

ESG REPORT 2022

ICF CAPITAL



Institut Català
de Finances



Generalitat
de Catalunya

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Letter from the chair of ICF Capital's Board of Directors

Vanessa Servera i Planas
CEO of the ICF

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Letter from the chair of ICF Capital's Board of Directors

The ICF Group's commitment to environmental and social sustainability is also relevant to our venture capital investment operations. In 2022, all investments made by ICF Capital's own funds have pursued a responsible investment policy which encourages investees to embed ESG (environmental, social and governance) aspects in their business while in terms of indirect investment we are also working to drive investment in sustainable investment funds which account for at least 30% of new commitments.

Direct investment in the equity of innovative companies enables us to deliver close support and oversight to our investees. One of our roles as investors is indeed to ensure that the companies we invest in put sustainability on their roadmap. Innovating and setting up businesses can be tough, yet we are convinced that our role as an institutional investor is to ensure that the projects we invest in are viable, come to fruition and do so in a sustainable way by factoring in the three mainstays of sustainability: the environment, social criteria and governance.

The financial sector has a crucial role to play in the future and also in a sustainable economy. As a public financial institution, the ICF is committed to taking on two major challenges in this area: supporting the corporate community in the transition to a sustainable business model and mainstreaming sustainability principles in the ICF Group's management model. Over the last twelve months we have rolled out the sustainability policy endorsed in 2021 and set up our ESG working group made up of fifteen people from our organisation with cross-cutting profiles who are engaged in streamlining the process of identifying environmental, social and good governance criteria and hardwiring them into our management.

In 2022, the ICF Group's strategic plan 2022-2025 was also adopted. It includes ESG objectives such as cutting CO2 emissions by up to 20%, ensuring that at least 35% of new business is sustainable, stepping up training in sustainability, diversity and equality in our team, keeping the pay gap below 10% and mainstreaming sustainability in the ICF's business model in a top-down approach with an impact ranging from the strategic level to operations management. The sustainability area has also been beefed up with a new Product, Brand and Sustainability division on the Management Committee.

The report you are reading is ICF Capital's second annual ESG report, a summary of ICF Capital's main performance figures and the extent to which we are meeting some of our key environmental, social and governance indicators. It is our annual commitment to transparency in sharing our progress on sustainability.

ICF Capital, the ICF's venture capital investment manager



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As a public bank, the ICF Group caters to the financing and investment needs of the Catalan business community to help unlock growth, innovation and sustainability.



Its venture capital operations support the establishment, consolidation and growth of third-party fund managers along with companies and start-ups. In its direct business which is the focus of this report, ICF Capital seeks to foster the growth of enterprises and drive innovative and transformational projects.

To this end, ICF Capital has four funds under management: ICF Capital Expansió II and ICF Venture Tech II (in the investment period) and Capital Expansió and Capital MAB (in the divestment stage).

In 2022, the ICF Group made significant progress in its sustainability policy and set up its ESG working group consisting of fifteen people from our organisation with cross-cutting profiles who are engaged in streamlining the process of identifying environmental, social and good governance criteria and hardwiring them into its management. This team has been tasked with projects including calculating the ICF's carbon footprint and has designed a new operating procedure for compiling information on ESG principles. Likewise, in 2022 ICF Capital has continued to roll out its ESG policy which was drawn up in 2021.

ICF Capital Expansió II:

Invests in Catalan businesses by taking minority stakes up to a cap of a €5 million ticket per transaction.

ICF Venture Tech II:

A venture capital fund investing in tech or innovation businesses with high growth and appreciation potential in early stage and series A rounds through equity and debt instruments up to a cap of a €2 million ticket.

ICF Capital in figures

Established:

2010

Venture capital funds and companies managed:

4

Number of portfolio companies:

26

Total commitments:

100^{M€}

Number of investees:

37

Portfolio companies under ESG monitoring by ICF Capital:

16

(62% by number of companies and 68% by amount invested), mainly through the equity investment position and seats on their boards of directors.

