



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's interests</p> <p><input checked="" type="checkbox"/> To influence corporate transition for climate change</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's interests</p> <p><input checked="" type="checkbox"/> To influence corporate transition for climate change</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in &amp; company's interests</p> <p><input type="checkbox"/> To influence corporate transition for climate change</p> <p><input type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in &amp; company's interests</p> <p><input type="checkbox"/> To influence corporate transition for climate change</p> <p><input type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>		

# RI TRANSPARENCY REPORT

## 2020

Abac Solutions Manager S.à r.l.

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Private							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Public	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	✓	Public				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Private	✓	✓					
PE 08	ESG issues impact in selection process	✓	Private	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Private	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Private						✓	
PE End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	⚡	n/a							✓
CM1 06	Assurance or internal audit	✓	Public							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

# Abac Solutions Manager S.à r.l.

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Manager of Private Equity funds

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Luxembourg



**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

22

**OO 02.4** Additional information. [Optional]

Abac Solutions Manager (the General Partner or "ASM") is based in Luxembourg. Abac Capital is an independent investment advisor to ASM, based in Barcelona, Spain. FTEs include ASM Directors and the Abac Capital team.

**OO 03** **Mandatory** **Public** **Descriptive** **General**

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

**OO 04** **Mandatory** **Public** **Gateway/Peering** **General**

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2019

**OO 04.2** Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM			321	000	000
Currency	EUR				
Assets in USD			353	838	716

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

Not applicable as we do not have any assets under execution and/or advisory approach

OO 06

Mandatory

Public

Descriptive

General

OO 06.1

Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	100	0

Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

**OO 06.2**

Publish asset class mix as per attached image [Optional].

**OO 06.3**

Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes  
 No

**OO 06.5**

Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.  
 No, we do not use fiduciary managers.

**OO 09**

**Mandatory**

**Public**

**Peering**

**General**

**OO 09.1**

Indicate the breakdown of your organisation's AUM by market.

Developed Markets

100



**OO 09.2** Additional information. [Optional]

Focus in Spain

**Asset class implementation gateway indicators**

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**OO 11.1** Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Private equity

- We address ESG incorporation.
- We do not do ESG incorporation.

<b>OO 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**OO 12.1** Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

Private Equity

Closing module

Closing module

**OO 12.2** Additional information. [Optional]

100% Private equity managed internally

### Peering questions

<b>OO PE 01</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>OO PE 01.1</b>	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.
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Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

Abac Solutions Manager S.à r.l.

Reported Information

Public version

Strategy and Governance

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) Formalised guidelines on investment stages <input checked="" type="checkbox"/> Other, specify(2) Commitments to ESG collaborative organisations	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)



#### Other description (1)

Abac's public Responsible Investment Policy covers ESG and sustainability throughout all our investment strategy detailing our ESG approach at every stage of our investment process. The policy includes a section covering our Responsible Investment criteria for deal sourcing, due diligence, the investment period and the divestment period.

Other RI considerations, specify (2)

#### Other description (2)

Our public Responsible Investment Policy outlines the consideration of international standards, reporting tools and certifications in our investment strategy. Section II, and section III.3, outline our commitment to international guidelines and conventions such as UNPRI or the Global Compact, and our criteria to align portfolio companies' strategies with SDGs.

#### SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Abac's purpose is to "create sustainable value in our businesses and communities". It is our understanding that sustainability is a true driver of not only social and environmental impact but also financial performance and long-term value creation.

The Abac funds have the mission to invest profitably in solid Spanish medium-sized companies that require long-term flexible capital solutions. As an investor, Abac is aligned with the long-term interests of its portfolio companies and aspires to achieve positive externalities, creating better sustainable companies that will outlast Abac's ownership, deliver sustainable returns, and positively impact their surrounding communities.

Abac's purpose and Responsible Investment Policy & Strategy are articulated in three strategic objectives: Providing portfolio companies with transformational value, delivering sustainable returns to our investors and creating positive community impact.

Since inception, ESG factors and Sustainability are at the heart of our Responsible Investment Strategy and considered at every stage of investment and divestment. ESG is considered at the deal screening and investment analysis, monitored and reported to investors during the investment period, and finally, considered at divestment when analysing bidders.

Our active ownership policies include reporting, implementing sound governance structures and review processes as some of our fiduciary duties to the Fund's investors.

#### SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Abac's Responsible Investment Policy consists of five sections covering Abac's overall responsible investment approach, its foundations, its investment strategy detailing the guidelines at every investment stage, its active ownership and stewardship approach, and finally, its transparency and reporting guidelines and disclosures.

Our investment strategy builds on our **purpose "to create sustainable value in our businesses and communities"**. We strive to grow and improve the companies in which the fund invests for long-term sustainability.

