

ESG REPORT 2022

**Investing responsibly in the interest
of investors and stakeholders**

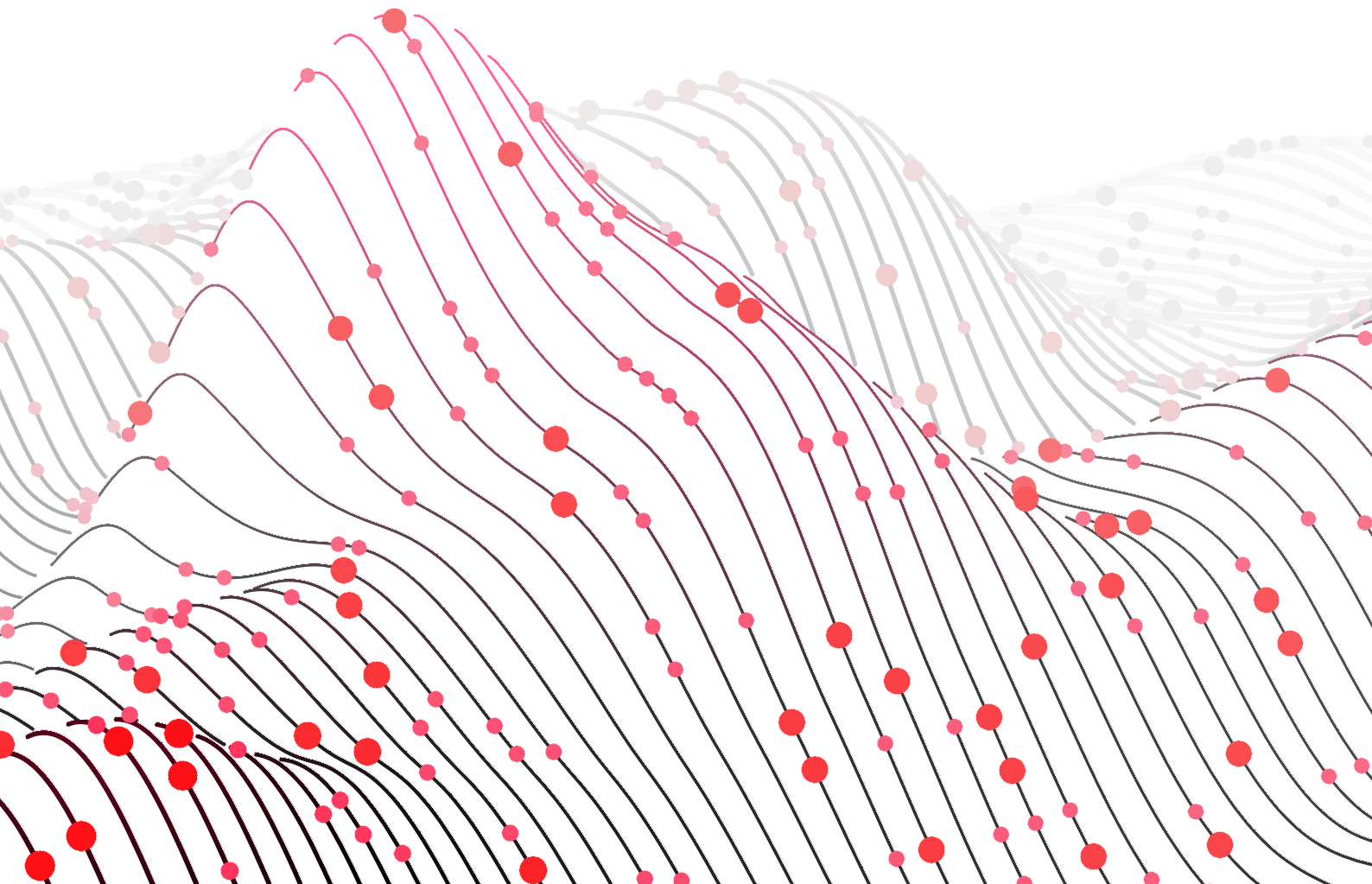


Table of contents

LETTER TO STAKEHOLDERS	4	4. ESG PERFORMANCE	42
1. ESG AT A GLANCE	6	4.1 Aggregated PAIs' performance	43
1.1 ESG Journey	6	4.2 ESG KPIs for E/S characteristics	50
1.2 Highlights	8	4.3 Portfolio Companies ESG Highlights	51
2. MCP PRESENTATION	10	Italcer	52
2.1 MCP in brief - Who we are	11	IFFH	54
2.2 Governance	14	Coffee Holding	56
2.3 MCP Team and offices	16	Margot	58
2.4 Portfolio Overview	19	Klapp	60
3. A SUSTAINABLE MANAGEMENT	24	Medtech Holding	62
3.1 Mindful approach	25	Ymenso	64
3.1.1 The new name	25	Waico	66
3.1.2 ESG Roadmap	26	Selematic	68
3.1.3 Integration of ESG factors into MCP Investment Process	28	Crocì	70
3.2 ESG Framework	30	DEFINITIONS AND ACRONYMS	72
3.2.1 SFDR Disclosure	30		
3.2.2 Adhesions	31		
3.2.3 Subscription to category associations	34		
3.2.4 Sponsorships	35		
3.3 Art. 8 SFDR recalibration and E/S characteristics	36		
3.4 ESG case studies	38		
3.4.1 Italcer Group - Quality and Circularity at the first place	38		
3.4.2 Waico & MedTech - Employee at the center	39		
3.4.3 Klapp - All-round sustainability	41		

Letter to Stakeholders

Dear Stakeholders,

We are thrilled to present to you our inaugural Environmental, Social, and Governance (ESG) Report, representing a significant milestone in our commitment to responsible investing and sustainable practices. This report refers to 2022 and serves as a foundation for establishing a plan of intervention aimed at improving our ESG key performance indicators and driving positive change within our organization and the companies where the MCP Funds are invested.

At Mindful Capital Partners, we firmly believe that integrating ESG considerations into our investment strategies and operations is not only essential for long-term value creation but also imperative for contributing to a more sustainable and equitable world.

In the past few years, the MCP Team dedicated significant efforts to improving its ESG Policy, defining and implementing a coherent ESG strategy, and actively engaging with the invested companies of the MCP Funds to drive positive change. The adherence to the UN Global Compact in November 2022 and the recalibration of Mindful Capital Partners III as Article 8 under SFDR (completed in May 2023) must be considered within the framework of our ESG strategy. The hiring of a dedicated ESG Officer in July 2022 has been instrumental in better addressing the multifaceted ESG issues.

It is worth noting that collaboration and continuous sharing of ideas with the management teams of the invested companies by the MCP Funds has been and will continue to be pivotal in this challenging journey towards sustainability. Ultimately, this collaboration is instrumental in implementing effective initiatives aimed at improving the aggregated ESG performance of MCP funds. Our initial ESG performance assessment provides an overview of our current ESG practices and identifies the following areas for further improvement:

Carbon Footprint

We will work to measure and reduce our carbon footprint across our operations and the portfolios of MCP investment funds, including energy consumption, travel, and procurement practices. By implementing energy-efficient measures, adopting renewable energy sources, and encouraging sustainable transportation alternatives, we aim to minimize our carbon emissions.

Resource Efficiency

We will strive to optimize resource consumption by implementing waste reduction and recycling programs, promoting responsible water management practices, and exploring opportunities for circular economy initiatives.

Stakeholder Engagement

We will enhance our engagement with key stakeholders, including our clients, employees, and the communities we serve. By actively listening to their concerns, we can incorporate diverse perspectives into our decision-making processes and improve the social outcomes of our investments.

Labor Standards

We will strengthen our due diligence processes to ensure that the companies we invest in uphold human rights and labor standards. By incorporating social criteria into our investment decisions, we aim to support businesses that prioritize fair labor practices, diversity, and inclusive workplaces.

Board Structure

We will enhance our board’s diversity and independence to foster effective governance and oversight. By integrating a variety of perspectives and expertise, we can better assess risks and opportunities related to ESG factors.

Transparency

We recognize the importance of transparent reporting on our ESG performance and progress. Going forward, we will strive to provide comprehensive and timely disclosure of our ESG practices and outcomes, with the commitment to align it with internationally recognized ESG frameworks and standards.

This inaugural ESG Report, covering the full year 2022, serves as a starting point for our journey towards continuous improvement and increased accountability. Future editions of the report will provide a further opportunity for dialogue and discussions with all of you on ESG achievements and future targets. By working together, we can ensure that our ESG efforts align with the evolving needs of our stakeholders and contribute to a sustainable and inclusive future.

We appreciate your continued support and look forward to sharing our progress in future ESG reports.

Sincerely,

Lorenzo Stanca
Managing Partner Mindful Capital Partners

1

ESG AT A GLANCE

1.1 ESG Journey

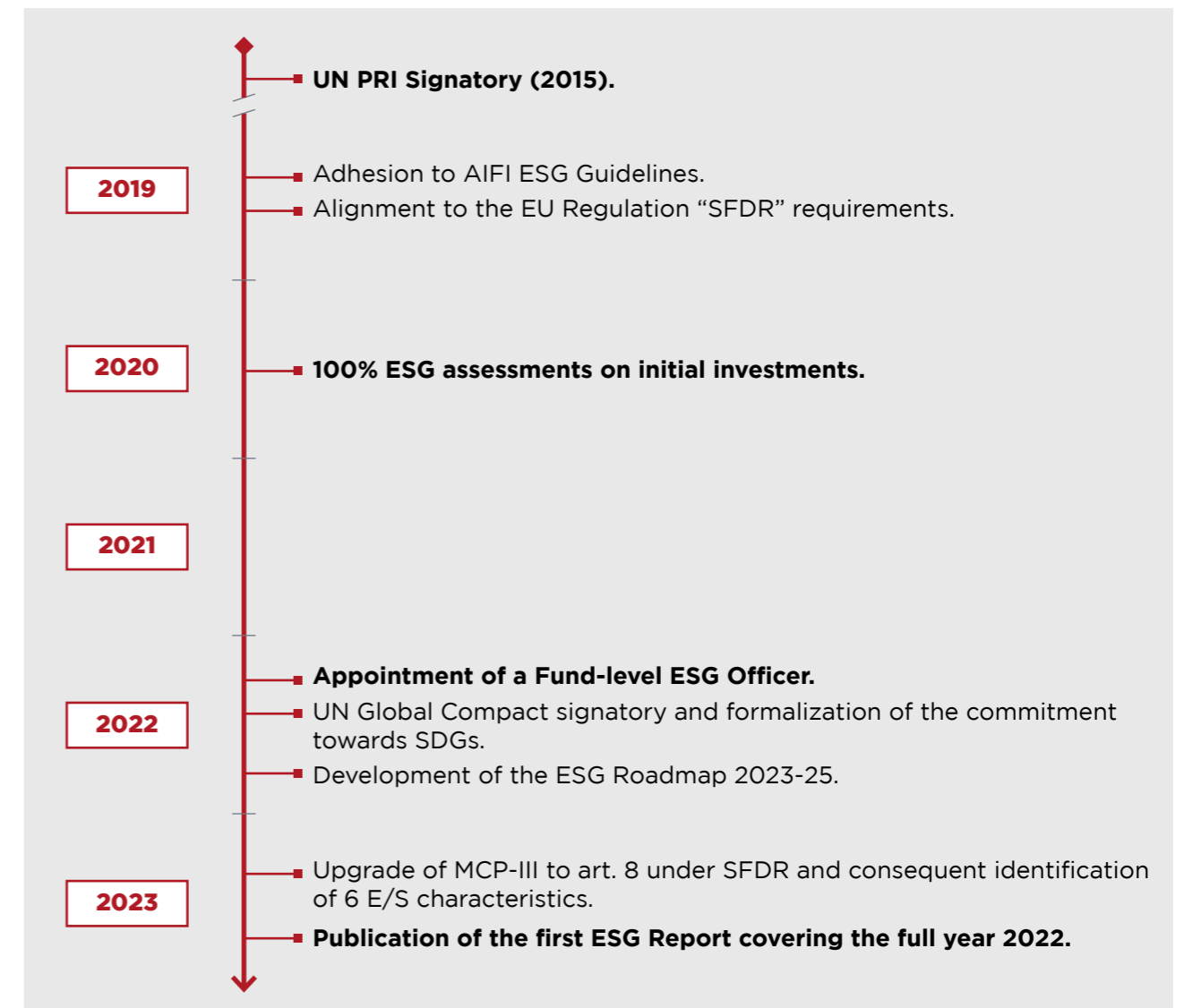
1.2 Highlights

1.1 ESG Journey

MCP has long recognized the importance of integrating a strong focus on sustainability into its mission, aiming to drive significant progress for the invested companies: in 2015 MCP became signatory of the Principles for Responsible Investment, promoted by the United Nations.

However, it was in 2019, with the launch of its third fund Mindful Capital Partners III, that

MCP's ESG strategy entered a more mature phase, and the approach to ESG issues became structured. Since 2020, all investment opportunities have undergone a dedicated ESG due diligence assessment. Moreover, starting from 2022, MCP has appointed a dedicated ESG Officer who is fully committed to coordinating MCP's efforts towards integrating ESG factors into our strategy and decision-making process.



1.2 Highlights

Mindful Capital Partners (the AIFM)

313.28 M€

AUM.

14

dedicated professionals, operating from two offices located in Luxembourg and Milan. In addition to the internal team, two long-standing investment advisors who provide coverage for the DACH Area and China.

ESG Policy

regularly updated and published on [MCP corporate website](#), in the page dedicated to Sustainability.

Due diligence

from 2020, execution of an entry due diligence assessments on all investment opportunities made by MCP.

Data collection process

from 2022, active engagement of all Portfolio Companies in the annual ESG data collection process.

ESG framework

developed for the Portfolio Companies.

Mindful Capital Partners II

2

investments in portfolio (6 already divested).

2013

first closing.

1.120

employees.

ESG Responsible Person

appointed in each Portfolio Company.

100%

of Portfolio Companies have committed to monitor Scope 1 and Scope 2 GHG emissions¹ from 2022.

