

# Abac Capital Sustainability Report 2021

INVESTORS WITH IMPACT







**Abac Capital**  
Sustainability Report  
**2021**

Investors with Impact  
**April 2022**



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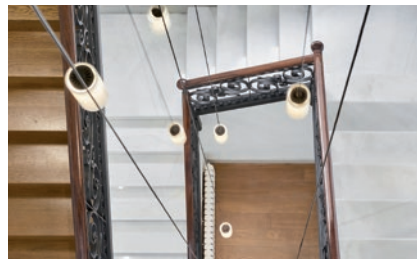
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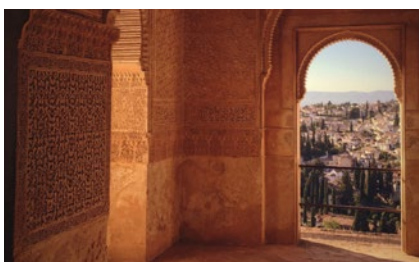
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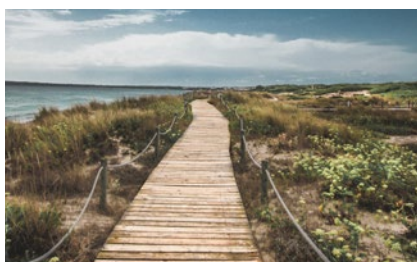
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*Note: Abac supports the United Nations Global Compact Initiative as Signatory Participants*

## Highlights 2021

Certified



Corporation

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



Top performance at the **UNPRI 2020 assessment** obtaining an **A+ score** in all applicable modules

WE SUPPORT



**UN Global Compact Signatories** since December 2019, Silver status in 2021



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



**CLIMATE AMBITION ACCELERATOR**



Abac team members **completed** the **Climate Ambition Accelerator Programme** by the UN Global Compact

## Key Portfolio data (December 2021)

100%

Companies contracted **certified renewable energy** (full effect to materialise in FY 2022)

86%

Portfolio energy consumption (kWh) from **certified renewable sources**

3.5k

tCO<sub>2</sub> from Scope 1&2 **carbon emissions reduced** vs. FY 2020

3.3k

Employees in the **portfolio's workforce**

51%

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

86%

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

100%

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



100% companies completed the **B Impact Assessment**

29%

Portfolio companies above the **B Corp certification threshold**

*Note: Data reflects the position in 4Q21 and excludes OB Cocinas which was acquired in 1Q22 (seven portfolio companies out of the eleven investments made to date)*

“  
Contributing to the  
European Sustainability  
transition by transforming  
mid-market companies  
into sustainability  
category leaders”







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

## Letter from the Partners

After two very difficult years since the start of the pandemic, parts of the world started to recover as vaccination rates and healthcare treatments improved towards the end of 2021. While still dealing with the effects of this crisis, we are now faced with extraordinary geopolitical challenges which are causing further suffering and devastation in Europe. The direct and indirect consequences of the Covid-19 crisis and the war in Ukraine are already redefining the globalised social and economic landscape of the last decades.

In this complex environment, sustainability is at the core of the global agenda as we build-back the economy and address energy security, while ensuring no one is left behind and protecting our planet. To navigate these circumstances, capital allocation from asset managers to

support businesses build resilience and integrate sustainability will be essential.

### **Our Theory of Change: Investors with impact**

As investors with impact, we transform mid-market companies to contribute to the European sustainability transition. SMEs are responsible for more than half of the region's GDP and employ over 100m citizens in the EU. However, these companies are lagging behind sustainability integration not only due to a lack of resources and Government support, but also challenging regulatory requirements. As such, we believe there is an opportunity for private investment to play an important role in this transition.

During 2021, we successfully launched Abac's second Fund which continues the legacy of our first Fund with a sustainability focus on financial returns while creating positive externalities



across the industries in which we invest. With this new Fund we will focus on advancing climate, employment, diversity, and governance targets as well as company-specific material targets relevant to the business model of each of our investees.

### **B Corp and BIA Impact Measurement at the portfolio**

After certifying as B Corp in February 2021, we worked together with B Lab Spain to implement the BIA impact measurement tool at the portfolio level. By the end of the year, all our portfolio had completed the assessment while 29% stood above the B Corp certification threshold. To date, we have implemented improvement programmes, and one of our companies has already applied for certification which we expect to be completed shortly. We have also published a case study to share our experience with the Private Equity industry.

### **Renewed commitments**

During the period, we continued to increase our impact as investors, especially advancing Health & Safety, governance, and decarbonisation. We also renewed our endorsement of the UN Global

Compact Spanish Network as Silver Signatories while all our portfolio companies are now Signatories of the Organisation.

On the climate front, our team completed the UN Climate Ambition Accelerator programme as part of our continued effort to decarbonise and transfer knowledge to investees. Similarly, portfolio companies achieved a 44% YoY reduction in Scope 1 & 2 emissions and reached 86% energy consumption from certified renewable sources.

### **Closing thoughts**

Looking ahead, we are working closely with our portfolio companies to navigate challenges from supply chain disruptions and inflationary pressures. Similarly, we continue to support the people directly affected by the Russian-Ukraine conflict through our employee matching donation programme and hope that a peaceful resolution is attained soon.

Herein, we provide a summary of the progress we have achieved together with our team and the Sustainability Champions at the portfolio to advance sustainability integration. We look forward to continuing our journey as investors with impact together.



**Federico Conchillo, Borja Martinez de la Rosa and Oriol Pinya.**

## **Our Theory of Change**

Contributing to the European sustainability transition by transforming mid-market companies into future-ready category leaders

At Abac we are investors with impact, contributing to the European sustainability transition by transforming mid-market companies into future-ready organisations.

Our Theory of Change serves as the guiding framework of our investment and active ownership strategy which we have designed to effectively enact change in the companies we partner with through our Funds.

We actively manage our portfolio to drive a measurable improvement in the companies' sustainability performance that will outlast our ownership and contribute to building an equitable economy for all.



<p><b>SMEs are the backbone of the EU and Spain's economy...</b></p> <p><b>+98%</b> Companies (#) are SMEs</p> <p><b>+50%</b> GDP contribution from SMEs</p> <p><b>+65%</b> Employment supported by SMEs</p>	<p><b>... but lag behind sustainability integration...</b></p> <ul style="list-style-type: none"> <li>▪ Lack of <b>knowledge, resources, and purpose-led</b> business orientation</li> <li>▪ Difficult <b>access to human and financial capital, networks,</b> and <b>commercial deals</b> with increasing ESG requirements</li> <li>▪ <b>Complex policy</b> and <b>regulatory</b> environment</li> <li>▪ High <b>transition costs</b></li> </ul>	<p><b>... perpetuating negative externalities</b></p> <p><b>+60%</b> Industrial pollution in EU</p> <p><b>82% / 90%</b> Occupational injuries and fatal accidents occur in SMEs</p> <p><b>12%</b> SMEs managed by women</p>
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<p><b>Opportunity to transform mid-market companies for future readiness...</b></p> <ul style="list-style-type: none"> <li>▪ Sustainability implementation through digitalization</li> <li>▪ Building competitive advantages and scale</li> <li>▪ Positioning for sustainable growth</li> <li>▪ Enhancing business resilience and adaptiveness</li> </ul>	<p><b>... through an active ownership Abac Playbook</b></p> <p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>▪ Majority stakes</li> <li>▪ Knowledge transfer</li> <li>▪ Dedicated and hands-on team</li> <li>▪ Appointment of aligned management</li> <li>▪ Best-in-class advisors and standards</li> </ul> <p><b>Activities</b></p> <ul style="list-style-type: none"> <li>▪ Integration across investment cycle</li> <li>▪ Sustainability Champion &amp; Committee</li> <li>▪ Definition of targets and a Sustainability Plan</li> <li>▪ Quarterly reporting and discussion at BoD</li> <li>▪ Biannual trainings and risk assessment</li> </ul>
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<p><b>Climate</b></p> <p><b>Net Zero</b> Reduction targets</p> <p><b>Resource</b> Efficient management</p> <p><b>Circularity</b> Via R&amp;D and supply chain management</p>	<p><b>Good Employment</b></p> <p><b>0-Accident</b> Rate Policy and Target</p> <p><b>Stabilised</b> Employment</p> <p><b>Professional</b> Development</p>	<p><b>Diversity</b></p> <p><b>Gender</b> At Mgmt. and BoD</p> <p><b>Youth</b> Employment and turnover</p>	<p><b>Governance</b></p> <p><b>Compliance</b> Programme at exit</p> <p><b>80 (B Corp)</b> Score on BIA at exit</p> <p><b>Reporting</b> BoD, Abac &amp; Investors</p>	<p><b>Company-specific</b></p> <p><b>Materiality</b> Focus based on SASB</p> <p><b>Purpose</b> Aligned with SDGs</p> <p><b>Targets</b> Defined in DD/100-day</p>
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**About Abac Capital**



## About Abac

**€600m assets under management**

### Investors by geography

**17%**  
Spain

**49%**  
Rest of Europe

**23%**  
North America

**11%**  
Asia Pacific

### About our current portfolio companies<sup>1</sup>

**PORTFOLIO  
COMPANIES**

**8**

**EMPLOYEES**

**3,458**

under the Abac  
umbrella

**REVENUE**

**€600m**

combined

**INTERNATIONAL  
REVENUES**

**+40%**

of portfolio company  
revenue



### Abac at a glance

**TEAM**

**21**

Professionals

**WOMEN**

**45%**

in the team

**EXPERIENCE**

**+100**

Years

**OPERATING  
PARTNERS**

**+30**

from different sectors

**COMMITMENT TO  
SUSTAINABILITY**



**INSTITUTIONAL  
INVESTORS**

**+95%**

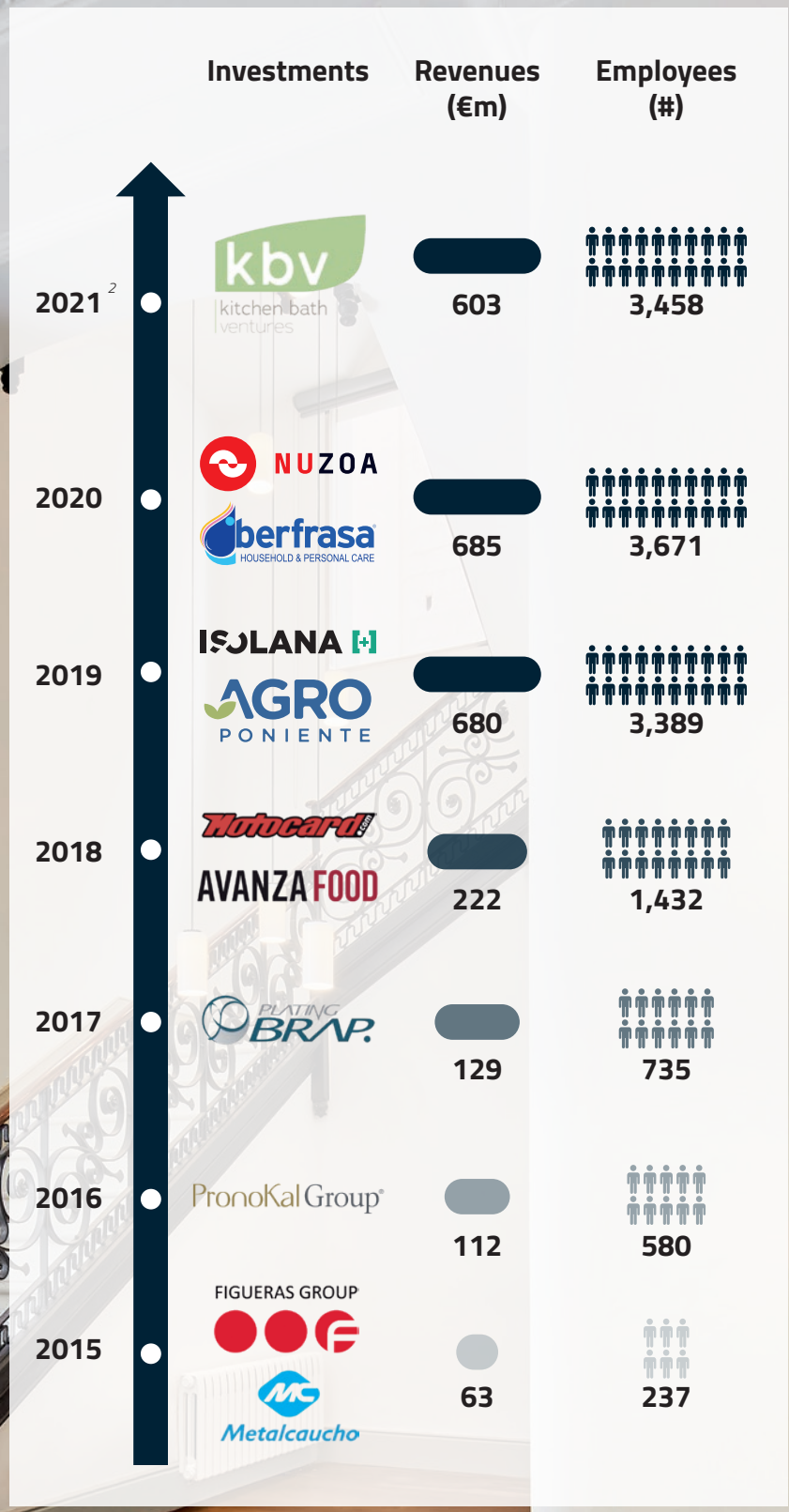
backing the strategy

**Focused in Iberia  
with offices in:**

- Barcelona
- Madrid

<sup>1</sup> Data as of December 2021, including the acquisition in 1Q22 of OB Cocinas by Fund II. Further sustainability data in this report reflects the position in 4Q21 (seven portfolio companies out of the eleven investments made to date).





<sup>2</sup> December 2021 data includes the acquisition in 1Q22 of OB Cocinas by Fund II and excludes divestments in Metalcaucho, Figueras, and Isolana.

