

ABE CAPITAL PARTNERS RESPONSIBLE INVESTMENT POLICY

Introduction.

ABE CAPITAL PARTNERS believes **that integrating environmental, social and corporate governance (ESG) factors in its investment decisions and in the relationship with its portfolio companies not only contributes to a more sustainable world, but also significantly enhances the value creation process.**

ABE CAPITAL PARTNERS, being a long-term responsible investor, will promote within its core activity the economic and social development of the regions where it invests, fostering sustainable growth across its portfolio and thus employment creation, improvement of life conditions and respect for the environment.

Responsible Investment Commitment.

ABE CAPITAL PARTNERS publicly states its commitment to responsible investing by signing the **United Nations Principles for Responsible Investment** and commits to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

ABE CAPITAL PARTNERS also understands that pursuing its investment activity in a responsible way is an **obligation towards its investors and society at large.**

Investors expect to maximise the return on its investment while ensuring this objective is achieved under responsible investment criteria. In this context, ABE CAPITAL PARTNERS, commits to undertake an **active management of its portfolio companies** in order to improve their ESG performance.

Also, society at large expects that the investment activity contributes to the achievement of **the Sustainable Development Goals** (global agreement on humanity's major environmental, social and economic challenges), that ABE CAPITAL PARTNERS has considered when establishing the ESG objectives of the private equity fund manager and those of its portfolio companies.

ESG Governance.

In order to respond appropriately to these ESG commitments, ABE CAPITAL PARTNERS;

- (i) provides continuous ESG **training** to its investment teams,

- (ii) considers individual contribution to the integration of ESG factors in the investment activity when assessing the team members' overall performance, and takes sustainability risks into account among the mandatory internal processes in the remuneration policy,
- (iii) has appointed **a person for ESG-related processes** who is in charge of leading and coordinating ABE CAPITAL PARTNERS' ESG activities as well as those of its portfolio companies,
- (iv) has hired **ESG external advisors** who work in close collaboration with ABE CAPITAL PARTNERS' responsible for ESG as well as with the investment teams in the integration of ESG factors in the investment process.

In addition, ABE CAPITAL PARTNERS has established an **ESG Committee**, to which the founding partners attend and where ESG issues at private equity fund manager and portfolio company level are reviewed on a quarterly basis.

The integration of ESG factors in the investment process.

ABE CAPITAL PARTNERS will **integrate sustainability risks and analysis of adverse sustainability impacts into each of the stages of the investment process.**

1. Origination

ABE CAPITAL PARTNERS has decided to **exclude from its investment universe a set of activities being considered as contrary to its responsible investment principles** and implying a significant reputational risk. In this sense, investment opportunities that carry out the following activities will be excluded:

- I. Production and commercialisation of tobacco or distilled alcoholic beverages and related products.
- II. Production and commercialisation of weapons and munition of any type.
- III. Gambling, casinos and equivalent enterprises.
- IV. Developments and technical applications related to computerised data programs or solutions that are specially focused on any activity described above, such as online gambling or online casinos, or pornography, or any activity engaging on allowing to illegally access data networks or download electronic databases.
- V. Investigation, development or technical application related to human cloning or genetical modification of organisms.
- VI. In a broader sense, any illegal economy activity, including the production and commercialisation of goods or services, according to current legislation and to the regulation of the Fund or entity.

2. Due Diligence

Before investing in any investment opportunity, and after checking that it does not undertake any of the excluded activities, ABE CAPITAL PARTNERS will undertake a Due Diligence which will assess the main transaction sustainability risks and opportunities, as well as, principal adverse impacts of the investment decision on sustainability factors,

The goal is that the fund's Investment Committee will take a decision considering the material sustainability risks, opportunities and principal adverse impacts as well as the ability of the company to manage the risks and address the identified opportunities. Materiality will be determined based on the industry standards developed by SASB® and the characteristics of the company and its stakeholders.

The Due Diligence will assess at least the risks and adverse impacts related to the following topics:

- I. Environmental impact.
- II. Occupational health and safety.
- III. Compliance with regulatory and statutory requirements.
- IV. Anti-corruption behaviour and policies.
- V. Compliance with minimum Human Rights standards as well as labour rights as described in the Ten Principles of the UN Global Compact and fundamental Treaties of the ILO (International Labour Organisation).

In addition, recommendations for monitoring and remediation of identified adverse sustainability risks and impacts, including KPIs, will be included.

On top of identifying ESG potential risks and adverse impacts, the ESG Due Diligence will analyse the potential opportunities that the company might have from an ESG perspective. In this regard, the Due Diligence will review the potential value creation in the following fields:

- I. Opportunity to **improve the operating efficiency** of the company that might generate cost savings such as, for example, the introduction of energy efficiency measures, optimisation of hydric resources, minimisation of leftovers or waste.
- II. Opportunities to **develop new products or services** aligned with customer or clients' sustainability choices, such as organic products, raw material or production of recyclable or biodegradable materials, introduction of eco-packaging initiatives.
- III. Opportunities related to the **improvement of the brand image** (as sustainable business) that enables to access to new business opportunities stemming from the incorporation and certification of best practices in the environmental, health and safety, social or regulatory compliance fields.
- IV. Actions that contribute to achieving a **motivated and productive workforce**, such as gender equality and diversity actions, work-life balance, employee wellbeing or compensation policy.