100%

of Portfolio Companies have implemented initiatives to reduce Scope 1 and 2 GHG emissions in 2022.

43%

of women in the workforce.

Mindful Capital Partners III

8

investments in portfolio.

2019

first closing.

art. 8 SFDR

compliant.

950

employees.

ESG Responsible Person

appointed in each Portfolio Company.

100%

of Portfolio Companies have committed to monitor Scope 1 and Scope 2 GHG emissions from 2022.

3

Portfolio Companies' CEOs are women.

45%

of women in the workforce.

¹ For details on greenhouse gases classification, please refer to chapter "Definitions and Acronyms".

2

MCP PRESENTATION

**2.1 MCP in brief –
Who we are**

2.2 Governance

**2.3 MCP Team
and offices**

**2.4 Portfolio
Overview**

2.1 MCP in brief – Who we are

Mindful Capital Partners (“**MCP**”) is an independent private equity firm, active since 2007 and investing in small and medium-sized companies which could benefit from enhanced growth strategies in the international markets.

Headquartered in Luxembourg, MCP has a branch in Milan covering the Italian market, and two local investment advisers covering the DACH Area and the Chinese market respectively.

This international network allows MCP to provide critical support in the organic and acquisition-led growth of Portfolio Companies, both locally and internationally.

MCP follows a risk-averse approach to investment and management decision-making and pays particular attention to the issues of business internationalization, digitalization of processes, complex industrial combinations, and sustainability, good governance, and social impact of Portfolio Companies.

MCP'S VALUE CREATION PILLARS

Internationalization



Well integrated and international team of professionals with **on-the-ground presence across three continents** and a demonstrated ability to successfully support portfolio companies in their international expansion.

Buy and build



Proven capacity to realize build-up projects by identifying targets to consolidate the market. Since 2007, 26 platform investments have been completed across the three funds, with over **€ 500m invested and 16 investments realized, all profitably.**

Deal flow



Strong ability to develop a high-quality deal flow thanks to an extensive network of contacts. This proactive strategy allows to negotiate deals on a **proprietary basis** and with **multiples below market average**, with potential multiple expansions at exit.

Sustainability



Adopting a **responsible investment approach for building a long-term sustainable business** that could create superior returns for shareholder and value for all stakeholders.

MCP boasts a diversified and balanced portfolio of leading companies in attractive market niches characterized by higher-value sectors. The main focus is on risk management and capital preservation.

MCP seeks to partner with management teams who have a proven track record of success, and who have the vision and experience to grow their businesses and generate attractive returns for investors.

MCP investment strategy targets businesses that have the potential to generate long-term returns, benefit from macro-level trends in their respective industries, are in markets with strong fundamentals, and are not overly exposed to cyclical downturns or macroeconomic forces.

Additionally, MCP monitors the invested companies on an ongoing basis to guarantee that they remain in line with MCP investment strategy.

MCP'S INVESTMENT STRATEGY

Geographic focus

- **Italian market.**
- Investments in the DACH region (Germany, Switzerland, Austria) are also considered but on an opportunistic basis.

Market segment

- **Export-oriented businesses with revenues in between € 25m and € 100m.**

Deal types

- Primarily, **buyouts through low-leverage** and control transactions (minority deals are considered on an opportunistic basis).
- Buy & Build platform transactions.

Investment size

- 8-10 investments per fund.
- Average **MCP initial investment** ranges between **€ 10m - € 20m**, up to € 30m including follow-ons.

MCP-III had been upgraded to article 8 SFDR status. In compliance with this article, MCP has identified six environmental and social (“E/S”) characteristics that intends to promote and monitor through its investments, for MCP-III. Please refer to section 3.3: “ESG Priorities” for details on the selected E/S characteristics.

(“ESG”) issues has further increased with the reclassification of MCP-III as art. 8 under the SFDR (the process was completed in May 2023). This reclassification acknowledges MCP’s commitment to integrating sustainability considerations into its investment activities and signifies a heightened focus on ESG factors.

The attention of the MCP Team to Environmental, Social, and Governance

AWARDED INVESTMENTS



**Premio Demattè 2012
Awarded
Buyout category**



**Premio Demattè 2016
Honorable mention
Internazionalization**



**Premio Demattè 2018
Awarded
Buyout category**



**Premio Demattè 2019
Awarded
Expansion category**

2.2 Governance

The governance structure of MCP comprises several internal bodies, including the Board of Directors, the Executive Committee, the Advisory Committee, and the ESG Committee. Furthermore, to mitigate potential conflicting interests that may arise and impact the investment decision-making process, MCP has

established a Limited Partners' Committee, one per each AIF under management, consisting of the primary investors of the respective AIF. To ensure proper business development and formalization of procedures, an independent internal auditing firm oversees MCP's operations.

BOARD OF DIRECTORS

The board comprises **3 members** and **is the governing entity of the Company**, with the ultimate decision-making authority and supervisory responsibility over the corporate functions.

	Role within MCP Group
Massimo Longoni	Chairperson
Matteo Sessi	Portfolio Manager, CFO
Zhen Gao	Investment Director, Head of Chinese team

EXECUTIVE COMMITTEE

The Executive Committee, composed by the senior managers of MCP, supports the Board of Directors to accomplish all its functions: it takes care of the corporate functions such as portfolio management and marketing, compliance and AML/CTF, risk management and valuation, and oversees the other functions that have been delegated (Internal audit, IT and Central administration) or outsourced.

	Role within MCP Group
Matteo Sessi	Portfolio & ESG Manager, CFO
Mattia Vaccargiu	Risk & IT manager, Compliance Officer
Umberto Rosati	Valuation Officer, Financial Controller

ADVISORY COMMITTEE

The Advisory Committee is an advisory body which reports directly to the Portfolio Manager. Its composition has been agreed upon by the investors of the AIF and includes the five (5) investment directors of the MCP Group and Mr. Forchielli as Non-operating Partner. The Committee reviews the investment (divestment) reports on the target investments (divestments) and drafts their conclusions in a recommendation note to the Portfolio Manager and the Board of Directors.

	Role within MCP Group
Lorenzo Stanca	Investment Director
Alberto Camaggi	Investment Director
Andrea Tuccio	Investment Director
Inna Gehrt	Investment Director, Head of DACH team
Zhen Gao	Investment director, Head of Chinese team
Alberto Forchielli	Non-operating Partner

ESG COMMITTEE

The ESG Committee is an advisory body which reports directly to the Portfolio Manager. The Committee includes the Fund-level ESG Officer, the Risk & Compliance Manager and three (3) investment directors appointed by the Board. The Committee convenes on an ad-hoc basis when there is a need to address a particular ESG matter, such as assessing the acceptability of an investment opportunity or considering the implementation of a specific procedure at the fund level.

	Role within MCP Group
Claudia Lazzari	Fund-level ESG Officer
Alberto Camaggi	Investment Director
Lorenzo Stanca	Investment Director
Andrea Tuccio	Investment Director
Mattia Vaccargiu	Risk & Compliance Manager

LIMITED PARTNERS' COMMITTEE

The LPs Committee (one per each AIF under management) is composed of the representative persons of the limited partners whose commitment exceed a predefined commitment threshold. It has veto powers on certain pre-defined subjects, such as potential conflicting interests between the Asset Manager and the AIF/Investors, as well as non-permitted investments/divestments.

2.3 MCP Team and offices

The internal team of MCP, along with the personnel of the two advisory companies covering the DACH Area and the Chinese market, work together as a cohesive joint investment team. Each team member brings their specific skills and specializations to

contribute to the overall investment efforts of MCP. This collaborative approach allows for a comprehensive and well-rounded assessment of investment opportunities and a satisfactory circulation of updated information on the investment pipeline and the invested companies.

INTERNATIONAL TEAM DEDICATED TO SMALL AND MEDIUM-SIZED COMPANIES

 Lorenzo Stanca Managing Partner	 Alberto Camaggi Managing Partner	 Andrea Tuccio Managing Partner	 Inna Gehrt Managing Partner & Head of DACH Office	 Zhen Gao Managing Partner & Head of China Office	 Matteo Sessi Portfolio Manager & CFO	 Alberto Forchielli Non-operating Partner
 Mattia Vaccargiu Risk & Compliance Manager	 Umberto Rosati Valuation Manager	 Claudia Lazzari ESG Officer	 Gabriele Salvemini Investment Manager	 Alberto Defazio Investment Manager	 Italo Struzziero Associate	 Laura Salvagni Associate
 Johannes Hebel Associate	 Wille Wu Associate	 Gaia Viganò Analyst	 Marzia Mazzo Executive Assistant & Office Manager	 Emanuela Acampora Executive Assistant	 Veronica Bongioanni Executive Assistant	 Crystal Liu Executive Assistant

As of today, the MCP team comprises 14 professionals in its offices in Luxembourg and Milan, with an additional 7 professionals in the two investment advisory companies covering

the DACH Area and China. In total, the joint MCP team is composed of 12 men and 9 women, and 27% of the team is under the age of 35.

 43% women in the Team	 Team of professionals comes from 6 different geographies: Italy, Luxembourg, Germany, Switzerland, United States and China.	 Monitoring of Scope 2 emissions: • 2.96 tCO₂e for 2021 • 3.31 tCO₂e for 2022 These include GHG emissions from energy purchased and consumed by the Italian Branch offices.
33% women in the Board and in the Advisory Committee		

In total, the joint MCP team is composed of 12 men and 9 women, and 27% of the team is under the age of 35.

2.4 Portfolio Overview

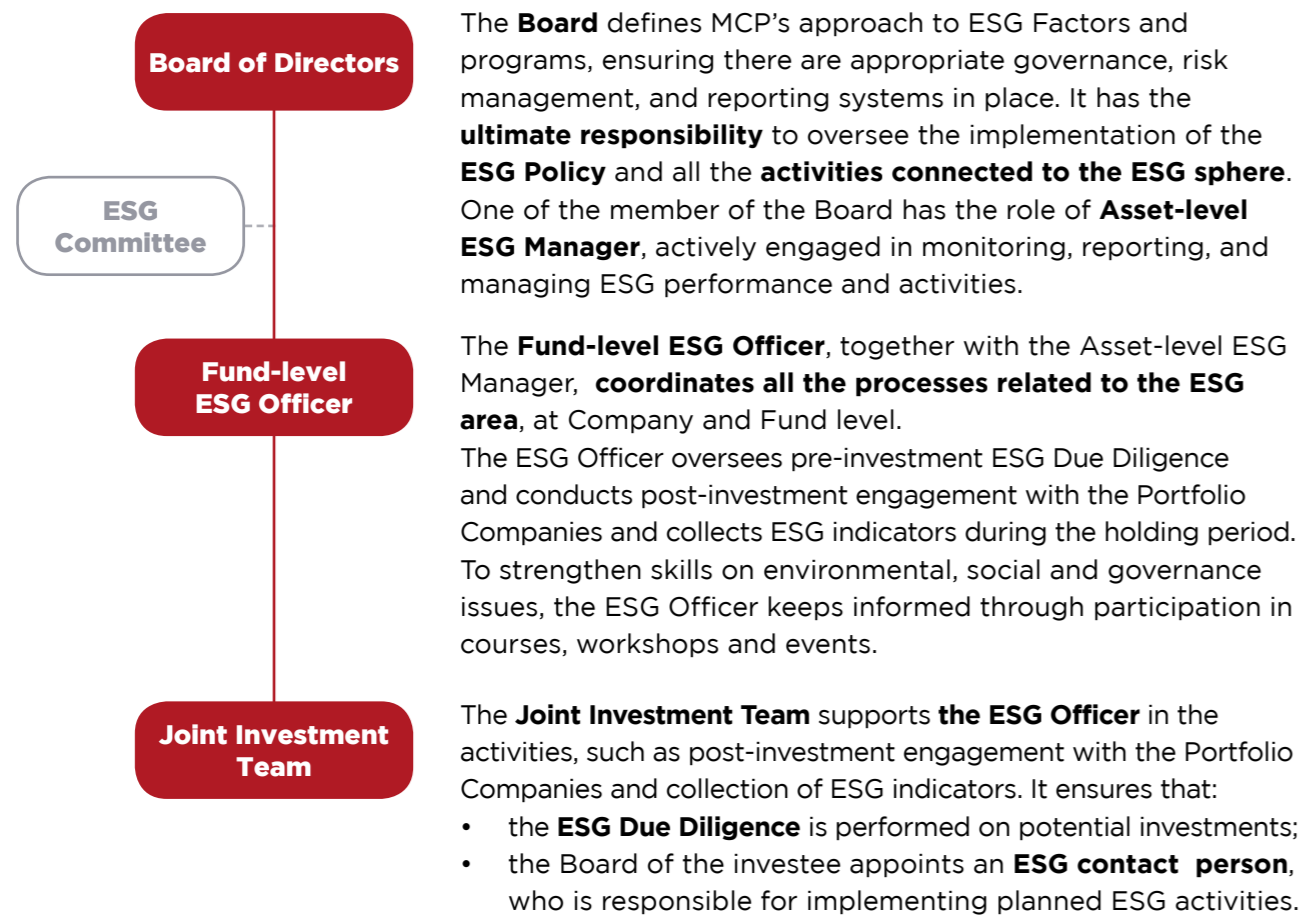
ESG GOVERNANCE

In the ESG function of MCP, the pivotal role is held by the ESG Officer. The Officer plays a key role in coordinating the ESG efforts for each Portfolio Company, within a coherent portfolio framework.

The ESG Officer serves as the main point of contact within the MCP Team, for the ESG referent person in the Portfolio Company.

Additionally, the MCP investment manager closely collaborates with the ESG Officer to establish the initial approach to ESG and address the ESG issues identified in the initial ESG assessment.

Ultimately, the ESG Officer ensures consistent coverage across the portfolio, maintaining comparable levels of ESG activity among the portfolio companies.



The Board of the Portfolio Companies (or the Top Management) is responsible for implementing ESG activities and ESG reporting and regularly discusses the progress achieved against ESG objectives with the ESG Officer.

MCP current portfolio includes 10 investments.

