



Institut Català  
de Finances



Generalitat  
de Catalunya

# ICF CAPITAL SUSTAINABILITY REPORT 2023

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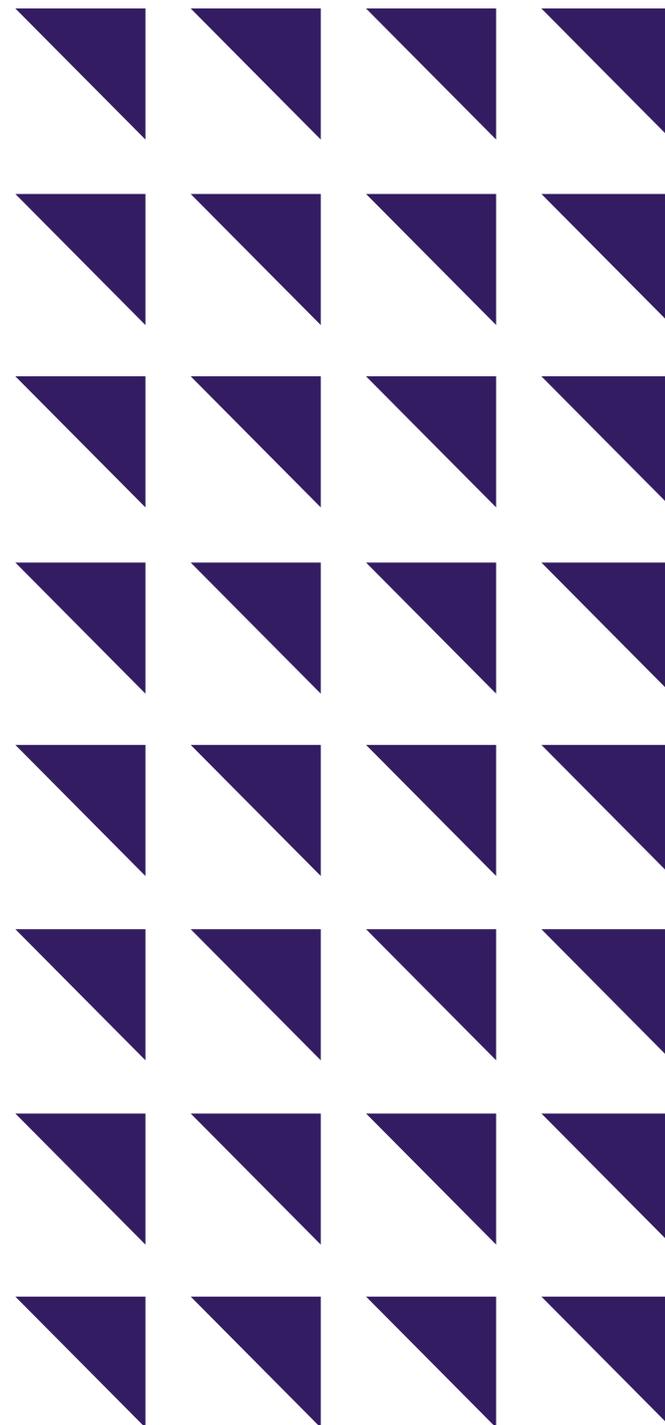
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01

# LETTER FROM THE CHAIR OF ICF CAPITAL'S BOARD OF DI- RECTORS



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# LETTER FROM THE CHAIR OF ICF CAPITAL'S BOARD OF DIRECTORS

Investing in innovative projects today means investing in an emissions-free future. Promoting transformational ideas today means promoting a future that puts people's wellbeing at the centre. Applying environmental, social and governance (ESG) principles today is essential to attain a sustainable and fair future. In keeping with this conviction, once again this year we have pursued our mission as a public development bank.

Our business in 2023 reflects the firm commitment of the ICF Group and its venture capital operator ICF Capital to ensuring that sustainability is not just a pledge but also a tangible achievement at every level. This means our investment is used to back projects which have a positive impact on the planet and people.

