

Abac Capital Manager SGEIC, S.A.U. - Period 2023
Principal adverse sustainability impacts statement

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant *Abac Capital Manager SGEIC, S.A.U.*

Summary

Abac Capital Manager SGEIC, S.A.U. ("**Abac**") considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts of Abac Capital Manager SGEIC, S.A.U. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

Abac considers the impact on sustainability factors of investment decisions using the following principal adverse impact indicators ("**PAI Indicators**"), based on Annex I of the SFDR:

- a. All mandatory PAI Indicators applicable to investments in investee companies listed in no. 1-14 of Table 1 of Annex I to the SFDR;
- b. The PAI Indicator stated in no. 4 of Table 2, Annex I of the SFDR regarding investments in companies with no carbon emission reduction initiatives; and
- c. The PAI Indicator set out in no. 2 of Table 3, Annex I of the SFDR regarding the accident rate in investee companies.

All PAI Indicators are prioritized as they are considered equally important.

Abac, in line with its Responsible Investment Policy, identifies and addresses the PAIs of its investments on sustainability factors through various strategies. Firstly, it ensures compliance with minimum standards through negative screening and exclusion of companies engaging in unethical activities as well as those within the scope of the Exclusions defined in its Funds' prospectus. Additionally, Abac aims to improve the Environmental, Social, and Governance ("**ESG**") performance of investee companies throughout their holding period, focusing on transversal ESG aspects and industry-specific material aspects.

To measure the achievement of negative screening and ESG performance improvement, Abac conducts initial due diligence incorporating sustainability considerations. This includes identifying financially material issues, as well as establishing impact management Key Performance Indicators ("**KPIs**"), and defining sustainability targets during the first months after investment. Throughout the holding period, active monitoring is conducted through quarterly reporting, meetings with investee companies, and implementation of action plans if KPIs are not met.

Responsibility for policy implementation lies with Abac's investment team, sustainability team, and Compliance Officer, with oversight from the Investment Committee. Methodologies for selecting and prioritizing PAIs involve expert judgment based on available data, with ongoing monitoring conducted through quarterly reporting and annual non-financial audits.

Abac engages investee companies through various initiatives outlined in its Responsible Investment Policy, including appointing Sustainability Champions, implementing governance and compliance programs, and conducting regular reporting and meetings.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions (“GHG”)	1. GHG emissions	Scope 1 GHG emissions	2,887 t CO2e	2,539 t CO2e	Perimeter has expanded with two portfolio companies acquired during the period	All companies in the perimeter reported Scope 1 emissions during the period.
		Scope 2 GHG emissions	806 t CO2e <i>(Market-based approach)</i>	1,008 t CO2e <i>(Market-based approach)</i>	Perimeter has expanded with two portfolio companies acquired during the period	Scope 2 GHG emissions are expected to be further reduced in the upcoming period as solar panels are installed at portfolio companies.
			3,913 t CO2e <i>(Location-based approach)</i>	4,982 t CO2e <i>(Location-based approach)</i>	Market-based approach has improved driven by the transition to grid electricity with Guarantee or	

			Origin Certificates at industrial Portfolio Companies. Location-based approach has improved due to the installation of solar panels at KBV.	
Scope 3 GHG emissions	n.a.	n.a.	Portfolio companies are SMEs and are not required to report Scope 3 emissions.	The companies will pursue the measurement of Scope 3 emissions in the future.
Total GHG emissions	3,694 t CO ₂ e <i>(Market-based approach)</i>	3,547 t CO ₂ e <i>(Market-based approach)</i>	Perimeter has expanded with two portfolio companies acquired during the period.	Total GHG emissions within the same perimeter are expected to be reduced as solar panel installations ramp up at existing portfolio companies. However, as the Fund continues to invest and incorporate companies into its perimeter, Total GHG emissions are expected to continue increasing.
	6,800 t CO ₂ e <i>(Location-based approach)</i>	7,520 t CO ₂ e <i>(Location-based approach)</i>	Market-based approach has improved driven by the transition to grid electricity with Guarantee or	

