
Artá Capital
Grupo March

ESG Performance Report 2021

CONTENT

Introducing Artá Capital	5
Integrating Responsible Investment	11
Evaluating Fund II ESG Performance	17
Annexes	39

“

Artá Capital is convinced that the creation of value and the maximization of returns are linked to our capacity to positively contribute to society and to the environment”

1

Introducing Artá Capital

Building trust through consolidated experience

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

c.€850m
capital invested since 2008 [1]

€800m
under management

16 investments
carried out since 2008

7 companies in the portfolio
at the end of 2020

€114m
capital available for investment

14
full time employees

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 that manages 800M euros through its two investment vehicles (Artá Capital Fund I and Artá Capital Fund II).

The main goal of Artá capital is to invest in growth projects creating value for their shareholders, through a wide variety of investment opportunities.

Artá Capital's in-depth knowledge of the Iberian market, together with the extensive track-record of its management team, enables the company to identify, execute and manage attractive investment opportunities, mainly focusing on proprietary opportunities thanks to its market position, therefore maximizing value creation.

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 increase companies' value when exiting.

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

[1] Including co-investments

A portfolio of operational excellence

Artá Capital Fund II is characterized by the diversification of its portfolio, thanks to the flexible investment strategy of Artá Capital, that allows investing in different sectors of activity. All of them are leader companies within their market segments, with clear national and international growth opportunities.

Artá Fund II was constituted in 2017, reaching the 400 €M target to invest in Iberian mid-market companies.

Artá Fund II has a flexible strategy to allow carrying out a wide variety of operations (such as buyouts, development capital, shareholder replacement, build ups, MBOs, etc.), and to adapt to the development stages and needs of each company and its shareholders.

By 31 December 2020, the Fund had already invested 254.9 M euros in 8 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, of which two have already been divested.

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

Arta Capital Fund II portfolio

Gascan

Energy distribution and commercialization

Investment: 2017

Divestment: 2019

www.gascan.pt

ALVINESA NATURAL INGREDIENTS

Natural ingredients from grapes

Investment: 2017

Divestment: 2021

www.alvinesa.com

satlink

Marine technology products and solutions

Investment: 2017

www.satlink.es

MONBAKE

Frozen bakery producer

Investment: 2018

www.monbake.com

FOOD DELIVERY BRANDS

Pizza segment retail operator with strong presence in LATAM

Investment: 2019

www.fooddeliverybrands.com

Grupo Preving

Occupational risk prevention services provider

Investment: 2019

www.preving.com

nuadi

Manufacturer of braking system components for the aftermarket

Investment: 2019

www.nuadi.com

ALVIC

Manufacturer of coated panels and furniture components

Investment: 2019

www.grupoalvic.com

Contributing to the Sustainable Development Goals

Artá Capital Fund II portfolio companies contribute to the achievement of the Sustainable Development Goals through its core activities, having significant impact in seven of them. In this context, Artá Capital works together with its portfolio companies in order to maximize its contribution to the Agenda 2030.

Artá Capital's flexible investment strategy allows the company to invest in a wide variety of sectors, which means that its portfolio has the potential to generate positive impacts. Aware of this, Artá Capital is working to integrate ESG issues in its portfolio companies, using the Agenda 2030 as a common roadmap for all of them.

As a first stage in the process of implementing its commitment to the Agenda 2030, Artá Capital estimated in 2020 Artá Capital Fund II contribution to the SDGs by way of mapping its portfolio companies' activities potential contribution to the SDGs. These potential contributions were weighted, considering the investment amount in each company.

Due to this, Artá Capital has been able to identify in 2021 the portfolio companies activities that most contribute to the achievement of the SDGs, to enhance them and, where possible, align its investment strategy.

How does Artá Capital contribute to the SDGs through its Fund II?

2 ZERO HUNGER

Promotion of sustainable supply chains for food products and food donation to vulnerable communities

3 GOOD HEALTH AND WELL-BEING

Manufacture of healthy, high quality food products and promotion of safe conditions at work, road and house environments

7 AFFORDABLE AND CLEAN ENERGY

Use of natural extracts to manufacture second generation biofuels and biomass production and electrification of the activities

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

Advancing in our commitment with Responsible Investment

Artá Capital started in 2020 the path towards the integration of responsible investment in its internal and external activities. To this end, Artá Capital became a signatory to the UNPRI and 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). This 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 analyses the performance of its portfolio companies since acquisition, identifying both the performance improvement and the potential for growth and putting it into value in the transaction (see example in the next page)

Analysing ESG performance & improvements on Alvinesa exiting

Artá Capital aims to improve the ESG performance of its portfolio companies during the holding period, in order to create long-term value added both for the companies and for its stakeholders. This philosophy was put into practice during Alvinesa tenure, implementing initiatives like 100% renewable energy consumption, the optimization of water consumption and the creation of several jobs in the community.

Our purpose and journey

In April 2017, Artá Capital joined Alvinesa, a project led by its founder Jesús Cantatero. Alvinesa is a global leader in the manufacturing of natural ingredients from wine elaboration by-products. These products have a wide variety of uses, such as in pharmaceutical & cosmetic products, food industry, chemical processes and other industrial applications

This business model takes used grape skins from wine producers located in Spain & Portugal and transforms them into natural ingredients. This approach enables the wine industry to be completely circular, since up to 250,000 tones of by-products are saved from being disposed and are reused in its facilities.