# In our DNA since inception

## Abac's sustainability journey

### 2015

- Abac became a Signatory of the UN Principles for Responsible investment (PRI)



### 2016

- Abac's ESG Reporting System rolled out
- Obtained UN PRI scores of "A" in all modules assessed



### 2017

- Published first Annual Sustainability Report
- Appointed Sustainability Champions at each portfolio company
- Obtained UN PRI scores of "A" in all modules assessed

### 2020

- Became Supporter of the Task Force on Climate-related Financial Disclosures



- Abac was awarded with UN Global Compact Bronze status after 71% of portfolio companies became Signatories of UN Global Compact
- Obtained UN PRI scores of "A+" in all applicable modules

### 2019

- Abac published its Responsible Investment Policy
- Became a Signatory of UN Global Compact

WE SUPPORT



- Obtained UN PRI scores of "A+" in the "Private Equity Module"

### 2018

- ESG Prize awarded by the Spanish Private Equity and Venture Capital Association (ASCRI) to Abac Capital and portfolio company Figueras
- Obtained UN PRI scores of "A" in all modules assessed

### 2021

- Abac achieved B Corp Certification



- Abac was awarded with UN Global Compact Silver status after 100% of portfolio companies became Signatories of UN Global Compact



## Our Values

### **INTEGRITY**

We share an uncompromising commitment to do the right thing.

### **TRANSPARENCY**

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

### **EXCELLENCE**

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

### **ENTREPRENEURSHIP**

We seek new opportunities.  
See a problem? Bring a solution. See an opportunity? Chase it!

### **ACCOUNTABILITY**

We take responsibility for our actions individually and as a team.

### **RESPECT**

We are enriched by diverse opinions and backgrounds, and we respect people of all races, nationalities, and beliefs.

### **TEAM**

We play, win, and lose together.

### **SOCIAL CONSCIENCE**

Sharing time, knowledge, and resources with those who need it.

### **CONSISTENCY**

We do what we say



## Our Sustainable Value strategy

“  
As investors with  
impact, we improve the  
sustainability performance  
of our portfolio companies  
during the investment  
period transforming  
them into future-ready  
organisations ”



## Improving the sustainability performance of portfolio companies

As Private Equity Asset Managers taking controlling positions, we contribute to the European sustainability transition by investing and leading impactful change at mid-market companies.

Our Theory of Change aims to address the sustainability gap small and medium sized businesses are experiencing with regards to knowledge, access to market, and sustainability integration.

Abac's active ownership strategy implemented through control positions is a key lever to ensure the improvement of sustainability performance across the portfolio and the transformation of investees for future-readiness.

### A) Why transforming mid-market companies is key to the EU sustainability transition

SMEs are the backbone of the EU's economy but lag behind sustainability management which in turn perpetuates negative externalities and hinders the EU's sustainability transition.

01

- **The backbone of EU and Spain's economy:** Mid-market companies are the backbone of the EU's economy contributing to over 50% of European GDP and employing around 100m people. In Spain, the weight of SMEs is greater as their contribution to employment and Gross Value Added stands above European averages. In fact, these contribute to 66% of total business employment in the country and account for over 62% of Gross Value Added.

02

- **Lagging behind sustainability:** Mid-market companies in Europe are lagging behind sustainability management and integration making them the least future-ready which in turn, hinders the EU's sustainability transition. This is attributable to a lack of knowledge and access to networks, limited access to capital, a complex policy and regulatory environment, and concern about the viability of transition costs

04

- **Opportunity:** We believe there is an opportunity for private capital to play an important role in this transition with capital allocation to support mid-market companies integrate sustainability.

03

- **Perpetuating negative externalities:** This lack of sustainability management perpetuates negative externalities. SMEs contribute with 60% to 70% of industrial pollution in the EU and hold higher diversity gaps and lower talent retention among their workforces compared to larger and listed companies. Consequently, negative externalities tend to be worse at smaller companies.

## **B) How our active ownership strategy shapes relevant inputs and outputs**

Our active ownership strategy and hands-on approach prepares companies to manage sustainability and its strategic implications for the business beyond our ownership.

By taking controlling positions, we are able to actively engage with organisations and empower them to embed sustainability into their operations and business strategy. As investors, our investment contributes with:

- Knowledge and expertise to guide sustainability integration
- Financial stability for long-term decision making and purpose-led orientation
- Access to markets including human and financial capital, and clients
- A solid network of industry and sustainability experts, and peer investees

## **C) What Target Outcomes we are aiming for**

Our goal is to improve the sustainability performance of our portfolio companies in a way that will enhance the competitive position of the organisation in the long-term while contributing to the transition of the EU economy and generating a net positive impact.

As such, we pursue sustainability outcomes across key transversal areas for all the portfolio as well as individually at each business in which we invest.

- At the Fund level, we work to advance four key topics including:
  - **Climate** - to improve decarbonisation, resource management, and circularity
  - **Good employment** - to promote health and safety, stable employment, and internal talent development
  - **Diversity** - to improve gender gaps and inclusion of groups at higher risk
  - **Governance** - to build purpose-led organisations with best-in-class compliance while aligning measurement with international standards and validating performance with third parties
- At each company level, we focus on material areas for the organisation and set targets to drive measurable impact.
  - We understand industry materiality within the company's context
  - We help companies define a purpose and align them with SDGs
  - We co-define targets and a Sustainability Plan for the investment period

## **D) Our Contribution – How we change performance**

We believe our capital makes a difference changing the trajectory of the businesses we invest in and as a consequence, their externalities.

## Investment process

Abac's Theory of Change and sustainability improvement objectives materialise in a curated investment process designed to ensure measurable 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 SFDR positioning and 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 whose primary activities include:

- an illegal economic activity
- the production of and trade in tobacco, distilled alcoholic beverages, and related products
- the business of pornography or vice;
- the financing of the manufacture and trade of weapons and ammunition of any kind;
- the operation of gambling facilities and equivalent enterprises;
- 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 specialist due diligence on the target company to understand its sustainability implications and to set specific targets for the investment period.

This process includes:

- the commission of specialist sustainability Due Diligence
- the identification of financially material issues
- the identification of impact levers
- the definition and modelling of sustainability targets to ensure viability
- the discussion at our Approval and Investment internal committees
- the definition of a 100-Day Plan and a company-specific Theory of Change

A Sustainability red flag is often enough to reject a potential deal at the approval stage.

### 3

### Investment period

#### *Our active ownership and material value creation*

#### **Active ownership**

##### *Across the portfolio*

During the investment period, we improve the sustainability performance of investees in four key transversal areas: Climate, good employment, diversity, and governance.

To achieve this target, we implement key processes ensuring sustainability management is integrated by all investees. These include:

#### **Governance:**

- the appointment of a Sustainability Champion and a Sustainability Committee
- the implementation of a best-in-class Governance and Compliance Programme

### Monitoring and disclosure:

- the quarterly monitoring of transversal and company specific KPIs
- the biannual performance of an ESG and a Climate Change risk assessment
- the quarterly report of sustainability performance to each BoD
- the quarterly reporting at Abac and at biannual Portfolio Reviews and Risk Management Committees
- the disclosure to investors including at the Annual Investors Meeting (AIM), the Supervisory Board, and the Annual Sustainability Report

### Alignment with the global sustainability Agenda and standards:

- the pursuit of climate, good employment, diversity, and governance targets
- the support of international organisations such as UN Global Compact
- the implementation of the B Impact Assessment and pursuit of B Corp Certification

### Material value creation *Company-specific*

We guide portfolio companies in their journey to manage their material externalities and to align their strategy with a purpose that positively impacts each company's stakeholders.

To achieve this, we work with companies to understand the materiality of their business and their potential contribution to SDGs while co-creating a Theory of Change for the investment period.

### Strategy:

- the definition of a 100-Day Plan including sustainability
- the definition of a corporate purpose
- the definition of a Sustainability Plan for the investment period with specific short-term and mid-term target outcomes

4

### Divestment period

#### *Value creation and continuity*

At exit, sustainability improvements help us capitalise the value created during the investment period.

We prioritise the continuity of the Sustainability strategy implemented during the investment period and partner with successors that will preserve the impact model of the company.

- 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 Sustainability and the willingness to perpetuate the Sustainability strategy implemented during Abac's holding period.
- 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 Guiding Principles

Our public commitments

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

### Purpose and Transparency

Certified



Corporation

#### Certified B Corporation and the B Impact Assessment

In February 2021, we certified as a B Corporation. B Corps are organisations that meet the highest verified standards of social and environmental performance, transparency, and accountability. We are proud to be part of a community envisioning a global economy that uses business as a force for good.

We implement the B Impact Assessment tool at the underlying portfolio to help companies improve their impact targets and advance towards certification.



Principles for Responsible Investment

#### UN Principles for Responsible Investment

Since 2015, we are Signatories of the United Nations Principles for Responsible Investment (PRI) and we are committed to its six Principles.

We annually report our responsible investment practices to the organisation and obtained a maximum score of A+ in all categories in our 2020 Assessment (latest Assessment period issued by the organisation).

EU SFDR

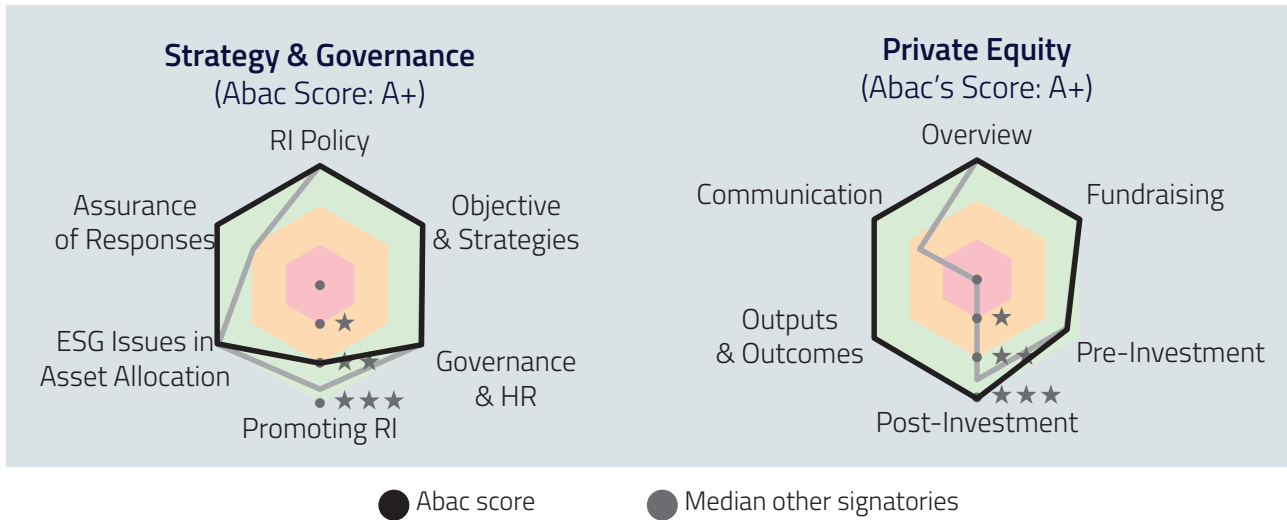
#### EU Sustainable Finance Disclosure Regulation

We are an Art.8 Fund under Regulation (EU) 2019/2088 of 27 November 2019 on sustainability disclosures in the financial services sector.

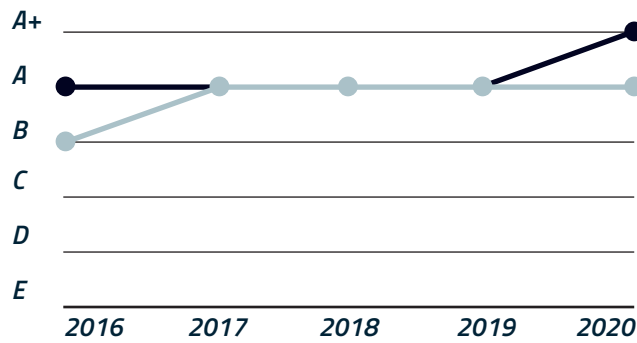
Further information regarding our Art.8 positioning can be accessed at our Fund Prospectus.



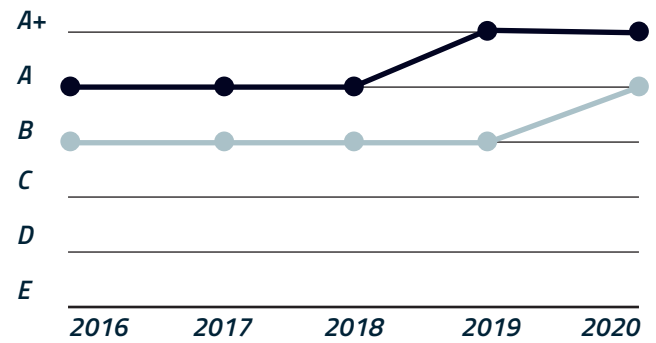
### Our UN Principles for Responsible Investment scorecard



#### Strategy & Governance Score Evolution 2016-2020



#### Private Equity Score Evolution 2016-2020



● Abac score      ● Median other signatories

● Abac score      ● Median other signatories

The PRI assessment methodology is available at [www.unpri.org](http://www.unpri.org)  
 Abac's Assessment and Transparency Reports are publicly available  
[www.abacsolutions.lu/en/responsibility/](http://www.abacsolutions.lu/en/responsibility/)

Global Sustainability Agenda

**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 Participants and we are committed to implementing its ten principles regarding human rights, labour, environment, and anti-corruption<sup>3</sup>. Although we consider all Sustainable Development Goals through our investment decisions, at Abac we strive to focus our sustainability efforts on impacting the following topics across all our portfolio companies:

**Climate**

**Net Zero**  
Reduction targets

**Resource**  
Efficient management

**Circularity**  
Via R&D and supply chain management

**Good employment**

**0-Accident**  
Rate Policy and Target

**Stabilised**  
Employment

**Professional**  
Development

**Diversity**

**Gender**  
At Mgmt. and BoD

**Youth**  
Employment and turnover

**80 (B Corp)**  
Score on BIA at exit

**Governance**

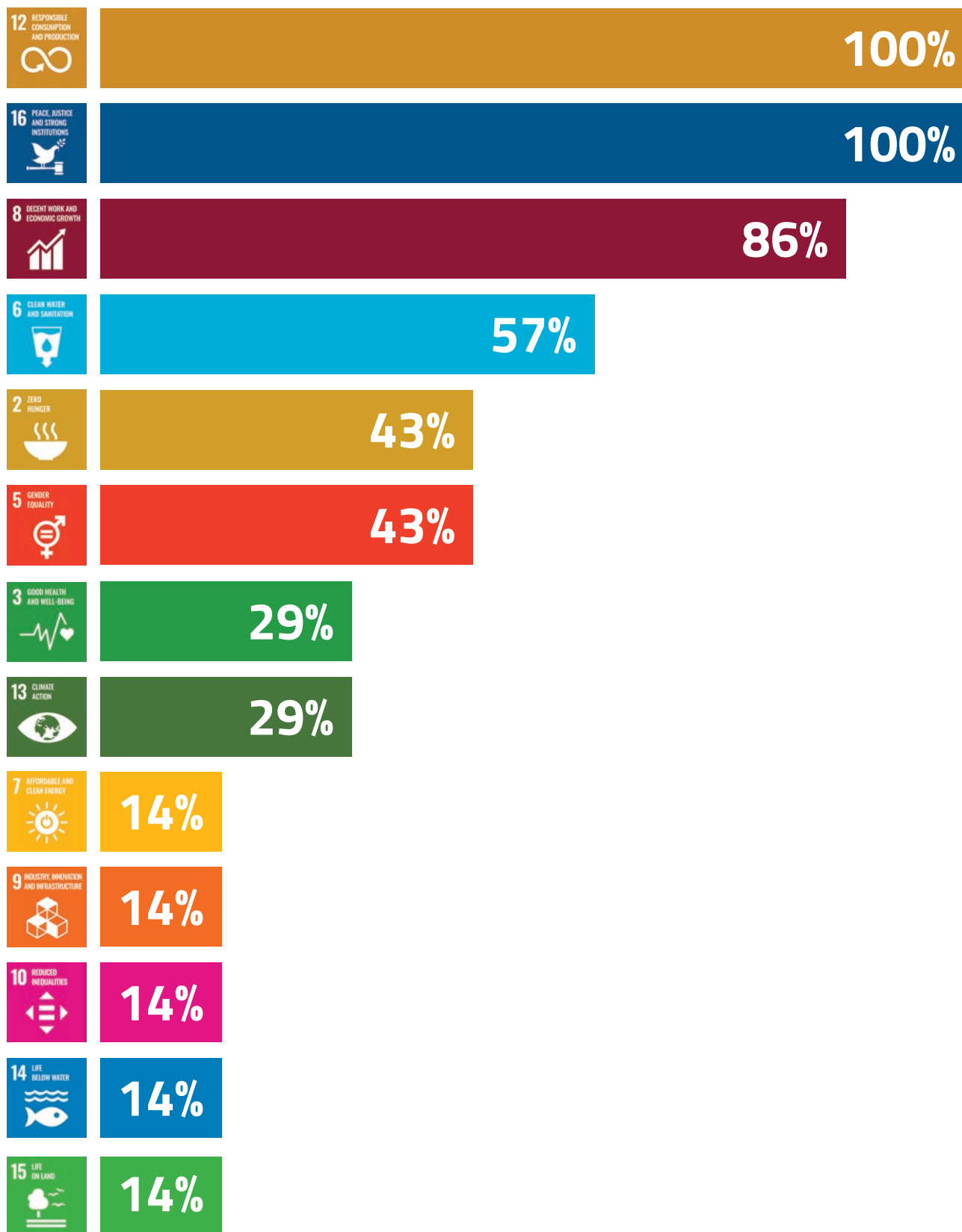
**Purpose**  
Leading strategy

**80 (B Corp)**  
Score on BIA at exit

**Compliance**  
Programme at exit

<sup>3</sup> Since 2019, Abac Capital S.L. has supported the Global Compact Initiative as Signatory Participants

% of portfolio companies identifying each SDG as strategic (2021)



## Climate



### **Task Force on Climate-related Financial Disclosures**

Since March 2020, we are supporters of the Task Force for Climate-related Financial Disclosures which was established by the Financial Stability Board to include disclosure on climate-related risks and opportunities



### **Ambition Accelerator Programme**

*by the UN Global Compact*

During 2021, members of the Abac team completed the UN Climate Ambition Accelerator Programme facilitated by the UN Global Compact in an effort to transfer decarbonisation knowledge to the portfolio.

## Financial materiality

Materiality analysis is fundamental to identify the main Sustainability 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 businesses, as well as on those dimensions where the company has or could potentially have the most negative and positive impact.





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.	
Ecological impacts	

### 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	



## Active ownership for impact

“  
As Private Equity Asset Managers taking controlling stakes, we are in a unique position to lead sustainability transitions in our portfolio. We engage actively to transform companies into purpose-led organisations and implement best-in-class Governance structures to ensure successful long-term performance.”

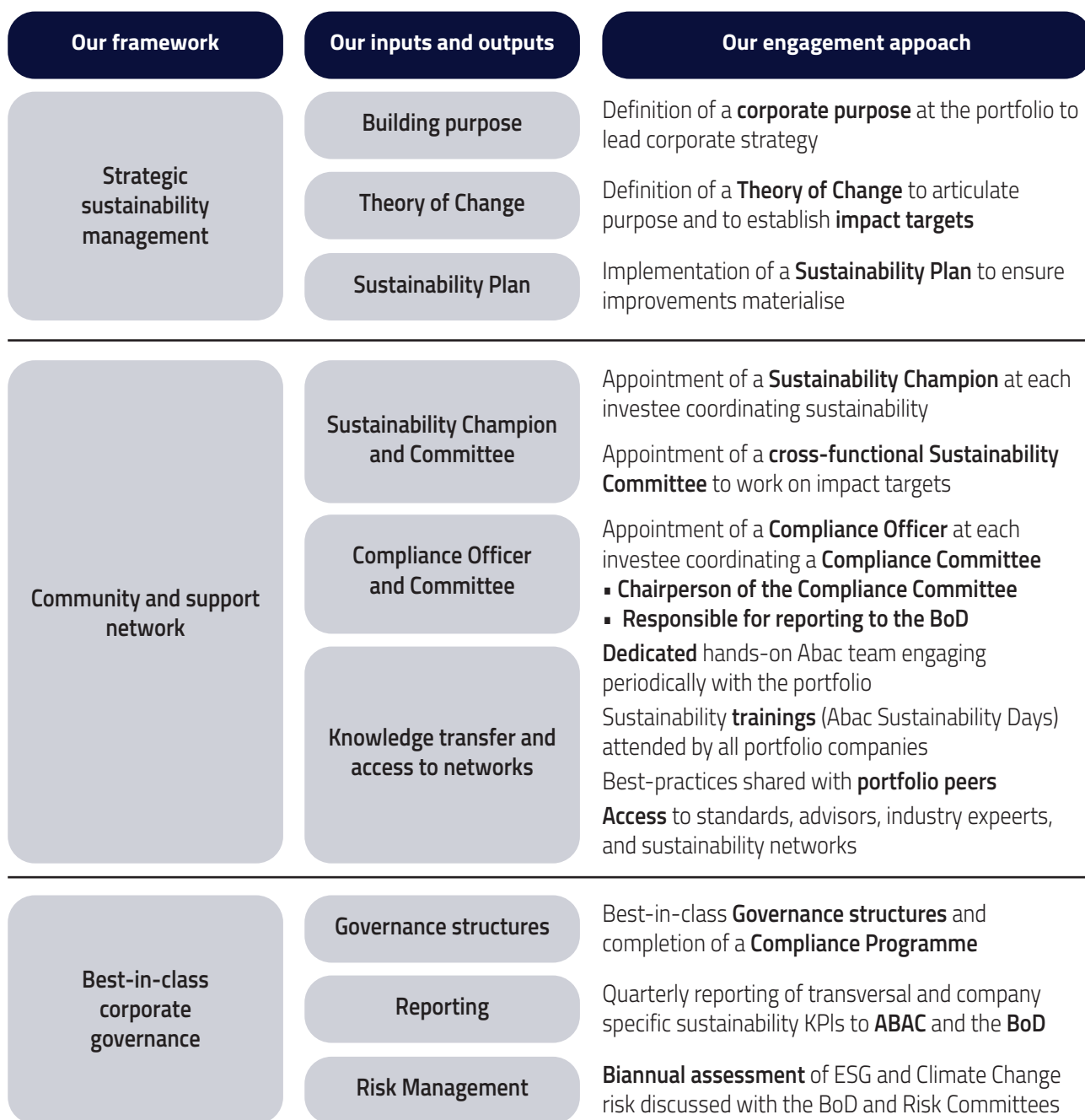




### Active ownership for impact

Abac’s active ownership is essential to ensure a successful transition, business plan execution, and value creation during the investment period. Our hands-on approach differentiates us as Asset Managers and enables us to improve the performance of organisations to reach expected targets and sustainability improvements.

During the investment period we actively engage with portfolio companies to implement best-in-class governance, transfer knowledge, and integrate sustainability management into business decision-making. We are confident these improvements position companies for long-term sustainable growth, resilience, and adaptiveness which results in value accretion at exit.





## **How Private Equity Asset Managers can help portfolio companies join the B Corp movement**

Private Equity Asset Managers taking controlling stakes are in a unique position to lead sustainability transitions in their portfolio companies. Active engagement in these organisations plays a fundamental role in helping companies join the B Corp Movement and use the B Impact Assessment to embed impact into their business models.

### **About B Lab**

B Lab is the non-profit network transforming the global economy to benefit all people, communities, and the planet. B Lab's work began in 2006 with the idea that a different vision of the economy was not only possible, but it was necessary—and that business could lead the way towards a new, stakeholder-driven model.

B Lab became known for certifying B Corporations, which are companies that meet high standards of social and environmental performance, accountability, and transparency.

B Lab is mobilising the B Corp movement to change our economic system, it is also known for creating standards, policies, impact management tools, such as the B Impact Assessment - that shift the behaviour, culture, and structural underpinnings of capitalism.

By harnessing the power of business, B Lab positively impacts companies around the world, helping them balance profit with purpose. In 2021 the global community of Certified B Corps has reached the milestone of 4,800 B Corps. That's 4,800 businesses across 77 countries employing over 280,000 workers in 153 industries. In Europe, there are over 800 companies certified across the region.



## B Corp Certification at Abac Capital

### ▪ Abac's certification journey

In February 2021, Abac certified as a B Corp becoming the first mid-market Private Equity in Spain to receive this recognition.

The certification was achieved after working towards completing the B Impact Assessment and implementing improvements in key performance areas during 2020. Ten months after initiating the process, we successfully completed the verification and certified with a performance score of 94 points.

### ▪ Why Abac certified: Building trust and transparency for our LPs

We decided to pursue the B Corp certification to validate our approach of promoting sustainability through our investments.

Internally, being a B Corp has provided a comprehensive overview of our performance on the five variables the BIA evaluates as well as guidance regarding opportunities for improvement. Additionally, it has been a way to lead by example and encourage our portfolio companies to implement the impact management tools.

For our institutional investors, certifying as B Corp has differentiated Abac and demonstrated our commitment to ensuring our portfolio companies' transformation. In addition, belonging to the B Corp Community has provided access to other companies and funds to share best practices and allowed us to promote the tool within the private equity industry.



## About B Lab's Impact Management Tools

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. It is also an impact management tool and as such it has been used by more than 190,000 businesses ranging from small businesses to large multinationals, and is the exclusive tool used for B Corp Certification.

To obtain the B Corporation certification, a company first needs to complete the B Impact Assessment, which measures the positive impact of the company in areas of governance, workers, community, the environment. Companies that earn a minimum score of 80 out of 200 points undergo an assessment review process, essentially a conference call verifying the claims made in their assessment.

B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. 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 markets.

## Why the B Impact Assessment at the Portfolio

After certifying Abac Capital as B Corp, we decided to roll-out the B Impact Assessment tool at the portfolio to complement our existing measurement processes and guide the sustainability efforts at each portfolio company.

- **Sector-specific insights to identify improvements:** BIA is used by our portfolio to evaluate its performance with relation to their industry and identify improvement areas which are then included in each company's Sustainability Plan for the investment period.
- **Tracking evolution:** Once portfolio companies have performed the BIA, the tool enables us to track the evolution of performance on a quarterly basis. Our aim is to help companies reach a preliminary score of at least 80 points during the investment period.
- **Aligning purpose and impact:** Finally, the BIA tool is also proving useful to help companies reflect on their purpose and align their business model with impact topics the companies can contribute to through their operating activity.

## Building an Impact Management Programme for Abac's portfolio

During 2021, Abac and B Lab collaborated intensively to onboard all portfolio companies to the BIA. In February, B Lab's team participated at an internal Abac training for portfolio companies to introduce them to the B Corp movement and the impact management tool.

Afterwards, Abac and B Lab designed an Impact Management Programme to accompany the portfolio companies in the process of completing the assessment. The programme, which lasted for 3-months and was completed in December 2021, consisted of one-to-one sessions with the portfolio to guide their completion of BIA and define an improvement plan as well as a path to reach B Corp Certification. In parallel, the portfolio participated in events held by B Lab such as the Impact Campus held in Madrid and Barcelona during 3Q21 and 4Q21.



### Strategic SDGs:



**Deal Status:** Current

**Investment Year:** 2018

**Sector:** Omnichannel motorcycle apparel and accessory retailer.

**Revenues:** €62m

**Employees in payroll:** 262

**Purpose:** To improve the safety of motorbikers, fostering the use of technical equipment while creating a community committed to its proper use.

**UN Global Compact adherence date:** July 2020

### Company overview & purpose

Motocard is a leading specialised retailer of motorcycle gear and accessories with store presence in Spain, Andorra, and Portugal, and selling online all over the world. The company distributes its products through a network of 17 stores and an e-commerce platform that registers more than 50,000 daily visitors.

After Abac's acquisition, Motocard developed the purpose to "improve the safety of motorbikers, fostering the use of technical equipment while creating a community committed to its proper use".

### Sustainability performance overview

Since Abac's acquisition in September 2018, Motocard has made great progress on the sustainability front articulating the purpose of generating a positive impact by improving road safety and diversity among the motorbike community.

Today, Motocard has achieved a BIA preliminary score above 80 and has submitted its application to certify as a B Corp. The company's vision has been articulated in a Plan based on material topics with targets that are tracked and followed at BoD level on a quarterly basis.

During the investment period, Motocard has developed road safety initiatives including the development of content to educate users through a YouTube channel. During 2021, Motocard reached 25m views on Motocard's YouTube channel containing 42 videos devoted to road safety (2.8m views). The company also promotes the use of motorbike airbags which substantially improve the safety of users in the event of an accident. Additionally, the company equipped 300 delivery riders through a collaboration with Glovo and collected 100+ old helmets from customers through its circular economy initiative.

Motocard also worked to improve diversity in the community. For example, they continued the partnership with the female pilot Ana Carrasco to promote its private brand and sponsored Joan Lascorz, the first tetraplegic driver to compete in the Dakar Rally. On the gender diversity front, Motocard takes care of its female community and has also delivered gender equality workshops among all employees.