Members of:



Signatory partners



United Nations
Global Compact

Signatory of:



Inversiones hechas en 2022 en ICF Capital Expansión II

In 2022, the fund invested in the companies Tecnic Bioprocess Equipment Manufacturing SL., Especialitats M Masdeu SL. and Projectes Modurals Prefabricats SL.

Tecnic Bioprocess:

A company specialising in the development of bioprocessing equipment. The investment will be used to develop products, increase production capacity and boost international expansion

2,5^{M€}



Especialitats M Masdeu

A company producing ready-to-fill pastry products. The investment is associated with the acquisition of production equipment.

3^{M€}



Projectes Modurals Prefabricats

A company in the industrialised construction sector. The investment is intended for expanding the company's product range and territorial scope.

3^{M€}



Investments in 2022 at ICF Venture Tech II

Our business in 2022 further confirms ICF Capital's commitment to sustainability by embedding ESG criteria in our investment process.

As a signatory to the United Nations Principles for Responsible Investment (UN PRI) we will deliver our first Transparency Report in 2023

Bloobirds

600.000€

Sector:
TIC



Goin

50.000€

Sector:
Fintech



Housfy

2,2M€

Sector:
Proptech



Kintai

750.000€

Sector:
Fintech



Codebay

700.000€

Sector:
TIC



Main ESG indicators

As a public financial institution, ICF Capital's commitment to ethical and responsible management is part of our ethos. The main indicators for 2022 related to the investee portfolio are summarised below.



Growth Division
Capital Expansió
ICF Capital Expansió II

**Especialitats
Masdeu**

/masdeu/

Pastisart

pastisart
~ 1990 ~

Tecnic

TECNIC
Bioprocess Equipment Manufacturing

**Semillas
Batlle**

 **BATLLE**

PMP

PMP Prêt-à-porter
CASAS

Environment

100%
use renewable energy

60%
have an ESG officer

40%
have an environmental management
policy

20%
control their CO₂ emissions



Social

763 employees
47% women / 96% have an open-ended
contract

80%
have a health and safety policy

80%
monitor customer satisfaction

80%
have a supplier contracting policy

100%
partner social initiatives

13,2h
of annual training per employee

Governance

100%
have a data protection policy

100%
have cybersecurity policies

80%
have women in management positions

100%
have an intellectual/industrial property
protection policy

60%
have women on their board of directors

0
cases of violation or discrimination of
human rights

Success story:

Especialitats Masdeu

The company's core business is manufacturing biscuit bases for food products. These operations are carried out in two production units whose energy use is largely associated with their baking ovens. Over the past few years and in keeping with its commitment to environmental friendliness, the company has invested in energy efficiency in its production process and in self-consumption energy facilities. Today, 40% of the energy it uses comes from photovoltaic panels fitted on the roof of its factories.