We also proactively monitor and mentor the enterprises we invest in to help them embed environmental, social and governance criteria in their internal organisation too, and thus for example use renewable energy, engage in social initiatives or implement protocols which safeguard the safety and wellbeing of their employees.

Likewise, we exclude from our investment pool any activities which run counter to our responsible investment principles because profit cannot take precedence over the values that should shape the world.



To be consistent, and since there is no other way of attaining a sustainable and fair future, not only do we ask the businesses in which we invest to comply with ESG principles but we also ask it of ourselves. As a public financial institution, this commitment to ethical and responsible management is reflected across the board in all our operations.

This year, as signatories to the United Nations Principles for Responsible Investment, we have delivered our first Transparency Report in which we give an account of how far we have complied with the commitments we have made to achieve an economically efficient and sustainable global financial system.

The outcome has been positive. However, we are determined to push ourselves even further and so we will continue to draw up this report every year, just like the other financial actors who have signed up to the compact, as we firmly believe that only with a global strategy and a shared commitment can we address our environmental, social and governance challenges.

Similarly, in 2023 we have calculated the ICF Group's

carbon footprint to get a detailed picture of the quantity and source of the greenhouse gases emitted directly or indirectly by our operations. To this end we have partnered with experts who have shared their expertise and know-how to draw up the project.

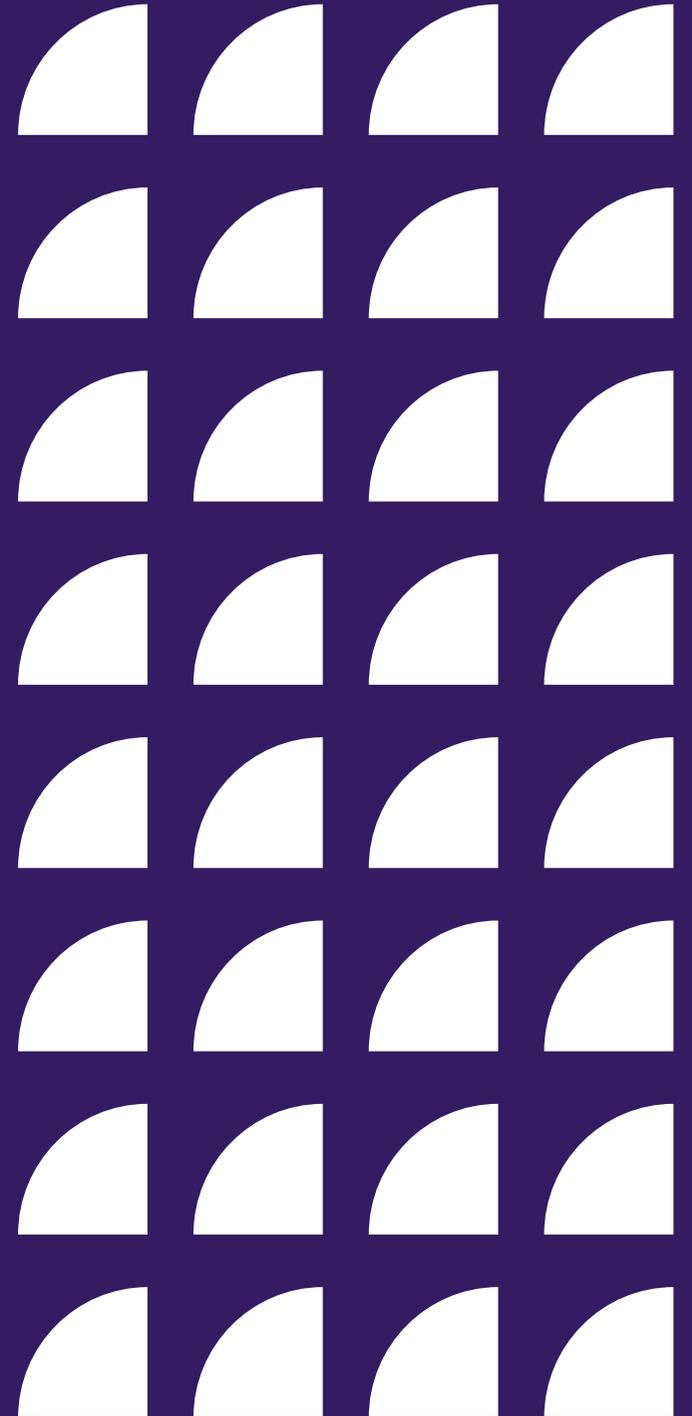
This is an essential step in enabling us to take swift, clear and effective action to meet one of the main targets set out in the ICF Group's strategic plan for the period 2022-2025: cutting our CO2 emissions by 20%. As a society we have been too slow in reacting, yet there is still time to drive the transformations which will make a sustainable and fair future possible. We cannot waste another minute.



