase its traceability standards.

A transformational R&D journey towards sustainability

Plating Brap is involved in a transformational R&D journey to minimise the environmental impact of its production activity. The company is working on the transition to safer chemical products, particularly moving away from Chromium VI.

Plating Brap was one of the first European players producing Chromium III chloride base parts since 2013 and has complemented its portfolio developing a new Chromium III sulfate base finishing, gaining a best-in-class eco-friendly decorative finishing portfolio.

Furthermore, the company is currently developing an even more eco-friendly technology, the Chrome-free etching, and is investing in a new production line that will be operative by mid-2020 to comply with European regulation ahead of time, and to maintain its technological cutting edge.

Such achievements constitute unprecedented innovation in the industry and a substantial contribution to the advancement of the Sustainable Development Goal n.9 and n.12 on sustainable industrial innovation and responsible production, reducing pollution and potential adverse impacts on human health. Moreover, these R&D efforts are bound to drive improvements not only in chemical management but in energy efficiency as well.

Improving governance and safety standards

Regarding governance and safety standards, the company developed and implemented an Anticorruption policy, a Criminal Risk Map and was working on the implementation of a Whistle-blowing Channel as of December 2019. Moreover, Plating Brap succeeded in adhering its suppliers and subcontractors to environmental standards and is currently working on adhering them to social best practices as well.

“Preserving the environment and human health is a lighthouse that guides Plating Brap. We are fully committed not only to the welfare of our employees but to the welfare of our communities as well. We are convinced we must do our bit in this direction”

Francesc Capella, CFO and Sustainability Champion at Plating Brap

Aligning business with the Sustainable Development Agenda

In December 2019, Plating Brap supported the United Nations Global Compact Initiative as a Signatory Participant, making a public commitment to advance the Sustainable Development Agenda. The company’s management has identified the following SDGs as strategic:

- SDG 6, on clean water and sanitation
- SDG 9, on industrial innovation
- SDG 11, on sustainable cities
- SDG 12, on responsible production

Environmental compliance

Environmental compliance achievements (2019)

75% Companies with an implemented environmental policy



93% Metalcaucho suppliers adhered to the company's environmental standards



63% Companies with policies requiring its suppliers to adhere to **environmental best practices**



100% Companies complying with all applicable **environmental laws, standards and regulations**



Abac's environmental compliance approach

We encourage portfolio companies to increase transparency and visibility regarding their environmental performance and their suppliers' environmental practices.

Examples of environmental compliance initiatives

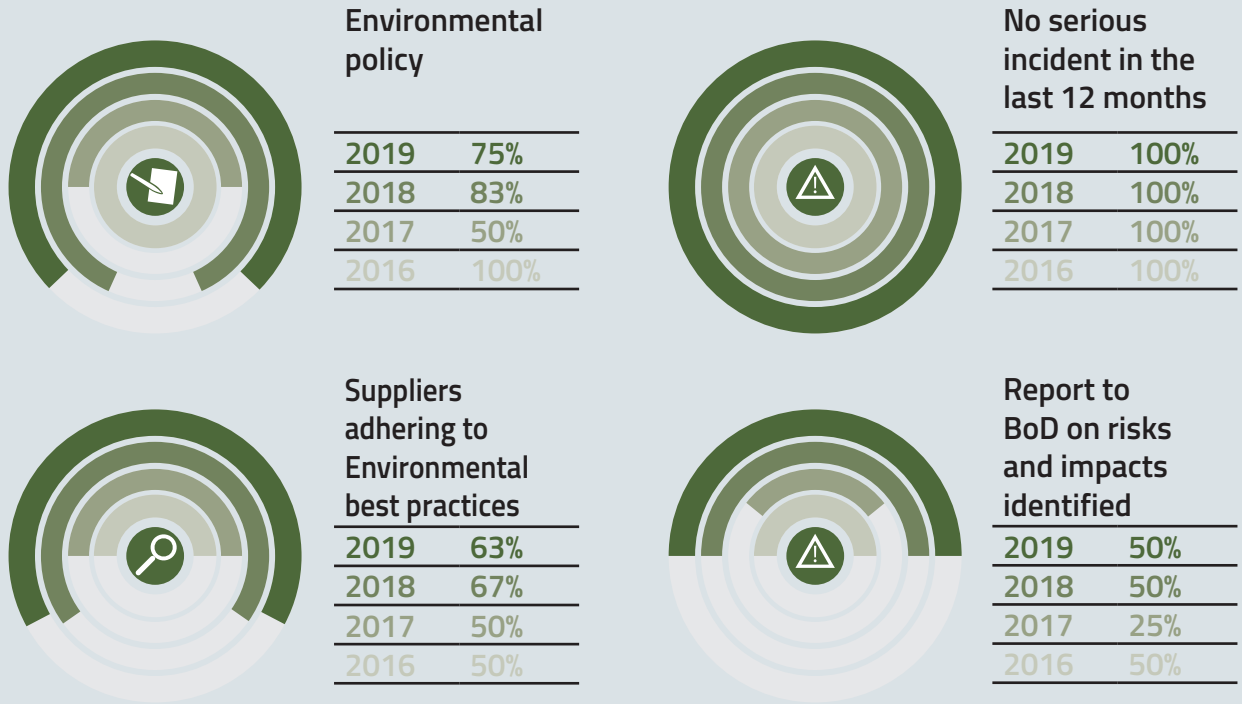
So far, 75% of the Fund's portfolio companies have developed an environmental policy to guide their effort towards sound environmental management and 63% have also gone a step further to ensure their suppliers adhere to the companies' standards.

