



AURICA

ESG REPORT 2023

Aurica Capital
Desarrollo, SGEIC, SAU

AURICA CAPITAL'S COMMITMENT TO SUSTAINABILITY

Aurica stands out on the national scene as a private equity manager due to its strong commitment to integrating best sustainability practices into growth and value creation strategies. The annual report showcases initiatives in key areas such as (i) carbon footprint reduction, (ii) responsible resource management, and (iii) the promotion of fair labour practices. Additionally, Aurica continues to support active management of its portfolio companies by monitoring objectives with quantitative and qualitative data, demonstrating its commitment to having a positive impact on society.

The private equity funds managed by Aurica demonstrate their ability to create sustainable value and achieve highly competitive returns for investors. In 2023, the portfolio companies recorded an average EBITDA growth of 25%, and their performance at the beginning of 2024 has been very satisfactory. To achieve these long-term goals and continue strengthening the commitment to a more sustainable and equitable future, ambitious financial and ESG objectives have been set again this year.

Currently, the manager is handling three funds: (i) **Aurica III**, fully invested, with a portfolio of 5 companies and 3 divestments, (ii) **Aurica IV**, with the last closing in March 2024, a size of more than **€210m**, with 4 companies, and (iii) the **Search Fund**, with committed capital of almost **€23m** and one investment.

In January 2022, the first divestment of Aurica III was made with the sale of **STI Norland** for €600 million to the American company Array Technologies. In 2023, two other companies were divested: (i) **Winche**, sold to Sarawak, a French group dedicated to sales force outsourcing, and (ii) **Delta Tecníc**, where the operation was structured through the repurchase of Aurica's stake by the founders.

In 2023, Aurica IV made two new investments in leading companies in their sectors, adding to **t26** and **Educa EdTech**. **Canitas**, a network of veterinary clinics offering a subscription-based health plan for pets to its more than 28,000 members. Aurica Capital's entry into the shareholding aims to drive growth through new openings across the country, scaling the business, improving processes, and aligning it with best sustainability practices. The second investment is **Grupo Alquiler Seguro**, a group of companies with more than 15 years of experience in the rental housing sector, covering all business phases through its subsidiaries and managing more than 23,000 properties.

In accordance with the Responsible Investment Policy, comprehensive ESG Due Diligence reports were conducted to identify potential ESG risks and opportunities, enabling Aurica Capital to chart a strategy for long-term sustainable value creation in each company by setting short, medium, and long-term objectives for each portfolio company to achieve.

Aurica IV has been registered as an Article 8 fund under the SFDR due to Aurica Capital's commitment to promoting best sustainability practices. Investors are particularly demanding when it comes to ESG aspects, so Aurica works closely with its portfolio companies to implement these responsible practices. This year, the report has been realigned with the requirements of the TCFD, an international standard for disclosing climate-related financial information to crystallize the associated risks and opportunities.



In 2023, the Responsible Investment Policy was updated to reflect the ongoing evolution and improvement of the commitment to sustainability and social responsibility. This update includes a greater integration of ESG criteria into the company selection process and the management of portfolio companies. Additional metrics and objectives have been incorporated to more accurately evaluate the impact of investments on the environment and society. Furthermore, monitoring and reporting mechanisms have been strengthened, improving transparency with investors and stakeholders regarding the ESG performance of the portfolio companies.

Also in 2023, a new specialized vertical in Search Funds was launched with the **Aurica Search Fund I, registered as an Article 8 fund under the SFDR**, positioning Aurica Capital as the first private equity manager in Europe to launch such a fund. A Search Fund is an investment vehicle where one or two entrepreneurs with exceptional skills and good networking raise capital to search for, acquire, and manage a company. The investor profile focuses on mid-market companies with high growth potential, robustness, resilience, profitability, and those operating in sectors with tailwinds and generating a positive impact on society. It has an international investment vocation, although highly concentrated in the Mediterranean arc (Spain, Portugal, France, and Italy). The first investment has been made: CSP, a British company offering traffic management, security, and parking services at events and iconic sports venues.

Since February 2016, Aurica Capital has been a signatory of the United Nations Principles for Responsible Investment (UN PRI). This year, for the first time, Aurica Capital achieved a five-star rating, validating the efforts and rigor of the good practices carried out. Aurica Capital is a member of Invest Europe and SpainCap and strongly supports (i) the global framework of the 2015 Paris Agreement, (ii) the United Nations Guiding Principles on Business and Human Rights, (iii) the TCFD, (iv) the Sustainable Development Goals (SDGs), and (v) the United Nations' 2030 Agenda.

The achievements reached in 2023, including the acquisition of several promising companies, the successful divestment of two companies, and the solid performance of our investments, reflect Aurica Capital's ability to identify good opportunities, make sound decisions, and generate sustainable value for stakeholders. With ambitious objectives set and a clear focus on sustainability, Aurica Capital is confident in its well-positioned stance to continue generating high returns while contributing positively to society.

We extend our gratitude to all stakeholders for their continuous support and trust in Aurica Capital.

Ferran Conti, Iván Plaza and
Ramón Mas

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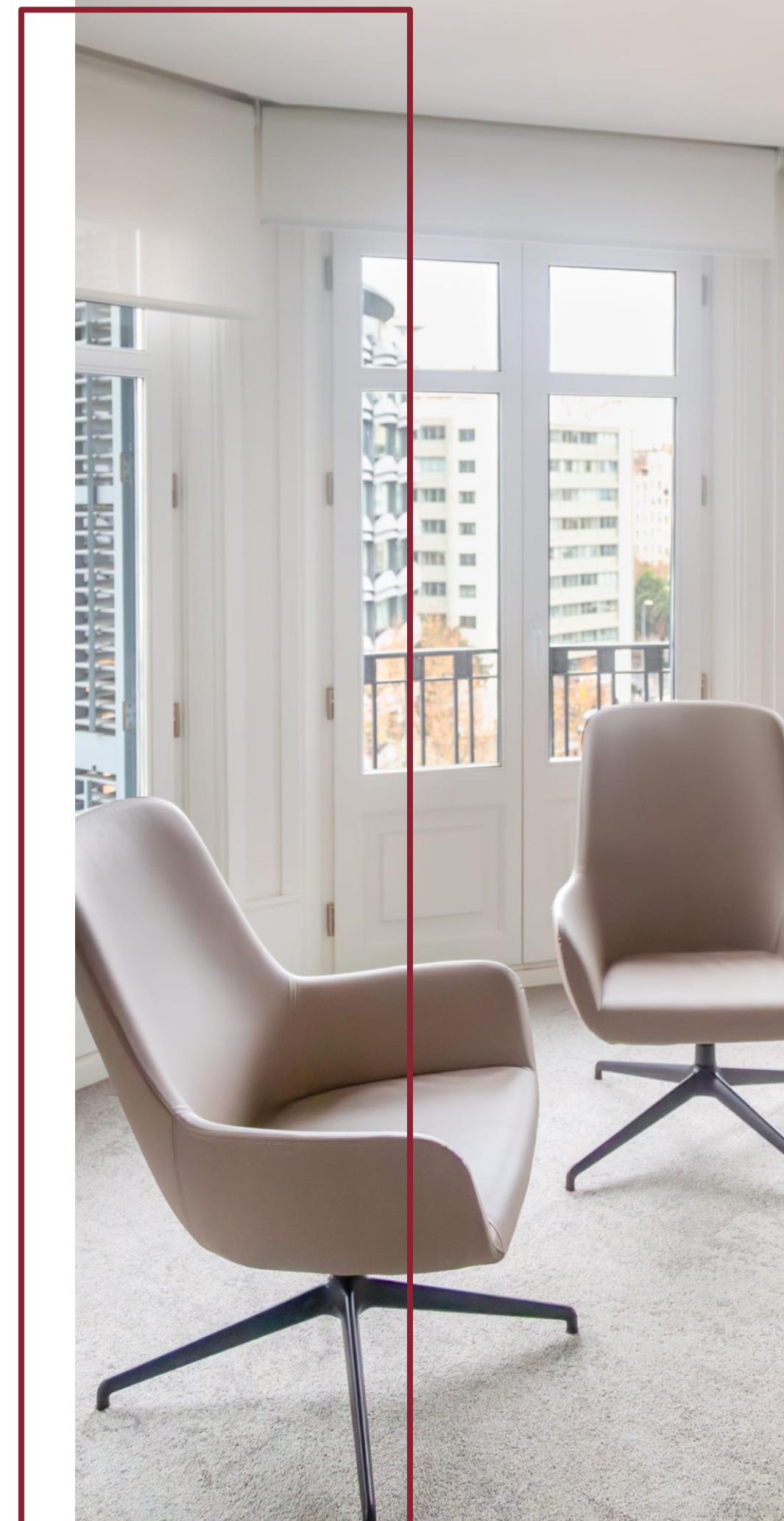
39 APPENDICES

Scope of the ESG Report:

Aurica Capital Desarrollo, SGEIC, SAU, or its abbreviated version, Aurica Capital or Aurica – Asset Manager, including all the funds under management (Aurica III, Aurica IV, and Aurica Search Fund I).

Asset Manager's portfolio of investee companies.

The scope of the ESG Report covers the entire year of 2023 and some key initiatives developed in 2024.





01

About Aurica Capital

- 2023 in figures
- Purpose and business integrity
- Milestones
- Aurica Capital's Team
- Investment profile

2023

IN FIGURES

ASSET MANAGER

ESG Milestones



38% of renewable electricity usage



5 stars in the PE category of UN PRI



4 stars in the PGS and CBM categories of UN PRI



100% of new deals include an ESG due diligence in the pre-investment stage

Team Aurica



18 employees



33% of women in Aurica's Team



5 funds managed by the current team since the establishment of Aurica Capital



+16 years of experience in the Private Equity sector

Financial results



€456m Assets Under Management ⁽¹⁾

€362m Assets managed in Aurica Growth ⁽²⁾

€18m Assets managed in Search Fund ⁽³⁾

€836m Total Accumulated Assets Managed ⁽⁴⁾



Aurica III: TVPI: **2,3x** ⁽⁵⁾
and DPI: **1,5x** ⁽⁵⁾
Aurica IV: TVPI: **1,1x**



33 Investments made since 2001



10 Companies in the portfolio ⁽⁶⁾

Reporting criteria aligned with



We give public support to



Adhered and members of



2023

IN FIGURES

PORTFOLIO OF INVESTEES

Environmental



89% Portfolio with an ESG Manager



89% Companies with an environmental policy



78% Companies using renewable energy



12,476 t de CO₂ eq. emitted

Governance



100% Companies with a Code of Ethics



100% Companies provide training



0 Sanctions and cases of human rights violations or discrimination

Social



8,758 employees of which 39% are women



84% Employees covered by a collective bargaining agreement



89% Companies with a health and safety policy



100% Companies with social contribution initiatives



67% Companies with supplier management measures

79% of the ESG objectives for 2023 achieved

PURPOSE AND BUSINESS INTEGRITY

PORTFOLIO OF AURICA III, AURICA IV, AND AURICA SEARCH FUND I TO DATE

Aurica Capital is a Private Equity firm specializing in the middle market, with **€456 million in assets under management**. The firm invests in leading companies with competitive advantages in their sectors, that are not capital-intensive, and possess high growth potential.

During 2023, Aurica Capital has shown that it continues to prioritize ESG aspects as a lever for value creation. This year, **around 80% of the ESG objectives** set for each portfolio company have been met.

Divestment phase of the Aurica III fund

2021 was the final year of the investment period for the Aurica III fund, which had a total of €200 million in investment commitments under management (including co-investments). It delivered solid performance for its investors, thanks in part to the divestment of **STI Norland**.

Subsequently, in 2023, the divestment of two other portfolio companies was completed. The first was the sale of 40% of **Winche Redes Comerciales** to the French group Sarawak. The second was the sale of 40% of **Delta Tecnic**, which was able to double its sales thanks to Aurica's involvement and support in international expansion, including the opening of a new production plant in Mexico.

With these divestments, the fund's DPI reached 1.4x. Currently, the team is focusing its efforts on the remaining portfolio holdings, with expectations to complete two additional divestments during the 2024 fiscal year.

Establishment and Early Stages of Aurica IV

In September 2022, the first closing of Aurica IV took place. The fund, which follows a similar investment strategy to Aurica III, specializes in acquiring stakes in mid-cap companies with an EBITDA exceeding €3 million. By March 2024, it had closed with commitments exceeding €210 million.

This is the first fund launched by Aurica Capital in its new phase as an independent private equity manager after the management team took 100% control.

The fund has been **registered with the CNMV under Article 8 of the SFDR**, with the aim of actively promoting ESG initiatives. The fund does not exclusively aim to make sustainable investments, but it has made sustainable investments that contribute to both environmental and social objectives, targeting a minimum of 40% of the total executed investment.

In September 2022, **t26**, a leading Spanish digital marketing consultancy, became the **first portfolio company of Aurica IV**. Founded in 2004, t26 provides digital marketing solutions focused on increasing sales by acquiring new customers, improving conversion rates, and retaining multichannel clients. The primary goal is to execute a significant organic and inorganic growth plan, with a special focus on internationalization and diversification into new complementary businesses.

The fund's second acquisition took place in December 2022, where Aurica acquired **30% of Educa EdTech**, a leading online education company at the national level with a **strong presence in Europe and South America**, specializing in self-paced courses, postgraduate programs, and master's degrees. Educa EdTech is vertically integrated throughout its value chain, from content creation to the actual training, which has allowed it to develop the most extensive online education catalog for Spanish-speaking countries internally.

Following the acquisitions of t26 and Educa EdTech, the fund continued to grow throughout 2023 with two new investments. In the first half of 2023, Aurica acquired a **majority stake in Canitas**, an Andalusian veterinary clinic company that offers a revolutionary pet care model through a comprehensive, high-quality, and low-cost care plan to its more than 28,000 clients. With Aurica's involvement, the company's goal is to grow the business and continue opening new clinics across the national territory.

In July 2023, Aurica acquired 49% of Grupo Alquiler Seguro, a leading rental sector group in Spain, with over 23,000 properties under management. The business has more than 450 employees distributed across 53 offices in Spain and Portugal. The decision to invest was based on its strong competitive position in the rental market, the quality of service, and the value it provides to both property owners and tenants. The investment will support the group's future growth plans, including the creation of new complementary business lines and international expansion.

Aurica is pursuing a strategy focused on identifying high-growth service companies with low environmental impact and significant opportunities to generate social and governance impact.

Establishment, Registration, and Development of the New Search Fund Vertical

In 2023, Aurica Search Fund I was established, led by Ricardo Velilla, to invest in high-growth companies in the low mid-market. This fund specializes in the Search Fund ecosystem with a target size of €30 million. It invests in searchers, entrepreneurs with exceptional skills and strong networks, who are responsible for identifying and selecting a single company with high growth potential and cash generation, with the goal of acquiring, leading, and growing it with support from Aurica and other like-minded investors (typically between 10 and 15 investors per investment). The fund primarily invests in the Mediterranean arc (Spain, France, Italy, and Portugal) but will also have exposure to the DACH region, Latin America (Mexico and Brazil), and the UK, among others.

