Statement related to HCapital's obligations as set out in Article 4. of EU Regulation 2088/2019 ("SFDR")

1. Financial Market Participant identification

This statement concerns HCapital Partners SCR, S.A. ("**HCapital**"), a private equity firm established in Portugal, with tax number 510.674.852, regulated by the Portuguese Securities Market Commission.

LEI number: 2221004IJK9MMWJIQL05.

2. Summary

HCapital considers Principal Adverse Impacts ("**PAI**") of its investment decisions on sustainability factors, namely for its Private Equity segment (please check HCapital's website for further details on HCapital's business areas). The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HCapital and its investees, namely Quantal, PPP, Lival, AVK, Millasur, New Terracotta and Vipremi (check section 3 for description of relevant scope exclusions).

This statement on PAI covers the reference period from January 1, 2024, to December 31, 2024. It contains both SFDR's compulsory PAI indicators (stated in Table 1 of Annex I of SFDR) and HCapital's elected non-compulsory indicators (stated in Tables 2 and 3 of Annex I of SFDR). HCapital has identified the applicable PAIs and seeks to have its portfolio companies reporting on these on a systematized and periodic manner.

3. Description of the principal adverse impacts on sustainability factors

3.1 PAI indicators

In Figure 1 below the SFDR Annex I Table 1 Climate and Other Environment-related Indicators are presented along with key highlights concerning actions taken and planned:

***Figure 1 ||** Climate and Other Environment-related Indicators*

Topic		Metric	Impact 2024	Impact 2023	Explanation	Actions taken/planned
Greenhouse gas emissions	1. GHG emissions (data is presented as tons of CO2e, weighted by each investees' value of investment over its Enterprise Value, as required in Annex I of SFDR)	Scope 1 GHG emissions	425	245	Evolution in scope 1 GHG emissions is highly related with changes in portfolio composition in 2024, with Quantal only accounted for half of the year on the one hand, and the inclusion of New Terracotta, Millasur and Vipremi data, on the other hand. Scope 1 emissions are highly concentrated in Lival, PPP and AVK distribution fleets together accounting for 56.0% of scope 1 emissions, with New Terracota's furnace fuelled by natural gas representing 23.2% of emissions.	Direct emissions reduction measures focused on reducing emissions from fleet vehicles, for instance by migrating towards hybrid or fully electric car fleets. These measures are continuously under analysis by management teams and being taken in the context of fleet replacement plans across the portfolio. Additionally, electric production equipment solutions which are an alternative to gas-fuelled ones are being analysed by the companies.

Topic		Metric	Impact 2024	Impact 2023	Explanation	Actions taken/planned
		Scope 2 GHG emissions	120	108	Scope 2 emissions represent 22.0% of Scope 1 + Scope 2 emissions, down from 30.5% in 2023. These are related to electricity contracts currently not incorporating 100% renewable energy. Evolution in scope 2 GHG emissions is primarily driven by changes in portfolio composition, with the impact of additional emissions from newly integrated companies outweighing the impact of accounting Quantal for half of the year in 2024. Furthermore, increased incorporation of renewable energy by existing portfolio companies, namely AVK, PPP and Quantal contributed positively to the reduction of Scope 2 emissions.	Measures implemented included (i) PV panels' installation in AVK in 2024; (ii) negotiation with energy suppliers to increase incorporation of renewable energy in supply, and (iii) efficiency measures applied across the portfolio to reduce energy consumption.
		Scope 3 GHG emissions	n.a.	n.a.	Currently scope 3 GHG emissions are not tracked.	HCapital plans to start partially measuring scope 3 GHG emissions from its portfolio. Given the complexity of the related procedures, these will be integrated progressively starting with a target of 20-30% of the portfolio companies in 2025.
		Total GHG emissions	544	353	n.a.	n.a.
	2. Carbon footprint (Data refers to total GHG Emissions divided by Current Value of Investments in €M)	Carbon footprint	11	13	A significant decrease was achieved in 2024 on a per-EUR-invested basis given that the increase in the amount invested was greater than the increase in total GHG emissions coming from newly added investees.	n.a.
	3. GHG intensity of investee companies (Data refers to the sum of each investee's GHG Emissions weighted by its revenues in €M)	GHG intensity of investee companies	14	15	A slight decrease was registered in 2024 on a per-EUR-of-revenue basis, mainly related to substantial improvements in all existing investees, namely PPP, Lival and AVK, that were partially offset by the addition of New Terracotta to the portfolio - a relatively more intense GHG emitting investee.	n.a.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	No investees are active in the fossil fuel sector.	HCapital's sustainability policy rejects investments in companies active in fossil fuel sector.

