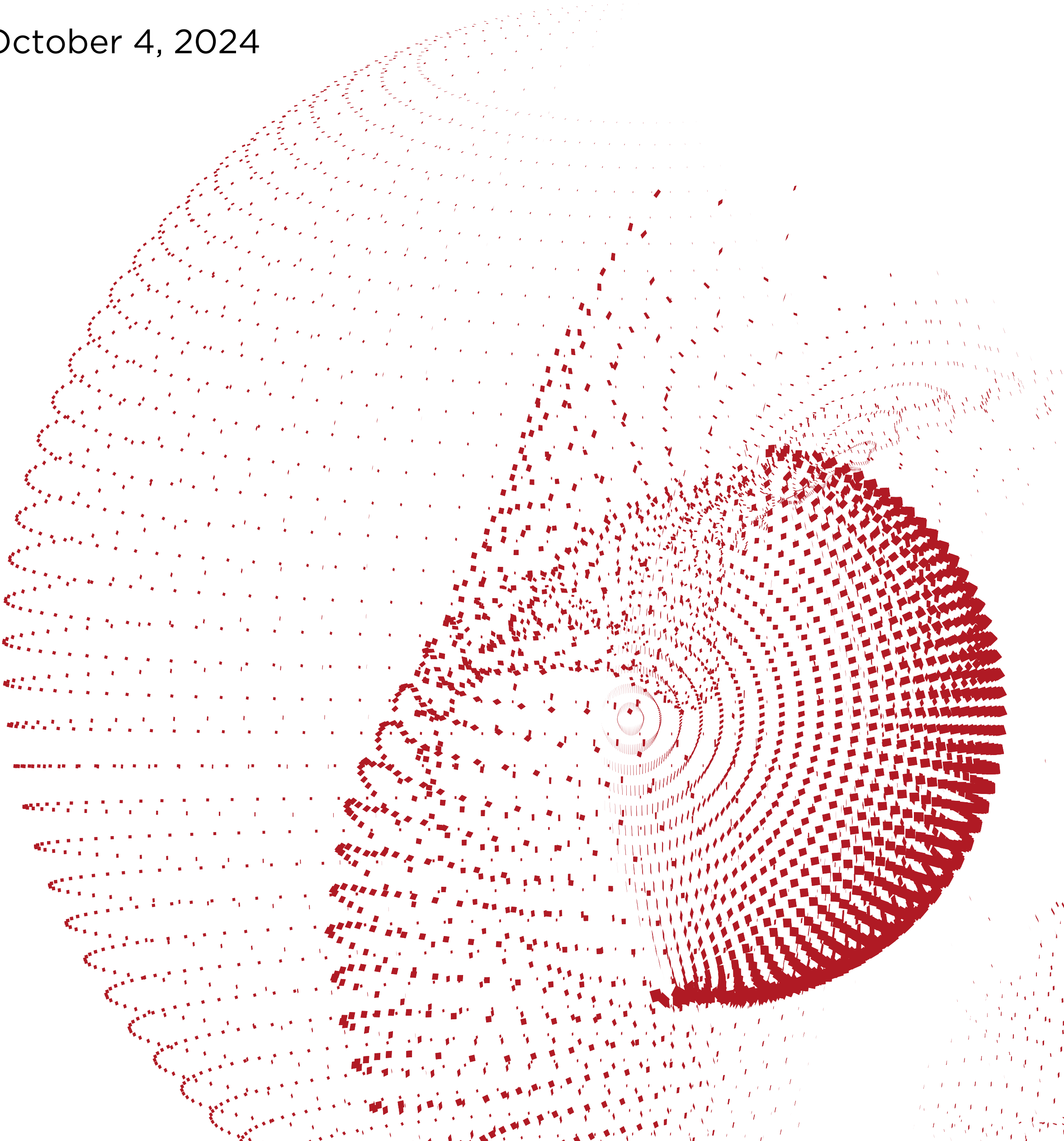