On the climate front, the company reached 71% energy consumption from renewable sources by December 2021 and 0t CO<sub>2</sub> Scope 2 emissions in its Spanish facilities, reaching a 42% reduction in absolute Scope 1 & 2 emissions (2019-2021) despite growing sales and points of sale.



Initiatives	Outcomes and impact
<p><b>Climate</b> <i>Decarbonising operations and improving end-of-life of special products</i></p>  <ul style="list-style-type: none"> <li>Change to electricity supply in ES to certified renewable electricity in 1Q21</li> <li>Measurement of company's carbon footprint (Scope 1 &amp; 2)</li> <li>Design of a circular-economy initiative to collect old helmets and jackets from customers</li> </ul>	<ul style="list-style-type: none"> <li><b>71%</b> Energy consumption from <b>certified renewable sources</b> in FY 2021</li> <li><b>42%</b> Reduction in <b>Scope 1&amp;2 emissions</b> (2021 vs. 2019)</li> <li><b>+21%</b> <b>Productivity increase</b> preparing online orders by <b>reducing packaging</b></li> </ul>
<p><b>Road Safety</b> <i>Fostering the correct use of technical equipment among its community</i></p>  <ul style="list-style-type: none"> <li>Development of road safety content distributed through the company's YouTube channel</li> <li>Collaboration with Glovo App to equip delivery riders</li> <li>Plan to foster the use of motorbike airbags in 2022 through training and education of users around its use</li> </ul>	<ul style="list-style-type: none"> <li><b>2.8m</b> <b>Visualisations</b> on the company's 42 videos on road safety</li> <li><b>300</b> Delivery <b>riders equipped</b> collaborating with Glovo</li> </ul>
<p><b>Diversity</b> <i>Advancing gender diversity in a male-oriented industry</i></p>   <ul style="list-style-type: none"> <li>Renewal of partnership with the female pilot Ana Carrasco</li> <li>Delivery of gender equality workshops to provide training to 100% employees at the firm</li> <li>Definition of a Plan to effectively target female audience in the industry</li> </ul>	<ul style="list-style-type: none"> <li><b>47%</b> <b>Women</b> in the company's workforce</li> <li><b>46%</b> <b>Women in management positions</b> and led by <b>female CEO</b></li> </ul>
<p><b>Governance</b> <i>Impact-led business advancing towards B Corp certification</i></p>   <ul style="list-style-type: none"> <li>Completion of the B Impact Assessment tool to measure the impact of the company's business model and operations while advancing towards certification</li> <li>Definition of a Plan to set specific impact targets around material areas</li> <li>Appointment of a cross-functional Sustainability Committee to support impact-strategic business areas</li> </ul>	<ul style="list-style-type: none"> <li><b>Y</b> Advanced the <b>B Impact Assessment</b> (B Corp), achieving a preliminary score above the certification threshold</li> <li><b>WE SUPPORT UN GLOBAL COMPACT</b> Continued supporting the <b>UN Global Compact</b> as a Signatory</li> <li><b>Y</b> Appointed a cross-functional <b>Sustainability Committee</b> to work transversally on ESG</li> </ul>

1

## Feb'21 – Introduction to B Corp

### Abac training

Abac held an internal training for all portfolio companies to introduce them to the B Corp Movement. A member of B Lab Spain's team co-led the session together with Abac, focusing on the values of the movement and explaining how the BIA tool is useful to measure and manage companies' operations and business model impact.

2

## Jun'21 – Preparing to implement BIA

### Leadership and resource organisation

Motocard prepared the implementation of BIA to measure initial performance.

**How many people got involved?** A team of three people was appointed to lead the process towards certification.



**Silvia Bach**  
CEO at Motocard

**Berta Vilaseca**  
Sustainability Champion  
at Motocard



**Pilar Calle**  
Operations Manager

### What was the role of the CEO?

The role of the CEO was absolutely active, devoting 15% of her weekly time to the project for four months. The holistic nature of the BIA, which touches on five different pillars of the organisation, required clear leadership and alignment from top management.

### How was the process designed?

The process was divided in two phases: A first period of preliminary assessment of the company's performance, and a second phase focused on implementing improvements identified to advance towards the 80-points certification threshold. Improvements were prioritised according to their implementation time and feasibility.

### How did Motocard engage with B Lab and Abac?

Motocard's Sustainability Champion was in direct contact with Abac, to clarify doubts when completing parts of the Assessment.

"It was a helpful partnership, especially considering Abac had already been through the process and certified as a B Corp".

*Silvia Bach, CEO at Motocard.*

The BIA tool is well organized, which required little intervention with the B Lab team, and provides clear examples regarding every question in the platform. This is useful to guide prioritisation of initiatives that will improve scores. In more advance stages of analysis, companies can engage with the B Lab community for trainings and consulting services around the tool.

### How was the project communicated internally?

"In our quarterly meeting with managers we presented B Corp as a key project and as something that would change our daily life at Motocard. Since several departments had to be involved in the process, such as purchases, retail, marketing, and design, having previously communicated the goal and purpose of the project made advancing BIA easier. Every month, we updated the team through our internal communications network".

*Silvia Bach, CEO at Motocard.*

3

**Best practice:** When onboarding the company, the Sustainability Champion is among the first to engage with new employees. This speaks to the importance the company places on its purpose and sustainability ethos.

**Jul'21 – Conducting a preliminary assessment**  
*BIA quick off and first completion score*

During the month of July, Motocard's team completed the BIA for the first time achieving a preliminary score of 42 points.

**How were internal workflows organised?**

- Questions were divided into three big blocks, governance, sustainability, and environment, and assigned to one of the three members of the team. The CEO led governance, the Sustainability Champion sustainability, and finally the COO oversaw environment questions.
- The three members met weekly to gather information and created a shared excel master file to track the status of all responses. These internal meetings were the team's main forum of communication to advance B Corp.
- Each member oversaw the actions needed to advance the completion of their assigned areas, asking for help from other departments when needed.

**Best practice** Only the Sustainability Champion was in charge of implementing the answers in the BIA tool.



Joan Lascorz

**What was the feedback and the insights after using BIA?**

The platform was easy to use once the company understood the meaning of each question and its scope.

**Best practice:** "We had to be open minded to improve our score since it was not always obvious how to implement changes. We identified the following learning: the more you review and meditate on a question, the more options and solutions you will find to improve".

*Silvia Bach, CEO at Motocard*

**Were you surprised with your preliminary performance?**

"Gender diversity is a topic where we performed well in our preliminary assessment. Equality both within the team and among our communities is a topic very close to Motocard's heart. 47% of our workforce and 46% of our management identify as female. We also work hard to make the motorbike world accessible to women, providing visibility to female pilots and addressing female market demands through customised communication. On that note, we increased women's product catalogue by 40% in our online and physical stores. We also adapted our private label women collection after engaging with our female customers who were demanding a diverse colour palette and staying away from pink. It was a pleasant surprise to see we were on the right path with BIA".

*Berta Vilaseca, Sustainability Champion at Motocard.*



Ana Carrasco



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## Sep'21 - Jan'22 – Definition and implementation of an improvement plan

### Identification of main improvement areas

#### How were performance improvement areas identified?

The company focused on the most strategic questions and where the impact on the score was higher (i.e. where the organisation could reach 100% of the available points).

"The first improvements identified consisted of formalising many processes and practices. There was a first big effort to materialise and put into writing things that were already part of Motocard's culture. The more we advanced with the assessment, the bigger the changes we had to make in our day-to-day operations to improve our performance".

*Pilar Calle, Operations Manager at Motocard.*

#### Did being a purpose-led organisation help with the process?

Having previously defined a corporate purpose committed to diversity and road safety while having built a strategy around it, helped the company advance more rapidly. Internal communication was easier as there was buy-in from the larger team. There was also less friction when engaging with other stakeholders, such as suppliers who were already familiar with Motocard's approach.

"A significant number of questions were related to suppliers and our engagement with them. First the ESG team engaged with our over 150 product suppliers on the various issues raised by the platform. This was followed up by the purchasing department.

Other initiatives included amending our company by-laws, changing policies, and implementing environmental initiatives in our 2 offices and 14 stores regarding recycling, water use and resource usage."

*Silvia Bach, CEO at Motocard*

#### What timeline did Motocard define to implement improvements?

Motocard planned an implementation of four months (from October'21 to January'22). The team reached the deadline by doing weekly follow-ups of one hour with the CEO to prioritise initiatives and track advancements.

"We defined 12 weeks for implementation. We never cancelled a meeting, never stopped an action, never delayed a plan; because this was a priority project for Q4.

The excel file we had prepared was our golden tool. It allowed us to organise work by question and topic while implementing improvements. Initiatives were then put into place during an average period of 15 days".

*Silvia Bach, CEO at Motocard*

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## Dec'21 - Jan'22 – The final sprint

### Reaching certification threshold

Motocard's progress had moved them from 42 points to 70 points, still shy of the 80 they needed. The company then redefined a more aggressive plan to attain additional points. Motocard had the clear vision to be above 80 points at the time of application to provide room for adjustments during the audit process.

### How difficult were these last points to attain?

Achieving these last points required all the company to think outside the box and challenge the way they were working. Main improvement areas were further identified with suppliers and employee recruiting. For example, the company re-evaluated their workforce age and background diversity, and redesigned recruitment processes in warehouses to prioritise individuals under 25 looking for a first job or currently unemployed.

**Best practice** To identify further improvement areas, Motocard's B Corp team exchanged their BIA responsibility areas. The CEO was now in charge of Sustainability questions while the Sustainability Champion and the COO took over Governance and environment, respectively. This enabled them to look at questions and business areas from an outsider's perspective and provide fresh ideas to improve the company's performance.

### How was the team motivated?

"We were closer than ever, so we were very motivated. We started meeting more frequently and our new roles helped the team generate new ideas. At this intense and critical stage, it is crucial to avoid demotivation. Focusing on questions where we could improve our performance and discarding others was important to remove the noise and focus on the upside".

*Silvia Bach, CEO at Motocard*

By the end of January 2022 Motocard had reached the certification threshold with 84.8 points. The company was prepared to embark on the next chapter towards B Corp certification and applied to begin the verification process.

## How BIA has changed Motocard

### *Building a B Corp culture*

#### How has the process changed employees' mindset in the firm?

"The hard work we put into completing the BIA and applying for certification has radically changed how everyone at Motocard works. Every week, I receive proposals organically from members of various departments to continue improving and aligning with B Corp.

These are proposals that come up naturally as teams now view the business with a sustainability lens. For instance, the analytics team has submitted proposals to further improve our packaging, and the warehousing team has requested to apply for ISO 9,001 and 14,001 which we are in the process of auditing. The greatest impact from the BIA process has been its effect on our culture at Motocard".

#### Closing remarks

"The commitment of the CEO is key to implement the BIA. If the CEO is leading the process and pushing it, the rest will follow. As a result of my dedication, the teams were aligned and understood the reason why the company was pursuing B Corp certification. They understood that we were doing this because we believed in it, and not just because we had to do it".

"This was a challenging process, and we are thankful for all the support we received from our stakeholders and our team. We are very proud to have reached the threshold and are excited to work towards certification."

*Silvia Bach, CEO at Motocard*

## Governance

### Governance achievements

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



**100%** Companies **Signatories** of the **UN Global Compact Initiative**

**71%** Companies completed a **Compliance Programme**



**86%** Companies with cross-functional **Sustainability Committee**



**100%** Companies implemented the **B Impact Assessment**

**29%** Companies achieved a **preliminary score** above the **B Corp certification threshold**



### Abac's governance approach

Good governance increases business resilience and strengthens the trust placed in Abac and its investees by their employees, business partners, and the Funds' investors.

At the time of acquisition, most companies do not have robust governance systems in place. During the first 100 days after an investment, we set up a governance structure typically including a Board of Directors with independent members, Audit and Remuneration Committees, a Two Signatory Policy, and a Code of conduct. During the investment period Abac's Compliance Director oversees the completion of Compliance Programme at each investee.

We also implement a sustainability toolkit to enable companies to integrate and manage sustainability strategically. This includes appointing a Sustainability Committee, reporting, and discussing sustainability at the Board of Directors.

### Governance highlights in 2021

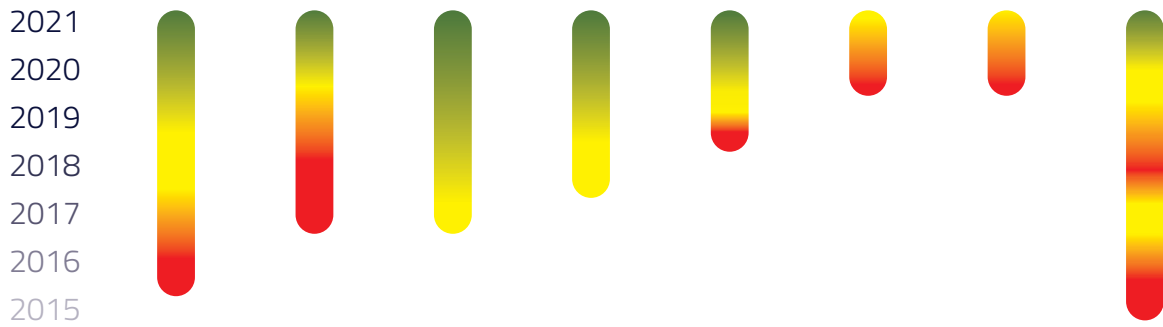
During 2021, we encouraged portfolio companies to appoint a cross-functional Sustainability Committee comprised of employees from different business departments to support the Sustainability Champion oversee and implement initiatives.

We also implemented the B Impact Assessment to validate portfolio companies' performance improvement during our holding with a best-in-class third-party standard.

Finally, Abac's Compliance Director focused on completing the implementation of Compliance Programme at the companies recently acquired.

