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| <p>Statement on principal adverse impacts of investment decisions on sustainability factors According to annex 1 from the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 and European Securities and Markets Authority (ESMA) recommendations.</p> |
| <p>Financial market participant PROA CAPITAL DE INVERSIONES SGEIC, S.A. (principal adverse impacts or PAIs report at entity-level).</p> |
| <p>Summary PROA CAPITAL DE INVERSIONES SGEIC, S.A. (ProA Capital) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of ProA Capital, at entity-level.</p> <p>This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023 (compulsory) and 1 January to 31 December 2022 (compulsory).</p> <p>At ProA Capital, we believe that our strategy, processes, and active portfolio management have enabled us to transition from compliance to value creation by leveraging ESG best practices for sustainable growth. ProA Capital not only integrates sustainability risks into its investment decisions but also considers the PAIs on the sustainability factors of its investment decisions.</p> <p>ProA Capital acts as a responsible investor, integrating sustainability risks and analysing principal adverse impacts on sustainability factors in each investment process stage.</p> |

Description of the principal adverse impacts on sustainability factors

| Indicators applicable to investments in investee companies | | | | | | | |
|--|--------|-----------------------|---------------------------|---------------|-------------|---|---|
| Adverse sustainability indicator | Metric | Impact 2023 | Impact 2022 (at PE-level) | Variation (%) | Explanation | Actions taken, and actions planned and targets set for the next reference period | |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | | |
| Greenhouse gas emissions | 1 | Scope 1 GHG emissions | 215,367.0 | 183,397.4 | 17.4% | <p>It is often finding mid-market companies having a conservative approach towards measurement, analysis, and implementation of mitigation measures in terms of reduction targets and robust climate change strategies. Moreover, in some cases, no carbon footprint is calculated. In this context, ProA Capital entrance in the portfolio companies represent, in many cases, a significant change to get them to ProA Capital standards and sustainability commitment.</p> <p>ProA Capital is currently focused on structuring and formalizing a strategic plan that prioritizes climate change and emission reductions as one of its six key Sustainability pillars, for ProA Capital. The aim is to encourage all companies to develop more defined climate change strategies and establish solid reduction targets over time.</p> <p>Scope of reported data: - Fund II: All companies reported the indicator. - Fund III: Two investments did not report the indicator.</p> <p>As indicated at the end in the limitations, the data collection methodology for the years 2022 and 2023, in some companies, has not been consistent or incorporates new tools for its calculation. These constant improvements may have an impact in the comparability of the indicator versus prior periods.</p> <p>It should be considered that the reported indicator includes new investments, which may had as well an impact in the comparability of the indicator and the rest of reported indicators, as detailed at the end in the limitations section.</p> | <p>ProA Capital remains committed to prioritizing emission reduction and energy efficiency measures as one of its core objectives. Since 2021, ProA Capital asks to have a carbon footprint calculation to all portfolio companies as the way to take data-driven decisions when reducing the carbon footprint. Looking forward, in 2024, ProA Capital will define within the companies decarbonization plans, leveraging in IA-driven tools and ESG-experienced consultants, to keep reducing the carbon footprint of ProA Capital companies.</p> <p>Building upon the progress achieved so far, ProA Capital aims to further strengthen its efforts in these areas. By implementing sustainable practices and investing in energy-efficient technologies, ProA Capital seeks to continually reduce carbon footprint within its portfolio and promote more sustainable business models.</p> <p>As more companies calculate the carbon footprint the total PAI indicator for ProA Capital activity is being increased though offset by scope 1 energy-efficient investments promoted by ProA Capital in some companies, such as efficiency improvements in facilities that consume gas or refrigerant gases, transitioning to an electric or hybrid fleet, switching to biomass boilers, among others. Also, peaks in business performance of some companies may affect to the indicator reporting.</p> |
