

SUSTAINABILITY REPORT 2020



nazca
PRIVATE EQUITY

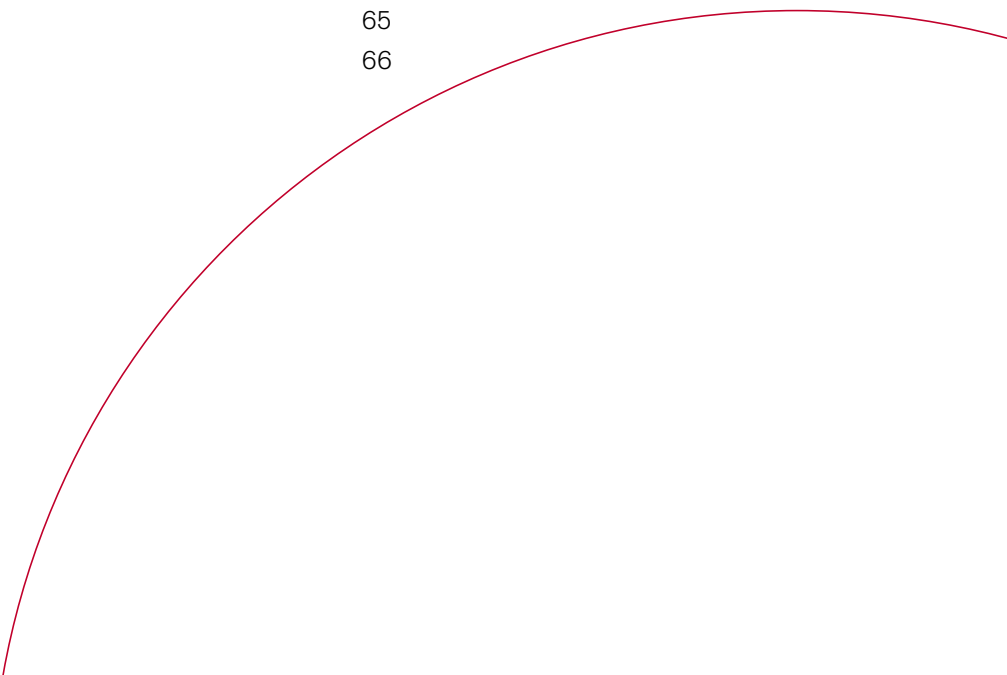


This ESG Report proves Nazca's commitment as a responsible investor as well as our progress in the incorporation of ESG factors in our investment processes and in the management of our portfolio companies.

2020 has been a challenging year due to the Covid-19 pandemic and this report pays tribute to those who have suffered personal losses as well as those who have stood out and helped their communities.

Message to our investors	04
2020 highlights	05
Nazca's response to Covid-19	07
Nazca's ESG material themes across our portfolio	09
WHO WE ARE	11
Who we are in a snapshot	12
Our investors	15
How we create value	15
ESG COMMITMENT	16
Our approach to ESG Value Creation	17
We create ESG value in every aspect of the value-creation process	18
Our commitment to Responsible Investing	20
ESG integration	22
ESG strategy	23
ESG governance	27
ESG PROGRESS AND EVIDENCE	28
ESG integration milestones	29
How we deliver on our UN PRI commitment	30
Nazca ESG prizes	31
ESG key indicators	32
Portfolio overview	34
Stakeholders' engagement in Nazca's portfolio	60
Transparency and engagement	62
LEADING BY EXAMPLE	63
Conclusion and next steps	65
Glossary	66

INDEX



MESSAGE TO OUR INVESTORS

Dear Investors,

We are proud to present our second ESG Report to you, highlighting Nazca's actions as a responsible investor of our LP's capital.

The personal hardships and professional challenges posed by the global Covid pandemic highlight the economic value of sustainable value creation, bringing renewed focus to our obligation to manage the business practices of our portfolio companies in a manner that makes a positive impact on people and our planet. The global investment community made 2020 the Year of ESG. Climate change, human rights, corporate purpose, European regulation, cyber-criminality, and healthy working conditions are just a few of the ESG issues that have become mainstream. Nazca's commitment as signatory to the UN Principles of Responsible Investment underpins our purposeful investment strategy.

During the past year we continued to build upon and strengthen Nazca's sustainability governance foundations. We have approved and implemented a new Responsible Investment Policy. Full integration of ESG considerations in our decision process allows us to identify sustainability risks as well as the opportunities for sustainable value creation in our portfolio companies prior to investment. All our professionals receive ESG training annually to ensure that sustainability best practice is front-of-mind, a part of Nazca's distinctive culture. We are pleased to confirm that all ESG objectives for the year have been met and announce that we have inaugurated annual ESG prizes for portfolio companies that have excelled in sustainable value creation.



To ensure continued outperformance, we have begun to include an additional layer of focus to our existing ESG protocol. Nazca now identifies the sustainability factors with financial materiality in our portfolio companies, using the SASB—Sustainability Accounting Standards Board— methodology. By identifying the sustainability-linked financial drivers in our portfolio companies, our approach goes beyond good intentions. We actively manage our companies to create sustainable financial value, whether in food and beverage, in construction materials, in film, or in containers and packaging.

We look forward to the emerging investment opportunities we foresee in 2021 and our opportunity to help companies grow and prosper sustainably.

Sincerely,

Carlos Carbó

Founding Partner, CEO

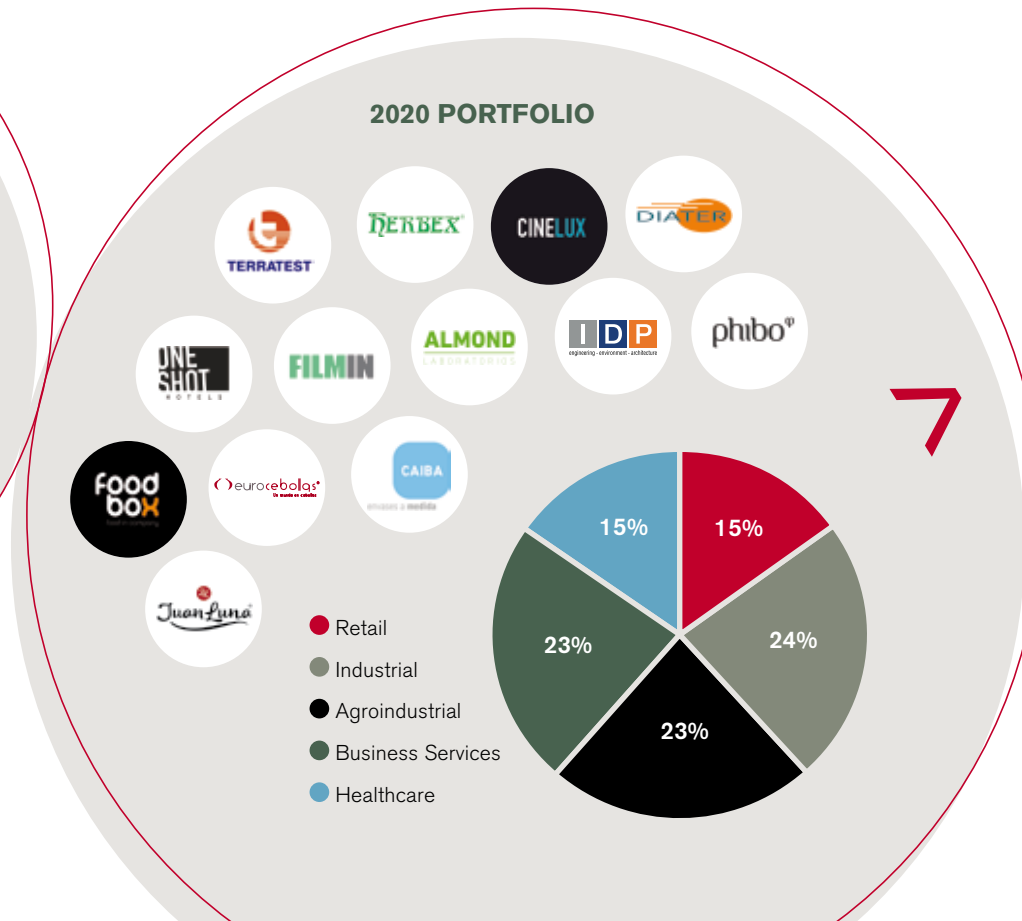
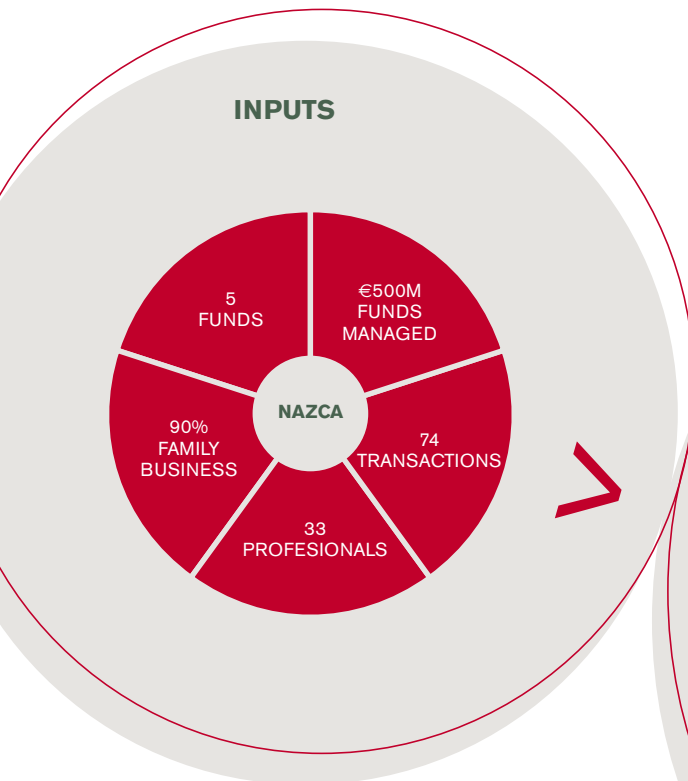
Álvaro Mariátegui

Founding Partner, CEO

2020 HIGHLIGHTS

Highlights 2020:

- We have provided a swift response to the Covid-19 crisis, both at Management Company and Portfolio levels, considering key stakeholders.
- We have updated our Responsible Investment Policy and have aligned it to best practice, adjusting our investment process protocols, as well as our value creation process at portfolio company level.
- We have obtained A overall score and A+ rating for the Strategy and Governance module, from the United Nations Principles for Responsible Investment (UN PRI).
- We have been included for the first time as a case study in our main investors' ESG Reports.
- We have been shortlisted in ASCRI's ESG Awards and have presented a case study at UN PRI's Awards.
- We have become a Task Force on Climate-related Financial Disclosure (TCFD) supporter and included its recommendations in our updated Responsible Investment Policy.
- We have organised the first Nazca ESG Prizes, highlighting Terratest, Cinelux and Herbex with their excellent progress in 2020.
- We have mapped our portfolio companies to the Sustainable Development Goals (SDGs).
- We have worked with our external advisors to improve our Due Diligence methodology, including financial materiality and deep dive, when material, on Climate Change, Human Rights, Data Protection and Cybersecurity.



2020 HIGHLIGHTS

Highlights 2020:

- We have designed a monitoring tool to manage sustainability information from portfolio companies.
- We have undertaken a stakeholder map for 100% of the portfolio (pre 2020 acquisitions).
- We have undertaken our pilot exit report elaborated prior to McBath's exit.
- We have participated in the ASCRI 2019 ESG best practices guide for Private Equity investors.
- We have improved our transparency and have disclosed our Responsible Investment Policy and Sustainability report on our web site.

ESG MANAGEMENT CONTRIBUTION TO SDGs



ESG IN THE INVESTMENT PROCESS

- 1 Screening
- 2 Due Diligence
- 3 Portfolio management
- 4 Exit

OUTCOMES: ESG VALUE CREATION



46%
investees have started to measure carbon footprint



21%
women in top management positions



85%
of portfolio have employee-sharing mechanisms



7,335
employees

NAZCA'S RESPONSE TO COVID-19



The Covid-19 pandemic has brought a profound disruption and instability to the global economy. It has never been more important to support and grow businesses with robust foundations that can withstand the challenges ahead of us.