Artá's commitment was to increase the company's presence in the high added-value natural ingredients market and to strengthen its performance on Environmental, Social, and Governance issues.

During holding period, Artá has been working with Alvinesa on strategic priorities, such as:

- Enlargement of the product portfolio, now encompassing high added value colourings and antioxidants. It has also developed new ecological products lines and entered new markets (second-level generation bioethanol) where it's currently an European leader.

- Development of an ESG-driven investment policy, reflected in different initiatives like the following:

  - In a partnership with Endesa, Alvinesa installed in 2019 a photovoltaic plant, enabling Alvinesa to have 100% clean energy self-consumption.
  - The installation of two water deposits to serve operations while reducing stress to the grid.
  - Creation of new jobs in Daimiel's rural area due to the investments

This progress was made possible thanks to the reinforcement of the management team with international profiles and strong investments made in the state-of-the-art equipment.

Al these initiatives positioned Alvinesa as a high value asset in the exiting process.

Addressing ESG priorities

Artá Capital, after having identified its ESG priorities in 2020, is working to improve its ESG performance through the monitoring of KPIs. Thanks to this, Artá Capital is able to make decisions based on data such as set goals or implement action plans.

On its way towards the integration of ESG criteria into management, in 2020 Artá Capital carried out an exercise to identify and prioritize the most relevant ESG issues for its activity and its portfolio companies sectors, analysing the whole spectrum of ESG issues.

As a result, 16 ESG issues were flagged as material and classified into three possible dimensions: environment, social and governance. Each one of these issues was linked to, at least, one representative indicator to allow its measuring and monitoring.

This also allows taking decisions based on data such as goal setting or implementation of action plans.

Arta Capital ESG performance at a glance (as of 31 December 2020)

Environmental

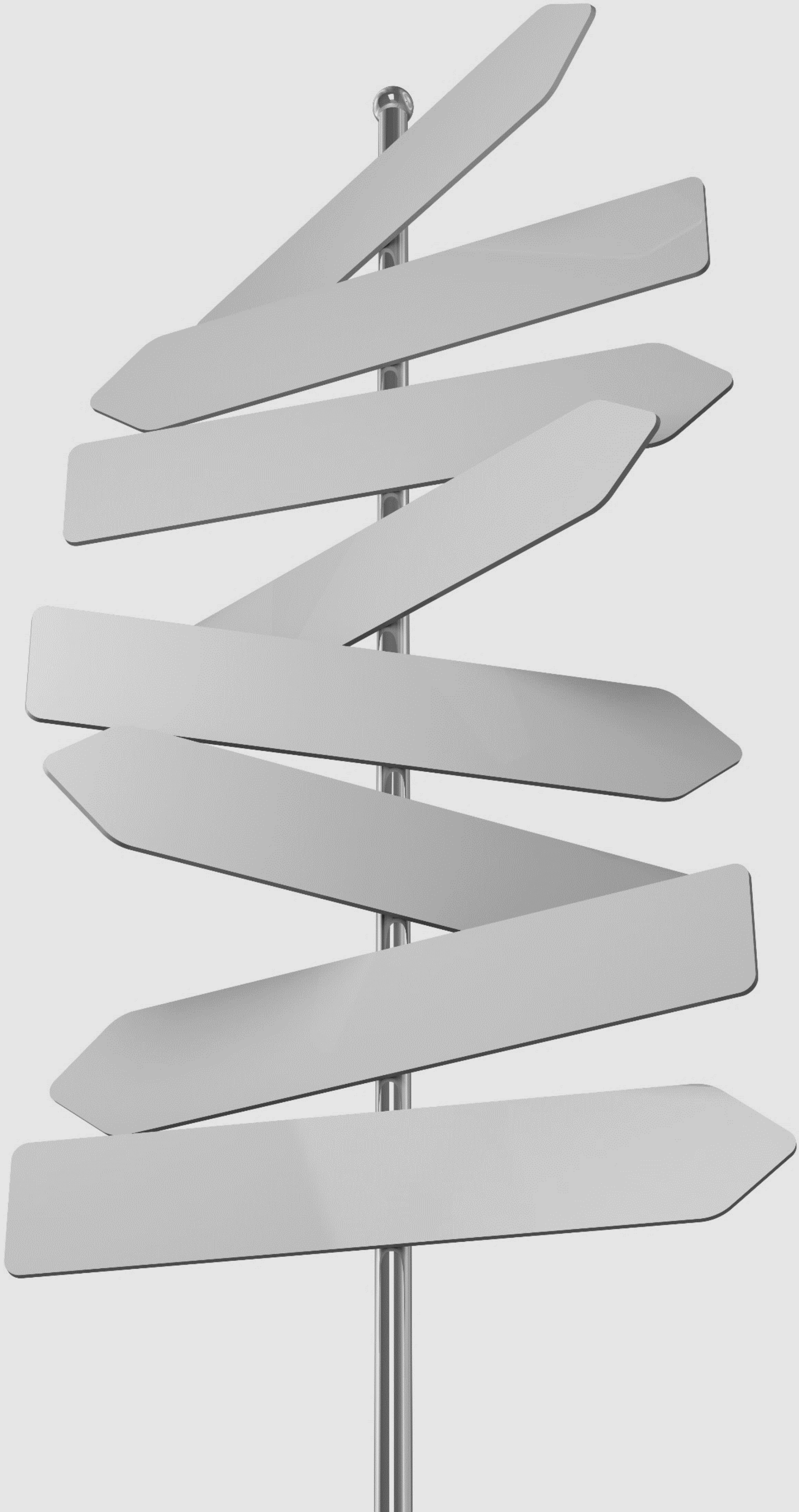
Has a CSR Policy and a RI Policy to frame its environmental approach	✓
Has implemented measures to improve efficiency	✓
Has set environmental targets	✓
Scope 2 emissions (t CO2)	3.6

