



Morphosis Capital

ESG Report 2024

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At Morphosis Capital we believe that sustainable value creation goes beyond financial returns. It is about building businesses that are resilient, responsible, and aligned with the broader needs of society and the environment. This ESG report reflects our ongoing commitment to transparency, authenticity, and progress in this direction.

Our ESG journey is not simply a response to regulatory shifts – it is a strategic choice grounded in our ambition to leave a lasting, positive imprint on the ecosystem we are part of. As we look ahead to Fund III, we are actively working towards becoming an Article 8 fund under the Sustainable Finance Disclosure Regulation (SFDR). This is not a checkbox exercise. It is a foundational step toward building a long-term investment platform that embodies our values and attracts the kind of institutional capital – particularly Development Finance Institutions (DFIs) – that shares our vision for impact and sustainability. We view this not as a challenge, but as an opportunity to embed strong ESG practices early – both within our own team and across our portfolio companies. We are focused on cultivating the right culture and behaviors at every level of our operations, ensuring that ESG is not just a policy, but a mindset.

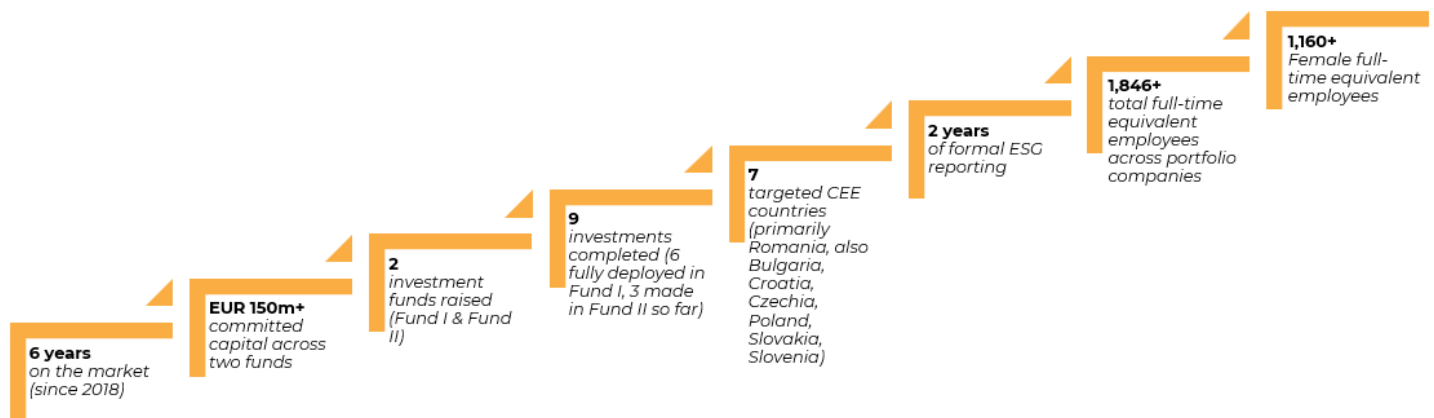
Importantly, we are committed to walking the talk. In an environment where greenwashing may be observed with ease, contributing to the undermining of credibility and trust, we choose to be transparent – acknowledging where we are on the journey, what we are doing well, and where we have more work to do. We would rather be honest about our progress than overstate our achievements. It is through this lens of humility and integrity that we approach ESG: not as a branding exercise, but as a core element of who we are and how we operate.

We are proud of the steps we have taken so far, and we remain deeply committed to continuous improvement, learning, and collaboration. This report is both a reflection of where we stand today, and a signal of the direction we are headed.