In parallel, the ongoing Covid-19 pandemic has underlined the critical need for robust investment processes on environmental, social and governance (ESG) Issues.

Nazca's response to the unforeseen Covid pandemic has been twofold:

- Work closely with portfolio companies to provide an immediate response to a wide variety of complex issues that have risen such as closed production facilities, closed operations, employee's temporary dismissal, short-term financing needs, etc.
- Support the financial community, particularly the Spanish Private Equity sector's capacity to adapt and transform, generating trust vis-à-vis Spanish and international investors. In this sense, we have participated in various forums and published diverse articles sharing our knowledge in managing crisis thanks to our longstanding expertise.

“The Covid impact has been an enormous challenge for SMEs, both from operations and budget point of view. However, sustainability must continue to be a priority in the post-Covid world.”

NAZCA'S RESPONSE TO COVID-19

**Webinar 16 December 2020:
Covid-19 is accelerating the SME's digital transformation.**

Nazca hosted a webinar to communicate how we are approaching the constantly changing business environment such as the Covid-19 crisis and why Nazca, as a Management Company, is uniquely prepared to confront the digital challenge.

Olga San Jacinto, Javier Martin, Javier Perea and Carlos Marcos, all of them members of Nazca's Industrial Advisory Board, shared their extensive knowledge and experience in the technological sector.

Olga San Jacinto put special attention into the need for key partners such as Nazca in the current changing environment plus the requirement to keep learning constantly in order to stay afloat, and successfully participate in the post-Covid recovery. In this context, Nazca can help businesses who need to change their "modus operandi" to include more technology, and to help digital native businesses grow at the rates in which they wish to.

"In order to provide superior returns for its investors, Nazca has reinforced the team with experienced professionals in the area of technology."

**Carlos Pérez de Jáuregui, Partner –
"We trust in the sector's capacity to adapt and stem further growth."
(*El Economista* 29/12/2020)**

Carlos declarations to "El Economista" journal serve primarily to lay his blueprint on what needs to be done in the current Covid pandemic in order to overcome the crisis with a stronger position. Carlos believes there is a need for audacity and responsibility from both the public and private sector in order to maintain international investors' trust. Carlos outlines that if Spanish fund managers want to establish themselves as important players on the European field, actions need to be taken. These investors need to be proven that Spanish firms can close transactions and create value even in difficult times.

NAZCA'S ESG MATERIAL THEMES ACROSS OUR PORTFOLIO



Climate Change

Climate Change is at Nazca's top priority in its ESG Agenda, and we have taken the opportunity in 2020 to take our first steps in this sense. We are TCFD supporters since December 2020 and have started to integrate its recommendations.

How does our response to Climate Change add value to our portfolio companies? In order to answer this question, we undertake Due Diligence with a specific focus on Climate Change, understanding each time we invest in a company:

- Whether Climate Change is a financially material issue for their business.
- How environmental issues are managed and how improvements can be made.
- If there are any revenue or cost savings opportunities.

In 2020, we have made progress:

- We regularly train our investment teams so they can understand how climate issues can impact the funds we manage.
- We work closely with our portfolio companies on climate risks and opportunities, including them in their ESG Strategy when material.
- 46% of our portfolio companies are already measuring carbon footprint and are working on an emissions reduction plan.



Cyber-security

Cyber-security has been recognized as one of the top 10 risks that the world will face in the next 10 years by the World Economic Forum Global Risks Report, and this is the reason why we always undertake at least a Data Protection and Cybersecurity high level review in our Due Diligence process. Once identified as a material risk, we undertake a deep-dive analysis.

As a result of our process, we have identified that 54% of our portfolio are materially exposed to Data Protection and cybersecurity risks.

Our recent bet to accelerate digitalization among our portfolio companies allows us to believe that our exposure to cybersecurity risks will only increase.

We are aware that any of our companies could suffer a cyber attack at any time, and they and their stakeholders could suffer a wide range of consequences.

In fact, Nazca as a management company has been a cyber crime target, as our cybersecurity protocols have recently been challenged. This attack failed thanks to our strong cybersecurity protocols. This incident encourages us to be very vigilant at investee level.

In order to mitigate this risk, our cyber expertise has been enhanced thanks to our new Industrial Advisory Board, Olga San Jacinto and Javier Martin.

NAZCA'S ESG MATERIAL THEMES ACROSS OUR PORTFOLIO



Human Rights and Labour Standards

Nazca's Responsible Investment Policy describes our commitment to the values and principles recognized in the ILO's fundamental Conventions when undertaking our investment activity and engaging with our portfolio companies.

Nazca invests in the agribusiness sector as well as the industrial sector, which are heavily exposed to top Human Rights issues either directly or indirectly in their value chain.

In order to identify these risks and mitigate them, we follow UN PRI's guidance at policy level. We have started to include this topic in our ESG Due Diligence process, when material. Finally, we will commit to study how we can specifically provide access to remedy when these risks are identified and deemed material, exploring UN Global Compact and OECD Responsible Business Conduct guidelines.

Among social issues, in our portfolio, we are providing response to our commitment to diversity as Level 20 members. In practice, this implies approving Equality Plans and sexual harassment protocols. Health and Safety is also a top concern for our agribusiness and industrial companies and we follow-up accident rates at Board Levels, putting in place specific actions to reduce them to target levels. We are also undertaking deep-dive Human Rights Due Diligence regarding forced or child labor along the value chains.

WHO WE ARE

WHO WE ARE IN A SNAPSHOT

Nazca is one of Spain's most experienced Private Equity investors focused on the SME segment. Investing in family-owned companies and supporting their growth has been at the heart of what we do since our origins.



“We continue attracting new partners, having invested in 4 new companies in 2020.”

2001
Fund I
€100m
7 investees
+ 11 add-ons
Divested

2006
Fund II
€150m
6 investees
+ 3 add-ons
Divested

2010
Fund III
€232m
10 investees
+ 3 add-ons
100% invested
7 divestments

2016
Fund IV
€276.5m
6 Investees
+ 2 add-ons
59% invested
1 divestment

2019
Fund V
4 Investees
36% invested



Our investment team

Nazca's team is one of the largest and more stable in the Spanish market, with 25 investment professionals and over 100 years of private equity experience.

9 Partners involved in the decision-making process

25 Employees

20% Female in the investment team

Industrial Advisory Board

We have recently welcome new members to the Industrial Advisory Board, Olga San Jacinto and Javier Martin. They both bring vast experience in digitalisation and technology.

>78%
Have experience in international expansion

>20%
Senior female talent



Miguel Ángel Canalejo



Jaime Carbó



Javier Perea



Carlos Marcos



Javier Martin



Óscar Vela



Susana García



Tomás Corredor



Olga San Jacinto



34

**Invested Companies
(Mid and Small Caps)**



13

**Portfolio Companies
as of end 2020**



90%

**Family-owned
companies**



76%

**Majority
Investments**



“In 2020, we have invested in 4 new portfolio companies: IDP, Filmin, Euroceballas and Laboratorios Almond.”

“We have strengthened our geographical focus in Barcelona and South East Spain.”

OUR INVESTORS

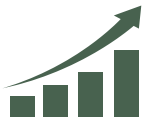
Our ESG effort has been recognised by our main investors. We have been included as an ESG Case Study highlighting our progress as well as our ESG capabilities at investment.

“Nazca provides a good example of how ESG integration can be implemented within a relatively short period when there is strong commitment of the top management, resources and good ESG Governance in place.”

Stafford, May 2020



HOW WE CREATE VALUE



We Create Value

- **Organic Growth**
We accelerate growth by opening new markets or creating new business lines.
- **Strategy and Focus**
Changing market conditions require a focused strategy and a new competitive positioning.
- **Acquisitions**
We accelerate company growth through add-ons.
- **Talent Management**
We professionalize management, reinforce teams, implement incentive plans and align interests to attract and retain top talent in investees.
- **Operational Efficiency**
We prepare the organization, processes and operations to support growth.



ESG Management

- **Talent Management**
Alignment of interests (salary incentives) and training.
- **Operational Efficiency**
Energy efficiency, waste management, etc.
- **Strategy**
Sustainable business, energy transition and circular economy.
- **Acquisitions**
ESG Due Diligence.
- **Organic Growth**
New products (Bio), new services (with social footprint), etc.

ESG COMMIT- MENT

OUR APPROACH TO ESG VALUE CREATION



We have taken the opportunity in these challenging times to undertake a think-through of how ESG contributes to the value-creation process. We have investigated methodologies that allow to identify the ESG Value Created by active management of financially-material sustainability factors and quantify it. We have found that SASB -Sustainability Accounting Standards Board- methodology can provide us with a suitable framework.

SASB accounting standards are best-in-class practice in private and public markets because they capture business-critical ESG risks and opportunities. SASB identifies metrics that focus exclusively on the subset of ESG factors that represent core, industry-specific value drivers. Because these issues are directly linked to the company's value-creation strategy, performance on these issues has direct implications for a company's financial condition and results and for current and future valuations.

“Nazca now overlays SASB industry-specific sustainability topics across its existing ESG Value Creation strategy.”

Four Stages of Value Creation

The sustainability KPIs identified with SASB's industry-specific methodology have material financial impact. Why? By managing these KPIs, sustainable value can be created.

In the **initial stage**, value emerges from cost and risk management initiatives—the low-hanging fruit. As value is captured through cost reduction, the organization tends to move on to the **second stage**: optimizing efficiencies and redesigning products and processes. The first two stages—minimizing costs and optimizing efficiencies—yield incremental value.

The next two stages begin to deliver much more. In the **third stage**, when sustainability KPIs are integrated into performance evaluation systems, savvy companies will see opportunities for new products, services, and technologies, which foster new business models and sources of value. As innovations mature and become more embedded in the organization, the most successful companies may enter a **fourth stage**.

In this fourth stage, sustainable value creation may be maximized through competitive differentiation. The resulting corporate culture and brand leadership can help create a competitive advantage.

WE CREATE ESG VALUE IN EVERY ASPECT OF THE VALUE-CREATION PROCESS



Through operating efficiencies and cost savings.

Measures applied by Nazca include energy efficiency actions, optimization of hydric resources or minimization of leftovers and waste.

Illustrative SASB KPI: total energy consumed % from grid, % from renewable sources.

Case studies:

- During the Covid pandemic, **One Shot** has managed to reduce electricity costs by re-adjusting its electricity contracts, hence using resources responsibly.
- **Eurocebollas** has an energy management focus which translates into saving energy costs and limited environmental impact.



Developing new products or services aligned with customers sustainability choices

such as organic products, raw materials or production of recyclable or biodegradable materials and introducing eco-packaging initiatives.

Illustrative SASB KPI: percentage packaging made from recycled and/or renewable materials, and percentage that is recyclable, reusable, and/or compostable.

Case studies:

- **Juan Luna** is carrying out an eco-packaging program that will allow the company to reduce packaging costs and minimize the environmental impact.
- **Laboratorios Almond** produces vegetable organic food and beverages, and sources its ingredients responsibly.



Improving the brand image of portfolio companies by contributing to their transformation

into sustainable businesses that enables them to access new business opportunities. This stems from the incorporation and certification of best practices in the environmental, health and safety, social or regulatory compliance fields.

Illustrative SASB KPI: total recordable incident rate and fatality rate.

Case studies:

- **Terratest** best practice health and safety standards are key to comply with regulatory requirements, with clients' H&S clauses and gain new public or private contracts. The company has constantly reduced accident rates in 2020 from 19.5 to 12.6.

WE CREATE ESG VALUE IN EVERY ASPECT OF THE VALUE-CREATION PROCESS



Carrying out actions that contribute to achieving a motivated and productive workforce, such as gender equality and diversity actions, work-life balance, employee wellbeing or compensation policies.

