Artá Capital

ESG Performance Report 2019

(Artá Capital Fund II)

December 2020

Artá Capital

Grupo March

Contents

1 Introducing Artá Capital

Introducing Artá Capital

Artá Capital: solid track-record and long-term added value creation

Artá Capital is a Spanish mid-market private equity firm sponsored by the financial and investment group Grupo March through Corporación Financiera Alba. Artá Capital has €800m under management through its two investment vehicles (Artá Capital Fund I and Artá Capital Fund II), mainly focused on investing in family owned Iberian companies with a multi-sector approach, excluding financial and real estate.

Artá Capital S.G.E.I.C. S.A. (hereinafter "Artá Capital") is a Spanish mid-market private equity firm sponsored by the financial and investment group Grupo March with €800m under management through its two investment vehicles (Artá Capital Fund I and Artá Capital Fund II) focused on investing in family owned Iberian companies.

The extensive track-record of Artá Capital and its team, together with their in-depth knowledge of the Iberian market and its trends, enables Artá Capital to identify, execute and manage attractive investment opportunities maximizing value creation in the Iberian mid-market.

Artá Capital targets growth deals and buyouts in which it has a unique angle for value creation. Its flexible investment approach allows Artá Capital to pursue a wide variety of attractive investment opportunities including capital increases, shareholders' replacement, public-to-private transactions, corporate spin-offs, etc.

According to its multi-sector approach, Artá Capital relies on the privileged knowledge of industry insiders to develop robust industry expertise to drive growth plans together with the management of its portfolio companies.

Its investment strategy is based on the creation of active partnerships with its portfolio companies, providing them with strategic support, constant dedication and active participation via material representation in Board of Directors and Steering Committees. This is perfectly aligned with its long term view, with an average tenure period of 5 years, allowing for the implementation of the required measures to leverage companies' value when exiting.

With an average equity ticket between €25m and €75m (with capacity to execute larger investments by leveraging and pooling its large co-investment network), Artá Capital Fund II invests in Iberian mid-market companies with a business value of between €100m and €500m, defined by solid market positions, capacity to generate cash-flow, attractive organic and/or inorganic growth prospects and experienced and committed management teams.

Artá Capital's key figures

€686m	invested since 2008
16 investments	carried out since 2008
9 companies in the portfolio	within the two investment vehicles at the end of 2019
€800m	under management (Artá Capital Fund I and II)
€114m	capital available for investment

Introducing Artá Capital

Artá Capital Fund II: a diversified portfolio of leading companies in their sectors

Artá Caìtal Fund II allows Artá Capital to flexibilize its investment strategy, allowing to perform different operations, depending on the reality of each company and its shareholders. Artá Capital Fund II approach is investing in leader companies within their market segments with clear national and international growth opportunities.

Artá Capital Fund II was set up in 2017, reaching its €400m target commitment, of which c.50% capital came from Corporación Financiera Alba, and the rest divided between family offices, particular investors and national and international institutional investors.

Artá Capital Fund II was set up with a flexible strategy to allow for a wide variety of operations (such as buyouts, development capital, shareholder replacement, build ups, LBOs, etc.), and to adapt to the development stages and the needs of each company.

As of 31 December 2019, Artá Capital Fund II had already realized eight investments and one divestment, being the portfolio comprised by seven leading companies in their respective market segment, with differential competitive advantages, cash flow generators and clear opportunities for national and international growth, both organically and inorganically.

Artá Capital Fund II follows a multi-sectoral approach which is supported on sectoral experts at all stages of the investment cycle.

Alvic

Manufacturer of high-end coated panels and furniture components
Year of investment: 2019.
Stake: 16,6%

Monbake

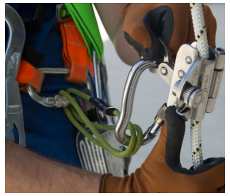
Frozen bakery producer.
Year of investment: 2018
Stake: 7,9%

Nuadi

Manufacturer of braking system components for the aftermarket segment.
Year of investment: 2019
Stake: 80,0%

Satlink

Maritime technology products and solutions.
Year of investment: 2017
Stake: 60,0%



Preving

Occupational risk prevention services provider.
Year of investment: 2019
Stake: 53,0%

Alvinesa

Producer of natural ingredients from grapes.
Year of divestment: in process
Stake: 36,0%

Food Delivery Brands

Leading operator in the delivery pizza segment.
Year of investment: 2019
Stake: 6,7%

Gascan

Leading player in the piped LPG segment in Portugal.
Year of divestment: 2019

For the sake of reflecting a more realistic image of Arta's portfolio performance, the stake on each portfolio company will be used to weight several KPI along the document. These KPI will be correspondingly identified with a disclaimer throughout the document.

Introducing Artá Capital

Contributing to the Agenda 2030 through Artá Capital Fund II portfolio companies

Artá Capital has a significant contribution potential to the common roadmap for 2030 and thus is working together with Artá Capital Fund II portfolio companies in the maximization of its potential to achieve the Sustainable Development Goals. To this end, Artá Capital has first mapped its portfolio's core activities to the SDG, what will allow the definition of its focus and to adapt its investment strategy if needed.