| | | Scope 2 GHG emissions | 5,321.0 | 5,587.5 | -4.8% | <p>ProA Capital is actively working towards increasing the consumption of renewable energy. Initiatives such as the installation of photovoltaic panels and engaging external suppliers with a renewable origin guarantee are being pursued to support this objective.</p> <p>Scope of reported data: - Fund II: All companies reported the indicator. - Fund III: Two investments did not report the indicator.</p> | <p>The strategies implemented by ProA Capital have successfully contributed to the reduction of emissions, as reflected in the comprehensive analysis, measurement, and subsequent mitigation measures. By prioritizing renewable energy consumption, ProA Capital aligns its operations with sustainable practices and contributes to the transition to a greener and more environmentally friendly energy mix.</p> <p>After years of effort, it is important to highlight that almost all companies generate photovoltaic energy for their self-consumption, and many others have zero scope 2 emissions since they consume 100% renewable energy.</p> <p>This figure is expected to decrease in the following years, both due to the consumption of renewable energy and energy efficiency measures promoted by ProA Capital. It is ProA Capital intention to have 100% renewable energy consumption in all companies, in the following periods.</p> |
| | | Scope 3 GHG emissions | 130,921.7 | 165,164.0 | -20.7% | <p>Efforts are currently underway to calculate Scope 3 emissions, and it should be noted that some companies are still in the process of gathering the necessary data.</p> <p>The calculation of emissions within their value chains may be complex, which explains the initial lack of available data. As the calculations become more comprehensive, it is observed that emissions are increasing, not necessarily due to an actual increase in emissions, but rather due to a more accurate and comprehensive assessment of emissions across the value chain. Thus, the aim of ProA Capital, is to understand negative impacts throughout the value chain of its portfolio, working together with the suppliers focusing on a responsible approach.</p> <p>Scope of reported data: - Fund II: One investment did not report the indicator. - Fund III: Four investments did not report the indicator.</p> | <p>By implementing sustainable practices and adopting innovative technologies, ProA Capital companies are actively contributing to the global effort to combat climate change and create a more sustainable future. This commitment reflects ProA Capital's dedication to environmental responsibility and its ongoing commitment to contribute to the global transition towards a low-carbon economy.</p> <p>As part of their commitment to sustainability, ProA Capital and its companies are actively involving their suppliers in their climate change strategies and initiatives. Efforts are being made to collaborate with suppliers to promote greater awareness and understanding of climate-related risks and opportunities.</p> <p>Assessment of material categories and methodologies.</p> <p>In the following years, it is ProA Capital intention to design and implement a decarbonization plans for as much companies as possible, to be followed by reduction measures.</p> |
| | | Total GHG emissions | 351,609.6 | 354,149.0 | -0.7% | <p>Though the total greenhouse gas emissions of several ProA Capital companies reflect the proactive measures that ProA Capital has been promoting across the companies, and value chains, which have led to a significant reduction in emissions, it should be considered that the overall indicator may get increased by the new investments, and the increasing ESG maturity of the portfolio, that includes reporting scope 3 GHG emissions for the first time.</p> <p>Scope of reported data: we refer to prior GHG emissions comments.</p> | <p>ProA Capital recognizes the importance of addressing associated climate risks, such as physical, regulatory, and transition risks, in a more detailed manner.</p> <p>Following the guidelines of the international Task Force on Climate-related Financial Disclosures (TCFD) standard, and through the decarbonization plans to be defined in the following periods, ProA Capital aims to enhance its understanding of these risks and develop appropriate strategies to manage them effectively.</p> |

| Adverse sustainability indicator | | Indicators applicable to investments in investee companies | | | | | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|---|--|-------------|---------------------------|---------------|--|---|
| | | Metric | Impact 2023 | Impact 2022 (at PE-level) | Variation (%) | Explanation | |
| Greenhouse gas emissions | 2 | Carbon footprint | 344.9 | 355.4 | -3.0% | Starting in 2020, ProA Capital initiated a concerted effort among its portfolio companies to conduct an in-depth analysis of their primary activities and emission sources. This analysis, facilitated by an external company, aimed to provide a comprehensive understanding of each company's emissions profile, enabling the formulation of a robust, long-term emissions reduction plan based on the obtained results. ProA Capital's approach has always been rooted in a sequential process of measurement, analysis, implementation of reduction measures, and continuous improvement over time. Scope of reported data: we refer to prior GHG emissions comments. | ProA Capital recognizes the importance of addressing associated climate risks, such as physical, regulatory, and transition risks, in a more detailed manner. Following the guidelines of the international Task Force on Climate-related Financial Disclosures (TCFD) standard, and through the decarbonization plans to be defined in the following periods, ProA Capital aims to enhance its understanding of these risks and develop appropriate strategies to manage them effectively. |