MCP has established a strong track record of successful investments and exits since its founding in 2007 and continues to seek new opportunities to grow its portfolio.

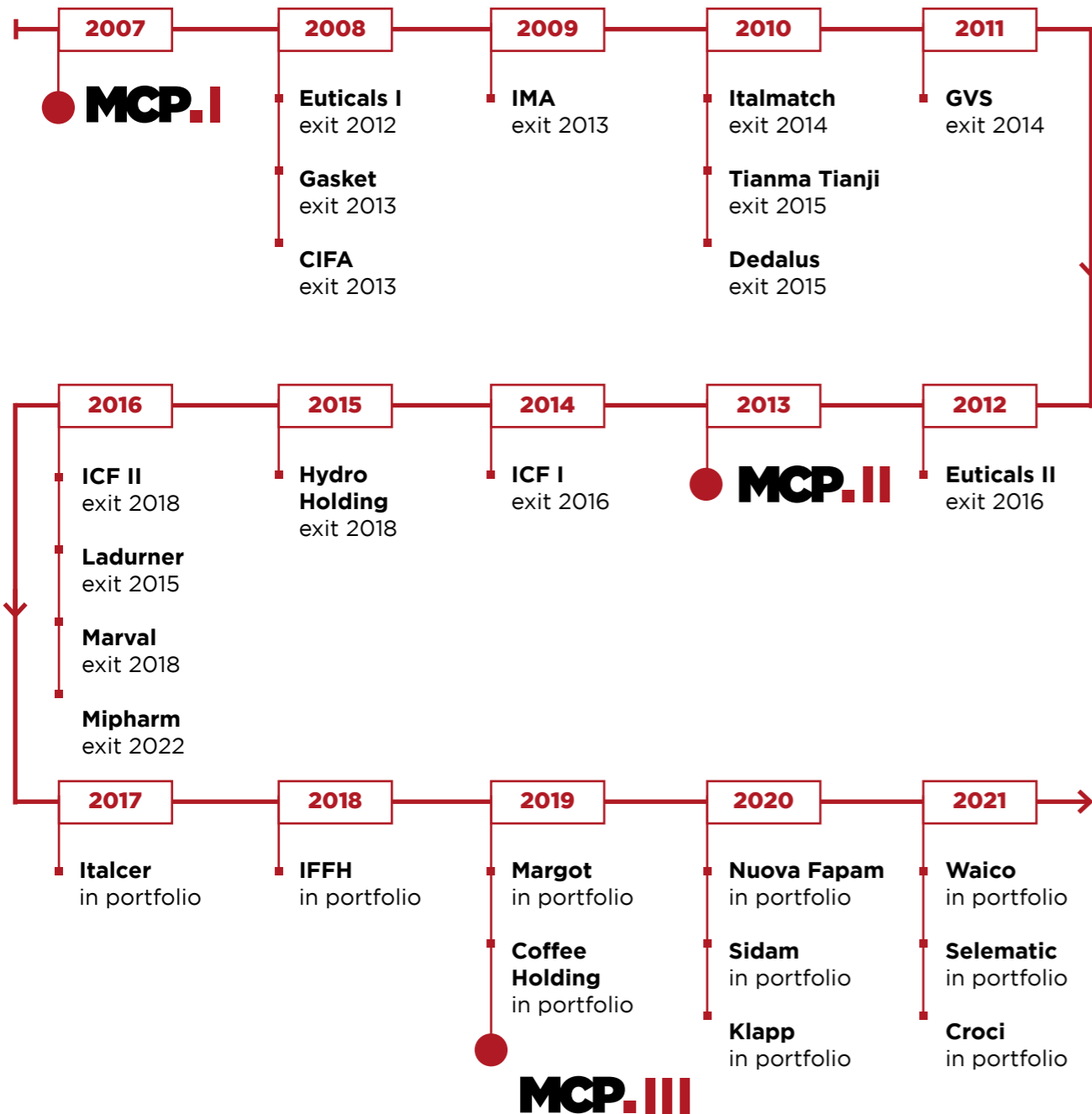
The team has already fully divested the first fund, MCP-I (vintage 2007), completing ten investments.

MCP-II, launched in the second half of 2013, has made eight investments, six of which have already been exited. MCP-III has made eight investments.

The companies in which MCP has invested in these first 15 years of activity (from 2008 to 2022), among others, include: Gasket (valve components for oil and gas), Italmatch (industrial chemical additives), Euticals

(active ingredients for the pharmaceutical industry), IMA (packaging machinery for the pharmaceutical and food industries), GVS (components for medical devices), Dedalus (software for the healthcare sector), Industrie Chimiche Forestali (adhesives for industrial use), Hydro Holding (hydraulic fittings), Italcer (ceramic tiles and bathroom accessories), IFFH (frozen ready meals), Margot (metal accessories for high-end leather goods), Nuova Fapam (hair products for the professional channel), Klapp (skincare products for the professional channel), Sidam (components for medical devices), Waico (machinery for bakeries, pizzerias and pastry shops), Selematic (machinery for packaging food products), Croci (non-food products for pets).

OUR INVESTMENTS



TRACK RECORD

MCP-I

- Established in 2007, first investment in April 2008.
- Total capital commitments of € 328m, fully liquidated.
- 10 investments during the period May 2007 - April 2012 (+30 add-ons): 5 Buyouts, 3 Capital increases with minority protection, 2 combined replacement and growth capital deals.
- 10 divestments at profit completed in the period April 2012 - July 2016.

MCP-II











- First close in July 2013, and first investment occurred in July 2014. The investment period ended in December 2019.
- Total capital commitments of € 195m.
- 8 investments (+7 add-ons): 5 Buyouts, 1 Buy-in, 2 combined capital increase & replacement deals.
- 6 exits.

MCP-III

- First close in 2019.
- Total capital commitment of € 226m, investment in progress.
- 8 investments completed (+10 add-ons), all Buyouts.

CURRENT PORTFOLIO

Currently, the aggregated portfolio managed by MCP includes 10 Portfolio Companies, most of them acquired starting from 2019, employing 2,070 people (1,120 in MCP-II and 950 in MCP-III) as of December 2022, with total revenues of about 623M€ (375M€ in MCP-II and 248M€ in MCP-III).

Company/Group	AIF	HQ	Sector	Investment date
Italcer	 MCP-II		Ceramic tiles	May 2017
IFFH	 MCP-II		Frozen food	Oct 2018
Coffee Holding	 MCP-III		Coffee capsules	Sep 2019
Margot Group	 MCP-III		Metal accessories for leather goods	Oct 2019
Klapp	 MCP-III		Skin care products	May 2020
Medtech	 MCP-III		Disposable Medical devices	Aug 2020
Ymenso	 MCP-III		Haircare products	Oct 2020
Waico	 MCP-III		Bakery machineries	Nov 2021
Selematic	 MCP-III		Packaging/wrapping machines	Nov 2021
Croci	 MCP-III		Petcare accessories	Dec 2021

3

A SUSTAINABLE MANAGEMENT

3.1 Mindful approach

3.2 ESG Framework

3.3 Art. 8 SFDR recalibration and E/S characteristics

3.4 ESG case studies

3.1 Mindful approach

3.1.1 THE NEW NAME

In April 2022, the Company, previously known as Mandarin Investment Management, announced the change of its name to Mindful Capital Partners, keeping the same acronym “MCP”, as well as the strategy, philosophy and team that puts our distinctive approach into practice.

The new name accurately reflects the investment strategy and approach, as well as representing an important evolution. The first MCP fund’s major goal was, in fact, to invest in Italian companies with a development strategy geared at the Chinese market. However, as the team’s track record grew, it became clear that the common characteristic

of the companies invested in was a marked focus on international growth and exports, in which the Chinese market played a role but was not always the priority. Therefore, there was a significant misalignment between the name Mandarin and the objectives and features of the investing strategy.

The choice of the new name, “Mindful”, has been inspired by **two elements that strongly distinguish the management team’s approach to investments**: on the one hand, the **careful investment and management choices** that have led to favorable returns on all investments; on the other hand, the team’s **expanding attention** in recent years to **sustainability, good governance and social impact** in the companies in which it invests.

“With the new name, we wanted to give concrete form to our identity and the way we approach and support the companies we invest in.”

Lorenzo Stanca,
Managing Partner

3.1.2 ESG ROADMAP

MCP is aware that incorporating sustainability-related components into everyday activities is essential for value creation in the current, competitive business environment. This awareness served as motivation to develop a comprehensive and ambitious three-year ESG action plan, as a means of integrating sustainability into MCP strategy.

The building blocks on which the ESG roadmap was developed include:

1. MCP's ambition to adopt, internally and at Portfolio Company level, industry leading ESG best practices.
2. The regulatory framework in which MCP operates, which notably includes the EU sustainable finance directives, such as the Sustainable Finance Disclosure Regulation ("SFDR") and the European Taxonomy.
3. The growing attention to ESG risk mitigation and value creation expressed by MCP's external stakeholders and LPs.
4. MCP's adherence to sector stewardship initiatives including the UNPRI and the UN Global Compact.

The integration of these building blocks resulted in a program of objectives for MCP. The table below represents a summarized and simplified version of the objectives that have 2023 as target year, and their current progress status.

Activities foreseen for 2024 and 2025 will include:

- Measures to complete MCP's framework to embed ESG elements in the business, such as:
 - Incorporating ESG consideration in the expected risk/return profile of the investments e.g., systematically including climate risks and opportunities in the pre-screening phase of an investment.
- Stewardship initiatives to improve the portfolio companies' sensitivity towards ESG topics, encouraging the sharing of good ESG practices among portfolio companies.

ESG Framework and Disclosure	Activity	Status	Comments
ESG management system	Disclose the updated ESG Policy on the website.	Completed	The ESG Policy, approved on July 5th, 2023, has been uploaded on the website.
	Conduct periodical ESG training to MCP team.	Scheduled for 2023	Training scheduled in the 4th quarter 2023 with ERM, our ESG consultant.
	Establish an ESG Incident Procedure and share it with the Portfolio Companies.	Completed	Prepared and approved at Board level, as an annex of the ESG Policy.
ESG reporting	Disclose the first MCP ESG Report on the website	Completed	
	Include the ESG performance of MCP within the periodic ESG Report to investors	Completed	Results are presented in the following sections of the Report.
	Communicate ESG activities promoted by MCP during the year 2023 on the website.	In progress	
SFDR disclosure	Publish the updated SFDR Disclosure documents (arts. 3, 4, 5, 10, 11) on the website.	Completed	Results are presented in the following sections of the Report and published on the website.
ESG awareness	Begin monitoring of MCP's carbon footprint (GHG Emissions Scope 1, 2).	In progress	Data collection started for the Milan office.
Ownership	Conduct the first ESG data collection on MCP-II and MCP-III Funds	Completed	Results are presented in the following sections of the Report.

3.1.3 INTEGRATION OF ESG FACTORS INTO MCP INVESTMENT PROCESS

Responsible investing and ownership require competent risk analysis, cautious decision-making and proactive risk mitigation. This process needs to be iterative and is only possible if procedures are in place to guide the early screening of potential issues. Moreover, engagement of the portfolio companies is necessary to increase awareness of ESG topics and promote a responsible attitude.

With this aim in mind, MCP has systematically integrated ESG considerations throughout the entire investment process, as outlined below. Firstly, MCP has decided not to invest in businesses: i) that MCP thinks do not reflect the trajectory of a changing world; ii) that are fundamentally misaligned with MCP values; iii) for which MCP has limited to no ability to affect changes in the business model. The full list of exclusions is included in MCP's ESG Policy.

The screening based on the exclusion list is only the initial step of the responsible investment process. All the fundamental steps are described in the flowchart below.



1. PRE-INVESTMENT

Upon **verification against the exclusion list check**, included in the ESG Policy, all potential primary investments are subject to an **analysis of material sustainability risks and opportunities**.

ESG due diligence is performed at the pre-investment phase, and it includes a high-level analysis using:

- i. ESG Questionnaire sent to target companies.
- ii. EHS Checklist for initial red flags.

Wherever material risks are identified, which MCP perceives as non-effectively mitigable, the Board of Directors has the authority to reject the investment. In cases where material sustainability risks are identified, and MCP believes they can be effectively mitigated, they may be addressed either prior to or during the ownership phase.



2. OWNERSHIP

At the beginning of the ownership period, MCP establishes the E/S expectations and identifies responsibilities at the Portfolio Company level. Specifically:

- **The board of directors of the Portfolio Companies is made responsible and accountable for all material ESG-related topics.**
- **The Portfolio Company is required to report to MCP on a predefined set of ESG KPIs, and any ESG incident that may occur.**

The Fund-level ESG Officer oversees and **monitors the progress of the required ESG corrective and improvement actions**, resulting from the pre-investment ESG Due Diligence. Moreover, MCP engages with the Portfolio Company's ESG representatives to structure an **ESG action plan** focused on performance improvement.

The Portfolio Companies are required to participate in a post-acquisition ESG review and monitoring process: more specifically, MCP periodically requires each Portfolio Company to compile an **internal tool** with quantitative indicators **to track their performance** in terms of sustainability and to confirm/identify additional Sustainability Risks and opportunities.



3. EXIT

MCP presents to its investors the ESG achievements obtained during the holding period and may choose to valorise them in ESG Vendor Due Diligence memorandum for prospective buyers.

3.2 ESG Framework

3.2.1 SFDR DISCLOSURE

The EU’s Regulation on sustainability-related disclosures in the financial services sector (2019/2088 Regulation or “**SFDR**”), adopted on 27 November 2019 and in force since 10 March 2021, is one of the main sustainable finance regulations to which MCP public disclosures need to align. In fact, the SFDR aims at harmonizing the sustainability-related disclosures at European level, with two main goals:

- enable clients and investors to make informed investment decisions, also from the point of view of the impact on sustainability; and
- move capital and private savings towards activities that are sustainable.

The SFDR requires financial market participants such as the asset managers like MCP, regardless of the design of the financial product and the target market, to disclose specific information (both publicly and in the financial products’ pre-contractual documentation) to inform investors regarding their approaches to the integration of sustainability risks into the investment process, their consideration of the principal adverse sustainability impacts (“**PAIs**”) resulting from investment decisions, and their approach to the promotion of E/S characteristics and sustainable investments.