Topic		Metric	Impact 2024	Impact 2023	Explanation	Actions taken/planned
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	35%	43%	Energy consumed by HCapital and its investees is mostly sourced from renewable sources. In 2024, HCapital was able to further increase the % of renewable sources incorporated into its portfolio companies' energy supply.	Quantal and AVK's energy production from installed PV panels came into cruise speed during the year.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Wholesale: 0.006 Manufacturing: 0.097	Wholesale: 0.000 Manufacturing: 0.110	In 2023, all investees operating in high impact climate sectors belonged to the manufacturing sector, while in 2024, with the inclusion of Millasur to the portfolio, one investee belongs to the wholesale sector. The positive evolution in investees operating in the manufacturing sector was related, on one hand, to the impact of accounting Quantal electricity consumption for half of the year outweighing the additional electricity consumption from newly added investees while, on the other hand, there was a 6% revenue increase.	n.a.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	No investees have sites/operations located in or near to biodiversity-sensitive areas.	n.a.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0	0.0	HCapital and its investees do not produce material emissions to water.	n.a.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.8	4.2	Hazardous waste is mostly related to PPP's diluents and solvents used in the flexographic production process. In 2024, an investment was made in a new distilling equipment, which significantly reduced PPP's solvents consumption. Additionally, data was impacted by portfolio changes, with Quantal, a heavier generator of waste material, being replaced by investees with lower waste generation.	All hazardous waste is channelled to be treated by specialized waste management operators. Investment in PPP's solvent distiller with significant impact on the reduction of waste generation. HCapital increasingly focuses its investment activity in companies with a lower waste generation profile.

In the Figure 2 below the SFDR Annex I Table 1 Social, Employee, Human Rights, Anti-corruption and Anti-bribery Indicators are presented along with key highlights concerning actions taken and planned:

Figure 2 || *Social, Employee, Human Rights, Anti-corruption and Anti-bribery*

Topic		Metric	Impact 2024	Impact 2023	Explanation	Actions taken/planned
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	No investees have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	n.a.
	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 with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	50%	20%	Increase in 2024 is related to companies recently added to HCapital's portfolio which are still to implement policies to monitor compliance with UNGC principles, namely New Terracotta, Millasur, AVK and Vipremi.	Measures focused on implementing these procedures across the portfolio are under analysis by HCapital.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.94	0.96	Gender pay gap remained mostly in line with previous year, despite changes in the portfolio composition.	HCapital continues to focus on gender pay gap reduction initiatives across portfolio, as this is a part of its core ESG objectives.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0.29	0.13	In 2024 there was an increase in women representation in boards across HCapital's portfolio, mostly related to the investment in Vipremi and New Terracotta, whose boards have more female representation than existing investees, namely Lival and PPP. AVK also increased female Board representation.	Measures focused on increasing the balance of women to men Board positions across the portfolio are under analysis by HCapital.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	0.0%	No investees are involved in the manufacture or selling of controversial weapons.	HCapital's sustainability policy rejects investments in companies active in the manufacture of controversial weapons.

In the Figure 3 below the SFDR Annex I Tables 2 and 3's optional PAI indicators are presented along with key highlights concerning actions taken and planned:

Figure 3 || Optional indicators

Topic		Metric	Impact 2024	Impact 2023	Explanation	Actions taken/planned
Emissions	1. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	0%	All investees have some sort of carbon reducing initiatives, such as increase in production efficiency, implementation of PV panels, among others.	See details on comments to environmental PAIs above.
Water, waste and material emissions	2. Water usage and recycling	Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	100	124	Water consumption intensity reduced in 2024, mostly as a result of PPP's effort to reduce water consumption and other efficiency measures implemented across the portfolio. All waste produced is currently being managed by authorized specialized waste managers.	n.a.
Social and employee matters	3. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	13%	0%	Increase in 2024 is related to newly incorporated investees currently implementing workplace accident prevention policies.	HCapital will promote the adoption of a workplace accident prevention across the entire portfolio.
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	38%	20%	Increase in 2024 is related to newly incorporated investees currently implementing supplier code of conduct.	HCapital will promote the adoption of supplier codes of conduct in companies which currently do not have it in place.

3.2 PAI data collection exclusions

Two distinct PAI data collection policies exist in relation to the business area to which the investees belong, namely, whether it belongs to the Private Equity or the Venture Capital area (please check HCapital's website for further details on each):

1. Private Equity: PAIs are collected on a quarterly basis for all investees[1] and discussed in the Board of Directors of each.
2. Venture Capital: in the case of Venture Capital funds' investees, PAI data is neither collected nor monitored since the investments made by HCapital in this area:
   i. Have a scope focused on four segments of activity (namely Energy Efficiency, Innovation of Productive Processes, Smart Territories and Data & Connectivity), which, by nature, are associated with activities with a reduced ESG impact.

[1] An exception was made during 2023 to NWCC, Millasur and Vidrexport whose investment was completed late in the year, with HCapital still in the process of implementing reporting routines in each of these companies and during 2023 and 2024 to Vidrexport that was still in the process of implementing reporting routines.

ii. Target small start-ups, with scarce resources and reduced ability to respond to the data collection and analysis requirements needed to monitor PAIs.

iii. Are materialized through small equity positions in the target companies, typically less than one third of the share capital, conferring less ability to influence strategic decision-making on ESG issues.

