

Abac Capital and B Lab Case Study

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

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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.

Exploring Abac's journey with the portfolio company Motocard illustrates how asset managers can guide and empower their portfolio.

About Abac Capital

At Abac, we improve the sustainability performance of our mid-market portfolio companies during the investment period and work to take our portfolio companies towards B Corp Certification. Our aim is to contribute to the European sustainability transition by transforming mid-market companies into sustainability category leaders.

This purpose is especially important since middle-sized companies play a fundamental role in the European Union's economy but are lagging in sustainability. These organisations usually lack the knowledge, tools, and support to measure their impact and be at the forefront of sustainability. Therefore, as investors we partner with organisations and guide them through this transformational process.

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.

B Impact Assessment at Motocard

How Motocard reached B Corp certification threshold





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

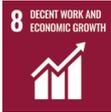
Since Abac's acquisition in September 2018, Motocard has made great progress on the sustainability front articulating the purpose of generating a positive impact by improving road safety and diversity among the motorbike community.

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 287 delivery riders through a collaboration with Glovo and collected 70 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 CO₂ 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>Climate <i>Decarbonising operations and improving end-of-life of special products</i></p> 	<ul style="list-style-type: none"> Change to electricity supply in ES to certified renewable electricity in 1Q21 Measurement of company's carbon footprint (Scope 1 & 2) Design of a circular-economy initiative to collect old helmets and jackets from customers 	<ul style="list-style-type: none"> 71% Energy consumption from certified renewable sources in FY 2021 42% Reduction in Scope 1&2 emissions (2021 vs. 2019) +21% Productivity increase preparing online orders by reducing packaging
<p>Road Safety <i>Fostering the correct use of technical equipment among its community</i></p> 	<ul style="list-style-type: none"> Development of road safety content distributed through the company's YouTube channel Collaboration with Glovo App to equip delivery riders Plan to foster the use of motorbike airbags in 2022 through training and education of users around its use 	<ul style="list-style-type: none"> 2.8m Visualisations on the company's 42 videos on road safety 287 Delivery riders equipped collaborating with Glovo
<p>Diversity <i>Advancing gender diversity in a male-oriented industry</i></p>  	<ul style="list-style-type: none"> Renewal of partnership with the female pilot Ana Carrasco Delivery of gender equality workshops to provide training to 100% employees at the firm Definition of a Plan to effectively target female audience in the industry 	<ul style="list-style-type: none"> 47% Women in the company's workforce 46% Women in management positions and led by female CEO
<p>Governance <i>Impact-led business advancing towards B Corp certification</i></p>  	<ul style="list-style-type: none"> Completion of the B Impact Assessment tool to measure the impact of the company's business model and operations while advancing towards certification Definition of a Plan to set specific impact targets around material areas Appointment of a cross-functional Sustainability Committee to support impact-strategic business areas 	<ul style="list-style-type: none"> Y Advanced the B Impact Assessment (B Corp), achieving a preliminary score above the certification threshold  Continued supporting the UN Global Compact as a Signatory Y Appointed a cross-functional Sustainability Committee to work transversally on ESG

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.

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

3

4

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

5

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