| | 3 | GHG intensity of investee companies | 289.1 | 276.8 | 4.4% | Emissions intensity ratio indicates the emissions-efficiency for the production processes of the companies. Business growth and ESG maturity are key levers of this indicator. The reduction in emissions intensity is of great significance to ProA Capital, as it aligns with their core business values of enhancing community wealth, improving efficiency, and fostering job creation in the localities where they operate. Scope of reported data: we refer to prior GHG emissions comments. | By prioritizing emissions efficiency, ProA Capital companies are actively working towards minimizing their environmental impact while simultaneously driving economic growth and prosperity in the communities they serve. ProA Capital's priority is to continue to reduce greenhouse gas emissions while improving production efficiency in the areas where it operates. |
| | 4 | Share of investments in companies active in the fossil fuel sector | 7.0% | 6.9% | 1.6% | Currently, only one company is active in the fossil fuel sector. For the fossil fuel-related companies, efforts are being made to promote best practices that facilitate the sector's transition towards a more sustainable energy model. Scope of reported data: - Fund II: One investment is considered to have exposure to the fossil fuel sector. - Fund III: One investment did not report the indicator. | Promoting best practices that facilitate the sector's transition towards a more sustainable energy model, includes initiatives aimed at reducing environmental impact, adopting cleaner technologies, and exploring renewable energy alternatives. For the company operating in the fossil fuel sector, ProA Capital promoted an internal discussion in the company, to analyze the strategic steps to continue creating value for stakeholders while reducing pollutant emissions from activities. |
| | 5 | Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | 84.7% | 82.9% | 2.2% | In 2021, as part of ProA Capital's initiatives, one of ProA Capital's investees has conducted an energy efficiency assessment across the portfolio. It is an example of the framework of ProA Capital: first measure, then assess to later implement measures as the promotion of renewable energy sources among its companies. This commitment is evident in the positive evolution of the energy efficiency indicator. Furthermore, ProA Capital is actively encouraging the engagement of energy suppliers that provide a certified guarantee of renewable origin. | Thanks to portfolio companies efforts and ProA Capital ESG stewardship, almost all companies generate photovoltaic energy for their self-consumption, and many others consume 100% renewable energy. |
| | | Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | 8.9% | 9.6% | -7.8% | Scope of reported data: - Fund II: Two investments did not report the production-related indicator. - Fund III: Two investments did report the production-related indicator. | ProA Capital proactively promotes energy efficiency measures through the portfolio, including the adoption of hybrid cars and the installation of solar panels in the remaining companies. These actions align with ProA Capital commitment to promote energy efficiency and sustainability across its portfolio of companies. During 2023 and 2024, many companies underwent an energy audit, as part of ProA Capital ESG commitment. Derived from these audits, many measures have been implemented during 2023 and will lead the main energy efficiency-related actions to be taken during 2024. |
| | 6 | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector | 0.1 | 0.73 | -80.1% | From the beginning of the investment cycle, ProA Capital is actively promoting specific strategies and plans to reduce consumption and improve energy efficiency, contributing to a positive trend in the indicator for the next years. This indicator is relatively affected by the new investments, which may have room for improvement in terms of energy consumption intensity. Scope of reported data: - Fund II: All companies participate in high impact climate sectors. None of the companies reported the revenues by each sector. - Fund III: All companies participate in high impact climate sectors. None of the companies reported the revenues by each sector. | The implementation of energy efficiency plans is being encouraged by ProA Capital through the portfolio. This includes conducting a preliminary energy efficiency analysis and implementing specific measures aiming to reduce energy consumption and improving energy efficiency in the companies. In many cases, a coherence between the actions taken and the suggested measures in the energy audits, has been promoted. |
| Biodiversity | 7 | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | 16.1% | 0.0% | - | ProA Capital recognizes the significance of biodiversity conservation for its stakeholders, including investors. As part of this commitment, a comprehensive analysis has been conducted to assess the potential direct impact of its portfolio companies on biodiversity-sensitive areas. Scope of reported data: - Fund II: Only one investment is considered to potentially affect negatively biodiversity-sensitivity areas. - Fund III: Four investments did report the indicator. Only one investment is considered to potentially affect negatively biodiversity-sensitivity areas. | The asset manager acknowledges the importance of biodiversity protection and intends to prioritize corresponding initiatives in the future. |