Going forward, HCapital aims at collecting and reporting PAIs from its more recent fund in the VC area.

4. Description of policies to identify and prioritise PAIs

HCapital's Board of Directors approved its revised Internal Regulation in November 2024, whereby it defines the policies to identify and address the PAI on sustainability factors, with emphasis on the following[2]:

1. Negative Screening:

   HCapital originates investment opportunities through direct approaches, systematic database-driven searches, or collaborations with specialized M&A intermediaries. To align with ESG principles, HCapital has established exclusion criteria that disqualify companies with a history of inadequate supply chain auditing, industries with significant environmental impacts and limited potential for improvement, sectors with substantial direct or indirect ties to the fossil fuel industry, and those generating large quantities of nonrecoverable waste, among others. HCapital has consciously chosen to omit certain activities from its investment portfolio that contradict its ethical standards and those of its stakeholders, as well as pose a high reputational risk.

2. Positive Screening/Filters:

   HCapital has also implemented positive screening criteria to identify industries or companies with promising sustainable growth trajectories and those poised to benefit from the shift towards a more circular economy (brown to green).

3. Due diligence:

   HCapital has implemented several steps in its analysis that ensure due diligence is performed regarding the ESG risk of each target[3]. As such, (i) ESG-based questions are included in HCapital's preliminary questions and responses to the target companies; (ii) an ESG analysis and discussion is conducted at the Investment Committee for the go/no-go decision; and (iii) formal ESG due diligence processes are conducted with specialized third parties when the transaction reaches the due diligence stage.

   Given HCapital's commitment to meet strict ESG criteria upon completion of the Transaction, a poor ESG due diligence outcome, either in terms of the risks identified or the difficulty in improving the target company's ESG performance during HCapital's investment period, may ultimately lead to a decision not to proceed.

These policies are integral to both HCapital's Risk Management & Control and ESG areas, as well as in HCapital Internal Regulation. Thus, these policies are the primary responsibility of HCapital's Director with the respective ESG role – who is supported by two HCapital team members, under his supervision, in the implementation of the measures decided by the Board of Directors – and, complementarily, by the Risk Management & Control area, within the scope of its supervision responsibility for the Firm's global risk.

The non-compulsory PAI indicators presented in the table above were chosen based on their perceived impact on HCapital's portfolio companies.

The data presented in this report was collected by portfolio companies' quality, environmental, operations and/or finance departments, in coordination with each respective executive team. In some instances, specialized external services providers were consulted in collecting these indicators.

[2] Currently, only the Private Equity segment is subject to formal DD processes on ESG matters.

[3] Currently, only the Private Equity segment is subject to formal DD processes on ESG matters.

5. Engagement policies

HCapital's engagement policies vary in accordance with each investee's business area and ESG development stage. At HCapital's level, a semi-annual follow-up is carried out through discussion and approval of key matters concerning ESG policies at the Firm's Board of Directors' meetings. These decisions mostly concern the Firm's investees as these comprise the most relevant part of HCapital's ESG footprint.

At the investees' level, a follow-up is made at least quarterly through discussion and approval of key matters concerning ESG at each investee's Board of Directors' meetings. Two distinct engagement policies exist in relation to the business area to which the investees belong, namely, whether it belongs to the Private Equity or the Venture Capital area (please consult HCapital's website for further details on each):

1. Private Equity:

   Discussions on ESG matters are supported, in the case of Private Equity fund's investees, by data on key ESG metrics and their evolution. These KPIs are collected on a quarterly basis and respect the criteria of the PAIs, even though they are not limited to the SFDR's scope but rather adapted to each investee's reality.

   Decisions taken at the BoD level include a broad scope of ESG performance-enhancing measures, from investment decisions targeting a decrease in GHG emissions or an increase in energy efficiency, to decisions targeting workplace conditions, application to certifications (notably ISO 14001), gender equality and supply chain control improvements.

   HCapital also promotes the implementation of Sustainability Policies at the portfolio companies' level. Organizational changes were also implemented across the portfolio to ensure ownership and accountability for ESG decision-making at each company.

   When deemed appropriate, HCapital promotes the appointment of specialized third parties to help portfolio companies on developing their own sustainability strategies and on managing its field work and implementation.

2. Venture Capital:

   Due to the less mature nature of the investees, their lower ESG footprint and their focus on improving efficiency in energy, mobility and industrial sectors, discussions on ESG matters are centred, above all, on more qualitative matters with no reliance on formal KPI measurement.

6. References to international standards

HCapital is a signatory of the United Nations Principles for Responsible Investment since September 2020. In addition, HCapital aligns its Sustainability policy with the Sustainable Development Goals established by the United Nations and promotes the application of this internationally recognized framework as a guidebook for establishing sustainability policies within its portfolio companies.

7. Social Responsibility Program

Finally, HCapital has implemented its own Social Responsibility Program, for which it donates 1% of its revenues to support initiatives in the benefit of unfavoured people, education and migration.