

STATEMENT ON THE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS (ARTICLE 4 OF THE SFDR)

30 June 2023 (version 1)

This disclosure applies to Crest Capital Partners – Sociedade de Capital de Risco, S.A. (98450036AEBU99D5A943) and is made pursuant to Article 4 of SFDR.

SUMMARY

Crest Capital Partners – Sociedade de Capital de Risco, S.A. (98450036AEBU99D5A943) (Crest) considers and monitors the principal adverse impacts (PAI) of its investment decisions on sustainability factors in the manner prescribed by Article 4 of the Disclosure Regulation. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Crest.

This statement covers the reference period from 1 January 2022 to 31 December 2022. It will be updated by 30 June 2023 to include quantitative reporting on the indicators for adverse impacts of Table 1 and relevant indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act, as illustrated in the table below.

Table 1: Summary of Principal Adverse Indicators				
Applicable to	Theme	PAI indicator	Table	Number
Investee companies	Climate and other environment-related indicators	GHG emissions	1	1
		Carbon footprint	1	2
		GHG intensity of investee companies	1	3
		Exposure to companies active in the fossil fuel sector	1	4
		Share of non-renewable energy consumption and production	1	5

		Energy consumption intensity per high impact climate sector	1	6
		Activities negatively affecting biodiversity sensitive areas	1	7
		Emissions to water	1	8
		Hazardous waste ratio	1	9
		Water usage and recycling	2	6
	Social and employee, respect for human rights, anti-corruption and anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
		Unadjusted gender pay gap	1	12
		Board gender diversity	1	13
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	1	14
		Rate of accidents	3	2
		Number of days lost to injuries, accidents, fatalities or illness	3	3

DESCRIPTION OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

In Table 2 CREST provides an updated version of this statement with the indicators covering the reference period from 1 January 2022 to 31 December 2022. From 30 June 2024 onwards, Crest will include historical comparisons with previous reference periods. Crest will also seek to detail actions taken and actions planned, as well as targets set for each principal adverse impact indicator to avoid or reduce the principal adverse impacts identified.

Table 2. Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse Sustainability Indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse Gas Emissions	#1 GHG emissions	Scope 1 GHG emissions (ton CO ₂ e) ¹	2,992	n.a.	n.a.	CREST has been an UNPRI signatory since 2018 and has since been committed to implementing a responsible investment policy largely focused on an active stewardship engagement. We deliver an Annual Sustainability Report every year to our investors. In those reports, we analyse the key material issues for each of our fund's portfolio companies, disclose the relevant data and KPIs, and identify opportunities for improvement which result in subsequent actions. Furthermore, all funds managed by us are classified as Article 8 funds under the SFDR, thus promoting environmental or social characteristics through negative screening, ESG due diligence, ESG assessment and active engagement. We consider GHG emissions using our internal monitoring and reporting system. 2022 was the first year we measured scope 3 emissions. However, it does not encompass all scope 3 categories and we will continue working on improving data monitoring. All companies have taken or plan to take measures to decrease their carbon intensity, mainly through the implementation of energy-related measures - including the enhancement of solar energy production, the transition to more energy efficient equipment or the optimization of distribution routes. In 2024, reduction of GHG emissions will remain a priority of our engagement strategy.
		Scope 2 GHG emissions (ton CO ₂ e) ¹	1,445	n.a.	n.a.	
		Scope 3 GHG emissions (ton CO ₂ e) ¹	74,070	n.a.	n.a.	
		Total GHG emissions (ton CO ₂ e) ¹	78,506	n.a.	n.a.	
	#2 Carbon footprint	Carbon footprint (ton CO ₂ e/€M invested)	865	n.a.	n.a.	
	#3 GHG intensity of investee companies	GHG intensity of investee companies (ton CO ₂ e/€M revenues)	462	n.a.	n.a.	
	#4 Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	n.a.	n.a.	
	#5 Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	67%	n.a.	n.a.	
		Non-renewable energy consumption ²	0%	n.a.	n.a.	
#6 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 ³ (GWh/€M revenue)	0.146	n.a.	n.a.		
Biodiversity	#7 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%	n.a.	n.a.	
Water	#8 Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average ¹	0	n.a.	n.a.	
Waste	#9 Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated per million EUR invested, expressed as a weighted average (ton haz waste/M€ revenues) ¹	6.5	n.a.	n.a.	

Table 2. Description of the principal adverse impacts on sustainability factors

Adverse Sustainability Indicator		Metric	Impact 2022	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water, waste and material emissions	#6 Water usage and recycling (table 2)	Average amount of water consumed by the investee companies (m3/M€ of revenues)	606	n.a.	n.a.	We consider water issues in our internal monitoring and reporting system. Most companies have taken or plan to take measures to decrease water consumption and wastewater production, accelerating the adoption of more efficient equipment and the enhancement of recycling or treatment processes.
		Weighted average percentage of water recycled and reused by investee companies ⁴	3.2%	n.a.	n.a.	
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 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%	n.a.	n.a.	In our investment process we conduct an ESG screening to avoid controversial sectors that run high reputational or ESG risk. Our funds are subject to norm-based screening. CREST companies operate mostly in Portugal, Spain and France. UNGC principles and OECD Guidelines are included in the governance policies adopted by our portfolio companies.
	#11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for ME	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	0%	n.a.	n.a.	
	#12 Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies ⁵	18.5%	n.a.	n.a.	In our funds, we implement and promote a diversity policy. All portfolio companies have taken or plan to take measures to improve diversity and reduce the gender pay gap. In 2023 and 2024, we will prioritise engagement on gender issues and other DEI issues.
	#13 Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members ⁶	19.3%	n.a.	n.a.	
	#14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	n.a.	n.a.	In our investment process, we conduct ESG screening to avoid controversial sectors that run high reputational or ESG risk. Our funds do not invest in companies that are involved in the production or development of weapons of any kind.
	#2 Rate of accidents (Table 3)	Rate of accidents in investee companies expressed as a weighted average ⁷	172	n.a.	n.a.	
	#3 Number of days lost to injuries, accidents, fatalities or illness (Table 3)	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	2090	n.a.	n.a.	We consider occupational health and safety in our internal monitoring and reporting system. Where if needed, companies have taken or plan to take measures to decrease accidents and days lost, including shifting to less heavy work equipment, increasing professional training or improving social areas.