Artá Capital is conscious that the private equity sector has a vital role in sustainable development. In this sense, the SDGs provide a global framework for addressing the most urgent global social and environmental challenges, leveraging a viable new model for long-term growth and helping companies to identify risks and opportunities.

As a first stage in the process of implementing its commitment to the Agenda 2030, Artá Capital has estimated Artá Capital Fund II contribution to the SDGs by way of mapping its portfolio companies' activities potential contribution to the SDGs. These potential contributions have been weighted, considering the investment amount in each company.

In this way, Artá Capital is able to identify its contribution focus, work together with the portfolio companies towards common goals and to adapt its investment strategy when necessary.

Thanks to its Fund II investments, Artá Capital contributes to the following SDGs:

2 ZERO HUNGER	*Promotion of sustainable supply chains for food products.*
3 GOOD HEALTH AND WELL-BEING	*Manufacture of healthy, high quality food products and promotion of safe conditions in the work, road and house environments.*
7 AFFORDABLE AND CLEAN ENERGY	*Use of natural extracts to manufacture second generation biofuels and biomass production.*
8 DECENT WORK AND ECONOMIC GROWTH	*Boost of economic growth and job creation in urban and rural areas and focus on exports to foreign countries.*
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	*Research and development of technological initiatives with high environmental and social impacts.*
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	*Use of by-products as raw materials and supply of products with sustainable management practices.*
14 LIFE BELOW WATER	*Leverage of innovative solutions to preserve marine ecosystems.*

2 *Integrating responsible investment in Artá Capital*

Integrating responsible investment in Artá Capital

Formalizing our commitment with Responsible Investment

Artá Capital has started the path towards the integration of responsible investment in its internal and external activities. To formalize its commitment with a responsible development of its activities, Artá Capital has adhered to the UNPRI and has developed its Responsible Investment policy, applicable to all its activities and decision-making processes.

Artá Capital is convinced that the creation of value and the maximization of the return on its investments are linked, not only to financial criteria, but also to its capacity and the capacity of its portfolio companies to positively contribute to society and to the environment.

In this context, Artá Capital recognizes the value of responsible investment as a driver to generate positive impacts, both in the society and the business.

With this in mind, Artá Capital has started, in 2020, with the formalization of its responsible investment commitment through an structured ESG framework, which begun with the adhesion as signatory of the United Nations Principles for Responsible Investment (UNPRI), which will allow Artá Capital to better align its activities with broader ESG goals.

Signatory of:

PRI Principles for Responsible Investment

This commitment is also reinforced by the development of its Responsible Investment (RI) Policy.

Artá Capital's Responsible Investment Policy goal is to formalize its values and commitments by defining the principles and the action framework through which these commitments will be implemented, both in the decision-making process of its internal management activities and its portfolio's. This enables Artá Capital to align its responsible investment strategy with its stakeholders and to systematize its investment approach.

The policy is complemented with the following policies:

- Code of ethics and conduct
- Good governance policy
- Remuneration and resolution of conflicts of interest
- Internal prevention of money laundering and terrorist financing manual
- Internal Code of conduct

The RI Policy also covers how Artá Capital faces ESG integration throughout the investment cycle.

Pre-investment

As part of the pre-investment stage, Artá Capital applies exclusion principles, and carries out a preliminary screening to identify the main ESG risks that may be complemented with a specific ESG due diligence.

Post-investment

Artá Capital believes in the cooperation between its investment teams and the portfolio companies management team, to integrate ESG criteria in its decision-making process. This is materialized through the periodic monitoring and reporting of a series of ESG indicators that allows Artá Capital to implement specific action plans.

Divestment

In the divestment, Artá Capital analyzes the performance of its portfolio companies since acquisition, identifying both the performance improvement and the potential for growth.

Integrating responsible investment in Artá Capital

Defining our ESG priorities

Artá Capital, as starting point of the integration of ESG into its decision-making process, has identified its priority issues based on the relevance for the portfolio companies and for their sector. As a result, business ethics, diversity and equal opportunities and climate change have been identified as the most priority issues.

It is undeniable that Responsible Investment can include a broad spectrum of issues, which need to be carefully analyzed in order to be able to prioritize what is important or material for Artá Capital.

To this end, Artá Capital has undertaken an analysis of all possible ESG issues and their relevance for itself, its Fund II portfolio companies and its investors.

As a result, the 16 ESG issues identified have been flagged as material and classified into the three possible dimensions.

To be able to monitor these issues, Artá Capital has defined its ESG dashboard, both to follow its own performance and its portfolio's.

Arta Capital ESG performance at a glance (as of 31 December 2019)

Environment

Has	A **CSR Policy** and a **RI policy** to frame its environmental approach
Has	implemented measures to **improve efficiency**
Is in process of formalizing	**its environmental targets**
4.7 t CO_2 (Scope 2)	**carbon footprint** of the entity

Social

1	**new hire** within the entity
100%	**permanent contracts** within the entity
36%	**of women** in the entity
Has	implemented measures to **improve work-life balance**

Governance

Does not	have **independent Directors in its Board**
Has	a **Code of conduct**
14 hours	of **training in ethics and compliance**
0 cases	of **corruption**
Is in process of formalizing	the identification of **ESG risks**

3 *Evaluating Artá Capital Fund II ESG performance*

Evaluating Artá Capital Fund II ESG performance

Portfolio companies' ESG performance at a glance 2019

Artá Capital and Artá Capital Fund II portfolio companies are moving towards an active integration and management of the main Environmental, Social and Governance issues to be considered within their activities. This first year has proven the companies efforts and joint commitments taken to keep moving forward.