Illustrative SASB KPI: Employee turnover voluntary and involuntary, by worker category.

Case studies:

- In 2020, **Herbex** has implemented different measures to improve diversity management. For example, the company has approved its harassment protocol and has launched its Equality Plan that allows to manage its diverse workforce.



Applying a best practice corporate governance model for all portfolio companies, with clear roles and responsibilities and aligned interests. This includes the appointment of a Board of Directors with sector/industry specialists, a continuous performance evaluation of the board, implementation of a corporate compliance program and ESG Responsible.

Illustrative SASB KPI: Management Discussion of Code of Ethics governing interactions with clients, to avoid bribery and corruption.

Case studies:

- **Cinelux** has implemented Nazca's ESG protocol and launched its Corporate Compliance program, being 90% complete just 18 months post acquisition.

“We aim to support active management of financially-material sustainability factors, and quantify them progressively to identify clearly how ESG Value is generated.”

OUR COMMITMENT TO RESPONSIBLE INVESTING



Nazca is a UN PRI signatory since 2016 and as such we have committed to the following:

- 1** To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes.
- 2** To be an active owner and to incorporate ESG issues into our ownership policies and practices.
- 3** To seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** To promote acceptance and implementation of the Principles within the investment industry.
- 5** To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles.
- 6** To report on our activities and progress towards implementing the Principles.



Nazca is a TCFD supporter since 2020 because of our understanding that Climate Change can have a material financial impact and we need to manage and tackle the issues that are increasingly arising.

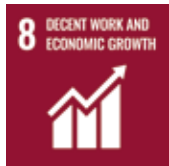
We are following the TCFD recommendations:

- We have included the TCFD recommendations in our investment process described in our new Responsible Investment Policy and established appropriate Governance.
- We have started to train our investment team to be aware of climate issues and monitor our exposure to climate risks.
- At management company level, we are measuring Nazca's carbon footprint.
- 46% of our portfolio companies already measure Carbon Footprint (vs. 20% in 2019) and are implementing emissions reduction measures.
- 46% of our portfolio companies have an Environmental Policy in place.

OUR COMMITMENT TO RESPONSIBLE INVESTING



- Nazca is committed to generate a positive contribution to achieve the SDG goals by 2030.
- We constantly monitor risks and opportunities that the SDGs represents within our investment universe, directing capital towards investment opportunities that contribute to these goals, at the same time reducing negative impacts.
- In 2020, we have mapped our portfolio companies to specific SDG targets. The goals we mostly contribute to are:



38%
of our
portfolio



46%
of our
portfolio



38%
of our
portfolio

EU Regulation

The **Sustainability Financial Disclosure Regulation** was born within the EU's Action Plan on Financing Sustainable Growth and requires transparency to clients, investors and the world about the approach to sustainability risks, and the impacts of strategies on certain ESG Goals.

Nazca commits to comply with the SFDR by disclosing on our website:

- Our sustainability risk integration process, described in our Responsible Investment Policy.
- Information regarding how our remuneration policy is consistent with the integration of sustainability risks.

We are also ready to comply with subsequent obligations regarding on-going disclosures as well as technical standards.

ESG INTEGRATION

New Responsible Investment Policy

In 2020 we have updated our Responsible Investment Policy to include best practices, given our first Policy dated back in 2016.

Key updates include:

- 1** Reference to climate risks and support to the Task Force on Climate Related Financial Disclosures (TCFD) and the contribution to the SDGs. Both frameworks are important to UN PRI and our LPs.
- 2** Enhanced ESG governance structure and dedicated resources.
- 3** A clearer structure and a more complete description of the ESG integration in the different phases of the investment process. We have included a description of the ESG protocol to be applied during the ownership period as well as the exit ESG assessment.
- 4** A detailed description of our ESG transparency commitments.

“Our responsible investment policy is aligned with the six Principles of Responsible Investment (PRI) of the United Nations, the TCFD recommendations on climate-related risks and with our partners’ philosophy and is consistent with our fiduciary duties.”

“ESG measurement and management goes hand in hand in the value creation process, and this is proven for example in Terratest’s constant monitoring at Board Level of the accident rate, which has significantly decreased in 1 year thanks to the specific accident management actions put in place by the company.”

Enhanced ESG Protocol for Portfolio Companies

Our new ESG protocol includes the approval of an Action Plan by the Board in the second year of the investment period that will guide the ESG Value Creation in the investee.



ESG STRATEGY

Revised ESG Protocol for Portfolio Companies (acquisition post-2019)	
FIRST / SECOND BOARD MEETING	<ul style="list-style-type: none"> ● Introduce Nazca's ESG Policy. ● Adherence to Nazca's ESG Policy.
TO BE DONE IN THE FIRST 6 MONTHS	<ul style="list-style-type: none"> ● Appointment of an internal responsible for ESG. ● Call between the investment team, the external ESG advisor and Portfolio Company's. ● ESG responsible to explain in detail Nazca's ESG Policy and how to implement it.
TO BE DONE IN THE FIRST 12 MONTHS	<ul style="list-style-type: none"> ● Implement the Corporate Compliance program. ● Implement short-term initiatives detected at the ESG DD or in the 100 –days plan. ● Definition of a 3-year ESG Strategic Plan.
TO BE DONE IN THE FIRST THREE MONTHS OF YEAR 2	<ul style="list-style-type: none"> ● Approval of the 3-year ESG Strategic Plan by the Board. ● Carry out a Board Evaluation.
TO BE DONE BEFORE THE END OF YEAR 2	<ul style="list-style-type: none"> ● Implement a guide of office environmental practices. ● Carbon Footprint measurement. ● Implementation of the 3-year ESG Strategic Plan. ● Action Plan to be approved by the Board. ● Follow-up at Board level on a quarterly basis. ● Quarterly monitoring tool.
TO BE DONE BEFORE THE END OF THE SUBSEQUENT YEARS	<ul style="list-style-type: none"> ● Implementation of the 3-year ESG Strategic Plan. ● Action Plan to be approved by the Board. ● Follow-up at Board level on a quarterly basis. ● Quarterly monitoring tool.



4

new portfolio companies in the last 12 months

100%

of the new portfolio companies have a Board of Directors as managing body 1 month after Closing

85%

of the new portfolio companies have adhered to Nazca's ESG Policy at the 1st Board of Director's meeting

ESG STRATEGY

Portfolio companies prior to 2019 have a specific protocol, acknowledging they are already in pre-divestment or divestment period. All of them have undertaken the following actions, that are followed up at Board level on a quarterly basis using our ESG monitoring tool.

ESG protocol for vintage Portfolio Companies (pre-2019)

- Appointment of an internal responsible of ESG with reporting duties.
- Call between the investment team and the external ESG advisor with the Portfolio company responsible of ESG to explain Nazca's ESG Policy and how to implement it.
- Implementation of the Corporate Compliance program.
- Carry out the Board Evaluation.

ADDITIONAL ACTIONS ARE BEING IMPLEMENTED ON AN ANNUAL BASIS:

- Implement a guide of office environmental practices.
- Discuss Carbon Footprint measurement.
- Definition of the ESG actions for each year, that includes 3/4 ESG actions, agreed with the external ESG advisor.
- Approval of the ESG Action Plan by the Board.



ESG Reporting Tool

- The growing number of investees and the increasing number of ESG actions being carried out made it necessary to develop an internal control tool that enables the ESG committee to adequately monitor the ESG activity.
- In June 2020, Nazca issued a new reporting tool aiming to:
 - Measure the ESG progress of the investees.
 - Monitor the progress of ESG Action Plans.
 - Facilitate the ESG high-level review by the ESG Committee (every 6 months).
 - Aggregate portfolio information and identification of material risks and opportunities.
 - Paving the way in the preparation of the ESG report and ESG KPI tracking.
- The reporting tool was first tested with Terratest and Phibo. These companies were able to meet our reporting standards on time during the first half of the year and then its use has been extended to other investees during the third and fourth quarters of 2020.
- In Q1 2021 the reporting tool is expected to be fully operative in all the portfolio companies.

ESG STRATEGY

ESG Due Diligence

- Nazca's investment decision process includes a formal assessment of target companies. In 2020, we have worked with our external advisors to fine tune the Due Diligence methodology, now focusing on ESG financial materiality.
- In addition, when material, we now undertake a deep dive in certain key themes such as Climate Change and Human Rights.
- As Nazca has placed a bet on its portfolio's companies' digitalization, consequently we find Data Protection and Cybersecurity risks and opportunities can be enhanced, hence these are looked into carefully.
- Due Diligence's conclusions also highlight the company's alignment to SDGs as well as actions to further contribute to the UN's 2030 Agenda.
- Finally, the Due Diligence conclusions are presented at the Investment Committee. These conclusions include action plans that are then used to build each company's ESG 3-year Strategic Plan.

“Nazca is now using the financial materiality concept as methodology in Due Diligence to capture business-critical ESG risks and opportunities.”

Exit

- In 2020, Nazca has undertaken its first pilot ESG exit report prior to divesting from its Fund IV's portfolio company, McBath. This report has allowed not only to identify the ESG additional financial value at exit but also to undertake a deep think-through of lessons learned.
- This case study was presented at Nazca's ESG training, where 100% of the team was present and was able to discuss the key takeaways, including actions that can be adopted by other portfolio companies as well as key improvements needed.

MCBATH'S ESG EQUITY STORY

- Initial focus on ESG allowed McBath to:
 - Win the international tender of one of the largest European DIY players ensuring its position for 3 years and allowing McBath to increase its footprint in the client, after passing their ESG Due Diligence with an 98/100. To achieve this success, McBath, levered on Nazca's initial ESG DD that highlighted, as key differentiating factor, their exclusive access to recycled resin (with c. 20% of recycled PET).
 - During Nazca's investment period the relation with this strategic resin supplier was reinforced, reaching an agreement to extend the exclusivity until 2025. Thanks to this agreement, McBath started a strategic shift to position itself as a green and sustainable brand.

“The purpose of the exit report is to show contribution to the portfolio company's value creation process”

- Strong focus on ESG during Nazca's investment period drove to significant improvements in the manufacturing plant increasing McBath's strategic interest for industrial buyers. Main measures were:
 - Environmental:
 - decrease in the emission of volatile organic compounds by substituting and reducing the consumption of certain cleaners;
 - registry and measurement of air emission sources and improvement in waste management after hiring one responsible and changing the external supplier.
 - Social:
 - investment to improve chemicals storage which drove to significant savings in purchases and higher level of safety;
 - increase machine safety by upgrading and certifying (CE), and removing certain old assets;
 - reduction of occupational accidents through the investment in plant automation.



LEARNING BY DOING

- 1 McBath sets a great example for other Nazca Portfolio Companies' to follow. McBath has developed ESG actions that have contributed to the value creation lever, positioning the company as a sustainability leader within its sector.
- 2 Nazca has changed its ESG protocol, and it now includes the commitment that all portfolio companies approve in the second year of investment a 3-Year ESG Strategic Plan.
- 3 Nazca has changed its ESG protocol, setting an ESG monitoring tool as well as financially material ESG KPIs set ex-ante that allow a seamless tracking of ESG Value Created at every portfolio company.
- 4 Nazca aligned interests between the Board of Directors and Management and this is key to emerge ESG value and have a “great story to tell” at exit. Nazca has now included in its protocol the quarterly monitoring of ESG performance by the Board.

“We develop technology to serve human beings, which improves quality of life and makes it sustainable in the long-term.”

McBath

ESG GOVERNANCE

Our ESG Team

- We believe that ESG integration and its effective implementation requires top management involvement, in-house resources and governance.
- Nazca's ESG Committee is comprised by senior members who meet on a quarterly basis.
- The team, reporting to Nazca's Board of Directors, is committed to lead Nazca's integration process, by issuing policies and processes, and making sure that 100% of Nazca's members are fully on board in the implementation of ESG.
- The team's mission is supported on a day-to-day basis by Catalina Chalbaud, Head of Legal, as well as external advisors.