Notes: ¹ Values considering CREST's participation on each Company

² Energy includes electricity, gas and diesel

³ High impact climate sector as defined by SFDR Regulation

⁴ Weighted average based on investment

⁵ Ratio of difference between average salary of male and female employees and average salary of male employees

⁶ Expressed as number of females / total board members

⁷ Number of accidents with leave (of at least one day)

n.a. Not Applicable

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

As part of Crest's ESG and responsible investment strategy, set out by our Responsible Investment Policy, principal adverse impacts on sustainability factors are integrated at all stages of the investment process. The Responsible Investment Policy was first approved by the Crest's Board of Directors on April 2, 2019 and last updated on March 15, 2022.

In the pre-investment phase, Crest:

- Conducts ESG screening to avoid controversial sectors that run high reputational or ESG risk.
- Conducts ESG due diligence (analysis is carried out using internal resources and, when necessary, external consultants).
- Integrates ESG principles into offers and shareholders agreements.

During the holding period, Crest:

- Supports portfolio companies in the analysis of ESG risks and opportunities, including principal adverse impact indicators as set out by the SFDR.
- Supports portfolio companies in establishing and implementing ESG initiatives.
- Provides information and training to portfolio companies for an effective management of non-financial impacts.
- Monitors progress on ESG performance, including principal adverse impact indicators as set out by the SFDR.
- Reports to investors on the ongoing activities and respective impacts as well as on the annual ESG performance of the overall portfolio and each portfolio company.

At exit, Crest:

- Delivers an ESG due diligence report to potential acquirers.

The selection of principal adverse impacts on sustainability factors indicators is based on a materiality assessment of each company and fund. Focus has been given to certain

indicators on environment climate, employment, and governance, such as carbon footprint, carbon intensity, waste management, absenteeism rates, diversity and adoption of specific governance policies (non-discrimination, whistleblowing, anti-corruption and anti-bribery). The scope of indicators assessed has been expanded to include all the mandatory indicators set out by the SFDR as well as one additional climate and other environment-related indicator and two additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters.

Each year, an assessment is required of each portfolio company and results determine the level of subsequent engagement. If certain indicators are flagged as having a high impact or an opportunity for better performance is found, Crest works with the respective portfolio company in developing the necessary improvement actions.

In deciding the appropriate action, Crest considers, among other things, the severity and scope of individual adverse impacts and the probability of occurrence of these impacts, including their potentially irremediable characteristics.

These processes are done with the support of ESG analysis providers contracted for this purpose that use proprietary frameworks or use publicly available information.

Crest's Executive Directors have complete oversight and are directly responsible for the implementation of the Responsible Investment Policy, which also applies to the principle adverse impacts. Each member of Crest's investment team is accountable for its correct and thorough implementation. We also have an ESG Officer that deals with practical everyday issues and monitors the compliance both by the investment team and the portfolio companies.

The methodology to identify principle adverse impacts is subject to data availability and quality. We are reliant on the quality of data received from portfolio companies. When data is not readily available, we engage with the company, through an external service provider, to obtain the necessary data or make reasonable assumptions on the level and impact of such data.

ENGAGEMENT POLICIES

Promoting effective portfolio engagement and stewardship is a key part of our investment process. As previously described, we undertake various engagement activities with portfolio companies during the holding period. We seek to influence and improve ESG practices, enhance sustainable long-term financial performance and mitigate adverse impact on sustainability factors. Assisting portfolio companies to report on the principal adverse impacts is part of our engagement efforts.

As a fiduciary investor, Crest's investment stewardship approach starts with the accountability and engagement of the Board and the investment team. Crest also holds accountable the Boards at the portfolio companies and expects them to deliver on their commitments. The Board of Directors of all portfolio companies include members of the investment team of Crest. The investment team engages regularly with the management teams of the portfolio companies on all matters, including strategy, performance, risk, board composition and ESG factors. To monitor the compliance by portfolio companies, Crest requires monthly updates on ESG issues from portfolio companies. Throughout the year, Crest's ESG Officer has regular meetings and follow-ups with ESG managers from portfolio companies.

Crest is present in all shareholders' decision-making (with majority vote) and in all relevant decisions taken by the Board of Directors. Crest has direct responsibility for voting and does not use the services of any external proxy voting agencies.

Crest engages its investors by frequently communicating progress across the portfolio. Portfolio companies regularly participate in meetings to discuss their performance over the year and there is a broad discussion on the overall ESG performance of the portfolio and individual ESG management.

REFERENCE TO INTERNATIONAL STANDARDS

Crest is a signatory of the Principles for Responsible Investment since 2018. We also take into consideration the principles and standards set forth by initiatives such as the UN Global Compact, the Universal Declaration of Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the ILO conventions on labour standards.

Crest has engaged portfolio companies in an initial attempt to assess each portfolio company's activity according to the Task Force on Climate-related Financial Disclosure (TCFD).

HISTORICAL COMPARISON

The earliest historical comparison will be provided in June 2024.