*Note: Metrics reflect the position in 4Q21 and exclude OB Cocinas which was acquired in 1Q22*

Portfolio overview



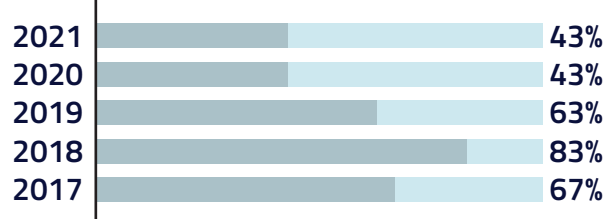
Board of Directors



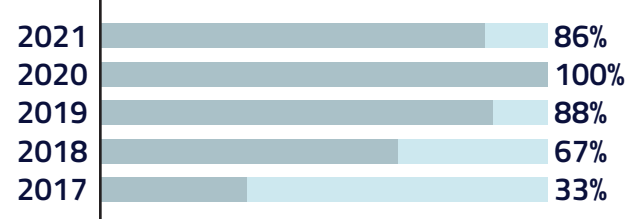
Code of Conduct



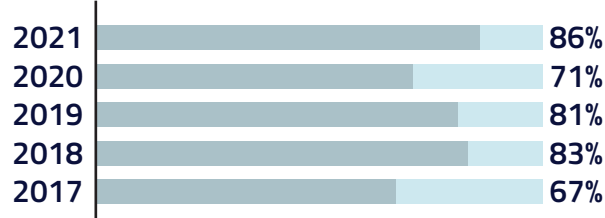
% Independent Directors >30%



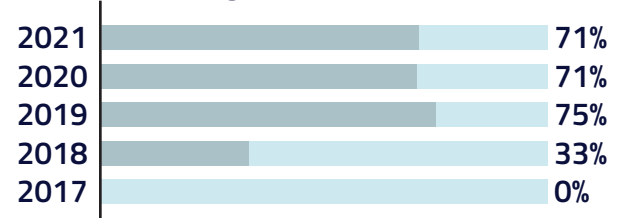
Whistleblowing channel



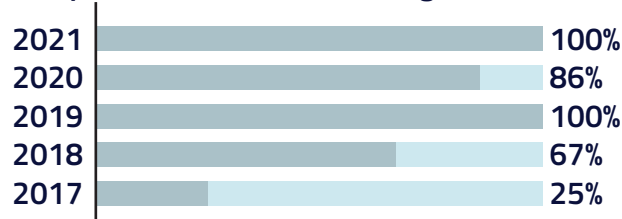
Audit, Nominations and Remunerations Committees



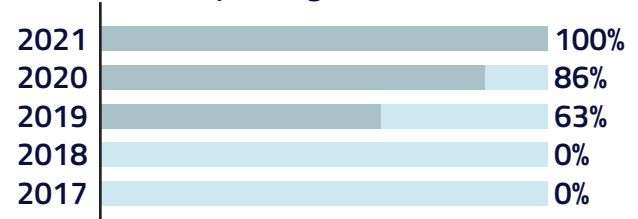
Compliance Programme



Compliance Committee & Delegate



UN Global Compact Signatories





# PronoKal Group®

## Strategic SDGs:



**Deal Status:** Exited

**Investment Year:** 2016

**Exit Year:** 2022

**Sector:** Medical dietary treatments

**Revenues:** €45m

**Employees in payroll:** 277

**Purpose:** To contribute to people's wellbeing by achieving & maintaining a healthy weight

**UN Global Compact adherence date:** April 2019

## Purpose and company overview

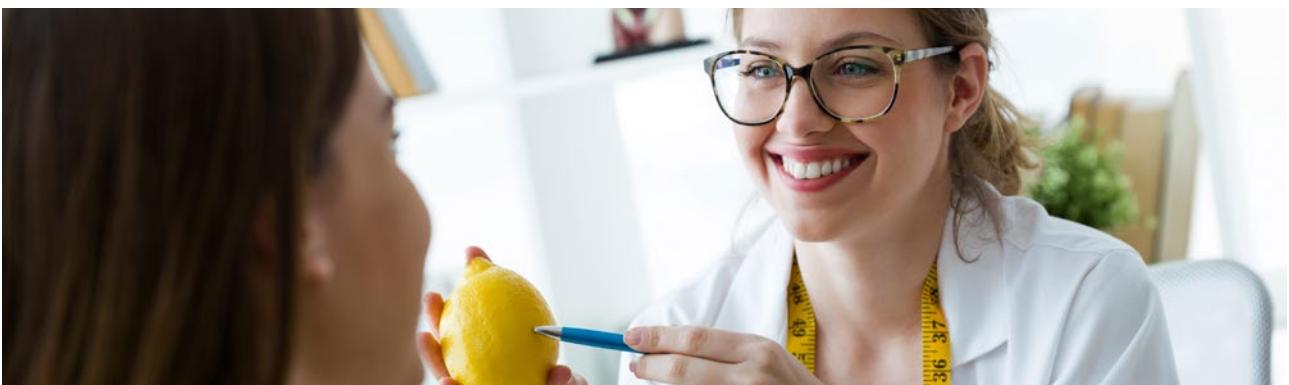
“To contribute to people's wellbeing by achieving & maintaining a healthy weight”

PronoKal is a leading player specialised in medical dietary treatments advancing the fight against the global obesity pandemic. The company's purpose is to contribute to people's wellbeing by achieving and maintaining a healthy weight. The company operates in more than 10 countries mainly in Europe, offering a comprehensive weight-loss solution for patients suffering from obesity or who are overweight that includes medical and dietary advice, meal replacements, fitness training, and coaching services. In February 2022, Abac sold the company to Nestlé Health Science.

## Sustainable value creation during the investment period

In March 2017, Abac invested in PronoKal and became its majority shareholder until the sale of the company to Nestlé Health Science in 2022. During the investment period, we placed the company's purpose at the core of its strategy to continue accelerating PronoKal's impact on people's health. We also targeted transversal improvement areas across climate, employment, diversity, and governance.

Following the definition of a corporate purpose that reflected the Company's impactful business model, PronoKal advanced initiatives around health and accessibility. During 2021, the Company assisted 47k customers helping 96% of them achieve a 10%+ weight loss within the first two months of treatment and offered free access to 25 morbid-obesity patients in collaboration with the Spanish Society for the Study of Obesity. On the accessibility front, the Company was particularly active during the COVID-19 pandemic, offering free nutritional care programmes to 380 people during lockdown thanks to its digital capabilities.



PronoKal improved employee wellbeing by launching coaching and environmental support for employees, as well as implementing business updates and communicating internal promotions to support talent development. The Company also advanced diversity and was recognised by the UN Global Compact in October 2019 as one of the 84 Spanish organisations leading change in terms of gender equality. During 2021, the Company delivered diversity workshops and closed the year with 76% women in its workforce, 30% women in the management team, and 5 employees with different abilities.

PronoKal reached 77% energy consumption from renewable sources in 2021, representing a 7p.p. improvement since 2020, and a 12% reduction in Scope 1 & 2 carbon emissions since 2019. Additionally, the Company achieved €24k savings by compacting cardboard and introduced recyclable packaging filler in operations in Italy with the aim to scale the initiative to the entire group.

Last, but not least, Governance was a fundamental value creation lever during the investment period. During Abac's holding, the Company implemented best-in-class Governance structures, completed a Compliance Programme, became Signatory of the UN Global Compact, and appointed a Sustainability Committee to work transversally on ESG. At the time of Abac's exit, PronoKal had completed the B Impact Assessment and had designed a roadmap to apply for B Corp Certification by May'22.

### **Abac's legacy - advancing sustainability beyond divestment**

As part of the sales process, Abac required potential bidders to share a proposal regarding their strategy to further the Company's sustainability endeavours. Nestlé Health Science congratulated the Company for its sustainability progress and committed to advancing the sustainability goals and capitalise on the progress achieved by Abac during the investment period. On that note, we look forward to seeing how the Company continues to develop its impact beyond our holding period and progress to become a B Corporation.

Initiatives	Outcomes and impact
<p><b>Health Accessibility</b> <i>Fighting the global obesity pandemic</i></p>  <ul style="list-style-type: none"> <li>▪ Growth and digitalisation of the company during the investment period impacting the health of customers through effective products and treatments</li> <li>▪ Implementation of initiatives to make PronoKal treatment and healthy nutrition habits accessible to groups at socioeconomic risk</li> </ul>	<ul style="list-style-type: none"> <li><b>c.47k</b> <b>Customers assisted</b> in FY21 growing at +5% CAGR since FY19</li> <li><b>96%</b> Customers lose 10%+ weight within the first two months since starting the treatment</li> <li><b>25</b> <b>Morbid obese</b> patients granted <b>free access to PronoKal</b> in collaboration with the Spanish Society for the Study of Obesity</li> </ul>
<p><b>Talent &amp; diversity</b> <i>Supporting the wellbeing of a talented and diverse team</i></p>   <ul style="list-style-type: none"> <li>▪ Coaching and emotional health programmes introduced to support employees since 2020</li> <li>▪ Communication of internal promotions to improve talent development within the firm</li> <li>▪ Incorporated employees with different abilities in collaboration with ADECCO Foundation</li> </ul>	<ul style="list-style-type: none"> <li><b>50+</b> Employees received <b>coaching</b> in 2021</li> <li><b>76%</b> <b>Women</b> in the workforce and <b>30%</b> in the <b>management team</b> in FY21</li> <li><b>5</b> Employees with <b>different abilities</b> incorporated by December 2021</li> </ul>
<p><b>Climate</b> <i>improving sustainability of operations</i></p>  <ul style="list-style-type: none"> <li>▪ Increase in energy supply from certified renewable sources reaching a 22 p.p. improvement since 2019</li> <li>▪ Monitoring of Scope 1&amp;2 carbon emissions (2019-2021)</li> <li>▪ Advance of resource optimization and sustainable packaging initiatives to reduce environmental impact of products</li> </ul>	<ul style="list-style-type: none"> <li><b>77%</b> Energy consumption from <b>certified renewable sources</b> in FY21 (+22.p.p vs. 2019)</li> <li><b>€24k</b> Savings by <b>optimising</b> and <b>compacting cardboard</b> in 2021</li> <li><b>Y</b> Introduced <b>recyclable packaging fillers</b> in Italy with prospects of scaling the initiative to the Group</li> </ul>
<p><b>Governance</b> <i>Advancing towards B Corp certification</i></p>   <ul style="list-style-type: none"> <li>▪ UN Global Compact Signatory since April 2019</li> <li>▪ Appointment of a Sustainability Committee coordinated by the Sustainability Champion to work transversally on ESG across different departments</li> <li>▪ Participation in B Lab one-to-one workshop to complete the BIA assessment and prepare a roadmap to advance towards B Corp certification in 2022</li> </ul>	 <ul style="list-style-type: none"> <li>Continued supporting the <b>UN Global Compact Signatory</b></li> <li>Appointed a <b>Sustainability Committee</b> to work transversally on ESG</li> <li>Advanced the <b>B Impact Assessment</b> and completed a roadmap to apply for B Corp Certification by May'22</li> </ul>



“

We work with our portfolio companies to reduce their climate footprint while improving operational efficiency and aligning with the European Green Deal.

Across the portfolio, we engage with teams to reduce carbon emissions, manage natural resources efficiently, and advance circularity through R&D and coordination with companies' value chains. ”



## Energy & Resource management

### Energy & Resource management achievements

**100%** Companies contracted **renewable energy** (full effect to materialise in 2022)



**86%** Energy consumption (kWh) in the portfolio from **certified renewable sources** (+53 p.p. vs. FY20)

**100%** Companies measuring their **carbon footprint** for scope 1 & 2 emissions

**44%** YoY reduction in Scope 1 & 2 **CO<sub>2</sub> emissions** (61% reduction vs. FY19)



Completed **UN Climate Ambition Accelerator Programme**



### Abac's energy & resource management approach

At Abac, we are committed to the transition to a net-zero economy, and we actively work to advance the efficient use of natural capital and the minimisation of negative externalities to the climate through investees' operations.

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

### Energy & Resource management highlights in 2021

In 2021, Abac's team completed the UN Global Compact Climate Ambition Accelerator programme as part of its continued effort to decarbonize the portfolio and transfer knowledge to investees.

Portfolio companies measured their Scope 1 & 2 emissions for the third consecutive year, achieving a 44% YoY reduction in Scope 1 & 2 emissions (61% vs. 2019). Investees continued switching to certified renewable energy supply and several started exploring opportunities to install solar panels through various agreements such as PPAs. By December 2021, 86% of the energy consumption (LTM) of the portfolio was from certified renewable sources.

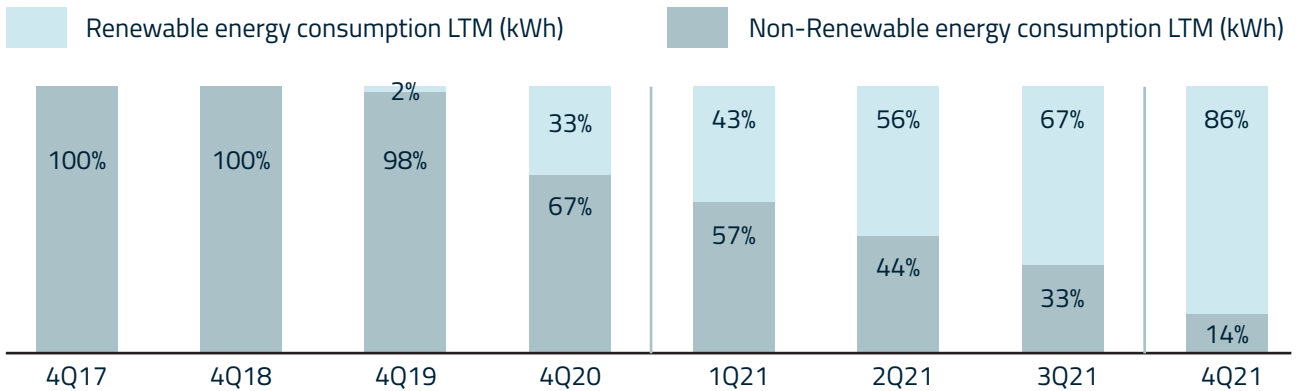
*Note: Metrics reflect the position in 4Q21 and exclude OB Cocinas which was acquired in 1Q22*



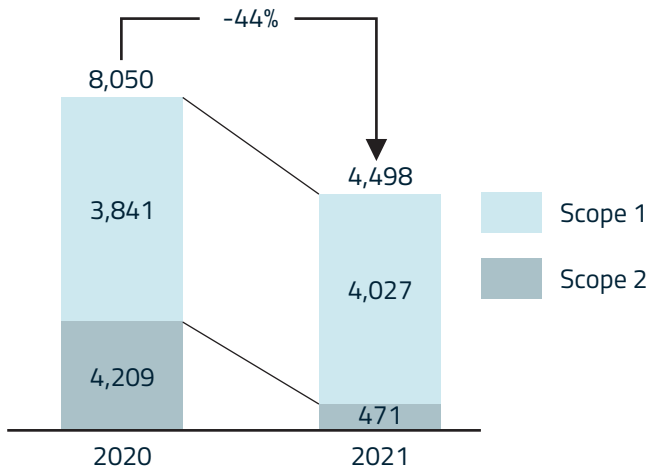
### Portfolio overview



### Energy consumption by source % LTM (2017-2021)



### Carbon emissions evolution (2020-2021)



Note: Reduction calculated normalising for portfolio companies acquired and divested during the comparison period.