In the case of Metalcaucho, 104 suppliers, representing 93% of its total business partners, have adhered to its requirements. The company has also visited 88 suppliers, representing 89% of its sales volume, to ensure they are complying with the subscribed policy.

Portfolio Overview - Environmental compliance performance



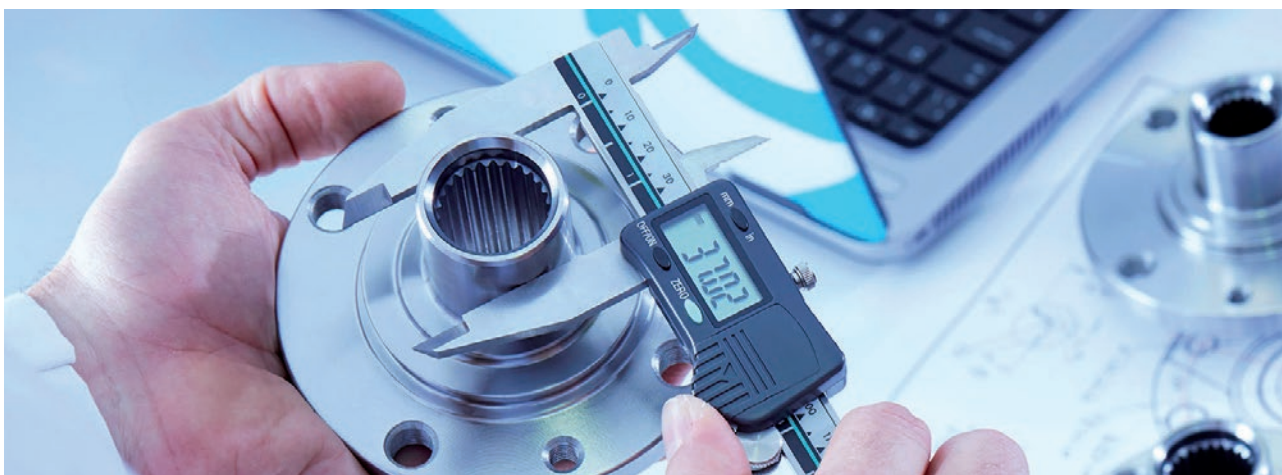
Status of initiatives





Metalcaucho

“ A journey towards sustainable operations ”



Case Study Metalcaucho

Deal Status: Current

Investment Year: 2015

Sector:

Automobile components

Revenues: €49m

Employees in payroll: 106

Metalcaucho is an independent auto spare parts producer focused on rubber and rubber to metal parts with over 7,000 SKUs. Founded in Barcelona, Metalcaucho has a global footprint, generating over 60% of revenues internationally.

Almost five years after Metalcaucho’s acquisition in July 2015, the company has completed a transformational journey in multiple sustainability dimensions that have resulted in financial and non-financial value creation. During 2019, Metalcaucho pushed to adhere its suppliers to its sustainability standards, continued to improve sustainability in its operations, reinforced its social performance and organised its first corporate citizenship initiative coordinating a corporate blood donation campaign.

Strategic SDGs:



“As Metalcaucho’s Sustainability Champion, I feel my personal values are aligned with the sustainability initiatives and best practices Metalcaucho pushes to implement”

Joan Carles Plana,
Sustainability Champion at Metalcaucho



Pushing Sustainability in the value chain

By the end of 2019, 104 suppliers representing 93% of Metalcaucho's purchasing volume had signed a letter adhering to Metalcaucho's sustainability standards. Regular visits had been conducted at 84% of the suppliers' manufacturing plants to ensure adhesion to the letter and a policy was under implementation to standardise suppliers' adhesion.

Increasing Environmental Standards

In July 2019, Metalcaucho obtained the ISO 9001:2015. Certifying the entire group was the result of a cross-functional effort that recognised the company's determination to scale up its quality and control standards to all its affiliates.

Reducing waste through supplier coordination and lean internal processes

Metalcaucho continued to work towards standardising its box sizes and colours to reduce packaging cost and waste. Since 2017, the company has worked to reduce the duplication between the packaging received from suppliers and the one sent to clients. Together with other waste reduction initiatives, Metalcaucho achieved 58% savings.

In 2019, Metalcaucho took its initiatives a step further. The company practically stopped printing delivery notes, exclusively sending invoices by email. This initiative resulted in €6,750 annual savings in paper and toner, representing 1,000 sheets of paper per day and 26 toners a year. In other words, Metalcaucho's improvements in operations avoided cutting down 30 trees per year.

Boosting productivity through employee well-being

Finally, the company continued to build on the 12% productivity improvements that had previously been achieved, by increasing female employees in the workforce and introducing ergonomic improvements. In May 2019 further ergonomic developments were introduced in the manipulation area to reduce body fatigue and muscle injuries. Lighting and temperature regulation were also enhanced to contribute to employees' well-being.



Sustainable Returns



“

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

”



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

Building Purpose

We strive to create purpose-led organisations that will succeed together with their surrounding communities in the long-term. We believe defining a corporate purpose helps organisations focus their efforts on those topics where they can have the most impact and aligns their sustainability strategy with their core business, ultimately leading to better performance.

Together with our Sustainability Champions, the portfolio management teams and supported by our Operating Partners, we are working to articulate, activate and embed a purpose into the Fund's portfolio companies.