| Water | 8 | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | 0.2 | 2.1 | -90.2% | ProA Capital is aware of the risk of water stress. Therefore, within the strategic plans, the asset manager pursued the investees located in areas at greater risk of water stress have prioritized measures to address this challenge. The investees have recognized the importance of incorporating more efficient water management practices as a fundamental pillar of their sustainability strategy. These companies are taking proactive steps to reduce their water consumption, optimize water usage in their operations, and implement innovative solutions to minimize water waste. Scope of reported data: - Fund II: Only one investment generates material emissions to water, considering SFDR Regulatory Technical Standards definition. - Fund III: Only one investment generates material emissions to water, considering SFDR Regulatory Technical Standards definition. Two investments did not report the data. | Though no relevant emissions to water is identified among the portfolio companies activities, the company mostly affected by water emissions is guided to implement solutions such as reverse osmosis or closed-loop water cycles, and improving water purification processes and facilities. Relatively related, the companies most affected by water stress are taking water efficiency measures for their production processes. Specifically, investing in technologies and infrastructure that enable better water conservation and recycling, as well as exploring alternative water sources where feasible. |
| Waste | 9 | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average | 1.0 | 2.3 | -58.0% | As part of ProA Capital's strategy, priority will be given to addressing circular economy and improving waste management. The deployment of the companies' strategic plans include both for hazardous and non-hazardous waste, while extending the lifespan of products in production processes. Scope of reported data: - Fund II: All companies generated hazardous waste and radioactive waste. - Fund III: Three investments generated hazardous waste and radioactive waste. One investment did not report the data. | ProA Capital portfolio companies are low-intensive in generating hazardous waste. However, ProA Capital promotes ESG strategy plans among the companies to address the following key pillars: - Improving waste management, with actions such as better recycling; - Reducing waste generation, like increasing resource use efficiency; and - Implementing circular economy solutions, which is a strategic topic to focus on the following periods for ProA Capital. As part of 2023 actions, companies' ESG strategy plans prioritized a more specific study of waste, with proper measurement and segregation, focusing on the product lifespan and waste reduction, minimizing losses, exploring by-products, reducing hazardous waste, implementing waste minimization plans, and promoting circular economy and product lifespan. This aligns with one of the main themes of ProA Capital, which is sustainable business. For 2024, a continuation plan will be followed by most of the companies. |

| Indicators applicable to investments in investee companies | | | | | | | |
|---|--------|--|---------------------------|---------------|-------------|--|--|
| Adverse sustainability indicator | Metric | Impact 2023 | Impact 2022 (at PE-level) | Variation (%) | Explanation | Actions taken, and actions planned and targets set for the next reference period | |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | | |
| Social and employee matters | 10 | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 0.0% | 0.0% | - | <p>Currently, there have been no reported violations of the principles by any of the ProA Capital companies, since 2021. Furthermore, no complaints or reports regarding violations of the principles have been received by any of the companies during these past years. However, a comprehensive analysis of the impact of the value chain on the principles will be conducted to ensure a more holistic understanding of their implementation by the companies involved.</p> <p>Scope of reported data: - Fund II: Any company have been involved in the requested indicator. - Fund III: Any company have been involved in the requested indicator, considering Avioparts did not report the indicator.</p> | <p>Through the supervision exercised by ProA Capital and the professionalization of the companies' Management, the risk of these issues occurring is also reduced.</p> <p>ProA Capital will actively encourage companies to become signatories of international organizations, reaffirming their initial commitment to the principles. This will serve as a visible and public demonstration of their dedication to upholding these principles on a global scale.</p> |