Our policy and strategy are guided by the most rigorous international standards, reporting tools, and certifications:

- Our Sustainability undertakings are informed by the following international guidelines:

- The Ten Principles of Corporate Governance by the UN Global Compact
- The United Nations Principles for Responsible investment
- The European Venture Capital Association recommendations
- The Comission du Surveillance du Secteur Financier rules
- The Comisi3n Nacional del Mercado de Valores rules

- The United Nations Sustainable Development Goals
- The Global Reporting Initiative Standards
- The B Corporation Certification - B Impact Assessment (BAI)
- The OECD Anti-Bribery Convention. We keep strict policies that prohibit bribery and other improper payments to public officials consistent with the OECD Anti-Bribery Convention.
- Taskforce on Climate-related Financial Disclosures (TCFD)

- Abac is a Signatory of the following international conventions:

- The United Nations Principles for Responsible Investment
- The United Nations Global Compact Initiative (Signatory Membership)
- Taskforce on Climate-related Financial Disclosures (TCFD)

- Abac abides by its Sustainability Golden Rules: Integrity, Stewardship and Citizenship

- The fund's portfolio companies and ourselves are committed to comply with applicable labor laws in the countries in which we operate.

Our **investment strategy** considers ESG and Sustainability at every step of the investment process:

- During Deal Sourcing: We implement screening and exclusions policy. Additionally, Abac will reject any business of which we have evidence of Human Rights, labour, environmental or corruption issues (as defined by the UN Global Compact)
- During Due Diligence: We consider environmental, public health, safety, and potential social issues before deciding to invest in a particular company. An ESG red flag might be sufficient reason to reject a potential deal at the approval stage.
- During the investment period: We implement ownership policies and practices including a 100 Day Plan, the definition of the portfolio companies' purpose, their alignment with strategic Sustainable Development Goals (depending on their sector of activity), the monitoring of 60+ ESG KPIs as well as the implemented initiatives/policies, and Reporting to our investors and Supervisory Boards. We seek also to engage with all relevant stakeholders either directly or through representatives of the fund's portfolio companies
- During Divestment Period: We prioritize the continuity of the Sustainability strategy implemented during the investment period and considers ESG matters in addressing potential bidders.

Our active **Ownership and Stewardship guidelines** detail our Sustainability Governance Structures as well as our Sustainability Reviews and Processes:

- A sound governance structure embeds ESG and Compliance responsibilities across Abac and portfolio companies. Such structure comprises the involvement of: (i) Abac's CEO and portfolio companies' BoDs in ESG reviews and strategy; (ii) the appointment of a Compliance Officer at Abac and all portfolio companies; (iii) the appointment of a Compliance Director at Abac; and (iv) the appointment of Sustainability Champions at Abac and all portfolio companies monitoring and executing ESG strategy.
- We implement appropriate reporting, auditing, reviews and processes at Abac and the fund's portfolio companies with the goal of improving performance, aligning interests and minimising risks.
- Our Transparency and Reporting guidelines outline our approach to disclosure with the general public, our investors and internally. We provide appropriate information to the fund's limited partners, the general public and our team on ESG matters, and we will continue to foster transparency about our activities.

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment (will be made public)

Attachment

[File 1:Abac Solutions Manager - Responsible Investment Policy.pdf](#)

Formalised guidelines on corporate governance factors

Fiduciary (or equivalent) duties

Asset class-specific RI guidelines

Screening / exclusions policy

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment (will be made public)

Attachment

[File 1:Abac Solutions Manager - Responsible Investment Policy.pdf](#)

Other, specify (1)

Other, specify (1) description

Formalised guidelines on investment stages

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment (will be made public)

Attachment

[File 1:Abac Solutions Manager - Responsible Investment Policy.pdf](#)

Other, specify (2)

Other, specify (2) description

Commitments to ESG collaborative organisations

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment (will be made public)

Attachment

[File 1:Abac Solutions Manager - Responsible Investment Policy.pdf](#)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

Time horizon of your investment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

ESG incorporation approaches

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

Active ownership approaches

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/our-funds/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

Reporting

URL/Attachment

URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

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URL/Attachment

- URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

- Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

- Other RI considerations, specify (2)

Other description (2)

Our public Responsible Investment Policy outlines the consideration of international standards, reporting tools and certifications in our investment strategy. Section II, and section III.3, outline our commitment to international guidelines and conventions such as UNPRI or the Global Compact, and our criteria to align portfolio companies' strategies with SDGs.

URL/Attachment

- URL

URL

<https://www.abacsolutions.lu/en/responsibility/>

- Attachment

File Attachment

[Abac Solutions Manager - Responsible Investment Policy.pdf \[167KB\]](#)

We do not publicly disclose any investment policy components

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

Three layer approach to Conflicts of Interest ("COI") resolution.

1) Abac Capital has a Compliance Committee, comprising a Chief Compliance Officer and a Compliance Director, that are made aware and solve potential COIs

- All Abac Capital employees undertake training to identify and appropriately manage different kinds of COIs (regulated in Abac Capital's Code of Conduct and Compliance Training Manual). Potential COIs are notified to the Compliance Committee

2) One Abac Solutions director holds the Chief Compliance Officer title and Abac Capital's Legal Director holds the Compliance Director title. Either the Chief Compliance Officer or the Compliance Director will be aware and solve COIs. When appropriate, the Compliance Committee escalates the matter to Abac's Board.