ISOLANA

“ Defining a corporate purpose ”



Case Study Isolana

Deal Status: Current

Investment Year: 2019

Sector:

Insulation systems

Revenues: €124m

Employees in payroll: 396

Isolana is a distributor of insulation systems with 36 distribution centres 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.

As a distributor of insulation systems and other building materials, Isolana was already contributing to sound environmental management prior to its acquisition by Abac. The organisation already had a business unit, Ahorro Energético, focused on delivering energy efficiency consulting and environmental certifications.

Since its acquisition in May 2019, Isolana has focused on defining its corporate purpose achieving exceptional progress in the sustainability arena.

Strategic SDGs:





Articulating a corporate purpose

In the early days after its acquisition, the organisation, supported by its Board of Directors, started its journey towards redefining its purpose setting the basis on which to build a solid sustainability and strategic plan.

To articulate its purpose, Isolana conducted an internal survey, considered the needs and characteristics of its sector and locations, and held several management meetings. These three inputs combined guided Isolana in defining a purpose that would connect its core business activity to its employees and the interests of its other surrounding communities.

The process concluded with the definition of the following purpose: "To help our clients build comfortable and sustainable housing".

Aligning sustainability efforts with the U.N. Sustainable Development Goals

Guided by its purpose, Isolana considered how its business activity could contribute to sustainability in every step of its value chain and how it related to the Sustainable Development Goals. The outcome defined a strategic action plan highlighting those sustainability topics where Isolana could contribute most greatly. Particularly, Isolana committed to advance the Sustainable Development Agenda focusing on:

- SDG 7 & 9, on clean energy and industry innovation, curating a sustainable product portfolio
- SDG 8, on decent work and economic growth, auditing all workspaces and creating governance structures such as a whistle-blowing channel
- SDG 11 & 12, on sustainable cities and responsible consumption, guiding clients in the building industry to reduce their carbon footprint

Engaging employees in the realisation of Isolana's purpose

As a final step of its purpose definition, Isolana focused on embedding its strategy within the organisation, creating workshops across business units to engage employees in the definition of Isolana's values and future initiatives.

"Only several months after implementing Abac's Sustainability Framework, we can already see its benefits not only for our business and employees, but for all our stakeholders. We have focused our core activity on improving energy efficiency and sustainability in the building sector, as well as advancing Governance and engaging in corporate volunteering. We are deeply grateful to Abac's team who have stewarded us in this journey and hope our efforts will contribute to advancing the Sustainable Development Agenda"

Amalia Roca, Sustainability Champion at Isolana

Governance

Governance achievements (2019)

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



63% Companies adhered to the **U.N. Global Compact Initiative**



75% Companies with a **Corporate Offenses Risk Prevention Programme**



13% Companies with a **constituted SDG Committee** to monitor progress



Abac's governance approach

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

At the time of acquisition by the Fund, most portfolio companies did 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. With these basics in place, we ask the Sustainability Champion and Compliance Officer at each portfolio company to work together with the HR and Legal departments, and with Abac's Compliance Director, to further improve the company's governance.

Examples of governance initiatives

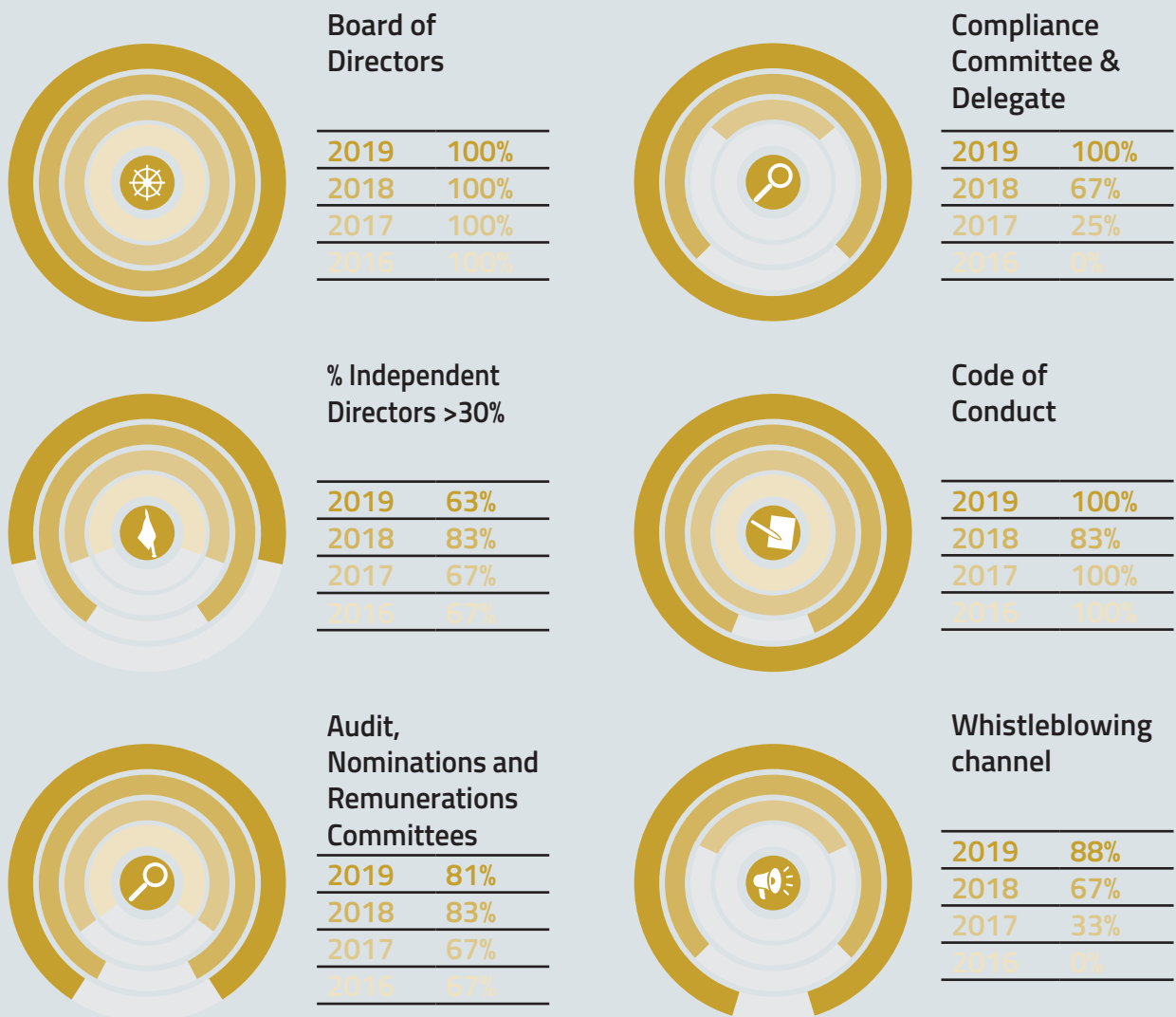
During 2019, Abac's Compliance Director together with the portfolio companies' Sustainability Champions, HR and Legal teams focused on implementing a Corporate Offenses Risk Prevention Programme, which essentially ensures all necessary good governance policies and processes are in place.

