
Statement on principal adverse impacts of investment decisions on sustainability factors

According to Annex 1, supplementing Regulation (EU) 2019/2088

Financial market participant: Portobello Capital Gestión, S.G.E.I.C., S.A. (Fund IV, Co-Investment, Carbono Verde and PSP)

Summary

Portobello Capital Gestión, S.G.E.I.C., S.A (Portobello) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Portobello.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

At Portobello, we believe that our strategy, processes and active portfolio management have enabled us to go beyond simply complying with regulations, generating value through the adoption of ESG best practices to foster sustainable growth. Not only do we incorporate sustainability risks into our investment decisions, but we also evaluate Principal Adverse Impacts (PAI's) on sustainability factors when making our investment decisions.

As responsible investors, we comprehensively incorporate sustainability risks and assess the major adverse impacts associated with sustainability factors at every stage of the investment process.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2023	Explanation (evolution, trends and causes)	Actions taken, and actions planned and targets set for the next reference period		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions	Scope 1 GHG emissions	50.993,93	To date, Portobello's investees have taken a cautious approach to measuring, analyzing, and implementing climate change mitigation measures, often lacking clear targets and robust reduction strategies. Recognizing this, Portobello is developing an ESG strategic plan that prioritizes climate change and emissions reduction as key pillars. However, a growing number of investees are acknowledging their impact on climate change and have begun adopting cleaner fuels, such as biomass, to reduce their direct Scope 1	Portobello remains dedicated to prioritizing emissions reduction and energy efficiency as core objectives. The firm seeks to continuously lower the carbon footprint across its portfolio and promote a more sustainable business model. This aligns with a key goal set last year: to achieve a full carbon footprint assessment of the portfolio. Currently, 82% of investees measure their Scope 1 emissions. The next steps involve encouraging all investees to continue calculating emissions, develop clearer climate change strategies, and set robust reduction targets.
		Scope 2 GHG emissions	Scope 2 GHG emissions	22.783,78	In particular, attention has been focused on addressing Scope 2 emissions, where Portobello is actively engaged in transitioning to the use of renewable energy. To support this objective, companies are undertaking initiatives such as the installation of photovoltaic panels and engaging external suppliers with a guarantee of renewable origin.	Portobello aligns its operations with sustainable practices and contributes to the transition towards a more environmentally friendly and ecologically sound energy mix. As a result, 76% of the portfolio already measures Scope 2 emissions. The next mid-term goal is for investees to have 100% of their contracted energy from renewable sources.
		Scope 3 GHG emissions	Scope 3 GHG emissions	18.008,66	Currently, efforts are focused on calculating Scope 3 emissions, with companies still in the process of gathering the necessary data. This calculation is complex due to the involvement of entire value chains, explaining the initial lack of data. As assessments become more accurate, emissions may appear to increase—not due to a real rise, but rather a more comprehensive evaluation across the value chain. Portobello aims to fully understand these impacts by working collaboratively with suppliers and adopting a more responsible approach.	Portobello and its investees are actively engaging their suppliers in climate change strategies and initiatives. Efforts are being made to collaborate with suppliers to promote greater awareness and understanding of climate-related risks and opportunities. However, currently, the investee companies are in the process of calculating Scope 3 emissions. The goal for the next year is to raise awareness among these investees about the importance of conducting such calculations, with the purpose of enhancing our understanding of actual emissions and setting more realistic reduction objectives.
		Total GHG emissions	Total GHG emissions	91.786,37	The total greenhouse gas emissions of Portobello's investees are consistently evolving, thanks to the proactive measures and recommendations that Portobello has been promoting. These efforts have resulted in increased control and monitoring of emissions, highlighting Portobello's commitment to sustainability and the environment.	Portobello is raising awareness among its investees of the importance of calculating their emissions to address the risks of climate change. In addition, in April 2022, it announced the launch of Portobello Carbono Verde SCR, a leading European initiative and the first ESG fund designed to drive large-scale reforestation projects in Spain and Portugal. This project aims to address current environmental challenges and foster a more sustainable future through reforestation initiatives.
	Carbon footprint	Carbon footprint	74,92	Since 2019, but especially from 2020 onwards, Portobello undertook a coordinated effort among its portfolio companies to conduct a comprehensive analysis of their key activities and emission sources. Portobello's objective was for all its investees to measure and report their carbon footprint, with the aim of becoming aware of their emissions data and to further develop a robust long-term emissions reduction plan based on the results obtained.	Portobello has identified climate change as one of its top portfolio priorities. Consequently, both Portobello and its entities have been formulating ESG strategies, with a particular focus on addressing climate change as a crucial concern in the coming years. This approach involves prioritizing the identification and management of primary risks associated with climate change, as well as implementing appropriate mitigation measures tailored to the unique circumstances and characteristics of each entity.	