Social

New hires within the entity:	3
% of permanent contracts within the entity	100%
% of women in the entity	17%
Has implemented measures to improve work-life balance	✓

Governance

Has independent Directors in its Board	X
Has a Code of Conduct	✓
Hours of training in ethics and compliance	15
Cases of corruption	0



3

Evaluating Fund II ESG Performance

Addressing our ESG priorities & Laying the foundations for the ESG integration

Artá Capital and its portfolio companies are advancing towards an active integration and management of the main ESG issues to be considered within their activities. This second year has reflected a significant improvement in data quality and collection, which is key to monitor and measure ESG impacts.

Portfolio companies ESG performance at a glance (as of 31 December 2020)

5 out of 6 portfolio companies	have an Environmental Policy (vs 5/6 in 2019)
100% of the portfolio companies	have implemented measures to improve efficiency (vs 100% in 2019)
100% of the portfolio companies	have set environmental targets (vs 5/6 in 2019)
4,428 t CO_2 (Scope 1+2)	carbon footprint of the portfolio[2] (-7% vs 2019)

812	new hires within the portfolio [2] (-11% vs 2019)
87%	permanent contracts within the portfolio (vs 86% in 2019)
42%	of women in the portfolio (vs 45% in 2019)
100% of the portfolio companies	have implemented measures to improve work-life balance (vs 100% in 2019)
95%	of local suppliers (vs 71% in 2019)

0 out of 6 portfolio companies	have independent Directors (vs 0/6 in 2019)
100% of the portfolio companies	have a Code of conduct (vs 100% in 2019)
3 out of 6 portfolio companies	have provided training in ethics and compliance (vs 3/6 in 2019)
2 cases[1]	of corruption (vs 0 in 2019)
100% of the portfolio companies	have their main ESG risks identified (vs 5/6 in 2019)

ES Topic & level of maturity	Diagnosis
Environmental compliance Environmental protection Climate change	Portfolio companies address their commitment to the environment through compliance with their environmental obligations. However, there is room for improvement when setting ambitious environmental targets, implementing environmental protection measures and identifying environmental risks, especially those related to climate change
Diversity and equal opportunities Health and safety in the workplace Engagement with local communities	The implementation of tools to ensure equality, reduce the gender pay gap, manage H&S issues and reduce workplace accidents are the key aspects to work on regarding social issues. On the other hand portfolio companies actively engage with local communities, which was reinforced especially during the pandemic.
Ethics and integrity Sustainable supply chain Product responsibility	Portfolio companies need to keep working on building a more robust ethics management framework and increase awareness among the staff, as well as work with the supply chain to integrate sustainability. Product certification is one of the strengths of portfolio companies.

Artá Capital has assessed its portfolio maturity level for 3 priority topics in each ESG aspect.

This exercise allows Artá Capital to understand the current ESG performance of its companies, focus their efforts where they are really needed and support its portfolio companies to develop the necessary tools to address the gaps.

Level of maturity

Optimized

Defined

Initial

[1] from pre-existing cases in a newly acquired subsidiary in one of the portfolio companies
[2] considering the stake of Artá Capital in each portfolio company

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).

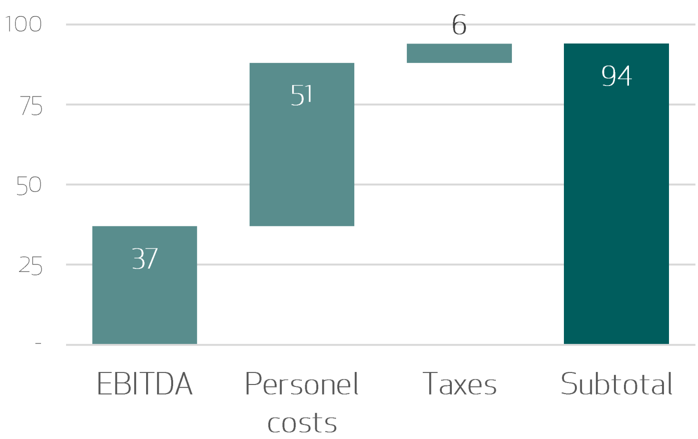
GAV represents the difference between the value of the goods and services sold by a company (volume of business) and those used as intermediate consumption in its production process.

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 €94m[1] (as of 31 December 2020), which means +2.2% vs 2019.