ESG Training

In 2020, the ESG Course was held online due to the pandemic. The content of the course was:

- The new Responsible Investment Policy.
- The new ESG Action Plan and potential actions to be included in the plan to create ESG value in the investees.
- ESG Value creation levers and financial materiality.
- Climate change and the TCFD.

It also included two practical sessions addressed to the investment team about:

- How to report ESG progress in the investee companies using the new reporting tool.
- How to assist investee companies in the execution of its stakeholder maps.
- Both actions had to be performed in each Portfolio Companies during 2020.

Finally, the ESG training also covered the analysis of new regulation and how it is expected to impact the management company and portfolio companies.

OUR ESG TEAM

(from left to right)

- 1 Emilio Manchón
Partner
- 2 Álvaro Mariátegui
Founding Partner/CEO
- 3 Ramón Garnica
Partner
- 4 Catalina Chalbaud
Head of Legal/ ESG
Champion





ESG PROGRESS AND EVIDENCE

ESG INTEGRATION MILESTONES

2017

- Formal integration of ESG criteria into Nazca's investment process.
- ESG DD performed for new investment opportunities.
- Nazca's team ESG training.
- Philanthropic initiative: collaboration with Banco de Alimentos.
- Nazca instructs its investees to implement corporate compliance programs.

2019

- UN PRI A rating.
- Nazca's ESG protocol approved. It includes ESG actions that must be carried out by portfolio companies during the investment period
- Adherence to Level 20.
- Nazca's team ESG training.
- External ESG consultants hired.
- Each investee has approved and ESG Plan for the year First year of portfolio ESG monitoring.
- ESG Speaker at Invest Europe Summit.
- Participation in the ASCRI ESG best practices guide for private equity investors.
- Nazca has started to lead ESG actions at "Alliance for Global Growth", a global network of lower-middle market private equity firms.

2016

- Nazca's Responsible Investment Policy signed and implemented.
- Appointment of Nazca's ESG Committee with 3 initial members.
- Signature of the United Nations Principles for Responsible Investment.
- Initial ESG training to employees and portfolio companies.
- Information sent to Nazca's employees with specific actions to integrate ESG factors in the investment process.
- Investors Annual Meeting including ESG discussions.
- Launch of philanthropic initiative: collaboration with "Banco de Alimentos".

















2018

- UN PRI reporting framework completed for the first time.
- Nazca obtains an A rating in Direct – Private Equity and a B rating in Strategy & Governance in the UNPRI assessment report.
- Ramon Garnica appointed new member of Nazca's ESG Committee.
- Disclosure of ESG relevant information to investors on Nazca's website.
- Corporate Voluntary Work Plan approved.
- Nazca's office environmental Best Practices guide approved and implemented.
- Nazca completes the implementation of its Corporate Compliance Program.
- Nazca's team ESG training.
- Philanthropic initiative: collaboration with "Banco de Alimentos".

2020

- UN PRI A rating (A+ Strategy & Governance module).
- Nazca included for the first time as a case study in our main investors' ESG reports.
- Nazca's ESG new Responsible Investment Policy approved.
- New ESG monitoring tool approved and pilot phase successfully achieved.
- Nazca was finalist at ASCRI's ESG awards.
- Case study presented at UN PRI's awards.
- ESG online training.
- ESG Speaker at Amexcap in Nov'20.
- Participation in the ASCRI 2019 ESG best practices guide for private equity investors.
- Nazca has started to lead ESG actions at "Alliance for Global Growth".
- First pilot exit report elaborated.
- First Nazca ESG awards granted to Terratest, Cinelux and Herbex.
- Nazca has become a TCFD supporter.
- Improved transparency: ESG Policy and Sustainability report disclosed on the web site.

HOW WE DELIVER ON OUR UN PRI COMMITMENT

COMMITMENT	2020 COMMITMENT	PROGRESS	2021 OBJECTIVES
PRINCIPLE 1: WE WILL INCORPORATE ESG ISSUES INTO INVESTMENT ANALYSIS AND DECISION-MAKING PROCESSES	<ul style="list-style-type: none"> • We have formalised the documentation of material ESG considerations into Investment Committee materials. • We have conducted an exit pilot report to incorporate ESG Value Created prior to McBath's exit. Following this report, we have improved our ESG protocols. • We have undertaken an online ESG training with 100% of team's participation. 	  	<ul style="list-style-type: none"> • We will undertake more profound due diligence on value chains, related to Climate Change, Human Rights, Data Protection and Cybersecurity. • We will undertake an ESG exit report in all exits.
PRINCIPLE 2: WE WILL BE ACTIVE OWNERS AND INCORPORATE ESG ISSUES INTO OUR OWNERSHIP POLICIES AND PRACTICES	<ul style="list-style-type: none"> • Our 2020 objective was to undertake a high-level ESG Portfolio review every 6 months, which has not happened due to the Covid-19 crisis. • However, we have issued a formal monitoring template to ensure integrity in the monitoring of ESG issues at portfolio level. • We have instructed all Portfolio Companies acquired prior to 2019 measure their Carbon Footprint and managed 46% of our portfolio to measure Carbon Footprint. 	  	<ul style="list-style-type: none"> • Our ESG team will help each portfolio company to define a 3-year ESG Strategy. • Our ESG team will undertake a high-level ESG Portfolio review every 6 months. • Quarterly ESG KPI monitoring. • We will continue advancing in the measurement of the Carbon Footprint in our portfolio, targeting 100% by end 2022.
PRINCIPLE 3: WE WILL SEEK APPROPRIATE DISCLOSURE ON ESG ISSUES BY THE ENTITIES IN WHICH WE INVEST	<ul style="list-style-type: none"> • We have gathered for two consecutive years fund-level consistent KPIs across the portfolio. • All of our Portfolio Companies (pre-2020) have formalised a Stakeholder map, thereby taking in consideration all stakeholders in their ESG Strategy. 	 	<ul style="list-style-type: none"> • We will gather fund-level consistent KPIs across the portfolio. • We will encourage our Portfolio Companies acquired in 2020 to formalise a materiality map. • We will publish on our website the Sustainability Report issued by our Portfolio Companies legally bound by this obligation.
PRINCIPLE 4: WE WILL PROMOTE ACCEPTANCE AND IMPLEMENTATION OF THE PRINCIPLES WITHIN THE INVESTMENT INDUSTRY	<ul style="list-style-type: none"> • We have participated in ESG panels within industry forums such as Invest Europe (Amexcap in November 2020). • We have started to engage with our Partners in the "Alliance for Global Growth" on ESG Issues. • We have applied to ASCRI's prize for best ESG private equity firm and have been recognised with the 2nd prize. • We have pursued our training efforts. 	   	<ul style="list-style-type: none"> • We will continue engaging with the "Alliance for Global Growth"**. • We will enhance our participation in industrywide events that engage investors on ESG Issues. • We will apply again to ASCRI's prize for best ESG private equity firm. • We will follow-up our ESG training efforts.
PRINCIPLE 5: WE WILL WORK TOGETHER TO ENHANCE OUR EFFECTIVENESS IN IMPLEMENTING THE PRINCIPLES	<ul style="list-style-type: none"> • We have worked in different ESG-related initiatives with ASCRI (Spanish private equity Association), the Mexican private equity Association as well as the Alliance for Global Growth. 		<ul style="list-style-type: none"> • We will continue sharing our experience and best practices with industry peers, and members of ASCRI.
PRINCIPLE 6: WE WILL EACH REPORT ON OUR ACTIVITIES AND PROGRESS TOWARDS IMPLEMENTING THE PRINCIPLES	<ul style="list-style-type: none"> • We have reported our activities and progress to our LPs as well as UN PRI. • We have published our first Sustainability Report and improved our Transparency by publishing it on our website together with our Responsible Investment Policy. • We have developed an ESG quarterly monitoring tool to measure and manage our portfolio. 	  	<ul style="list-style-type: none"> • We will continue to discuss with LPs about our approach to responsible investment. • We will continue to provide ESG information and respond to investor enquiries. • We will implement the ESG monitoring tool to effectively measure ESG progress throughout our portfolio. • We will comply with the SFDR's requirements.

NAZCA ESG PRIZES

Nazca has recognized in 2020 three companies and their ESG Champions for going beyond what is required from them.

In December 2020, Nazca has decided to recognize those portfolio companies that have stood out in 2020 from an ESG perspective. These companies, besides coping with the unexpected Covid-19 crisis, have progressed in the implementation of the 2020 ESG Plan.

With these prizes, Nazca seeks to engage portfolio companies' teams, highlight those that apply best practices, motivate the ESG Champions and finally share best practices with the rest of the portfolio.

We would like to recognize that SMEs have stressed resources and the "ESG Champion" role is usually part-time, their role being usually Head of Legal or Human Resources. As a result, the ESG Champions have to get out of their comfort zone, learn new skills and embed this activity together with their usual role.



BEST ESG CHAMPION

María Del Puy Mas

"Terratest has integrated ESG factors since Nazca's entry in 2018. This year, the fulfilment of the ESG Plan has been a challenge yet we have managed to complete it successfully. This has caused the Terratest team to feel very proud, as we are convinced that sustainability is fundamental for the future."

María del Puy Mas, Terratest ESG Champion

Puy has proactively given a rigorous response to each of Nazca's ESG requirements, both in time and format.

In particular, Puy has helped Nazca to complete its ESG reporting tool pilot. In addition, Puy has made a huge effort to understand each of the Environmental, Social and Governance, taking into account she is the Head of Legal.

Puy has stood out for her professional attitude, allowing Terratests' ESG Plan to be fulfilled in such difficult circumstances.



BEST "NEW PORTFOLIO COMPANY 2020"

Fernando Yangüela

"Over a year ago, Cinelux started its road towards sustainability. This time has proven to be a long and gruelling journey, specially from March 2020 until today due to the Covid pandemic. However, all work has its payoffs. Our strongly defined ESG Plan ensures a successful implementation."

Fernando Yangüela, Cinelux ESG Champion

Nazca invested in Cinelux in the summer of 2019 and quickly onboarded the company in its ESG protocol for new portfolio companies. Cinelux has adhered to Nazca's Responsible Investment Policy and designated Fernando Yangüela ("Head of Legal") as "ESG Champion". Fernando has onboarded his new role with enthusiasm. As a result, the 2020 ESG Plan was fulfilled ahead of plan despite the many challenges the company had to overcome in the Covid-19 crisis.



BEST ESG ACTION 2020

Yamilet Rodríguez

"Considering that 2020 has been a difficult year because of the pandemic, we have focused our efforts on the safety of our team. To do this, we created all necessary measures to ensure our staff is safe and protected. These have been brought about through daily sacrifices, commitment, and the determination of our human resources team and the rest of the organization."

Yamilet Rodríguez, Herbex ESG Champion

At Nazca's entry, the ESG Due Diligence detected the need to improve Human Resources management, given the size and the complexity of Herbex's workforce.

Yamilet has improved the HR function, implementing digital tools in Spain and Morocco, where Herbex produces its aromatic herbs. With this digital improvement, the company can now measure social KPIs that allow an adequate management of the workforce.

ESG KEY INDICATORS

2019 was the first year our Portfolio Companies gathered a set of simple and material KPIs. The outcome of this data gathering process is that we now have a first set of comparable KPIs which can demonstrate transparently the progress we have achieved at portfolio aggregated level. At times, it is an honest indication that we still need to make efforts to improve. Please note that KPIs below are calculated on a like-to-like basis and that McBath does not belong to the portfolio anymore.



As recent supporters of the TCFD, we are proud to share the progress at environmental level, with now a total of 46% of our current portfolio (including new acquisitions) having an environmental policy in place and measuring carbon emissions.