		GHG intensity of investee companies	GHG intensity of investee companies	149,23	Measuring emissions intensity is key for Portobello, as it is aligned with its core values. Although initially no previous calculations were available for this indicator, which limits comparability between periods, after several years of monitoring GHG intensity in the investees, an improvement in emissions reduction has been observed as the companies grow structurally and operationally.	By focusing on emissions efficiency, Portobello's investees are committed to actively reducing their environmental impact while driving economic growth in the communities in which they operate. Portobello's top priority is to continue to reduce greenhouse gas emissions while improving production efficiency.
		Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector.	0,00%	The activities of Portobello's investees do not belong to the fossil fuel sector.	The activities of Portobello's investees do not belong to the fossil fuel sector.
GHG intensity of investee companies	Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.	69,82%	The use of energy from renewable sources is central to Portobello's vision. Reducing dependence on fossil fuels not only mitigates greenhouse gas emissions, crucially contributing to the fight against climate change, but also actively promotes job creation and technological innovation from an economic perspective. Portobello urges its investees to join and commit to the fight against climate change, starting with the use of renewable energy.	Continuing to implement action plans for energy efficiency and expanding the use of renewable energy, including the adoption of hybrid cars or the installation of solar panels in other companies, as well as engaging energy suppliers with a guarantee of renewable origin. These actions align with Portobello's commitment to promoting energy efficiency and sustainability across its portfolio of companies, and it will continue working on increasing the proportion of production and consumption of the mentioned energies.	
	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	0,35	Portobello actively promotes specific strategies and plans to reduce energy consumption and improve energy efficiency in the most energy-intensive sectors.	The implementation of energy efficiency programs is being promoted among the investees, including preliminary energy efficiency analyses and the application of specific measures aimed at reducing energy consumption and improving energy efficiency in the business environment.	
	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	0,00%	Portobello recognizes the relevance of biodiversity conservation to its stakeholders, including investors. As part of this commitment, Portobello assesses the potential direct impact of its investees on biodiversity-sensitive areas. So far, the negative impact has been minimal, and none of the investees have adversely affected biodiversity in their areas of activity.	By sustainability, Portobello means meeting the needs of the present without compromising the ability of future generations, trying to find a balance between environmental, social and economic factors. Portobello, therefore, recognizes the importance of biodiversity protection and intends to prioritize corresponding initiatives in the future.	
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	1,80	Portobello is aware of the risk of water scarcity in various areas where it operates. Therefore, within the strategic plans of the companies, efforts are being made to encourage the investee companies located in areas with a higher risk of water scarcity to prioritize measures to address this challenge. A first part at this point would be a measurement, and commensurate with a subsequent water consumption and emissions reduction measures.	The investees have recognized the importance of integrating more efficient water management practices as a key element within their sustainability strategy. In the Spanish context, companies experiencing a significant impact due to water scarcity are implementing water efficiency initiatives in their production processes. These entities plan to invest in technologies and infrastructures aimed at preserving and recycling water more effectively, as well as exploring alternative water sources when feasible.	
	Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	0,83	Portobello recognizes the importance of adopting circular economy practices and improving waste management. Portobello understands that this not only involves finding sustainable solutions, but can also generate savings, reduce waste and improve reputation. So far, although specific improvement actions are being taken, the investees have not implemented specific strategic plans for waste reduction.	Portobello's investees are increasingly recognizing the impact of their activities on waste. As a result, they are conducting more detailed studies to better understand waste generation and implement proper management measures. Additionally, investees are becoming more aware of the benefits of product lifecycle management and are actively promoting the circular economy. Notably, 87% of the portfolio's investees monitor hazardous waste, which represents a small and decreasing proportion due to the effective measures already in place.	