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



[1] considering the stake of Artá Capital in each portfolio company

Working to protect the environment

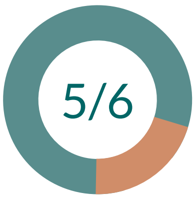
On the basis of the environmental compliance, portfolio companies are working to address the environmental impacts caused by their activities through the monitoring of their performance on water and energy consumption, GHG emissions, material consumption and waste generation as well as developing the necessary tools for their management.

Environmental impact management and goal setting

Portfolio companies begin to address their environmental commitment from the strict fulfilment of the applicable legislation in their sectors. On this basis, portfolio companies are working to minimize the negative effects that they could eventually cause on the environment and enhance the positive ones.

This spirit of continuous improvement is materialized through the implementation of environmental management systems (EMS), which allow portfolio companies to monitor and manage their potential negative effects

As part of this spirit of continuous improvement, portfolio companies monitor their main environmental impacts: water and energy consumption, greenhouse gas emissions, material consumption and waste generation.



Portfolio companies have an environmental policy

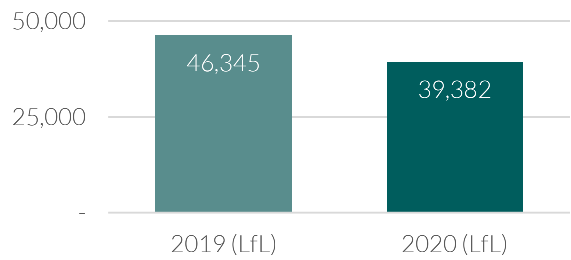
Portfolio companies have set environmental targets

Portfolio companies have implemented efficiency measures

Water consumption

Portfolio companies are not highly water-intensive in general terms. Water consumption is mainly linked to cooling and cleaning purposes within the manufacturing processes (in companies with industrial activities) and domestic uses (in all companies) and 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 portfolio companies rose up to 46,854 m3 in 2020[1], what means a water intensity of 112 m3/M€ GAV[1] and a reduction of 15% vs. 2019 (when considering LFL portfolio companies). This reduction is partially linked to the pandemic effect.

Regarding wastewater management, those companies with processes 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.

Energy consumption and GHG emissions

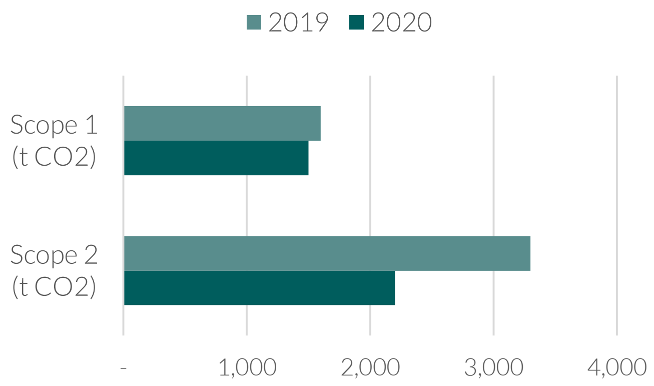
Energy consumption within portfolio companies consists of electricity and fuel consumption (natural gas, gasoline, diesel and LPG). Depending on the sector of the company, energy is exclusively used for domestic purposes (lighting and heating) or for manufacturing activities like cooling and food preservation,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

Energy consumption in 2020[1] in absolute terms rose up to 27,374 MWh, which means an intensity of 65 MWh/M€ GAV[1] and a reduction of 8.6% in like for like portfolio's energy consumption vs. 2019.

	2019	2020
Fuel consumption LfL (MWh)	8,832	8,084
Electricity consumption LfL (MWh)	17,885	16,171

It must be pointed out that this reduction has been partially affected by the impact of the COVID-19 which has forced a reduction in the activities of the portfolio companies, and therefore in the energy consumption.

The carbon footprint resulting from this consumption of fuel (Scope 1) and electricity (Scope 2) amounted to 4,428 tCO_2eq in 2020[1], which means 10.6 tCO_2eq/M€ GAV[1] in unitary terms and a reduction of 23% tCO_2 in like for like portfolio vs. 2019. Together with the impact of COVID-19, a decrease of the emission factor in the electricity mix in Spain has contributed to this reduction.



The portfolio companies are implementing measures in order to reduce their energy consumption and carbon footprint such as:

- Electric mobility
- Energy audits
- Installation of LED technology
- Substitution of conventional fuels for LPG or LNG
- Replacement of equipment with efficiency improvement purposes
- Improving insulation of thermal energy distribution networks
- Vehicle routing optimization

FDB: Towards electric mobility

One of Food Delivery Brand's (FDB) environmental commitments is the promotion of sustainable mobility in its activity. The company is developing a project to gradually implement a hybrid and electric delivery fleet to reduce its carbon footprint.

Thanks to this project, FDB expects to reduce its carbon footprint in 6.5 kg CO_2/100 km in urban areas, which will significantly reduce the carbon footprint of the company.