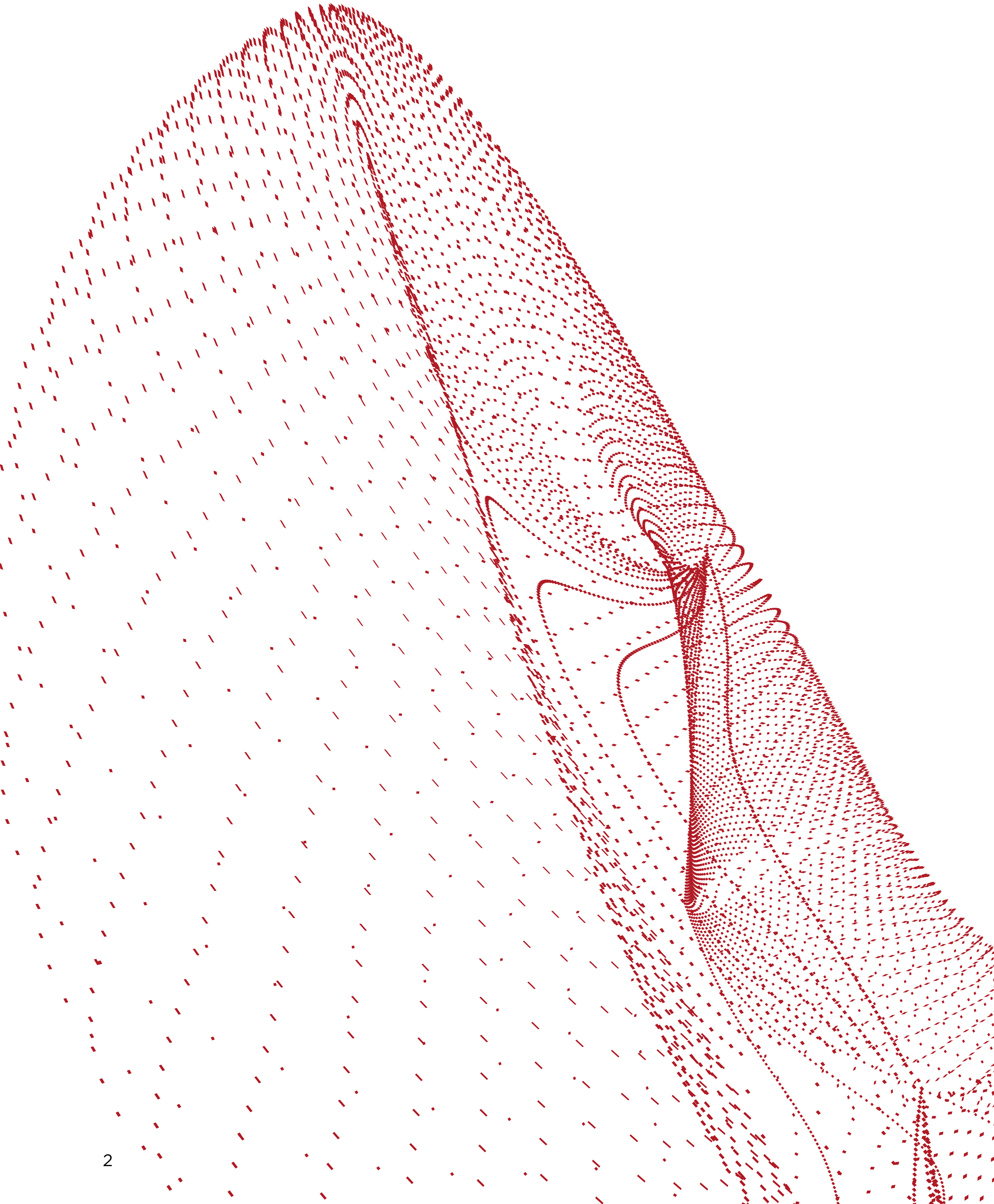
Mindful Capital Partners