**Vanessa Servera i Planas**  
CEO of the ICF

02

# ICF CAPITAL, THE ICF'S VEN- TURE CAPITAL INVESTMENT MANAGER



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).

- ▶ **ICF Capital Expansió II:** it 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.

Likewise, in 2023 ICF Capital has continued to roll out its ESG policy which was drawn up in 2021, expanding on some previously identified aspects and implementing some new initiatives:

- ▶ ESG training for new hires
- ▶ Presentation of the UN PRI Transparency Report in which ICF Capital earned a score similar to other comparable signatories.



## 2.1. ICF Capital in figures

Established:

**2010**

Managed risk capital funds and company:

**4**

Number of portfolio companies:

**24**

Total commitments:

**100<sup>M€</sup>**

Number of investees:

**39**

Portfolio companies under ESG monitoring by ICF Capital:

**16**

(86% by amount invested and 67% by number of companies), mainly through the equity investment position and seats on their boards of directors.



Members of:



Signatory partners



United Nations  
Global Compact



Our business in 2023 further confirms ICF Capital's commitment to sustainability by embedding ESG criteria in our investment process.

## 2.1.1. Investments in 2023: CAPITAL EXPANSIÓ II

ICF Capital Expansió II

Company	M€	Sector
SERRADORA BOIX S.L.	5	Industrial

## 2.1.2. Investments in 2023: VENTURE TECH II

ICF Venture Tech II

Company	M€	Sector
QUSIDE TECHNOLOGIES SL	1	Quantum Technology
KINTAI DIGITAL, SL	0,45	TIC
INBRAIN NEUROELECTRONICS, SL	0,35	Life Sciences
BLOOBIRDS, S.L.	0,53	TIC

## 2.1.3. Investment in 2023: CAPITAL MAB

CMAB

Company	M€	Sector
INBIOMOTION, SL	0,2	Life Sciences



## 2.2. 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 2023 related to the investee portfolio are summarised below.

### 2.2.1. GROWTH DIVISION ICF CAPITAL EXPANSIÓ II

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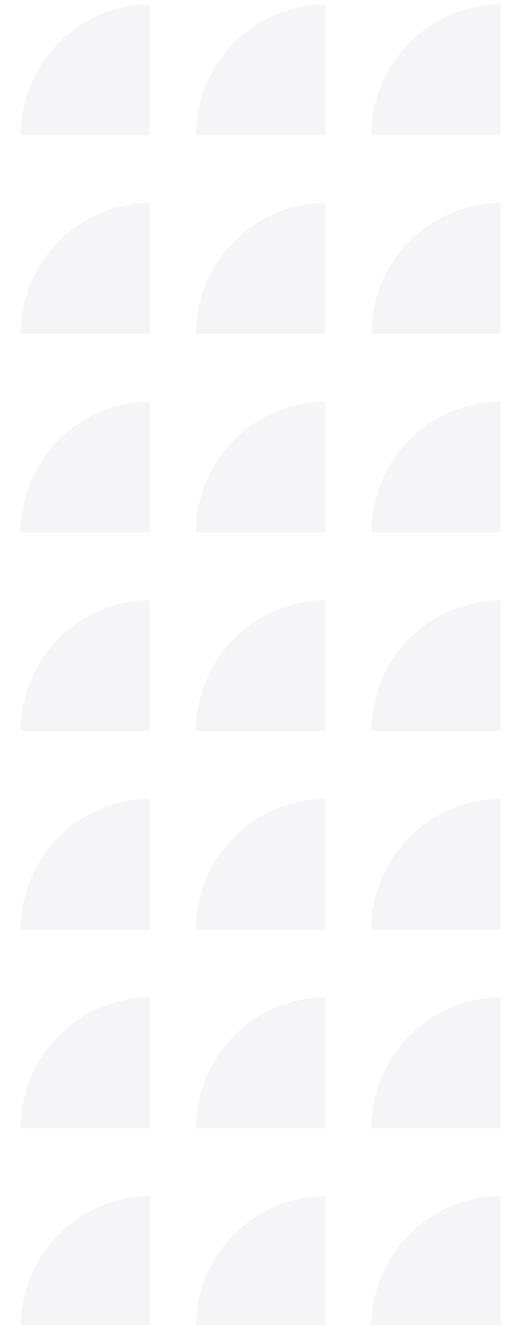
 **BATLLE**