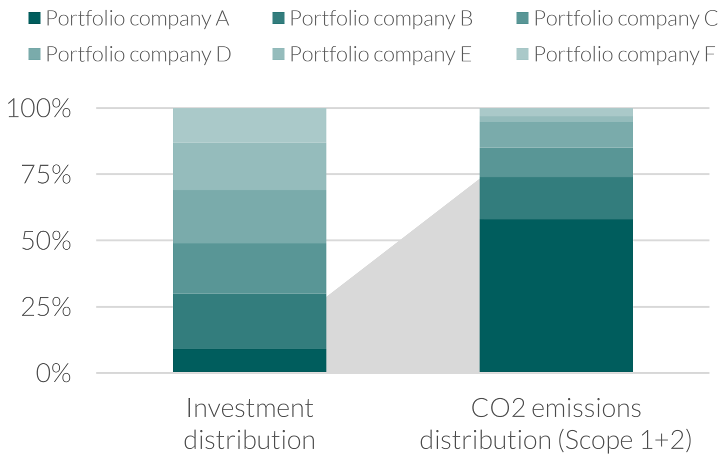
[1] considering the stake of Artá Capital in each portfolio company

Addressing climate change

Climate change is one of the most relevant challenges organizations have to face. Anthropogenic greenhouse gas emissions, mainly generated by the use of fossil fuels, and land use, have accelerated global warming in recent decades with already visible consequences.

At the global level, efforts are aimed at keeping the global temperature increase for the remainder of the century below 2°C compared to pre-industrial levels and with continued efforts to further limit the temperature increase to as close to 1.5°C as possible.

Artá Capital and its portfolio companies have started taking steps towards the integration of climate change according to the TCFD recommendations, as the benchmark initiative to be accountable for climate change integration.



According to this, Artá Capital and its portfolio companies have started by understanding and measuring portfolio's carbon footprint in order to take actions to manage and, lastly, reduce it.

As part of this understanding process, Artá Capital has analysed its exposure to carbon intensive assets. The results, which are shown in the graph below, reflect that the most intensive companies (75% of the CO2 emissions) only represent 31% of the investment.

With this finding, Artá can prioritize its emissions minimization actions on the most intensive companies

Core elements of disclosure

Governance
The organization's Governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate related-risks and opportunities on the organization's business, strategy and financial planning.

Risk management
The processes used by the organization to identify, assess and managed climate-related risks

Metrics and targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Degree of progress:

- Completely addressed
- Partially addressed
- Not addressed

Material consumption and waste generation

Portfolio companies have different needs within their operation activities, since they belong to a wide range of sectors: from services to manufacturing.

This means that material consumption varies from paper and cardboard packaging materials within the food industry to specific industrial equipment like super-capacitors, panels or laminated boards used in the manufacturing process.

However, there is a common commitment in all portfolio companies to reduce material consumption independently of their sector: those with industrial activity have implemented measures mainly oriented to optimize production processes, ones with food industry activities promote circular economy by reusing food waste and those limited to office activity are digitizing their activities in order to reduce paper consumption.

Applying circular economy in the maritime sector

Satlink is developing a plan for the recovery and reuse of disused buoys for scientific purposes, for example, in oceanographic and climate monitoring programs or for tracking the drift of dead cetaceans such as wales.

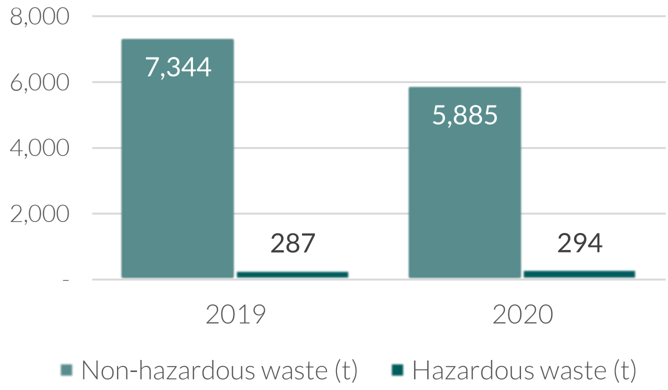
This plan, which will start in 2021, is a clear exercise for promoting circular economy within Satlink activities. The Plan will allow the observation of the atmosphere and the ocean's resilience towards climate variation, understand its causes and evaluate the impact of climate variability, using data gathered from the buoys to support climate research and prediction.

In addition, the Plan will also allow a better understanding of the deaths in the population of cetaceans and take measures in this respect.

Additionally, as a consequence of their activities, portfolio companies also generate both non hazardous and hazardous waste.

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 within the portfolio (mainly scrap, wood and plastics from packaging).

Waste generation in 2020[1] rose up to 6,179 tons in absolute terms (6,088 tons in LFL portfolio, which means a reduction of 20% vs. 2019). From them, 5,885 tons[1] were non-hazardous waste (95% of the total waste generated).



Generally, waste management is outsourced to third parties who are responsible for subsequent treatment depending on the type of the waste (burned oil, bio-waste, scrap, etc.).

As part of their commitment to the environment, portfolio companies are making efforts to reduce waste generation and to adapt their activities to the increasing regulation on waste generation and management.

[1] considering the stake of Artá Capital in each portfolio company

People as the cornerstone

Human capital is key for the success of portfolio companies. They understand the relevance of investing in people through quality employment, talent development, diversity, work-life balance and health and safety in the workplace, as a way to achieve the corporate strategy and goals.