The vehicles have already been established and were registered with the CNMV in June 2023, in line with ESG commitments under **Article 8 of the SFDR Regulation**. To date, all funds registered in Spain and Europe with this investment strategy had done so under Article 6, positioning Aurica as a pioneer in this field. A highly efficient and practical sustainable investment procedure has been established to assist searchers in incorporating ESG objectives.

In November 2023, the Search Fund completed its first transaction. Aurica Search Fund I (ASF) acquired the British company CSP, which provides traffic management, security and surveillance services, parking, and HVM (hostile vehicle mitigation) solutions to prestigious sports venues and iconic events such as Arsenal FC, Chelsea FC, the Wimbledon Championships, the Open Golf Championship, and the Epsom Derby. With ASF's support, the company will expand its service coverage in the UK and drive its internationalization in Europe.

Currently, the fund is in the process of raising funds, having reached €23 million, close to its target size.

"The acquisition of CSP allows us to go further and invest in a high-quality ecosystem of both Spanish and international companies with significant growth potential. We are committed to providing our investors with attractive returns while maintaining the rigor and best practices that define us."



MILESTONES

	JANUARY 2022	Sale of STI Norland to the U.S. company Array Technologies for €600 million
	FEBRUARY 2022	Calculation of Aurica Capital's carbon footprint for the 2021 fiscal year and setting of emission reduction targets
	MARCH 2022	Adaptation of Aurica Capital and its managed funds to Chapter II of Title II of Law 22/2014
	JULY 2022	Inclusion of climate elements within the ESG due diligence processes prior to the acquisition of portfolio companies
	SEPTEMBER 2022	Raising over €200 million for the Aurica IV fund and registration as Article 8 of SFDR
	SEPTEMBER 2022	First investment of the Aurica IV fund: Acquisition of approximately 30% of T26, a digital marketing company
	DECEMBER 2022	Second investment of the Aurica IV fund: Acquisition of 30% of Euroinnova, an online education company, and the creation of the EDUCA EDTECH group
	JANUARY 2023	Identification and assessment of climate risks and opportunities for Agrosol as part of a pilot test for implementing the TCFD recommendations on climate scenarios
	MARCH 2023	Review and update of the Responsible Investment Policy and Procedure, including the commitment to SFDR disclosure obligations and an increased emphasis on ESG factors
	MARCH 2023	Inclusion of web disclosures in accordance with the requirements of Regulation (EU) 2019/2088 (SFDR) and Delegated Regulation (EU) 2022/1288 (Delegated Regulation of the RTS)

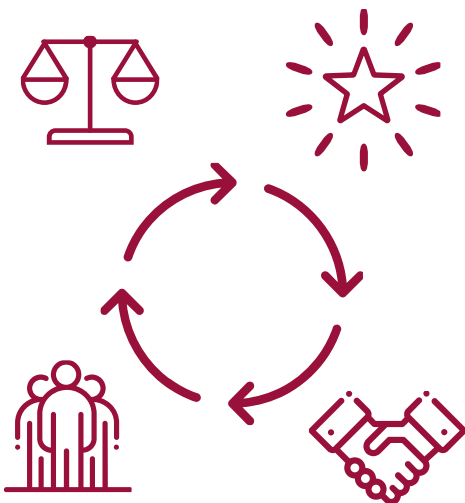
	MARCH 2023	Calculation of Aurica Capital's carbon footprint for the 2022 fiscal year and monitoring of emission reduction targets
	APRIL 2023	Third investment of the Aurica IV fund: Acquisition of 53% of Canitas, a veterinary clinic company
	APRIL 2023	Start of the ESG and Sustainability Program conducted by Change2Grow, led by Ferran Alcàcer
	JUNE 2023	New participation in the UN PRI Transparency Report
	JUNE 2023	Registration of the Search Fund with the CNMV and as Article 8 of SFDR, Target size of €20 million
	JULY 2023	Fourth investment of the Aurica IV fund: Acquisition of 49% of Alquiler Seguro Grupo, a rental management company
	JULY 2023	Sale of Winche Redes Comerciales to the Sarawak group
	OCTOBER 2023	Aurica Search Fund I completes its first acquisition by purchasing the British company CSP
	DECEMBER 2023	Aurica III sells Delta Tecnic back to its founders

AURICA CAPITAL'S TEAM

VALUES AND COMMITMENTS

Honesty and transparency

Being honest makes Aurica completely transparent, providing the firm with credibility in the eyes of investors and partners, thereby generating trust and long-lasting relationships.



Excellence

Exceeding stakeholder expectations through meticulous work and an effort to ensure that everything we do reflects the highest standards of quality.

Teamwork

We work together to achieve common goals. Aurica promotes meritocracy and fosters a spirit of improvement by recognizing personal effort in contributing to collective success.

Commitment

Aurica is committed to equal opportunities, environmental care, and work-life balance.



18

professionals involved in investment decision-making

+16

years of experience working together



265

Training hours during the 2023 fiscal year, 18.5% of which were in ESG. During the fiscal year, Ferran Alcácer underwent intensive training on ESG issues conducted by Change2Grow.

49

Specific training hours between April and June. At Aurica, training in business ethics is important, so courses on Anti-Money Laundering Prevention are promoted.

Board of Directors – Executive Directors



Raúl Rodríguez



Iván Plaza



Ferran Conti
Partner



Ramón Mas
Partner



Ferran Conti



Ramón Mas



Iván Plaza
Partner

Aurica Growth Executive Committee



Ferran Alcácer
Chief Investment and
ESG Officer



Pablo Pérez
Chief Investment
Officer



Martin Vargas
Chief Investment
Officer



Borja Casanovas
Chief Investment
Officer

Aurica Value



Adam Miquel
Director of Aurica
Value

Search Fund



Ricardo Velilla
Chief Investment
Officer of Search
Fund

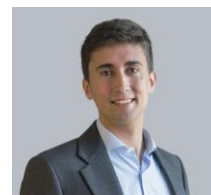
Associates and Analysts



Helena Peláez
Associate in Aurica
Growth and ESG



Alex Conti
Associate in
Aurica Growth



Daniel Soldevila
Associate in
Aurica Growth



Alejandra Flaqué
Analyst in Aurica
Growth and Value



Héctor Pont
Analyst in
Search Fund

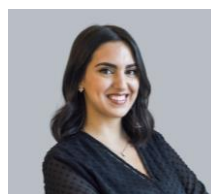
Directora financiera, Cumplimiento Normativo y Office Manager



Celia Cristina
Berenguer
Chief Financial
Officer



Pilar Gómez del Pulgar
DPO and Head of the
Regulatory Compliance Unit



Paula Nasif
Office Manager



Catalina Gutiérrez
Accountant & Tax Technician

INVESTMENT PROFILE

GROWTH

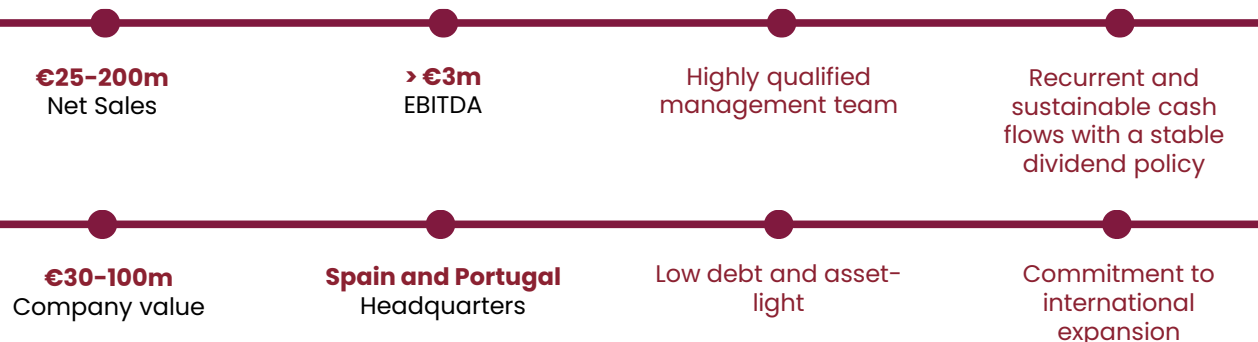
The 3 pillars of the investment profile

APPROACH

Companies...

- **with potential** for organic and inorganic **growth**.
- **family-owned** businesses without a succession plan.
- **seeking alternative sources of financing** for their growth plans.
- looking for an **investor** with an active and participative role.
- **Unleveraged transactions**.
- Preferably transactions through **capital increases**.
- **Excluded sectors:** real estate, infrastructure, construction, financial sectors, and those **not aligned with ESG criteria**.

COMPANY



INVESTMENTS

- **Partnership agreements with entrepreneurs that can be structured through significant minority stakes (20% - 49%),** though **occasionally** also through **majority** stakes.
- **Shareholders' agreements** with supermajority provisions, veto rights, active representation on governing bodies (management committee and board of directors) and exit clauses (tag and drag-along).
- **Alignment of interests** with **incentive plans for executives, co-investment by the management team, asymmetric profitability clauses, non-compete, and exclusivity agreements**.

“ Our strategy involves focusing on sectors with favorable market trends and clear growth prospects at an international level. ”

Sustainable competitive advantage in its sector, ideally if the sector is fragmented and has consolidation potential

4-7 years
Investment horizon

€10-31.5 m
Investment range: €70 m
with co-investments

INVESTMENT PROFILE

SEARCH FUND

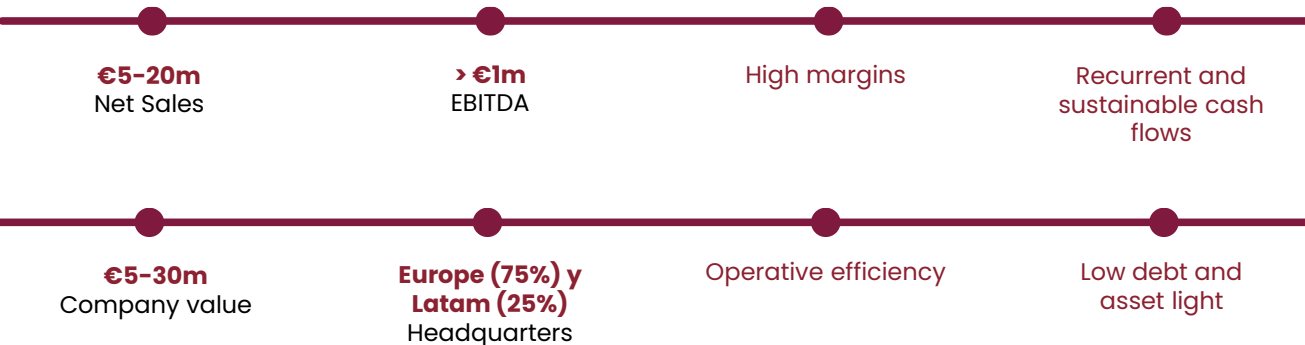
The 3 pillars of the investment profile

APPROACH

Search Fund Model

- **High-potential executives (searchers)**, mostly from **MBA schools**, who are looking for **investors** to support them in the search and acquisition process of high-growth companies.
- The goal is to provide **succession solutions** to business owners.
- Companies with potential for organic and inorganic growth.
- LBO structures.
- Excluded sectors: real estate, infrastructure, construction, financial sectors, and those not aligned with ESG criteria.

COMPANY



INVESTMENTS

- **Co-investment model** with other investors aligned with the model, typically participating in 5-20%.
- **Shareholders' agreements** with active representation on governing bodies (board of directors), reserved matters, and exit clauses (tag and drag-along).
- **Alignment of interests** with **incentive plans for executives and preferred shares for investors**.
- **Strengthening of the management team, execution of the Business Plan, financial deleveraging, and multiple arbitrage.**

Sustainable competitive advantage in its sector, ideally if the sector is fragmented

4-7 years
Investment horizon

€1-2 m
Investment range: €6 million with co-investments

INVESTMENT PROFILE

SECTORS

Aurica Capital is a management firm with a sector-agnostic strategy, although it focuses on international megatrends; sectors with strong traction due to robust growth drivers. Despite not having specific sectors defined in its investment profile, it has had success stories in particular industries where Spain is also a global reference. Therefore, the following **sectors**, among others, fit within its investment strategy:



**Renewable
energy**



**Digital and
technology**



**Energy
efficiency**



Elder care



**Health and
wellness**



Connectivity

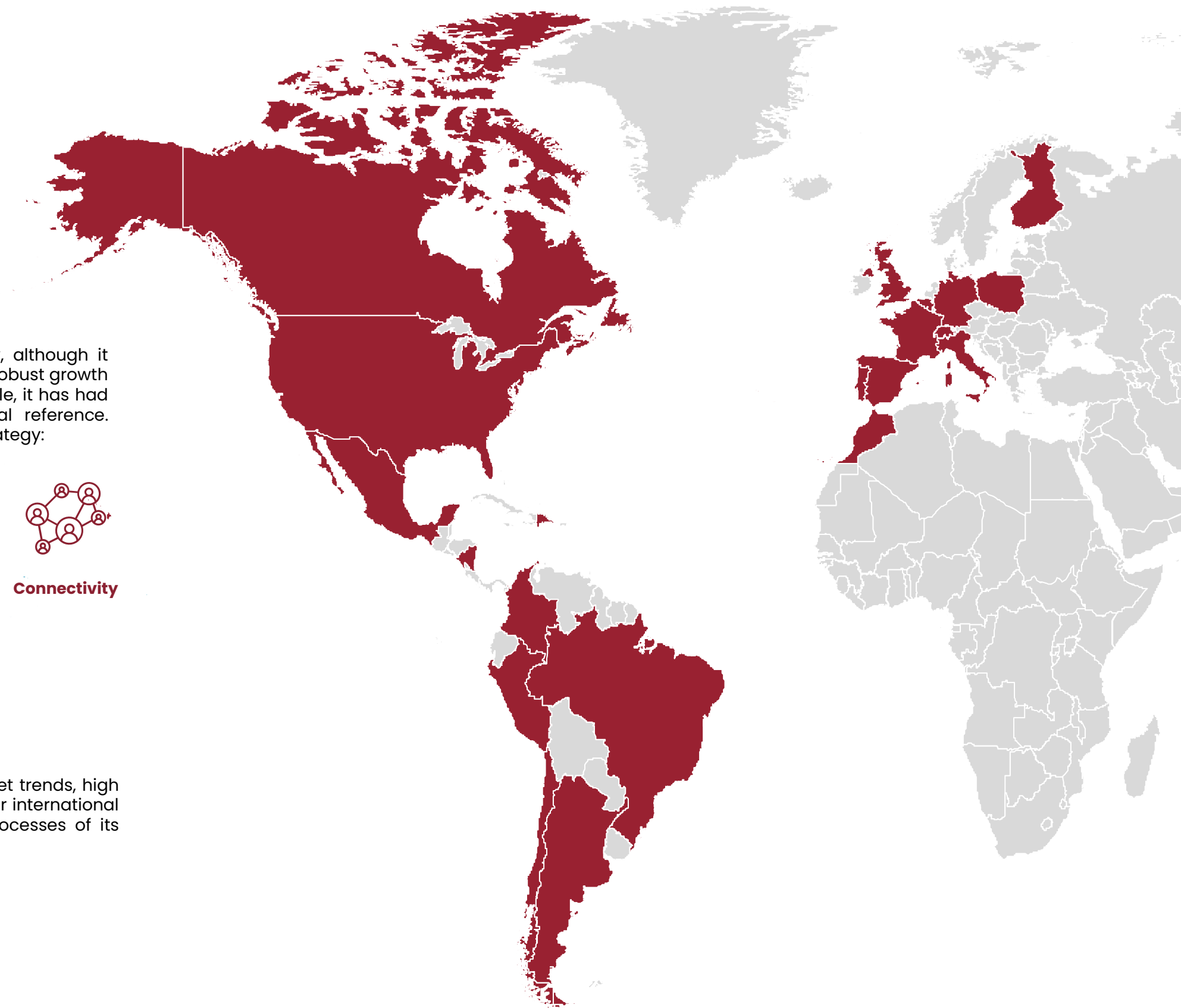
GLOBAL REACH OF INVESTMENTS

Aurica Capital seeks companies positioned in sectors with positive market trends, high growth potential, and strong cash generation, with significant potential for international expansion. Aurica contributes to driving the international expansion processes of its portfolio companies motivated by:

- Increasing market share in other geographies
- Diversifying dependence on clients and markets
- Gaining a competitive edge over domestic competitors
- Enhancing recognition and reputation on a global scale
- Extending the ESG program

International growth also requires teams and organizations that are accustomed to changing environments, with high adaptability and tolerance for the realities of other communities.