*pastisant*  
~ 1990 ~

  
**Pret-à-porter  
casas**

 **TECNIC**

 **Boix**



### Environment

100%

use renewable energy

67%

have an ESG officer

50%

have an environmental management policy

33%

control their CO2 emissions

### Social

910

Employees (42% women, 87% have an open-ended contract)

83%

have a health and safety policy

100%

monitor customer satisfaction

83%

have a supplier contracting policy

100%

partner social initiatives

16,7

hours of annual training per employee

### Governance

100%

have a data protection policy

83%

have cybersecurity policies

83%

have women in management positions

75%

have an intellectual/industrial property protection policy

33%

have women on their board of directors

0

cases of harassment or discrimination

## 2.2.2. VENTURE DIVISION

### ICF VENTURE TECH II



### Environment

20%

have an ESG officer

10%

have an environmental management policy



### Social

1.034

Employees (46% women, 96% have an open-ended contract)

90%

have health and safety policies

100%

monitor customer satisfaction

70%

have a supplier contracting policy

60%

partner social initiatives

### Governance

100%

have a data protection policy

80%

have cybersecurity policies

40%

have women in management positions

75%

have an intellectual/industrial property protection policy

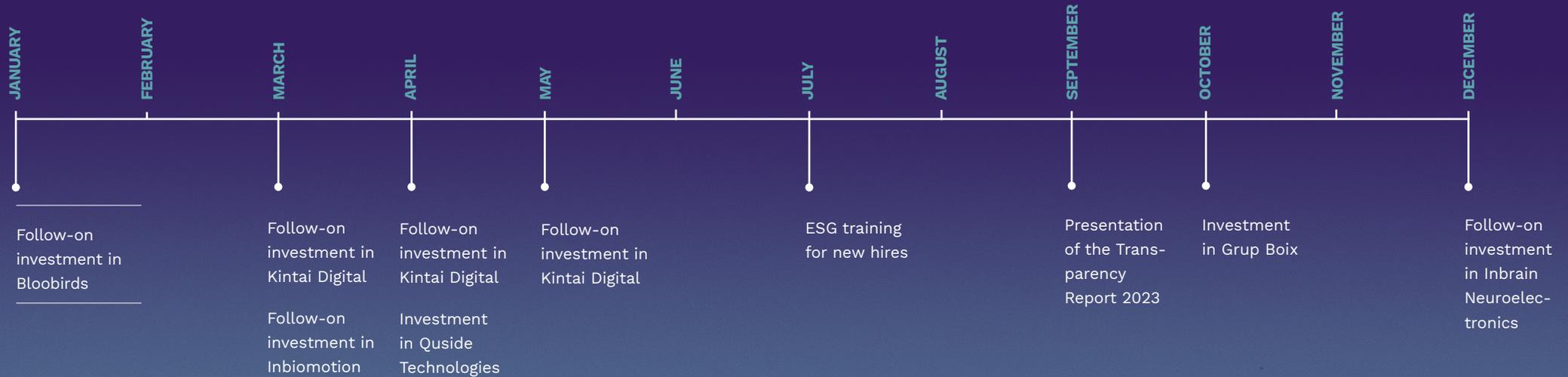
27%