Human capital is a key pillar in the success of portfolio companies, so they understand the relevance of attracting and retaining workforce. To this end, portfolio companies are working towards 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 portfolio is composed by 1,962 employees[1] divided into the following categories:

	2020[1]
Directors	29
Middle management	715
Technical and administrative staff	1,218
Total	**1,962**

In 2020 and due to COVID-19, some portfolio companies were forced to apply temporary staff lay-offs (ERTE), which they complemented to help employees maintain, to some extent, their base salary.

Despite the pandemic, portfolio companies have managed to create new employment, by hiring 812 new employees[1]. These new employments are aligned with the philosophy of creating quality and stable employment. In this sense, the permanent contract rate[1] within Fund II portfolio, 87%, keeps above the sectoral average (76%) [2].

Thanks to these efforts, portfolio companies have achieved a working environment capable of both attracting and retaining talent, having a leave rate of 48%, from which 20% where dismissals. This leave rate, which may seem high, is influenced by the portfolio companies dedicated to food delivery, where the rotation of employees is typically well above average. In this line, the hiring rate in 2020 was 41%.

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 national average and aligned with the average of their sectors of activity.

13.3k€	Spanish minimum salary[3]
24.3k€	Portfolio companies average salary[8]
24.4k€	Portfolio companies sectors of activity[4]

Promoting talent development

Portfolio companies consider development as another powerful tool to reinforce talent retention. To this end, all Artá Capital Fund II portfolio companies provide training to their employees. In 2020, they provided a total of 39,952 hours[1] (x3.9 vs. 2019). This results in a rate of 20 hours per employee, which is above the European average (11 h/employee) [5].

In 2020, training has increased as a result of the pandemic, with a focus on occupational risk prevention but with other topics such as skill development, project management or food quality and safety, among others.

Fostering diversity

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

As a result, the portfolio is formed by 42% of women, which is higher than the percentage of women in their sectors activity[2].

42%	women in workforce
36%	female hiring rate
21%	of women in management positions

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 (5 out of 6) have implemented or are in process of implementing an equality plan .

Developing Nuadi's first Equality Plan

Nuadi has started to develop its first Equality Plan, complying with the regulations and advancing in its commitment to diversity and equal opportunities.

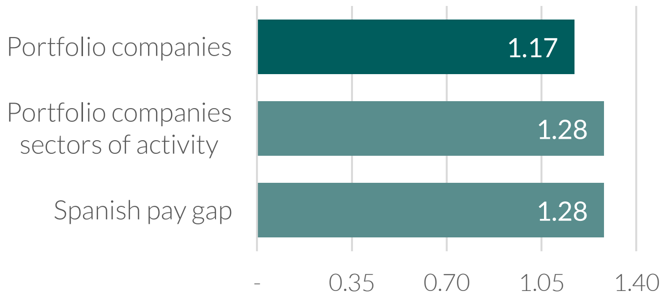
The process is in the diagnosis phase which consists in carrying out a quantitative and qualitative study of the organizational structure and management of human resources of the company to understand the current situation regarding equality between men and women.

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

Women's presence in management positions is equal to 25%. Despite being below the Spanish average (34%), this is above global average (23%)[6].

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

In 2020, the average women salary was €19,483 while in the case of the men it was €22,812. This results in a gender pay gap of 1.17, which is below the national average[4] and the average of all portfolio companies' sectors of activity[2].



As of 31 December 2020, the number of people with disabilities within the workforce of the portfolio companies, sums up to 19[1], that represents 0.97% of the workforce. Companies complement direct hiring with alternative measures.

In addition, portfolio companies have taken measures to guarantee the accessibility to offices and facilities: adapted toilets, elimination of steps or adapted screens.

[1] considering the stake of Artá Capital in each portfolio company
[2] sectoral average calculated as an average of all Fund II portfolio companies' activities from INE, 2020
[3] RD 38/2020 [4] INE, 2017; [5] Eurostat [6] "Women in Business", Grant Thornton, 2019;
[7] Randstad, 2020 [8] Considering only Spain for comparison purposes

Pursuing health and safety in the workplace

All portfolio companies have taken measures to ensure a healthy and safe workplace, aware of the importance of employee safety for the continuity of their activities, what has gained prominence, especially in 2020, due to the pandemic. These measures include, among others, the following:

- Telecommuting
- Creation of a interdisciplinary "COVID Committee" for decision-making and approval of the procedures to follow
- Developing of new communication channels
- Developing of protocols and recommendations to avoid the spread of the virus
- Distribution of individual protection equipment such as masks or gloves.
- COVID-19 tests

To maximize employee health and safety in the workplace, 3 out of 6 portfolio companies operate under a certified occupational risk prevention management system and 4 out of 6 provide training on occupational risk prevention to their employees.

Health and safety performance is generally aligned with sectoral average[2]. The figures in the following table show a high severity rate, but a low frequency rate, which means that few accidents have occurred but with significant impact. In addition, 1 fatality took place in 2020.

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. However, COVID-19 has served as a lever to implement other measures such as telecommuting, what, firstly, contributes to increase flexibility and therefore work-life balance and secondly helps portfolio companies to attract and retain talent.