Figueras stood out for the constitution of an "SDG Committee" to track the company's contribution to advancing their most strategic Sustainable Development Goals.

Portfolio Overview - Governance performance



Status of initiatives





Oriol Pinya, CEO of Abac Capital, speaking at Abac's Sustainability Day in February 2020

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, involves:

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

Sustainability matters are discussed periodically at portfolio companies' BoDs and risk committees, as well as at quarterly meetings between Abac and the 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 assembles all Sustainability Champions.

Our annual Sustainability Day, is a great opportunity for us to discuss the strategy for the upcoming months, get feedback on what we can do better, and for the portfolio champions to share experiences and learn from each other's achievements and struggles.



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.

Our reporting toolkit

Our reporting toolkit includes a set of KPIs applicable to all companies, in addition to some company or industry specific measures. It also includes a self-diagnosis of the situation pre-Abac's investment and a tracker of the initiatives implemented over time to improve the company's Sustainability performance.

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.

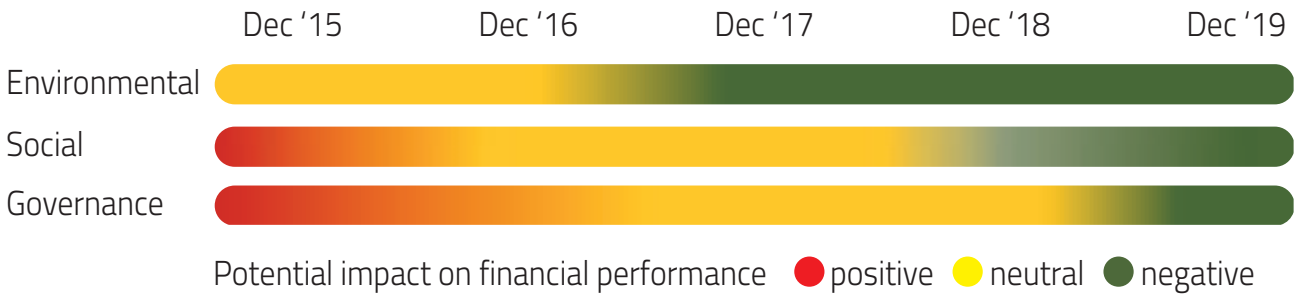
Our approach

We believe that improving Sustainability performance should firstly be driven by our portfolio companies rather than being imposed by Abac.

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. Moreover, while we believe it is management's job to also optimise in this dimension of performance, we have regular sessions to discuss new and ongoing Sustainability initiatives and to share best practices we have seen in other portfolio companies or elsewhere.

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 seek to identify key risks at portfolio companies across multiple dimensions and track them over the investment period. We also aggregate the level of risk at Fund level to assess our consolidated exposure (see below for ESG risks). Furthermore, this exercise is an opportunity to review the impact of previously defined mitigation initiatives and, 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. 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. Special care is placed to gauge our ability to monitor ESG performance itself, the probability of occurrence of a certain risk, and reputational risks arising from ESG incidents. 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 making an 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 positive impact good employment initiatives may have. We advocate the need to improve gender and minorities equality across all industries. We also support employee-driven community engagement initiatives throughout the Fund's portfolio to foster a responsible citizenship mindset.

”

Decent employment

Decent employment achievements (2019)

88% Companies with a **workers' council**



45% Decrease in **employee turnover**



1 Companies with a new **collective agreement**



38% Companies with **suppliers** adhering to **social best practices**



88 **Visits** conducted to suppliers facilities to ensure adhesion to social best practices



Abac's decent employment approach

We wrapped up 2019 with 3,389 employees under Abac's umbrella. We acknowledge that as we continue to grow, so does our opportunity to provide good employment in the communities where our portfolio companies operate.

Fostering good employment and wellbeing is an essential part of our commitment to community impact. We believe we should first strive to positively impact our employees.