Environment

5 out of 6 portfolio companies — have an **Environmental Policy**

100% of the portfolio companies — have implemented measures to **improve efficiency**

5 out of 6 portfolio companies — have set **environmental targets**

4,770 t CO_2 (Scope 1+2) — **carbon footprint** of the portfolio*

Social

287 — **new hires** within the portfolio*

86% — **permanent contracts** within the portfolio*

45% — **of women** in the portfolio*

100% of the portfolio companies — have implemented measures to **improve work-life balance**

71% — **of local suppliers***

Governance

3 out of 6 portfolio companies — have **independent Directors in their Boards**

100% of the portfolio companies — have a **Code of conduct**

3 out of 6 portfolio companies — have **provided training in ethics and compliance**

0 cases — of **corruption**

5 out of 6 portfolio companies — have their main **ESG risks** identified

*considering the stake of Artá Capital in each portfolio company

Evaluating Artá Capital Fund II ESG performance

Measuring wealth creation

While the Gross Domestic Product (GDP) is the most appropriate macroeconomic magnitude for measuring the economic wealth generated in a country during a given period of time, the wealth generated by specific companies or sectors is reflected through an equivalent indicator to the GDP; the Gross Added Value (GAV).

GAV represents the difference between the value of the goods and services sold by a company (volume of business) and those used as intermediate consumption in its production process.

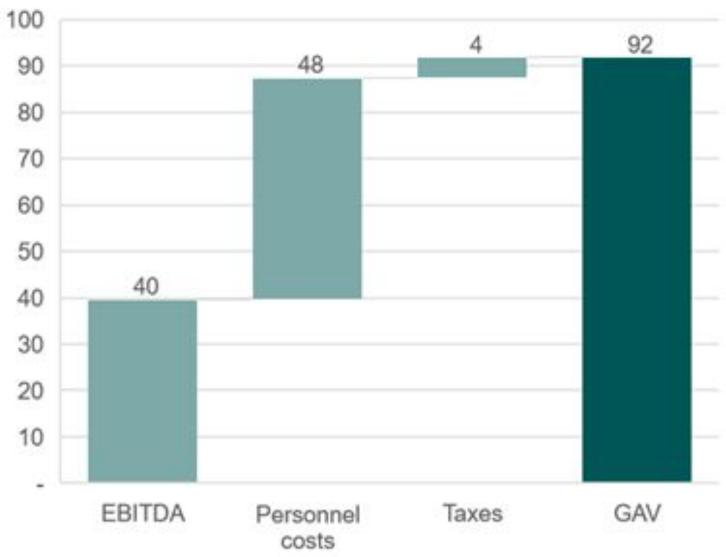
This is equivalent to the sum of personnel costs, tax collection (corporate income tax) and the earnings before interest, taxes, depreciation and amortization (EBITDA).

Since this indicator is considered to be representative of the activity of the portfolio companies, GAV will be used throughout the report for the calculation of the unitary values.

As reflected in the graph, the GAV of the portfolio companies raised up to €92m* (as of 31 December 2019).

*considering the stake of Artá Capital in each portfolio company

Artá Capital Fund II portfolio Gross Added Value (GAV) (€m)



Evaluating Artá Capital Fund II ESG performance

Environmental performance: Commitment to continuous improvement

The portfolio companies ensure environmental compliance and continuous improvement through the implementation of Environmental Management Systems, allowing them to address and monitor their main environmental impacts: water and energy consumption, GHG emissions, materials consumption and waste generation

Environmental impacts management

The portfolio companies address their environmental commitment from the strict fulfillment of the applicable legislation in their sectors and the minimization of the negative effects that they could eventually cause.

To be able to monitor and mitigate these potential negative effects and also to subject themselves to a continuous improvement process, the portfolio companies rely on the implementation of environmental management systems (EMS).

100% of the portfolio companies have or are in process of having an EMS

As part of their EMS, 5 out of 6 portfolio companies have defined their environmental policy and also set environmental targets.

Additionally, to allow improvement in their performance, the portfolio companies monitor their main environmental impacts: water consumption, energy consumption, greenhouse gas emissions, material consumption and waste generation.

Naudi's management of environmental impacts

In order to establish the procedures to manage the impacts derived from its activities, Nuadi has certified its environmental management system under ISO 14001, promoting environmental protection and pollution prevention. In addition, Nuadi has the sectoral certification IATF 16949, which, among others, helps to reduce waste in the automotive industry.

Water consumption

The activities developed by the portfolio companies are not characterized for being highly water-intensive in general terms. Water consumption in the portfolio companies activities is mainly linked to cooling and cleaning purposes within the manufacturing processes (in companies with industrial activities) and domestic uses (in all companies).