Venture Division ICF Venture Tech II

**Ray Electric
Motor**



Lodgify



Inbrain



Vytrus Biotech



Prakma



Topdoctors



Bigle Legal



Bloobirds



Science Bits



Housify



Kintai



Environment

27%
have an ESG officer

18%
have an environmental management
policy



Social

1.154 employees
41% women / 91% have an open-ended
contract

91%
have health and safety policies

100%
monitor customer satisfaction

64%
have a supplier contracting policy

55%
partner social initiatives

Governance

100%
have a data protection policy

82%
have cybersecurity policies

36%
have women in management positions

75%
have an intellectual/industrial property
protection policy

27%
have women on their board of directors

0
cases of violation or discrimination of
human rights

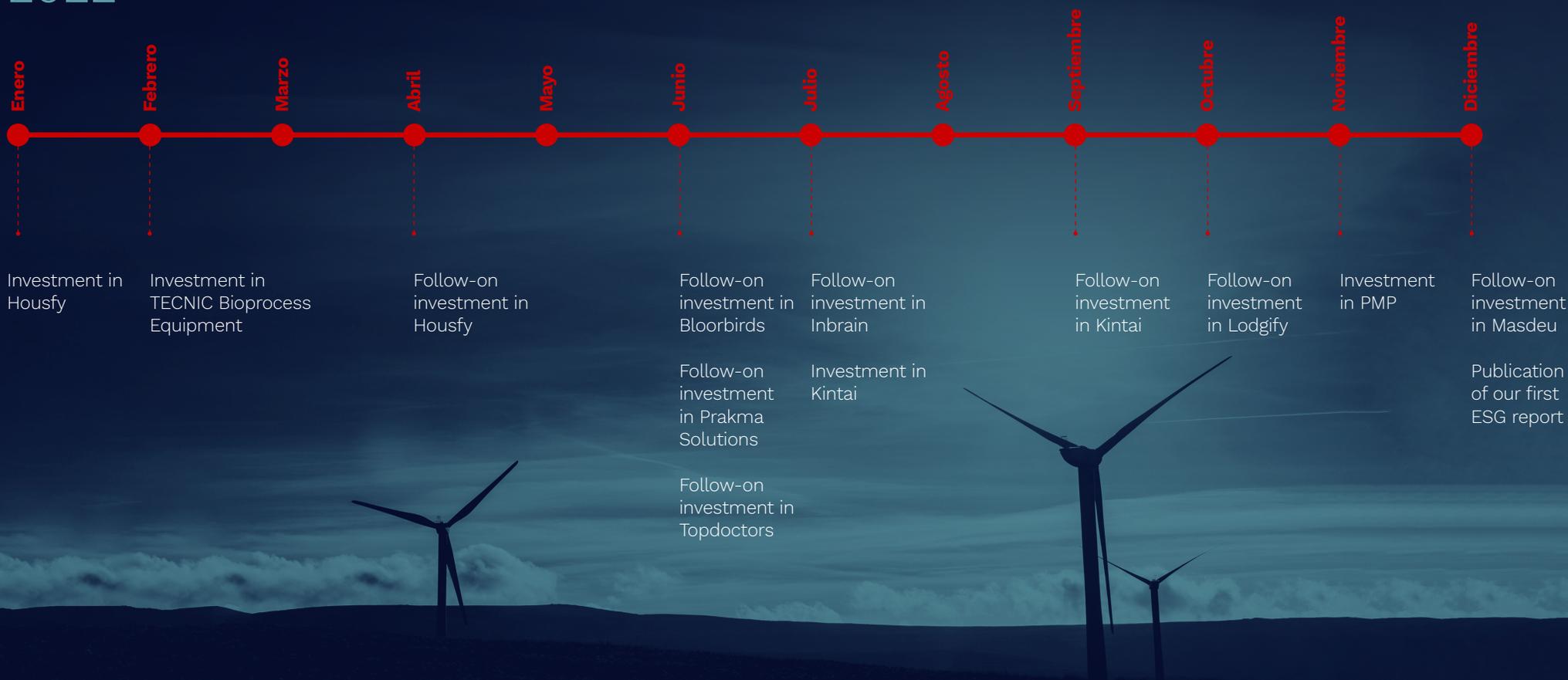
Success story:

Vytrus Biotech

Vytrus Biotech develops high added-value natural active ingredients based on plant stem cells using an innovative and unique biotechnology process which harnesses the real power of nature. ICF VENTURE TECH II, FCRE is a substantial shareholder in the company. In addition to the business success it is achieving, culminating in its IPO in March 2022, it is also resolutely committed to social and environmental causes. Here it has entered into several partnership agreements with foundations such as AVAN (a non-profit organisation which supports people affected by neurological diseases) and the Red Cross to work together on social impact projects.



2022



- **Review of the ESG questionnaire for screening potential investment opportunities.**
- **Monthly ESG committee meetings.**
- **Attending sustainability-related conferences (UN PRI, BCFE, etc.).**

- **Calculating the ICF's carbon footprint for the first time in the entity's history in conjunction with external experts who have shared their expertise and knowhow to draw up the project.**

ESG commitments

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Since 2021, we have been a signatory to the United Nations Principles for Responsible Investment (UN PRI). This means we are committed to:

- **Embedding ESG criteria in decision-making.**
- **Being an active investor and building ESG issues into shareholder policies and practices.**
- **Fostering disclosure of ESG policies by our investees.**
- **Driving buy-in and implementation of the UN PRIs in the investment community.**
- **Pooling resources to make the application of these criteria more effective.**
- **Publishing regular reports on activities and progress in applying the principles.**
- **Publicly reporting on our progress in responsible investment in annual UN PRI transparency and climate reports.**

As the ICF Group's fund manager, ICF Capital strives to unlock investment which has a constructive impact, respects ESG principles and drives sustainable growth. As a public financial institution, this commitment to ethical and responsible management is part of our ethos and reflected across the board in all our operations, products, work systems and initiatives.