Examples of decent employment initiatives

During the year, we witnessed how portfolio companies continued to work towards improving employee wellbeing. Particularly, Figueras signed a new collective agreement introducing numerous initiatives to improve work-life balance. PronoKal was also immersed in an intense process to revamp its HR benefits, introducing work-life balance initiatives and employee counselling services.

Portfolio companies also worked to extend their good employment practices along their supply chain. For instance, Metalcaucho visited 88 suppliers not only to make sure they were adhering to their environmental standards, but also to social ones.

Portfolio Overview - Decent employment performance



Status of initiatives



Workers' council

2019	88%
2018	67%
2017	75%
2016	67%



Business partners adhering to social practices

2019	38%
2018	55%
2017	25%
2016	50%



Tracking absenteeism

2019	100%
2018	100%
2017	100%
2016	100%



Tracking employee turnover

2019	100%
2018	100%
2017	100%
2016	100%

FIGUERAS GROUP



“ An industrial company at the forefront of employee wellbeing ”



Collection of historic chairs at Figueras' headquarters

Case Study Figueras

Deal Status: Current

Investment Year: 2015

Sector:

High-end seating solutions for public spaces

Revenues: €39m

Employees in payroll: 164

U.N. Global Compact Initiative adherence date:

March 2019

Figueras is a global leader in the design and manufacturing of high-end solutions for public spaces that combine architectural design with state-of-the-art innovation and engineering. 90% of Figueras' revenues come from international projects. The company exports to more than 130 countries and has installed over its history more than 10 million seats in 40,000 projects globally through its network of subsidiaries and showrooms around the world.

During 2019, Figueras achieved remarkable progress in the employee-wellbeing and governance fronts. For instance, the signature of a new union agreement in July 2019 was a great success for the company. In terms of Governance, Figueras made substantial improvements in training and adhering to international standards. The high point of its effort was reached in July 2019 with the constitution of an SDG committee to discuss and monitor the company's contribution to the Sustainable Development Agenda. All in all, during 2019 Figueras continued to embrace sustainability as an engine for continuous improvement.

Strategic SDGs:



Introducing work-life balance initiatives to increase employee wellbeing

Employee well-being is core to Figueras and drove many of the initiatives its Sustainability Champion and HR Director, Carme Tomàs, developed and implemented during 2019. The new collective agreement introduced flexible timetables and different annual working-week schemes. Additionally, the company introduced a flexible retribution scheme, healthier food options, declared the totality of its facilities as non-smoking and introduced automated external defibrillators.

"The new Collective Agreement was a huge success in terms of employee wellbeing. Not only does it contribute to a happier work environment, but it is proving fundamental in improving employees' work-life balance and constitutes a huge opportunity to reduce our carbon footprint. Having flexible schedules, allows us to organise and drive to work in group, and to avoid peak traffic hours"

Carme Tomàs, Sustainability Champion at Figueras

Fostering youth employment

Figueras was recently awarded with a distinction from the local City Council in recognition for its internship program addressed to vocational training students. Every year, Figueras trains young professionals and stewards them in accessing the labour market.

Embracing innovative Governance structures to minimise risk

In terms of Governance, Figueras implemented a whistle-blowing channel, an anti-corruption policy and an anti-money laundering policy, and conducted extensive compliance training to employees. The company introduced an innovative governance scheme, appointing a group of "key" employees to ensure Figueras meets its Governance standards at all times. These employees are managers involved with risk factors and are receiving specific training according to their focus area.

Advancing the U.N. Sustainable Development Goals through an SDG Committee

Figueras is a signatory participant of the United Nations Global Compact Initiative since March 2019 and has committed to advance the Sustainable Development Agenda particularly focusing on:

- SDG 3, on well-being and employees' health
- SDG 5, on gender equality and women's participation at all levels within organisations
- SDG 8, on decent work and equal pay for work of equal value
- SDG 10, on the reduction of inequalities and discrimination
- SDG 12, on responsible production
- SDG 16, on the promotion of strong institutions

In July 2019, an SDG Committee was constituted to monitor and discuss the company's contribution to the U.N. Sustainable Development Goals.

"We are thankful to Abac for leading us into the consideration of Sustainability in our business activity. In a context where organisations have such a huge influence, we must embrace our responsibility to leave a better world to the next generations"

Carme Tomàs, Sustainability Champion at Figueras



“ Improving training and social inclusion in retail ”



Case Study Motorcard

Deal Status: Current

Investment Year: 2018

Sector:

Omnichannel motorcycle accessories retailer

Revenues: €45m

Employees in payroll: 166

Motocard is a leading distributor of motorcycle gear and accessories in Spain and Andorra. The company distributes its products through a network of 11 stores and an online shop that registers more than 30,000 daily visitors.

During 2019, Motocard continued to improve its Sustainability performance especially in terms of Governance, employee-wellbeing and citizenship. Prior to Abac’s acquisition in late 2018, the company had already developed a strong sustainability culture which was embedded across the organisation. In that regard, Abac’s sustainability toolkit helped Motocard formalise the Sustainability dimensions the company had been working on, taking them a step further down the sustainability road.

Strategic SDGs:





Fostering employee diversity and inclusion

Conscious of its relevant role as an employer, Motocard conducted several initiatives on the employee-wellbeing and diversity fronts. In the early months of 2019, two disabled employees were hired to join Motocard's team at the company's warehouse in Solsona. The initiative corroborated Motocard's commitment to the AMISOL Association, a non-profit organisation working to integrate people with disabilities into the labour market.