Water consumption in the portfolio companies comes from municipal water supply, not having alternative sources of water.

5 out of 6 portfolio companies, have implemented measures to reduce water consumption and maximize efficiency, like making changes in the production processes, reducing water used for cleaning purposes or awareness raising of the workforce regarding water use and conservation.

Water consumption in the portfolio companies rose up to 50,748 m3 in 2019, what means a water intensity of 122 m3/M€ GAV and a reduction of 11% vs. 2018 (when considering like for like portfolio companies).

50,748 m^3
water consumption in 2019 within the portfolio*
(35,521 m^3 in like for like portfolio)

-11% LfL

Regarding wastewater management, those companies with process water (used within the manufacturing activity) have special procedures for its management, like onsite wastewater treatment plants or contracts with authorized companies for its adequate management.

*considering the stake of Artá Capital in each portfolio company

Evaluating Artá Capital Fund II ESG performance

Environmental performance: Commitment to continuous improvement

The portfolio companies ensure environmental compliance and continuous improvement through the implementation of Environmental Management Systems, allowing them to address and monitor their main environmental impacts: water and energy consumption, GHG emissions, materials consumption and waste generation

Energy consumption and GHG emissions

Energy consumption within the portfolio companies consists of electricity and fuel consumption (natural gas, gasoline and diesel). Depending on the sector of the company, energy is exclusively used for domestic purposes (lighting and heating) or for manufacturing activities like cooling and food preservation, for example.

Energy consumption in 2019 in absolute terms rose up to 25,218 MWh, which means an intensity of 60 MWh/M€ GAV and a reduction of 0.3% in like for like portfolio's energy consumption vs. 2018.

16,391 MWh
of electricity consumed in 2019 within the portfolio
(9,896 MWh in like for like portfolio)*

-0.4% LfL

8,827 MWh
of fuel consumed in 2019 within the portfolio
(7,621 MWh in like for like portfolio)*

+1% LfL

The portfolio companies are implementing measures in order to reduce their energy consumption, like the following:

- Installation of LED technology
- Replacement of equipment with efficiency improvement purposes
- Energy audits
- Optimization of production processes

Alvic's contribution to the minimization of its GHG emissions

In Alvic's manufacturing process, the sawdust generated is used as fuel, reducing the need for other sources of fuel. Thanks to this, the company reduces CO_2 emissions as well as other air pollutants such as CO or particulate matter. This measure has avoided the emission of more than 400 tCO2eq linked to natural gas consumption.

By the implementation of these energy efficiency measures, the portfolio companies are also contributing to improve their carbon footprint.

The greenhouse gas (GHG) emissions of the portfolio result from fuel consumption (Scope 1) and electricity consumption (Scope 2). GHG emissions in 2019 equaled 4,880 tCO2eq, which means 11.7 tCO2eq/M€ GAV in unitary terms. This carbon footprint means a reduction of 12% tCO2 in like for like portfolio vs. 2018.

CO_2

1,766 t CO2eq**
Portfolio's scope 1 emissions in 2019 (1,565 tCO2eq in like for like portfolio)*

+9% LfL

3,114 t CO2eq**
Portfolio's scope 2 emissions in 2019 (1,880 tCO2eq in like for like portfolio)*

-24% LfL

The decrease in the Scope 2 emissions is mainly related to the change in the emission factor of the electricity mix in Spain.

*considering the stake of Artá Capital in each portfolio company
**data from Non-Financial Information Statement or, when not available, calculated from energy consumption provided

Evaluating Artá Capital Fund II ESG performance

Environmental performance: Commitment to continuous improvement

The portfolio companies ensure environmental compliance and continuous improvement through the implementation of Environmental Management Systems, allowing them to address and monitor their main environmental impacts: water and energy consumption, GHG emissions, materials consumption and waste generation

Materials consumption and waste generation

The portfolio companies belong to different sectors and therefore need different inputs to perform their activities. Additionally, not all materials consumed are monitored and therefore, the variability of data within the portfolio is significant.

Material consumption varies from paper and cardboard packaging materials within the food industry to specific industrial equipment like supercapacitors, panels or laminated boards used within the manufacturing process.

In order to reduce material consumption, some of the portfolio companies, specifically those with an industrial activity, have implemented measures mainly oriented to promote materials reuse. As an example:

Food industry portfolio companies sell their by-products as animal feed.

The portfolio companies' activities generate both non hazardous and hazardous waste as part of their activities.

The type of waste generated, as in the previous case, mainly depends on the sector of activity, being industrial companies the ones that contribute the most to waste generation (mainly scrap, wood and plastics from packaging).

Waste generation in 2019 rose up to 7,631 tons in absolute terms (7 tons in like for like portfolio). From them, 7,344 tons were non-hazardous waste (96% of the total waste).

7,631 tons*

of waste generated in 2019 by the portfolio(7 tons in like for like portfolio)**

-12% LfL

Waste either recycled, reused or diverted to landfill represent only a 5% of the total.