Currently, through its managed investments, Aurica Capital has a presence in over 25 countries across three different continents.



**c. 60%
International
Sales**



**c. 70%
International
EBITDA**



**+ 40
subsidiaries
abroad**



**+8,500
employees**



02

Management and governance

- Management and Governance Approach
- Risk management

MANAGEMENT & GOVERNANCE APPROACH

Aurica Capital's **Responsible Investment Strategy** is integrated into its organizational structure, governance, and corporate culture. **Its implementation is managed at the highest organizational level**, including the **Investment Committee, Executive Committee, and ESG Committee**. Since 2021, Aurica has been incorporating climate-related functions into its management model and continues to implement the new recommendations of the TCFD. This ESG corporate governance model ensures that decision-making remains agile in case critical issues arise.

- The ESG Committee is responsible for the implementation and oversight of ESG practices, which are outlined in the Responsible Investment Policy.
- The ESG Committee supervises and monitors the Executive Committee and reports to the Investment Committee and the Advisory Board when necessary.

The ESG and Climate Committee is composed of senior management members of Aurica Capital who have proven experience in ESG matters and climatic aspects.



Iván Plaza
Partner



Ferran Alcácer
Chief Investment and
ESG Officer

GOVERNING BODIES

Aurica Capital has the following corporate governance model:



Board of directors: It is responsible for approving annual reports, selecting financial auditors, and overseeing regulatory compliance. Each of its members becomes accountable for ESG and climate responsibilities throughout the Responsible Investment Procedure, as outlined in the Responsible Investment Policy.



Advisory board: It conducts transparency and information exercises with investors (including ESG aspects), manages conflicts of interest, and approves material changes in management regulations.



Investment Committee: It is responsible for all investment and divestment decisions, including ESG aspects.



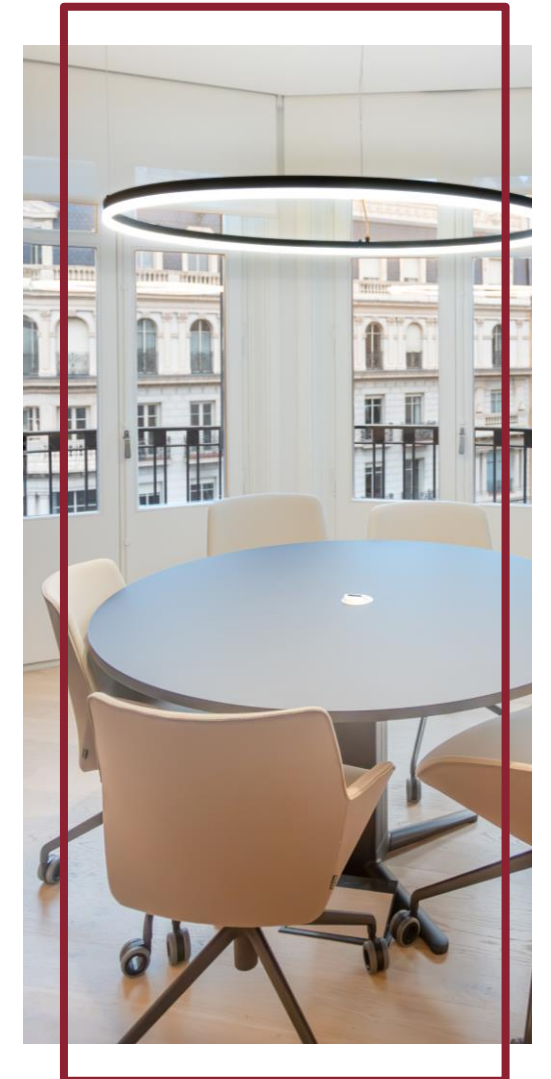
Annual Meeting of Participants: It conducts a transparency and information exercise for all investors regarding the progress of the funds in which they participate.



Executive committee: It is responsible for the strategy execution through management and value-creation decisions.



ESG and Climate Committee: Implementation and supervision of ESG Practices including climate-related aspects, which are established in the Responsible Investment Policy.



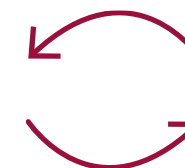
FLOW OF ESG RESPONSIBILITIES AND CLIMATE SUPERVISION



Executive committee



ESG and Climate Committee



Board of Directors & Investment Committee

MANAGEMENT & GOVERNANCE APPROACH

ESG GOVERNANCE MECHANISMS

Define dedicated ESG governance

Responsible Investment Policy

The responsible investment strategy is embodied in the **Responsible Investment Policy and the Responsible Investment Procedure**. Both documents were updated in 2023 to reflect actions related to the TCFD recommendations. Additionally, a bifurcation was included for the two investment vehicles: *Growth Funds* and *Search Fund Funds*.

Monitoring of the ESG aspects of the Portfolio

All portfolio companies **must periodically report a set of business, financial, and ESG indicators**. In the case of **Growth funds**, the report is **monthly** and is part of the financial reporting, whereas for the **Search Funds**, the ESG report is done **quarterly**, although as they grow in size it will transition to monthly reporting.

Remuneration Policy

In 2023, Aurica Capital updated its **Remuneration Policy** to align it with long-term **strategic objectives, including ESG aspects and the commitment to SFDR disclosure obligations**. The teams responsible for implementing and monitoring ESG criteria in portfolio companies have 15% of their variable compensation tied to the achievement of ESG criteria.

Code of Ethics

The Code of Ethics is a compilation of the general principles for daily business conduct, encompassing the organization's values, mission, and vision, as well as ensuring equal conditions and treatment among employees. It establishes conduct guidelines and criteria that should govern professional performance. Additionally, it provides a quick and effective response in case of conflict, fosters the creation of an organizational culture, and promotes a positive work environment and a sense of security. In 2023, Aurica Capital updated the Code of Ethics to include a **whistleblowing channel** (procedures) and the creation of an **Ethics Committee**, which will ensure compliance with the established rules.

Raise awareness throughout the organization

ESG Training

Aurica Capital **periodically evaluates the responsible investment capabilities and training needs of its team of professionals**. In this regard, in 2023, Ferran Alcácer completed the ESG and Sustainability Program conducted by Change2Grow. All employees undergo annual training in Anti-Money Laundering Prevention and ESG-related topics. Aurica plans to increase training for its employees to provide more added value in these areas to its portfolio companies.

Aurica Capital is present on the Board of Directors and the Management Committee of its portfolio companies

With the aim of overseeing the strategy outlined in the business plan and monitoring the progress of portfolio companies, a **Board of Directors** is established with **proportional representation among shareholders**. Occasionally, Aurica Capital incorporates independent members who have deep knowledge of a specific sector to enrich and substantiate decision-making.

Aurica Capital is also represented in the **monthly Management Committee** of the portfolio company, where the team responsible for executing the strategy operates, and where Aurica acts as a facilitator.

The data, context, and supporting information for the governing bodies incorporate Aurica's quality standards. These documents are essential for making business decisions and are typically coordinated by the CEO and CFO in conjunction with Aurica Capital's teams. Alongside these, a monthly report must always be issued by the 20th of the following month after the accounting close. **The materials are shared 5 days in advance**, along with an agenda for the Board of Directors and/or the Management Committee, to provide sufficient time to analyze the content and prepare for the meeting.

In some portfolio companies, there are weekly follow-up committees with the management team to maintain greater control over the company's business development.

Aurica Capital strengthens the Management Team in its portfolio companies

During the investment analysis of a portfolio company, Aurica Capital evaluates whether the company needs reinforcement in certain management areas (sometimes accompanied by a *Management Appraisal*). Additions to the management team are typically made during the first year of the investment, although they can be progressive. Among the positions evaluated, it is always reviewed whether there is an ESG responsible person, and if not, someone is appointed to handle the area.

Aurica Capital dedicates significant efforts to ensure that its portfolio companies have a well-prepared top management team with the objective of efficiently implementing growth business plans, professionalizing internal procedures, and improving decision-making. In this regard, incentive plans linked to the company's positive performance are usually agreed upon to align the interests of the management team and fulfill the business plan. In some cases, executives co-invest with Aurica.

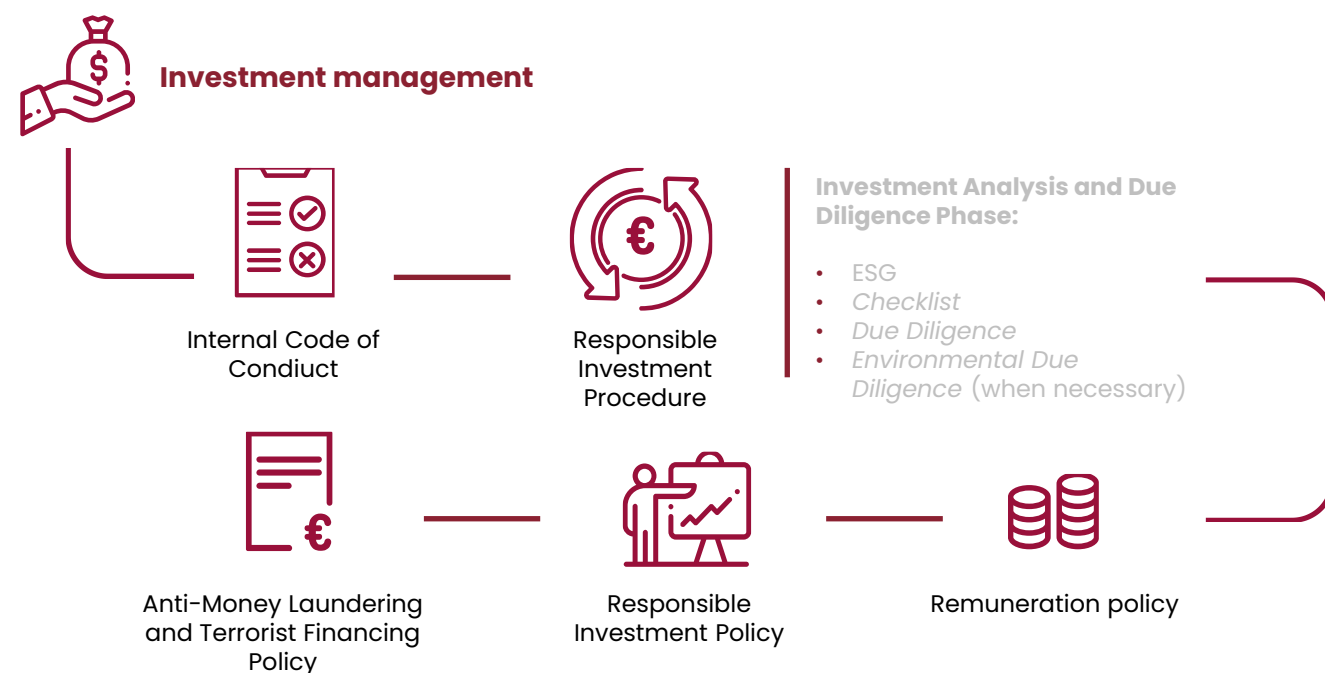
The members of the management team in the portfolio companies are responsible for agreeing with Aurica on the purpose and breaking down the objectives that will later be measured in the monthly reports.

RISK MANAGEMENT

Risk management and regulatory compliance are essential pillars for Aurica Capital to meet regulatory requirements and ensure the proper development of its activities. In order to manage potential risks, Aurica Capital currently has an **Internal Code of Conduct** and an **Ethical Code**. Together with (i) the **Remuneration Policy**, (ii) the **Anti-Money Laundering and Terrorist Financing Policy**, and (iii) the **Responsible Investment Policy and Procedure**, these help to prevent and detect regulatory and associated risks and allow to mitigate uncertainty in investment decisions.

The Responsible Investment Policy is developed in a **Responsible Investment Procedure** that includes, among other things, an ESG **Checklist**, a **Due Diligence**, and an **Environmental Due Diligence** (when necessary) during the investment analysis and Due Diligence phase, which concludes with the establishment of a purpose for each portfolio company. This is achieved by setting short, medium, and long-term objectives. These objectives are then communicated to the company, and together with the ESG manager and the first line of the management team, indicators are set to measure them periodically in Management Committees and Boards of Directors.

In 2021, Aurica Capital began to identify the level of both physical and transition climate risk for each of its portfolio companies based on the TCFD climate recommendations. Additionally, for those portfolio companies where the level of physical or transition climate risk is medium or high, a more specific analysis is conducted to identify the specific risks for each portfolio company (for more information, see the previous section).



Note: See the Responsible Investment Policy section for further details on the documents prepared in each phase.

Aurica Capital has assigned risk control and regulatory compliance responsibilities within the senior management team (with representation on the Investment Committee, the Executive Committee, and the ESG and Climate Committee).

Regulatory compliance and risk management

- In 2021, the Regulatory Compliance and Risk Management Unit was established, and Pilar Gómez was appointed as the head of this unit.
- This unit is responsible for developing specific procedures for risk management, including:
 - Implementation of necessary measures to properly identify, measure, manage, and control relevant risks, in accordance with the investment and divestment strategy of the funds managed by Aurica Capital.
 - Ensuring that the risk profiles of the funds managed by Aurica Capital align with their size, portfolio structure, and investment strategies and objectives, as established by the Investment Department and the constitutive documents of these vehicles.
- It is responsible for anti-money laundering, terrorism prevention, and data protection.
- It verifies and ensures that the marketing process of Aurica IV is conducted correctly and in compliance with current regulations.