MCP and the AIFs under management are subject to the following articles of the SFDR:

SFDR article	Applicability
Art. 3 - Transparency of sustainability risk policies	MCP (AIFM)
Art. 4 - Transparency of adverse sustainability impacts at entity level	MCP (AIFM)
Art. 5 - Transparency of remuneration policies in relation to the integration of sustainability risks	MCP (AIFM)
Art. 6 - Transparency of the integration of sustainability risks	MCP-II, MCP-III
Art. 7 - Transparency of adverse sustainability impacts at financial product level	MCP-II, MCP-III
Art. 8 - Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures	MCP-III
Art. 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites	MCP-III
Art. 11 - Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports	MCP-III

The documents for which the SFDR provides for public disclosure (arts. 3, 4, 5 and 10) are available on the sustainability page of MCP corporate website.

Specifically with reference to article 4 SFDR, MCP has chosen to adopt the “comply” approach,

3.2.2 ADHESIONS

MCP has consistently shown a growing interest in initiatives promoted by the United Nations on ESG topics. Furthermore, MCP has actively supported AIFI, the Italian association of Private Equity & Venture Capital, in various ESG-related endeavors. This includes contributing to the development of the ESG

which involves implementing a due diligence policy with respect to the **PAIs**. Therefore, a data collection tool has been developed to calculate the PAIs at the asset manager level.

guidelines for the private equity industry (first edition published in 2015, followed by a more detailed ESG guide in 2019) and conducting specific research, such as the study on the positive impact of private capital on the employment rate, titled “Enhancing Human Capital: The Lever of Private Capital” and published in June 2023.



Since 2015, MCP has been a signatory of the Principles for Responsible Investment, promoted by the United Nations. In details, MCP is committed to the following Six Principles:

1. Incorporating ESG issues into MCP investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into MCP ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which the MCP AIFs invest.
4. Promoting acceptance and implementation of the Principles within the investment industry.
5. Working together with the stakeholders to enhance the effectiveness in implementing the Principles.
6. Reporting on MCP activities and progress towards implementing the Principles.

In line with these principles, from due diligence to exit, MCP acts in the best long-term interests of its beneficiaries, investing responsibly in the interests of investors and stakeholders while striving to build a sustainable business that creates superior returns and value.

AIFI

Associazione Italiana del Private Equity,
Venture Capital e Private Debt

AIFI is the Italian Association of Private Equity, Venture Capital and Private Debt, of which MCP is an active member. It was created to develop, coordinate, and represent the parties active in the Italian market in the institutional context.

AIFI has long been devoted to promoting a sustainable culture among its members for a long time.

In 2015, the Association, in collaboration with MCP and other Private Equity operators, published a general guideline on sustainable Private Equity, in which the integration of environmental, social, and governance aspects in Private Equity investment processes is discussed.

Furthermore, in 2019, AIFI developed new specific ESG Guidelines for its members, with the aim of supporting them in creating investment strategies that address environmental, social and governance issues. MCP promptly adhered to these Guidelines, which illustrate relevant ESG topics for the industry and specify that operators should focus their attention on three levels of transposition and implementation.

These include:

1. Investment phase, in which operators should consider, through the conducting of the ESG Due Diligence, the ESG issues associated with target companies when deciding whether to invest in a specific company.
2. Periodic monitoring and reporting phase, which requires operators to collect data for assessing sustainability performance.
3. Exit phase in which operators, in which operators should focus on how ESG factors were managed during the holding period of the specific company and provide evidence to buyers for an adequate due diligence.

This classification is also reflected in our ESG Policy, available on the website.

WE SUPPORT



As part of its commitment to the promotion of sustainable and responsible business practices, since 2022 MCP has embedded the Ten Principles of the United Nations Global Compact into its investment strategy and operations, and committed to respect human and labour rights, safeguard the environment, and work against corruption in all its forms. As a participant and in accordance with the Global Compact directives, MCP pledges to embrace, support and enact those Ten Principles:

Human Rights

- Support and respect the protection of internationally proclaimed human rights.
- Make sure that they are not complicit in human rights abuses.

Labour

- Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Promote the elimination of all forms of forced and compulsory labor.
- Promote the effective abolition of child labor.
- Encourage the elimination of discrimination in respect of employment and occupation.

Environment

- Support a precautionary approach to environmental challenges.
- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Work against corruption in all its forms, including extortion and bribery.

3.2.3 SUBSCRIPTION TO CATEGORY ASSOCIATIONS

MCP also collaborates with professional bodies to ensure that its standards and practices are up to date and in line with the latest industry trends. Here a list of the active subscriptions:



Created in 1988, the **Association of the Luxembourg Fund Industry (ALFI)** seeks to promote Luxembourg's fund sector internationally, and to cultivate for the benefit of its members a collaborative, dynamic and innovative ecosystem underpinned by the most robust regulatory framework.

ALFI today represents **over 1,500** Luxembourg domiciled **investment funds, asset management companies and** a wide range of **business** that serve the sector



The **German Private Equity and Venture Capital Association (BVK)** gives the German private equity industry a voice and a face, monitoring the market, analyzing its developments, and promoting the exchange of experience among the members.

BVK counts **300 members**, of which almost 200 are private equity firms that invest in German companies.



Created in 2010, the **Luxembourg Private Equity and Venture Capital Association (LPEA)** is the most trusted and relevant representative body of private equity and venture capital practitioners with a presence in Luxembourg.

With **413 members** today, LPEA provides a dynamic and interactive platform which helps investors and advisors to navigate through latest trends in the industry.

3.2.4 SPONSORSHIPS

As a Company operating in a social ecosystem, MCP denotes a certain responsibility towards all stakeholders, internal and external, present in the enterprise system. This concept of responsibility is known as Corporate Social Responsibility ("CSR") and is the precursor concept of ESG criteria. The commitment can be demonstrated through a variety of initiatives such as employee engagement, corporate philanthropy, environmental sustainability, and ethical business practices. Regarding the corporate philanthropy, MCP participates annually in the financing of cultural events that generate social impacts for participants and for the territory. In 2022, MCP supported the following initiatives:

- Sponsorship to the yearly award "Di padre in figlio", notable Italian annual event that recognizes companies that have successfully managed the inter-generational change. This award celebrates companies that have effectively navigated leadership transitions from one generation to the next while maintaining a focus on sustainability and long-term success. The event acknowledges the importance of inter-generational continuity in business and honours those companies that have achieved it successfully.
- Sponsorship to the Association "I fiori blu", for the organization of the third edition of the National Literary Prize "I fiori blu".
- Sponsorship to the Cultural Association "Wondy Sono Io", for the organization of the Literary Prize "Premio Wondy di letteratura resiliente", in memory of the journalist and writer Francesca Del Rosso.
- Sponsorship for the Literary Prize "Aurelia Jozs".

MCP denotes a certain responsibility towards all stakeholders, internal and external, present in the enterprise system.

3.3 Art. 8 SFDR recalibration and E/S characteristics

As part of MCP’s strategy to enhance Portfolio Companies’ engagement and performance on ESG topics, the MCP Team made the decision to recalibrate MCP-III as art. 8 under the SFDR (the process was completed in May 2023). By being classified as art. 8, MCP-III is recognized as a fund that promotes environmental and social (“E/S”) characteristics in its investment strategy. This reclassification underscores MCP’s dedication to responsible investing and aligns with the growing demand for sustainable investment options.

With this enhanced classification, MCP-III is further positioned to actively seek and invest in companies that demonstrate strong ESG practices and contribute to positive E/S outcomes. It reinforces MCP’s commitment to driving positive change and aligning its investments with sustainable development goals (“SDGs”).






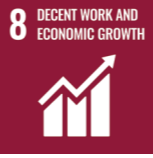

The promotion of the selected characteristics should be adequately demonstrated by publicly disclosing the reference period, through specific KPIs identified by MCP.

The decision to pursue art. 8 SFDR classification did not involve MCP-II, as it is in the final stage of the life cycle. However, MCP-II was also included in the ESG data collection process.

The selection of the E/S characteristics was based on a detailed analysis of the sustainability priorities of various stakeholders, with the ultimate goal of identifying the material ESG topics on which to direct MCP’s and the Portfolio Companies’ resources and effort. Specifically, the analysis summarized inputs from:

- MCP Top Management.
- MCP-III Portfolio Companies.
- Limited Partners’ ESG commitments and objectives.

The outcome of the analysis led to the identification of six (6) E/S characteristics which will be promoted and monitored through related sustainability indicators.

Pillar	E/S Characteristics
 E	Tackling climate change Raise awareness among the portfolio companies, supporting them in monitoring their greenhouse gas emissions and in adopting carbon reduction initiatives. Promote the use of renewable energy sources and encourage energy efficiency measures.
 E	Improving product sustainability Encourage the incorporation of ESG considerations in products development and design (for ex.: supporting R&D investments for sustainable materials / products / services, improving the waste management measures and/or water management practices).
 E/S	Responsible sourcing Support the inclusion, at portfolio company level, of ESG criteria in the supplier selection and monitoring.
 S	Employee safety Ensure safe working conditions for all workers.
 S	Employee engagement and well-being Promote voluntary training and welfare initiatives amongst the employees of the portfolio companies to enhance their personal growth, engagement and retention.
 S	Diversity & Inclusion Promote practices based on inclusion and diversity factors and ensure equal opportunities to all employees and candidates.
 S	Diversity & Inclusion Promote practices based on inclusion and diversity factors and ensure equal opportunities to all employees and candidates.

3.4 ESG case studies

3.4.1 ITALCER GROUP - QUALITY AND CIRCULARITY AT THE FIRST PLACE



Improving product sustainability
Responsible sourcing

Italcer Group, founded by MCP in 2017, is a group of eight companies that manufacture high-quality outdoor and indoor ceramic products, with a focus on high-end residential and non-residential ceramic tiles, and luxury bathroom furnishing.

With the purpose of combining the art of design with the ethics of sustainability, the Group is committed to **minimizing the environmental impact** of its business operations and activities by producing high-quality tiles while protecting the environment, **making it its flagship for circularity**.

An integrated management system is applied to its operations, connecting product quality, attention to the environment, efficient use of energy and protection of workers' health and safety, as outlined in an integrated policy approved on December 13th, 2022. The environmental performances of the main Group productive sites are evaluated through the **EU Eco-Management and Audit Scheme (EMAS)** and are published in the annual Sustainability Report in light of a continuous improvement approach.

Italcer is able to send more than 99 percent of the waste generated by the production process to recovery operations and has also

implemented a virtuous **take-back program** where used tiles are collected, crushed and **reused** in various other applications, such as concrete aggregates and road building, **turning waste into a resource**.

Following this guiding principle, for several years now many tile series produced in the former **Rondine** factories can contain **more than 50 percent recycled material**.

In addition, the **Spray Dry Group** company, the largest atomized porcelain stoneware powder production division in the entire Sassuolo ceramic district, produces mixes that can contain **50 percent recycled material**. In detail, Spray Dry is authorized to treat and reuse up to 121,000 tons/year of **non-hazardous waste from other ceramic industries**, to be added to raw materials in atomized mixture synthesis operations. The types of wastes that are recovered by Spray Dry include ceramic sludges, ceramic particulates and out-of-spec ceramic pieces.

Finally, **process wastewater is reused** in all Italian production plants to the extent technically feasible after treatment in chemical and physical treatment plants. The non-reusable portion is managed by third-party companies for recovery.

Italcer has achieved certification of compliance with the new ISO17889-1 standard for ceramics sustainability with a total score of 126% (out of a maximum of 130%) for the Rubiera site.

In 2022, Italcer became a member of the renowned "World Alliance for Efficient Solutions", the NGO that promotes global

green energy, sustainable technologies and help governments, companies and institutions achieve their ESG goals.

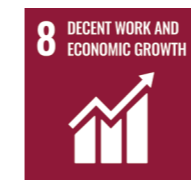
Additionally, Italcer has also been classified as number 1 among the 100 Italian companies with outstanding results in facing sustainability challenges, having won the [2022 Sustainability Award](#) by Credit Suisse and KON.

Italcer is currently collaborating with a renowned chemistry professor and experts in the field to develop an innovative solution for capturing CO2 from its production process. More information on the status of the project will be available in the second semester of 2023.

3.4.2 WAICO & MEDTECH - EMPLOYEE AT THE CENTER



Employee Engagement and Well-Being



Decent Work and Economic Growth

A business that values its **employees' happiness and wellbeing** is more likely to build enduring relationships with them, **boosting morale** and lowering turnover rates. The stories of **Waico and MedTech** are exemplary in this respect.

Waico was created in September 2022 through the merger of the companies Vitella, Starmix and Efedue, all active in the bakery equipment sector. At the beginning of 2023, all employees were relocated to the new Waico corporate headquarters. **In response**

to the potential challenges that employees would face due to the relocation, Waico established a **comprehensive and organized welfare system**. As part of this system, each employee has access to the **TreCuori welfare portal**, where they can select how to use their welfare credit (1,200 EUR per person, yearly) from a range of possibilities in the areas of health, education, care, leisure, and benefits. This gives them the opportunity to make the most of the services that are available in their local area.

The initiative will also be evaluated via a satisfaction survey to identify any room for improvement.

Daily allowances have also been established for those who must travel additional kilometers or pay for highway tolls due to the transfer.

The new Waico headquarters was completely renovated with an emphasis on energy efficiency and employee comfort, maximizing the presence of natural light and providing an efficient mechanical ventilation system for heat recovery and air conditioning.

Additionally, the new headquarters includes a **free canteen** for all employees.

To support staff, cope with the current geopolitical events and inflation levels, **several bonuses** were distributed in 2022, including a performance bonus for all employees (€ 500 per person), fuel allowances (€ 200 per person), fringe benefits (€ 400 per person), and a one-off € 200 EUR indemnity as established by Decreto Aiuti (Legislative Decree 50/2022) for all eligible employees.