95% of the waste generated is valorized

Satlink's commitment to minimizing impact on marine ecosystems

Satlink, participant of GGGI (Global Green Growth Institute), has teamed up with World Animal Protection and Bureo (fellow GGGI participants) to convert end of life fishing nets into products such as skateboards, sunglasses, frisbees and more.

The expansion of this program will reduce the risk of new ghost gear from entering the marine environment, helping to protect the sustainability of fish stocks, reducing a significant threat to marine wildlife and ecosystems.

In addition, Satlink promotes circular economy by incorporating more than 18 tons of waste from the automotive industry as raw material.

*excluding Telepizza and Monbake

**considering the stake of Artá Capital in each portfolio company

Evaluating Artá Capital Fund II ESG performance

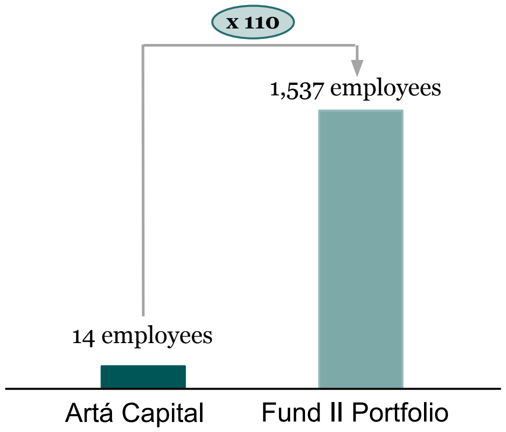
Social performance: Success lies in people

The portfolio companies understand that human capital is essential to achieve their strategy and their targets. Therefore, they invest in people through quality employment, talent development, diversity, work-life balance and health and safety in the workplace.

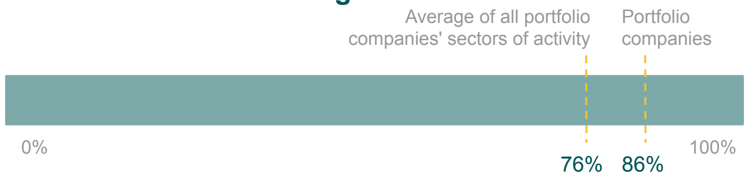
Both Artá Capital and its portfolio companies are conscious of the relevance of attracting and maintaining workforce. This involves the creation of quality employment, the promotion of talent development and diversity, the implementation of work-life balance measures and a healthy and safe environment.

Creating quality employment

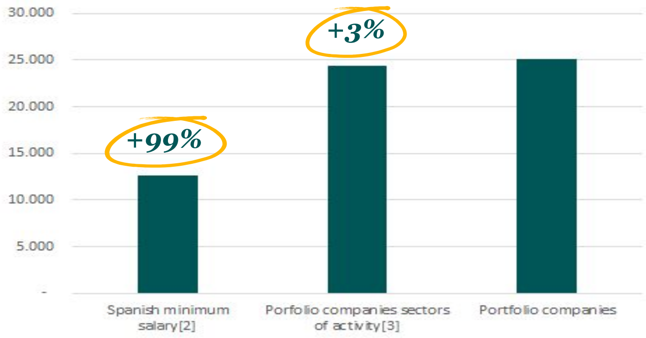
The workforce of the portfolio is composed by 1,537 employees* (of which 45% are women).



The employment generated by the portfolio companies is characterized by its quality and stability. In this sense, **the permanent contract rate** within Fund II portfolio is above the sectoral average[1].**



In addition, portfolio companies understand that a quality employment must include a competitive salary and this is reflected in their average remuneration, which is well **above the national average and the average of their sectors of activity**



[1] Sectoral average calculated as an average of all Fund II portfolio companies' activities from INE, 2019 | [2] RD 1462/2018 | [3] INE, 2017 | [4] Eurostat

Thanks to these efforts, the portfolio companies have achieved a working environment capable of both attracting and retaining talent. In this sense, in 2019 Artá Capital Fund II portfolio companies hired 287 employees** while dismissals rose to 29 employees*.

Promoting talent development

Artá Capital Fund II portfolio companies have provided training to its employees up to a total of 10,269 hours*. This results in a rate of 7 hours per employee, (below the European average of 11 hours per employee[4].

*considering the stake of Artá Capital in each portfolio company.
** considering the stake of Artá Capital in each portfolio company and excluding Telepizza due to differences in the scope with respect to the HR perimeter.

Evaluating Artá Capital Fund II ESG performance

Social performance: Working towards equality

Diversity is key to ensure a balanced work environment. Considering this philosophy, Artá Capital Fund II portfolio companies are working to guarantee gender equality at all levels by increasing the presence of women in senior positions and ensuring a fair and competitive salary based on objective criteria.