- Final decisions on investments are taken by the Board of Abac Solutions, which is independent from Abac Capital. This guarantees non-biased decision making and eliminates any COI at the time of investing

3) A Supervisory Board (integrated by seven core LPs) veils for investors interests and negotiates with Abac Capital management team to solve potential COIs. Potential conflicts may include (none of them are currently applicable):

- Discussions around potential key man substitution
- Conflicts between two different funds advised by Abac Capital
- Contracts with related parties

No

## Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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**SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

**SG 05.2**

Additional information. [Optional]

Abac and the portfolio companies' Sustainability Champions (formerly ESG Champions) discuss and review responsible investment objectives and progress at least once a quarter. Abac's Sustainability Champion and Abac's CFO also assemble periodically to discuss responsible investment objectives, as well as with Abac's CEO on a quarterly basis. Objectives for the year are: i) set in Q1 ii) presented to portfolio companies during the first quarter and formerly during ABAC's annual Sustainability Day, iii) reviewed and updated quarterly.

## Governance and human resources

**SG 07****Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

### Roles

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

### Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify  
**Chief Compliance Officer**

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Other description (1)

#### Sustainability Champion

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

#### Controller

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

**SG 07.2**

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

RI policy, objectives and related matters are reviewed by Abac Solutions Manager Board once a year and supervised regularly by the Chief Compliance Officer.

#### Roles related to RI at Abac Capital (independent investment advisor of Abac Solutions Manager):

- Abac CEO is personally involved in setting the Responsible Investment policy, strategy and objectives;
- An Abac partner is also the Chief Compliance Officer;

- Abac's Legal Director is also the Compliance Director, in charge of day-to-day compliance matters, including implementation of governance measures at portfolio companies;
- Abac's deal team is in charge of conducting (or contracting a 3rd party to conduct) an ESG due diligence prior to any Investment Committee, where potential investments are discussed before submitting an investment recommendation to ASM;
- Abac's investment professionals perform ESG training at portfolio companies, discuss ESG implementation issues with portfolio companies and follow up on their timely implementation
- Abac's Sustainability Analyst and Sustainability Champion coordinates the progress of Responsible Investment policy and strategy implementation, performs ESG training at portfolio companies and Abac Capital, provides guidance to portfolio companies on the implementation of ESG initiatives, follows up on their timely implementation and shares best practices across portfolio companies
- Abac's controller supervises portfolio companies reporting of ESG KPIs and status of initiatives

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

<b>Number</b>
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2

<b>SG 07.4</b>	Additional information. [Optional]
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Abac Capital has a Sustainability Analyst dedicated to RI and ESG

Abac Capital has five investment team members dedicated part time to RI and ESG activities, equivalent to 1 FTE

## Promoting responsible investment

<b>SG 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>SG 09.1</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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**Select all that apply**

Principles for Responsible Investment

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
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- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Beyond ensuring that portfolio companies' employees are aware of the importance Abac places to ESG matters, Abac Capital strives to spread the Principles of Responsible Investment in those presentations it delivers to university students interested in the private equity industry, during meetings with professional advisors and with potential target companies.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Abac Capital is a Signatory Participant of the U.N. Global Compact Initiative. Abac Capital also actively encourages (at Board of Directors level) portfolio companies to become signatories and adhere to the principles of the United Nations Global Compact. Already five portfolio companies have become signatories of the UN Global Compact (three adhering during 2019, two in the past). The three remaining portfolio companies are in the process of adhesion.

Adhering to the U.N. Global Compact has become part of the onboarding policies and recommendations implemented at portfolio companies at the time of acquisition.

- Other collaborative organisation/initiative, specify

Donations to foundations, matching gift program, pro bono work

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Abac Capital is engaged in:

- Pro-bono work: Abac Capital employees collaborate with non-profit organisations of choice during working hours, such as the Cottolengo del Padre Alegre (a non-profit organisation supporting physically and mentally impaired people of limited financial means) and the Aura Foundation (a non-profit organisation aiming to improve the quality of life of people with intellectual disability by helping to integrate them into society and finding them employment). In 2019, Abac Capital employees spent over 1% of their time to volunteering activities with 10+ non-profit organisations;
- Donations to foundations: Abac Capital donates a percentage of its annual profits (c.1%) to a selected group of non-profit organisations sponsored by its employees;
- Matching gift program: Abac Capital matches euro for euro the donations that its employees make to charitable and non-profit organisations where they volunteer their time for service;

- Other collaborative organisation/initiative, specify

Ship2B, a social impact fund.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Abac Capital collaborates with Ship2B (<http://www.ship2b.org>), analysing and offering investment recommendations on social early stage entrepreneurial projects.

Abac Capital's CEO is a Ship2B patron and sits on its Board of Directors, that meets quarterly.