In many cases, the materialisation of the ESG value creation opportunities will require a long period of time. **ABE CAPITAL PARTNERS understand that it is placed in a privileged position as a long-term investor to tap into this type of opportunities** and will foster the development of detailed plans among its portfolio companies targeting the consecution of such opportunities.

In order to undertake this assessment, the investment team will be supported by **external advisors of renowned prestige**, whose conclusions and recommendations will be included in the documentation package (Investment Memorandum) addressed to the Investment Committee, to be taken into account in the investment decision-taking process.

The agenda of the **investment committee will include a specific section that considers the investment opportunity's sustainability risks and opportunities**. The documentation that informs of the investment decision, as well as any support documentation, will also include an ESG section that will address any ESG material issues as well as a high-level action plan that allows, in case of pursuing the investment, to design an ESG roadmap for the portfolio company.

If, as a result of the assessment undertaken in this step, any **ESG contingency (risk or adverse impacts) arises that could impact the initial conditions agreed for a transaction** (for example, needing additional guarantees in the transaction or price adjustments), **they will be considered in the negotiation, and required to be solved, at least on a best efforts basis, in the corresponding agreements**.

3. Portfolio Management.

Once the transaction is closed and in case any **material risk or adverse impact on sustainability factors** is identified in the previous phase, the portfolio companies will be requested to effectively manage the risks detected in order to mitigate them. On this point, ABE CAPITAL PARTNERS will strive to ensure that the portfolio company considers an action plan as well as enough resources to enforce the corresponding mitigating measures. Otherwise, ABE CAPITAL PARTNERS will support the portfolio company to manage the issue or seek specialised technical advice.

Taking as a reference the risks, adverse impacts and opportunities gathered in the ESG Due Diligence report and subsequent documentation that supports the investment decision, ABE CAPITAL PARTNERS will include in the **100-day Plan and in the Value Creation Plan** ESG initiatives that address such risks and opportunities.

The Investment team will commit to undertake a **regular follow-up** with the portfolio company's Management team to monitor the financial and operational results as well as the progress of each of the actions, the ESG risks and recommendations identified in the Due Diligence stage or agreed in a subsequent stage.

In order to carry out a proper follow-up of the ESG issues at portfolio company level; (i) an ESG responsible will be appointed in each of the portfolio companies (ii) ESG KPIs will be defined, allowing to monitor and keep a record of the company's performance on the subject, (iii) ESG will be included in the Board of Directors' agenda, in order to track the progress achieved and (iv) in case of any material ESG incident that can adversely impact the reputation of the private equity fund manager or its investors, they will be immediately informed of such incident as well as any mitigating action put in place.

4. Exit.

Once the investment period is concluded, and within the exit preparation actions, an **ESG assessment** will be undertaken that will be used as a value-creation argument in the “equity story”.

ABE CAPITAL PARTNERS’ has the intention to be able to **record the positive impact generated** within its management through a continuous improvement process in ESG issues bolstered during the investment process. The intended result is to generate growth and improvement that makes the portfolio companies more sustainable and that benefits all the stakeholders in the long-term.

Communication and transparency.

ABE CAPITAL PARTNERS has committed to the transparency principle as signatory of the Principles for Responsible Investment, on top of the commitment it has signed with its investors to inform on the progress achieved in ESG.

This transparency commitment is materialised, vis-à-vis the society in general, by publishing on a yearly basis the UN PRI **Transparency Report** and vis-à-vis its investors, by publishing an **Annual Sustainability Report** containing the information on the progress achieved.

As an entity subject to the Disclosure Regulation (EU 2019/2088), it will include information on sustainability risks and major adverse sustainability impacts in its regular investor communications.

ABE CAPITAL PARTNERS is also aware that the ESG efforts undertaken at portfolio company level require an appropriate communication to clients as well as investors that allows to showcase and extract the most value in branding terms.

Internal and external promotion of responsible investment.

The integration of ESG factors is not only limited to the investment activity but is also present in the way ABE CAPITAL PARTNERS structures its internal governance, interacts with its employees, the investment industry, society in general and the environment.

ABE CAPITAL PARTNERS will apply best practices in governance terms (compliance, alignment of interests, management of conflicts of interest), environment (travel environmental management and office environmental practices), in its interaction with its employees (equal opportunity policy, diversity, motivation and talent retention as well as workplace well-being) and in its interaction with the community (corporate volunteering).

ABE CAPITAL PARTNERS will also actively participate in the promotion of responsible investment within the investment community and society at large, participating in conferences and events that aim to promote and share best practices.