Fostering diversity

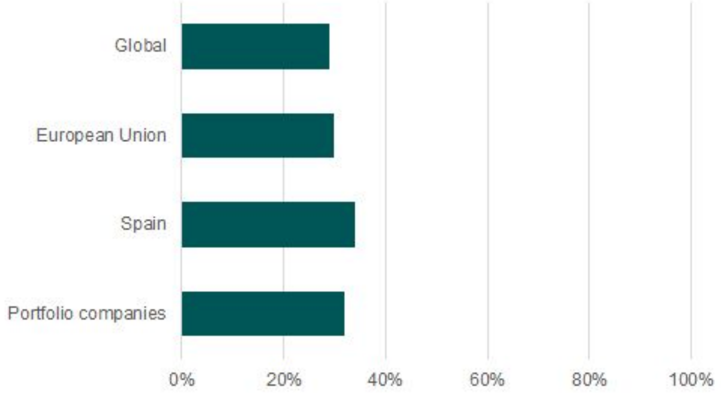
Diversity is key for Artá Capital Fund II portfolio companies and, despite historically operating in male dominated sectors, the portfolio companies are continuously working towards gender equality.

As a result, the portfolio is formed by 45% of women, **which is higher than the percentage of women in their sectors activity** (42%)[1].

This commitment has been reinforced by the development of equality plans in compliance with Organic Law 3/2007. **100% of the companies to which applies (4 out of 6) have implemented an equality plan.**

Despite gender equality in absolute terms showing a proportional distribution within the workforce, this distribution is not maintained at all levels.

Women's presence in management positions is equal to 32% of total members in management positions. Despite being below the Spanish average, this is above global and EU averages[2].



According to their commitment, portfolio companies are working to improve gender equality within their organizations.

In 2019, the average salary of the women was €22,529 while in the case of the men it was €27,291. This results in a gender pay gap of 1.21, which is below the national average[3] and the average of all portfolio companies' sectors of activity[3].

As of 31 December 2019, the number of **people with disabilities** within the workforce of the portfolio companies, sums up to **21*, which represent 1.4% of the workforce.** Companies complement direct hirings with alternative measures.

[1] Sectoral average calculated as an average of all Fund II portfolio companies' activities from INE, 2019 | [2] "Women in Business", Grant Thornton, 2019 | [3] INE, 2017

*considering the stake of Artá Capital in each portfolio company

Evaluating Artá Capital Fund II ESG performance

Social performance: The importance of a healthy workplace

Employee well-being and security is an issue of paramount importance for Artá Capital Fund II portfolio companies. To materialize this commitment, the portfolio companies work under the highest occupational risk prevention standards and apply work-life balance measures, adapted to the needs of their employees.

Ensuring work-life balance

The portfolio companies are aware of the importance of ensuring a balanced workplace for their employees, which is directly related to employee wellness and engagement with the company. For this reason, **100% portfolio companies have implemented work-life balance measures.**

The most extended measures are related with flexible timetable, childcare facilities and reduction of working hours.

Promoting flexibility and work-life balance in Preving

Preving has watched over the work and family conciliation of its workers with measures such as reduced schedule during school holiday periods, remote working and flexible hours.
In recognition of the implementation of these measures, Preving has been awarded with *Sello Reconcilia*, since 2016 and Work-life balance award in 2019.

Pursuing health and safety in the workplace

The portfolio companies are aware of the importance of employee safety for the continuity of their activities. In this context, **3 out of 6 portfolio companies operate under a certified occupational risk prevention management system** and 4 out of 6 have provided training on occupational risk prevention.

As a result of the management measures, **health and safety performance is above sectoral average[1].**

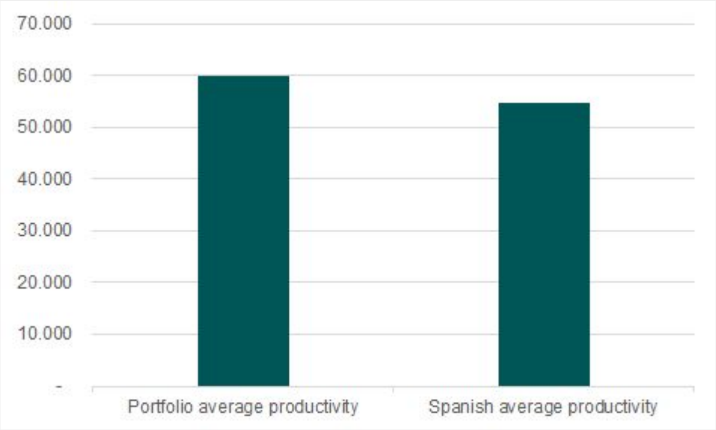
	2019*	Sector range	Spanish average
LTA/employee	0.022	0.039[1]	0.027[1]
Severity rate	0.45	0.11-0.94[1]	0.61[1]
Frequency rate	18.8	3.5 - 34.0[1]	18.8[1]
Absenteeism rate	4.6	NA	5.2[2]

No fatal accidents occurred in 2019 within the portfolio companies.

[1] Sectoral average calculated as an average of all Fund II portfolio companies' activities from Ministerio de Trabajo y Economía Social, 2019 | [2] Randstad, 2020 | [3] INE, 2018

Employee productivity as a result of the companies' efforts

The efforts for creating a good working environment can be reflected in employee productivity, calculated as the Gross Added Value per employee. Productivity is €59,742/employee, **above the €54,580/employee Spanish average[3]**.