COMPLIANCE OFFICERS



Iván Plaza
Partner



Ferran Alcácer
Chief Investment and ESG
Officer



Pilar Gómez del Pulgar
DPO and Head of the
Regulatory Compliance Unit



03

Value creation model

- ESG – A Lever for Value Creation
- Materiality of Aurica Capital
- ESG Objectives and Commitments
- Integration of the Responsible Investment Policy

ESG – A LEVER FOR VALUE CREATION

ESG APPROACH

ESG factors are an essential component of the long-term value creation process. Their focus is based on the responsibility to develop sustainable business activities in compliance with new regulations and promoted values. Currently, a series of initiatives are being implemented with the aim of building a stronger and more resilient portfolio through the adoption of measures that promote sustainability. Aurica believes that the more ESG factors are integrated into its corporate purpose and strategy, the greater the value generated will be. Therefore, it strives to implement this discourse and commit to a sustainable future in to promote a positive impact on the management company and its portfolio companies. Aurica firmly believes that the achievements and objectives presented in this document are significant and reflect a greater commitment to ESG aspects compared to previous years.

BUSINESS INTEGRITY

Sustainable and responsible management is an essential part of Aurica Capital's identity, value creation strategy, and long-term success.

Ethical Considerations

Aurica recognizes its role and impact on its stakeholders and society at large. It believes that its achievements should result from a dual approach: economic and sustainable profitability through the integration of ESG aspects into the business. Consequently, the core of its investment philosophy is the belief that incorporating ESG aspects into the investment process creates sustainable long-term value by maximizing opportunities and minimizing risks.

Long-Term Vision

Aurica recognizes that companies with strong governance bodies and policies are well positioned to achieve sustainable long-term growth. Considering its long-term investment objectives, the integration of ESG aspects into the business is fundamental, as it results in sustainable profitability improvements for investors and maximizes the overall value of the portfolio.

Financial Materiality

Aurica acknowledges the financial materiality of ESG aspects for its portfolio companies, the market, and society.

Fiduciary Duty

Aurica recognizes that the integration of ESG aspects falls within the scope of an investor's fiduciary duty to its beneficiaries.

Levers for Value Creation

Investment profile	Companies with growth potential, both organically and through <i>Buy & Build</i> strategies.	Internationalization. Commitment to growth through solid and agreed-upon business plans	Partnership agreements with entrepreneurs through significant minority stakes (20% - 49%) with control and liquidity rights. Opportunistically, majorities.
Aurica Capital's team	15 professionals involved in investment decision-making within a team of 18 professionals.	Solid experience: Over 15 years working together on more than 30 transactions	
Portfolio management	Active presence on the Board of Directors and the Management Committee of the portfolio companies	Strengthening of Portfolio Management Teams	Mechanisms for Aligning Interests with Managers and Entrepreneurs
ESG	Integration of ESG Criteria into the Business and Portfolio		

Aurica Capital is committed to integrating ESG criteria throughout the investment lifecycle, from the origination of the opportunity to the exit of portfolio companies. To this end, it has a Responsible Investment Policy, which aims to formally establish a general framework of action for integrating responsible investment practices throughout the investment process. Aurica Capital is aware of the impact that investment decisions can have on society and makes a great effort to act responsibly.

The goal is to leverage the integration of ESG factors into its activities to identify material risks and opportunities in the short, medium, and long term. To do this, it relies on the definitions proposed by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) to develop its materiality analysis to assess ESG factors. The analysis and prioritization of ESG criteria are integrated into all investment stages through the Responsible Investment Procedure, which sets guidelines for all investment phases.

To continue improving and integrating best practices in sustainable investment, during 2023 Aurica Capital has continued reviewing and updating both its Responsible Investment Policy and its Responsible Investment Procedure to establish ESG requirements for the new Search Funds and to include the commitment to SFDR disclosure obligations and a greater emphasis on ESG factors in accordance with market best practices.

MATERIALITY OF AURICA CAPITAL

Materiality provides a clear analysis of new trends that are affecting or will affect Aurica Capital and its stakeholders, broadening the focus and stimulating innovation. It allows for the clarification of important elements and relevant management information necessary for the execution of the ESG strategy. Additionally, materiality ensures that the expectations and needs of different stakeholders are considered, thereby helping to prevent and mitigate unidentified risks.

In 2021, Aurica Capital conducted a **materiality analysis at both the management company and portfolio levels**. Additionally, it performs annual materiality analyses for new portfolio companies during the pre-investment Due Diligence process, following SASB indices. This process identifies their material ESG aspects and highlights areas where greater efforts should be made.

Based on the sector's perspectives and dynamics, **preliminary analyses** were conducted to identify **22 potential material aspects**. Subsequently, the relevance of Aurica Capital, both externally and internally, was identified in relation to each of these aspects as follows:

- **External Relevance:** The relevance for each of the identified topics was considered from the perspective of several **companies in the private equity sector**, as well as the relevance of **sector advisors** (PRI, ASCRI, PEI, CFA Institute, ILPA) and **ESG advisors** (SDGs, GRI, MSCI, TCFD, SASB, Sustainalytics, DJSI, and Spanish Law 11/2018 on Non-Financial Information). Additionally, **surveys were conducted with both employees and portfolio companies** to quantify their concerns regarding the mentioned material aspects.
- **Internal Relevance:** Individual interviews were conducted with members of Aurica Capital's management team and the firm's investors to discuss the current level of ESG integration within Aurica and their perspective on the relevance of each ESG topic on the list.

Sector advisors

 Principles for Responsible Investment

 Capital por un Futuro Sostenible





 INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

ESG advisors









 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES









Materiality matrix

Once the internal and external relevance for each of the previously identified material topics was quantified, weights were assigned to each of the inputs that constituted these relevances. A weighted average was then calculated to identify the most relevant ESG aspects for Aurica's various stakeholders. Below is the **materiality matrix** developed from the obtained results:

External relevance		Internal relevance			
		Medium	High	Very high	
Very high			Environmental <ul style="list-style-type: none">• Carbon footprint Social <ul style="list-style-type: none">• Diversity and Inclusion Governance <ul style="list-style-type: none">• ESG Governance	Governance <ul style="list-style-type: none">• Growth and Long-term Value Creation• Communication and Transparency• Ethics, Integrity, and Competitive behaviour• Regulatory Compliance	
		High	Environmental <ul style="list-style-type: none">• Circular economy Social <ul style="list-style-type: none">• Safety, health and wellness Governance <ul style="list-style-type: none">• Client's privacy and cybersecurity	Environmental <ul style="list-style-type: none">• Energy and Water Consumption and Efficiency Social <ul style="list-style-type: none">• Attraction and Retention of Talent Governance <ul style="list-style-type: none">• Responsible Investment• Risk Management	Governance <ul style="list-style-type: none">• Governing structure
			Medium	Environmental <ul style="list-style-type: none">• Supply chain management Social <ul style="list-style-type: none">• Learning and development• Compensation and career path	Social <ul style="list-style-type: none">• Community Relations• Customer Satisfaction• Product/Service Quality and Customer Safety Governance <ul style="list-style-type: none">• Business model's resilience

Material topics

Based on the conclusions of the benchmark analysis of various private equity firms, both national and international, with ESG best practices, sector advisors, ESG advisors, and surveys of employees and portfolio companies, the **vertical axis of external relevance** shows the importance each ESG topic would have in the decisions/evaluations of Aurica's stakeholders.

The **horizontal axis of internal relevance** shows the relevance that each ESG topic would have for Aurica Capital to fulfill its strategy, based on the responses obtained from interviews with the management team and investors.

The most relevant topics of Aurica Capital are related to governance, which is the ESG aspect that most influences the private capital sector. This does not mean that environmental and social aspects are not considered important, which are also considered when making decisions, but governance is the foundation of sustainability in the Aurica Capital sector.

ESG OBJECTIVES AND COMMITMENTS

Adherence to the United Nations Principles for Responsible Investment (UN PRI)

Aurica Capital has been a signatory of the United Nations Principles for Responsible Investment since February 2016.

As a signatory of UN PRI, Aurica fulfills its commitment to transparency by **periodically informing its investors and stakeholders about the progress made on ESG matters.**

- **Aurica Capital prepares an annual ESG Report** to disclose its progress on ESG matters and their integration into the business, both at the management company level and within the portfolio it manages.
- It **publicly reports its progress on responsible investment in the annual Transparency and Climate Reports** of the UN PRI.

Aurica Capital uses the results of its materiality analysis, which identifies the most relevant topics related to responsible governance, to set annual ESG objectives that guide its performance improvement efforts. As a signatory of the United Nations Principles for Responsible Investment, it aligns its ESG objectives with its six established guiding principles.



These Principles will be upheld throughout the entire lifecycle of investments and divestments, to promote the implementation of the Principles in the daily management of the portfolio. Aurica ensures the **proper implementation of the UN PRI through its Responsible Investment Policy, which includes, among other commitments, the incorporation of ESG criteria throughout the investment process.**



ESG OBJECTIVES AND COMMITMENTS

Membership and Support

Aurica recognizes that the **integration of responsible investment practices in the Private Equity industry can create an extraordinary positive impact** on society and maximize the value of its beneficiaries and investees. In this sense, Aurica Capital is a member of **Invest Europe and SpainCap**, two associations **that represent the Private Equity sector in Europe and Spain**. Its participation in these two organizations ensures that the political influence as an organization **is aligned with the 6 UN-PRI Principles**. **Aurica's commitment to Spanish Private Equity is demonstrated through his membership of SpainCap's Board of Directors since 2019.**



Aurica Capital supports the **Global Framework of the 2015 Paris Agreement, the United Nations Guiding Principles on Business and Human Rights, the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainable Development Goals (SDGs), and the United Nations 2030 Agenda.**



Recognition of Aurica Capital's Commitment to Sustainability

Aurica Capital has published its Transparency Report since 2018 and its Climate Change Report since 2020, the year in which it received an "A Rating" in the reports published for 2020 (performance for 2019).

In 2023, the results of the UN-PRI related to the 2021 activity were published, where Aurica Capital achieved 5 stars in the Direct Private Equity category of the Principles for Responsible Investment Assessment Report. This recognition reflects the commitment of the management company, the team, and the portfolio companies to promoting a sustainable investment model, supported by policies aimed at generating a positive impact on society.



ESG OBJECTIVES AND COMMITMENTS

Commitment to the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a series of commitments established by the United Nations in September 2015. They focus on safeguarding human dignity, transforming economies to enable prosperous lives, caring for the environment, and promoting peace.

For Aurica, it is of great importance to **assess its contribution to the SDGs**, ensuring their integration into the business model of the manager company and the companies in which it invests.



**SUSTAINABLE
DEVELOPMENT
GOALS**

Aurica Capital's Contribution to the SDGs



Promotes sustained economic growth, higher levels of productivity and technological innovation. Promotes job creation in Aurica Capital and its affiliates, guaranteeing decent work in different activities.



Invests in innovation as a fundamental engine of economic growth and development. It promotes sustainable industries and investment in innovation, which are important ways to facilitate sustainable development.



Believes that the SDGs can only be met with strong global partnerships and cooperation. Associations and cooperation with its investees are key to the development of our activity.

Finally, an essential aspect of Aurica's contribution to the SDGs is the contribution of its investees, which is periodically reviewed, monitored, and supervised by Aurica Capital (see the section "Portfolio of investees" for more information on the portfolio's contribution to the SDGs).

Aurica Capital's Commitment to the SDGs



Target 8.1: Sustain per capita economic growth.



Target 9.1: Develop reliable, sustainable, resilient, and quality infrastructure to support economic development and human well-being.



Target 17.1: Strengthen the mobilization of internal resources, to improve the national capacity to collect revenue.



Target 8.2: Achieve higher levels of economic productivity through diversification



Target 9.2: Promote inclusive and sustainable industrialization.



Target 17.14: Improve policy coherence for sustainable development.



Target 8.8: Protect labour rights and promote a safe and secure working environment for all workers.



Target 9.3: Increase the access of small-scale industries and other companies to financial services.



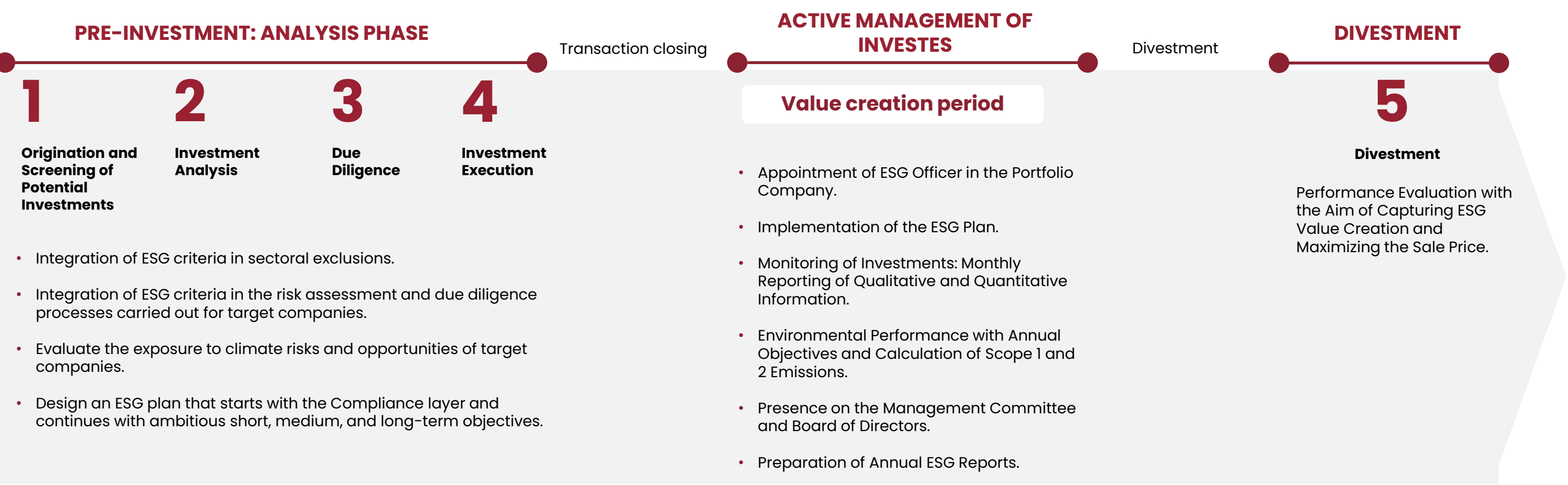
Target 17.16: Multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources.

Note: For future years, the contribution to the SDGs will be defined through specific KPIs.

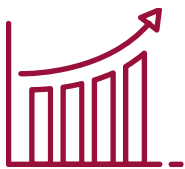
INTEGRATION OF THE RESPONSIBLE INVESTMENT POLICY

Aurica Capital is aware of the impact that investment decisions can have on society and, therefore, dedicates significant efforts to acting responsibly. The management company's objective is to leverage the integration of ESG factors into the business to identify material risks and opportunities in the short and long term, as well as their impact. Aurica relies on definitions proposed by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI), and the Sustainable Accounting Standards Board (SASB) to develop a materiality analysis that allows for the evaluation of these factors. The analysis and prioritization of ESG factors are integrated into all investment stages through the Responsible Investment Procedure. This procedure sets specific guidelines distributed across all phases of investment to fulfill the commitments made.