MedTech Holding was founded in August 2020 to aggregate companies active in the

disposable medical devices industry, including Sidam Group and Emotec. From January 2023, MedTech adheres to the **voluntary Health Assistance Fund** for workers of companies in the plastic and rubber sector (Fondo Assistenza Sanitaria Gomma & Plastica - FASG&P), contributing a monthly fee to the worker's health fund. In addition, integrative coverage has been established for first line managers. MedTech has implemented also **smart working on a permanent basis** and obtained **certification of its Occupational Health & Safety Management System** according to **UNI ISO 45001:2018**.

3.4.3 KLAPP - ALL-ROUND SUSTAINABILITY



Improving product sustainability
Responsible sourcing

Klapp, part of MCP-III portfolio since May 2020, is a German company specialized in the development and distribution of cosmetic skincare products. In response to the cosmetics industry's growing demand for cruelty-free products with a strong emphasis on sustainability, Klapp has created the **new line Hyaluronic multi-level performance** (the Balance Line): a new, "clean" skin care product line. The philosophy behind embraces a selection of ingredients that are **respectful of the environment, the consumers' health, and animals**. The Balance Line is free from PEGs, silicones, microplastics, endocrine-disruptive, and skin-sensitizing ingredients, and is **100% vegan**.

Klapp's commitment to sustainability is not only reflected in its product formulation, but also in its **packaging choice**:

- i) Dispensers are designed with **airless technology**, allowing up to 99% of residual product consumption and **minimizing product waste**. In addition, it can be easily separated from the glass bottle, ensuring the recyclability of the entire container.
- ii) Primary packaging is in **glass** bottle and jar or in **single-material Polypropylene (PP)**, which are recyclable.
- iii) Secondary packaging uses **FSC-certified paper**, and its recyclability is ensured by avoiding heavy finishing processes. Through these conscious choices, production of non-recyclable waste is minimized.

The Balance Line production process has also been optimized to reduce its environmental footprint: Klapp sources the majority of its packaging and raw materials from Europe, and the **production is only done in Germany**. This contributes to the creation of a supply chain with **shorter transportation routes** and a **lower production of CO₂ emissions**. Launched on the market in September 2022, the line is already among the top 10 Klapp product lines by sales in the first trimester of 2023, testifying to the fact that the market demand for more sustainable cosmetic products is here to stay.

4

4.1 Aggregated PAIs' performance

The Principal Adverse Impact indicators (“PAIs”) have been calculated for both MCP-II and MCP-III and aggregated. The table below provides a list of both mandatory and selected voluntary PAIs. These indicators

were calculated by weighting the data of the investee companies based on the capital invested by the AIF, as required in the Regulatory Technical Standards (“RTS”) supplementing SFDR⁵.

MANDATORY PAIs

Adverse sustainability indicator	Impact 2022	Actions taken, actions planned and targets set for the next reference period	
Greenhouse gas emissions	1. GHG emissions⁶	MCP calculates GHG emissions using an internally developed monitoring system. Values identified as outliers on any of the GHG emission indicators, or which exhibit high adverse impact across several indicators will be subject to further analysis and potential reduction actions, in line with MCP's commitment towards decarbonization and tackling climate change.	
	Scope 1 GHG emissions		25,341 tCO ₂ e
	Scope 2 GHG emissions		21,276 tCO ₂ e
	2. Carbon footprint⁷		4,065 tCO ₂ e
	3. GHG intensity of investee companies⁸		81 tCO ₂ e/M€
	4. Exposure to companies active in the fossil fuel sector		0%
5. Share of non-renewable energy consumption and production	97%		
6. Energy consumption intensity per high impact climate sector	3.0 GWh/M€		

ESG PERFORMANCE

4.1 Aggregated PAIs' performance

4.2 ESG KPIs for E/S characteristics

4.3 Portfolio Companies ESG highlights

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R1288&qid=1685089903745>

⁶ The GHG Emissions Indicator is the sum of the GHG emissions (Scope 1 and 2) of all the Portfolio Companies (“PCs”), measured in tons of CO₂ per year. The GHG emissions of each PC are not taken as they are, but adjusted by a ratio which ranges between 0 and 1 (in case the PC has a net bank exposure) and is calculated as the fair market value of the PC (MCP Funds’ stake, the “current value of the investment” in the RTS) divided by the respective Enterprise Value (100%), at the same reference date.

$$\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

⁷ The Carbon Footprint Indicator measures the GHG emissions per EUR invested (expressed at fair value). It is calculated as the ratio between the GHG Emissions Indicator and the fair market value of all the PCs (MCP Funds’ stake), at the same reference date.

$$\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

⁸ The GHG Intensity Indicator measures the average GHG emissions per EUR of revenues. The average is weighted, and the pounds are calculated using the fair market value of the PC (MCP Funds’ stake) divided by the fair market value of all the PCs (MCP Funds’ stake), at the same reference date.

$$\sum_i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

MANDATORY PAIs			
Adverse sustainability indicator	Impact 2022	Actions taken, actions planned and targets set for the next reference period	
Biodiversity 7. Activities negatively affecting biodiversity-sensitive areas	0%	MCP considers the impact on biodiversity during the investment decision process and prefers companies operating in sectors, or with plants, that do not have an adverse impact on biodiversity. MCP is committed to maintaining a balance between economic gain and the protection of biodiversity.	
Water 8. Emissions to water	0	MCP considers the emissions to water of priority substances ¹⁰ and the direct emissions of nitrates, phosphates, and pesticide during the investment decision process. MCP commits to conducting further analysis and implementing corrective actions if the indicator shows outliers.	
Waste 9. Hazardous waste and radioactive waste ration	1.2 tons/M€	MCP considers the hazardous and radioactive waste during the investment decision process and controls whether the target company has all the necessary authorizations and documents required by applicable laws. MCP commits to conducting further analysis and implementing corrective actions if the indicator shows outliers. None of the current portfolio companies generate radioactive waste.	

MANDATORY PAIs			
Adverse sustainability indicator	Impact 2022	Actions taken, actions planned and targets set for the next reference period	
Social and employee matters 10. Violations of UN Global Compact principles and Organisations or Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0	MCP adhered to the UN Global Compact principles (“Principles”). MCP’s aim is to ensure that investee companies comply with these Principles. During the investment decision process, MCP identifies whether the target company has been involved in violations of the Principles.	
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)	50%	With respect to the OECD Guidelines for Multinational Enterprises, is not applicable because all the current portfolio companies are SMEs and not listed on international markets. MCP commits to improve the indicator 11 by promoting among the portfolio companies’ adherence to the Principles.	
12. Unadjusted gender pay gap¹¹	20%	The focus on promoting diversity and inclusion policies is one of the pillars of MCP’s ESG strategy. MCP commits to conducting further analysis to eventually evaluate the definition of targets and implementing corrective measures.	
13. Board gender diversity	10%		
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions; chemical weapons and biological weapons)	0	MCP intends to maintain the exclusion on investments in the controversial weapons sectors in the future. This reflects its commitment to avoiding entanglement in ethically questionable activities.	

¹⁰ The “priority substances” are defined in Article 2(30) of Directive 2000/60/EC of the European Parliament.

¹¹ The “unadjusted gender pay gap” refers to the difference between the average gross hourly earnings of male paid employees and the average gross hourly earnings of female paid employees, expressed as a percentage of the average gross hourly earnings of male paid employees.

ADDITIONAL PAIs

Adverse sustainability indicator	Impact 2022	Actions taken, actions planned and targets set for the next reference period
Climate & environment 5. Breakdown of energy consumption by type of non-renewable sources of energy: Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source.	0	MCP is working to identify opportunities for energy efficiency and commits to conducting further analysis and implementing corrective actions if the indicator shows outliers.
Total natural gas consumption	90%	
Total fuel oil consumption for transports ¹³	2%	
Total electricity consumption from non-renewable sources	8%	
Social, human rights, anti-corruption & anti-bribery 3. Number of days lost to injuries, accidents, fatalities or illness	176	Attention to health and safety (“H&S”) is a major concern for MCP in engaging with its portfolio companies. MCP is committed to ensuring that portfolio companies maintain a high level of H&S measures, and that all employees receive the necessary H&S training required by law. Moreover, portfolio companies should promptly notify MCP about any incidents.

¹³ Waico has been excluded from the calculation for this PAI as the data was not available.

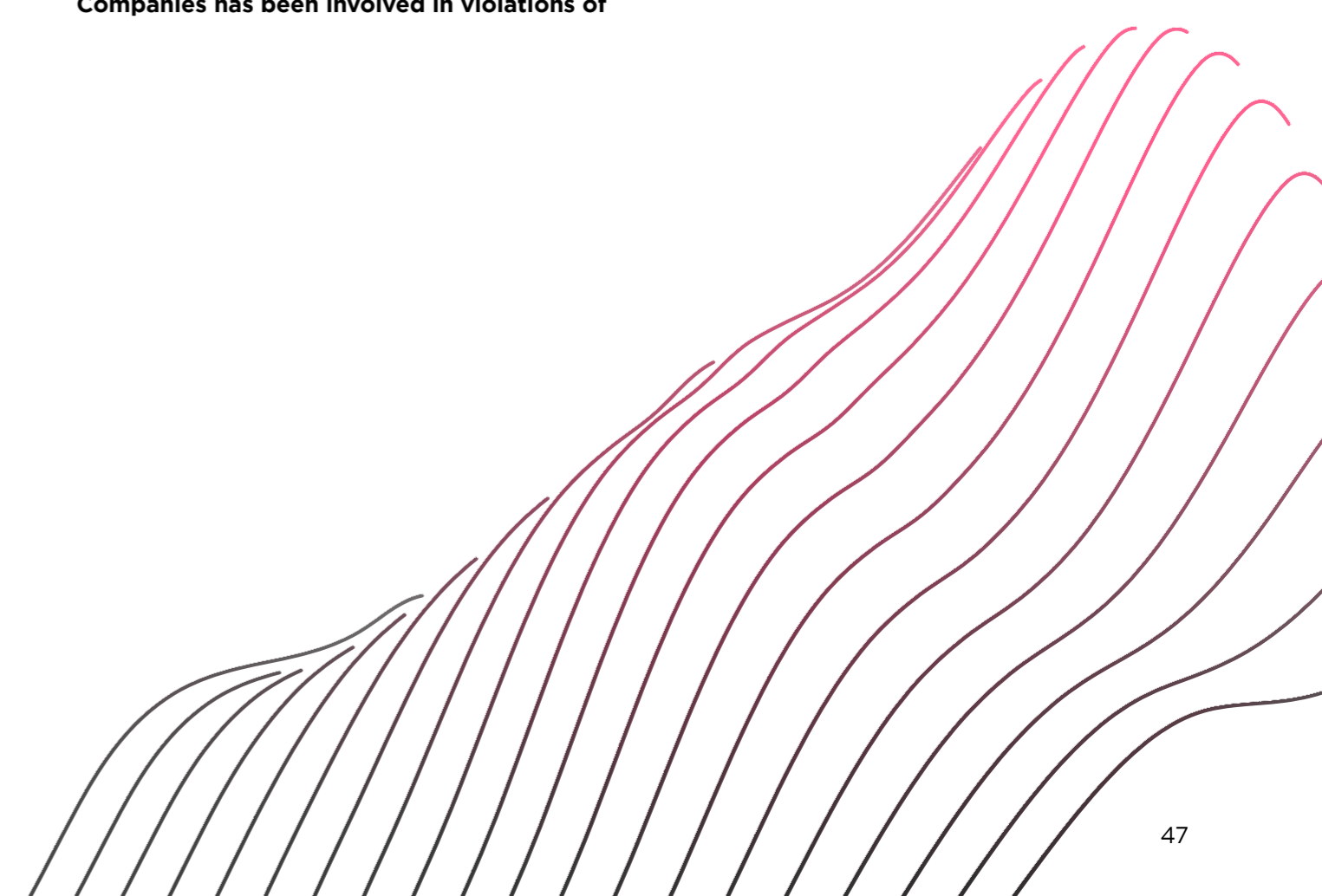
From a comparison with 2021 data, some environmental indicators showed an improvement in 2022:

- The **Asset Manager’s overall carbon footprint decreased by 11%**.
- The **GHG intensity**, which measures the average tons of CO2e per EUR of revenues within the aggregated invested portfolio of MCP-II and MCP-III **decreased by 7%**.
- The **amount of hazardous waste and radioactive waste** generated by the Portfolio Companies decreased by 25%.

The overview of the social and employee matters shows that **none of the Portfolio Companies has been involved in violations of**

UN Global Compact principles in the last two years and that the aggregated portfolio is not exposed to the manufacturing, marketing and distributions of controversial weapons. 50% of the Portfolio Companies have already policies in place to monitor the compliance with the UN Global Compact principles and MCP aims to promote among the Portfolio Companies the adherence to this framework.

Diversity indicators, such as the unadjusted gender pay gap (20% in 2022) and the Board gender diversity (10% in 2022) require further analysis to identify potential improvements, as these indicators **highlight potential areas of attention**.



4.2 ESG KPIs for E/S characteristics

MINDFUL CAPITAL PARTNERS III

The data related to the E/S characteristics promoted by MCP-III have been collected from all Portfolio Companies and aggregated to calculate comprehensive KPIs. Some of these KPIs have been calculated as weighted averages, using the Fair Value at the reference date on the Fair Value of the portfolio of MCP-III as the relative weight¹⁴.

Aggregated KPIs showed an improving trend for several environmental parameters. In 2022, the percentage of Portfolio Companies monitoring GHG emissions under Scope 1 and Scope 2 increased from 88% (2021) to 100%, and those that have established corresponding reduction initiatives increased from 13% (2021) to 37%. These initiatives include, for example, the construction of photovoltaic plants, the installation of solar and photovoltaic panels, and the substitution of traditional lamps with led lamps.

The **total GHG emissions** registered are stable over the two years: 1.428 tons of CO₂e (2022) and 1.479 tons of CO₂e (2021).

Over the same period, the **GHG emission intensity** decreased (from 17.1 to 13.1 tons of CO₂e per million of revenues) as well as the **energy intensity** (from 76.1 to 57.9 MWh consumed per million of revenues).