*considering the stake of Artá Capital in each portfolio company and excluding Telepizza

Evaluating Artá Capital Fund II ESG performance

Social performance: Ensuring value creation throughout the whole value chain

The portfolio companies pursue the creation of shared value within their value chains, what includes their suppliers, their customers and their surrounding communities. In this direction, portfolio companies have carried out initiatives that respond to the specific needs of these external stakeholders.

Working with suppliers towards sustainability

The portfolio companies are aware, not only of their direct impacts, but also of their value chains as a whole, being in most cases more representative in terms of social and environmental impacts than themselves.

Provided this, the portfolio companies have formalized procedures in place to evaluate their suppliers in terms of their environmental, social and governance performance.

3 out of 6 portfolio companies perform supplier ESG assessments

In this regard, in 2019 more than 200 suppliers have been assessed following ESG criteria by the portfolio companies. These assessments include questions about certifications, waste management and product quality, among others.

The portfolio companies have implemented measures to enhance the sustainability of their offering through sustainable product sourcing.

Sustainable sourcing is key in Monbake's product offering

Monbake seeks to minimize the impact of its products through ensuring their compatibility with the surrounding environment. To this end, the company bets for sustainability certifications which also back its commitment to impact minimization. As an example, Tajonar and Aiguaviva plants have the RSPO certificate (sustainable palm oil sources) and also the UTZ certification for sustainable agriculture of cocoa.

Focusing on customer satisfaction

Customers are in the center of all the portfolio companies' strategy. To ensure giving answer to customer expectations, guarantee customer satisfaction and product safety, they have implement different management mechanisms.

100% portfolio companies evaluate their products or services on sustainability, quality or safety aspects

4 out of 6 portfolio companies have certificated products under a sectorial standard, mainly regarding product quality. Additionally, In order to have a deeper knowledge on the fulfillment of customer expectations, **4 out 6 portfolio companies evaluate their clients' satisfaction levels**.

Fostering relations with local communities

Strengthening relations with communities affected by the portfolio company's activities is also an issue of particular relevance. In this regard, the portfolio companies actively engage with local communities, promote local supplies when possible and make direct economic contribution to local entities. During 2019:

5 out of 6 portfolio companies had active communication channels with local communities

71% of suppliers where local

more than 150,000 euros where donated to associations

*considering the stake of Artá Capital in each portfolio company

Evaluating Artá Capital Fund II ESG performance

Governance Performance: strong governance leads to sustainable growth

Market practices demand diverse and balanced governance bodies, what is considered to be linked to more informed decision-making processes. At the same time, ESG topics are becoming increasingly relevant at all levels, including boards. The portfolio companies understand the relevance of working on these issues to improve their alignment with market demands

Composition of the Board of Directors

A good balance in the Board of Directors is key to ensure that the decision-making processes is aligned with the interest of all the companies' stakeholders.

In the past years, women representation on Boards of Directors has become an issue of special relevance in the corporate world. In this sense, the portfolio companies still have improvement margin in terms of diversity within their Boards: **in 2019, the percentage of women on Portfolio companies' Boards was 10%.**

Gender balance in FDB's Board

Food Delivery Brands (FDB) is taking steps towards increasing women representation in its Board.

The Regulations of the Board of Directors explicitly establish the need to favour gender diversity in selection processes. Accordingly, in 2019 FDB's Board of Directors addressed a mandate to the Appointments & Remuneration Committee to increase the presence of women in its Board. As a result, in 2019, FDB incorporated a women as an independent Director.

The presence of non-executive directors is a good indicator of the maturity of the Boards. In the portfolio companies, these directors represent a broad majority of the members (83% of the Boards). This percentage is aligned with best practices in corporate governance[1]. Nevertheless, only **3 out of 6 portfolio companies have independent Directors** in their Boards.

Ethics and compliance

Portfolio companies consider essential the development of their activities under the maximum regulatory compliance and an ethical behaviour from all their employees.

For this reason, all of them have developed the necessary tools (such as codes, policies or procedures) in order to promote responsible behaviour in all its activities.

All portfolio companies have a Code of ethics or conduct

3 out of 6 portfolio companies have provided training on ethical aspects

4 out of 6 portfolio companies have implemented a Criminal Risks Prevention Model

[1] "Recomendaciones de Buen Gobierno Corporativo para empresas no cotizadas", Grant Thornton, 2016

ESG integration into the management structure

ESG integration at all levels (including Board) is key to ensure a holistic approach to company management. To this end, portfolio companies are working towards the integration of these issues at decision and management level.

3 out of 6 portfolio companies' Board of Directors discuss ESG topics in their meetings

3 out of 6 portfolio companies have a CSR policy or a sustainability policy in place

5 out of 6 portfolio companies have identified ESG risks or opportunities that may affect their activities

4 out of 6 portfolio companies have at least, one member of the staff responsible for CSR aspects.