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0,00%	Currently, there have been no reported violations of the principles by any of Portobello's investees in 2022. Furthermore, the companies have not received any complaints or reports regarding violations of the principles.	Portobello will actively encourage companies to become signatories to international organizations, reaffirming their initial commitment to the principles. This will serve as a visible and public demonstration of their dedication to advocating for these principles on a global scale.
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	6,97%	Portobello considers the fight against climate change, respect for human rights and the promotion of transparent governance without corruption to be central to its strategy. These strategies are aligned with OECD principles and guidelines. All portfolio investees are actively working to have a robust policy structure that meets these criteria, and a code of conduct or code of ethics has been implemented in all portfolio investees, which establishes a commitment to uphold and adhere to certain principles.	The objective is to ensure permanent adherence to the code of conduct and to continually reinforce the culture of ethical behavior within the organizations, following at all times the principles of international entities. In addition to its internal codes of conduct, special emphasis is being placed on the implementation of a robust code of conduct for responsible suppliers. This best practice mechanism serves to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, ensuring that suppliers operate in an ethical and sustainable manner.
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	4,32%	In order to reflect Portobello's strong commitment to creating a workplace where all employees are treated equally and have the same opportunities for growth and success, the investees are currently implementing equality measures. Pay gap levels among the companies are not considered to be very high.	For Portobello, promoting equality and inclusion is a priority. Portobello is committed to playing an active role in the development and implementation of equality strategies and plans, ensuring their follow-up to guarantee compliance. Measures include diversity training programs, inclusive hiring policies, promotion of equal pay and support for work-life balance. These actions will ensure an effective and continuous approach to equity.
	13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	6,30%	At Portobello, promoting equality within the company is of paramount importance. This commitment goes beyond the workforce and extends to management and the Board of Directors. Portobello is working to promote equality and diversity among its senior management of the companies, although there is still more work to be done in this area, hence the concern to work on strategies that uphold the values of equality and diversity at all levels of the organization.	In order to comply with new regulations, such as the Directive on Gender Balance in Boards of Directors, measures will be implemented to enhance gender diversity and foster inclusion in the Boards of Directors of Portobello's investee companies. Efforts will also be made to promote diversity in senior leadership roles. These commitments reflect Portobello's strong dedication to creating an inclusive and representative corporate governance structure.
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	0,00%	Portobello's investees are not exposed to controversial weapons.	During the initial screening process in an investment procedure, the Portobello team reviews and directly excludes activities related to controversial weapons.
Other Indicators for principal adverse impacts on sustainability factors.						
Greenhouse gas emissions	Table II 4	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	1,47%	Portobello's portfolio investees, in line with their climate change initiatives, are proactively implementing emission reduction strategies and plans. Committed to the objectives of the Paris Agreement, Portobello and its investees prioritize emissions reductions in Scopes 1 and 2, while promoting resilience to mitigate the risks associated with climate change.	Portobello will encourage its investees to develop a decarbonization strategy and plan aligned with benchmark standards such as SBTi and to adopt a model based on the use of renewable energies, with the aim of reducing GHG emissions as much as possible. The goal is for all investees to comply with the commitments established in the 2030 and 2050 agenda, promoting sustainable growth aligned with the Paris Agreement.
Social and employee matters	Table III 1	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy.	4,45%	Currently, the investees have implemented robust processes to ensure the safety and health of their employees. They have implemented comprehensive policies and plans for the prevention of workplace accidents, accompanied by thorough assessments of occupational risks. These assessments help identify potential hazards and establish appropriate prevention and mitigation measures to ensure the safety and well-being of employees.	Portobello actively promotes the reduction of workplace accidents in its investees, prioritizing the safety and health of employees in its strategic plans. Accident rates in the investees are closely monitored.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Portobello acts as a responsible investor, incorporating and integrating sustainability risks and collecting, monitoring and disclosing indicators related to the Principal Adverse Incidents (PAI's) on sustainability factors at each stage of the investment process. In addition, Portobello annually compiles its main sustainability indicators, based on criteria such as financial materiality, ESG trends, investor demands and applicable regulations, among others. These indicators are compiled annually, in a digital tool, and are incorporated within the sustainability reports disclosed to investors and all stakeholders. In terms of measurement, transparency and communication, Portobello periodically provides investors with an ESG report detailing the progress made in relation to factors related to Major Adverse Impacts on sustainability.