At the same time, the share of renewable energy used, both purchased and self-produced, has increased from 19% (2021) to 26% (2022) of the total energy consumed.

Further, an indicator of improved environmental performance in 2022 (with respect to 2021) is the decrease in overall **waste production**, relative to revenues, from 6.4 to 5.2 tons per million. Additionally, the percentage of **recycled/reused waste** increased from 24% to 39% of the total waste production.

Regarding employee engagement and well-being, in 2022 more portfolio companies introduced corporate welfare plans for employees (now reaching 50% of the portfolio).

As a general comment, we can say that these data represent the baseline situation prior to the definition of the six E/S characteristics in May 2023 which is likely to drive improvements in these indicators in the coming years.

MINDFUL CAPITAL PARTNERS II

Portfolio companies of MCP-II were also included in the data collection process, with the declared aim at increasing awareness on ESG topics. However, since art. 8 SFDR classification is not pursued for MCP-II, such data are not disclosed in the present Report.

¹⁴ This aggregation criteria applies to the following KPIs: GHG intensity, energy intensity, % of renewable energy over the total electricity consumption, % of self-produced renewable energy over the total electricity consumption, % of sold products including recycled materials, % of recycled materials on purchased raw materials, including packaging, % of revenues invested in R&D for sustainable materials, products or services, waste intensity, % of hazardous waste generated by PCs, % of recycled/reused waste generated by PCs, water intensity, % of suppliers included in the process, incident index, lost work days due to injuries, accidents or professional illness, % of employee involved in voluntary training, % of revenues spent on welfare initiatives, % of women in the workforce, % of women in the Board and in the management.

4.3 Portfolio Companies ESG highlights

PORTFOLIO COMPANIES

MCP.II

MCP.III

LEGEND

RESEARCH & DEVELOPMENT AND INVESTMENTS

GOVERNANCE

ENVIRONMENTAL

SOCIAL

ITALCER



Sector:
Ceramic Tiles

Holding Period:
05/2017 - Current

Management Buy-in (24%)

MCP-II

Italcer Group, founded in Spring 2017 by the MCP-II, operates in the ceramic sector by developing high quality products for interiors and exteriors and luxury bathroom furnishings, with particular attention to innovation, design and respect for the environment. The Group's product range covers a wide variety of high-end ceramic floor and wall tiles, offering specific solutions for any kind of application, from large commercial surfaces to residential use.

La Fabbrica focuses on the production of medium to large size ceramic tiles for both walls and floors. Meanwhile, **Elios** specializes in the segment of small-scale artistic tiles, **Devon&Devon**, a leading brand in luxury bathroom furniture. **Rondine**, one of the most renowned Italian tile brands, specializes in the small to medium segment. **CEDiR** focuses on the production of ceramic tiles for exterior use. **Equipe Ceramicas** specializes in the production of extra-small tiles for both floors and walls.

ESG HIGHLIGHTS



- Proprietary of a **patented** technology called **ADVANCE** Antibacterial and Bio-Air Purifying, with antiviral, antibacterial and anti-polluting properties.
- Investments in R&D projects to find innovative solutions of **carbon capture**.

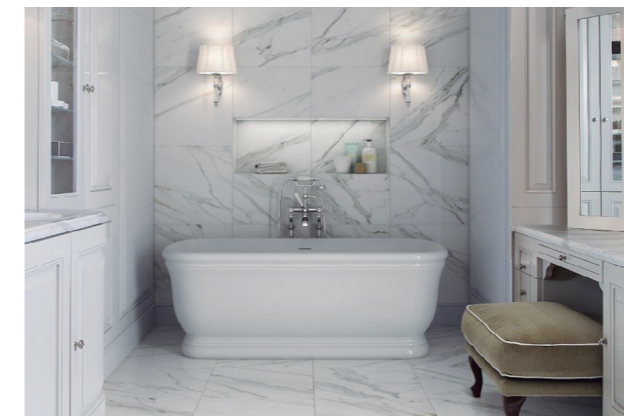


- Implementation of **Model 231** and adoption of a **Code of Ethics**.
- **Certification ISO 9001** (quality management system).
- **Certification ISO 14001** (environmental management system).
- **Certification ISO 50001** (energy management system).
- **Certification ISO 17889-1** (ceramics sustainability).

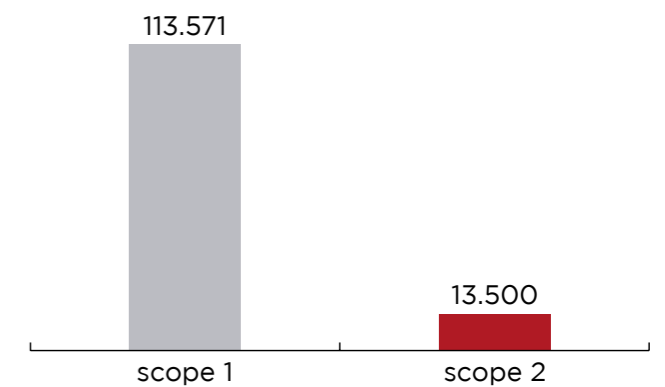


- More than 6,800 **photovoltaic panels** will be installed in the next two year, for an additional power of about 3.2 MWp, that will bring the Italcer Group to a total of around **10 MWp**, resulting in an approximate **avoidance of 2,500 tons of CO₂eq per year**.
- **99.8% of production waste recycled**.

	2022
Total energy consumption (MWh)	576,443
of which: electricity consumption	46.8
of which: natural gas consumption	573,036
of which: fuel consumption	3,360
Energy consumption from renewable sources (MWh)	8.3



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	37%
Number of injuries occurred	0
Lost workdays due to injuries, accidents or professional illness	0
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

IFFH



Italian Frozen Food Holding

Sector:
Frozen Food

Holding Period:
10/2018 - Current

Leveraged Buyout (58%)

MCP-II

Italian Frozen Food Holding (IFFH) was founded in 2018, with support from MCP, who believed in a project in which several Italian frozen food companies of medium size could aggregate and bring the excellence of Made in Italy to the tables of the world.

IFFH has five production sites, four of which are in Italy and one in Chicago. The specialty areas are in the retail and HORECA channels, offering gluten-free pizzas and bread, ready meals, meat products, meat substitutes, innovative plant-based products, and fish dishes.

Appetais specializes in frozen ready meals and baked goods such as gluten-free and allergen-free pizzas and farinates.

Alcass focuses on producing meat, vegetarian, vegan, and meat-like ready meals.

Farma&Co. specializes in bakery products, such as bread, pizzas, focaccia, flours, and cakes, which are gluten-free and allergen-free.

ESG HIGHLIGHTS



- Launch of Cucina Pianta, a consumer-centric Italian **Plant-based food brand**. Compared to classic ready meals that use meat and fish, the production of Cucina Pianta is more sustainable.
- **Substitution of the nitrogen** blast chiller with an electrical mechanical one, which offers significant cost savings while simultaneously reducing the risk of accidents for staff by drastically decreasing their need to handle trolleys.



- **MSC Chain of Custody certification**, ensuring that most of its fish and seafood are sourced from certified suppliers (MSC/ASC/FIP).



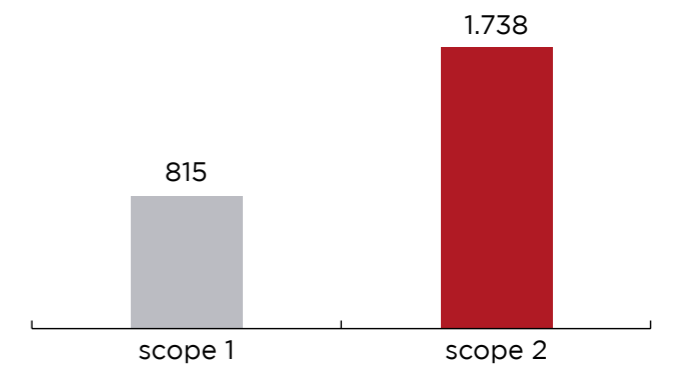
- **500 kW photovoltaic plant installed** on the roof of the production building in 2013 was connected to the national grid. In 2021, it produced 489,907 kWh (of which 75,603 were sold), and in 2022 the total production was 502,512 kWh, with 60,930 sold to the grid.
- Installation of **LED lights**.
- Redesign most of the **packaging** to reduce dimension/weight (-15%) and test of new flow-pack packaging systems using recycled paper film instead of plastic.

- Installation of a **water purifier plant** to wash process water, in order to improve the quality of wastewater and potentially also sell part of the organic waste generated from the purification process for biogas production.

	2022
Total energy consumption (MWh)	18,971
of which: electricity consumption	6,637
of which: natural gas consumption	4,259
of which: fuel consumption	8,075
Energy consumption from renewable sources (MWh)	858



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	48%
Number of injuries occurred	9
Lost workdays due to injuries, accidents or professional illness	116
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

COFFEE HOLDING



Sector:
Coffee

Holding Period:
09/2019 – Current

Leveraged Buyout (61%)

MCP-III

Coffee Holding is a build-up project aimed at creating an integrated group, able to cover the entire coffee chain, from roasting to distribution, through a complementary mix of sales channels and a wide range of products. Neronobile, Daroma, and Yespresso are three companies that make up the group, each one of them active in different areas of the coffee chain.

Neronobile produces and distributes compatible capsules for coffee and other infusions, primarily on a private label basis.

Daroma is a coffee roaster focused on the Ho.re.Ca channel, with a portfolio of renowned Italian coffee brands.

Yespresso is an online retailer of compatible coffee capsules, operating under its own brand, through the proprietary e-commerce platform and a strong positioning on Amazon. Together, these three companies create a complete offering in the coffee industry, allowing Coffee Holding to exploit the main market trends, such as the spread of disposable capsules and the growth of the online channel, while also leveraging the tradition of the Italian “Espresso”.

ESG HIGHLIGHTS



- Investments in the research and development of sustainable products with the aim of reducing the environmental impact and increasing customer awareness.



- Implementation of **Model 231** and adoption of a **Code of Ethics**.
- IFS FOOD Certification** which deals with the food safety and the quality of all production processes, of traceability and finished products.
- Certificate** for the whole chain of **Processing of Biological Agriculture products** which certifies that the product exploits the natural fertility of the soil.
- Fairtrade Certification** (Fairtrade supports producers in the underdeveloped and developing countries and helps them in obtaining good working conditions, fair prices, and right environmental standard).

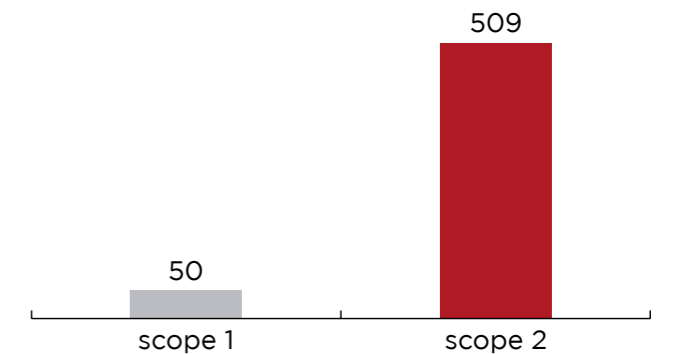


- Development of a line of **capsules 100% compostable** and internalization of the production of aluminium capsules (completely recyclables).
- 100% electricity** supply produced **from renewable sources**.

	2022*
Total energy consumption (MWh)	705
of which: electricity consumption	2,059
of which: natural gas consumption	269
of which: fuel consumption	-
Energy consumption from renewable sources (MWh)	1,623



GHG EMISSIONS (ton CO₂e)



	2022*
% of women in the workforce	52%
Number of injuries occurred	3
Lost workdays due to injuries, accidents or professional illness	94
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

* The presented data do not include Yespresso.

MARGOT



Sector:
Metal accessories for luxury leather goods

Holding Period:
10/2019 - Current

Leveraged Buyout (57%)

MCP-III

Margot is a build-up project aimed at creating a leading group in the field of metal accessories for leather goods and clothing, able to serve the entire luxury market and offer a broad portfolio in terms of product categories, materials used, and technologies used.

Eurmoda covers the entire production process, from the development of accessories to their finishing, and has become over time one of the strategic partners of some of the leading luxury maisons.

ABC Morini imports and distributes metal accessories for leather goods, with the possibility of carrying out some finishing operations internally, and focusing on the premium customer segment.

Alce focuses instead on some stages of production and integrates the offer of products and production technologies thanks to its extensive experience alongside affordable luxury brands. The company was merged into Eurmoda in December 2021.

ESG HIGHLIGHTS



- **Investment in a new finishing technology**, i.e., PVD (Physical Vapor Deposition) which is a great alternative to electroplating, resulting more environmentally friendly than electroplating, since it does not use any toxic chemicals or heavy metals and PVD coatings are more durable and easier to maintain than electroplating.

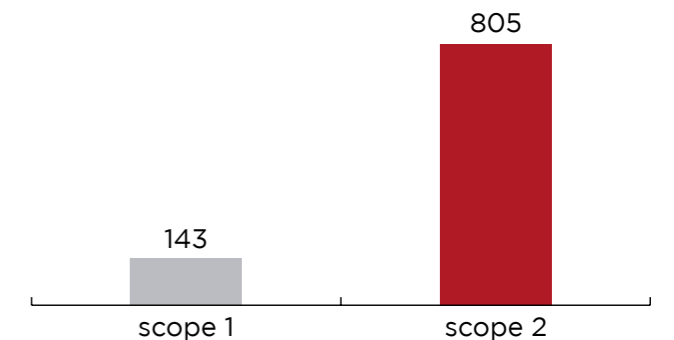


- Possibility for the personnel to do **Smart working**.
- Fostering a **culture of inclusion** among the personnel (25% foreign workers within the workforce).
- **Raising** of minimum **wages**.
- Introduction of a **reward policy**, linking employees' variable remuneration to predefined objectives and employees' bonus linked to the achievement of predefined EBITDA thresholds at Group level.