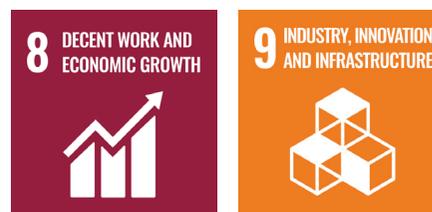
SDGs and Global Compact: SDG integration

In 2021, the entity became a signatory partner of the United Nations Global Compact, an international initiative promoting the inclusion of ten universally accepted principles in business operations in line with the Sustainable Development Goals (SDGs). Furthermore, ICF Capital, the ICF Group's venture capital operator, has signed up to the United Nations Principles for Responsible

Investment (UN PRI) and bakes environmental, social and governance (ESG) factors into its screening and decision-making processes and the management of its investees.

The ICF targets its endeavours on two strategic and five priority SDGs:

OBJECTIUS ESTRATÈGICS



OBJECTIUS PRIORITARIS





3.1 Stages in our responsible investment process

3.2.1 Sourcing and screening potential investments

We exclude from our investment pool a range of activities which we believe are contrary to our responsible investment principles and pose a significant risk to our reputation:

- **Illegal economic activities.**
- **Tobacco and distilled alcoholic beverages.**
- **Production of and trade in weapons and ammunition.**
- **Casinos.**
- **IT sector restrictions: research, development or technical applications related to electronic data programs or solutions specifically targeting Internet gambling and online casinos or pornography.**
- **Life science sector restrictions related to: (i) human cloning for research or therapeutic purposes and (ii) genetically modified organisms.**

We regularly review our list of exclusions to address contentious issues which may impact our stakeholders.

3.2.2 Investment screening

In cases where it has been decided that the transaction dovetails with the managed entity's investment policy and the investment pool allowed, more in-depth and detailed screening is undertaken including an in-house assessment of key ESG issues.

The in-house ESG assessment uses a questionnaire to pinpoint at a high level financially material sustainability risks and opportunities in the industry and for the company.

Financial materiality in sector terms is determined using the SASB® Standards. SASB has developed a complete set of 77 globally applicable industry-specific ESG standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.

The transaction proposal's recommendations will include whether or not to conduct specific ESG due diligence based on the materiality of the identified sustainability risks.



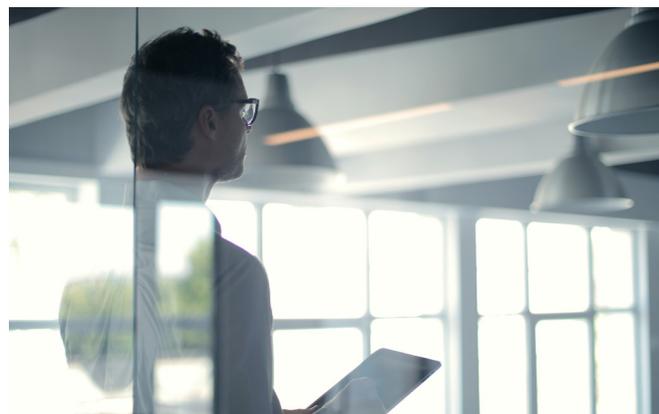
3.2.3 Investment execution

Coverage of potential material sustainability risks identified or the adoption of ESG best practices in the company may be required as mandatory safeguards in the investment execution process.

The investment team also encourages the implementation of ESG measures in investees with the scope and extent deemed appropriate for the specific possibilities of each investee based on the proposal approved when making the investment decision.

To do this they seek support from the boards of other co-investors who share the same values with ICF Capital as responsible investors.