Evaluating Artá Capital Fund II ESG performance

Next steps: Moving towards ESG integration in Artá Capital and Fund II portfolio

Artá Capital will systematize the integration of ESG criteria into its decision making processes and commits to translate this integration into increased value, thus creating more investable companies

Raising awareness	Artá Capital is aware of the importance of raising awareness on the importance of responsible management and ESG integration within daily activities and decision-making processes both ,internally and in its portfolio. **In the short term, this will be translated in training and awareness raising on its recently approved Responsible Investment Policy.**
Monitoring	After this first year, Artá Capital has seen the value behind monitoring both of its internal performance and Artá Capital Fund II portfolio's companies in the Environmental, Social and Governance issues considered relevant. Therefore, **Artá Capital will continue to periodically monitor this performance on a yearly basis.**
Communicating	The monitoring process is also linked to the accountability of Arta Capital performance to its stakeholders, which will also be performed through an **Annual Performance Report**. This work will also keep integrating stakeholder demands.
Setting targets	Based on the current performance on the main ESG issues, **Artá Capital, together with the Artá Capital Fund II portfolio companies, will be able to define short, medium and long term objectives** to homogenize performance throughout the portfolio.

Post-closing events

Management of COVID-19 in Artá Capital and its portfolio

On 11 March 2020, the World Health Organization declared COVID-19 health crisis an international pandemic due to its fast spread around the world, having affected more than 150 countries. The Spanish Government declared the state of alert through the Royal Decree 463/2020 dated March 14, 2020, throughout the national territory in order to face this health crisis. This meant the implementation of several measures related with the limitation of the freedom of movement or the temporary interruption of certain business activities.

In order to mitigate the economic impacts of this crisis, on March 18, Spain published Royal Decree Law 8/2020 of March 17, on urgent extraordinary measures to address the health crisis caused by COVID-19.

This situation has significantly impacted the global economy and increased the economic uncertainty and, which in the case of Spain, it is proving to be more acute than in the rest of the European countries.

The global impacts of this crisis will be marked by its duration, the effect of the measures adopted, their solution and other factors related to the economic environment in which Artá Capital and Fund II portfolio companies operate.

Due to the COVID-19 crisis scale and changing nature, and despite a strong liquidity position, the portfolio companies prepared different financial forecasts under various potential scenarios and prepared contingency plans to prepare for difficult times ahead. Key focus areas:

- Guarantee employees', clients and suppliers health security
- Ensure agile commercial response to changing client needs
- Guarantee maximum liquidity in stress-test scenarios by securing additional financing for working capital needs and reducing capex to the minimum
- Costs savings plan focused not only on short-term/temporary reductions but also on measures to compensate a longer activity downturn, some of which have partially reverted as the effects of the COVID-19 pandemic have begun to reside in the last months

4

Annex: ESG performance data

Annex: ESG performance data

KPI	2019
Existence of an environmental Policy	5/6 portfolio companies
% operations certified under an EMS	65%
Existence of environmental targets	5/6 portfolio companies
Electricity consumption (MWh)	16,391
Fuel consumption (MWh)	8,827
Scope 1 emissions (tons)	1,766
Scope 2 emissions (tons)	3,114
Water consumption (m3)	50,748
Measures implemented to improve efficiency	6/6 portfolio companies
Waste generated (tons)	7,631
% waste valorized	95%

Annex: ESG performance data

KPI	2019
Number of employees	1,537
% of women in the workforce	45%
Permanent contract rate	86%
Average salary of the portfolio companies (€)	24,392
Number of hires	287
Number of dismissals	29
Hours of training	10,269
Hours of training per employee	7
Women’s presence in management positions	32%
Women’s average salary (€)	22,529
Men’s average salary (€)	27,291

Annex: ESG performance data

KPI	2019
Salary pay gap	1.21
Number of people with disabilities	21
Percentage of people with disabilities	1.4%
Implementation of work-life balance measures	6/6 portfolio companies
Portfolio companies operating under a certified occupational risk prevention management system	3/6 portfolio companies
Training on occupational risk prevention	4/6 portfolio companies
LTA/employee	0.022
Severity rate	0.45
Frequency rate	18.8
Absenteeism rate	4.6
Number of fatal accidents	0

Annex: ESG performance data

KPI	2019
Average productivity (€/h)	59,742
Portfolio companies performing supplier ESG assessments	3/6 portfolio companies
Portfolio companies that evaluate their products or services on sustainability, quality or safety aspects	6/6 portfolio companies
Portfolio companies that have certificated products under a sectorial standard	4/6 portfolio companies
Portfolio companies that evaluate their clients' satisfaction levels	4/6 portfolio companies
Portfolio companies with active communication channels with local communities	5/6 portfolio companies
Percentage of local suppliers	71%
Donations to associations (€)	150,590

Annex: ESG performance data

KPI	2019
Percentage of women on Portfolio companies' Boards	10%
Percentage of non-Executive Directors	83%
Portfolio companies with independent Directors in their Boards	3/6 portfolio companies
Portfolio companies with Code of Conduct	100%
Portfolio companies that provides training on ethical aspects	3/6 portfolio companies
Portfolio companies with a Criminal Risks Prevention Model	4/6 portfolio companies
Board of Directors of the portfolio companies that discuss ESG topics in their meetings	3/6 portfolio companies
Portfolio companies that have identified ESG risks or opportunities that may affect their activities	5/6 portfolio companies
Portfolio companies with at least, one member of the staff responsible for CSR aspects	4/6 portfolio companies

Artá Capital
Grupo March