| | 11 | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 13.8% | 2.8% | 394.1% | <p>A code of conduct or code of ethics has been implemented across all ProA Capital companies, setting forth the commitment to uphold and adhere to certain principles. Compliance with these principles has been thoroughly assessed for each company, and comprehensive control measures will be implemented and reviewed through action plans.</p> <p>Scope of reported data: - Fund II: All the companies do have policies to monitor compliance, as per the indicator. - Fund III: Three investments do not have policies to monitor compliance, as per the indicator.</p> | <p>The aim is to ensure ongoing adherence to the code of conduct and to continuously strengthen the culture of ethical behaviour within the organizations, following the principles of international entities at all times. Companies are working on their responsible supplier code of conduct which is best practice mechanism to monitor compliance with UN Global Compact.</p> <p>2023 reporting increase is due to the incorporation of new companies to the portfolio, with room for improvement in this indicator. ProA Capital aims to work actively with those companies to reach portfolio standard.</p> |
| | 12 | Average unadjusted gender pay gap of investee companies | 5.8% | 5.3% | 8.5% | <p>ProA Capital companies have been dedicated to fostering equality and inclusion for several years. The companies have taken proactive steps to ensure equal pay and reduce the gender pay gap, consistently going beyond the requirements set by Spanish regulations. ProA Capital has played a pivotal role in developing and implementing equality plans, putting in place a range of measures to promote fairness and inclusivity.</p> <p>Variation in the parameter combines ProA Capital promoted actions in the companies with the incorporation of new investments to the portfolio, in some cases, with historical gender pay gaps.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: Two investment did not report the indicator.</p> | <p>Gender pay gaps are due to historical issues, that are being faced and amended as much as possible with the companies. This parameter is not a concern when hiring in the companies. Moreover, many companies do have an equality plan and salary audit in place.</p> <p>Commented equality measures are currently being implemented, reflecting ProA Capital's steadfast commitment to creating a workplace where all employees are treated equitably and have equal opportunities for growth and success.</p> |
| | 13 | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | 14.5% | 13.6% | 6.3% | <p>At ProA Capital, promoting equality within the company is of utmost importance. This commitment extends beyond the workforce and encompasses the management and Board of Directors as well. ProA Capital is dedicated to fostering a culture that embraces equality and diversity. ProA Capital aims to create an inclusive environment that upholds the values of equality and diversity throughout all levels of the organization.</p> <p>New companies in the portfolio, with room for improvement in this indicator, may affect the comparability of the PAI versus previous years.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: All the companies did report the indicator.</p> | <p>In order to comply with new regulations, such as the Directive on Gender Balance on Boards of Directors, efforts are being made and will continue to be made to enhance gender diversity and inclusion on the Boards of Directors of ProA Capital companies. Specifically, measures taken so far will add new actions to incorporate more women and promote overall diversity within these leadership positions. This commitment reflects ProA Capital's dedication to fostering an inclusive and representative corporate governance structure.</p> |
| | 14 | Share of investments in investee companies involved in the manufacture or selling of controversial weapons | 0.0% | 0.0% | - | <p>Exclusion of controversial weapons-related activities is part of ProA Capital responsible investment strategy, so portfolio companies are not exposed to controversial weapons.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: All the companies did report the indicator.</p> | <p>At the beginning of the investment cycle, ProA Capital ensure to exclude controversial weapons-related companies, in the screening process.</p> <p>Investments held by ProA Capital are not currently involved with controversial weapons, and it is not anticipated that this will change in the upcoming reporting periods.</p> |

| Indicators applicable to investments in investee companies | | | | | | |
|---|--------------|--|---------------------------|---------------|-------------|--|
| Adverse sustainability indicator | Metric | Impact 2023 | Impact 2022 (at PE-level) | Variation (%) | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS | | | | | | |
| Greenhouse gas emissions | Table II 4 | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 32.3% | 29.1% | 10.9% | <p>ProA Capital's portfolio companies, in alignment with their climate change strategies, are actively implementing emission reduction strategies and plans. Upon ProA Capital's investment in a company, the process of structuring and formalizing more robust initiatives and plans for emissions reduction begins promptly. Aligned with and committed to the objectives of the Paris Agreement, ProA Capital Capital and its companies prioritize emissions reduction strategies and promote resilience in mitigating climate change risks.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: All the companies did report the indicator.</p> <p>The companies under ProA Capital Capital's purview have historically taken a more conservative approach towards measurement, analysis, and implementation of mitigation measures, lacking clear ambitions in terms of reduction targets and robust climate change strategies. Recognizing this, ProA Capital Capital is currently focused on structuring and formalizing a strategic plan that prioritizes climate change and emission reductions as a key pillar. The aim is to encourage all companies to develop more defined climate change strategies and establish solid reduction targets over time.</p> <p>Now that most of the companies estimate their relatives carbon footprints, ProA Capital is promoting actions to reduce emissions, also in their relatives value chains.</p> |