Likewise and within their remit, fund manager employees may be directly engaged in investees' functional committees based on the level of involvement arranged in the investment agreement. This involvement may include regular meetings of financial committees, executive committees or sustainability committees.



3.2.4 Description of the divestment process

Prior to any divestment action or additional funding round, the investment business officer performs an ESG assessment to ascertain to what extent ESG management has helped to create a more valuable and sustainable undertaking. They use the ESG assessment conducted in the screening stage as a baseline for logging processes achieved and also keep a record of the progress made. The results of this screening will be included in the considerations when seeking and defining a suitable exit for the investment.



3.2 Risk management



**Internal code
of conduct**



**Responsible Investment
Procedure
(ESG Checklist, Due Diligence,
Environmental Due Diligence)**



**Responsible
Investment Policy**



**Anti-money laundering
and combating
the financing of
terrorism policy**



**Corporate management
compliance and control**

3.3 Management and governance

Equality Plan

The Equality Plan is designed to help secure genuine equality between women and men in the workplace by dismantling stereotypes, attitudes and obstacles which make it difficult for women to gain access to certain positions and jobs on an equal footing with men. It is a means of transforming and improving the organisation by mainstreaming the gender perspective and equal opportunities in our business ethics.

Based on the Plan, a number of programmed initiatives are undertaken which are arranged in various areas of action. The organisation is assessed across ten areas and it is recommended that all actions should be conducted with these areas as a guideline.

1. Equal opportunities policy
2. Societal impact and social responsibility policies
3. Communication, image and language
4. Representation of women and staff distribution
5. Development
6. Remuneration
7. Harassment, sexist attitudes and perception of discrimination
8. Working conditions
9. Work-life balance
10. Physical conditions of the working environment

Ethics Channel

To foster compliance with the law and the rules set out in the Code of Conduct, the Group set up an Ethics Channel for reporting all kinds of alleged wrongdoing in the ICF Group, in particular any financial and accounting irregularities and potential breaches of the Code of Conduct and Code of Best Practices together with possible instances of workplace or sexual harassment, with the express purpose of stamping out this kind of conduct in the work environment.

The Ethics Channel is available to all ICF Group staff and allows them to report using a pre-established form any alleged wrongdoing or conduct contrary to general internal or external regulations and especially in relation to the Code of Conduct and Best Practices. All reports received through the Channel are treated in the strictest confidence.



Remuneration policy

The policy applies to the ICF Group and specifically to the group which includes members of the governing bodies, executive directors, general directors and officers, and key personnel, where this means officers and employees who incur risks in the performance of their duties and whose activities may have a significant impact on the Group's risk profile. It also includes staff who undertake key supervisory and oversight functions defined as such by the governing bodies. It lays down the basic principles which are to guide the remuneration strategy including:

- Consistency with the business strategy.
- Moderation and tied to achievement of results.
- Geared towards fostering the company's long-term profitability and sustainability.
- Balanced and efficient relationship between fixed and variable components.



Crime prevention and anti-fraud policy

The policy's purpose is to prevent the ICF Group from engaging in unlawful actions which contravene any legal or criminal regulations or are contrary to good business management practices. It is also a commitment to ongoing monitoring and penalising fraudulent actions and conduct while maintaining effective communication and awareness-raising mechanisms for all ICF Group staff in building an ethical and honest corporate culture. It is binding on all ICF Group staff.

The Group is committed to ethical and regulatory compliance, does not tolerate conduct or actions prohibited by law or contrary to social mores, and in particular prohibits any corrupt, fraudulent, coercive, collusive or obstructive practices as described in this policy.

ICF Capital's responsible investment strategy is hardwired into its organisational structure and governance. Its implementation is supervised across all organisational levels including by the Board of Directors, the ESG Committee and the Screening Committee.



ICF Capital's Board of Directors

Ultimately responsible for overseeing all ESG issues and taking the final decision.

ESG Committee

Implements and supervises ESG practices

- Proposes to the Board of Directors such amendments to the Responsible Investment Policy as it deems appropriate/necessary.
- Approval of any updates to the ESG Advisory Questionnaire it considers apposite.
- Proposes to the Board of Directors the ESG training sessions it thinks expedient.

