

WEBSITE DISCLOSURE UNDER ARTICLE 10 OF SFDR
FOR A FINANCIAL PRODUCT PROMOTING ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS ACCORDING TO ARTICLE 8 OF SFDR

PRODUCT NAME: Abac S Value II SCR, S.A. (the "Fund")
LEGAL ENTITY IDENTIFIER | ISIN: ES0162964003
PUBLICATION DATE: February 2023

VERSION	DATE OF PUBLICATION
01	February 2023

1. SUMMARY

The Fund, which is managed by Abac Capital Manager SGEIC, S.A.U. (the "**Manager**") promotes environmental or social characteristics, through the investment of at least 60% of its total commitments at the end of the fund duration, in entities that immediately before the initial investment of the Fund qualify as SMEs or Mid-Cap Company and that are within the geographical scope described in the Fund's investment policy, with a general sectoral approach as follows:

- a. The investment strategy pursues the improvement in the ESG performance of its investee companies during the holding period. This improvement in the ESG performance of investee companies is related to transversal aspects classified into four overarching areas (Environment, Good Employment, Diversity and Governance) which apply to all investee companies, as well as material aspects specific to the industry of each investee company.
- b. The Manager ensures that acquired entities meet minimum standards by negative screening and subsequent exclusion of companies in accordance with the Fund Exclusions.

The Fund assesses and measures the attainment of each of the transversal aspects and material aspects specific to the industry of each investee company by defining KPIs in accordance with the main international measurement and reporting standards and frameworks. The Fund promotes environmental and social characteristics by helping investee companies achieve "best practice" performance against a number of general and company-specific KPIs (key performance indicators) and through negative screening and corresponding exclusions.

The investment strategy followed by this Fund is investing, directly or indirectly, in renowned entities with substantial national and/or international expansion opportunities located predominantly in Spain and Portugal and in a variety of sectors.

In relation to the negative screening and corresponding exclusions, the data sources used are technical assessments performed by third parties (i.e. legal and ESG due diligence reports). In relation to the ongoing monitoring of KPIs, the data is collected from investee entities through quarterly reporting and through follow-up meetings between the Manager's sustainability committee and compliance officer and the investee company.

The data is reported by the investee companies through a technological tool (sustainability reporting software) that guarantees the traceability of the reported data. The data is verified through the annual non-financial information audit. The collected data is processed and stored via an internal data management system.

There is a certain limitation in establishing the "baseline" performance with respect to the measured KPI's of the companies owned by the Fund, in other words, their sustainability performance prior to the Fund's entry. As a result of the Fund's active involvement there is ample support from the Fund to help investee companies in the compilation and calculation of their baseline.

No benchmark has been designated to achieve the environmental or social characteristics promoted by this Fund.

2. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

This Fund, which is managed by Abac Capital Manager SGEIC, S.A.U. (the "**Manager**") promotes environmental or social characteristics, through the investment of at least 60% of its total commitments at the end of the Fund duration, in entities that immediately before the initial investment of the Fund qualify as SMEs or Mid-Cap Company and that are within the geographical scope described in the Fund's investment policy, with a general sectoral approach as follows:

- a. The investment strategy pursues the improvement in the ESG performance of the Fund's investee companies during the holding period. This improvement in the ESG performance of investee companies is related to transversal aspects classified into four overarching areas (Environment, Good Employment, Diversity and Governance) which apply to all investee companies, as well as material aspects specific to the industry of each investee company.
- b. The Manager ensures that acquired entities meet minimum standards by negative screening and subsequent exclusion of companies in accordance with the Fund Exclusions. The "**Fund Exclusions**" exclude investments in entities involved in unethical business activities such as 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, 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, the employment of child labour or where the Manager has evidence of human rights, labour, environmental or corruption issues (as defined by the UN Global Compact) that cannot be easily resolved by a change of ownership.

No index has been designated as reference benchmark to meet the environmental or social characteristics promoted by the Fund.

4. INVESTMENT STRATEGY

4.1. Which investment strategy does this financial product follow to meet the environmental or social characteristics promoted by the financial product?

The investment strategy followed by this Fund is investing, directly or indirectly, in renowned entities with substantial national and/or international expansion opportunities located predominantly in Spain and Portugal and in a variety of sectors.

Investments are in the form of buyouts, expansion capital and recapitalisation targeted at obtaining a stake in the capital of companies. The objective of this Fund is to generate value for its investors through the acquisition of temporary stakes in companies in accordance with the fund regulations and investment policy.