Note: Scope 1 & 2 CO2e emissions are measured following the GHG Protocol under a control approach

# ISOLANA

**Deal Status:** Exited

**Investment Year:** 2019

**Exit Year:** 2021

**Sector:** Insulation system

**Revenues:** €113m

**Employees in payroll:** 386

**Purpose:** Helping clients build comfortable and sustainable housing

**UN Global Compact adherence date:** July 2020

## Strategic SDGs:



## Purpose and company overview

Isolana is a distributor of insulation systems with 36 distribution centres and over 70,000 sqm facilities in Spain helping its clients build comfortable and sustainable housing. 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 and benefits from a nationwide distribution network. The Group has two minor non-core divisions focusing on the installation of insulation systems and manufacturing of metal profiles for insulation systems. In May 2021, Abac Solutions sold Isolana to BME Group, a leader in the European building materials market.

## Sustainable value creation during the investment period

In May 2019, Abac invested in Isolana and became its majority shareholder until the sale of the company to BME group in 2021. During the investment period, we transformed the company's sustainability performance targeting transversal improvement areas across climate, employment, diversity, and governance, as well as advancing sustainable construction through Isolana's product portfolio.

Following the definition of a corporate purpose in 2021 committed to promoting comfortable and sustainable housing, Isolana implemented environmental labelling across all its catalogue in six areas (i.e. Eco, DAP, COV, ISO-14001, Passive, and Reach) to help clients identify products with an improved impact. In 2021, the company reached 77 SKUs with the EPD sustainability attribute across 14 product categories, up from 72 SKUs across 9 categories in 2019. Similarly, sales from EPD products over total distribution sales increased from 34% in 2019 to 44% in 2020.

On the climate front, the Company reached 62% LTM energy supply from certified renewable sources at exit and 90% in 4Q21, up from 0% at the time of acquisition. These efforts resulted in a 39% reduction of Scope 1 & 2 carbon emissions in 2020 compared to 2019. Additionally, Isolana audited 60% of its energy consumption for efficiency measures and substituted plastic bags for raffia bags across all PoS.

The Company also started working to improve diversity and labour inclusion within its industry, supporting two individuals to complete their training programme at Isolana through an agreement with "Fundació Laboral de la Construcció". A female professional was incorporated full-time to the team in 2021. During Abac's holding period, the Company also started a citizenship programme to improve housing conditions for people at risk of social exclusion. In 2021, Isolana employees devoted 155 volunteer hours to refurbished 5 dwellings (+2.5x vs. 2020).

Finally, the Company implemented Abac's Governance framework, supported the UN Global Compact as a Signatory member, and appointed a cross-functional Sustainability Committee comprised of members from seven different business departments coordinated by the Sustainability Champion.

### **Abac's legacy - advancing sustainability beyond divestment**

Since Isolana's acquisition by BME group, the Company has continued to advance its sustainability strategy and the impact of its business model. The perpetuation of the hard work initiated during our holding period is essential to Abac's ethos and the European sustainability transition to which we aim to contribute.

At BME, the Isolana team has been actively engaged in the Group's sustainability initiatives, participating in BME's Steering Committee and volunteering in internal bootcamps to validate sustainability KPIs.

"After Abac's exit, we were excited to continue advancing our sustainability journey with BME Group. The fundamentals we established during Abac's holding period continue to be at the core of our strategy and were very valuable to help us participate and engage with the rest of the BME Group. We look forward to continuing this journey and scaling our initiatives for greater impact".

*Josep Surinach, Managing Director at Building Materials Ventures S.A*

**Initiatives** **Outcomes and impact**

**Product Portfolio**  
*Advancing sustainable housing*



- Introduction of sustainability information to product descriptions
- Defined a sustainable portfolio with SKUs holding EDP and recyclable characteristics
- Introduced 155 SKUs suitable for PassivHaus buildings (including 4 SKUs certified with *PassivHaus*)

- 100%** Product with **sustainability information** indicated on label (e.g. Eco, Passive, ISO 14 001)
- 77** **SKUs with EDP attribute** across 14 products categories
- 7** **PoS audited** for energy efficiency equivalent to 60% energy consumption audited

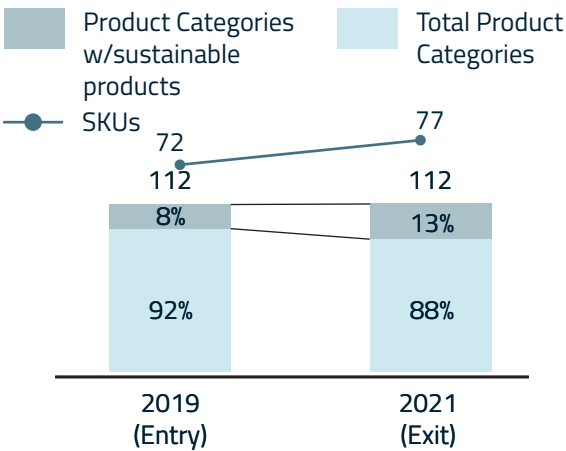
**Clean operations**  
*Decarbonising operations across PoS*



- Contracted renewable energy at 85% of its PoS and centres
- Energy efficiency audit at PoS and operation centres to identify improvements
- Substituted plastic bags with raffia bags at all PoS

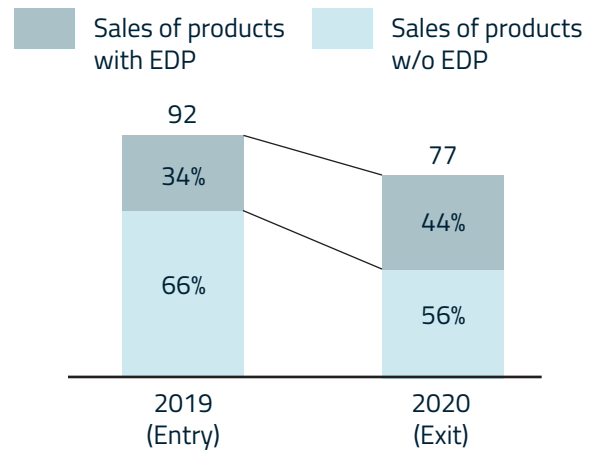
- 90%** Energy consumption from **renewable sources** in Dec'21
- 237** **tCO2 YoY reduction in Scope 2 emissions** by contracting 100% renewable energy (2019-2020)
- 7** **PoS audited** for energy efficiency - equivalent to 60% energy consumption audited

**Sustainable products with EPD\* (2019-2020)**



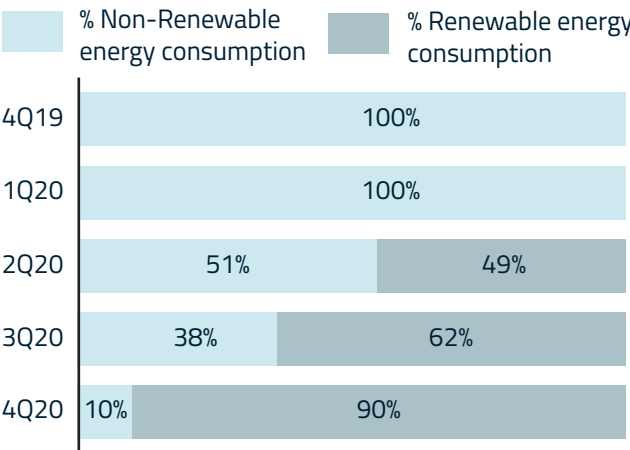
\*EPD- Environmental Product Declaration

**Sales of products with EPD\* (2019-2020)**

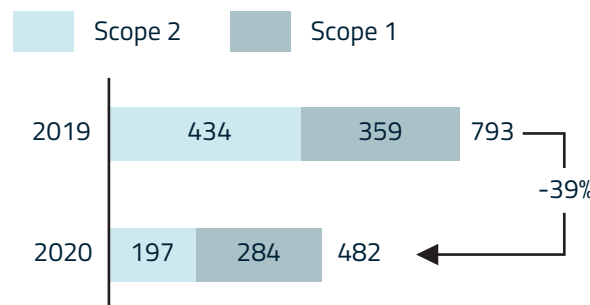






\*EPD- Environmental Product Declaration

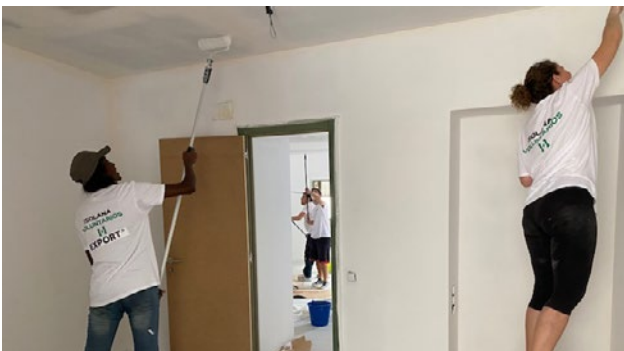
**Energy consumption by source % LTM (2019-2021)**



**Carbon footprint tCO2 (2019-2021)**



Initiatives	Outcomes and impact
<p><b>Community</b> <i>Embracing corporate purpose and increasing diversity</i></p>  <ul style="list-style-type: none"> <li>Continued corporate citizenship programme connected to the company's purpose                             <ul style="list-style-type: none"> <li>Materials and hours of volunteering to refurbish housing for people at risk</li> </ul> </li> <li>Supported the inclusion of individuals at risk in the construction industry through a training programme together with "Fundación Laboral de la Construcción"</li> </ul>	<ul style="list-style-type: none"> <li><b>155</b> Hours of <b>volunteering</b> to <b>refurbish housing</b> of families at risk in 2021 (+3.9x vs. LY)</li> <li><b>5</b> Dwellings of communities at risk of exclusion <b>refurbished</b> in 2021 (+2.5x vs. LY)</li> <li><b>2</b> <b>Individuals</b> at risk completed their training programme at Isolana</li> <li><b>1</b> <b>Female professional</b> at risk joined full-time after completing her training programme</li> </ul>
<p><b>Governance</b> <i>Continuing advancing sustainability</i></p>   <ul style="list-style-type: none"> <li>Continued advancing its sustainability strategy after Abac's exit</li> <li>Contributed to the acquirers sustainability efforts by participating in internal workshops and Committees</li> <li>Appointed a team of seven members coordinated by the Sustainability Champion</li> </ul>	<ul style="list-style-type: none"> <li><b>Y</b> Appointed a cross-functional <b>Sustainability Committee</b> to work transversally on ESG</li> <li><b>WE SUPPORT</b>  Continued supporting the <b>UN Global Compact</b> as a Signatory</li> <li><b>Y</b> Completed the <b>Compliance Programme</b> launched with Abac's entry in May 2019</li> </ul>



Isolana volunteers working on refurbishing projects to improve housing of groups at social risk. Access all refurbishing projects ([here](#))


Isolana's team visiting "Fundación Laboral de Construcción" in Catalonia ([here](#))




## Waste & Materials

### Waste & Materials achievements (2021)

**100%** **Recyclable packaging fillers** introduced in Italy (to be replicated across the Group)  



**Cr(VI)** **Hazardous chemical eliminated** from etching process in a new production line  


**6.3k** Kg of **plastic avoided** in FY 2021 by removing lids, straws, and plastic toys (+5x vs. 2020)  
**AVANZA FOOD**

**+21%** **Productivity increase** preparing online orders by **reducing packaging**  


**18k** Kg of plastic avoided by substituting all plastics nets for **compostable meshes**  


**79%** **Plastic reduction** by litre introducing Doypack packaging to eight product categories  


**3** Centres implemented **reductions of repackaging waste** (to be standardised across the company in 2022)  


### Abac's waste & materials approach

During the investment period, we work to advance SDG 12 on responsible production and consumption. We support investees to improve waste and materials management from product design, to operations, and coordination along their value chains.

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

### Waste & Materials highlights in 2021

In 2021, all investees made progress on this front focusing on the areas that are the most relevant for their businesses.

Motocard achieved a 21% productivity increase in order preparation by introducing packaging improvements identified through the BIA. The company redesigned its shipping process to reduce 60% of sealing tape use which in turn reduced order preparation by 5 seconds.

Additionally, Agroponiente continued its efforts to reduce packaging while preserving product' shelf-life. The company introduced its "New Fresh" technology to 12 clients which eliminates plastic, substituted 18k kg of plastic nets by introducing compostable meshes, and changed 25% of packaging food ties for compostable alternatives.

*Note: Metrics reflect the position in 4Q21 and exclude OB Cocinas which was acquired in 1Q22*

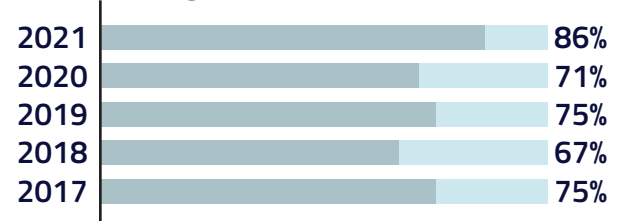
Portfolio overview



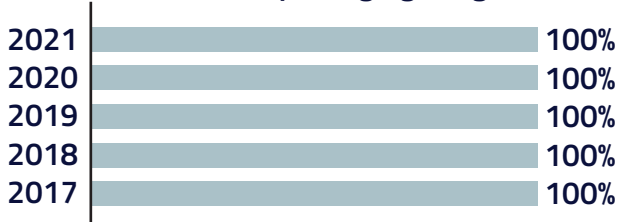
Environmental policy



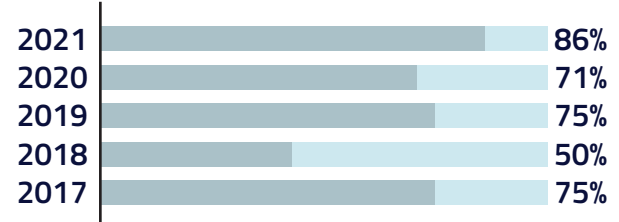
Waste management policy



Initiatives to reduce packaging usage



Initiatives to reduce waste



## Community impact

“

We work to have a positive impact in the communities where our companies are based advancing good employment and diversity targets. We also advocate employee-driven community engagement initiatives both at Abac and across our portfolio.