Members:

Ms Irene Bertran Aixut
Mr Adrià Torrelles Burgués
Mr Emili Gómez Jané
Mr Jianmin Yu

Screening Committee

Tasked with overseeing the ESG screening conducted by the investment team for potential new investments and monitoring ESG aspects of the portfolio.

ICF Capital ESG Officer:

Jianmin Yu: Coordinates the implementation of ICF Capital's ESG practices.

ICF Group ESG Director:

Oriol Vidal- Barraquer: Coordinates the implementation of the ICF Group's ESG practices.

ESG training:

The team's training needs are assessed and we maintain seamless communication with our adviser. Seamless communication is maintained with an external adviser to update them on new developments.

Creating value



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ESG transaction screening is the first stage in the investment process. It enables us to come to conclusions and propose actions to investees which help mitigate the potential risks identified and also to make recommendations for medium-term improvements.

In the conclusion stage, the document signed by both parties includes a section tailored to the features of the transaction setting out the ESG measures which investees undertake to put in place. These measures include:

- 1.** Contribution to sustainable development including health and wellbeing. The company has to sign up to the United Nations Global Compact and engage in social or environmental industry initiatives.
- 2.** Taking the investor's expectations into consideration in all actions while making every effort to ensure that they are integrated into the organisation and put into practice in its professional relationships.
- 3.** Inclusion of social and environmental aspects in the annual evaluations of the company and subsidiaries which may affect the operation and performance of their business.

- 4.** Inclusion of ESG issues in two Board of Directors' meetings and appointment of an ESG officer in the company. The idea is to devise a 3 to 4-year value creation plan setting out strategic ESG objectives anchored in financial materiality. A number of KPIs are specified to assess their applicability and any sustainability risks.

- 5.** Seamless reporting to ICF Capital of events entailing risk in areas such as public health, environmental pollution, social conflicts and business ethics.

In the third stage, when the company is part of our portfolio, we specify ESG KPIs for monitoring through:

- **Regular reporting.**
- **Presence on the Board of Directors.**
- **Ongoing discussions with investee managers.**

The ICF Group's environmental, social and governance objectives



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In 2022, the ICF Group's strategic plan for the period 2022-2025 was approved. The environmental, social and governance objectives included in this roadmap are set out below.



Environmental objectives

- The ICF Group is committed to cutting CO2 emissions by up to 20%. By year-end 2022, the Group had calculated its carbon footprint, identified the main sources of direct CO2 emissions and drawn up a reduction plan to achieve these targets.
- In 2023, we are to join the Government of Catalonia's emissions reduction voluntary agreements programme.
- Part of the ICF's strategy is to invest in projects aimed at mitigating or adapting to the effects of climate change. The strategic plan's target is for at least 35% of new business to be sustainable.
- In venture capital investments, the target is for 30% of new commitments to be sustainable as defined in Regulation (EU) 2019/2088 on sustainability-related disclosures concerning venture capital funds and their managers which came into force in March 2021.

Social objectives

- In-house, the ICF seeks to enhance employee sustainability training (more than 200 hours) and also foster diversity and equality in the ICF team by promoting more women to senior positions and keeping the pay gap below 10%.
- In terms of the Sustainable Development Goals, the ICF targets the SDGs for decent work and economic growth (8) and improving industry, innovation and infrastructure (9). It will also prioritise SDGs 3, 7, 11, 13 and 17.
- Specific strategic facilities to finance socially vulnerable sectors through social housing funding with €370 million to help set up 3,000 housing units. Also facilities to finance cultural, educational and social economy projects amounting to over €20 million in activities