This policy consists of the following phases:



To ensure that these policies and procedures remain up to date, they are reviewed annually to identify areas for improvement and adapt them to new market trends and requirements. This enables the anticipation of and response to future challenges and opportunities. These policies aim not only to comply with regulations but also to foster a corporate culture that values and prioritizes environmental, social, and governance criteria. In 2023, Aurica Capital updated its Responsible Investment Policy, adapting it to different asset classes.

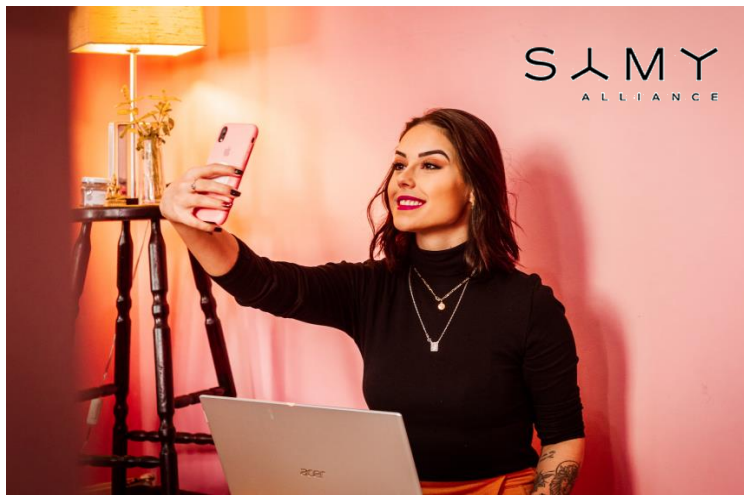


Growth it invests in Spanish or Portuguese companies focused on services related to digitalization, health, and energy efficiency, with significant growth and internationalization potential, and with an EBITDA of over €3 million.



Search Fund, intended to finance the search and acquisition of companies with growth potential, tailwinds, light-asset structures, and high cash generation capacity, using the search fund model.

For more information, see Aurica Capital's Responsible Investment Policy, available on the [website](#).



04

PORTFOLIO OF INVESTEES

- Summary of Aurica III, Aurica IV, and Search Fund I
- Materiality of the investees
- Contribution to the SDGs



AURICA III SUMMARY

Aurica III

Main ESG Aspects

ESG Objectives for 2024



Resting equipment

The company has founded a non-profit organization, **Ecocolchón**, in collaboration with Pikolín, with the aim of producing mattresses **following ecodesign criteria and promoting the circularity and recycling of their products**. Additionally, it has established the ESG Committee to provide structure to its sustainability actions.

- Complete the development of the company's ESG Policy.
- Create a new Absence and Absenteeism Policy for the UK office.
- Continue promoting measures related to Occupational Risk Prevention.
- Establish measures to reduce employee turnover by 5%.
- Increase the use of recycled plastic to 30%.
- Achieve a 14% reduction in emissions compared to 2021.
- Obtain the 45001 certification for Molaflex and plan the transfer and implementation for subsidiaries.



Agriculture

Agrosol Export has implemented measures to **protect biodiversity**, such as integrated pest management and biocontrol systems together with natural pollination. The company has developed **industrial cogeneration** with energy-saving systems, where heat is used in high-tech greenhouses and CO₂ is injected into the plants. The organization has implemented **more efficient irrigation systems** with mechanisms for rainwater and irrigation water recovery.

- Creation of an ESG Committee.
- Increase training hours by 5%.
- Issue a Sustainability Report.
- Measure the consumption of reused water in high-tech greenhouses and increase its reuse.
- Collaborate to reduce product waste.



Restaurants

Larrumba promotes the social inclusion of individuals at risk of exclusion. To channel the company's efforts towards this goal, it collaborates with various non-profit organizations such as the Pinardi Association, Tomillo, and the Alalá Foundation. Through these partnerships, Larrumba offers **training and job opportunities to young people facing challenges in entering the workforce**.

- Increase the number of suppliers aligned with ESG criteria.
- Obtain ISO 9001 and 14001 certifications.
- Promote social inclusion through collaborations with NGOs.
- Implement a waste management policy that promotes waste segregation and proper treatment.
- Reduce water consumption by 2%.
- Calculate the carbon footprint.



Advertising and Digital Marketing

The company has an initiative called **Samy4Change**, which it has promoted to address ESG issues among the staff and carry out initiatives with effective environmental and social impact. Through this initiative, it **provides training, promotes actions with a positive environmental impact, and supports employee health**.

- Achieve BCorp certification in the United Kingdom.
- Reduce water, plastic, and paper consumption by 5%.
- Increase annual participation in the NPS from 62% to 80%.
- Increase the "sense of being valued at Samy" from 64% to 70% in the NPS.
- Reduce CO₂ emissions by approximately 10%.







Technology consulting


Recently, Babel has promoted the creation of the **Sustainability Committee**, which is responsible for structuring the company's sustainability actions. Additionally, it has launched the Apadrina TIC initiative, encouraging employees to support Information Technology students who face difficulties in continuing their studies.

- Increase waste segregation in 90% of Babel's offices.
- Reduce the 2023 carbon footprint by 1%.
- Develop a sustainable mobility plan that includes employee transportation habits and actions to improve this aspect.
- Enhance environmental reporting with GRI indicators.
- Provide general training on regulatory compliance concepts.



AURICA IV AND SEARCH FUND SUMMARY

Aurica IV		
	Main ESG Aspects	ESG Objectives for 2024
 Digital marketing	<p>t26 promotes awareness activities related to environmental care. This year, collaborations have taken place with Apadrina un Olivo and the Reforesta association.</p> <p>In 2023, t26 hosted a conference on the benefits of diversity within the company and new inclusive leadership styles, led by an expert in the field.</p>	<ul style="list-style-type: none">• Obtain ISO 14001 Environmental Certification.• Increase employee training by 10% compared to 2023.• Implement the Supplier Policy for business suppliers.• Update the company's risk map, to be conducted by external compliance advisors.• Conduct 15 collaborations with NGOs.• Increase employee participation in volunteering through awareness actions.
 Online education	<p>Educa Edtech received the Granada Sostenible 2023 award for its building with an architectural design based on sustainable development, avoiding the emission of approximately 25 tons of CO₂.</p> <p>Additionally, in 2023, it obtained the Top Employer Spain certification, standing out for its exceptional working conditions. The company is committed to continuous improvement, building on the positive results of the QS Stars Rating audit.</p>	<ul style="list-style-type: none">• Create an emergency plan.• Develop strategies for carbon offsetting.• Limit the consumption of home automation and expand the solar panel park to promote self-consumption, reaching 30%.• Optimize waste management and recycling.• Update the Equality Plan, including strategies for equitable communication.• Modify the hiring policy to ensure all employees sign the Code of Conduct, commit to it, and declare alignment with the corporate culture.
 Veterinary health	<p>Canitas has developed its Ethical Code, which establishes values such as Passion, Professionalism, Commitment, Innovation, Empathy, and Teamwork to guide employee behaviour and promote the protection of customer information.</p> <p>Additionally, it is a signatory of the Diversity Charter, committing to respect equal opportunities and foster an inclusive culture.</p>	<ul style="list-style-type: none">• Hire certified suppliers for responsible social and environmental management.• Automate invoices to eliminate paper (completion of ERP implementation).• Hire people with disabilities (compliance with LGD) and develop an equality plan to promote inclusion and diversity at Canitas.• Efficient management and reduction of waste in medicines and food.• Maintain strict control over the expiration dates of medications to anticipate needs and avoid losses due to overstocking.• Organize awareness raising events with some shelters.
 Real Estate	<p>Through its foundation and collaboration with certain associations, it supports individuals at risk of homelessness. It has established the Safe Home Project to assist those affected by the conflict in Ukraine.</p> <p>Additionally, it collaborates with the Rey Juan Carlos University in creating the first rental observatory in Spain to promote transparency in the market.</p>	<ul style="list-style-type: none">• Develop an LGTBQ+ plan.• Develop a crime prevention plan.• Establish an ESG committee.• Optimize travel from offices to homes with a strategic office location plan that allows for visits on foot.• Create an action plan based on the Climate Survey and develop policies and measures for employee well-being.

Aurica Search Fund I		
	Main ESG Aspects	ESG Objectives for 2024
 Safety and Administration	<p>CSP has conducted the ESOS (<i>Energy Savings Opportunity Scheme</i>) audit to identify measures that allow for energy and carbon savings.</p> <p>Additionally, it has improved employee working conditions by updating the minimum wage and enhancing their medical insurance.</p>	<ul style="list-style-type: none">• Increase the number of women on the Management Committee.• Volunteer with local communities.• Calculate the carbon footprint and set reduction targets.• Reduce the salary gap.• Conduct training for the development of Senior Supervisors.• Create an apprenticeship program for youth and communities with special education needs.• Incorporate new eco-friendly and recyclable uniform for all CSP managers and T-shirts for all employees.



MATERIALITY OF THE INVESTEEES

In the 2023 fiscal year, Aurica Capital updated the materiality analysis at the portfolio companies' level to identify the main material aspects related to ESG, including climate-related issues.

To conduct the materiality analysis, the sectors in which Aurica Capital’s portfolio companies operate were identified, along with the material topics based on the relevant aspects for each sector as assigned by the Value Reporting Foundation (VRF), an entity formed from the merger of SASB and Integrated Reporting.

The sectors and the relevant aspects identified for each of the portfolio companies according to the materiality map of the VRF are as follows:

Aurica III

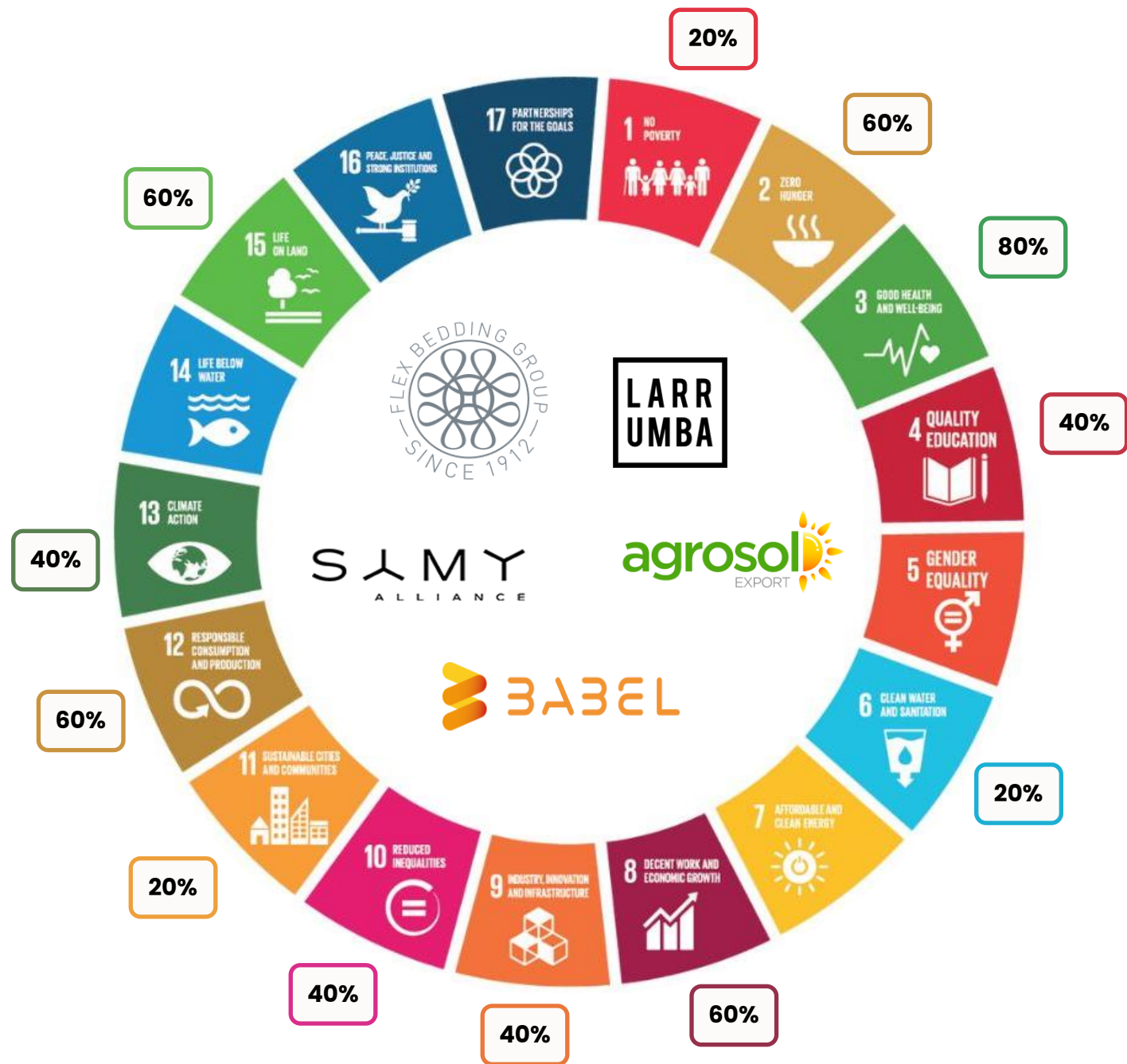
Company	Sector	Environment	Social		Governance	
		Environment	Social	Human capital	Business model and innovation	Leadership and governance
Flex	Building Products & Furnishings	<ul style="list-style-type: none">Energy Management	<ul style="list-style-type: none">Product Quality & Safety	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Product Design & Lifecycle ManagementSupply Chain Management	<ul style="list-style-type: none">N/A
Agrosol	Agricultural Products	<ul style="list-style-type: none">GHG EmissionsEnergy ManagementWater & Wastewater Management	<ul style="list-style-type: none">Product Quality & Safety	<ul style="list-style-type: none">Employee health & safety	<ul style="list-style-type: none">Supply chain managementMaterials sourcing & efficiency	<ul style="list-style-type: none">N/A
Larrumba Group	Restaurants	<ul style="list-style-type: none">Energy ManagementWater & Wastewater ManagementWaste & Hazardous Materials Management	<ul style="list-style-type: none">Product Quality & SafetyCustomer Welfare	<ul style="list-style-type: none">Labour Practices	<ul style="list-style-type: none">Supply chain management	<ul style="list-style-type: none">N/A
Samy	Advertising & Marketing	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Customer PrivacySelling Practices & Product Labeling	<ul style="list-style-type: none">Employee Engagement, Diversity & Inclusion	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">N/A
Babel	Professional & Commercial Services	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Data Security	<ul style="list-style-type: none">Employee Engagement, Diversity & Inclusion	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Business Ethics

Aurica IV

Company	Sector	Environment	Social		Governance	
		Environment	Social	Human capital	Business model and innovation	Leadership and governance
T26	Digital marketing	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Customer privacySales practices and product labeling	<ul style="list-style-type: none">Employee commitment, diversity and inclusion	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">N/A
Educa Edtech	Online education	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Data securityCustomer well-beingSales practices and product labeling	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Competitive behaviour
Canitas	Healthcare provider (healthcare for pets)	<ul style="list-style-type: none">Energy managementWaste and hazardous materials management	<ul style="list-style-type: none">Data securityAccess and affordabilityProduct quality and safetyCustomer well-beingSales practices and product labeling	<ul style="list-style-type: none">Employee health and safetyEmployee commitment, diversity and inclusion	<ul style="list-style-type: none">Physical impacts of climate change	<ul style="list-style-type: none">Business Ethics
Alquiler Seguro	Real estate services	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Product design and life cycle management	<ul style="list-style-type: none">Business Ethics