- Other collaborative organisation/initiative, specify

Task Force on Climate-related Financial Disclosures

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Abac Capital supports the Task Force Climate-related Financial Disclosures Initiative and has started to consider the organisation's four recommendations in its responsible investment practices.

- Other collaborative organisation/initiative, specify

Member of ASCRI (Spanish Venture Capital and Private Equity Association)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Abac Capital is a member of ASCRI, the Spanish Private Equity Association.

- In 2019, Abac Capital collaborated in the elaboration of a Responsible Invest Guide for the Private Equity Industry, sharing best practices that were featured in the report (<https://www.ascricri.org/wp-content/uploads/2020/02/Guia-inversion-responsable.pdf>)
- The first edition of ASCRI's "ESG Prize" in 2018 was awarded to Abac from a panel of 20+ Spanish private equity firms. ASCRI valued Abac's contributions in ESG matters throughout the year, and particularly the job done in one of its portfolio companies (Figueras Group).

SG 10	Mandatory	Public	Core Assessed	PRI 4
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<b>SG 10.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

<b>SG 10.2</b>	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
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Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

	Description
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Included Responsible Investment as part of Abac's Sustainable Value and Risk Management frameworks, frequently communicated in meetings with advisors and target companies.

	Frequency of contribution
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Provided input and/or collaborated with academia on RI related work

	Description
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Exchanged views on sustainability matters and ESG performance assessment with academia from Pompeu Fabra University, Barcelona

	Frequency of contribution
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

### Description

During 2019, Abac Capital publicly disclosed its Responsible Investment policy and its annual Sustainability Reports on its website, in an effort to encourage increased transparency and disclosure of responsible investment practices across the investment industry.

### Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- Spoke publicly at events and conferences to promote responsible investment

### Description

- Encouraged other private equity firms to adopt PRI and report ESG KPIs during professional gatherings such as ASCRI's Responsible Investment Guide presentation or the Cap Corp conference;
- Spoke publicly about RI in conferences at universities such as Esade Business School, Barcelona;
- Encouraged family business owners to adopt ESG practices during workshops.
- Invited to the ESG Panel organised by IESE Business School's Private Equity and Venture Capital Conference

### Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI

### Description

In conferences and gatherings described above.



#### Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

#### Description

During 2019, Abac Capital collaborated in the elaboration of a Responsible Investment Guide for the Private Equity Industry sharing some of its best practices regarding RI. The Guide was elaborated by ASCRI (Spanish Venture Capital and Private Equity Association) and PwC (which conducted the consultation)

#### Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- Wrote and published articles on responsible investment in the media

#### Description

Published a Sustainability Report (shared with investors and professional advisors) sharing our view on sustainable investing, summarising the work done during the previous year on the ESG front and describing the impact of the ESG initiatives implemented at each of the fund's portfolio companies.

#### Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Abac Capital's CEO sits on the board of Ship2B, a social impact fund based in Barcelona and Abac Capital employees volunteer their time and effort to analyze social impact investing opportunities for Ship2B.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants

SG 12.4 Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services
- Investment policy development
- Strategic asset allocation
- Investment research
- Other, specify (1)

Describe how responsible investment is incorporated

We use external Consultants specialised in ESG matters to perform our ESG Due diligence. The outcome of their analysis is contrasted with our Responsible Investment Policy to ensure the investment opportunity complies with it and serves as the basis to start designing the 100-Day Plan to address the issues identified.

- Other, specify (2)
- Other, specify (3)
- None of the above
- No, we do not use investment consultants.

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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### SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

### SG 13.3

Additional information. [OPTIONAL]

Abac invests in companies headquartered in Spain that in many cases operate internationally. The deal team assesses country exposure and sector weightings for portfolio construction and as part of Abac's Risk Management Tool, which also factors ESG risks together with industry, regulatory and market risks, among others.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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### SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Changes in consumer behaviour especially regarding the use of plastic, particularly single-use.

- Other, specify(2)

other description (2)

Replacement of fossil fuels and its impact on the auto industry

- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Implemented the identification of strategic SDGs at portfolio companies to focus sustainability efforts on mitigating every company's biggest impacts (including on climate)

- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Measuring portfolio companies' exposure to climate change through our proprietary Risk Management Framework

- None of the above

**SG 14.5**

Additional information [Optional]

Given the nature of the industries in which the fund's portfolio companies operate, almost all of them have very low carbon emissions when compared to other industries. Our Responsible Investment policy screening criteria rules out any potential investments that may be harmful to the environment.

## Innovation

<b>SG 18</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 18.1</b>	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

<b>SG 18.2</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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1) Abac's purpose is to "create sustainable value in our businesses and communities". It is our understanding that sustainability is a true driver of not only social and environmental impact but also financial performance and long-term value creation. As an investor, Abac aspires to achieve positive externalities, creating better sustainable companies that will outlast Abac's ownership, deliver sustainable returns, and positively impact their surrounding communities. In that regard, our purpose and Responsible Investment Policy are articulated in three strategic objectives:

- Provide portfolio companies with transformational value.
- Deliver sustainable returns.
- Creating impact in the communities

When we approach advisors or potential target companies we always incorporate ESG in our speech; We believe that Responsible Investing generates long-term value for the fund, for its portfolio companies and their employees, and for society at large.