Engagement policies

Portobello is convinced that ESG is a key lever for value creation. The implementation of these principles not only better aligns investors with the broader objectives of society, but also contributes to increasing the long-term profitability of investments by ensuring optimal risk management. Portobello's objective is to maximize the value of its investments at the time of exit, meeting the needs and expectations of its stakeholders and generating a positive impact on the communities in which they invest. To achieve this, Portobello has established six strategic pillars in its ESG approach, aimed at improving ESG risk management and fostering sustainable business practices through active and continuous engagement. Emphasis is placed on the responsibility of the corporate governance bodies in the execution of the ESG Action Plan and in the monitoring of adverse impacts. This plan is developed by the team, with the support of external experts, and is based on internal and external analysis, including the 100-day strategic plan and a value creation plan designed for the next 2-5 years. Each investee must appoint an ESG Officer, to whom the CEO assigns specific annual objectives. This manager reports periodically to the Board of Directors on progress in each area of action, ensuring compliance with ESG objectives. In addition, Portobello's ESG and Investment team provides quarterly reports assessing the performance and sustainability of investees using a proprietary ESG scoring system, based on methodologies from international standards such as MSCI and LSEG. This system adapts the weighting of the three ESG areas (environmental, social and governance) according to the sector of each investee, ensuring a more accurate and relevant assessment. The score, which varies from 0% to 100%, reflects the specific progress and challenges of each investee, adjusted to its characteristics and operating context. Portobello's ESG team continually seeks to improve these processes, incorporating industry knowledge and best practices to ensure that our portfolio is aligned with the highest standards of sustainability and responsibility.

References to International standards

Portobello ensures compliance and enforcement of codes and standards through various mechanisms. First, it has established a Responsible Investment Policy that outlines its commitment to responsible practices. Second, it implements robust due diligence processes to identify and assess actual and potential negative impacts associated with its investments. To address these impacts, Portobello develops ESG action plans and recommendations aimed at halting, preventing and mitigating such negative effects. These plans are regularly monitored and reviewed. In addition, Portobello prepares periodic reports detailing how these impacts are being addressed. These reports are prepared in accordance with the relevant Disclosure Regulations to ensure transparency and accountability. Portobello adheres to codes of responsible business conduct and complies with internationally recognized norms and standards for due diligence and disclosure. These include the principles of the United Nations Global Compact (Portobello has been a signatory to UN Global Compact since 2020), the OECD Guidelines for Multinational Enterprises, the UNPRI Principles for Responsible Investment (Portobello has been a signatory since 2012) and commitment to the Sustainable Development Goals (Portobello prioritizes SDGs 7, 8, 9, 12, 13 and 16). Portfolio companies must adhere to the values and principles outlined in the international frameworks in which Portobello is committed to operate, demonstrating their dedication to responsible and sustainable business practices. Aligned and committed to the objectives of the Paris Agreement, Portobello and its investees prioritize emission reduction strategies and promote resilience in mitigating the risks of climate change, enhancing their adaptive capacity and mitigating the effects of climate change, thus contributing to a more sustainable future. Through these measures, Portobello maintains its commitment to responsible investment and actively works to minimize negative impacts while promoting sustainable practices across its portfolio.

Historical comparison

Through the calculation of PAI's, Portobello has presented the reports corresponding to the year 2023, this being the second year of its implementation. While a first assessment had been made in 2022, the 2023 metrics reflect a more accurate understanding aligned with best practices, which has allowed for significant improvements that prevent direct comparisons between the two years. Nevertheless, the 2023 results demonstrate progress in key sustainability areas, such as strengthening compliance mechanisms. Portobello thus reaffirms its strategic commitment to emissions management, pay equity and gender diversity, driving progress towards sustainability in its investee companies. Importantly, Portobello, has been collecting Key Performance Indicators (KPIs) since 2015. Portobello's main objective is to improve the reliability and accuracy of its reporting, ensuring a complete understanding of incidents and their trends over time, keeping a periodic record of KPIs from the next few years.

Notes

*Only Serveo and Legálitas have calculated GHG Scope 3 emissions for 2023.
 *Indicator 6 (Energy consumption intensity by high climate impact sector), the calculation is limited to the energy consumption of entities only for their high climate impact sectors, not the overall energy consumption intensity globally for that company. As a first calculation, investees have not disclosed energy consumption by sector; this year, the indicator is at a global level.
 *To address the indicator "lack of processes and compliance mechanisms to monitor adherence to the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises," companies must communicate the following information: (i) Signatory to the United Nations Global Compact, (ii) Ethical code aligned with the 10 principles of the United Nations Global Compact; (iii) Responsible supply chain policy aligned with the 10 principles of the United Nations Global Compact; (iv) Human rights policy; (v) Human resources policy; (vi) Environmental policy; and (vii) Anti-corruption policy.