The Fund promotes environmental and social characteristics by helping investee companies achieve "best practice" performance against a number of general and company-specific KPIs (key performance indicators) and through negative screening and corresponding exclusions.

This strategy is continuously implemented in the investment process by monitoring each investee company through:

- a. Compilation of quarterly information from all investee companies on transversal and company-specific KPIs and PAI Indicators. Negative screening is monitored in the same way;
- b. Holding quarterly meetings between the Manager, the Fund and each investee company to discuss the information provided in paragraph a. above and compare it with a sustainability plan which has been designed by and for the investee company during the first 100 days after the investment (the "**Sustainability Plan**");
- c. The active management of investee companies and the implementation of good governance practices and improvement in the ESG performance of the entities in which it participates, also promoting them at the board level; and
- d. The definition and implementation, if deemed appropriate, of an action plan designed for the investee company, if its KPIs are not in line with the Sustainability Plan.

4.2. What is the policy to assess good governance practices of the investee companies?

As part of the initial due diligence, the Manager assesses good governance practices of the investee companies by (i) screening the investee companies according to the Fund Exclusions (described in Section 3 above), and (ii) collecting information on relevant areas under evaluation such as governance and employee relations.

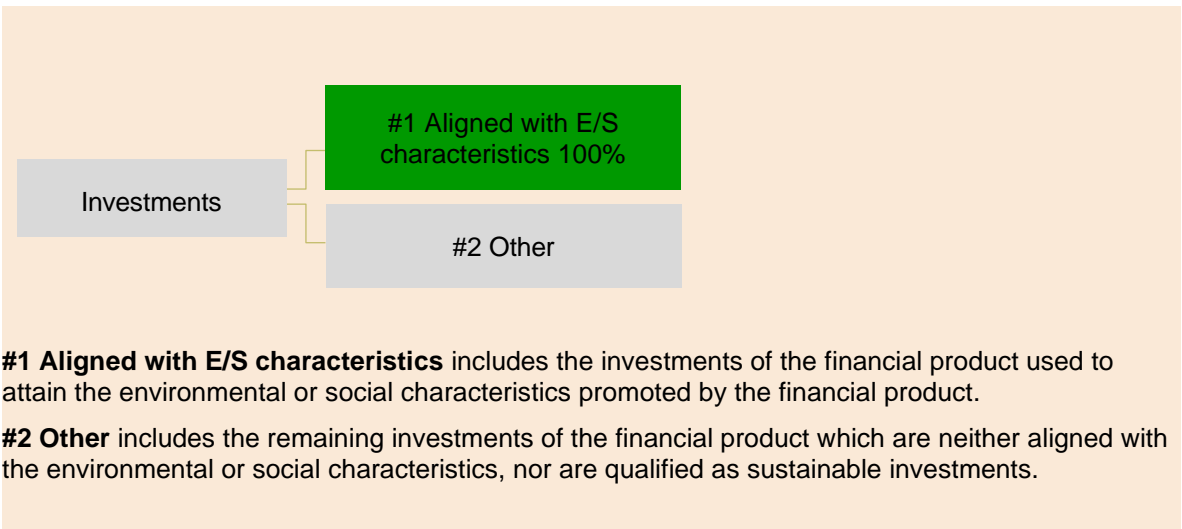
At the time of initial investment and annually during the Fund's holding period, the Manager gathers qualitative and quantitative criteria with respect to the specific KPIs of the investee companies and of the entire portfolio. As part of this exercise, the Manager analyses the corporate governance practices of the respective investee company and compares them with "best practices" in Spain.

During the holding period, the Manager establishes an ESG governance structure at the investee company by appointing a "Sustainability Champion" and a sustainability committee at all investee companies, which monitor and execute the ESG strategy (see Section 11 below).

In relation to areas where the investee company scores poorly on governance, steps for possible improvement are defined in an action plan and implemented through ongoing engagement and active management during the holding period. During the holding period, the Manager monitors governance practices through its representation on the board of the investee.

Finally, as part of the negative screening process, this Fund rejects any co-investment opportunity with entities in respect of which it has evidence of human rights, labour, environmental or corruption issues (as defined by the UN Global Compact) or which refuses to implement the Manager's ownership policies and practices.