	2022
Total energy consumption (MWh)	4,083
of which: electricity consumption	3,315
of which: natural gas consumption	768
of which: fuel consumption	0.2
Energy consumption from renewable sources (MWh)	54



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	44%
Number of injuries occurred	7
Lost workdays due to injuries, accidents or professional illness	47
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

KLAPP

KLAPP

COSMETICS

Sector:
Professional skin-care cosmetics

Holding Period:
05/2020 - Current
Leveraged Buyout (79%)
MCP-III

Klapp is a German company that develops and distributes cosmetic skin care products, with a primary focus on women’s facial care. The company covers a diverse customer base, including beauty salons, served through the proprietary KLAPP brand, and retail and discount chains, on a private label basis, with geographic coverage extending from Europe to Asia. As of 2022, the company has a direct presence in the Chinese market with a WOFE located in Beijing.

ESG HIGHLIGHTS



- Re-branding through the repositioning of Klapp as an ultra-effective science led G-beauty brand “KLAPP Skin Care Science”. Along with this, Klapp has introduced several **sustainable & clean product lines**.



- **Certification ISO 9001** (quality management system).
- Adoption of a **Code of Ethics**.



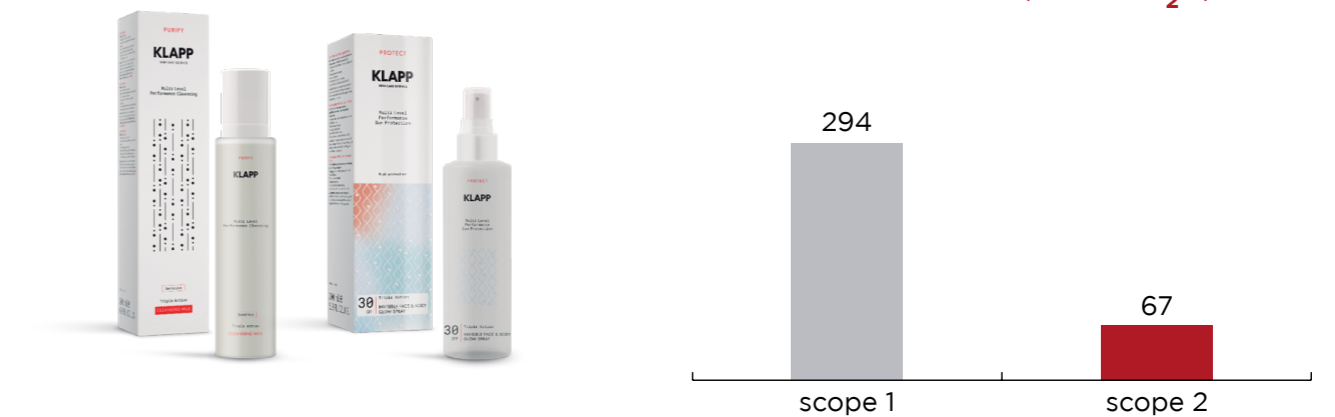
- Use of **eco-friendly primary packaging** for the current product lines: mono plastics, glass jars and dispensers, PCR materials with different recycled material share. The palm oil derivatives for the product formulas are of RSPO certified quality.
- **Reduction of secondary packaging** material and waste.
- **Short Supply chains** (most of distributors and suppliers are European and the short transportation routes reduce CO2 emissions).
- Implementation of a **LED light** system in the Headquarter.



- **2 women** (67% of women) on the **Board of Directors**
- **Percentage of women in top positions increased to 64%**, exceeding the goal of >50%.
- **All the employees** have attended **at least one training session** during the year.

	2022
Total energy consumption (MWh)	1,839
of which: electricity consumption	270
of which: natural gas consumption	1,540
of which: fuel consumption	29
Energy consumption from renewable sources (MWh)	54

GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	81%
Number of injuries occurred	3
Lost workdays due to injuries, accidents or professional illness	20
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

MEDTECH HOLDING



Sector:
Medical consumables and devices

Holding Period:
08/2020 - Current

Leveraged Buyout (68%)

MCP-III

Medtech Holding is an aggregation project in the biomedical sector. The group, based in the biotech district of Mirandola (Modena), is able to offer a wide range of medical devices, both to hospitals and to the main global OEMs.

The **Sidam Group (consisting of Sidam and BTC)** specialises in the engineering, assembling and packaging of disposable sets and medical devices for the transfer of medical liquids in closed, often high pressure systems, with main applications in radiology and oncology.

Emotec is a company operating in the production of medical devices for infusion and transfusion, as well as providing pharmaceutical secondary packaging services.

ESG HIGHLIGHTS



- Helping healthcare professionals and patients stay healthy and protect the environment by providing a contrast agent delivery set, which has one part that is used once and thrown away and another part that can be used many times.



- Implementation of **Model 231** and adoption of a **Code of Ethics**.
- Certification ISO 14001** (environmental management system).
- Certification ISO 45001** (occupational health & safety management system).



- Installation of solar panels both in Emotec - 90 kwp** (active) - and in **Sidam - 30 kwp** (active). In addition, a further 51.84kWp will be activated on another Sidam plant that will be operational in the coming months.
- Installation of **Led lights**.
- Reuse of packaging cartons with re-delivery to suppliers.

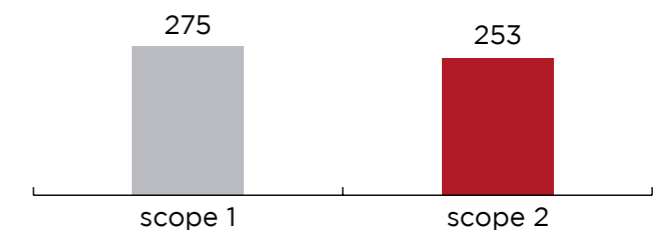


- Adhesion to the voluntary Integrative Health Assistance Fund** (starting from 2023).
- Welfare initiatives** for corporate collective awards (such as holiday vouchers or special recognition for individual employees).
- Possibility for the personnel to do **Smart working**.
- Increased employee training** and development of new courses (e.g., soft skills).
- Agreement with a social cooperative to give **post-school care** to the children of employees.

	2022
Total energy consumption (MWh)	2,677
of which: electricity consumption	1,239
of which: natural gas consumption	1,325
of which: fuel consumption	113
Energy consumption from renewable sources (MWh)	215



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	67%
Number of injuries occurred	0
Lost workdays due to injuries, accidents or professional illness	0
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

YMENSO



Sector:
Medium-high end haircare products

Holding Period:
10/2020 – Current

Leveraged Buyout (69%)

MCP-III

YMENSO is a build-up project in the professional haircare sector, with the aim to pursue a strategy of internationalization and aggregation in a highly fragmented market. The Group preside over the entire value chain, from R&D to production, from distribution to the offer of training services, dedicated to the professional channel.

Nuova Fapam develops and sells through its own brands (Screen, Nubeà, Legerity and Screen Man) professional hair care products, with a strong positioning in the medium-high price bracket. The company is present in the Italian market with a network of over 800 affiliated hairdressers, 200 of which are under the brand name “Tagliati X il Successo” and is distinguished by the supply of training services with high added value to its affiliates.

Procosme is an historic company in Lombardia, specialized in research, formulation and production of technical and high complexity products, which has an excellent R&D laboratory and a proven ability to offer tailor-made formulations based on customer needs.

ESG HIGHLIGHTS



- **Implementation in progress of Model 231.**
- **Certification ISO 9001** (quality management system).
- **Certification ISO 22716** (Good manufacturing practices for cosmetic products).



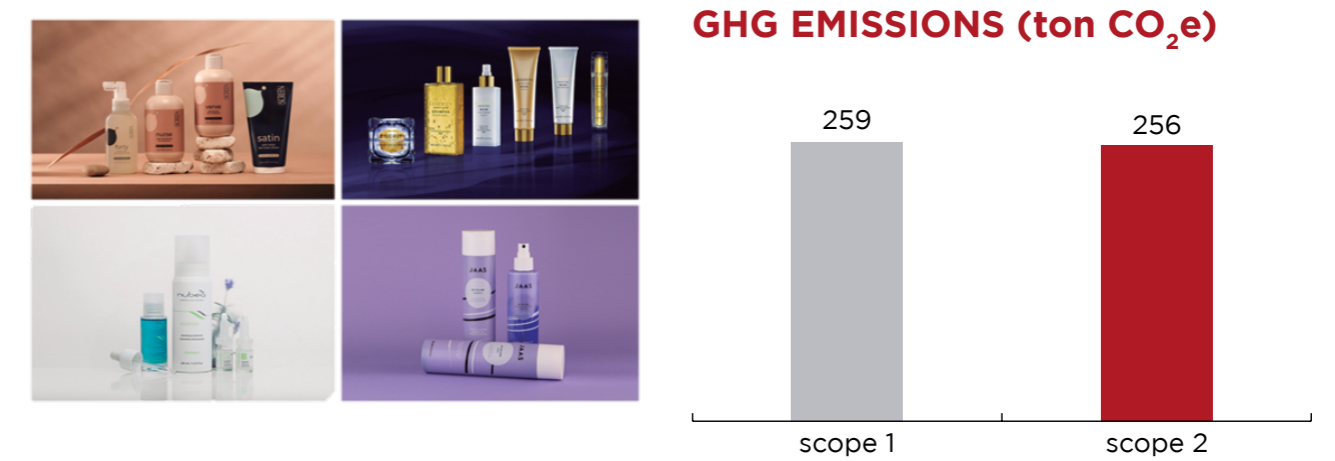
- Launch of **first completely organic and vegan product line** (Purest), produced in Procosme, with low environmental impact (recyclable packaging, careful selection of raw materials, etc.). The new line is also partner 2023/2024 of the project “**LifeGate PlasticLess®**”, which preserves the seas from pollution by plastic materials.



- New **hirings of women in top positions.**
- **Development of employee incentive plans**, including a stock option plan to align and incentivize the top management team.
- **Possibility for the personnel to do Smart working.**



	2022
Total energy consumption (MWh)	2,109
of which: electricity consumption	1,037
of which: natural gas consumption	1,073
of which: fuel consumption	-
Energy consumption from renewable sources (MWh)	-



	2022
% of women in the workforce	43%
Number of injuries occurred	1
Lost workdays due to injuries, accidents or professional illness	31
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

WAICO



Sector:
Bakery machinery

Holding Period:
11/2021 – Current

Management Buyout (61%)

MCP-III

Waico (White Art Italian Companies) is a build-up project promoted by MCP, born from the merger of three operators of artisanal bakery machines, **Vitella**, **Starmix** and **Effedue**, which occurred in September 2022. At the end of 2022, Waico acquired **Italforni**, a company based in Pesaro (Central Italy) and specialized in the production and commercialization of pizza ovens for pizzerias, with a strong focus on product design and innovation.

The aim of the project is to create a reference operator in a sector in which Italian companies are already world leaders, but at the same time characterized by extreme fragmentation. The integration will enable the group to generate productive and commercial synergies and to offer customers a complete range of products and services, increasing competitiveness on international markets.

ESG HIGHLIGHTS



- By May 2023, Waico moved to a new facility, subject to interventions and restructuring that will guarantee the creation of a safe and efficient workplace, in line with the latest environmental and health standards.



- Implementation of Model 231 expected to be started in Q3 2023.



- Installation in the new facility of **LED lights and solar panels** and use of high-performance **electric heat pumps** for domestic hot water production and air conditioning.
- Review of the packaging** is planned for 2023 with the aim of reducing the plastic present.

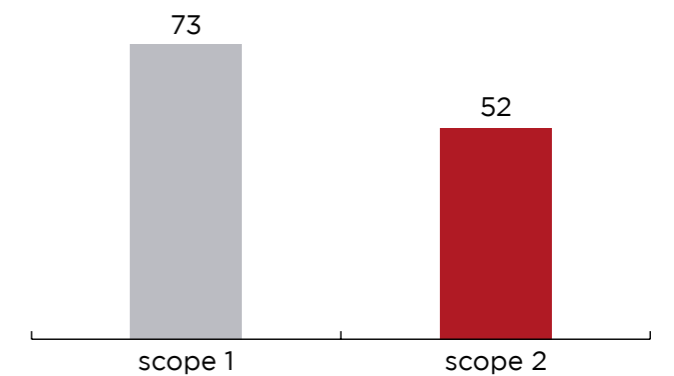


- Additional **Welfare measures** implemented in 2022, such as fuel allowances, fringe benefits and indemnities. In 2023, Waico structured an annual Welfare Plan, aimed at helping all employees in the daily expenses by providing them a monthly contribution for the purchase of shopping vouchers or fuel vouchers.
- Creation in the new facility of a **company canteen** and **recreation area** for employees.
- Participation to various projects to support **local communities**.

	2022
Total energy consumption (MWh)	523
of which: electricity consumption	209
of which: natural gas consumption	231
of which: fuel consumption	187
Energy consumption from renewable sources (MWh)	34



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	29%
Number of injuries occurred	2
Lost workdays due to injuries, accidents or professional illness	105
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

SELEMATIC



Sector:
Secondary packaging

Holding Period:
11/2021 – Current

Management Buyout (64%)

MCP-III

Selematic is active in the design and assembling of automatic secondary packaging systems for dry pasta boxes, particularly case packers, shrink wrappers and palletizing systems. In recent years Selematic has diversified the applications of the machines produced into other niches of the food sector (e.g., legumes and bakery products), in pet food and in single use products, achieving huge increases in market shares, including internationally.

ESG HIGHLIGHTS



- Definition of a **structured ESG Action Plan 2023-2025**.
- Implementation of **Model 231** and adoption of a **Code of Ethics**.
- **Certification ISO 9001** (quality system).
- **Certification ISO 14001** (environmental management system) by July 2023.
- **Implementation of ISO 45001** (occupational health & safety management system) by end 2023.



- Promotion of an **Energy Efficiency Program**, which includes the installation of **solar panels** by end 2023 and of **3M sun control window film** on office building to conserve energy, and the replacement of all classic bulbs with LED lights.