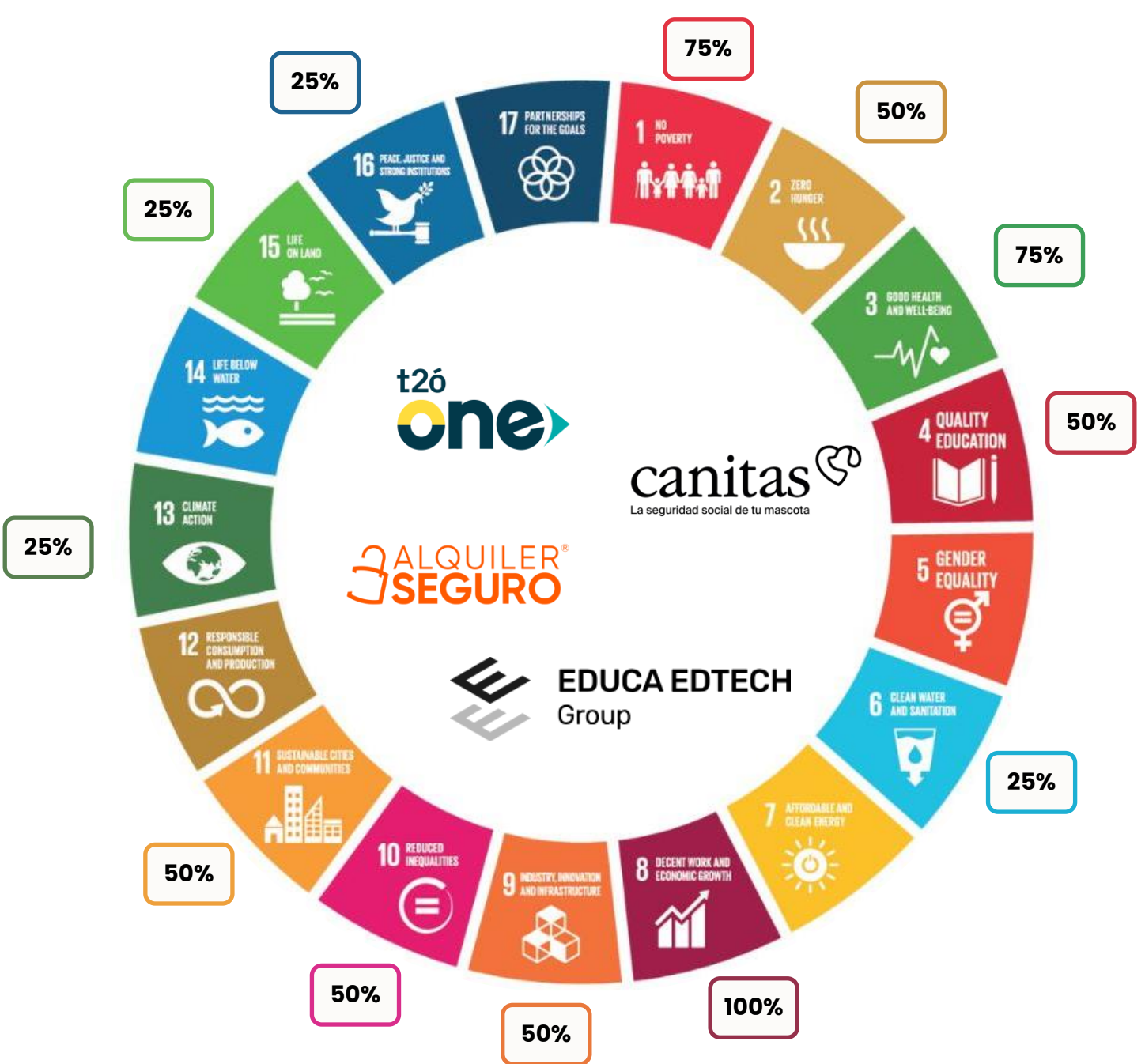
CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Contribution of the Aurica III and Aurica IV funds



Aurica III

A diverse profile in terms of linkage with the SDGs, highlighting **Good Health and Well-being, Zero Hunger, Responsible Consumption and Production, and Decent Work and Economic Growth**. This is due to the business activities of the portfolio companies, as both Agrosol and Larrumba Group are engaged in the production, marketing, and provision of food. Flex and Agrosol promote the reuse of materials and conduct analyses to minimize their waste, and all of them promote employee well-being and ensure good working conditions and professional development.



Aurica IV

The SDG of **Decent Work and Economic Growth** is highlighted, because 100% of the portfolio companies are aligned with it. Most of the portfolio companies are linked to the SDG of **No Poverty**. Educa Edtech contributes through the provision of scholarships for education, Alquiler Seguro collaborates with associations to find jobs and housing for people at risk of social exclusion, and t26 engages in internal volunteer projects for food collection and donation. Canitas directly contributes to **Good Health and Well-being** through its business model.



05

TCFD REPORT

- Engagement with the Task Force on Climate-Related Financial Disclosures
- Governance
- Strategy
- Risk management associated to climate change
- Metrics and Targets

Engagement with the Task Force on Climate-Related Financial Disclosures (TCFD)

Response to Climate Change

Aurica Capital recognizes climate change as both a risk and an opportunity for the economy and for its development as a management company.

Therefore, it supports the global framework of the 2015 Paris Agreement and, in 2023, has continued to publicly endorse the Task Force on Climate-related Financial Disclosures (TCFD).

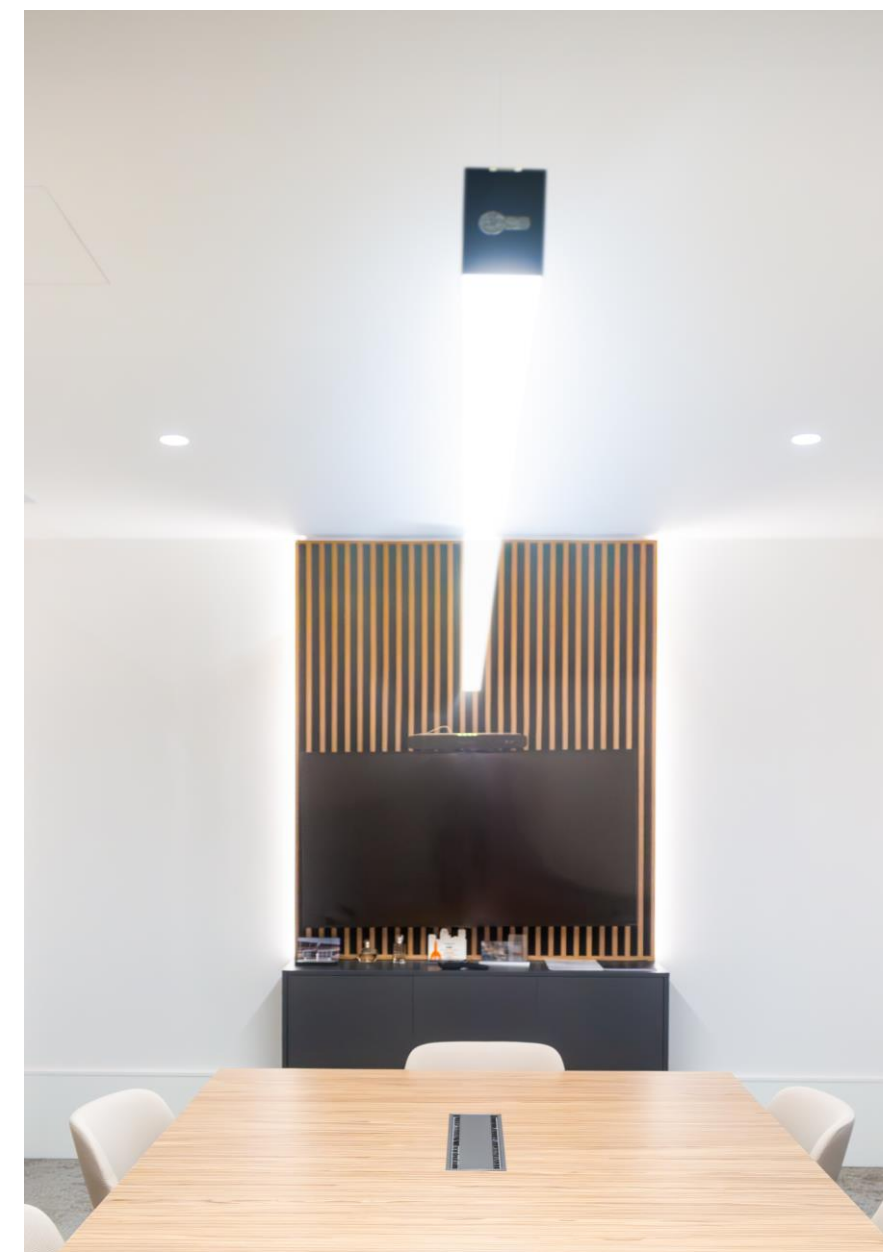
The assessment of climate risk is included in the investment strategy and in the monitoring of the portfolio.

Since 2021, the carbon footprint impact of the management company has been measured annually, and emission reduction targets are set in agreement with the portfolio companies.

2023 is the first year in which Aurica Capital has incorporated the recommendations of the four pillars proposed by the TCFD into its report: Governance, Strategy, Risk Management, and Metrics and Targets.

Initiatives to address climate change

In 2021, Aurica Capital took a significant step to improve the monitoring of TCFD recommendations by implementing a three-year action plan based on the document developed by UN PRI, as well as TCFD's own guidelines. These documents serve as a guide for incorporating TCFD recommendations into private equity management companies. Some actions of the plan have already been carried out, such as: (i) including climate aspects within the pre-investment Due Diligence to identify climate risks, (ii) developing and analyzing different scenarios related to the identified climate risks, and (iii) conducting annual portfolio reviews to assess progress towards climate objectives. In the 2023 fiscal year, Aurica has evolved its report to disclose its progress in the key areas identified by the TCFD.



GOVERNANCE

Organizational 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 the organization uses to identify, assess and manage climate-related risks.



METRICS AND OBJECTIVES

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

*Source: "Technical Guide: TCFD for Private Equity General Partners" (UN PRI) - 2020

**Source: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) - June 2017

Engagement with the Task Force on Climate-Related Financial Disclosures (TCFD)

Action plan

Below is the summary of the action plan prepared by Aurica Capital with the tasks to be carried out based on the TCFD recommendations.

Additionally, each of the initiatives has a development, a person in charge and an associated calendar.

Governance

Objective	Action	2023 Status	Reference
A. Increase climate awareness throughout the organization	1. Include climate-related topics in current training.	Completed	This report Management and governance approach – pg. 14 & 15
	2. Define the responsibilities of Aurica's board of directors in overseeing climate-related risks and opportunities.	Completed	
B. Defining dedicated climate governance	3. Define the role of management in assessing and managing climate-related risks and opportunities.	Completed	Governance– pg. 32

Strategy

Objective	Action	2023 Status	Reference
C. Develop a simplified implementation plan	4. Identify macro-level risks and opportunities across the sector during the various stages of the investment process, such as evaluation and Due Diligence. Ensure the existence of mechanisms to identify them.	Completed	This report Integration of the responsible investment policy – pg. 23 Strategy – pg. 33 to 35
	5. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Completed	
	6. Define an implementation plan by setting quantitative and qualitative climate targets for the various portfolio companies.	Completed	
D. Conduct a materiality analysis of the portfolio companies to identify their exposure to climate risk	7. Include climate elements within pre-acquisition due diligence by defining documented procedures to identify exposure to climate risk and ESG.	Completed	
	8. Identify the portfolio companies with the highest exposure to climate risks and conduct in-depth climate analysis.	Completed	
	9. Describe the resilience of the organization's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	In progress	

Risk management

Objective	Action	2023 Status	Reference
E. Define key climate performance indicators for each portfolio company	10. Describe the organization's processes for identifying and assessing climate-related risks.	Completed	This report Risk management – pg. 16 Risk management – pg. 36 & 37
	11. For the companies most exposed to climate-related risks, engage with executives and partners to define an action plan to strengthen climate resilience.	Completed	
F. Fully integrate climate considerations into the investment process	12. Develop climate-related scenarios when climate-related risks (medium/high risks) have been identified in an investee.	Completed	

Metrics and targets

Objective	Action	2023 Status	Reference
G. Support investees with tools and recommendations to address climate risks	13. When material risks are identified, define climate targets at the investee level (for example, risk exposure, resilience, carbon footprint, 2°C alignment).	In progress	This report Aurica III summary pg. 25 Aurica IV & Search Fund summary –pg. 26 Metrics and targets – pg. 38
H. Conduct annual reviews of the portfolio companies to assess progress towards climate objectives	14. Consider metrics and targets in annual ESG reports and internal investment procedures (for example, pre-acquisition and post-acquisition climate due diligence).	Completed	
	15. Disclose greenhouse gas (GHG) emissions for Scope 1, Scope 2, and, if applicable, Scope 3, along with the related risks.	Completed	

GOVERNANCE

Define climate-conscious governance

A robust governance structure has been implemented to ensure that these aspects are addressed within the organization, integrating the recommendations of TCFD and UN PRI for private equity managers.

The responsibility for overseeing climate-related aspects lies with the Board of Directors of Aurica Capital, which assumes the ultimate responsibility for Aurica Capital's corporate strategy, vision, and purpose. This includes the development and execution of a responsible investment strategy that takes climate-related risks and opportunities into account. The Board of Directors meets semi-annually and evaluates the portfolio's status. During this evaluation, among other issues, the review of potential ESG (through MSCI ESG) and climate risks is addressed.

Additionally, an ESG and Climate Committee has been established, composed of key members within the organization, including partners and senior executives. This committee oversees the implementation and monitoring of its Responsible Investment Policy, which specifically addresses the challenges of climate change. In this context, during the management and value creation phase, there is a close and constant collaboration with the management of the portfolio companies to establish joint ESG objectives and best practices, ensuring that ESG risks, including climate risks, are properly identified and managed.

The detection of ESG and climate risks, as well as the establishment of ESG objectives at the level of each investment, including those related to climate, are key elements in their decision-making processes. These aspects are included in the Investment and Divestment Memorandums, which are approved by their Investment Committee. This committee maintains constant communication with other governing bodies within Aurica, such as the executive committee and the administrative committee, to ensure a comprehensive management of climate-related risks and opportunities.

Finally, their Compensation Policy is aligned with their long-term strategic objectives, including aspects related to climate. This reinforces the importance that Aurica Capital places on climate-related issues as a fundamental pillar of its business strategy.

As part of the ESG Due Diligence conducted during the acquisition of Alquiler Seguro, a climate risk assessment analysis was performed. This is a process that Aurica carries out with all the investments it analyzes.

Although both physical and transition risks were found to be low, some climate risks and opportunities for the sector assigned by SASB were identified among the findings of the procedure.