Digitalising employee training through gamification

In September 2019, Motocard started using Atrivity, an interactive training tool, in an effort to boost employee engagement and improve training. Atrivity is an enterprise gamification solution helping companies improve their business performance by shortening onboardings, engaging employees, and reinforcing training and sales teams' knowledge. The initiative was very successful among the employees and reinforced the company's commitment to client satisfaction by ensuring employees have excellent knowledge on product characteristics.

Implementing sound Governance processes

In the Governance front, Motocard continued to implement Abac's toolkit, appointing a Compliance Committee, implementing a whistle-blowing channel and continuing to work towards the adhesion of its suppliers to its social liability code, by signing a purchase policy. The company also started the process of adhesion to the U.N. Global Compact Initiative, recognising the importance of the Sustainable Development Goals and aligning its sustainability efforts accordingly.

Embracing citizenship initiatives in strategic topics

Furthermore, Motocard continued to embrace its citizenship commitment. Recognising road safety as one of the key pillars of its business, Motocard engaged in "Ponle freno" road safety campaigns. Additionally, the company collaborated with AMISOL Association during the Saint George festivities and also engaged in toy and material donation campaigns during Christmas. Finally, Motocard is planning a collaboration in the upcoming months with two students participating in UNIRAID, a solidarity rally across Africa, supplying basic goods to underprivileged communities across Morocco.

Gender & Minorities equality

Gender & Minorities equality achievements (2019)

47% Percentage of **women in portfolio's workforce**

75% Companies with at least 20% of **women in executive positions**



88% Companies with **disabled employees** in the payroll



4 Employees at **risk of social exclusion** hired in 2019
BEER & FOOD



1 Companies with a **female CEO**



Abac's gender & minorities equality approach

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

Examples of gender and minorities equality initiatives

During 2019, we improved parity at management level appointing the first female CEO in the portfolio and witnessed how companies continued to work towards improving gender and minorities equality.

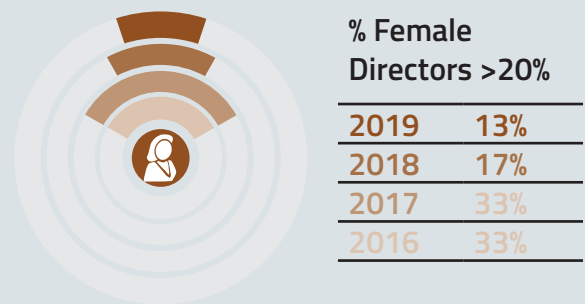
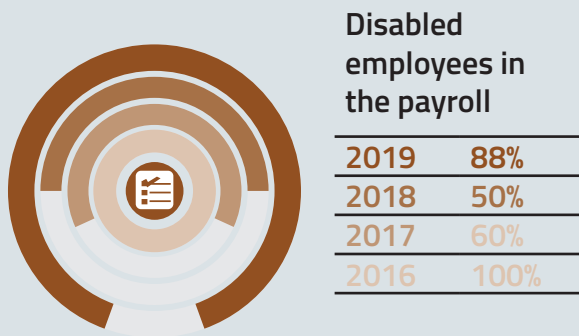
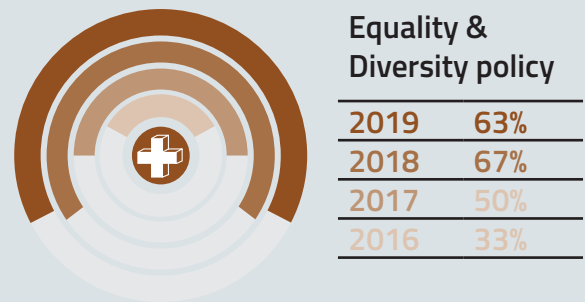
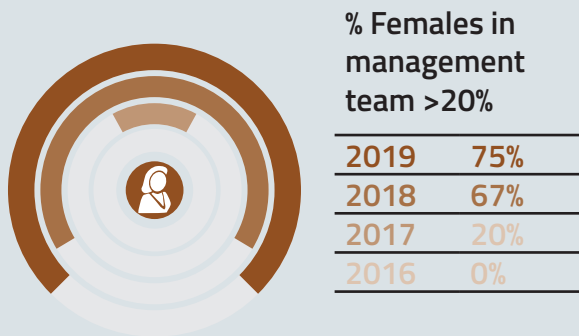
Particularly, Beer&Food hired two employees at risk of social exclusion at two of its restaurant locations in Madrid, collaborating with Down Madrid and Aura Foundation, with whom we also intensely collaborate at Abac. Motocard, also led social inclusion, hiring two employees from AMISOL Foundation to join its warehouse team in Solsona.

As for PronoKal, the company was highlighted in a publication by the Spanish Network of the U.N. Global Compact Initiative for its contribution to gender equality.

Portfolio Overview - Gender & Minorities equality performance



Status of initiatives



PronoKal Group®



“ A pledge to improve gender equality ”



Case Study Pronokal

Deal Status: Current

Investment Year: 2016

Sector: Medical dietary treatments

Revenues: €53m

Employees in payroll: 389

U.N. Global Compact Initiative adherence date:

March 2019

Strategic SDGs:



PronoKal is specialised in medical dietary treatments for patients suffering from obesity and overweight. The company operates in 14 countries in Europe and Latin America, offering a comprehensive weight-loss solution that includes medical and dietary advice, meal replacements, personal trainers and coaching services.