have women on their board of directors

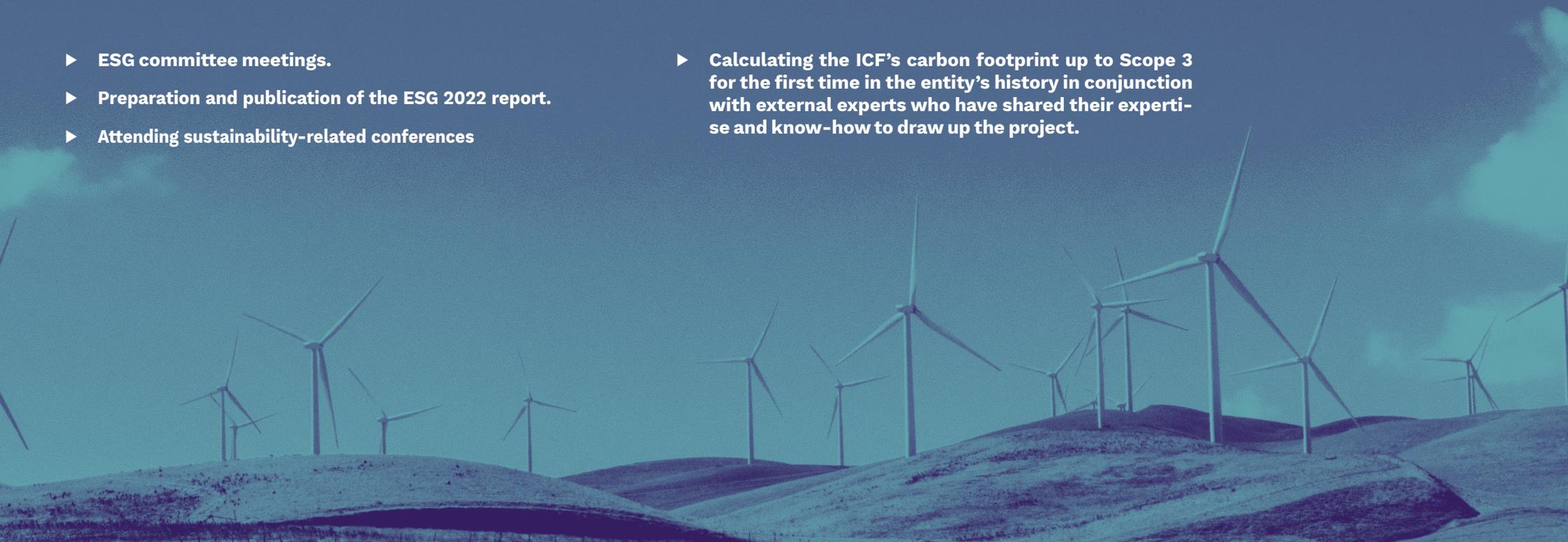
0

cases of violation or discrimination of human rights

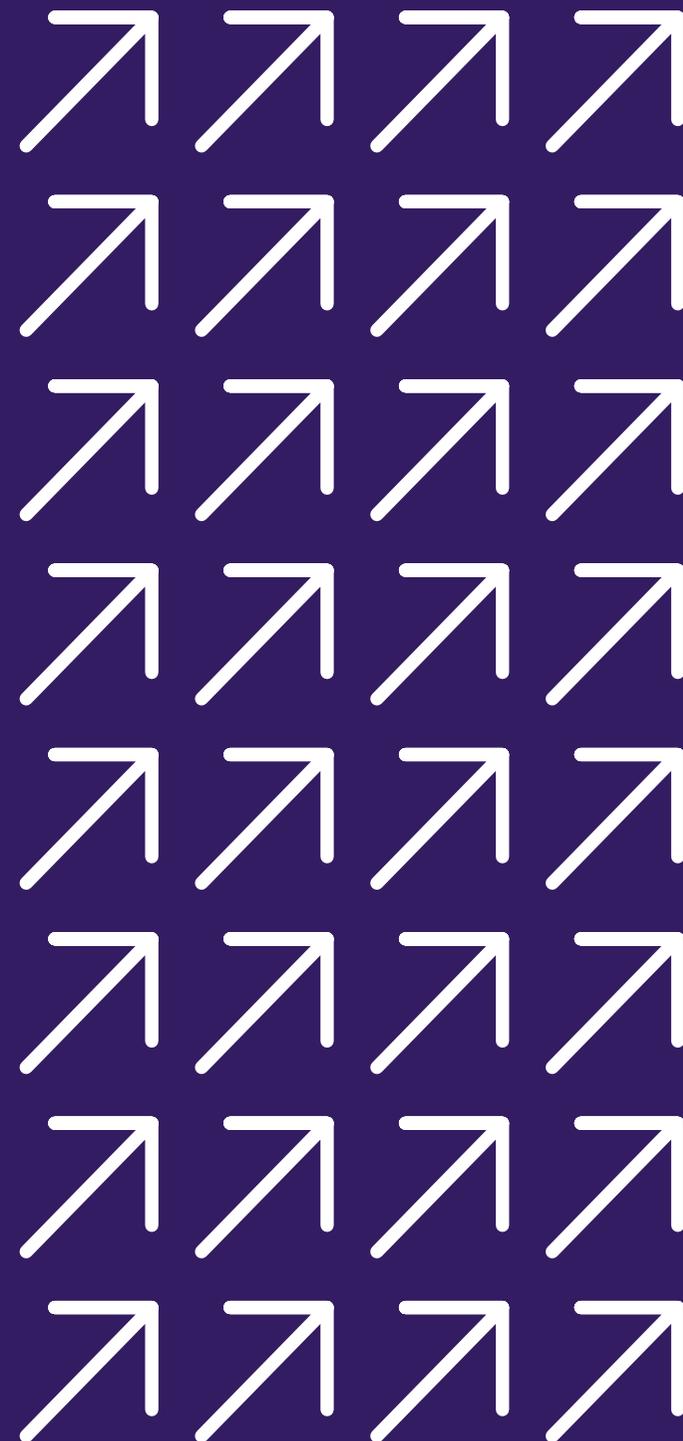
## 2.2.3. Timeline 2023



- ▶ **ESG committee meetings.**
- ▶ **Preparation and publication of the ESG 2022 report.**
- ▶ **Attending sustainability-related conferences**
- ▶ **Calculating the ICF's carbon footprint up to Scope 3 for the first time in the entity's history in conjunction with external experts who have shared their expertise and know-how to draw up the project.**



# 03 ESG COMMITMENTS



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.



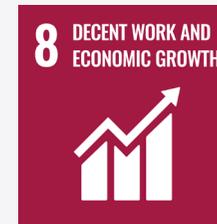
In 2021, the entity became a signatory partner of the United Nations Global Compact, an international initiative promoting the inclusion of ten universally accepted principles in business operations in line with the Sustainable Development Goals (SDGs).

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.



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

## Strategic Goals



## Priority Goals





## 3.1. Stages in our responsible investment process

### 3.1.1. 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:
  - a) human cloning for research or therapeutic purposes.
  - b) genetically modified organisms.

We regularly review our list of exclusions to address contentious issues that may affect our stakeholders.

## 3.1.2. 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.





### 3.1.3. 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.

### 3.1.4. 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 initial screening stage as a baseline for logging processes accomplished and also keep a record of the progress achieved. The results of this screening are included in the considerations when seeking and defining a suitable exit for the investment.

## 3.2. Risk management



## 3.3. Management and governance

### 3.3.1. 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.

- ▶ Equal opportunities policy
- ▶ Societal impact and social responsibility policies
- ▶ Communication, image and language
- ▶ Representation of women and staff distribution
- ▶ Development
- ▶ Remuneration
- ▶ Harassment, sexist attitudes and perception of discrimination
- ▶ Working conditions
- ▶ Work-life balance
- ▶ Physical conditions of the working environment





### 3.3.2. 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.



### 3.3.3. 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.



### 3.3.4. 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
  - Mr Oriol Vidal-Barraquer Castells
  - Mr Luis Bruguera Payet

#### 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 Castells

- ▶ Coordinates the implementation of the ICF Group's ESG practices.