				Origin Certificates at industrial Portfolio Companies. Location-based approach has improved due to the installation of solar panels at KBV.	
2. Carbon footprint	Carbon footprint	15.5 t CO2e/EURm	34.2 t CO2e/EURm	Carbon footprint does not take into account Scope 3 emissions. Portfolio companies are SMEs and are not required to report Scope 3 emissions.	The companies will pursue the measurement of Scope 3 emissions in the future.
3. GHG intensity of investee companies	GHG intensity of investee companies	17 t CO2e/EURm <i>(Market-based approach)</i>	25 t CO2e/EURm <i>(Market-based approach)</i>	GHG intensity of investee companies has improved driven by the incorporation of less intensive companies into the perimeter	GHG intensity of investee companies within the same perimeter is expected to decrease.
		31 t CO2e/EURm <i>(Location-based approach)</i>	53.0 t CO2e/EURm <i>(Location-based approach)</i>		

				(BTSA and Iber Conseil acquisitions), as well as previously mentioned initiatives to reduce emissions. GHG Intensity does not take into account Scope 3 emissions. Portfolio companies are SMEs and are not required to report Scope 3 emissions	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0	n.a.	n.a.
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	31.1% Non-renewable energy-consumption <i>(equivalent to energy consumption from the grid without a Guarantee of Origin Certificate</i>	28% Non-renewable energy-consumption <i>(equivalent to energy consumption from the grid without a Guarantee of Origin Certificate</i>	Minor overall change in the electricity mix of portfolio companies.	Portfolio companies evaluating solar panel installation and Guarantee of Origin sourcing to improve performance.

			0% non-renewable energy production	0% non-renewable energy production			
	6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0	0	n.a.	n.a.
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	n.a.	n.a.
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	n.a.	n.a.	This data was not collected for these periods with sufficient detail.	The companies will pursue the measurement in the future..
Waste	9.	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.1 <i>(tonnes per million EUR invested)</i>	5.9 <i>(tonnes per million EUR invested)</i>	New companies included in the perimeter. 2022 data reflects tonnes per million EUR invested while previous 2022 report	n.a.

reflected
tonnes.
Underlying
data has
remained
unchanged.

**INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION
AND ANTI-BRIBERY MATTERS**

Social and
employee
matters

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	n.a.	n.a.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	100%	All companies have implemented Abac's Compliance Programme and have implemented grievance / complaints handling mechanisms.	All companies incorporated to the perimeter will implement Abac's Compliance Programme grievance / complaints handling mechanisms.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	7%	26%	New companies	Companies implementing Equality Plans which outline

					included in the perimeter.	the implementation of the company's equality and diversity policies.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	20%	17%	Performance on track with Fund Target.	Performance on track with Fund Target which is to reach 20% female board members.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	n.a.	n.a.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	n.a.	n.a.	n.a.	n.a.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international	n.a.	n.a.	n.a.	n.a.

treaties and conventions,
United Nations principles
and, where applicable,
national law

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	n.a.	n.a.	n.a.	n.a.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	n.a.	n.a.	n.a.	n.a.

Other indicators for principal adverse impacts on sustainability factors

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (a) in the format in Table 2]

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	0%	Abac's impact playbook includes Climate as one of the main areas to achieve improvement by the Fund's investees. Carbon emission accounting and reduction are the cornerstone of the Fund's Climate initiatives implemented at 100% of portfolio companies.	During the year, the Fund's Impact playbook, including carbon measurement and reduction initiatives, has been implemented at 100% of the acquisitions performed during the period. Location-based GHG Scope 1 & 2 emissions are expected to continue decreasing in 2024, with the installation of solar panels at two portfolio companies.

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3]

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTIBRIBERY MATTERS

Social and employee matters	2. Rate of recordable work-related accidents	Rate of recordable workrelated accidents in investee companies	1%	6%	Health and Safet remain core targets for the Fund and work related accidents are monitored diligently.	Portfolio companies implementing initiatives to improve accident rates below industry benchmarks.
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Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Abac identifies and mitigates PAIs of our investments on sustainability factors in accordance with its Responsible Investment Policy (approved in April 2022) by:

- 1- Ensuring 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.
- 2- Pursuing the improvement in the ESG performance of the 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.
 - a. With respect to transversal aspects, Abac 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 that are in the portfolio at each measurement date.
 - b. With respect to material aspects specific to the industry of each investee company, Abac 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.
 - c. In addition, we measure the PAI Indicators in respect of 100% of investments on quarterly basis as described below.