| Social and employee matters | Table III 1 | Share of investments in investee companies without a workplace accident prevention policy | 0.0% | 0.0% | - | <p>Currently, companies have implemented robust processes to ensure the safety and health of their employees. Companies have implemented comprehensive policies and plans for preventing occupational accidents, accompanied by thorough occupational risk assessments. These assessments help identifying potential hazards and establish appropriate prevention and mitigation measures to ensure the safety and well-being of employees.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: All the companies did report the indicator.</p> <p>ProA Capital is actively promoting the reduction of occupational accidents within its companies, placing a high priority on employee safety and health in their strategic plans. ProA Capital closely monitor accident rates in the companies and aim to cultivate a culture of zero accidents in the near future.</p> |
| Anti-corruption and anti-bribery | Table III 15 | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption | 20.2% | 0.0% | - | <p>ProA Capital aims to ensure that all policies are beyond all legal requirements in terms of anti-corruption and anti-bribery. Almost all companies have policies in place to guarantee compliance.</p> <p>Scope of reported data: - Fund II: All the companies did report the indicator. - Fund III: All the companies did report the indicator.</p> <p>ProA Capital reached an agreement with a boutique specialized on governance to identify gaps and opportunities, states an action plan and conduct annual checks to ensure that the company keeps its framework and practices up to date.</p> <p>For the following period, ProA Capital 'must have' for the companies include developing the mentioned policies for the remaining companies. ProA Capital will closely monitor and stewardship the development of the policies.</p> |

Description of policies to identify and prioritise principal adverse impacts on sustainability factors
 ProA Capital acts as a responsible investor, integrating sustainability risks and analysing principal adverse impacts on sustainability factors in each investment process stage. In line with its Responsible Investment Policy, which was updated in May 2023, ProA Capital incorporates sustainability risks and analyzes major adverse sustainability impacts when making investment decisions. ProA Capital goes beyond considering sustainability risks and also takes into account the principal adverse impacts (PAIs) on sustainability factors when evaluating investment options. This proactive approach of promoting environmental and social characteristics within its funds has resulted in Fund V being classified as an Article 8 fund under the EU Sustainable Finance Disclosure Regulation (SFDR).
 In terms of measurement, transparency and communication, ProA Capital periodically provides investors with an ESG Report detailing the progress made on Principal Adverse Impacts on Sustainability factors. Furthermore, ProA Capital annually collects its key sustainability indicators, which were chosen in 2021 based on criteria such as financial materiality, ESG trends, investor demands, and applicable regulations, among others. These indicators are gathered on a yearly basis, with a particular focus on monthly reporting of priority ESG indicators. ProA Capital has already reported sustainability indicators, and as part of the same reporting process, it has included the principal adverse impacts (PIAs) that were previously not being captured by the companies in their own reporting procedures.

Engagement policies
 Our conviction is that ESG is a lever for value creation, our objective is to maximize value at the exit, responding to the needs and expectations of our stakeholders and we want to have a positive impact on the locations and communities where we invest (Spain and Italy). To achieve this, ProA Capital Capital has embedded an Ownership Policy, which includes 6 strategic themes to be followed by the investees at the ESG level, with the objective of encouraging investees to enhance ESG risk management and cultivate sustainable business practices through active engagement. ProA Capital highlights the responsibility of investee companies' corporate governance bodies to execute the ESG Action Plan and oversee principal adverse impacts. The plan is devised by the team, aided by external experts, relying on internal and external analyses, including the 100-day strategic plan and ProA Capital's ESG strategy. The ESG Action Plan ProA Capital is regularly monitored by the Board. The ESG and Investment Team provides quarterly reports to the Board of Directors. ESG performance and sustainability results are assessed using an exclusive ESG scoring system, considering pertinent KPIs. The ESG Team continually enhances its processes, integrating insights and industry best practices from the portfolio.