2) At the time of investment, we appoint what we call a "Sustainability Champion" which is a figure (with a designated job description by Abac) responsible for coordinating ESG efforts in its portfolio company. The portfolio Sustainability Champion is particularly singular to Abac's Responsible Investment Strategy.

3) Once a year, we assemble all "Sustainability Champions" from each portfolio company at Abac and celebrate an "Annual Sustainability Day". During that day, Abac representatives present the ESG strategy for the year, we invite external stakeholders to deliver ESG trainings to attendees and we engage in multiple workshops to share best practices across the portfolio.

4) Creating purpose-led organisations is key to our strategy as we consider purpose helps organisations perform better in the long-term. We steward, encourage and train portfolio companies to design a corporate purpose that will align their corporate strategies with ESG challenges and opportunities.

5) To promote Abac employees involvement in generating new ideas to improve sustainability at Abac and the fund's portfolio companies, we established a symbolic award ("Abac's Sustainability Prize"), awarded at the end of the year to that employee that, based on everyone's feedback, did the most to foster our commitment to Responsible Investment. We also recognised that employee who came up with the best initiative to promote sustainability either at the company or at one of the fund's portfolio companies.

No

## Communication

<b>SG 19</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2, 6</b>
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<b>SG 19.1</b>	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.
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Private equity

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p><b>Disclosure to public and URL</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities</li> <li><input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities</li> <li><input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance</li> <li><input checked="" type="checkbox"/> Other</li> </ul> <p><b>Specify</b></p> <p>Annual Sustainability Report</p>	<p><b>Disclosure to clients/beneficiaries</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities</li> <li><input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities</li> <li><input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance</li> <li><input checked="" type="checkbox"/> Other</li> </ul> <p><b>Specify</b></p> <p>Annual Sustainability Report</p>
<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input type="checkbox"/> Biannually</li> <li><input checked="" type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input checked="" type="checkbox"/> Biannually</li> <li><input type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>
<p><b>URL</b></p> <p><a href="https://www.abacsolutions.lu/en/responsibility/">https://www.abacsolutions.lu/en/responsibility/</a></p>	

Abac discloses ESG information related to its pre-investment activities and post-investment monitoring of ESG performance in its Annual Sustainability Report shared with investors, professional advisors and the general public.

The Annual Sustainability Report includes information on Abac's approach to ESG and Sustainability, as well as a review of portfolio companies' ESG performance, a case study on the performance of all portfolio companies during the year, and information on Abac's pro bono contributions and donations to non-profit organisations.

Abac Solutions Manager S.à r.l.

Reported Information

Public version

Direct – Private Equity

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Overview

PE 01	Voluntary	Public	Descriptive	PRI 1-6
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PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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Abac Solutions Manager ("ASM" or the GP) Responsible Investment approach follows the UNPRI guidelines. It also follows EVCA recommendations and CSSF rules.

ASM's independent advisor Abac Capital mimics ASM's ESG commitment and considers Responsible Investment as an integral part of the entire investment process, already incorporating ESG as part of the Deal Sourcing (screening) and Due Diligence stages. Once a target becomes a portfolio company, the deal team helps implement changes in ESG matters through its ownership policies and practices which include the execution of a 100-Day plan, monitoring and reporting on 60+ ESG KPIs and initiatives throughout the entire investment period, as well as helping define a corporate purpose at the portfolio company and aligning with the U.N. Sustainable Development Goals. At Divestment, Abac Capital prioritises the continuity of the ESG strategy implemented during the investment period and considers ESG when addressing potential bidders.

A sound governance and review processes embed ESG across Abac, ASM and portfolio companies. Abac Capital's board members supervise and monitor that Responsible Investment principles are followed and that progress is made at portfolio companies, and report back to ASM's Board of Directors.

All the processes and guidelines described above, are outlined at Abac Capital's and Abac Solutions Manager's respective Responsible Investment Policies, which are available to the general public as well as our investors and all business partners.

PE 02	Mandatory	Public	Core Assessed	PRI 2
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PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
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- ☉ Our investment activities are guided by a responsible investment policy

PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.
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Abac Capital's Responsible Investment Policy outlines the Governance Structures in place to ensure ESG is embedded at all times across Abac and the portfolio companies.

- An annual ESG training is delivered to all employees on its Responsible Investment Policy and the strategy.
- An ESG training is also delivered upon onboarding of a new member to the firm.
- An ESG performance update is quarterly delivered and discussed at internal meetings assembling all Abac employees.
- The RI policy outlines ESG guidelines and review processes at every investment stage for investment team to follow.

Portfolio companies are trained on ESG matters on a regular basis through the "Sustainability Champion" and the "Compliance Director" figures.

- Upon acquisition, an employee at the portfolio company is appointed by Abac to coordinate ESG initiatives in the organisation (Sustainability Champion).
- A Compliance Officer, is also appointed to fulfill the Governance and Compliance milestones required by Abac.