In 2019, PronoKal Group saw its sustainability efforts recognised on multiple occasions by the Spanish Network of the U.N. Global Compact Initiative. The company has been supporting the network since March 2019 as a signatory participant, actively working to advance the Sustainable Development Agenda.

“Joining the U.N. Global Compact has given us the perfect framework to structure our Sustainability Plan and has helped us communicate our endeavours both internally and externally”

Marta Morell,
Sustainability Champion at PronoKal Group



At the beginning of the year, the company approved a Strategic Plan for 2019-2021 outlining the Group's long-term commitment to sustainability in four impact areas: Environmental Responsibility, Social Commitment, Human Capital and Governance. Fourteen concise action plans were devised within those areas to guide PronoKal's sustainability actions thereafter.

Public recognition by the U.N. Global Compact

In October 2019, PronoKal was featured in a publication by the Spanish Network of the U.N. Global Compact Initiative that selected PronoKal as one of 84 Spanish organisations leading change in the 2030 Sustainable Development Agenda in terms of gender equality.

PronoKal focused on improving gender equality and revamping social benefits to increase employee wellbeing, thus highlighting its commitment to SDGs 5 and 8.

PronoKal's Equality Plan featured a gender study concluding there was room for improvement in the percentage of women in management positions (31% in 2018) and highlighting that all working day reduction requests had been brought forward by women.

Revamping social benefits for employees

In terms of employee wellbeing, PronoKal implemented intensive working hours in August to contribute to family conciliation and pioneered the introduction of a 24-hour counselling service for employees in partnership with Salud y Persona Foundation. The company also developed internal communication procedures to foster employee engagement, for instance introducing Yammer, a corporate social network, and scheduling monthly breakfasts with the CEO and biannual business updates to keep employees informed about the organisation's recent undertakings.

Corporate volunteering initiatives to advance SDGs 2, 3 & 10

2019 was also a very successful year in terms of corporate volunteering, materialising PronoKal's commitment to SDGs 2,3 and 10. Volunteering initiatives in 2019 included the organisation of a solidarity walk in collaboration with Acción Contra el Hambre Foundation and the design of a grant program that will offer PronoKal's services to those who cannot afford the treatment.

BEER & FOOD

“ Embedding sustainability across the organisation ”



Case Study Ber & Food

Deal Status: Current

Investment Year: 2018

Sector: Restaurant operator

Revenues: €38m

Employees in payroll: 664

U.N. Global Compact Initiative adherence date:
January 2019

Strategic SDGs:



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 started the year adhering to the U.N. Global Compact Spanish Network, symbolising Beer & Food’s commitment to advancing the Sustainable Development Agenda. B&F succeeded in aligning its ESG Strategy with the Sustainable Development Goals and committed to advancing them both through its core business activity but also acting as SDG advocates in those matters that are important to the company and its stakeholders.

The company initiated this journey by assessing how its previous ESG efforts had been impacting SDGs. After assessing the synergies between SDGs and its mission and values (defined as CRETA: Commitment, Responsibility, Excellence, Team-work and Audacity), the process concluded with the approval of a Sustainability Plan.



Engaging employees in corporate sustainability efforts

B&F excelled in its efforts to communicate and improve internal employee engagement in sustainability. A quarterly Newsletter has been implemented, featuring a summary of the company's Sustainability initiatives.

"We believe ESG must be cross-functional and engage the entire organisation. In this regard, the Sustainability Champion figure rotates which is why I am stepping down from my position as a Sustainability Champion and passing on the responsibility to Víctor Pereira. Our Newsletters are also fundamental in promoting individual awareness in the organisation. We strive to contribute to our communities with our actions, and are determined to promote the same mindset among our stakeholders"

Noelia Hernán, Former Sustainability Champion at Beer & Food

Creating inclusive and responsible work environments

From a social standpoint, Beer&Food worked to create more inclusive work environments, incorporating an employee from Aura Foundation and another from Down Madrid in two of its Carl's Jr. restaurants in Madrid. Additionally, the company successfully engaged in corporate volunteering activities proposed by its employees. It particularly collaborated with Fundación Columbus, fighting child cancer and rare diseases, Fundación Los Romeros, helping vulnerable families, and engaged in initiatives against gender violence.

"By collaborating with Aura Foundation and Down Madrid, we are not only contributing to social inclusion, but also enriching our workforce with diversity and inclusion"

Víctor Pereira, Sustainability Champion at Beer & Food

Moving towards sustainable consumption

Beer & Food made great progress introducing sustainability initiatives in its restaurants. In December 2019, single-use plastic reduction initiatives were implemented in Carl's Jr. restaurants, only providing single-use plastic upon customers' request. Additionally, the company started offering the socially responsible mineral water AUARA which dedicates 100% of its dividends to clean water projects in 16 developing countries having impacted more than 40k people so far.



Citizenship initiatives at Abac

At Abac, we believe that it is important to lead by example. We take pride in our extensive and multifaceted commitment to community service and our support to non-profit organisations. 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 the 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 €2 million 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 the office and fostering initiatives to be implemented both at Abac and portfolio companies. The winner is designated as Abac's Annual Sustainability Ambassador.

We consider our citizenship initiatives an integral part of who we are as a team. We strive to support our community by devoting our time, knowledge and financial resources to them. During 2019, we dedicated over 1% of profits and 1% of our time to community-engagement initiatives with the following institutions:



Aura Foundation is a non-profit organisation striving to improve the quality of life of people with intellectual disabilities by helping them to integrate into society and finding them 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 2019, we helped Ship2B in the analysis of impact opportunities 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 2017 financed the expansion of a health centre in Obout, Cameroun.