Disclosure pursuant to Regulation (EU) 2019/2088 of the European Parliament relating to the information on the sustainability in the financial services sector (“SFDR”).
Articles 3 and 5

Last update: October 4, 2024





Introduction

Mindful Capital Partners S.A. (hereinafter referred to as "**MCP**") adopts and supports the global framework for sustainable development, defined by the United Nations Assembly on 25 September 2015. In accordance with this framework, MCP directs its investment choices towards sustainable development objectives, contributing to the achievement of certain Sustainable Development Goals ("**UN SDGs**"), selected on the basis of the impact that MCP may have.

The purpose of this disclosure is to explain the choices made by MCP - as expressly required by Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (hereinafter referred to as the "**SFDR**") - on the sustainability statements in the field of financial services with reference to:

- Information on the policies on the integration of sustainability risks adopted by MCP in their decision-making processes relating to investments (Article 3 of the SFDR).
- Information on how MCP has aligned its remuneration policy with the sustainability risk management objectives (Article 5 of the SFDR).

Art. 3 - Transparency of sustainability risk policies

MCP commits to integrating sustainability factors within its responsible investment framework and approach. As part of MCP's commitment to promoting a responsible investment activity, MCP became a signatory of the Principles for Responsible Investment ("**UN-PRI**") in December 2015, recognizing the centrality of the six principles for responsible investment:

1. Incorporation of ESG issues into investment analysis and decision-making processes.

2. Being active owners and incorporating ESG issues into the ownership policies and practices.

3. Seeking appropriate disclosure on ESG issues by the entities in which MCP invests.

4. Promotion of acceptance and implementation of the principles within the investment industry.

5. Working together with all the stakeholders to enhance effectiveness in implementing the principles.

6. Reporting on the activities and progress towards implementing the principles.

Moreover, since November 2022, MCP has adhered to the ten principles of the **UN-Global Compact** and included them within its strategy, culture, and day-to-day operations.

In line with the above-mentioned adhesions, MCP has embodied the consideration of Sustainability Risks and **Principal Adverse Impacts** ("**PAIs**") within its investment decision-making process. Sustainability risks and PAIs are concepts introduced in the context of the SFDR. More specifically:

I) Sustainability risk (outside-in risks) means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Such risks can include environmental risks (e.g., climate change, resource scarcity), social risks (e.g., labor practices, human rights violations), and governance risks (e.g., corruption, board composition). Sustainability risks can impact the financial performance and reputation of organizations and investment portfolios.

II) PAIs (inside-out risks) are impacts of investment decisions or advice that result in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters. Financial market participants, such as MCP, are required to report on these impacts as part of their sustainability disclosures. PAIs are primarily concerned with the financial materiality of adverse impacts.

MCP has established a structured and formalized approach to identify, prioritize, and manage sustainability risks and Principal

Adverse Impacts (PAIs) that affect its investments. While we direct you to our ESG Policy for more in-depth information, below, we outline the essential, core components of MCP's investment strategy for selecting investments, spanning from the pre-investment ESG assessment to the execution of the transaction, the ownership phase, and the exit.

1. INVESTMENT EXCLUSION LIST

The list, included in the ESG Policy, foresees the following exclusions:

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

2. PRE-INVESTMENT ESG ASSESSMENT

The ESG Assessment is a crucial component of MCP's due diligence, as well as the overall risk and value creation assessment of the target company. 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.

The ESG Assessment 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 of MCP (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.

The findings of the ESG Assessment are included in the investment report delivered to the Advisory Committee, Executive Committee, and Portfolio Manager of MCP. Before any investment is submitted to the Board of Directors for final approval, the two internal committees must provide their favorable comments.

Once the acquisition is approved, based on the outcome of the ESG Assessment, the vendor may be asked to fulfil additional responsibilities or warranties, which could be included in the purchase agreement or as ongoing commitments.

As part of its entry (and ongoing) ESG Due Diligence, MCP assesses the good governance practices of investee companies with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

3. ESG MONITORING

At the beginning of the ownership period, MCP establishes the E/S expectations and identifies responsibilities at the portfolio company (“**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.

4. ESG DEDICATED REPORTING

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.

The results of MCP’s Portfolio Company level monitoring and engagement activities are shared with its investors every year, through the Investor Report and the annual ESG Report. Moreover, to guarantee transparency on sustainability-related concerns, MCP has implemented an ESG Incident Procedure for the communication of any accident that could result in negative environmental, social, or governance effects. MCP offers guidance to its Portfolio Companies on how to apply the Procedure.

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

Art. 5 - Transparency of remuneration policies in relation to the integration of sustainability risks

MCP incorporates objectives in terms of sustainability risk management in its remuneration policies in order to correlate the incentive system with the pursuit of the objectives of the ESG Policy.

Remuneration in MCP is based on a combination of fixed and variable components. For those members of the staff who are actively involved in the monitoring and management of sustainability risks, the remuneration policy also considers ESG qualitative and quantitative parameters for the allocation of the variable component.

However, these are established in such a way that the compensation plan does not encourage excessive risk taking with respect to sustainability risks.

You are welcome to contact us for further information on how the MCP Team integrates ESG across its own corporate activities and the Portfolio Companies, by email (corporate@mcpinvest.com) or by phone (+352 220 117 22).

Mindful Capital Partners

Mindful Capital Partners S.A.
10, rue Antoine Jans, L-1820 Luxembourg
R.C.S. Luxembourg B233903
V.A.T. Number: LU31267114
corporate@mcpinvest.com
www.mcpinvest.com