References to international standards
 ProA Capital ensures compliance and enforcement of codes and standards through various mechanisms. Firstly, it has established a Responsible Investment Policy that outlines its commitment to responsible practices. Secondly, it implements robust due diligence processes to identify and assess both actual and potential negative impacts associated with its investments. To address these impacts, ProA Capital develops action plans aimed at stopping, preventing, and mitigating such negative effects. These plans are regularly monitored and reviewed by the ESG Committee. Furthermore, the company prepares periodic information reports that detail how these impacts are being addressed. These reports are prepared in accordance with the relevant Disclosure Regulations to ensure transparency and accountability.
 ProA Capital and all its companies adhere to codes of responsible business conduct and comply with internationally recognized standards and norms for due diligence and disclosure. These include the UN Global Compact principles, the OECD Guidelines for Multinational Companies, the UNPRI Principles for Responsible Investment, or the Task Force on Climate related Financial Disclosures (TCFD). Portfolio companies must adhere to the values and principles outlined in the international frameworks that ProA Capital is committed to operating within. Aligned with and committed to the objectives of the Paris Agreement, ProA Capital and its companies prioritize emissions reduction strategies and promote resilience in mitigating climate change risks. They recognize the importance of the TCFD climate risk disclosure standard and integrate it into their reporting practices. By doing so, they aim to strengthen their companies' emission reduction plans, enhance their capacity to adapt to and mitigate the effects of climate change, and contribute to a more sustainable future. Through these measures, ProA Capital and its companies demonstrate their dedication to responsible and sustainable business practices. They strive to align their strategies with global efforts to combat climate change, ensuring transparency, accountability, and resilience in the face of climate-related challenges. By employing these measures, ProA Capital upholds its commitment to responsible investment and actively works towards minimizing negative impacts while promoting sustainable practices across its portfolio.

Historical comparison
 For this year 2024 (with 2023 reporting data), following ESMA recommendations, PAIs have been calculated at a Management-level (also named "entity-level"), which means all companies that reported information, of all funds, have been considered in the figures reported. Additionally, ProA Capital goes further and as a best practice considered a reporting paper per fund to have a track record per product. This approach enables a comprehensive assessment of both, entity and product levels, allowing for a meaningful comparison of the data, by each approach. By considering the PAIs for multiple years, ProA Capital aims to enhance the reliability and accuracy of its reporting, ensuring a comprehensive understanding of the incidents and their trends over time. For prior year figures, an entity-level proxy calculation has been performed, for illustrative purposes.

Other limitations to consider: (i) The data collection methodology for some indicators, in some companies, has not been consistent or incorporates new tools for its calculation. These constant improvements may have an impact in the comparability of the indicator versus prior periods; (ii) The reported indicators include new investments as per 2023 reporting period, which may have as well an impact in the historical comparison of the indicators.

Notes
 *There is one company in Fund II that derive revenues from the exploration, extraction and distribution of hard coal and lignite, liquid fossil fuels or gaseous fossil fuels.
 *Limitations over the scope: (i) IsEazy, recently acquired company has not been considered in the reported data, due to the limited available information; (ii) MAW, AVIZOR companies have not been considered in the reporting as those are invested by a vehicle not directly managed by ProA Capital; (iii) MASA company has not been considered in the reporting as per the minority stake held by ProA Capital.
 *To address the indicator "lack of processes and compliance mechanisms for monitoring adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises", companies are required to report the following information:(Yes or no) (i) Internal Audit procedures, (ii) Whistleblower hotline; (iii) External independent audits; (iv) Grievance committee.
 *Indicator 6 (Energy consumption intensity per high impact climate sector), the calculation is restricted to the energy consumption of the companies for their high impact climate sectors only, not the general energy consumption intensity of that company. However, the companies hasn't disclose energy consumption per sector, so the indicator is at company level.
 *Board gender diversity for each company has been calculated as: Number of female board members / Total number of board members, weighted by current value of investments.