As the Funds' portfolios grow, so does the number of employees under the Abac umbrella and therefore the breath of positive impact these initiatives may have. ”



## Good employment

### Good employment achievements (2021)

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



**59%** Decrease in the number of **accidents** vs. 2019



**56%** Decrease in the number of **accidents** vs. 2020



**86%** Companies with **suppliers** adhering to **social best practices**



**91%** **Suppliers** adhered to Company's Human-Rights, and anticorruption standards



### Abac's good employment approach

We wrapped up 2021 with 3,458 employees under Abac's umbrella. As we continue to grow, so does our opportunity to provide good employment through our portfolio companies.

Advancing good employment in mid-market companies is fundamental to our impact as investors. In Europe, 82% and 90% of occupational injuries and fatalities occur in SMEs respectively, while c.53% of SMEs struggle with talent acquisition and retention. Thus, we guide portfolio companies to improve Health & Safety, employment standards, and internal talent development.

### Good employment highlights in 2021

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

On the Health & Safety front, Iberfrasa achieved a 56% YoY accident reduction (LTM) after hiring a risk prevention specialist in February 2021 and implementing initiatives.

Additionally, Agroponiente further reduced accidents (LTM) by 6%, achieving an overall 59% reduction since the beginning of its Zero-Accident Programme.

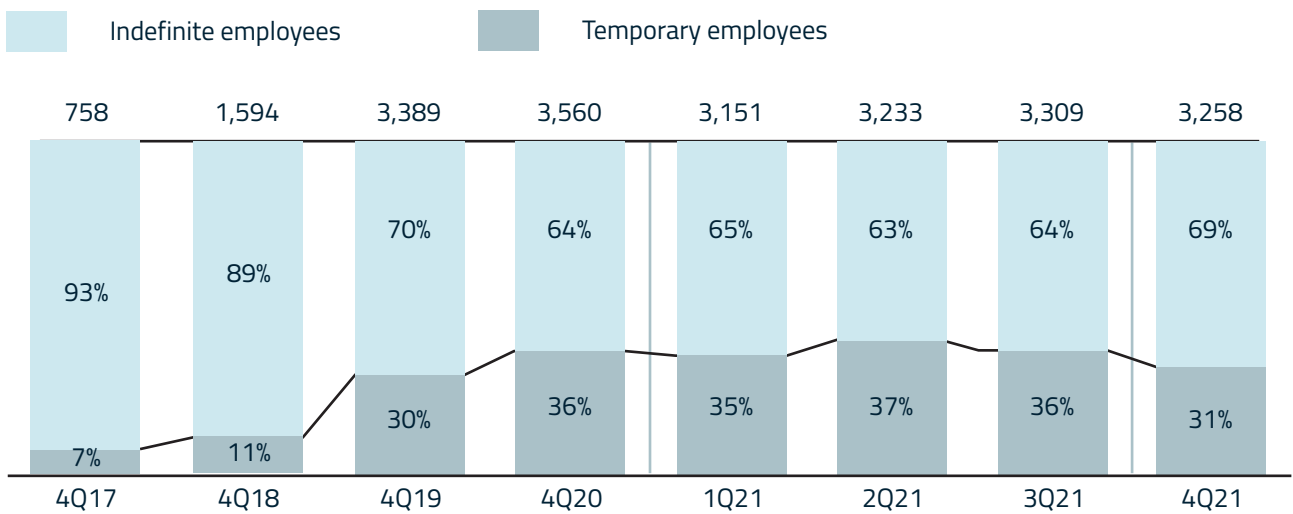
*Note: Metrics reflect the position in 4Q21 and exclude OB Cocinas which was acquired in 1Q22*



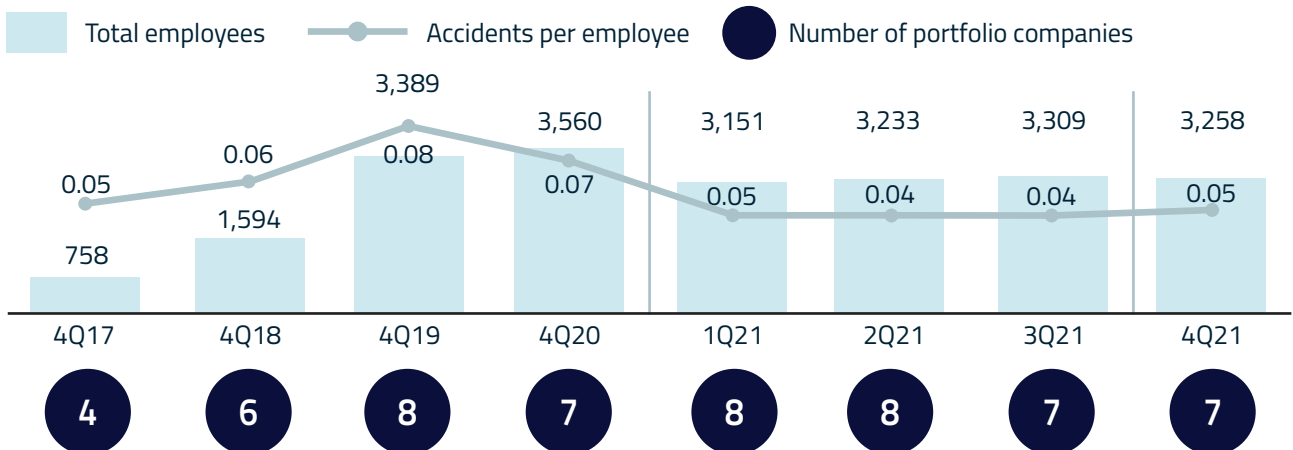
### Portfolio overview



### Portfolio workforce evolution by contract type LTM (2017-2021)



### Accidents per employee evolution LTM (2017-2021)





**Deal Status:** Current

**Investment Year:** 2019

**Sector:** Production and wholesale of fresh fruits and vegetables

**Revenues:** €257m

**Employees in payroll:** 1,658

**Purpose:** Supplying fruits and vegetables to families in a sustainable and innovative way

**UN Global Compact adherence date:** November 2019

#### Strategic SDGs:



### Purpose and company overview

Agroponiente is a European leader in the production and commercialization of fresh vegetables and fruits. The Company operates c.200 hectares of greenhouses and sources products through its network of over 25 collection and operations centres used by c.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.

### Sustainability performance overview

Since its acquisition in 2019, Agroponiente has achieved significant transformation on key material sustainability areas for its business. This progress was recently verified by the B Impact Assessment tool in which the company achieved a preliminary score above the B Corp certification threshold. The company has developed new packaging technologies to reduce food and plastic waste, implemented resource-efficiency measures culminating in a 63% reduction of Scope 1 & 2 emissions, and advanced supply chain Governance with 51% and 16% suppliers certified by social and environmental standards respectively. Most importantly, during the investment period, Agroponiente has dramatically decreased the accident-rate and its severity among its workforce, reaching a 59% reduction of accidents.

In 2019, the Company set out to achieve a zero-accident rate and become a health and safety leader in its industry. Work-related accidents are especially material for companies operating in the agricultural and distribution sectors which are characterised by large and predominantly unskilled workforces mostly performing physical tasks. Agroponiente, has an average workforce of 1,658 employees and collaborates with c.4,000 employees throughout the year, many of whom come from socially disadvantaged backgrounds.

As of December 2021, Agroponiente had reduced its accident rate by 59% compared to 2019. Additionally, days of medical leave had also been reduced by 47% over the same period. This progress was achieved while the Company increased its workforce by 17% primarily among field employees, a group especially exposed to work-related accidents.

These impressive results were driven by a series of initiatives launched in November 2019 which included the appointment of an internal risk prevention protocol, a sharp increase in employee training, and on-going evaluations of safety measures and compliance. Agroponiente is now outperforming health & safety industry benchmarks and continues to advance towards zero-accidents.

## Outset

In November 2019, an **Internal Risk Prevention Committee** was appointed to follow the evolution of accidents at the company, investigate its causes, and define a series of measures and processes to address the challenge.

- 2** **Labour risk prevention professionals** joined the Company following the implementation of the internal committee to improve control and training.

## Initiatives (2020-2021)

### Building a risk prevention culture

**308** Trainings delivered to employees

**1.9k** Employees received training sessions annually

### Identifying accidents' causes

**124** Reports to understand accidents' causes

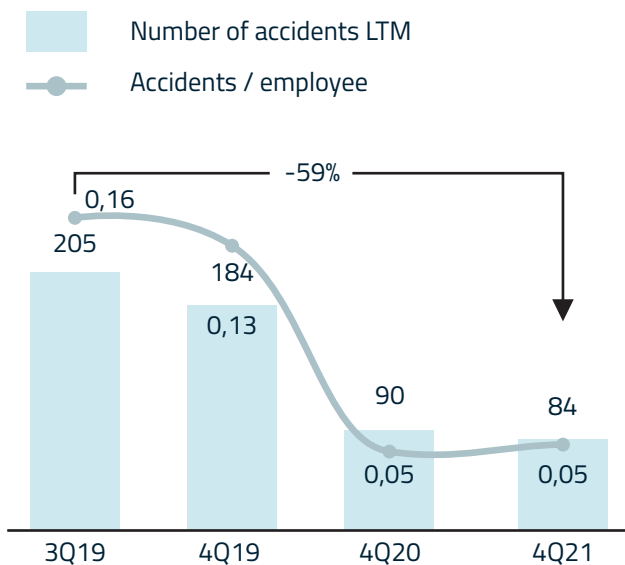
### Improving safety and compliance

**64** Safety visits conducted to evaluate safety measures and equipment

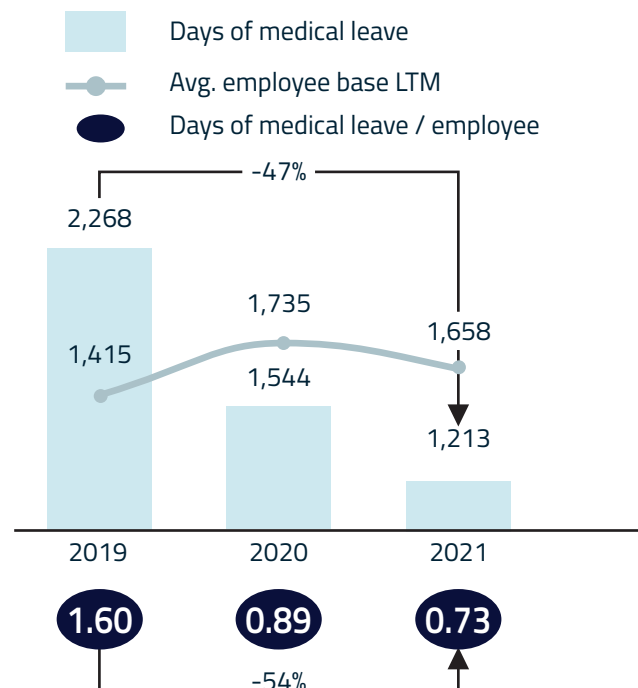
**14** Safe work procedures updated and reviewed with Heads of Areas

## Outcomes

Number of accidents evolution LTM (2019-2021)



Days of medical leave after accident (2019-2021)



Initiatives	Outcomes and impact
<p><b>Waste and climate</b> <i>Advancing decarbonisation and reducing waste</i></p>   <ul style="list-style-type: none"> <li>Introduction of sustainable packaging to reduce waste                             <ul style="list-style-type: none"> <li>Development of “New Fresh” technology to eliminate plastic films while preserving shelf life</li> <li>Substitution of all plastic meshes for compostable alternatives impacting four product categories</li> <li>Introduction of compostable food ties in Eco products</li> </ul> </li> <li>Switch to certified renewable energy supply</li> </ul>	<ul style="list-style-type: none"> <li><b>12</b> Clients adopted the <b>New Fresh</b> technology in four product categories to eliminate plastic</li> <li><b>18k</b> Kg of plastic avoided by substituting all plastic nets for <b>compostable meshes</b></li> <li><b>25%</b> Plastic food ties substituted by <b>compostable alternatives</b> in Eco products (600kg plastic reduced)</li> <li><b>90%</b> Energy consumption from <b>certified renewable sources</b> in FY21 (+74 p.p. vs. FY 2020)</li> <li><b>63%</b> Reduction in Scope 1&amp;2 emissions (FY 2021 vs. FY 2019)</li> </ul>
<p><b>Health &amp; Safety</b> <i>Improving employee safety in the agriculture industry</i></p>   <ul style="list-style-type: none"> <li>Continuation of the Zero-Accident Programme launched in Nov’19                             <ul style="list-style-type: none"> <li>Despite an avg. employee base increase of 17% from FY19 to FY21 and COVID-19, accidents per employee ratio decreased from 0.13 to 0.05</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>59%</b> <b>Accident reduction (LTM)</b> since the launch of a Zero-Accident Programme in 2H19</li> <li><b>6%</b> <b>YoY accident reduction (LTM)</b> in 4Q21 compared to 4Q20</li> <li><b>3p-p</b> Reduction in <b>absenteeism rates (LTM)</b> in 4Q21 compared to 4Q20</li> </ul>
<p><b>Supply chain &amp; Standards</b> <i>improving social and environmental standards along the value chain</i></p> <ul style="list-style-type: none"> <li>Alignment with best-in-class agricultural standards: Wise irrisystem, Global GAP (GRASP &amp; Spring modules), Ecocert, Krav and Demeter Biodynamic</li> <li>Certification with SMETA social standard across distribution centres in Sep’21</li> <li>Increase of suppliers certified with social and environmental management standards</li> </ul>	<ul style="list-style-type: none"> <li><b>Y</b> Obtained <b>SMETA certification</b> at distribution centres in Sep’21</li> <li><b>51%</b> Tier 1 suppliers certified by Global GAP GRASP <b>social standards</b></li> <li><b>16%</b> Tier 1 suppliers certified by Eco and Global GAP Spring <b>environmental standards</b></li> </ul>
<p><b>Governance</b> <i>Achieving B Corp’s certification threshold</i></p>   <ul style="list-style-type: none"> <li>Completed the B Impact Assessment to measure the impact of its business model and operations (first step to certify as a B Corp)</li> <li>Participated in B Lab’s Impact Campus in Madrid in July 2021</li> <li>Appointed a cross-functional Sustainability Committee comprised of ten members from different departments</li> </ul>	<ul style="list-style-type: none"> <li><b>Y</b> Advanced the <b>B Impact Assessment (B Corp)</b> achieving a preliminary score above the certification threshold</li> <li><b>Y</b> Appointed a cross-functional <b>Sustainability Committee</b> to work transversally on ESG</li> <li> Continued supporting the <b>UN Global Compact</b> as a <b>Signatory</b></li> </ul>



## Diversity & Inclusion

### Diversity & Inclusion achievements (2021)

**51%** 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**



**1** Companies with a **female CEO**



**46%** Companies with at least 20% **female Directors at the BoD**

**5** **Employees at risk** incorporated during FY21



### Abac's diversity & inclusion 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 at Abac and in the portfolio companies' workforce.