% Portfolio that measures tCO₂eq



% Portfolio with environmental policy

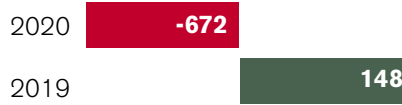


Covid-19 outbreak has provoked the worst job destruction in Spain, and our portfolio reflects this. Despite these heart-breaking figures, 56% of our portfolio companies have managed to protect employment and even create a total of 357 fixed jobs (including new acquisitions).

% Portfolio with alignment of interests



Employment created / destroyed (FTE)



Average accident frequency rate



Our ESG protocol places governance as the first step to strongly perform on the "E" and the "S". 100% of the newly acquired companies had completed our initial requirements at the first Board meeting. 31% of our portfolio has completed the Criminal Compliance process at end 2020, and additional 23% will finish it in 2021.

% Portfolio with Board diversity



Average diversity at Executive Committee



% Portfolio with Independence at Board level



ESG KEY INDICATORS

	Foodbox	Juan Luna	Caiba	Phibo	Herbex	Terratest	Diater	Cinelux	One Shot	IDP	Euro- cebollas	Filmin	Almond
Environmental													
Carbon Footprint measured	No	Yes	Yes	No	Yes	Yes	No	Yes	No	No	Yes	No	No
Emissions (tCO ₂)	NA	529	NA	NA	482	11.269	NA	96	NA	NA	1.359	NA	NA
Environmental Chain Policy	Yes	Yes	Yes	No	Yes	Yes	No	No	No	No	Yes	No	No
Social													
Employment created ¹	-24	7	25	-68	-564	-140	10	4	-7	30	25	19	11
Work accidents (frequency and materiality rates)	22.83 / 0.26	4.40 / 0	30.76 / 0.02	11,43 / 0	0 / 0	12.6 / 0.26	0 / 0	14.2 / 0	8.1 / 0.5	3.6 / 0	52.8 / 0.8	0 / 0	26.6 / 1.6
Absentism ²	2.6%	2.7%	0.1%	3.2%	9.0%	3.1%	NA	1.1%	2.0%	2.1%	10.4%	0.4%	5.8%
Employee turnover rate ³	17%	34%	6%	32%	5%	9%	8%	3%	11%	24%	23%	6%	12%
Value sharing mechanism	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Governance													
Board diversity ⁴	0%	0%	0%	0%	0%	0%	20%	25%	0%	20%	0%	40%	0%
Executive Committee diversity	27%	50%	14%	33%	43%	0%	0%	40%	33%	0%	20%	0% ⁵	0% ⁵
Board Members' Independence	0%	40%	0%	0%	25%	20%	20%	0%	0%	20%	40%	0%	0%
ESG Supply chain policy	No	No	No	No	Yes	Yes	No	No	No	No	Yes	No	No

¹ Number of direct employment generated excluding build-ups

² Absenteeism measured as n. of absent hours paid and not paid for total workforce (fixed and temporary)

³ Employee turnover rate measured as total fixed workers hired and leaving the company during the year.

⁴ Percentage of women sitting on the Board of Directors.

⁵ Laboratorios Almond and Filmin acquired end 2020, Executive Committee currently being defined.



**food
box**
food in company

HEADQUARTERS

Madrid

HEADCOUNT

165

INVESTMENT DATE

April 2015

WEBSITE

www.foodbox.es

RESPONSIBLE FOR ESG

Angel Mir

FOODBOX

Founded in March 2015, FoodBox is a Buy & Build project to create a multibrand platform in the Spanish organized restaurant segment. FoodBox currently has 4 concepts and a network of 200 restaurants (mostly franchisees) including Santagloria coffee-bakery shops, Taberna del Volapié "tapas bar", Papizza pizza-al-taglio restaurants and MásQMenos cafeterias.



FOODBOX
Best Multi-Brand Restaurant
Franchisor - Spain

FOODBOX

Preserving and creating employment

Despite the Covid crisis, Foodbox has opened 21 new restaurants in 2020 all over the Spanish geography, generating employment and growth in the areas where it operates. Additionally, the Company has supported its franchisees during the lockdown crisis, maintaining the total number of restaurants of the network in line with 2019. The Company, together with its franchisees, has invested 6 million euros and created 250 direct jobs. The company had 180 restaurants as at end 2020 - 14 owned and 166 franchised.

The company managed to start operations quickly following the Covid breakout and ended the year with 85% restaurants open, which is a great success amidst Covid restrictions, protecting franchisees and employment.

Success:

- **21 new restaurants opened.**
- **250 employment created.**
- **85% restaurants open as at end 2020 despite Covid challenges.**

Digital Transformation

Nazca has worked together with Foodbox to maximize the company's potential with the use of technology with the franchisees, clients, as well as internal processes. As a result, executives of Foodinthebox have updates twice a day on how the different sales and promotions are performing in real time.

Success: "Foodinthebox" program.

Recognition

Foodbox received in February 2020 the "Franchise Award" recognition to the Best Multi-Brand Restaurant Franchisor. These awards are promoted by Corporate Vision, the Al Global Media Group editorial company, and it is one of the most prestigious in the international scene.

Success: "Best Multi-Brand Restaurant Franchisor" award.



SOCIAL RESPONSE TO COVID-19

Foodbox's response to the Covid-19 pandemic was immediate due to the urgency of the situation.

The immediate focus was:

- Creation of a crisis committee that handled the first weeks of the Covid breakout, supporting Foodbox's operations as well as its franchisees. Foodbox created an information registry with different regulatory frameworks and obligations imposed to the hospitality sector.
- Support to franchisees, advising them on the different regulatory frameworks on opening times, temporary employee dismissals, improvement of operations and Covid health-prevention measures such as social distancing, masks, sanitary gel, etc.
- Through the Food4Heroes initiative, all franchises (Santagloria, Volapie, Papizza and MasQMenos) quickly organized food donation for hospitals and hospital personnel.
- Foodbox believes this prompt response to the crisis has strengthened the brand value of Santagloria, Volapie, Papizza and MasQMenos.

Success:

- **200kg of food donated.**
- **100% franchisees have remained loyal to Foodbox.**



TARGETS
8.2 AND 8.3



TARGET 10.3



TARGET 12.3



JUAN LUNA

Founded in 1990, Distribuciones Juan Luna is a specialized processor and distributor of sliced imported cheese and cured pork products for the organized distribution channel, through a mix of private label (c.70%) and own brands (30%) and more than 1,500 product references. The company owns one of the largest productive premises in Spain, located in Valencia.

HEADQUARTERS

Valencia

HEADCOUNT

264

INVESTMENT DATE

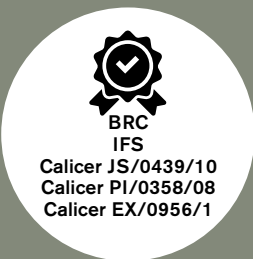
March 2016

WEBSITE

juanlunaslu.com

RESPONSIBLE FOR ESG

Gerardo Gorostiza



JUAN LUNA

Responsible Employer

Despite the strong disruption Covid has brought, Juan Luna, as a key sector, has been able to generate employment. In addition, the company has reinforced its alignment of interests, providing a responsibility bonus of 2% that takes into account absenteeism and quality at work. Juan Luna has also included additional variable compensation to certain that employees are aligned with the company's objectives beyond Tier 1 Management.

Success:

- Absenteeism reduced by 0.05pp.

Corporate Compliance

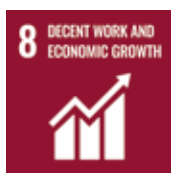
The Corporate Compliance Project is promoted by Nazca as part of its ESG protocol. It started in 2018 with a risk analysis and has successfully been completed in 2020.

As a result, the company now has a proper Compliance Governance and process, an Ethics Code, and an internal whistleblowing channel.

All employees have received appropriate training. In addition, the Data Protection compliance has been reviewed.

Main risks identified are related to food safety.

Success: Corporate Compliance package completed in 2020.



TARGET 8.8



TARGET 12.3



TARGETS
16.5 AND 16.6



ENVIRONMENTAL PRACTICES

Juan Luna works with the purpose to improve its environmental footprint.

The company is implementing a Circular Economy R&D project to replace current packaging with recyclable plastics that are made of recycled materials.

The company has started to calculate its carbon footprint.

Success:

- Carbon footprint calculated for the first time.
- 5% of sales include eco-packaging.



Social commitment in the Covid-19 crisis

Given the Covid-19 challenges and food needs in hospitals and local communities, Juan Luna has promoted social initiatives with Red Cross, public hospitals, local authorities and food banks.

Success: 170kg of Juan Luna's product donated to Hospitals and Red Cross in 2Q. 2020.



CAIBA

Caiba is the largest national independent group in the PET (plastic) packaging industry in Spain and a specialist in manufacturing PET preforms and bottles/containers for the food, consumer cleaning and personal care sectors. Caiba is the sector leader in key food segments such as olive oil and the national leader in in-house plants.

HEADQUARTERS:
Valencia (Spain)

HEADCOUNT:
252

INVESTMENT DATE:
July 2016

WEBSITE:
www.caiba.es

RESPONSIBLE
FOR ESG:
José Manuel Picó



CAIBA

Circular Economy and Eco-Design

Caiba continues improving its eco-design processes in accordance to UE Design Recycling Guidelines for PET. Additionally, there has been a significant increase in PET-container references in the company's commercial offering.

The company works hand-in-hand with clients to advise them on eco-design as well as the possibility to incorporate recycled PET in their packaging.

Success:

- **100% capacity to produce with PET.**
- **100% recyclable products.**



Community Engagement

Caiba is aware of the important role that is playing in the community, not only through job creation, but also through its commitment with a wide-ranging of local initiatives. The company organizes environmental lectures about current problems with plastics, container lifecycles, Carbon Footprint in schools and takes part of social projects such as "Cáritas" Córdoba Olive Oil campaign.

Success:

- **200 children, between 8-12 years old assisted environmental lectures.**
- **Donation of the packages of 3,000 liters of Extra Virgin Olive Oil to be distributed to the most vulnerable people.**



TARGET 9.4



TARGETS 12.4 AND 12.5



TARGET 13.3



SUSTAINABILITY IS CAIBA'S CORE VALUE

Being well aware that the PET Eco-Design sector generates controversies from a sustainability point of view, the company is fully committed to sustainable innovation and to minimize the impact of its activity.

In its 2017-2020 ESG Plan, Caiba has developed an efficient use of energetic resources, eco-design and Circular Economy actions.

Success:

- **Reduction of > 10% the daily emissions of CO₂ per kg produced.**
- **In House Plant service decreases by 90% the impact of activities such as transport and packaging.**
- **ISO 14001.**
- **Employee empowerment regarding Climate Change.**
- **MORE by European Plastics Converters EuPC and ANAIP (Spanish Association of Industrial Plastics).**

Strong governance

Caiba has worked actively to strengthen its corporate governance during this year. The company has a now a Code of Ethics and has finished its Compliance program.

Success: Criminal Compliance Certification UNE 1960.



HEADQUARTERS

Sentmenat (Barcelona)

HEADCOUNT

263

INVESTMENT DATE

June 2018

WEBSITE

www.phibo.com

RESPONSIBLE FOR ESG

Marta Amat

PHIBO

Phibo is the leading Spanish multinational company in the niche market of CAD-CAM designed dental prosthesis and dental implants. Phibo researches, develops, manufactures and distributes its products in 25 countries, mainly in Spain, Europe and LatAm. Phibo has five state-of-the-art production facilities in Spain (2 in Barcelona, 1 in Madrid and 1 in Ourense) and Bogotá (Colombia). During the past 25 years, Phibo has led the digital transformation of the lab industry pioneering the use of CAD-CAM technology for the production of prosthesis.



ISO 9001
 ISO 13485:2012
 ISO 13485:2003
 93/42/CEE

PHIBO

Caring for its employees

Phibo has elaborated an emergency plan related to Health & Security at work in the context of Covid-19.

The company is complying with Covid prevention measures, and is separating workstations, implementing the use of masks (corporate mask done with philanthropic initiative Fundació Roure) and testing its employees. At Phibo, employee's health is a priority.