Cottolengo del Padre Alegre is an institution created in 1939 in Barcelona as a home for people with incurable diseases and limited financial means. Every two weeks, a team of two Abac employees visited the centre to feed patients who could not help themselves.



Fundació Joan Salvador Gavina is a day-care centre for children in risk of social exclusion in Barcelona's Raval neighbourhood. In 2019, we started preparing together with its management team, a programme to foster basic financial knowledge to families with low incomes at risk of social exclusion in the neighbourhood.



Fundació Arrels is an entity looking after homeless people who live in the city of Barcelona since 1987. They guide them towards a better and more independent life, covering their basic needs, providing them with medical assistance and offering housing. In December 2019, we donated winter clothing to the organisation as it was preparing for the coldest months of the year.

La Marató

3

“La Marató de TV3” is an annual telethon broadcast organised by the Catalan public television (TV3) to raise funds for scientific research into diseases which are currently incurable. In 2019, Abac matched each kilometer run by the team during a working day with a donation for rare diseases research.

esade alumni

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 alumni devote spare time as solidarity consultants for organisations in the social ecosystem.

esade

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.



Nuevo Futuro is a non-profit organisation aiming to foster the social development of children deprived of a normal family environment. In 2019, we supported “Proyecto Sirio”, an initiative providing assistance and special treatment to children with serious mental illnesses.



FUNDACIÓ BANC DELS ALIMENTS

Banc dels Aliments is a charitable foundation that recovers surplus food and distributes it to local entities that deliver it to people in need. Abac’s donation in December 2019 supported its regular campaigns to raise awareness and collect food for those who need it.



“Escola i Empresa” is an initiative aiming to connect high school students to local businesses and debate about business contribution to society. Abac employees regularly engage with the organisation participating in sessions with students at local high schools.



Barcelona Graduate School of Economics is a graduate education institution offering master’s degrees in Economics, Finance, and Data Science. An Abac employee is a patron of the school.



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 executives to strengthen the organisation’s partnerships. In 2019, we also donated IT material.



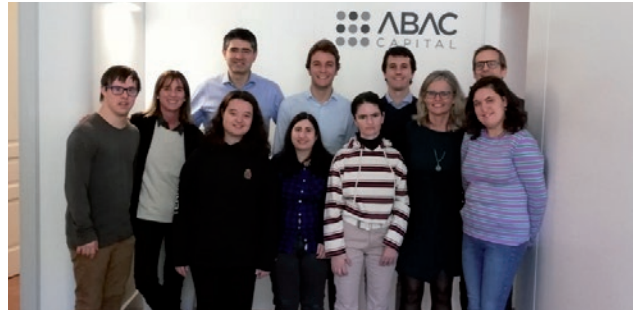
Oriol Pinya participating as a speaker at the presentation of ASCRI's "Private Equity and Venture Capital Responsible Investment Guide" in January 2020.



Abac volunteers at Aura Foundation after the presentation of a new mentoring edition.



Abac volunteers cleaning Barcelona's beach. In October 2019, we celebrated an environmental awareness day collaborating with Surfrider Foundation.



Members from the Aura Foundation during one of their regular visits to Abac.



Once a year, Abac employees run an "office" marathon to raise funds for healthcare research in collaboration with "La Marató de TV3". This year, we collected over €1,900.



In November 2019, we celebrated a solidarity month in partnership with Arrels Foundation, Banc dels Aliments Foundation and Hospital Sant Joan de Déu.

Abac's portfolio also engages in multiple citizenship initiatives with their surrounding communities. In 2019, 75% of the Fund's portfolio was regularly conducting corporate citizenship initiatives. Below, are a few examples:



In April 2019, PronoKal organised a solidarity walk in collaboration with Acció Contra el Hambre Foundation donating €10 per km to fight child malnutrition. The company coordinated 71 participants who collectively ran 355km.



In December 2019, Agroponiente participated in a toy donation campaign for kids at the Torrecárdenas University Hospital. The company donated over 200 toys to hospitalised children.

Parting thoughts



We hope our 2019 Sustainability Report has helped you grasp how we approach sustainability as a fundamental dimension of our strategy and portfolio management efforts. We are certain there is opportunity in conjugating the achievement of financial objectives with addressing social and environmental challenges, thus preparing the Fund's portfolio companies for a successful future.

Since our inception in 2014, we have worked incessantly to articulate our ambition and create shared value for our businesses and communities. We have walked a long way since then, but we must relentlessly continue to do so together with our team, portfolio companies, investors and Operating Partners. In Spain, we strive to spread this message among the Private Equity ecosystem, as we are convinced the future of the industry broadly relies on how firmly we integrate sustainability in our mindsets.

We would not have achieved the progress summarised in this report without our Sustainability Champions Carles Plana (Metalcaucho), Carme Tomàs (Figueras), Marta Morell (PronoKal), Francesc Capella (Plating Brap), Víctor Pereira (Beer & Food), Èric Testagorda (Motocard), Andrea Alonso (Agroponente) and Amalia Roca (Isolana). Thank you all for your unceasing efforts in catalysing change within your organisations.

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

The Abac Team



Abac Capital S.L.

Lleó XIII, 24
08022 Barcelona
T. +34 93 545 65 00

Alcalá, 96 4º Centro
28009 Madrid
T. +34 91 578 92 57

www.abaccapital.com

SUSTAINABLE VALUE