As investors with impact, we work to advance diversity and inclusion standards, two areas where mid-market companies generally lag behind. Overall, only 12% of Spanish SMEs are managed by women. Additionally, in Spain employment of disabled individuals (c.27%) stands c.38 p.p. below the employment rate of people without disabilities (c.64%).

### Diversity & Inclusion highlights in 2021

During 2021, several companies advanced diversity recruitment initiatives. On that note, Avanza Food restarted its inclusive employment programme incorporating five employees at risk, Motocard redesigned recruitment processes in its warehouses to prioritise individuals under 25 looking for a first job or currently unemployed, and Isolana launched a training programme for individuals at risk.

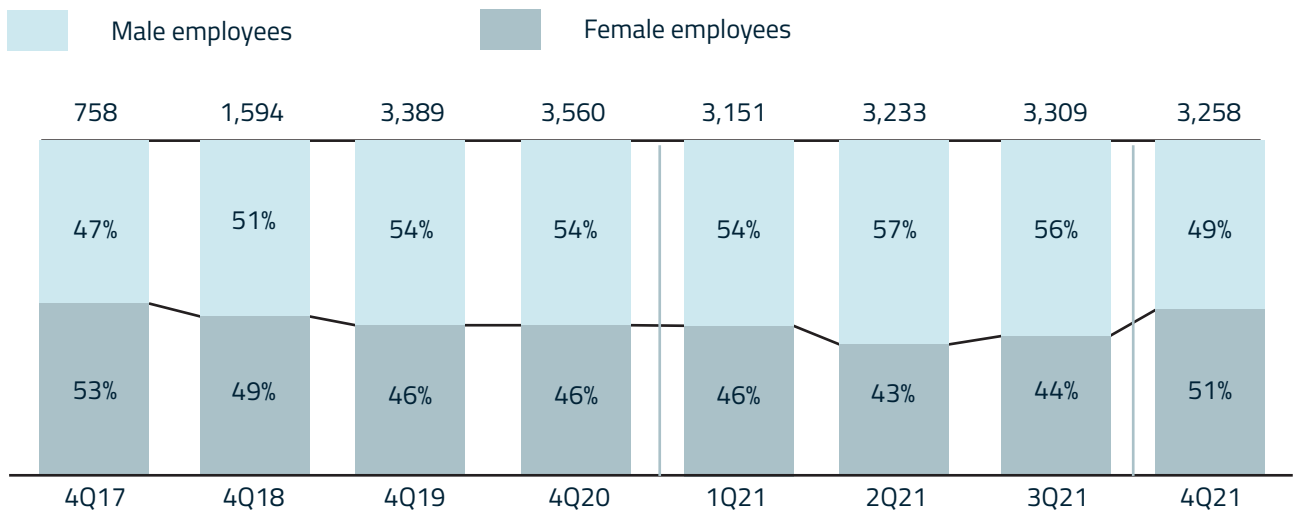
By 1Q22 an Equality Committee comprised of four members was appointed at Abac to promote diversity and conciliation at the firm.

*Note: Metrics reflect the position in 4Q21 and exclude OB Cocinas which was acquired in 1Q22*

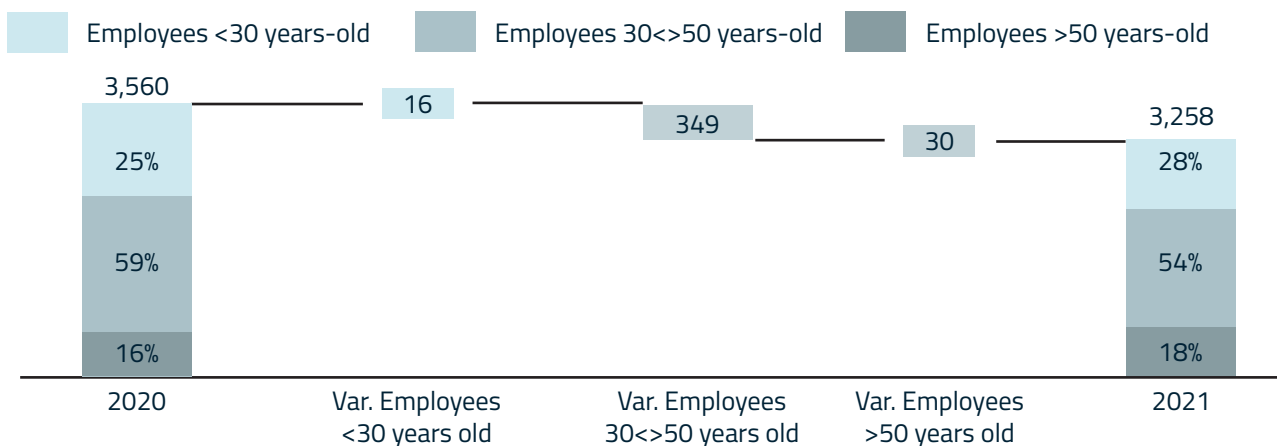
### Portfolio overview



### Portfolio workforce evolution by gender % LTM (2017-2021)



### Portfolio workforce evolution by age group LTM (2020-2021)



**Note:** Metrics reflect the positions at 4Q20 and 4Q21 which include the portfolio companies under management at that time. Note that overall employment within companies remained stable.

# AVANZA FOOD

**Deal Status:** Current

**Investment Year:** 2018

**Sector:** Restaurant operator

**Revenues:** €24m

**Employees in payroll:** 405

**Purpose:** Creating authentic food experiences for our customers, families & friends in a sustainable environment.

**UN Global Compact adherence date:** January 2019

## Strategic SDGs:



## Purpose and company overview

Avanza Food is a multi-brand restaurant operator with more than 370 restaurants in Spain including owned, franchised and associate restaurants. The Company operates a large portfolio of the leading national and international brands Tony Roma's, Tommy Mel's, La Chelinda and the Exclusive Master Franchises of Carl's Jr., and a network of 300 associate restaurants (Official Irish Pub, Gambrinus, and Cruz Blanca) to which AF provides brand rights and certain services. Avanza Food also operates a portfolio of Virtual Brands that the group has been developing since 2020 to boost its new Dark Kitchens model as a driver of development and value creation.

## Sustainability performance overview:

Since acquisition in May 2018, Avanza Food has developed a Sustainability Plan to advance material issues for its business. These include improving the sustainability of operations by transitioning to renewable energy and reducing packaging of meals, as well as positively impacting its communities by providing inclusive employment, introducing products with social impact, and supporting families at high socio-economic risk with food security.

During 2021, Avanza Food continued to advance its sustainability strategic goals despite the difficulties the sector encountered due to COVID-19 restrictions. The company reached 95% LTM energy consumption from certified renewable sources in 4Q21 up from 0% at entry and launched a plan to encourage franchisees to switch to renewable power. By 4Q21, 13% of franchisees had changed their electricity supply to certified renewable sources. Building on the initiatives started in 2020, Avanza avoided over 6k kg of single-use plastic and sold 36.5k units of AUARA bottled water, a social enterprise committed to improving water accessibility around the world.

On the social front, the company recruited 5 individuals at risk of exclusion and delivered 2.2k meals to families at socio-economic risk. Finally, the company continued advancing the B Impact Assessment, which is the first step to certify as a B Corp, improving its preliminary score by 37 points compared to Jun'21.

Initiatives	Outcomes and impact
<p><b>Climate</b> <i>Moving towards sustainable consumption and operations</i></p>   <ul style="list-style-type: none"> <li>Continuation of plan to power all proprietary operations with certified renewable energy</li> <li>Launch of a plan to switch franchisees to certified renewable energy</li> <li>Continuation of initiatives to eliminate single-use plastic and reduce packaging at Carl's Jr. restaurants</li> <li>Continuation of sale of 100% recycled AUARA bottled water <sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li><b>95%</b> Energy consumption from <b>certified renewable sources</b> in FY 2021</li> <li><b>13%</b> <b>Franchisees switched</b> to certified renewable energy in 2021</li> <li><b>6.3k</b> Kg of <b>plastic avoided</b> in FY 2021 by removing lids, straws, and plastic toys</li> <li><b>36.5k</b> Units of 100% <b>recycled AUARA bottled water</b> sold YTD (reaching 138% of its 2021 target)</li> </ul>
<p><b>Community</b> <i>Supporting inclusive employment and families at risk</i></p>    <ul style="list-style-type: none"> <li>Resumed inclusive recruiting initiatives to incorporate employees at risk (had been on hold due to COVID-19)</li> <li>Continued its support of groups at risk with with "Obra Social La Caixa" and "Alucinos" Foundations</li> </ul>	<ul style="list-style-type: none"> <li><b>5</b> Employees at <b>social risk</b> or with <b>different abilities</b> incorporated in 2021 (+2.5x vs. 2019)</li> <li><b>2.2k</b> <b>Meals provided to families at social risk</b> in 2H21</li> <li><b>95%</b> <b>Suppliers based in Spain</b></li> </ul>
<p><b>Governance</b> <i>Advancing towards B Corp certification threshold</i></p>   <ul style="list-style-type: none"> <li>Completion of the B Impact Assessment to measure the impact of its business model and operations</li> <li>Development of an internal improvement plan to reach B Corp certification threshold during the investment period</li> <li>Spearheaded across the portfolio the appointment of a cross-functional Sustainability Committee of six members to work transversally on ESG</li> </ul>	 <ul style="list-style-type: none"> <li>Continued supporting the <b>UN Global Compact</b> as the <b>first Spanish restaurant operator</b> to become a Signatory and to be Awarded <b>Bronze member status</b></li> <li><b>38</b> Points of <b>performance improvement</b> in the B Impact Assessment (BIA) during 2H21</li> <li><b>650</b> <b>Quarterly readers</b> reached with every ESG Newsletter edition</li> </ul>

<sup>4</sup> 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

Citizenship engagement is an integral part of who we are and we take pride in our commitment to community service and support of non-profit organisations. We support our communities by devoting time, knowledge, and financial resources to them. Key elements of our Citizenship Programme include:

### Pro bono work

Abac employees devote part of their work time to collaborate with NGOs such as the Aura Foundation or Fundació Impulsa. 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 Sustainable Investment and investing with impact in public forums such as private equity conferences, talks in universities and roundtables.

### Diversity promotion

We engage as mentors in initiatives such as Level 20 to promote diversity in the finance industry, and our female employees actively participate in roundtables to encourage female students and professionals to join Private Equity and Venture Capital. Additionally, an internal Committee promotes diversity and conciliation at the firm.

### Abac to Foundations

Abac Capital has committed to donating 1% of its annual profits to a selected group of non-profit organisations aligned with our citizenship framework or sponsored by our employees. Abac has donated over €200k since its inception.

### Matching Gift Program

Abac matches euro for euro the donations that our employees make to charitable and non-profit organisations.

In 2021, our matching gift programme especially focused on organisations supporting people affected by Russia's invasion of Ukraine.

### Sustainability Prize

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

We also recognise the Deal Team that achieves the most significant sustainability improvements together with their portfolio company.



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.



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.



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.



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.



"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.



Impulsa Foundation is a non-profit organisation supporting students at socio-economic risk to continue their studies towards higher education and training programmes. The organisation supports students through scholarships and mentoring to reduce drop out.

## La Marató

“La Marató de TV3” is an annual telethon broadcast organised by the Catalan public television (TV3) to raise funds for scientific research into diseases that are currently incurable. Prior to Covid-19, Abac matched each kilometer run by the team during a working day with a donation for rare diseases research.



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.

## FUNDACIÓ PERE TARRÉS

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.



Ship2B is the largest impact investing network in Spain, accelerating social impact projects through a community of mentors, experts, and public and private entities.

### 2021 Abac Citizenship Highlights

In July 2021, we organised a solidarity race in memory of our dear Partner and friend, Javier Rigau, who passed away in a tragic car accident the previous year. We made a donation to the Sant Joan de Déu Children’s Hospital, a cause he deeply cared about. We miss Javier dearly and continue to be inspired by his legacy every day.



In 1Q22 after the devastating events following Russia’s invasion of Ukraine, we supported various relief organisations through a special employee donation matching programme. We are proud to see the response of our employees, friends, and family with over €15,000 donated to:



### Citizenship initiatives at the portfolio

In 2021, portfolio companies coordinated multiple citizenship initiatives. We are immensely proud our underlying investees continued to stand by their communities, despite the difficulties endured during the last two years of the pandemic.

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



*Motocard employee collecting old helmets from customers through a circular economy programme to improve road safety in emerging countries*



*PronoKal employee delivering a nutrition workshop to individuals at mental health risk supported by "Fundació Joia"*



*Training programme at Agroponiente with members from the Down Syndrome Association in Almería*



*Avanza Food employees participating in the "Juntos Es Mejor" Programme which delivered 2.2k meals to families at risk of exclusion during 2021.*



*Nuzoa employees participating in a local reforestation programme after signing a collaboration agreement with the Red Cross.*



## Parting thoughts



We hope our 2021 Sustainability Report has provided an insightful overview of our endeavours to improve the sustainability performance of our portfolio companies while contributing to the 2030 Agenda.

Since our inception in 2014, our active ownership ethos has been at the core of our strategy to manage sustainability as a shared value creation lever. During the past years, we have witnessed sustainability emerge as a fundamental investment dimension and are certain impact management is the way to continue forward. In this context, we are confident we have been heading in the right direction and are excited to continue our journey as investors with impact.

Looking ahead, we believe Asset Managers are uniquely positioned to invest with impact participating in the shared goals and challenges Europe is navigating. At Abac, Our Theory of Change is guiding our objective to advance the European sustainability transition by transforming mid-market companies into future-ready organisations. We are confident there is an opportunity to make a significant contribution as investors.

We could not have achieved the progress summarised in this report without our Sustainability Champions Adriana Dominguez (PronoKal), Francesc Capella (Plating Brap), Victor Pereira (Avanza Food), Berta Vilaseca (Motocard), Pepi Madrid (Agroponiente), Amalia Roca (Isolana), Juan José Ortiz (Iberfrasa), and Alfonso Villanueva and Maria Jesús Gil (Nuzoa). Thank you all for your extraordinary efforts to drive change within your organisations.

We look forward to continuing our journey as investors with impact together.

The Abac Team





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