In addition, the company has undertaken security improvements in its manufacturing premises as the Covid pandemic was unfolding. The company has reviewed acoustic and explosive atmosphere requirements. As a result, the ATEX report was finalized, and the company is fully compliant with the EU Framework with regards to work environment with explosive atmospheres.

Success: Phibo is fully ATEX compliant.

R&D

Phibo has an 8,500 m² R&D center located in Sentmenat (Barcelona), that is fully dedicated to R&D, industrial production and training.

The R&D center allows the company to constantly innovate, with new products and services every year. As a result, Phibo is a leader in its sector in digital odontology.

The center is designed to produce its highest quality, based on process planning and management together with the right infrastructure. This allows Phibo to develop the full project, guaranteeing a maximum quality in its products.

Success: ISO 9001.



TARGET 3.4



TARGET 7.3



TARGET 10.2



PUTTING TECHNOLOGY AT THE SERVICE OF SOCIETY

In March 2020, Phibo put its technology at the service of society by assisting in the manufacturing process of respiration assisting devices, thanks to its 3D technology. These devices were distributed through Phibo Barcelona premises to the hospitals located nearby. In addition, the company assisted in the purchase of protection devices, such as protection masks.

Success:

- 120 hospital components distributed to 2 hospitals, Teknon and Parc Taulí.





HERBEX

Founded in 1985, Herbex is the leading producer and distributor of fresh aromatic herbs in Europe based on its know-how to produce a complete product portfolio in different geographies all year round; its capacity to adapt to customers' needs; its highly diversified business model; and its strong reputation after more than 30 years in the market. The company produces a wide range of products, from fresh aromatic herbs (e.g. coriander, mint, dill, parsley...) to specialty peppers and exotic vegetables, including also the production and commercialization of organic products.

HEADQUARTERS

Almeria (Spain)

HEADCOUNT

4,233 (including external workers)

INVESTMENT DATE

June 2018

WEBSITE

www.grupoherbex.com

RESPONSIBLE FOR ESG

Yamilet Rodriguez



HERBEX

Bio Production

Herbex has introduced since 2018 organic product as part of its product offering. It has started to supply its organic production to a range of supermarkets in Spain.

Since 2019, the company supplies the entire range of organic herbs to Alcampo and Sabeco (20t p.a.). Herbex started to work on this product range in 2020 with Aldi (18t p.a.) and Lidl (2 million products p.a.).

Success:

- **79 hectares ecological surface in Spain and Morocco.**
- **145% increase in organic herbs sales.**



Environmental Impact

Herbex has measured its Carbon Footprint since 2018 and has approved an emissions reduction plan that includes best environmental office practices, technical improvements in its electric installations and changes to irrigation systems to reduce energy consumption.

Success: Spanish Ministry Carbon Footprint Certificate Scope 1 and 2.



TARGET 5.1

TARGET 7.3

TARGET 12.6



HUMAN RESOURCES COMMITMENT

Herbex main asset are its employees. The company has proven to be committed to its people in the complex Covid circumstances.

The company has implemented in 2020 a digital HR management system to allow an efficient management of its large and complex staff. The company can now monitor and manage real-time its staff thanks to an HR KPI scorecard program that includes staff composition, absenteeism and employee turnover rates. This tool includes a work time control with a state-of-the-art technology based on facial and fingerprint recognition.

The company has also improved its diversity management, implementing its Equality Plan and harassment protocol.

Success:

- **Equality Plan in Spain.**
- **Harassment Protocol.**
- **100% implementation of the HR digital tool in Spain and 50% in Morocco.**





HEADQUARTERS

Madrid (Spain)

HEADCOUNT

1,465

INVESTMENT DATE

December 2018

WEBSITE

www.terratest.com

RESPONSIBLE FOR ESG

Maria del Puy Mas

Awards

The “Sur de TEXAS-Tuxpan” gas pipeline has been a runner-up for the Project of the Year 2020 Award from Trenchless Technology Magazine.



ISO 9001
 ISO 14001
 UNE 166002:2014
 CE MARK PILES
 BRC

TERRATEST

Terratest is a leading international provider of foundation services, ground improvement and microtunneling, for large-scale international infrastructure projects, industrial, commercial and residential construction. Based in Madrid (Spain), and founded in 1959, Terratest has a significant presence in more than 25 countries, covering the entire range of top market technologies in geotechnical engineering and special foundations. Terratest’s main objective is to provide customers with comprehensive solutions for complex geotechnical problems.



TERRATEST

Strong Governance

Terratest has reinforced its commitment with good governance. The company has finalized in 2020 the Criminal Compliance package, approved at Board level. In addition, the company has carried out an organizational restructuring and reinforced the management team with top female talent, Sandra Porras (CFO). It has also promoted internal talent to lead the HR department and digitalized its HR management system.

Success:

- **Criminal Compliance Plan completed.**
- **17% Executive Committee Diversity vs. 0% in 2019.**

Health & Safety

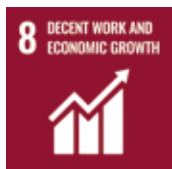
Employee's Health & Safety is one of the most important ESG targets for the company. For this reason, Terratest has increased training and staff awareness throughout 2020. The company increased awareness for these goals with campaigns such as "Goal Zero" and "Safety Day" as well as other training actions.

Success:

- **Terratest approved a H&S Policy to ensure its compliance within the organization.**
- **Accident frequency rate reduced by 35%.**
- **Accident severity rate reduced by 54%.**

Research and Development

Terratest promotes and incorporates innovation as part of its culture, focused on adding value to its clients. The company has successfully completed 2 of the projects co-financed by the Spanish Centre of Industrial Innovation (CDTI): Terra Pile Joins and Duraterra©.



TARGET 8.8



TARGET 9.2



TARGET 12.2



ENVIRONMENTAL ENGAGEMENT

Terratest has formalized its environmental practices in an Environmental Policy, which defines the commitment to prevent pollution from the company's activities and promote a responsible use of resources.

In 2020, the company has continued to progress in its efforts to fight Climate Change and promote a Circular Economy and has reinforced the environmental governance structure by assigning environmental responsibilities along the organization chart. In February, the Company organized a quality and environmental training.

Terratest has implemented measures to reduce the impact generated by its operations, by focusing on reducing CO2 emissions, improve water and pollution management.

Success*:

- **Quality and environmental training.**
- **29% reduction of t CO2 eq emissions **.**
- **14% reduction in machinery petrol consumption.**
- **17% reduction in energy consumed by offices.**
- **5% reduction in water consumption.**
- **Recycled paper increase by 3.2%.**

* Reduction observed comparing 2018 and 2019.

**Note that there has been a change in the mix of projects compared to previous year.



DIATER

Founded in 1999, Diater is a market leader that provides medical professionals with the tools required to meet any medical need in the field of immunotherapy with allergens, providing treatments tailored to each patient. Diater has an extensive portfolio of products that improve the quality of life of patients suffering from allergic diseases. The company's R&D facilities are in its 4,000sqm premises located in Madrid.

HEADQUARTERS

Madrid

HEADCOUNT

121

INVESTMENT DATE

July 2019

WEBSITE

www.diater.com

RESPONSIBLE FOR ESG

Nora García Portillo



**GMP
ISO 9001**



DIATER

Digitalisation

Guided by Nazca, which has strong digitalization skills among its team, Diater has undertaken in 2020 a strong digitalization process to improve the company's efficiency, quality and responsiveness of its business processes.

As a result, in July 2020, the company passed successfully an unexpected audit from the Spanish Drug Agency.

Success: Spanish Drug Agency audit completed.

Data Protection

Diater is object of a strong Data Protection scrutiny because it holds patient's personal data, besides its own staff. Diater needs to protect itself from the risk of being imposed fines as well as potential reputational damages.

In order to manage this risk, the company has hired 1FTE to oversee the compliance with Data Protection Regulation.

Success: 0 Data Protection fines in 2020.

Impact on society

Diater undertakes regular training to healthcare professionals to make sure they are up to speed with the latest vaccines available to patients, hence better treated patients.

The company has an agreement with 15 universities to train future allergy doctors in knowing better different types of treatments available for patients.

Success: Agreements signed with 15 universities.



TARGET 3.3



TARGET 5.5



TARGETS 16.5 AND 16.6



IMPROVED GOVERNANCE

Since Nazca's acquisition, the company has strengthened its Governance bodies, and now has a Board of Administration that meets monthly and a proper reporting package.

Regarding ESG Governance, Diater has adhered to Nazca's ESG Policy and, during 2020, it has implemented the corporate compliance program included in Nazca's ESG protocol.

Success: 100% Corporate compliance program completed.



CINELUX

HEADQUARTERS

Madrid

HEADCOUNT

472

INVESTMENT DATE

July 2019

WEBSITE

www.cinelux.es

RESPONSIBLE FOR ESG

Fernando Yangüela

CINELUX

Founded in 1988, Cinelux is the Spanish leader in rental and operation of lighting equipment for TV shows, series, cinema and events. The company has the largest and most innovative lighting machinery base in the Spanish growing TV and fiction market, as well as a network of highly specialized technical staff that offers an end-to-end service. Headquartered in Madrid, Cinelux has 2 subsidiaries in Barcelona to serve its clients, mainly large production companies as well as TV channels.



CINELUX

Carbon Disclosure and emissions reduction

Cinelux has started to calculate the Carbon Footprint in 2020, being the first step to initiate its environmental sustainability strategy. Cinelux will start applying in 2021 an Emissions Reduction Action Plan.

Success:

- **First measurement of Cinelux carbon footprint.**
- **95,7 tCO₂eq.**
- **0.07 tCO₂eq / € sales.**

Corporate Compliance and Data Protection

Following Nazca's ESG protocol, Cinelux quickly onboarded the various ESG steps, including approving Nazca's ESG Responsible Investment Policy, nominating Fernando Yanguela as ESG Champion.

Fernando has initiated the Corporate Compliance and Data Protection program, thus complying with Nazca's ESG requirement and regulatory obligations.

Success: Corporate Compliance program 90% finished 18 months after investment.



TARGET 5.5



TARGET 7.3



TARGET 8.5



RESPONSIBLE HUMAN RESOURCES MANAGEMENT

The Covid outbreak was a challenge for SMEs, and Cinelux adjusted quickly, preserving and even generating employment in one of the most challenging times ever. In this context, all Human Resources ratios have improved in 2020, due to a diligent and responsible human resources management.

Success*:

- **11% Employment increase.**
- **The accident severity rate has been reduced by 53%.**
- **The absentee rate has been reduced by 0.68 p.p.**

*2020 compared to 2019





ONE SHOT

Founded in 2013, One Shot Hotels is the third independent hotel chain in Spain with 11 urban hotels within the lifestyle niche. Headquartered in Madrid and present in the main Spanish cities, One Shot Hotels currently has hotels in emblematic buildings located in prime areas (4 Madrid, 3 Valencia, 2 Seville, 1 San Sebastian and Barcelona). Nazca's goal is to boost its growth in the main cities of Spain and Portugal.

Headquarters

Madrid

Headcount

70

Investment date

December 2019

Website

www.oneshot-hotels.com

Responsible for ESG

Maria José Aguirregoitia



**ISO 14001
(TABAKALERA
HOTEL)**

ONE SHOT

Support to Employees during Covid-19 Crisis

COVID-19 has impacted every sector across the globe, and the hotel industry is among the hardest hit. Travel restrictions, health measures and uncertainty regarding the recovery are a challenge for One Shot and its stakeholders.

The company is preserving employees as much as possible, having decreased its staff by only 3%. This is possible given the temporary dismissal allowed in the Spanish Labour Regulation. The company processed these dismissals swiftly and provided assistance to its employees in order to access the temporary public allowances.

Public allowances have not always arrived on time and One Shot responded to this by offering cash advances to its employees.

Success:

- Job preservation, only 3% jobs lost.
- 6% of staff accessed to cash advances.

Philantropy

One Shot has a strong philanthropic culture and collaborates with several NGOs.

