Disclosures in accordance with EU Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("Sustainable Finance Disclosure Regulation" or "SFDR").

Integration of sustainability risks in MCP investment decision-making process.[1]

MCP is committed to ensuring that its business model and that of the companies in which it invests is sustainable over time. To this end, MCP seeks to:

- Always comply with both the letter and the spirit of the SFDR.
- Act with integrity always in all the dealings.
- Ensure that it takes a responsible approach to investing throughout its investment cycle.
- Commit to sustainability to the maximum extent possible, constantly analyzing its link to growth and value creation for stakeholders.
- Actively manage environment, social and governance ("ESG") issues:
  - Complying with industry standard ESG guidelines and best practices.
  - Analyzing, before each investment, the potential impact of businesses on the environment, workers, communities and society as a whole.
  - Acting responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of hazardous products and unnecessary waste.
  - Ensuring that there is always respect of human rights and no exploitation of child labour.
  - Ensuring there is no bribery or corruption in any of the dealings negotiated.
  - Fostering and cultivating a culture of diversity and inclusion (whether on grounds of gender, race or disability), by encouraging employee development and retention.

Sustainability risks are integrated in MCP's investment decision processes, namely through the implementation of:

- ESG Policy, describing the actions to be taken when screening potential new investments (pre-closing phase), the monitoring process of each investment and the information made available to the potential buyer when exiting investments.
- Action Plan at each portfolio company level, describing the actions to be implemented to solve and/or mitigate ESG issues emerged at the time of the first investment or subsequently during the holding period.
- No Touch List, including those types of industries i) for which MCP Team has limited to no ability to affect business model change and/or ii) are fundamentally misaligned with MCP values. The list, *inter alia*. includes the following industries:
  - Exploration, extraction, distribution or refining of hard coal, lignite, unconventional oil (e.g. shale oil, tar sand) and unconventional gas.

[1] SFDR, *Art. 3*: *"Transparency of sustainability risk policies: Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process."*

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- Weapon manufacturing and trading.
- Gambling and gaming.
- Production and trading of products containing tobacco, marijuana, cocaine, other similar drugs unless they are to be used for therapeutic purposes.

In addition, since 2022, a dedicated ESG Officer enables MCP to more effectively oversee the ESG function, the transformational processes and the ESG performance at each portfolio company level, as well as the internal and investors-addressed reporting.

Transparency of adverse sustainability impacts at entity level on sustainability factors.[2]
Responsible investment, and subsequently responsible ownership during the holding period, require:

1) Before any investment, an in-depth analysis of sustainability risks and a disciplined decision-making process that takes into account the results of this analysis.
2) During the holding period, a coordinated action to appropriately mitigate or solve sustainability risks.

Before acquiring any business, MCP Investment Team, with the support of ESG external specialists, identifies whether there are any ESG related key risks or opportunities. ESG considerations are included in the Investment Report. In this phase, MCP Team considers whether it deems the risk(s) unacceptable, and thus rejects the investment opportunity, or determines that any risk(s) identified need to be addressed, managed or rectified during its ownership. In cases where material ESG risks are identified and deemed acceptable, an Action Plan is developed by MCP and agreed with management to prioritise, address, manage and/or remedy the issues in the post-acquisition implementation process. Sustainability risks are rooted also in MCP's firm-wide risk policy which outlines MCP's risk management framework.

During the holding period, MCP team maintains regular dialogue with its portfolio companies, through formal meetings (BoD, Executive Committees) and ad hoc informal meetings and calls between MCP Team and the relevant ESG representatives within the portfolio company. During periodic interactions, ESG KPIs reported by the portfolio companies are reviewed and discussed, together with the outcomes of the Action Plan. If new or additional ESG matters arise during MCP's ownership of a portfolio company, MCP Team's approach mirrors that of

[2] SFDR, *Art. 4*: "Transparency of adverse sustainability impacts at entity level
1. Financial market participants shall publish and maintain on their websites:
(a) where they consider principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available; or (b) where they do not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts.
2. Financial market participants shall include in the information provided in accordance with point (a) of paragraph 1 at least the following: (a) information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators; (b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned; (c) brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable; (d) a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement. […]".

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its pre-acquisition approach. If a serious ESG risk is identified, the issue is escalated immediately to MCP's Portfolio Manager and, depending on the gravity of the issue, to the Executive Committee and the Board.

From 2020, MCP Team has started a monitoring program with selected portfolio companies: those companies are required to fill in an annual compliance questionnaire which allowed ESG initiatives to be monitored more effectively and corrective action to be taken. Monitoring has been extended to all portfolio companies from 2022.
MCP regularly updates its investors on portfolio companies' developments in the ESG area. From 2022, in particular, MCP will produce an ESG Report describing the actions taken and the objectives identified and/or achieved.

Integration of sustainability risks on investment decision-making processes: effects on the group remuneration policy[3]

Remuneration in MCP is based on a combination of fixed and variable components. For those members of the staff who are actively involved in the monitoring and management of sustainability risks, the remuneration policy considers also ESG qualitative and quantitative parameters for the allocation of the variable component. However, these are established in a way that the compensation plan does not encourage excessive risk taking with respect to sustainability risks.

You are welcome to contact us for more information on how MCP Team integrate ESG across its own corporate activities and the invested companies, by email (corporate@mcpinvest.com) or by phone (+352 220 117 23).

[3] SFDR, *Art. 5*: *"Transparency of remuneration policies in relation to the integration of sustainability risks:*
1. Financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites […]".

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