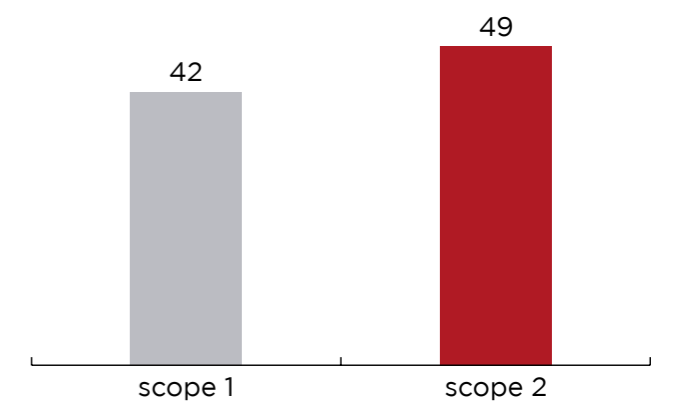


- Adhesion to a **Health Insurance Policy** which provides employees with coverage for medical expenses.
- Implementation in progress of a **new HR Reward System** (Selematic has already in place a comprehensive reward scheme for its employees).

	2022
Total energy consumption (MWh)	364
of which: electricity consumption	200
of which: natural gas consumption	-
of which: fuel consumption	164
Energy consumption from renewable sources (MWh)	-



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	11%
Number of injuries occurred	1
Lost workdays due to injuries, accidents or professional illness	10
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

CROCI¹⁵



Sector:
Accessories for pets

Holding Period:
12/2021 - Current

Buyout (55%)

MCP-III

Croci Group is a leader in the development and distribution of pet accessories and aquarium's solutions, which are characterized by a strong component of innovation, sustainability and design. MCP's goal is to accelerate the group's expansion into international markets.

Croci is the Italian group leader, specializing in the development of a wide range of pet accessories, such as kennels, leashes, toys, snacks and hygiene products, distributed under its own brand.

Amtra is the German-based subsidiary specializing in aquarium accessories, acquired by Croci in 2010.

Amtra-Croci Asia is the subsidiary opened in China in 2018 to develop the promising local market.

Canifrance is a historic French company specializing in high-quality collars and leashes, sold under the Bobby brand, which was acquired by Croci in early 2021.

Creaciones Arppe, acquired at the end of 2022, is a Spanish company that manufactures leashes and comfort products, such as kennels and cushions.

ESG HIGHLIGHTS



- **Introduction of a green product line** (Eco by Croci), featuring a range of compostable products (i.e., litters, wipes, hygienic mats), with fully recycled and recyclable packaging.



- **Installation of a photovoltaic plant of 188 kW** in the Italian premises of Castronno.



- Adoption of a **Code of Ethics**.



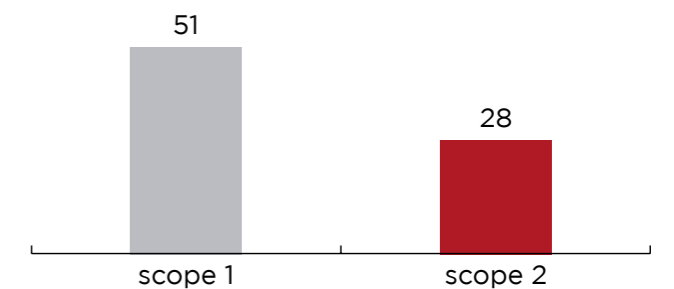
- **Assessment and mapping of all suppliers** through a questionnaire on the management of environmental and social issues, with the aim of favoring those with higher scores.
- **Support the Treedom**, non-profit organization project, by planting cocoa trees to create a forest in Cameroon.

¹⁵ The number of employees and the ESG KPIs presented in the tables refer only to Croci SpA.

	2022
Total energy consumption (MWh)	385
of which: electricity consumption	212
of which: natural gas consumption	271
of which: fuel consumption	-
Energy consumption from renewable sources (MWh)	98



GHG EMISSIONS (ton CO₂e)



	2022
% of women in the workforce	43%
Number of injuries occurred	0
Lost workdays due to injuries, accidents or professional illness	0
Number of claims received regarding violations of labor rights	0
Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0

Definitions and acronyms

AIF(s)	Alternative Investment Fund(s).
GHG	Greenhouse gases.
KPI(s)	Key Performance Indicator(s).
MCP	Mindful Capital Partners S.A. (also the “ Company ”) is an Alternative Investment Fund Manager (“ AIFM ”) of Alternative Investment Funds (“ AIFs ”) with private equity and venture capital investment strategies, duly authorized by the Commission de Surveillance du Secteur Financier (“ CSSF ”). Legal office is in 10, rue Antoine Jans, L-1820 Luxembourg (Grand Duchy of Luxembourg), RCS number B-233903. In June 2022, MCP established an Italian branch, with registered office in Corso di Porta Nuova n. 3, 20121 Milan (Italy).
MCP-I	Mandarin Capital Partners S.C.A. SICAR, the first AIF launched by the MCP Team in 2007. The fund was liquidated in 2018, after having successfully divested the entire portfolio.
MCP-II	Mindful Capital Partners II S.C.A. SICAR, the second AIF launched by the MCP Team with first closing in 2013, and registered office at 10, rue Antoine Jans, L-1820 Luxembourg (Grand Duchy of Luxembourg), RCS number B-178903.
MCP-III	Mindful Capital Partners III S.C.A. SICAF RAIF, the third AIF launched by the MCP Team with first closing in 2019 and Registered office at 10, rue Antoine Jans, L-1820 Luxembourg (Grand Duchy of Luxembourg), R.C.S. number B-235484.
Portfolio Companies	The companies invested by the AIFs under management.
SFDR	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.

GHG emissions

They can be classified into three main categories, known as “scopes,” which provide a framework for understanding the sources and boundaries of these emissions. The classification is commonly used in sustainability reporting and greenhouse gas accounting:

Scope 1

Greenhouse gas emissions that are directly generated from sources owned or controlled by an organization. These emissions are produced from activities within an organization’s operational boundaries and include sources such as fuel combustion in boilers, furnaces, vehicles, or other equipment owned or operated by the organization.

Examples of scope 1 GHG emissions include:

- 1) Combustion of fossil fuels: Emissions resulting from the burning of fossil fuels like coal, oil, or natural gas (for heating, electricity generation, or powering equipment). This includes emissions from company-owned power plants, boilers, and other industrial processes.
- 2) Company-owned vehicles: Emissions produced by the operation of an organization’s fleet of vehicles, including cars, trucks, or industrial machinery. This covers emissions from transportation activities such as deliveries, commuting, or on-site operations.
- 3) Chemical processes: Certain industrial processes can release greenhouse gases directly. For instance, the production and use of chemicals, such as refrigerants or solvents, that have a significant global warming potential can contribute to scope 1 emissions.
- 4) On-site waste disposal:

Emissions from the decomposition of organic waste disposed of on-site, such as landfill gas from decomposing waste in landfills owned or operated by the organization.

Scope 2

Greenhouse gas emissions that are indirectly generated as a result of the consumption of purchased or acquired electricity, heat, or steam by an organization. These emissions occur outside of an organization’s operational boundaries but are associated with its activities.

Here are some key points about Scope 2 emissions:

- i) Indirect emissions: Scope 2 emissions are considered indirect because they result from the generation of electricity or other energy sources that an organization purchases from an external supplier, such as a utility company. The emissions occur during the production of the purchased energy, not within the organization itself.
- ii) Electricity consumption: The primary source of scope 2 emissions is the consumption of grid-supplied electricity. This includes power used for lighting, heating, cooling, and operating equipment within an organization’s facilities.
- iii) Emission factors: To calculate scope 2 emissions, organizations typically rely on emission factors provided by their electricity suppliers or national grid operators. These factors represent the average greenhouse

¹⁶ For further information on Scope 2 emissions, please consult the “GHG Protocol Scope 2 Guidance”.

gas intensity of the electricity generated in a particular region, taking into account the mix of energy sources used.

For this Report, the location-based¹⁶ method was adopted, applying national average emission factors (from the database of the European Environment Agency) for the different countries in which the Portfolio Companies buy electricity.

iv) Renewable energy purchases: Organizations have the option to reduce their scope 2 emissions by purchasing Renewable Energy Certificates (RECs) or engaging in Power Purchase Agreements (PPAs) with renewable energy projects. By doing so, they can claim that a portion or all of their purchased electricity comes from renewable sources, effectively reducing their carbon footprint.

Scope 3

Greenhouse gas emissions that occur as a result of an organization’s activities but are outside of its operational and control boundaries. These emissions are a consequence of the entire value chain of the organization, including suppliers, customers, and other stakeholders.

Here are some important points about Scope 3 emissions:

i) Indirect emissions: Scope 3 emissions are considered indirect because they result from activities that are not owned or controlled by the organization but are associated with its products, services, or operations. These

emissions occur upstream (in the supply chain) or downstream (in the use and disposal of products).

ii) Wide range of sources: Scope 3 emissions cover a broad range of activities, including but not limited to:

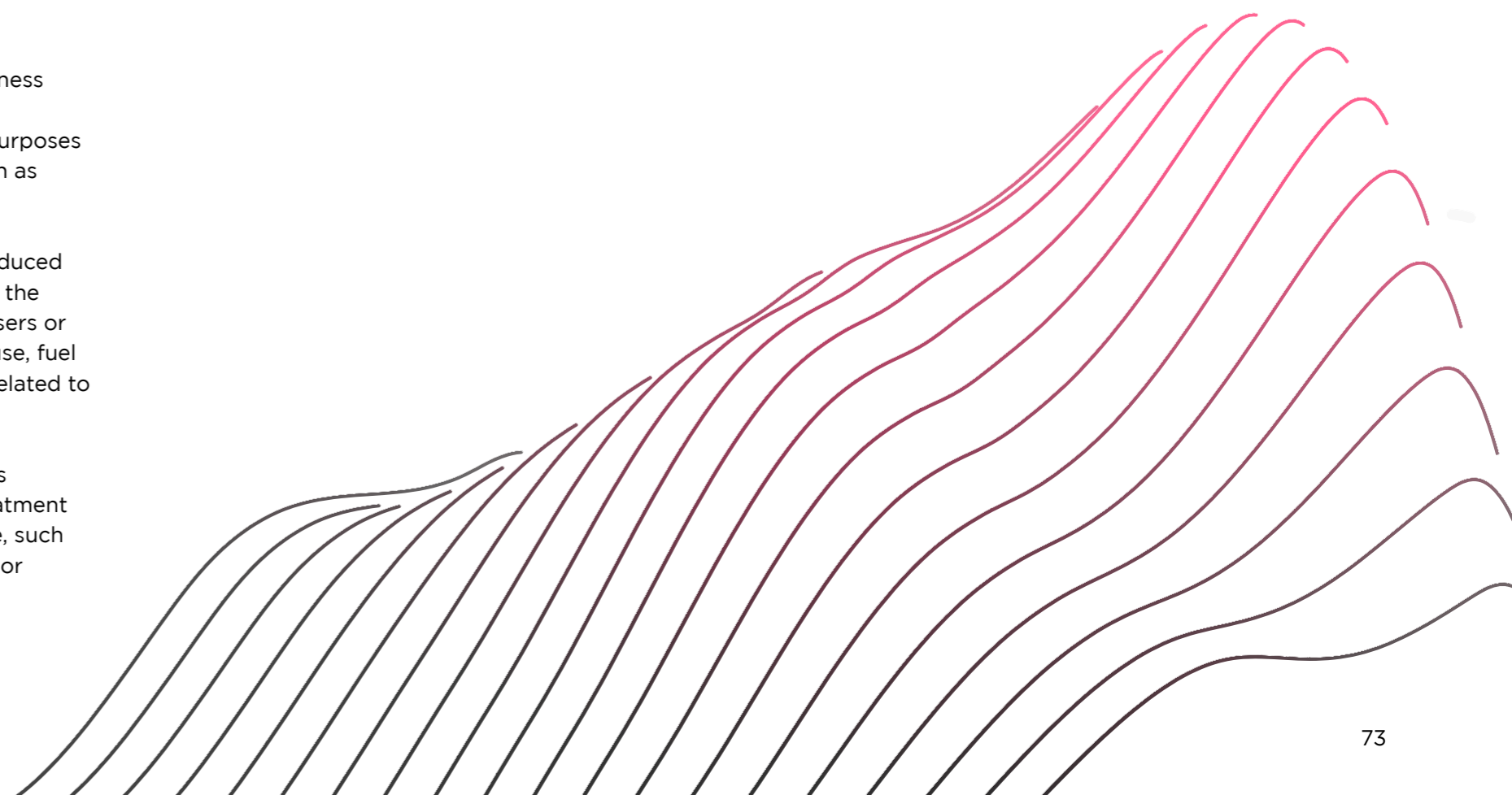
- a. Purchased goods and services: emissions generated during the production and transportation of materials, components, and services that an organization procures from suppliers.
- b. Upstream transportation and distribution: emissions resulting from the transportation of raw materials, products, or components to and from an organization’s facilities.
- c. Employee commuting and business travel: emissions associated with employee travel for commuting purposes or business-related activities, such as flights, rental cars, or hotel stays.
- d. Use of products: emissions produced during the use or consumption of the organization’s products by end-users or customers. This includes energy use, fuel consumption, or other activities related to product use.
- e. End-of-life treatment: emissions resulting from the disposal or treatment of products at the end of their life, such as waste management, recycling, or incineration.

iii) Measurement challenges: Scope 3 emissions can be challenging to measure and quantify due to the complex and extensive nature of the value chain. It requires collaboration and data sharing with suppliers and partners, making it more complex than assessing scope 1 or 2 emissions.

iv) Impact and influence: Scope 3 emissions often represent a significant portion of an organization’s overall carbon footprint. Addressing and reducing these emissions require efforts to collaborate with suppliers,

customers, and other stakeholders throughout the value chain. Organizations can engage in initiatives such as supplier engagement, product design improvements, and circular economy practices to mitigate their scope 3 emissions.

By categorizing emissions into scopes, organizations can better understand and manage their greenhouse gas footprint, identify reduction opportunities, and work towards more sustainable practices throughout their value chains.





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