Fundación Aladina is a Spanish NGO that aims to help children with cancer and their families. One Shot organizes a Black Friday event whereby it donates 20% of business generated on this day.

Also, in the context of the Covid pandemic, the company collaborated with food banks.

Success:

- 1.000kg donated food to food banks.



TARGETS
7.2 AND 7.3



TARGET 12.2



SAFE TOURISM

One Shot re-opened its hotels on July 1st with the highest safety standards, following the Spanish Institute for Tourism Quality (ICTE) guidelines and achieving the Safe Tourism Certified seal.

The hotel chain has also achieved an agreement with a private hospital group, Quironsalud, to include health assistance to One Shot's clients even if they don't have private insurance. One Shot and Quironsalud have 100% geographical overlap, allowing One Shot clients to travel safely.

Success:

- Safe Tourism Certified.
- Agreement with Quironsalud.





IDP

IDP Group is a global, multisectoral technical service company, founded in 1998, which specializes in providing engineering services based on BIM methodology. The company has extensive national and international experience in the industrial, logistics, non-residential construction, retail, environmental, and infrastructure sectors. The company develops projects in 51 countries in 4 continents.

Headquarters

Barcelona (Spain)

Headcount

175

Investment date

July 2020

Website

www.IDP.es

Responsible for ESG

Olga López



IDP

ESG Values

The company has strong ESG values actively promoted by top management. IDP has an Ethical Code, Equality Policy and harassment protocol.

The company is signatory of the United Nations Global Compact initiative since 2017.

Success: In January 2021, the company has renewed commitments of the United Nations Global Compact.

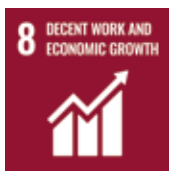
Environmental Engagement

IDP's core business based on BIM methodology, provides services within the project's life cycle, from conceptual design up to the management of the asset. The use of BIM has a significant positive impact on the environment by improving energy efficiency, which is key in the fight against Climate Change. It also improves the assets resiliency and promotes Circular Economy.

Success: Environmental Certifications (ISO 14001, ISO 50001, LEED, BREEAM).

Social Engagement

IDP contributes to social and economic developments and to the 2030 Agenda for sustainable development. The company achieves this by participating in projects funded by the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC), the World Bank (WB), the European Union and the United Nations.



TARGET 8.5



TARGETS 9.1 AND 9.a



TARGET 11.3



TARGET 12.2



TARGET 13.1



RESEARCH & DEVELOPMENT

IDP considers R&D as a strategic pillar to transform services and processes in order to provide value to clients and society. IDP coordinates the HYBRIS project and participates in the BIM2TWIN project, both from EU Horizon 2020 Program. In this sense, the company holds accreditations highlighting their innovative work.

Success:

- IDP invests 4.2% of its annual turnover in R&D&I.
- Recognition “PYME innovadora”.





EUROCEBOLLAS

Eurocebollas is an onion processing company that delivers quality and cost saving solutions to Food Manufactures, QSR's, Food Service Operators and Retailers worldwide through their innovative Ready to Use (RTU) onion range. The company is at the forefront of the onion processing market with a production of over 30.000 tons per year, more than 1,000 clients and exports to over 50 countries around the world. It operates under the highest standards of quality, food safety and sustainability. Eurocebollas generates a strong social impact through the predominant employment of people with disabilities in its production.

Headquarters

Alcira (Valencia)

Headcount

170

Investment date

December 2020

Website

www.eurocebollas.com

Responsible for ESG

Cristina Media Pardo



EUROCEBOLLAS

Energy Management

Eurocebollas has a special focus on properly managing the energy aspects derived from its economic activity, which translates into a real and quantifiable saving in energy costs and reduced environmental impact.

Success: ISO 50001.

Diversity

More than 70% of Eurocebollas' workforce is made up of people with disabilities. Legally, one of its subsidiaries operates as a special employment center, generating a positive impact on society through the labor and social inclusion of the disabled group and generating an economic impact on the company. This causes the company to benefit from deductions and social allowances that reduce labor costs.

Success: Labor inclusion of over 100 disabled employees.

Certificates:



TARGETS
10.2 AND 10.3



TARGET 13.1



FOOD SAFETY

Eurocebollas implements best practices in quality management and food safety.

Its quality management system is certified under ISO 9001, the international BRC and FDA Food Standards. It promotes continual improvement in quality management and allows Eurocebollas to meet the food safety demands of its global client base.

Eurocebollas is also sensitive to religious diversity and its impact on its food quality and safety processes. It is also compliant with the Halal and Kosher Certifications.

Success: International Quality and Food Safety Certifications favor the global distribution of Eurocebollas' products.





Headquarters
Barcelona (Spain)

Headcount
44

Investment date
November 2020

Website
www.filmin.es

Responsible for ESG
Pilar Heredia

FILMIN

Founded in 2007 in Barcelona, Filmin is a VOD (video on demand) platform with presence in Spain and Portugal and a unique positioning based on its editorial and cultural approach, complementary to large international generalists. Filmin has the largest subscription SVOD catalogue in Europe (+15.000 titles), with a unique offer of quality films and series, including independent and European titles, complemented with classics and contemporary titles. Besides its editorial approach, Filmin has an innovative vocation, being the first Spanish VOD platform and the pioneer organizing an on-line film festival.



FILMIN

Talent Retention

The technology sector faces a clear challenge when attracting and retaining talent, in particular in the Barcelona area. Workforce is attracted by Filmin's job content, which is clearly aligned with its employee's passion: the film industry. In addition to this, Filmin offers good working conditions, including fixed contracts and flexible work conditions that allow a good work-life balance of its employees.

Success:

- **87.5% of Employees have a fixed contract.**

Children Protection

Filmin has parental controls to protect children from inappropriate content. The FilminKids App also controls the number of hours that children can access the content.

In this sense, the company has developed a social project with San Juan de Deu Hospital to provide cinema access for hospitalized children and participates in educational film exhibitions for children at festivals. It seeks to promote history and culture among children through the cinema.

Success: Collaboration with San Juan de Deu Hospital.



TARGET 5.1



TARGET 10.2



TARGET 13.3



COMMUNITY ENGAGEMENT

The company stands out for its environmental-awareness content. It offers a variety of content regarding Climate Change and environmental issues. Filmin also collaborates with film production companies and festivals with environmental themes such as the Barcelona International Environmental Film Festival.

The Company is also especially sensitive to social issues such as gender violence, migration, social exclusion or breast cancer. Filmin shows this by developing collections of films to raise awareness among its subscribers.

In addition, the company collaborates with Cinesecreto.org, an association that aims to integrate immigrants in the Spanish culture through cinema or the Tarifa African Film Festival, among others.

Finally, Filmin has developed "The Filmin Times", a tool with a strong cultural and pedagogical component over Europe's history. The tool allows clients to link historical events with Filmin content. This content is in most cases sourced from European producers, hence funded by European funds.

Success:

- **45 Films in the Climate Change Channel.**
- **90 Titles in Natura Thematic Channel.**
- **Collaboration with Cinesecreto.org.**
- **Development of pagina web www.thefilmintimes.com.**



LABORATORIOS ALMOND

Laboratorios Almond is based in Murcia and was founded 25 year ago. The company produces and distributes organic food, with a degree of specialization in plant-based beverages, under two recognized brands, Naturgreen and Ecomil. The company has 6.200 sqm production facilities located in Librilla (Murcia).

Headquarters

Murcia

Headcount

71

Investment date

December 2020

Website

www.naturgreen.es

Responsible for ESG

Leandro Molina



LABORATORIOS ALMOND

Quality and Food Safety

The company follows a rigorous selection of ingredients and formulations, strict manufacturing and packaging standards that guarantees the product' highest quality.

The Company's Quality Policy sets protocols and standards, supported by a food safety management system.

Success: Processes controlled following the HACCP system as well as IFS standards.

Philantropy

The company has a solid philanthropy strategy and collaborates with a variety of NGOs Intermón-Oxfam, UNICEF, Vicente Ferrer Foundation, TDHF (The Direct Help Foundation), Aldeas Infantiles, the Food Bank of Murcia, Caritas and ANSE.

Success: 5.000kg of product donated during the Covid-19 outbreak to NGOs.



TARGET 2.4



TARGETS
12.1 AND 12.2



BIO FOOD PRODUCTION

Since 1998, the company commercializes organic products, selling its products in over 50 countries. NaturGreen is a brand with only organic and c.100% plant-based products. It is focused on plant-based products, respecting the environment, providing healthy products to vegetarian or vegan customers. Ingredients are sourced responsibly from local producers where possible, controlling CO2 emissions, thus reducing the environmental impact.

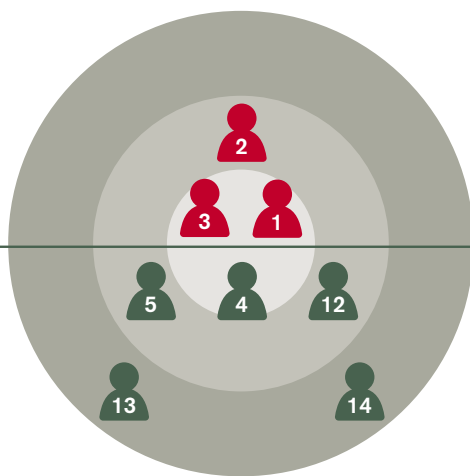
Success: EC N° 834/2007 on organic production and labelling of organic products.



STAKEHOLDERS' ENGAGEMENT IN NAZCA'S PORTFOLIO

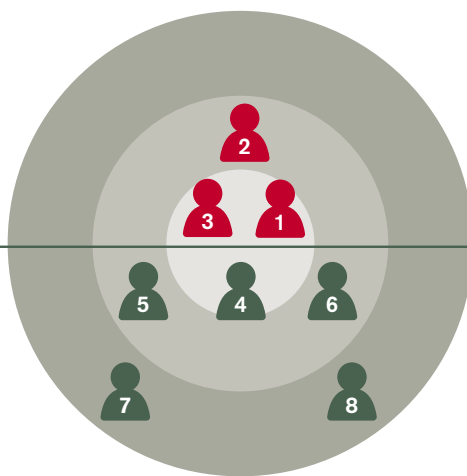
Nazca, within the framework of its EGS management, has promoted an active stakeholder's management in the portfolio. This management is classified as critical in means of ESG Value Creation. In order to help the companies, Nazca has developed a methodology for those companies that had not carried out this active management.