	2020[1]	Sector range[2]	Spanish average[2]
LTA/employee	0.04	0.021	0.027
Severity rate	2.1	0.11-0.94	0.61
Frequency rate	7.0	3.5 - 34.0	18.8
Absenteeism rate	1.58	NA	5.2[3]

[1] considering the stake of Artá Capital in each portfolio company
[2] Media sectorial calculada como media de todas las actividades de las participadas del Fondo II, según el Ministerio de Trabajo y Economía Social, 2020
[3] Randstad, 2020

Positive impacts throughout the whole value chain

Artá Capital and its portfolio companies understand their capacity to generate positive effects on their value chains. This includes their suppliers, their customers and the communities around them.

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.

In this regard, in 2020 more than 130[1] suppliers have been assessed following ESG criteria by portfolio companies. These assessments include questions about certifications, waste management and product quality, among others.

Monbake's supplier audit plan

Monbake has developed an audit plan for the homologation of suppliers to guarantee food safety in its products. This audits evaluates, among others, the volume of product consumed by Monbake or the certification of the suppliers.

According to these audits, all critical suppliers are certified according to food safety standards.

Focusing on customer satisfaction

Customers are in the centre of all the portfolio companies' strategy. To ensure giving answer to customer expectations, guarantee customer satisfaction and product safety, they have implemented different management mechanisms. Thanks to this, 100% portfolio companies evaluate their products and services on sustainability, quality or safety aspects.

In addition, 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 fulfilment of customer expectations, 4 out 6 portfolio companies evaluate their clients' satisfaction levels.

[1] considering the stake of Artá Capital in each portfolio company

Fostering engagement with local communities

Strengthening relations with communities affected by the portfolio company's activities is an issue that has become specially relevant in 2020 due to the pandemic.

In this regard, the portfolio companies actively engage with local communities, promote local supplies when possible and make direct economic contribution in their surroundings. During 2020:

In addition, in 2020, portfolio companies have played an important role in the fight against COVID-19 through monetary contributions (more than 80,000€) or product donations (for example, more than 50,000 pizzas).

81%	Spending on local suppliers
95%	Local suppliers
98%	Directors from local community

Alvic's commitment to innovation and quality

Alvic allocates 60% of annual profits to investment, in new technologies, process improvement and the development of new products that add value for its customers. These products are characterized by their quality and technological component.

Spreading ESG culture from the top management

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 2020, the percentage of women on Portfolio companies' Boards was 5%.

On the other hand, 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 (74% of the Boards). This percentage is aligned with best practices in corporate governance[1]. Nevertheless, there are no independent Directors in the Boards of the portfolio companies.

Preving's new corporate culture approach

Preving is immersed in a process of evolution of its corporate culture based on three pillars: self-management, fullness and evolutionary purpose with the aim of becoming a "Teal" organization. This working model reinforced people by considering staff and customers as protagonists in the management of the company.

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. Despite this, in one portfolio company there have been two cases of corruption that have been identified thanks to the purchasing management system in place. Both employees are no longer part of the company.

6/6	Portfolio companies have a Code of ethics or conduct
4/6	Portfolio companies have provided training on ethical aspects
6/6	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.

3/6	Portfolio companies have an ESG Policy
4/6	Portfolio companies have at least, one member of the staff responsible for ESG aspects
6/6	Portfolio companies have identified ESG risks or opportunities

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

	2019 approach	2020 Progress
Raising Awareness	Artá Capital is aware of the importance of raising awareness on 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.	Artá Capital keeps raising awareness both internally and through its portfolio by integrating ESG in daily management activities and in conversations with portfolio companies.
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.	For the second year in a row, Artá Capital has collected data from its portfolio companies to monitor their ESG performance.
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.	Artá Capital has elaborated its second ESG report and has made public its ESG policy.
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.	In 2020 Artá Capital has set ESG targets together with its portfolio companies as a way to build the road to ESG performance improvement.

Setting targets to achieve a sustainable growth

As established in 2019, Artá Capital, together with its portfolio companies, has defined environmental, social and governance objectives to advance towards a more sustainable way of performing their activities.

Environmental targets

- ✓ Development of solutions to foster electric mobility.
- ✓ Renewal of environmental certifications.
- ✓ Characterization of the energy consumption activities of the portfolio companies to take further measures for its optimization.
- ✓ Promotion of environmental awareness in the supply chain.
- ✓ Promotion of circular economy initiatives in portfolio companies activities.
- ✓ Contribution to the continuous reduction of carbon footprint.

Social targets

- ✓ Increase the number of people with disabilities in the workforce.
- ✓ Improvement of the employees covered by bargaining agreements.
- ✓ Implementation of measures to attract young talent.
- ✓ Enhance within the workforce the role of wellness
- ✓ Promotion of fair and local supply.

Governance targets

- ✓ Formal integration of ESG risks within the risk management tools.
- ✓ Development of tools for promoting gender diversity and equal opportunities within the workforce
- ✓ Minimization of non compliances with the Code of Conduct.