- The Sustainability Champion is provided with a straightforward job description of the role and has quarterly meetings / calls with Abac's counterpart to discuss ESG progress as well as any issue that may surface.
- An annual Sustainability Day assembling all Sustainability Champions is organised to deliver trainings and review the strategy.

- Our investment activities are not guided by a responsible investment policy
- We do not have a responsible investment policy

## Fundraising of private equity funds

PE 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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PE 03.1

Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.

- Yes

PE 03.2

Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes
- Approach to ESG reporting

PE 03.3

Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

Abac's PPM explicitly mentions those sectors that will be excluded from investment consideration, including companies whose business activity consists of an illegal economic activity, or which substantially focus on the production / trade of tobacco / distilled alcoholic beverages and related products, the financing of the production of weapons and ammunition of any kind, casinos and equivalent enterprises, and research or development of applications relating to electronic data programs which aim at supporting or are intended to enable internet gambling, online casinos, pornography, illegally entering into electronic data networks or downloading electronic data.

Although not included in the body of the PPM, Abac Solutions Manager ("ASM") and some Limited Partners executed side letters whereby ASM committed to use all reasonable endeavours to take into account the ten principles of corporate governance published by the UN Global Compact when managing the business and investments of the fund, and, upon the reasonable periodic request, to provide those investors with updates on ESG matters / discuss developments that are relevant to those investors ESG policies, as well as to inform those investors after the occurrence of any significant ESG controversies or incidents.

- No
- Not applicable as our organisation does not fundraise

PE 04	Voluntary	Public	Additional Assessed	PRI 4
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<b>PE 04.1</b>	Indicate whether your organisation made formal commitments to responsible investment in the, Limited Partnership Agreement (LPA) of your most recent fund(s), or through side letters when requested by investors.
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Yes

If yes
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- In LPA, incorporated in the original draft as standard procedure
- In LPA, as requested by investors
- In side letter(s)
- Other

No

<b>PE 04.2</b>	Additional information. [OPTIONAL]
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Abac Solutions Manager and some Limited Partners executed side letters whereby ASM committed to use all reasonable endeavours to take into account the ten principles of corporate governance published by the UN Global Compact when managing the business and investments of the fund, and, upon reasonable periodic request, to provide those investors with updates on ESG matters / discuss developments that are relevant to those investors ESG policies, as well as to inform those investors after the occurrence of any significant ESG controversies or incidents.

## Pre-investment (selection)

<b>PE 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>PE 05.1</b>	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.
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Yes

<b>PE 05.2</b>	Describe your organisation`s approach to incorporating ESG issues in private equity investment selection.
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As outlined at the Responsible investment Policy, ESG and Sustainability issues are taken into consideration throughout the entire investment and divestment process.

**Abac Capital, the Independent Investment Advisor, includes ESG considerations in the following investment decision stages:**

**Deal sourcing:**

Abac will not make any investment:

a) in a company a primary activity of which is:

- the business of pornography or vice;
- the manufacture, distribution, sale or supply of offensive armaments and weapons;
- the manufacture of tobacco products;
- the operation of gambling or gaming facilities;
- the engagement in harmful practices to the environment;
- the engagement in discriminatory practices against any minority group; or
- the employment of child labour

b) in a business where 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.

**Due Diligence:**

The focus on Sustainability begins ahead of the deal being executed whereby Abac conducts thorough due diligence on the target company. Abac discusses the ESG implications of the business in its internal committees to develop sound action plans and always commissions independent specialist ESG due diligence. An ESG red flag may be sufficient to reject a potential deal in the approval stage.

- During due diligence (during company visits, management interviews, etc.), deal team pays special attention to identifying any human rights, labour, environment, corruption or money laundering issue, or any unlawful or unethical behavior
- ESG due diligence is typically contracted to an external advisor with experience in the matter, and includes a situation assessment and an identification of areas of improvement and potential deal breakers. Report is discussed between the deal team and the advisor and identified issues directly with the company for further clarification
- A specific environmental report is prepared for manufacturing businesses or when specific threats have been identified
- Anti-money laundering and sanction checks are carried out on (1) deal co-investors, (2) portfolio companies (prior to signing) and (3) seller/buyer in buy/sell processes

**a) Approval Committee:**

CIO always asks deal team if any ESG related issue has been detected and response is recorded in Approval Committee minutes

Approval Committee dismisses any deal that has a material ESG red flag

**b) Investment Committee:**

- ESG matters are always discussed at Investment Committee and constitute an integral part of the investment decision; they are recorded in Investment Committee minutes

**Management Plan/100-day plan:**

- During final due diligence stage, deal team supports management in the preparation of a business plan that includes immediate actions to be taken in the first 100 days post closing of the investment (100-day plan)
- Plan includes actions to solve any ESG issues identified during due diligence, standardisation of ESG reporting as per Abac's standards, appointment of ESG responsible at portfolio company (when missing) and initiatives to improve key ESG metrics