RETAIL



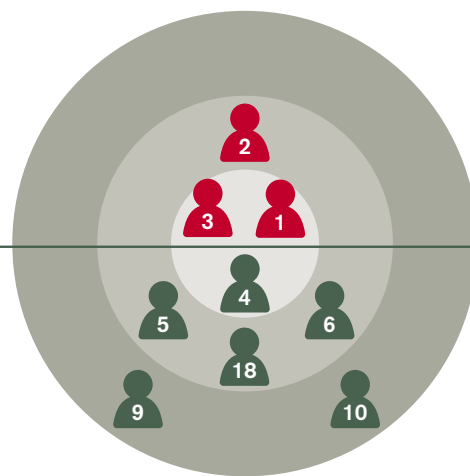
23% OF PORTFOLIO (3 COMPANIES)

INDUSTRIAL



31% OF PORTFOLIO (4 COMPANIES)

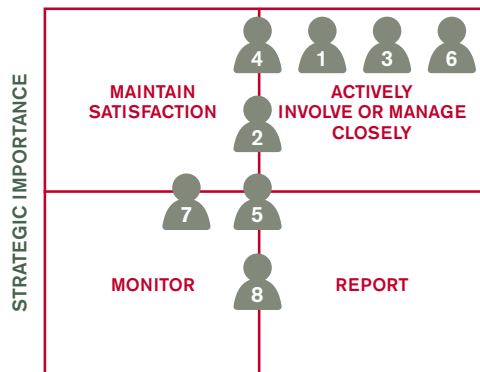
AGROINDUSTRIAL



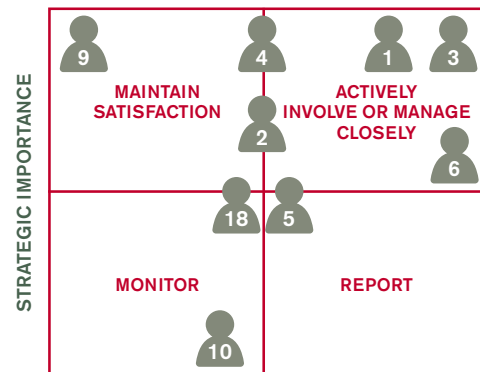
23% OF PORTFOLIO (3 COMPANIES)



LEVEL OF INFLUENCE OR BARGAINING POWER



LEVEL OF INFLUENCE OR BARGAINING POWER



LEVEL OF INFLUENCE OR BARGAINING POWER

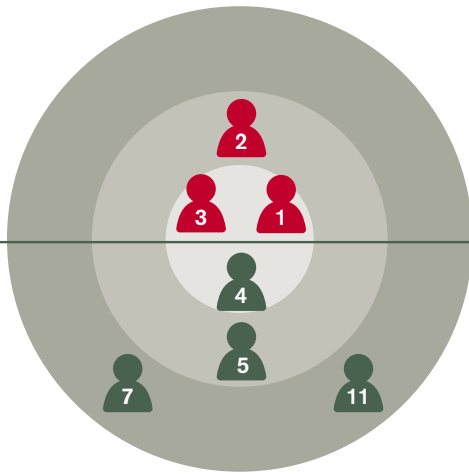
INTERNAL STAKEHOLDERS	1. MANAGEMENT	10. ASSOCIATIONS
EXTERNAL STAKEHOLDERS	2. EMPLOYEES	11. COMPETITORS
INDIRECT	3. SHAREHOLDERS	12. SUBCONTRACTORS
DIRECT	4. CUSTOMERS	13. FRANCHISE OWNERS
CORE	5. SUPPLIERS	14. FRANCHISES
	6. ENVIRONMENT	15. LABORATORIES
	7. TECHNICIANS	16. RESEARCHES
	8. BANKING INSTITUTIONS	17. SPECIALISTS
	9. REGULATORS	18. FARMERS

STAKEHOLDERS' ENGAGEMENT IN NAZCA'S PORTFOLIO

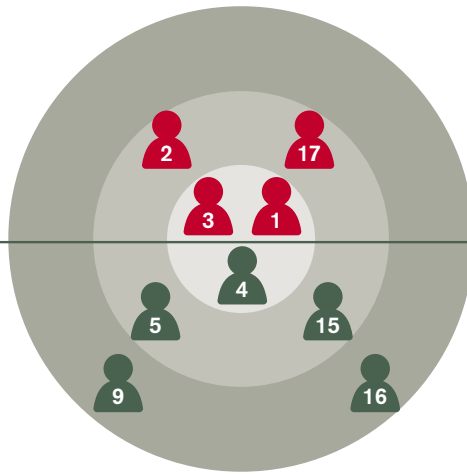
Objective: focus on actions that can fulfill the expectations of the stakeholders, allowing alignment between sustainability and business.

BUSINESS SERVICE

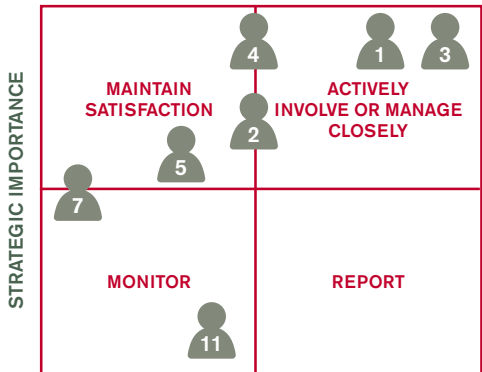
HEALTHCARE



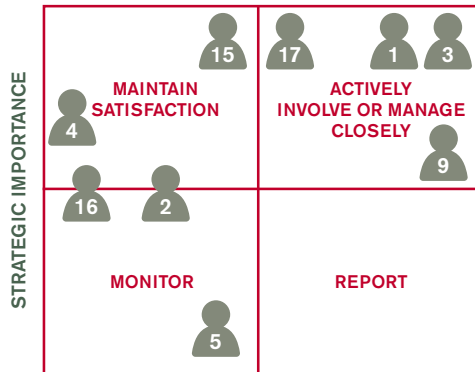
15% OF PORTFOLIO (2 COMPANIES)



8% OF PORTFOLIO (1 COMPANY)



LEVEL OF INFLUENCE OR BARGAINING POWER



LEVEL OF INFLUENCE OR BARGAINING POWER

INTERNAL STAKEHOLDERS	1. MANAGEMENT	10. ASSOCIATIONS
EXTERNAL STAKEHOLDERS	2. EMPLOYEES	11. COMPETITORS
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	6. ENVIRONMENT	15. LABORATORIES
	7. TECHNICIANS	16. RESEARCHES
	8. BANKING INSTITUTIONS	17. SPECIALISTS
	9. REGULATORS	18. FARMERS

TRANSPARENCY AND ENGAGEMENT

ESG Transparency

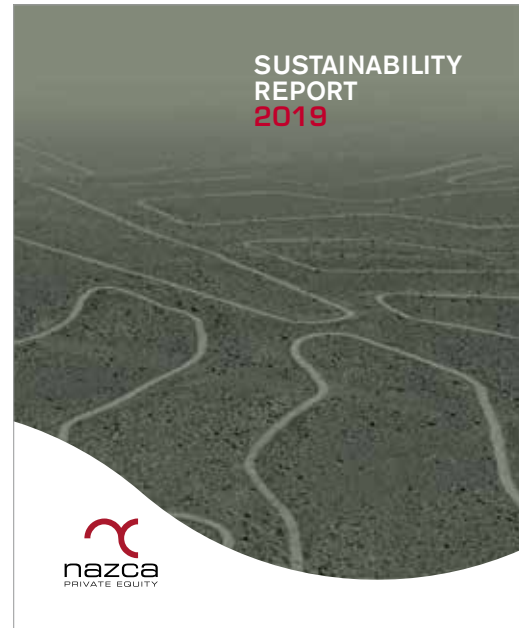
- We have improved our ESG Transparency. Besides including information about Nazca and its investees ESG highlights, you can find our new Responsible Investment Policy and Sustainability Reports.
- Our progress allows us to be ready for the implementation of the Sustainable Finance Disclosure Regulation.
- Nazca is one of the promoting members of the “Alliance for Global Growth”, a strategic alliance formed by 12 private equity firms in Europe, Asia and the US. These are leading private equity firms in the mid-market space. Nazca is leading the ESG effort within the Alliance, aiming to increase the number of UN PRI signatories.

“We are proud signatories of the UN’s Principles for Responsible Investment (PRI) since 2016, having fulfilled with our Transparency commitments since 2018.”

ESG Engagement

- Catalina Chalbaud participated in November 2020 in Amexcap’s Responsible Investment forum to explain Nazca’s ESG progress since it became UN PRI signatory.
- The Mexican Private Equity sector has recently started to embrace responsible investing and Spanish players such as Nazca can show them the path of how they have progressed in the ESG journey.

Find more at www.nazca.es/estrategia/esg



LEADING BY EXAMPLE

LEADING BY EXAMPLE

Nazca Leads By Example Through:

- E** >
 - DISCLOSURE OF NAZCA'S CO₂ FOOTPRINT.

- S** >
 - DIVERSITY.
 - COLLABORATION WITH NGO BANCO DE ALIMENTOS.

- G** >
 - CODE OF CONDUCT.
 - ANTI CORRUPTION POLICY.
 - COMPLIANCE.
 - CONFLICT OF INTEREST POLICY.
 - CYBERSECURITY REINFORCED IN 2020.



11%
Female Partners

20%
Female in the investment team

22%
Women in the IAB

Nazca's 2019 Carbon Footprint

SCOPE	EMISSIONS (TCO ₂ EQ)	% OF TOTAL
Scope 1	70.7	49%
Scope 2	8.5	6%
Scope 3	65.5	45%
Total	145.7	

Our Values:

INTEGRITY,
HONESTY AND
TRANSPARENCY

CULTURE OF
PARTNERSHIP

COMMITMENT
TO BUSINESS
PARTNERS AND
INVESTORS

RESPONSIBLE
AND
DISCIPLINED

AMBITION
TO LEAD

CONCLUSION AND NEXT STEPS

We are pleased to have shared Nazca's 2020 Sustainability Report with you, detailing our progress and that of our portfolio companies in creating sustainable value. Engagement and transparency with our investors, as stewards of their capital, is at the heart of our sustainability pledge to you.

We have met the unexpected challenges posed in 2020 by Covid-19, harnessing digitalization as a sustainable solution and path for future growth. We will continue in 2021 to

build upon our successful model, investing in organizational resources with our impact mindset, integrating sustainability throughout the investment cycle, from investment to divestiture.

We look forward to sharing with you, in one year's time, the another update to the results achieved on this journey together.



GLOSSARY

Environmental, Social and Governance (ESG) factors are the consideration of environmental, social and governance factors alongside financial factors in the investment decision-making process.

The Principles for Responsible Investing (PRI): Founded in 2006 and supported by the United Nations, the PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its investor signatories in incorporating them into their investment decisions.

Sustainable Development Goals (SDGs): The 17 SDGs were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

TCFD: The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions.

Level 20 is a not for profit organisation dedicated to improving gender diversity in the European private equity industry.

Carbon Footprint is the amount of carbon dioxide released into the atmosphere as a result of the activities of an individual, organization, or community.

Limited Partnership (LP): Investors in private equity funds are known as Limited Partners. They are usually institutional investors, such as pension funds and insurance companies, or high-net-worth individuals.

General Partnership (GP): General Partners are responsible for managing the investments held by private equity firms, which are typically structured as limited partnerships. They are usually legally liable for the fund.

Key Performance Indicator (KPI): KPIs help organisations to define and measure progress towards organisational goals.

ILO Fundamental Conventions: The International Labour Organisation (ILO) sets out basic principles at work, reflected in Conventions or Protocols, which are legally binding international treaties that may be ratified by member states.

The United Nations Global Compact is the largest corporate sustainability initiative, based on CEO commitments to implement universal sustainability principles and to take actions that advance societal goals.

The BRC certification is an international Food Safety Management Systems standard that requires food processors to build an effective food safety management system.

The International Food Standard (IFS) is a recognized standard for certifying the safety and quality of food products and production processes.

ISO 9001 is the international standard for a quality management system.

ISO 14001 is the international standard that specifies requirements for effective environmental management system (EMS).

ISO 13485 specifies requirements for a quality management system where an organization needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements.

LEAF, Linking Environment and Farming, is the leading organization delivering sustainable food and farming.

Nurture is Tesco's exclusive quality standard which assures the customer that Tesco's fruit and vegetables are grown in an environmentally friendly and responsible way.

M&S Field to Fork is Marks & Spencer's standards for food safety and quality, animal welfare and environmental protection.

Global G.A.P. is a trademark and a set of standards for good agricultural practices. It is a global organization with a crucial objective: safe, sustainable agriculture worldwide. Voluntary standards are set for the certification of agricultural products around the globe.

Smeta: Sedex Members Ethical Trade Audit (SMETA) is an audit methodology, providing a compilation of best practice ethical audit techniques.

UNE 166002 defines the requirements that have to be fulfilled by an R&D management system.

The CE Mark Piles is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area.

Good manufacturing practices (GMP) are the practices recommended by agencies that control the authorization and licensing of the manufacture and sale of medical devices, amongst other products.

International Featured Standards (IFS) Comprise eight different food and non-food standards, covering the processes along the supply chain.

HACCP certification is an international standard defining the requirements for effective control of food safety.

BREEAM and LEED are construction project certification programs that recognise and reflect the value in higher performing assets across the built environment lifecycle

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