

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: HCAPITAL II - FUNDO DE CAPITAL DE RISCO FECHADO ("HCapital II" or the "Fund")

Legal entity identifier: 25490014YKY0S5KMKP60

Reference Period: January,1st, 2024 to December, 31st, 2024

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<div><input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes</div> <div><input type="checkbox"/> It made sustainable investments with an environmental objective: ____%<div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div> <div><input type="checkbox"/> It made sustainable investments with a social objective: ____%</div>	<div><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</div> <div><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments<div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div> <div><input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</div>



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promotes environmental and social characteristics but does not aim at making exclusively sustainable investments. During the Reference Period it acted in accordance to these objectives across the entire investment cycle, from the identification of investment opportunities and the assessment of associated environmental risks and opportunities, to the active engagement with portfolio companies in defining and

implementing improvement measures, as well as monitoring the progress of relevant indicators.

The environmental and/or social objectives promoted by the Fund include, but are not limited to:

- **Gender pay-gap reduction:** The Fund favours the promotion of social and labour equality, with a particular emphasis on gender pay equality and the reduction of the pay gap between hierarchies;
- **Climate risk mitigation:** Climate risk mitigation is central to the Fund's strategy. As such, the investees are actively encouraged by HCapital to develop and implement emission reduction plans, recognizing the urgency of addressing climate change and its impact on the business environment;
- **Operational optimization:** HCapital believes that positive social impact is underpinned by continuous improvement in the operating performance of the companies in which it invests. By optimizing management and performance, HCapital not only boosts profitability but also contributes to a more sustainable and resilient economy.

Pursuant to the HCapital's Responsible Investment Policy, ESG reporting tools were implemented during the Reference Period in recently made investments, namely, New Terracotta / I&D, Millasur, and Vipremi. PPP, Lival and AVK already had their reporting implemented in 2023, whereas Vidrexport's was implemented only later in the year, with data collection starting in 2025. As such, data covering the entire Reference Period was available for PPP, Lival, AVK, New Terracotta / I&D, Millasur and Vipremi, and comparative year-on-year evolution data was available for PPP, Lival and AVK – below we emphasize the evolution of key ESG metrics for this perimeter:

- In general, existing portfolio companies reduced their GHG emission intensity (Scope 1 and Scope 2) and increased the proportion of renewable energy in their energy mix. For instance, GHG emissions intensity on a per revenue basis declined by 6% in PPP and 35% in AVK – the latter mostly as a result of the installation of 85 solar panels in AVK's headquarters rooftop for internal consumption, reducing purchases of non-renewable energy by 26%. Additionally, there was also a reduction in water usage intensity among existing portfolio companies, namely a reduction of 28% in PPP and 48% in AVK;
- On the social side, these investees' average unadjusted gender pay-gap decreased, with the ratio increasing from 0.93 in 2023 to 0.95 in 2024, sustaining a positive evolution of one of HCapital's core ESG goals. Regarding female board representation, the average number of females sitting at the investees' boards registering a substantial increase from a ratio of 0.14 female/male board members in 2023 to 0.25 in 2024. AVK, for example, significantly improved the unadjusted gender pay-gap from 0.95 to 1.02 and appointed 2 additional women to the executive team, increasing the ratio of female/male board members from 0.42 to 0.75. The average absenteeism rate of existing portfolio companies also decreased from 4.3% to 2.9%, as a result of policies to address employee satisfaction. At AVK, for instance, a package of employees' benefits was

introduced including sponsored training programs and paid psychological support, whereas at PPP the LGBT+ protocol began its implementation in the Reference Year (concluded in 2025).

● ***How did the sustainability indicators perform?***

HCapital monitors a broad set of sustainability indicators, which are reported to investors annually through the HCapital II Annual ESG Report—providing detailed analysis for each investee—as well as in the SFDR disclosures published on HCapital’s website ([link](#)).

Additional information, including investee-specific indicators, is shared with investors on a quarterly basis through HCapital II’s quarterly reports and discussed internally within the Board of Directors of each investee.

In 2024, portfolio companies for which there is a basis for comparison with the previous year demonstrated progress across most environmental and social characteristics outlined above, namely GHG emissions intensity, water usage and social factors. There is still room for improvement, particularly among newly added investees, namely concerning information quality, policies’ implementation, GHG scope 3 measurement and supply chain due diligence and control.

● ***...and compared to previous periods?***

Not applicable since this is the first periodic report..

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The Fund promotes environmental and/or social characteristics but does not make any exclusively sustainable investments.

— — ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Information regarding the principal adverse impacts (PAIs) associated with investment decisions is included in the Annual ESG Report provided to investors, in accordance with Article 11(2) of Regulation (EU) 2019/2088 (SFDR). Additionally, these impacts are also addressed in the Principal Adverse Impact Statement, pursuant to Article 4 of the same regulation, which is available in HCapital Partners' website ([link](#)).

As defined in HCapital's [Responsible Investment Policy](#), PAIs associated with investment decisions are an integral part of all stages of the Fund's investment process. During the DD stage, high-risk ESG matters are identified and targeted for resolution and/or mitigation. In case such risks cannot be addressed/mitigated, the investment opportunity is rejected.