**ESG at Abac Solutions Manager ("ASM" or the GP):**

- ASM ESG Officer, during ASM Investment Committee, verifies that Abac Capital has complied with its self-imposed ESG obligations during due diligence and investment decision

No

PE 05.3

Additional information. [Optional]

ESG issues are addressed in a consistent manner for all investments (regardless of sector, geography or investment thesis). However, special watch-outs are set in specific cases:

- Manufacturing industries: external Environmental due diligence performed
- Companies with procurement in emerging markets: check of suppliers labour conditions and implementation of suppliers homologation process post-acquisition
- Industries prone to deal with black-money (typically retail businesses using cash)
- Companies that mostly sell through tender processes: check existence of bribes / corruption and set anti-corruption and whistleblowing policies post-acquisition (if not directly ruled out from investment)

PE 06	Mandatory	Public	Core Assessed	PRI 1,3
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**PE 06.1** Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

**PE 06.2** Describe how this information is reported to, considered and documented by the Investment Committee or similar.

- 1- ESG due diligence from a specialised external advisor is attached to the documentation submitted for review to the Investment Committee
- 2- Deal team must complete at least two specific ESG slides that are included in the Investment Committee deck: a summary of ESG matters identified in the due diligence and a summary of ESG status and action plan to be included in the 100-day plan

## Post-investment (monitoring)

PE 09	Mandatory	Public	Gateway/Core Assessed	PRI 2
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**PE 09.1** Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

- Yes

**PE 09.2** Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

**PE 09.3**

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

**ESG issues**

Environmental

List up to three example targets of environmental issues

Example 1

Does the company have initiatives in place to reduce paper and packaging usage? Show % reduction vs. previous year and top 3 projects in place

Example 2 (optional)

Does the company have initiatives in place to reduce water usage? Show % reduction vs. previous year and top 3 projects in place

Example 3 (optional)

Does the company have initiatives in place to reduce electricity consumption? Show % reduction vs. previous year and top 3 projects in place

Social

List up to three example targets of social issues

Example 1

% women employees and % women in management committee

Example 2 (optional)

% employee attrition and % voluntary attrition

Example 3 (optional)

Number of accidents and % of accidents with medical leave

Governance

List up to three example targets of governance issues

Example 1

% independent directors and % women directors

Example 2 (optional)

Existence of a code of conduct

Example 3 (optional)

Existence of an audit, a nomination and a remuneration committee

We do not set and/or monitor against targets

No

PE 09.4

Additional information. [Optional]

Consistent set of KPIs defined for all portfolio companies as part of 100-day plan and reported in Board of Directors meetings on a quarterly basis.

All portfolio companies report on 60+ ESG KPIs on a quarterly basis. Particularly, the content and structure of the reported KPIs is the following:

**Environmental:**

- **Energy & Resource Management:** 12+ KPIs
- **Waste & Materials:** 4+ KPIs
- **Environmental Compliance:** 5+ KPIs

**Social:**

- **Decent employment:** 9+ KPIs
- **Gender & minorities equality:** 5+ KPIs
- **Citizenship Initiatives:** Several KPIs tracking whether the portfolio company is conducting any corporate citizenship initiatives and the nature/detail of these.

**Governance:** 15+ KPIs consistently monitored.

PE 10

Mandatory

Public

Core Assessed

PRI 2

PE 10.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

PE 10.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

No

PE 10.3

Additional information. [Optional]

Abac's Responsible Investment Policy outlines the guidelines to be implemented at all portfolio companies during the investment period. Consequently, all portfolio companies implement Abac's reporting toolkit and ESG criteria upon acquisition.

- Identified issues during due diligence are used to elaborate an ESG guideline for each portfolio company.
- Revamp of existing ESG/sustainability policy to Abac's standards is included in the 100-day plan; and completion of this initiative is monitored by the Board of Directors
- Abac's reporting toolkit is implemented at all portfolio companies
- Quarterly monitoring and reporting processes are implemented at all portfolio companies.
- All portfolio companies are encouraged to define / redefine their corporate purpose in an effort to align sustainability with their corporate strategy.
- All portfolio companies are required to identify their strategic U.N. Sustainable Development Goals and actively encouraged to adhere to the U.N. Global Compact Initiative.

PE 11

Voluntary

Public

Additional Assessed

PRI 2

PE 11.1

Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

**Types of actions taken by portfolio companies**

- Allocate responsibility for ESG issues to board/senior management

**Implemented by percentage of portfolio companies**

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise

**Implemented by percentage of portfolio companies**

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Consider ESG issues in risk management processes

**Implemented by percentage of portfolio companies**



- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

**Implemented by percentage of portfolio companies**

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues

**Implemented by percentage of portfolio companies**

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

- Developing/implementing an environmental/social management system (ESMS) or similar

**Implemented by percentage of portfolio companies**

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

- Other actions, specify

- None of the above

<b>PE 11.2</b>	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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- Regular communication of why ESG matters are important to Abac, through secondment of investment professional in portfolio company (typically in the first months after closing an investment) and during Board of Directors meetings
- Appointment of a Sustainability Champion at portfolio companies to coordinate ESG initiatives implementation, report on ESG performance and to be the person of contact to discuss / share best practices on ESG matters with Abac. Sustainability Champions meet / call to discuss ESG performance with Abac's counterpart at least on a quarterly basis

- Encouragement at Board of Directors level to adhere to ESG guidelines such as UN Global Compact (5 portfolio companies already signatories)
- An annual Sustainability Day assembles all Sustainability Champions at Abac to discuss the portfolio's ESG strategy for the upcoming months, set targets, deliver trainings on the management of ESG issues and gather feedback.