How we measure the achievement of negative screening and improvement in the ESG performance

- 1- At the outset this is measured as part of the initial due diligence phase. This process includes:
 - a. the commission of specialist sustainability due diligence;
 - b. the identification of financially material issues;
 - c. the identification of impact management KPIs;
 - d. the discussion and evaluation of potential sustainability targets;
 - e. the discussion at the Manager's Investment Committee; and

- f. the definition of a 100-Day Plan and definition of sustainability targets in a Sustainability Plan.
- 2- During the holding period, it is measured by actively monitoring investee companies through:
- a. compilation of quarterly information from all investee companies on transversal and company-specific KPIs and PAI Indicators.
 - b. holding quarterly meetings between Abac, 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 months 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 or PAI Indicators are not in line with the Sustainability Plan.

Allocation of responsibility for implementation of policies

The initial due diligence phase is conducted by Abac's investment team in close dialogue with Abac's sustainability team (consisting of a Sustainability Officer and a Sustainability Lead) and Abac's Compliance Officer. Abac's Investment Committee approves the assessment made.

The ongoing monitoring of KPIs and PAI Indicators is conducted by Abac's sustainability team. Annually, a non-financial information audit is conducted which verifies the principal sustainability KPI's and PAI Indicators.

Methodologies

The methodology used at Abac to select the PAI Indicators is based on expert judgment, where we prioritize all metrics/PIAs equally. We consider all indicators equally relevant and are fully committed to them to generate the greatest possible improvement. This evaluation process involves close collaboration with the sustainability team and Compliance Officer, and is grounded in available data such as external legal and ESG due diligence reports. During the holding period, we identify and assess the PAI Indicators through quarterly reporting to measure the achievement of KPIs and PAI Indicators.

Data sources

The data sources used for the initial due diligence phase are technical assessments performed by third parties (i.e. legal and ESG due diligence reports).

The data source used for the ongoing monitoring of principal adverse impacts is data collected from investee companies through quarterly reporting and through follow-up meetings between Abac'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. Abac uses its Best Efforts to collect data from the investees on the PAI Indicators on a quarterly or annual basis in order to measure

the achievement of the PAI Indicators. "**Best Efforts**" means that Abac undertakes to obtain data on the PAI Indicators from the investee, including through additional research, cooperation with third party data providers or external experts, or by making reasonable assumptions.

Engagement policies

Abac implements key engagement processes ensuring sustainability management is integrated by all investee companies which mitigates PAIs of the investment on sustainability factors. These engagement processes are set out in its Responsible Investment Policy and include:

- a. Sustainability Champion & Committee: During the first months 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.
- b. Governance & Compliance Programme: Abac implements a best-in-class Governance and Compliance Programme during the investment period.
- c. Quarterly reporting and meetings to discuss sustainability progress with Abac's sustainability team.
- d. Quarterly updates to the portfolio companies' Board of Directors where portfolio managers, Directors and the Abac's investment team discuss ESG progress.
- e. Training sessions where Abac's business operations, investment, sustainability and compliance teams engage with the investee companies' Sustainability Champions and third parties delivering trainings.
- f. An annual Sustainability Day which summons all Sustainability Champions of investee companies.

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. The PAI Indicators are part of the quarterly reporting described in the section above.

Where there is no reduction of the principal adverse impacts over more than one period reported on, Abac would define steps for possible improvement of KPIs or PAI Indicators in an action plan and implement this action plan through ongoing active management and engagement during the holding period (as described above) and through its representation on the board of the investee company.

References to international standards

Abac is a signatory to the following international guidelines which inform the assessment of our PAIs:

- The United Nations Principles for Responsible Investment (UN PRI)

Abac is a signatory of the United Nations Principles for Responsible Investment (PRI) and is committed to its six Principles. Since 2016, we annually report our responsible investment practices to the organisation. In 2023, Abac obtained an 80% (vs. c.60% median) and 98% (vs. c.70% median) score in the “Investment Stewardship Policy” and “Private Equity” modules respectively.

- The United Nations Global Compact Initiative (Signatory Participants)

Abac and portfolio companies are signatory members of the United Nations Global Compact Initiative and are committed to its ten principles. In July 2021, Abac was appointed Silver Signatory member in recognition of our effort to onboard portfolio companies to the initiative.

- The B Impact Assessment (BAI)

In February 2021, Abac certified as a B Corporation. B Corps are organisations that meet the highest verified standards of social and environmental performance, transparency, and accountability. We implement the B Impact Assessment tool at the underlying portfolio to help companies improve their impact targets and advance towards certification.

Historical comparison

We have included a historical comparison between the figures in respect of 2023 with the figures for 2022.