#### ESG training

- ▶ The team's training needs are assessed.
- ▶ In-house training on the subject is provided for all new hires.

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# 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.

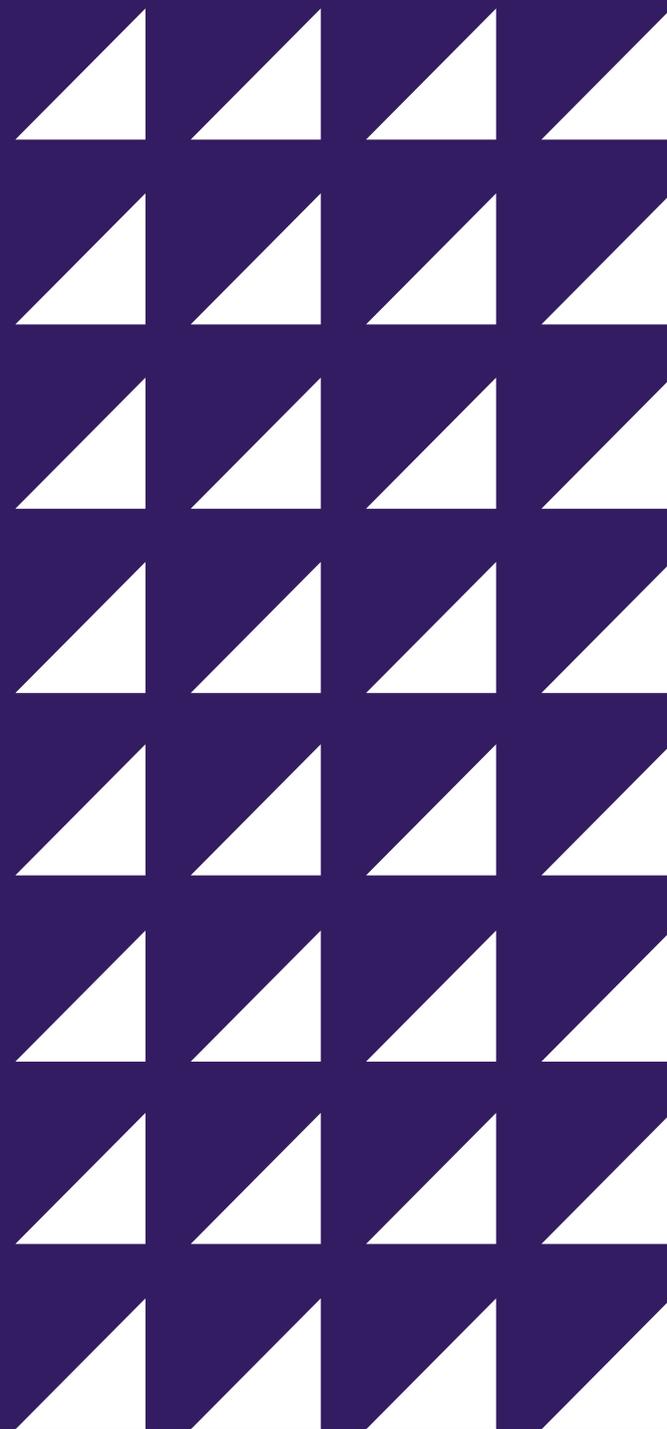
In the third stage, when the company is part of our portfolio, we specify ESG KPIs for monitoring through:

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



05

# THE ICF GROUP'S EN- VIRONMENTAL, SOCIAL AND GOVERNANCE OBJECTIVES



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## The ICF Group's environmental, social and governance objectives

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.

### 5.1. 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.

### 5.2. Social objectives

- ▶ In-house, the ICF seeks to enhance employee sus-

tainability 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 related to decent work and economic growth (8) and also to 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.