5. PROPORTION OF INVESTMENTS



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

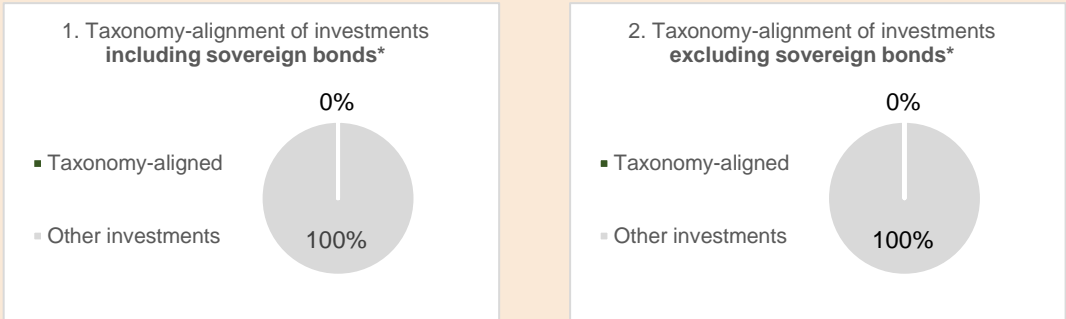
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Fund may hold an indirect participation (through an SPV) of up to 100% of the investee companies.

5.1. To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not commit to making any minimum percentage of sustainable investments or investments in environmentally sustainable economic activities (also designated as Taxonomy-aligned economic activities). Accordingly, the minimum Taxonomy-alignment of the Fund's investments measured by all available key performance indicators (turnover, capital expenditure and operating expenditure) is 0% and this will not be subject to third party assurance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

5.2. Did the financial product invest in fossil gas and / or nuclear energy related activities complying with the EU Taxonomy?

No

5.3. What is the minimum share of investments in transitional and enabling activities?

0%

5.4. What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

On a temporary basis, the Fund may also invest in short-term investments. This is for portfolio management purposes. No minimum safeguards apply to these investments.

6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS
6.1. How are the environmental and social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental and social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product?
<p>The Fund assesses and measures the attainment of each of the transversal aspects and material aspects specific to the industry of each investee company by defining KPIs in accordance with the main international measurement and reporting standards and frameworks, such as the SFDR, the Global Reporting Initiative (hereinafter "GRI"), the Sustainability Accounting Standards Board ("SASB"), the B Impact Assessment, or TCFD. The KPIs used are as follows:</p> <ul style="list-style-type: none">a. With respect to transversal aspects, the Fund defines KPIs that measure energy consumption and emissions, water consumption, fossil fuel consumption, packaging and waste management, ESG management in the supply chain, occupational health and safety indicators, gender diversity and environment, talent retention rates (voluntary and involuntary turnover), implementation of governance policies, and alignment with international transparency and sustainability standards, an example of these being the B Corp certification and the United Nations Global Compact Initiative (UNGC). These KPIs are measured against 100% of investments.b. With respect to material aspects specific to the industry of each investee company, the Fund sets KPIs at the investee level at the beginning of the life of the investment, setting such KPIs according to the sector, country and business in which the companies operate, measuring in each of them those indicators that are most relevant for the creation of long-term value. These indicators are established using the SASB and B Impact Assessment standards as the main criteria. <p>From the list of KPIs described above, a selection of "impact management" KPIs are chosen for each investee company, and with respect to these KPIs: (i) the "base case" is measured at the time of acquisition, and (ii) KPI improvement targets and initiatives are set to be implemented under the Sustainability Plan, in order to accompany it through active involvement and management until the investee company achieves "best practices" with respect to these KPIs.</p> <p>The achievement of negative screening and corresponding exclusions is measured as part of the initial due diligence phase.</p> <p>Please refer to Section 4 above where we describe how these KPIs are monitored throughout the holding period.</p>
6.2. What are the related internal and external control mechanisms?
<p>The initial due diligence phase is conducted by the Manager's investment team in close dialogue with the Manager's sustainability team (consisting of a sustainability officer and sustainability analyst) and the Manager's compliance officer. The Manager's Investment Committee approves the assessment made.</p> <p>The ongoing monitoring of KPIs is conducted by the Manager's sustainability team, and, in respect of KPIs related to governance aspects, by the Manager's compliance officer. Annually, a non-financial information audit is conducted which verifies the principal sustainability KPI's.</p>
7. METHODOLOGIES
<p>The initial due diligence phase is performed through an expert judgment by the Manager (closely collaborating with the sustainability team and compliance officer as described in Section 6 above, based on the available data (such as external legal and ESG due diligence reports)</p> <p>With respect to the "impact management" KPIs, the Manager has established the "best practices" standard, with the objective of identifying what are considered in Spain the "best practices" with respect to the impact management KPIs. The evolution of performance of investee companies</p>