Upon review, it was determined that they were not applicable to Alquiler Seguro, considering that the company's focus is more on carrying out small renovations rather than construction.

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SEGURO**

STRATEGY

Responsible investment and climate risk mitigation strategy

Through its Responsible Investment Policy, Aurica integrates ESG and climate considerations before the investment process, during acquisition, and throughout the holding period of portfolio companies, striving to comply with TCFD recommendations.

Below, a case study is presented illustrating how this process is carried out in relation to climate.

Commitment to Responsible Investment Strategy

The Investment Strategy is embodied in Aurica's Responsible Investment Policy and Procedure, including specific areas that address the potential impacts and risks arising from climate change.

Sector Exclusions

Aurica Capital does not invest in companies involved in specific activities that harm the environment.

Climate Change Considerations in the Investment Phases

Aurica Capital requires the completion of mandatory documents during the investment phases that consider climate change aspects, such as the "ESG Checklist," the "Investment Memorandum," the "Environmental Due Diligence," and the "ESG Assessment."

Annually, ESG-related objectives are set for each portfolio company based on the established purpose. These objectives are then measured and monitored through the monthly or quarterly reports of each portfolio company.

Commitment to Portfolio Companies

Aurica is committed to identifying climate change risks and opportunities in its portfolio companies, helping them mitigate potential risks and drive opportunities. To achieve this, Aurica supports portfolio companies annually in monitoring their CO2 emissions and works with them to establish emission reduction plans.

In early 2023, Aurica encouraged more than half (67%) of its portfolio to set quantitative targets related to climate change mitigation, including milestones for emission reduction, renewable energy usage, and energy consumption reduction. Among the 2023 milestones, Aurica supported Babel in increasing its use of renewable energy by 5% and Flex in reducing its CO2 emissions by 42% by 2030.



Calculation of Scope 1 and Scope 2

Scope 1 and 2 emissions of all companies in the portfolio are calculated, representing 100% of the portfolio.



Renewable Electricity Consumption

Portfolio companies are encouraged and incentivized to reduce their energy consumption and use renewable energy sources.



Emission Reduction Target

Quantitative emission reduction targets have been set for 67% of the portfolio in 2023.

Climate risk analysis of our investee companies

In 2021, a first approximation was made to **identify the level of climatic risks, both physical and transition at the macro level** for each of the investee companies. This assessment has been updated as new companies joined the portfolio. The climate risk levels for the companies were established based on their sectoral and geographical risk components. For the **sectoral aspect of the risks**, information from MSCI and the CSA/DJSI questionnaire was considered, and **for the geographical aspect** of the risks, the *ND-GAIN Country Index* and the *Energy Transition Index (ETI)** were used.

Once the potential risks for each sector and geography were identified, the information from all sources was weighted to determine the climate risk level for each investee company and to generate the following **matrix of physical and transition climate risks**.

Physical risks derived from climate change

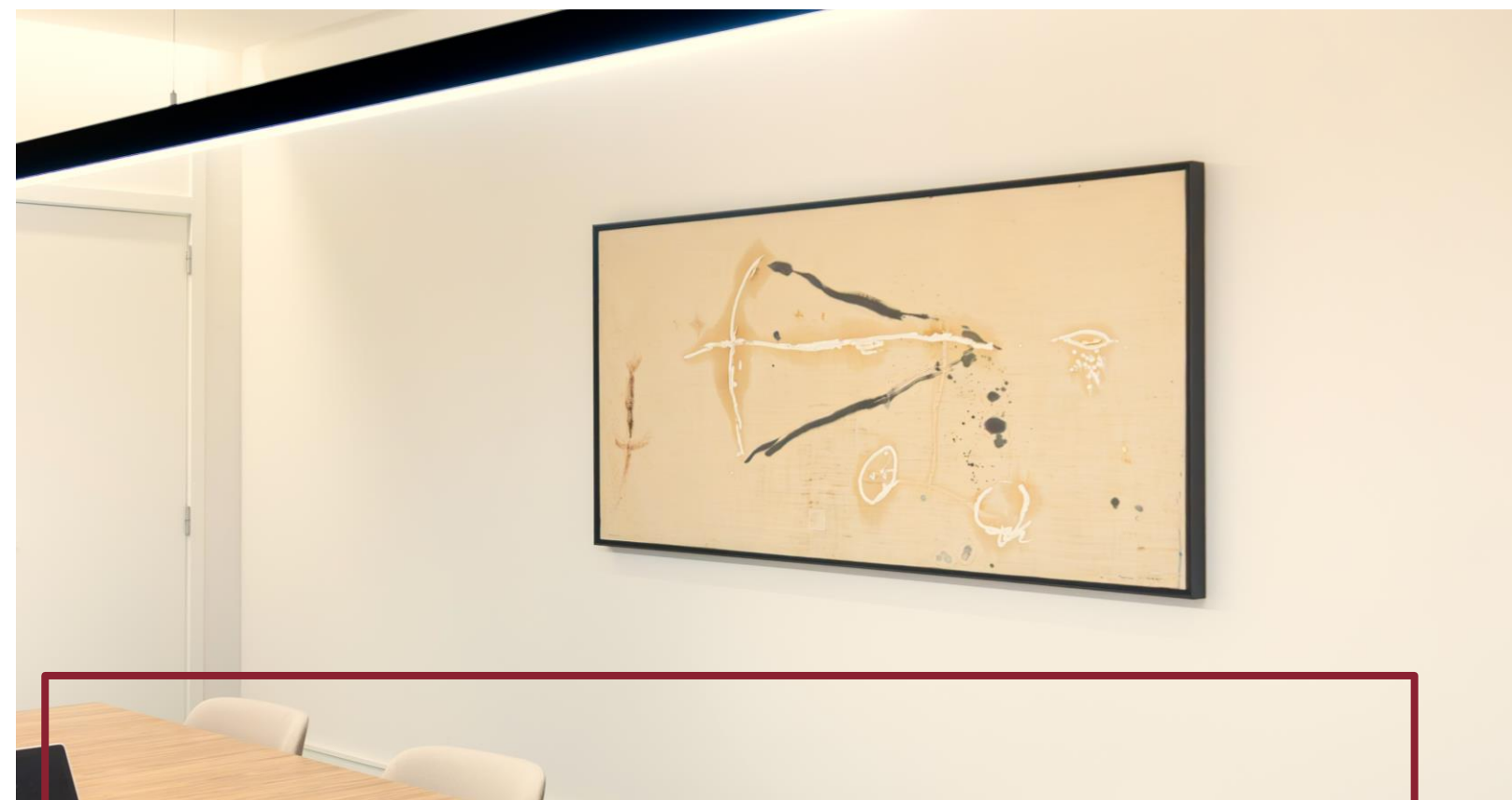
- **Acute:** event-driven exposures, including the increased severity of extreme weather events (cyclones, hurricanes, floods, etc.); and
- **Chronic:** long-term changes in climate patterns (sustained higher temperatures) that can lead to, for example, rising sea levels or chronic heatwaves.

Aurica III					Aurica IV			
Flex	Agrosol Export	Grupo Larrumba	Samy	BABEL	T26	Educa Edtech	Canitas	Alquiler Seguro
Low	Medium	Low	Low	Low	Low	Low	Low	Low

Transition risks resulting from the shift to a low-carbon economy

- **Political and legal:** evolving regulations and potential litigation or legal risks;
- **Technological:** improvements or innovations that support the transition to a low-carbon and energy-efficient economic system;
- **Market:** the effects of climate change on supply and demand; and
- **Reputational:** changing perceptions of customers or the community regarding climate considerations.

Aurica III					Aurica IV			
Flex	Agrosol Export	Grupo Larrumba	Samy	BABEL	T26	Educa Edtech	Canitas	Alquiler Seguro
Medium	Medium	Low	Low	Low	Low	Low	Low	Low



Aurica Capital uses this **climate risk matrix** to dig deeper into the risks. For all investee companies with a **medium or higher level of climate risk**, whether physical or transitional (Agrosol Export and Flex), Aurica will conduct a **micro-level analysis** to identify the specific **climate risks affecting these portfolio companies**. Additionally, Aurica Capital also considers conducting an **analysis of the opportunities** for these investee companies to mitigate the climate risks that affect them. An example of the climate risk analysis methodology is the pilot case carried out for Agrosol, explained below.

The conclusions of this analysis regarding the new investments of **Aurica IV, companies with both low physical and transition risks**, demonstrate that Aurica continues to commit to **investing in companies that do not have a negative impact on the environment**.

*Sources:
 MSCI: <https://www.msci.com/our-solutions/esg-investing/esg-ratings/materiality-map>
 CSA // DJSI: https://portal.csa.spglobal.com/survey/documents/CSA_Weights.pdf
 ND-GAIN Country Index: <https://gain.nd.edu/our-work/country-index/>
 ETI: <https://www.weforum.org/reports/fostering-effective-energy-transition-2021/in-full/rankings>

Climate risk analysis of our portfolio companies

Aurica conducts a materiality analysis of the portfolio companies to identify their exposure to climate risks.

Firstly, Aurica has conducted a high-level qualitative assessment of climate risks to determine the exposure of the investee companies to climate-related risks. This analysis considers both physical and transition risks. The two investee companies identified as having the highest risk are Agrosol, which operates in the agricultural sector and has a medium exposure to both physical and transition risks, and Flex, which, due to its nature as a manufacturer, is considered to have a medium exposure to transition risks.

Transition risks: **Medium risk for Agrosol and Flex**



Type of risk	Risk description
Political and legal risks	For companies with higher carbon emissions, there is a greater political and legal risk associated with a potential increase in greenhouse gas emission prices, stricter reporting standards, tighter product and service regulations, and increased exposure to litigation. This could particularly affect companies in the manufacturing sector, as their supply chains and production processes may be impacted.
Technological risks	There are risks associated with the replacement of products and services with lower environmental impact options, which could reduce the demand for certain products and services. Additionally, there are risks related to the costs of transitioning to lower-emission technologies and the possibility of undertaking unsuccessful investments. Manufacturing companies may experience these risks in their processes or factories.
Market risks	These risks are associated with the market. From the consumer perspective, there may be a growing preference for products and services with lower carbon emissions, which could result in reduced demand for certain offerings. From the supply chain perspective, there is a risk related to the uncertainty and costs of raw materials. Manufacturers with complex value chains and diverse raw material inputs may face greater exposure to this type of risk.
Reputational risks	These risks are associated with changes in consumer preferences, which could result in reduced revenues due to lower demand for certain goods and services. Additionally, the sector could face stigmatization, leading to reduced production capacity and increased concern or negative feedback from stakeholders. This could, in turn, affect the attraction and retention of employees and the availability of capital.

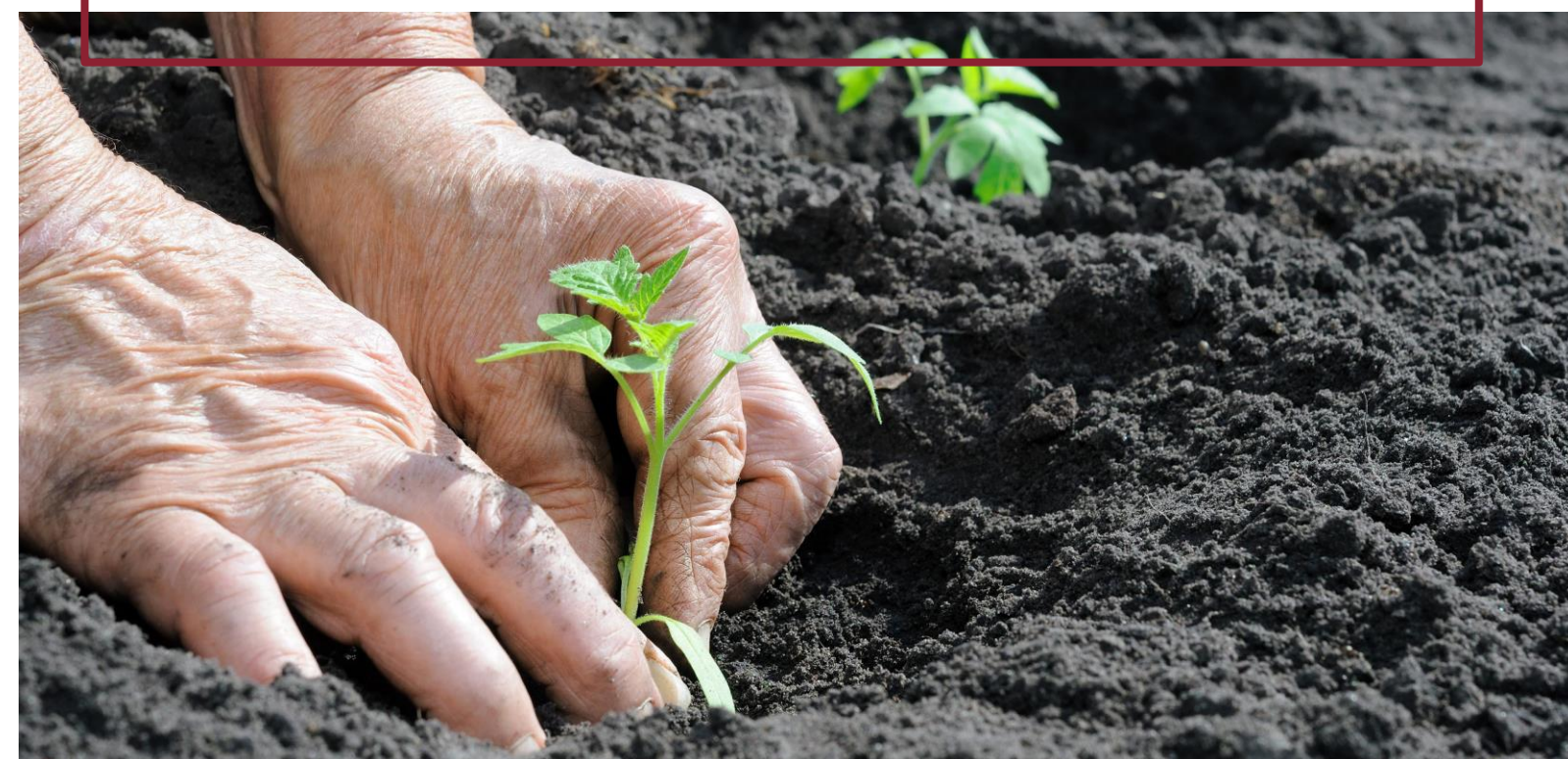
Physical risks: **Medium risk for Agrosol**



Type of risk	Risk description
Acute physical risk	Acute risks are those that arise from an increase in the severity of extreme weather events, such as floods or cyclones, due to climate change.
Chronic physical risk	Chronic physical risks are linked to changes in the variability of climate patterns. These include rising average temperatures, rising sea levels, or changes in precipitation. Both chronic and acute physical risks could pose a threat to companies whose raw materials depend on crop growth and water consumption.

In order to align the management company with the recommendations established by the TCFD, an implementation plan has been developed that defines both quantitative and qualitative climate objectives for the investee companies. Aurica Capital is committed to Active Ownership and working with the management teams of the investees, especially in setting their ESG objectives each year. Both Agrosol and Flex have established quantitative climate-related objectives:

- Agrosol has set a target to reduce its fuel and natural gas consumption by 10% by 2024.
- Flex has established a long-term goal to reduce its carbon emissions by 42% by 2030.