### 5.3. 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:

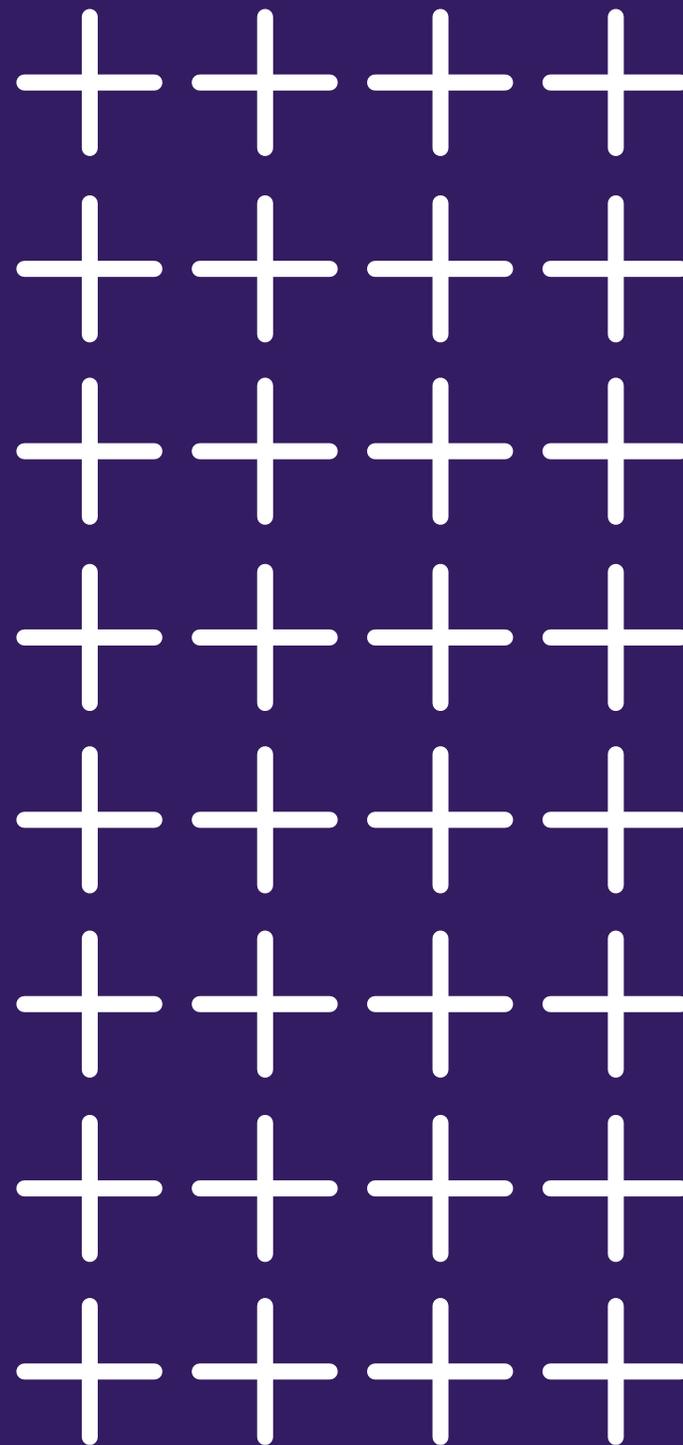
- ▶ The staircase light bulbs will be changed. The current energy-saving lamps will be replaced by LED bulbs which will reduce wattage per floor from 52 to 18 watts.
- ▶ The conventional light fixtures that are still in some common areas will gradually be replaced by energy-saving LED lights.
- ▶ In 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 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.

06

# CONCLUSION AND NEXT STEPS



## Conclusion and next steps

As a public investor, ethical, transparent and responsible management is part of our DNA. 2023 has been a year of growth in this area for both the ICF Group and its venture capital operator ICF Capital. In 2024, we will continue to work with our investees to support value creation by rolling out action plans, keep a close eye on evolving regulatory developments and further enhance our sustainability model in partnership with the rest of the ICF Group.





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