<p>throughout the holding period is measured based on initial objectives established by the Manager's theory of change (which is shared at the outset with investors of the Fund) and the Sustainability Plan.</p>
<p>8. DATA SOURCES AND PROCESSING</p>
<p>8.1. Which data sources are used to attain each of the environmental or social characteristics promoted by the financial product?</p>
<p>In relation to the negative screening and corresponding exclusions, the data sources used are technical assessments performed by third parties (i.e. legal and ESG due diligence reports).</p> <p>In relation to the ongoing monitoring of KPIs, the data is collected from investee companies through quarterly reporting and through follow-up meetings between the Manager's sustainability committee and compliance officer and the investee company.</p>
<p>8.2. Which measures are taken to ensure data quality?</p>
<p>The data is reported by the investee companies through a technological tool (sustainability reporting software) that guarantees the traceability of the reported data. The data is verified through the annual non-financial information audit.</p>
<p>8.3. How are data processed?</p>
<p>The collected data is processed and stored via an internal data management system.</p>
<p>8.4. Which proportion of data are estimated?</p>
<p>For data related to KPIs, the vast majority of data is real data received from the investee companies. Only in cases where the information may be temporarily incomplete, proxy methodology is used based on the investee company's history and based on conservative assumptions. No proxy data is used with respect to the annual data which is subject to a non-financial information audit (except under very exceptional assumptions). Due to limited data availability of data for some investee companies prior to the Fund's entry, we may rely on proxy methodology to define the investee company's baseline performance with respect to the measured KPI's.</p>
<p>9. LIMITATIONS TO METHODOLOGIES AND DATA</p>
<p>9.1. Are there any limitations to methodologies and data sources?</p>
<p>There is a certain limitation in establishing the "baseline" performance with respect to the measured KPI's of the companies owned by the Fund, in other words, their sustainability performance prior to the Fund's entry. It is often the first time the investee companies begin to collect this type of information.</p>
<p>9.2. How do such limitations not affect how the environmental or social characteristics promoted by the financial product are met?</p>
<p>As a result of the Fund's active involvement there is ample support from the Fund to help investee companies in the compilation and calculation of their baseline. The support is carried out in quarterly follow-up meetings, face-to-face meetings to deal with specific issues, reporting to the investee companies' board of directors and support by external consultants when considered necessary.</p>

10. DUE DILIGENCE
10.1. Which due diligence is carried out on the underlying assets of the financial product?
<p>The Manager conducts specialist due diligence on the investee company to apply the Fund Exclusions (see Section 3 above) and understand the investee company's sustainability implications, identify sustainability risks and the principal adverse impacts of the potential investment on sustainability factors. This process includes:</p> <ol style="list-style-type: none"> the commission of specialist sustainability due diligence; the identification of financially material issues; the identification of impact management KPIs; the discussion and evaluation of potential sustainability targets; the discussion at the Manager's Investment Committee; and the definition of a 100-Day Plan and definition of sustainability targets in a Sustainability Plan.
10.2. What are internal and external controls on that due diligence?
<p>The initial due diligence phase is conducted by the Manager's investment team in close dialogue with the Manager's sustainability team (consisting of a sustainability officer and sustainability analyst) and the Manager's compliance officer. The Manager's Investment Committee approves the assessment made.</p>
11. ENGAGEMENT POLICIES
11.1. Which engagement policies have been implemented?
<p>The Manager implements key engagement processes ensuring sustainability management is integrated by all investee companies. These include:</p> <ol style="list-style-type: none"> Sustainability Champion & Committee: During the first 100 days after the investment, investee companies appoint a Sustainability Champion and a cross-functional Sustainability Committee which are responsible for fostering sustainability progress in the respective investee company. The implementation of a sound governance structure embeds ESG and compliance responsibilities across investee companies. Governance & Compliance Programme: the Manager implements a best-in-class Governance and Compliance Programme during the investment period. Quarterly reporting and meetings to discuss sustainability progress with the Manager's sustainability team. Quarterly updates to the portfolio companies' board of directors where portfolio managers, directors and the Manager's investment team discuss ESG progress. Training sessions where the Manager's business operations, investment, sustainability and compliance teams engage with the investee companies' Sustainability Champions and third parties delivering trainings. An annual Sustainability Day which summons all Sustainability Champions of investee companies.
11.2. Which management procedures are applied to sustainability-related controversies in investee companies?
<p>Where any sustainability-related controversies arise during the holding period, steps for possible improvement are defined in an action plan and implemented through ongoing active management and engagement during the holding period. During said period, the Fund supervises through the engagement process described in this Section 11 and through its representation on the board of the investee company.</p>