RISK MANAGEMENT

Climate risk assessment

For Aurica, it is a priority to prepare its business for the future and develop resilience that ensures long-term financial sustainability. Therefore, it is important to understand the potential impact of future climate scenarios, the physical and transition risks of climate change for its portfolio companies, along with proactive adaptation plans and strategic investment. By working preventively with its portfolio companies, the goal is to minimize negative impacts and enhance opportunities.

In this context, Aurica Capital is committed to implementing the TCFD recommendations in its financial disclosure practices to improve transparency and understanding of climate-related risks and opportunities by identifying, evaluating, and managing these risks and opportunities, and to provide relevant information to investors, portfolio companies, and other stakeholders.


Thus, in 2022, Aurica developed a pilot test for the implementation of the TCFD recommendations for Agrosol, as it is the portfolio company with the greatest exposure to climate change. As a starting point, they considered some of the objectives established in the three-year implementation plan defined in the 2022 fiscal year.

Assessment of Agrosol's physical risks and opportunities

Climate risks have been identified and assessed for all of Agrosol's farms by incorporating the analysis of three climate scenarios according to the **Intergovernmental Panel on Climate Change** (IPCC). These scenarios represent different projections of the climate change situation, known as **Representative Concentration Pathways** (RCPs), classified based on greenhouse gas emissions.









Specifically, **RCP 2.6, RCP 4.5, and RCP 8.5** have been selected, as well as two time horizons covering the period from the present to 2060 for Agrosol **(2021-2040)** and **(2041-2060)**.

Physical risks and temperature scenarios in 2100	
+2°C (RCP 2.6)	RCP 2.6 establishes a pathway and an emissions trajectory that is generally aligned with the goals of the Paris Agreement to limit global warming to less than 2°C, preferably to 1.5°C, by the year 2100 compared to pre-industrial levels.
+2,5°C (RCP 4.5)	RCP 4.5 is an intermediate scenario with emissions peaking in 2040 and then rapidly declining until 2080.
+4°C (RCP 8.5)	RCP 8.5 is the most pessimistic scenario, consistent with no policy changes to reduce emissions, where CO2 concentrations in the atmosphere approximately double by 2050 and continue on that path until 2100.

 Low risk
  Medium risk
  High risk
  Opportunity

The analysis conducted has covered the following points:

- Identification of the main climate hazards, as well as those that could present an opportunity.
- Analysis of the risks and opportunities identified as most relevant.
- Evaluation of these in economic terms.
- Identification of adaptation measures for the risks and development plans for the opportunities.

Physical risk or opportunity*	Risk level		Potential impact	Impact management
	Medium term	Long term		
Temperature variability			<ul style="list-style-type: none"> • The progressive increase in temperatures raises the incidence of pests and diseases in crops. • Increase in the water demand for crops, whose availability may be reduced, forcing the need for a greater supply of water from desalination plants. • Reduction in gas and fuel consumption on heated farms. 	<ul style="list-style-type: none"> • Investment in R&D&I (or alternatively, strategic alliances with institutions, such as universities) is highly recommended in order to find commercially valuable crop varieties that are more resistant to common pests and diseases.
Rainfall variability			<ul style="list-style-type: none"> • The variability of precipitation also affects the relative humidity of the environment, which, along with temperature, is considered a key factor for the development of fungal diseases. • The level of aquifers will decrease, leading to a reduction in water supply. 	<ul style="list-style-type: none"> • Maintain populations of beneficial insects to better control the most common pests and diseases. • Leverage on the knowledge of R&D&I to be able to find varieties better adapted to water variation and less demanding of this resource. • To combat potential water scarcity or supply shortages, desalination plants are available.
Resource management			<ul style="list-style-type: none"> • Technology is a key element for mitigating climate change as it enables better resource planning through data acquisition, such as fertilization tasks, allowing the use of only what the crop needs and minimizing the emissions generated. 	<ul style="list-style-type: none"> • Improve the management of water and soil resources thanks to new technological tools such as the Internet of Things (IoT) to optimize production and crop resilience.
Energy management			<ul style="list-style-type: none"> • The impact it has on the energy efficiency of the crop (by anticipating energy demand), as variables such as temperature are fundamental for managing the various crop cycles. 	<ul style="list-style-type: none"> • Efficiency in maintaining temperature in greenhouses and investment in renewable energy.

*The results shown correspond to the most pessimistic scenario (RCP 8.5)

Assessment of Agrosol's Transition Risks and Opportunities



The nature of risks and opportunities depends not only on the physical aspects of climate change but also on regulatory and commercial aspects in the markets in which one operates, the pressures to reduce the carbon footprint, and the ability to shape a culture of climate action.

To better understand the financial consequences of the transition to a low-carbon economy for Aurica and its portfolio companies, the primary regulatory, market, and commercial challenges posed by climate change have been evaluated (at the level of Agrosol and its products) according to the scenarios provided by the IEA.

Regarding these transition risks, the community agricultural sector is concerned about what it might mean for its competitiveness in the markets, the constraints and demands on its activity that mainly stem from the so-called “Green Deal” or European Green Deal, in a context where the EU continues to open its trade with third countries.

While the current **European Union Emissions Trading System (EU ETS)**, which has been the main mechanism of European climate policy since 2005, does not apply to agriculture, it does apply to its supply chain, for instance, the fertilizer industry. The scope of this regime is limited to the European Union, which is why the **Carbon Border Adjustment Mechanism (CBAM)** is being implemented recently. This mechanism would mean that foreign companies exporting products to the EU would also pay the same price for emission rights as in the European market, based on the carbon emitted during the production process, affecting imported fertilizers.

In this context, the following conclusions have been drawn:

Physical risks or opportunities*	Risk level		Potential impact	Impact management
	Medium term	Long term		
Increase in the price of raw materials	●	●	<ul style="list-style-type: none"> Potential increase in the cost of agricultural products as a result of increased competition for agricultural commodities and dwindling resources. There are fewer and fewer active substances authorized to be incorporated into phytosanitary products to combat pests and diseases. Implementation of the CBAM taxes imports of products with a high CO2 content, a factor that affects the consumption of fertilizers. 	<ul style="list-style-type: none"> Promote a sustainable production model from all points of view, economic, social and environmental. Adopt a more proactive attitude and abide by more restrictive production standards such as, for example, organic production, since they present greater carbon sequestration and the emissions of the products allowed to be used are lower than in the conventional case.
Regulation	●	●	<ul style="list-style-type: none"> European strategies "From farm to table" and Biodiversity 2030 set objectives such as reducing the use of phytosanitary products by 50% and requiring that 25% of agriculture be organic. Less margin to switch treatments: pests and diseases can generate resistance, which means an increase in operating costs. 	<ul style="list-style-type: none"> Assess risk exposure and stay informed about climate regulation. Establish objectives and goals while identifying opportunities for innovation and strategic collaboration. Integrate climate risks into the business strategy.
Reputation	●	●	<ul style="list-style-type: none"> Reputational transition risk can damage the image of the company if it fails to contribute satisfactorily in the transition to an economy with low carbon emissions and respectful of the environment. 	<ul style="list-style-type: none"> Adoption of green practices and achieve sustainability certifications to improve the company's reputation.

*The results shown relate to the most stringent scenario (NZE)

METRICS AND TARGETS

Calculation of Aurica Capital's carbon footprint and emission reduction targets

In 2023, Aurica Capital calculated its carbon footprint, which includes Scope 1, 2, and 3 emissions of the management company. These emissions are disclosed using the **Greenhouse Gas (GHG) Protocol** methodology, the most widely used international tool for calculating and reporting emission inventories.

The Scope 3 emission categories considered are "Leased Assets," which includes emissions from rental car travel, "Business Travel," which accounts for estimated emissions from air and train travel, and "Investments." The latter category is the most relevant for Aurica Capital as it comprises the Scope 1 and 2 emissions of its investee companies. To report these data, the PCAF methodology was used, which allows for accurate representation of the emissions financed by Aurica III based on an **attribution factor assigned to each investee company**. This factor is calculated based on the percentage of equity owned by Aurica, weighted over the total value of the company's equity and debt.

Regarding electricity (Scope 2), Aurica reports its emissions using the Market-based method. Following this method, renewable energy has no associated emissions, and for non-renewable electricity, the residual mix of each country where the investee companies operate is used. If the residual mix is not available for a particular country, the country's energy mix has been used.

Aurica				Total
Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)		
		Category 6 – Business Travel	Category 15 – Investments*	
-	2	1,218	1,915.1	3,135

Financed emissions – PCAF			
Investee company	Scope 1	Scope 2	Scope 1&2
Agrosol	1,200	139	1,339
Babel	0	7	7
Flex	69	56	125
Larrumba	234	140	374
SamyRoad	0	5	5
Alquiler Seguro	0	11	11
Canitas	7	45	52
Educa Edtech	0	0	0
T26	0	2	2
Total	1 510	405	1 915

Once Aurica Capital's carbon footprint was calculated, a **comparison was made between the Scope 1 and 2 emissions of the investee companies and the results from the previous year**. Overall, **most of the investee companies managed to decrease their emissions, reducing them by 17% compared to 2022**.

- Larrumba has experienced significant growth in the number of restaurants during the year, leading to an increase in Scope 2 emissions due to electricity consumption at its locations.
- Flex's business has continued to expand during 2023, experiencing an increase in Scope 1 and 2 emissions.
- The significant reduction in Babel's emissions is due to the relocation of its headquarters to more sustainable facilities.
- The impact of the carbon emissions from the two new investee companies, Canitas and Alquiler Seguro, which have been included in the 2023 carbon footprint, is not significant.

In 2021, Aurica Capital set a target to reduce emissions **by 12.5% by 2026 for its highest-emitting investee companies**, Agrosol and Flex. These two companies account for approximately 85% of the portfolio's total emissions.

For those investee companies contributing less than or equal to 15% of total emissions, no emission reduction targets have been established. Although Aurica Capital **is not committed to Science Based Target Initiative (SBTi)**, it used its public tool* when setting the targets, analyzing each case individually to determine if the companies could achieve goals aligned with this initiative to **well-below 2°C (WB2C) by 2026 with 2021 as the base year**.

Data in TnCO ₂ eq**	2022			2023			Variation (%)	Weight (%)
	Scope 1	Scope 2	Scope 1 + 2	Scope 1	Scope 2	Scope 1 + 2	Scope 1 + 2	
Flex	892	2,070	2,962	1,989	1,613	3,602	22%	29%
Agrosol	5,993	653	6,646	6,292	731	7,023	6%	56%
Larrumba	249	397	646	1,054	630	1,684	161%	13%
Samy	0.0	24	24	0	21	21	-14%	0%
Babel	23.31	358.52	360	2	37	39	-89%	0%
t26	0	0	0	0	12	12	-	0%
Educa Edtech	8	0	8	2	0	2	-74%	0%
Canitas	N/A	N/A	N/A	12.5	86.1	99	-	1%
Alquiler Seguro	N/A	N/A	N/A	0	96.7	97	-	1%
Total	7,166	3,479	10,646	9,352	3,227	12,579	18%	100%



06

APPENDICES

- Environmental aspects
- Social aspects
- Governance aspects

Aurica's portfolio companies have specific systems for ESG reporting and consolidation. These systems allow Aurica Capital to monitor how these companies are progressing towards more sustainable management and their impact on ESG aspects.

Aurica Capital is committed to helping its portfolio companies identify opportunities and risks related to ESG factors and provide comprehensive support to assist them in progressively improving their integration of ESG principles.

ENVIRONMENTAL ASPECTS

	Flex	Agrosol Export	Larrumb a Group	Samy	BABEL	t26	Educa Edtech	Canitas	Alquiler Seguro
Overall vision									
ESG Manager	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Environmental policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Measures for climate risk mitigation	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Environmental procedures and certifications	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Significant environmental impacts	0	0	0	0	0	0	0	0	0
KPIs									
Total fuel consumption (kWh)	7,070,140	26,026,049	779,087	0	9,674	0	7,447	53,410	0
Electricity consumption (kWh)	7,470,000	3,045,256	3,275,000	0	652,276	74,662	430,488	331,220	371,991
CO ₂ emissions (tCO ₂)	3,602	7,023	1,684	21	39	12.4	2.1	98.6	96.7
Water consumption (m³)	38,361	877,044	73,000	338	3,564*	-	2,781	2,790	1,650
Raw materials consumption	Foam, latex, metal, fibers, packaging, textile, wood, and others	Paper, plastic, fertilizers	Paper	Paper, plastic	Paper	Paper	Paper, Plastic	Paper, Plastic & Cardboard	-

Waste (kg)	3,224,800	6,870,000	91,000	-	19,749	178	-	4,644	-
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Notes on the Methodological Approach:
CO² (tCO²) Emissions: Estimates have been made for the calculation of CO2 emissions, using a conservative approach and conversion factors from official institutions.

SOCIAL ASPECTS

			Flex	Agrosol Export	Larrumba Group	Samy	BABEL	t26	Educa Edtech	Canitas	Alquiler Seguro
General	Overall vision	Location of employees	ES, PT, UK, DT, CA, BR, CL, US	ES	ES	ES, UK, BR, CL, US, CO, MX, AR, PE	ES, PT, CL, MX, CL, CR	ES, IT, MX, EE. UU.	ES, CL, MX	ES	ES, PT
		Promotion of diversity within the organization	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Employment of people at risk of poverty or social exclusion	No	Yes	Yes	No	Yes	Yes	No	Yes	No
		Number of employees	1,954	916	717	434	3,107	340	618	170	465
	KPIs	% employees covered by a collective agreement	69.4%	100%	100%	26.3%	100%	100%	99.51%	98.82%	-
		Number of women in governing bodies	0	1	0	3	3	4	1	0	0
		Employees with disabilities	14	3	1	0	25	2	8	1	1
		Health & Safety	Overall vision	Health & safety policy	Yes	Yes	Yes	Yes	Yes	No	Yes
Accidents resulting in sick leave	110			21	27	0	2	0	2	8	-
KPIs	Hours of absenteeism (excluding maternity/ paternity leave)		224,296	5,617	58,136	4,696	119,574	4,605	15,748	683	-
Social Contribution	Overall vision	Collaboration with social initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Monitoring of customer satisfaction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Clients and suppliers	Overall vision	Product/ service with a greater positive impact on women	Yes	No	No	No	No	No	Yes	No
Supplier hiring policy			Yes	Yes	No	Yes	Yes	No	Yes	No	Yes
Materials/ services from local suppliers			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

GOVERNANCE ASPECTS

	Flex	Agrosol Export	Larrumba Group	Samy	Babel	t26	Educa Edtech	Canitas	Alquiler Seguro
Overall vision									
Materiality analysis	Yes	No	No	No	Yes	No	No	No	No
Code of Ethics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Harassment Protocol/Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
KPIs									
Training Hours	19,684	597	1146	59	39,407	40	18,361	584	8,453
Sanctions and Cases of Human Rights Violations or Discrimination	0	0	0	0	0	0	0	0	0

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