PE 12	Voluntary	Public	Descriptive	PRI 2,3
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PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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### Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated
- Standalone reports highlighting targets and/or KPIs covering ESG issues

### Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify
- Other, specify
- No reporting on ESG issues requested and/or provided by portfolio companies

PE 12.2	Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting.[OPTIONAL]
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Abac periodically monitors ESG KPIs, policy implementation and actions to be developed throughout the investment period to ensure objectives are met and impact is generated. Monitoring includes quarterly reporting on performance and status to portfolio companies' BoD and Abac, as well as biannual discussions at Portfolio Reviews and Risk Management Committees.

- ESG KPIs and status of ESG initiatives reported to Abac on a quarterly basis by 100% of portfolio companies
- Year review of ESG initiatives reported to Abac annually by 100% of portfolio companies
- Business cases on ESG initiatives reported ad-hoc at Board of Directors meetings
- An annual Sustainability Report summarises the portfolio's annual ESG performance. For its elaboration, portfolio companies are required to report information to further illustrate their quarterly ESG reportings. An annual case study on 100% of portfolio companies is elaborated.

## Outputs and outcomes

PE 14	Voluntary	Public	Additional Assessed	PRI 1,2
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**PE 14.1**

Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.

We measure whether our approach to ESG issues impacts the financial performance of investments

Describe the impact on:	Impact
Financial performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

We measure whether our approach to ESG issues impacts the ESG performance of investments

Describe the impact on:	Impact
ESG performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

None of the above

**PE 14.2**

Describe how you are able to determine these outcomes.

ESG tracking and reporting are performed quarterly and allows Abac to measure the impact and evolution of each portfolio company's ESG performance.

Successful implementation of jointly defined initiatives is steadily leading to an improvement of ESG performance across investments.

Management typically prepares business cases when implementing ESG initiatives. Reported initiatives such as the completion of an energy efficiency plan or a plan to improve the workplace also have a positive financial impact, with a short payback period that can be measured from the financial accounts (e.g., electricity consumption)

The compilation of successive quarterly reports since the inception of the Fund, as well as the elaboration of four consecutive annual Sustainability Reports and annual case studies of all portfolio companies, showcase the positive evolution year after year of financial and ESG performance driven by Abac's approach to ESG and Sustainability.

Abac Solutions Manager S.à r.l.

Reported Information

Public version

Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - Whole PRI Transparency Report has been internally verified
  - Selected data has been internally verified
- Other, specify
- None of the above

CM1 02	Mandatory	Public	Descriptive	General
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**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

**CM1 02.3** Additional information [OPTIONAL]

Last year's PRI Transparency Report underwent an internal audit of the correct implementation of RI processes and/or accuracy of RI data and internal verification of responses before submission to the PRI (e.g. by the CEO or the board).

Whole PRI Transparency Report has been internally verified

CM1 03	Mandatory	Public	Descriptive	General
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**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify

An Internal Audit Committee strives to safeguard the Report from intended or unintended biases addressing UNPRI questions or collecting data from team members/portfolio companies

None of the above

CM1 04	Mandatory	Public	Descriptive	General
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**CM1 04.1** Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 06	Mandatory	Public	Descriptive	General
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**CM1 06.1** Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)

What RI processes have been assured

- Data related to RI activities
- RI policies

Specify

All Abac's RI documentation

- RI related governance
- Investment selection process in non-listed assets
- ESG incorporation in selection process for private equity investments
- Other

When was the process assurance completed(dd/ mm/yy)

23/03/2020

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other

Specify

The Internal Audit Committee did not use a published Assurance standard, rather it verified that the submitted answers were not subject to the intended / unintended biases of the writer and truly reflected what the company had done on the ESG front during 2019. The Internal Audit was appointed by Abac's Board based on competence for the task at hand. The Internal Audit encompassed interviewing the team in charge

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of completing the UNPRI Report and asking them to justify a sampled number of answers, providing legitimate evidence to support the claims made by the writer. Information used in the report was also centralized in a shared repository that was used by the Internal Audit Committee to double-check the accuracy of the given answers.

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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**Who has conducted the verification**

CEO or other Chief-Level staff

Sign-off or review of responses
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Sign-off

Review of responses

The Board

Investment Committee

Compliance Function

RI/ESG Team

Investment Teams

Legal Department

Other (specify)