4

Annexes:
(I) ESG performance data
(II) Definitions and calculations methodology

ESG Performance data

KPI	2020	2019
Existence of an environmental Policy	5/6 portfolio companies	5/6 portfolio companies
Existence of environmental targets	6/6 portfolio companies	5/6 portfolio companies
Measures implemented to improve efficiency	6/6 portfolio companies	6/6 portfolio companies
Energy consumption (MWh)	27,374	27,890
Scope 1 emissions (tons)	1,901	1,739
Scope 2 emissions (tons)	2,527	3,540
Water consumption (m3)	46,854	50,748
Waste generated (tons)	6,179	7,631
Number of employees	1,962	1,537
% of women in the workforce	42%	45%
Permanent contract rate	87%	86%
Average salary of the portfolio companies (€)	24,300	24,392
Leave rate	48%	13%
Hiring rate	41%	17%
Female hiring rate	36%	ND
Hours of training	39,952	21,861
Hours of training per employee	20	7
Women's presence in management positions	21%	32%
Women's average salary (€)	19,483	22,529
Men's average salary (€)	22,812	27,291
Salary pay gap	1.17	1.21
Existence of Equality Plan	5/5 portfolio companies	4/5 portfolio companies
Number of people with disabilities	19	21
Percentage of people with disabilities	0.97%	1.4%
Implementation of work-life balance measures	6/6 portfolio companies	6/6 portfolio companies
Portfolio companies operating under a certified occupational risk prevention management system	3/6 portfolio companies	3/6 portfolio companies

KPI	2020	2019
LTA/employee	0.04	0.02
Severity rate	2.1	0.45
Frequency rate	7.0	18.8
Absenteeism rate	1.58	4.6
Number of fatal accidents	1	0
Suppliers assessed under ESG criteria	130	166
Portfolio companies that evaluate their products or services on sustainability, quality or safety aspects	6/6 portfolio companies	6/6 portfolio companies
Portfolio companies that have certificated products under a sectorial standard	4/6 portfolio companies	4/6 portfolio companies
Portfolio companies that evaluate their clients' satisfaction levels	4/6 portfolio companies	4/6 portfolio companies
Expenditure on local suppliers	81%	65%
Percentage of local suppliers	95%	71%
Directors from local community	88%	ND
Percentage of women on Portfolio companies' Boards	5%	5%
Portfolio companies with independent Directors in their Boards	0/6 portfolio companies	0/6 portfolio companies
Portfolio companies with Code of Conduct	100%	100%
Portfolio companies that provides training on ethical aspects	3/6 portfolio companies	3/6 portfolio companies
Portfolio companies with a Criminal Risks Prevention Model	4/6 portfolio companies	4/6 portfolio companies
Existence of an ESG Policy	3/6 portfolio companies	3/6 portfolio companies
Portfolio companies that have identified ESG risks or opportunities that may affect their activities	6/6 portfolio companies	5/6 portfolio companies
Portfolio companies with at least, one member of the staff responsible for CSR aspects	4/6 portfolio companies	4/6 portfolio companies

Definitions and calculations methodology

KPI	Definition / Calculation methodology
% operations certified under EMS	Percentage of company operations certified under an environmental management system such as ISO 14001. Indicator directly provided by portfolio companies.
Scope 1 Emissions	Direct greenhouse gas emissions from the combustion of fuels in boilers, furnaces, vehicles, etc. owned or controlled by the company.
Scope 2 Emissions	Indirect greenhouse gas emissions associated with the generation of electricity purchased and consumed by the organization.
Efficiency measures	Measures implemented to optimize efficiency or reduce resources consumption (energy, water, materials, etc.).
Recycled or recovered waste (%)	Amount of waste generated, reused or recovered instead of sent to landfill as a percentage of total waste generated.
% employees with permanent contract	Number of employees with permanent contracts as a percentage of total employees at year-end.
Hiring rate	Number of new hires over total headcount at year-end.
Turnover rate	Number of employees leaving the company as a percentage of the total workforce at year-end. Termination of employment means the end of the employee's employment relationship (whether voluntary or involuntary) with the company.
% of involuntary leaves	Number of involuntary termination of employment over the total number of terminations (voluntary and involuntary) at year-end. Involuntary termination of employment include employees who are forced to leave the company due to dismissal, termination of contract, retirement, etc.
% of women in workforce	Number of women over the total workforce at year-end.
% of women in management roles	Number of women in management positions over the total number of employees in management positions at year-end.
Gender pay gap (M/F)	Ratio of average compensation for male to female employees. Average compensation includes fixed and variable salary.

KPI	Definition / Calculation methodology
% of employees with disabilities	Number of employees with disabilities over the total workforce at year-end. Employees with disabilities are considered to be those with a disability of more than 33%.
Frequency rate	Number of occupational accidents with leave per million hours worked by the total workforce. [(No. accidents with leave/total hours worked)*10^6].
Severity rate	Days lost due to occupational accidents with leave per thousand hours worked by the total workforce. [(Days lost/total hours worked)*10^3]
Absenteeism rate	Total hours of absenteeism as a percentage of total hours worked by total workforce. Absenteeism is defined as hours due to non-permitted absences, hours due to occupational accidents, with and without leave, and hours due to absences due to common illness, with and without sick leave. Allowed absences (vacations, study leave, etc.) should be excluded from the calculation.
% of suppliers evaluated under ESG criteria	Number of suppliers evaluated under ESG criteria over the total number of suppliers in the supply chain at year-end.
% of local suppliers	Number of local suppliers over the total number of suppliers in the supply chain at year-end. Local supplier means a supplier in the same country where the purchase/order is placed by the company.

Artá Capital

Grupo March

www.artacapital.com