Governance objectives

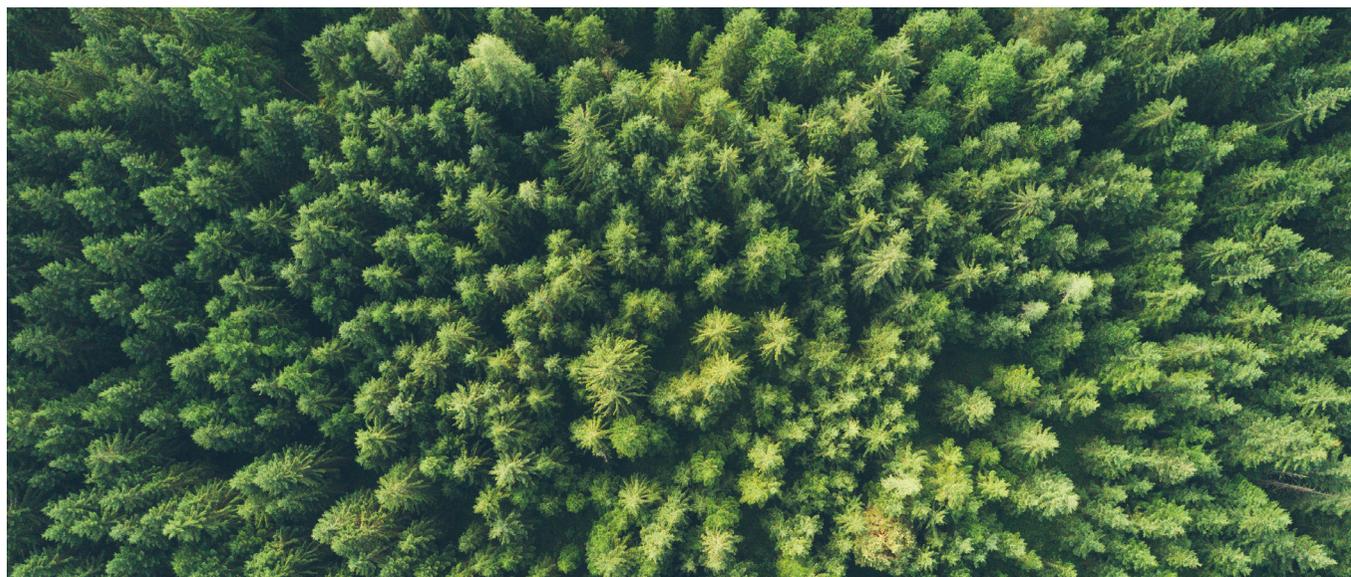
- Mainstreaming sustainability in the ICF's business model in a top-down approach with an impact ranging from the strategic level to operations management.

The ICF is continuing to pursue sustainability improvement actions. These include upgrading the corporate building's energy rating from category C to category B following the audit conducted in 2022. As a result of this energy audit, the following actions are to be put in place to make it more energy efficient:

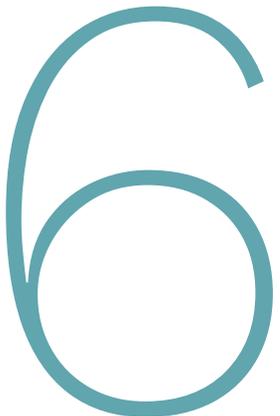
- The staircase light bulbs will be changed. The current energy-saving lamps will be replaced by LED bulbs which will reduce wattage per floor from 52 to 18 watts.
- The conventional light fixtures which are still in some common areas will gradually be replaced by energy-saving LED lights.
- In line with current regulations, individual climate temperature thermostats have been locked in common areas: minimum 27 degrees in summer and maximum 19 degrees in winter.

In late 2019, we kicked off our "zero plastic" initiative which involved replacing the water bottles in meeting rooms with jugs filled from the building's water fountains. In 2022, this has led to a 57% reduction in plastic packaging compared to 2021.

Most of the paper used in the ICF is recycled paper and in 2022 it accounted for 95.4% of the total paper purchased. Virgin pulp paper is only bought to meet very specific needs.



Conclusion and next steps



As a public investor, ethical, transparent and responsible management is part of our DNA. 2022 has been a year of building on our sustainability performance and follow-through on the model set out in 2021.

In 2023, we will continue to invest in organisational resources with an impact mindset and mainstream sustainability across the investment cycle from initial investment to divestment while also enhancing it to deliver compliance with ongoing regulatory developments..

We will continue to compile best-in-class KPI information to track it and identify opportunities for improvement.





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