During the monitoring stage, on a quarterly basis, portfolio companies report ESG KPIs which are discussed at Board level, allowing for the measurement of PAIs and monitoring of progress made in mitigation or improvement of projects at hand. If any indicator is identified as high-risk or showing potential for improvement, HCapital actively engages with the investee either directly or with the support of a specialized third-party to define an action plan with improvement measures in that specific area.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **01/01/2024 to 31/12/2024**

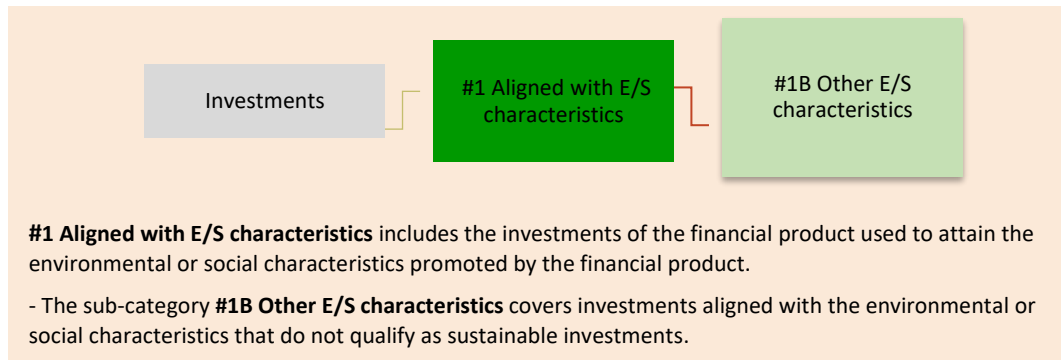
What were the top investments of this financial product?

Largest investments	Sector	% Assets ¹	Country
Vidrexport	C23.1 Manufacture of glass and glass products	10%	Portugal
Lival	C17.2 Manufacture of articles of paper and paperboard	10%	Portugal
AVK	N77.3 Supplier of audiovisual services	9%	Portugal
Millasur	G46.6 Wholesale of other machinery, equipment and supplies	9%	Spain
New Terracotta (NWCC)	C.23.3 Manufacture of clay building materials	9%	Portugal
Vipremi	C23.6 Manufacture of articles of concrete, cement and plaster	8%	Portugal
PPP	A18.1 Printing and service activities related to printing	6%	Spain

¹ Total invested amount by company divided by total committed capital.

What was the proportion of sustainability-related investments?

In the Reference Period, 100% of the Fund's investments promoted social or environmental characteristics.



Asset allocation describes the share of investments in specific assets.

● **What was the asset allocation?**

In the reference period, 100% of the Fund's investments promoted social or environmental characteristics.

● **In which economic sectors were the investments made?**

The Fund's investments were made in the following sectors: flexographic prepress; development and production of paper packaging solutions; design, manufacturing and transformation of small-format tiles; audiovisual solutions for events; distribution of gardening, forestry and agriculture equipment; manufacturing of glass packaging and manufacturing of lightweight precast concrete accessories.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy²?**

☐ Yes:

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

☐ In fossil gas ☐ In nuclear energy
☒ No

● ***What was the share of investments made in transitional and enabling activities?***

Not applicable.

● ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Not applicable.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.



What was the share of socially sustainable investments?

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Not applicable. The Fund promotes environmental and/or social characteristics but does not make exclusively sustainable investments.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Given the early stage of the portfolio (1 investment in 2021, 5 in 2023 and 1 in 2024), the main goal for the Reference Period was to implement ESG reporting across the portfolio alongside a governance model that ensures an adequate control over ESG matters. This process was successfully carried out with the support of HCapital’s ESG team and, in some instances, of specialized third parties. The implementation of ESG data collection and an adequate ESG governance model was a necessary first step, as consistent monitoring of ESG KPIs over time and its discussion in each investee’s board of directors is required to

enable HCapital's ESG team to identify relevant areas for improvement and define appropriate ESG strategies, in alignment with the environmental and social characteristics promoted by the Fund.

During the Reference Year HCapital maintained regular engagement with management teams to ensure the effective implementation of proposed ESG measures and to monitor their impact on the indicators referred in the first question. Relevant measures implemented include (i) installation of photovoltaic panels in AVK's HQ rooftop, (ii) implementation of the ISO 14001 and the acquisition of a solvent distilling equipment in PPP, (iii) capex to enable propane to natural-gas transition and noise reduction measures in New Terracotta, and (iv) implementation of talent retention programs and professionalized performance measurement in Millasur. These measures helped achieve the improvement in PAIs indicators for the Fund as discussed above.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

No reference benchmark was designated to assess the environmental and social characteristics promoted by the Fund.

● ***How does the reference benchmark differ from a broad market index?***

No benchmark has been designated.

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

No benchmark has been designated.

● ***How did this financial product perform compared with the reference benchmark?***

No benchmark has been designated.

● ***How did this financial product perform compared with the broad market index?***

No market index has been designated.