Simona Gemeneanu, Partner Morphosis Capital - 2024

1.About Morphosis Capital





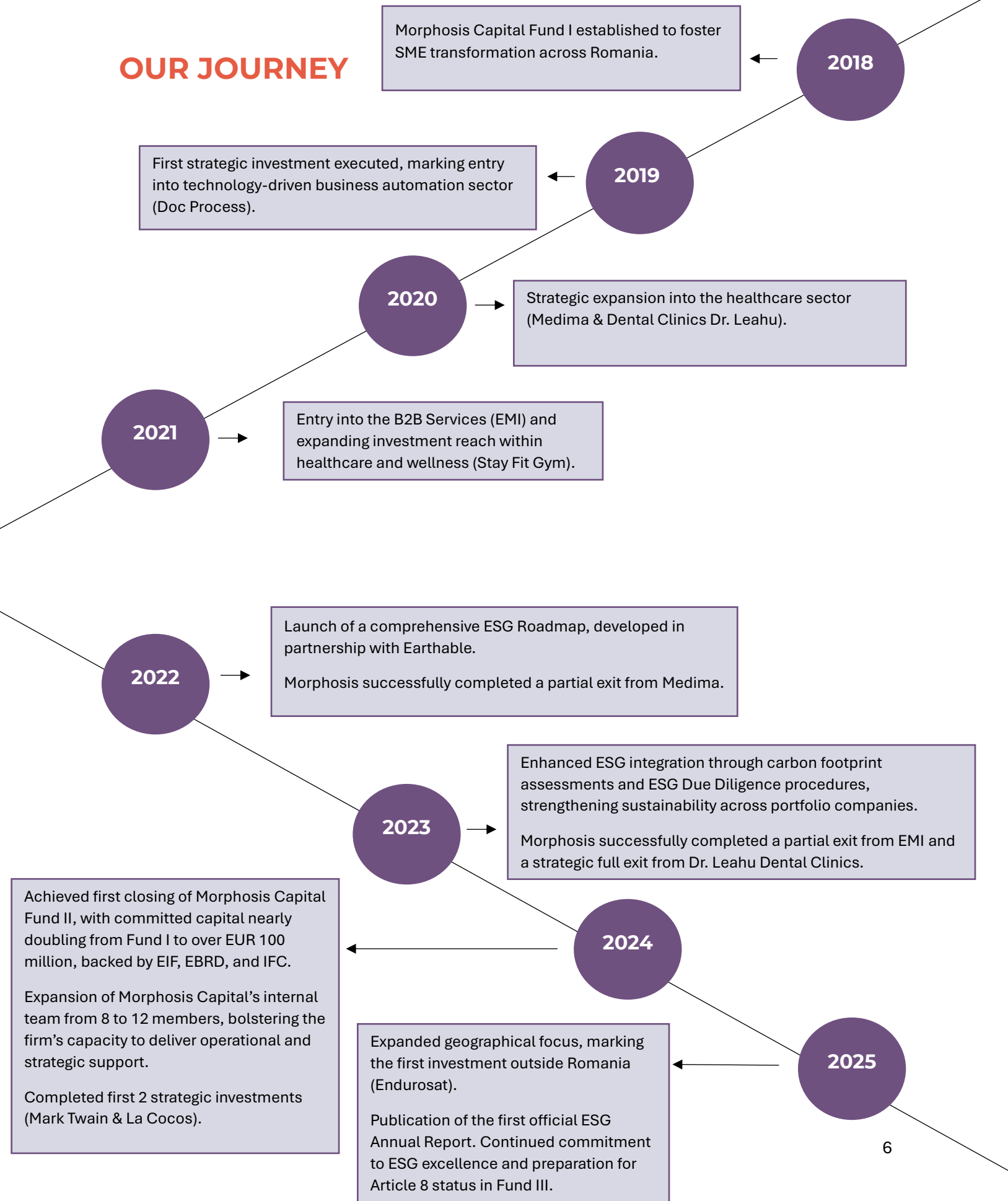
Morphosis Capital is a private equity firm established in 2018, dedicated to fostering the growth and transformation of small and medium-sized enterprises (SMEs) in Romania and Central and Eastern Europe (CEE). The Fund Manager of Morphosis Capital Fund II Coöperatief U.A. ("Morphosis" or the "Fund") strategically invests in the lower mid-market segment, supporting SMEs through active organic growth and targeted mergers and acquisitions (M&A).

Building on the strong track record of Morphosis Capital Fund I, which fully deployed its capital into 6 successful investments in Romania, Morphosis Capital Fund II was established with committed capital exceeding EUR 100 million. Fund II targets between 9 and 10 investments, primarily focusing on the Romanian market, while also selectively pursuing opportunities in neighboring countries, including Bulgaria, Croatia, Czechia, Poland, Slovakia, and Slovenia.

Anchored by a comprehensive ESG strategy closely overlooking United Nations Sustainable Development Goals (SDGs), Morphosis Capital emphasizes responsible investment practices, robust governance, employee wellbeing, and diversity and inclusion. Morphosis aims to become a recognized ESG leader in the regional private equity landscape, actively pursuing Article 8 fund status by Fund III.

Through active partnerships with founders and management teams, Morphosis Capital is committed to enabling rapid scaling of portfolio companies, thereby contributing sustainably to regional economic development and societal advancement.

OUR JOURNEY



The Team

Morphosis Capital was founded by 4 seasoned professionals with over 40 years of international experience and complementary skills, including M&A, operations, strategy, and finance – critical skills for scaling up SMEs.

From the outset, the team has been committed to driving change and supporting the growth of the local economy. With a forward-looking approach, they have focused on nurturing the next generation of private equity professionals who will continue transforming entrepreneurial vision into lasting impact.

Partners and Investment Committee Members



Andrei Gemeneanu

Managing Partner

- 15yrs of Marketing and Management expertise in Consumer; Former Global Vice President, Unilever Prestige
- 3yrs in M&A consulting in Romania
- Board member ROPEA (Romanian Private Equity Association)



Gabriela Dumitru

Partner

- 12yrs of Audit and Transaction Services
- 8.5yrs PE as Investment Director, Innova Capital (working both in Poland and Romania)
- 1 yr in M&A consulting in Romania



Simona Gemeneanu

Partner

- 4yrs of Audit and Transaction Services in PwC Romania and France
- 10yrs+ in Corporate Development roles; former Finance Director Strategy and Customer Segment, Thomson Reuters
- MBA from London Business School



Dragos Petre

Partner & CFO

- 15yr+ experience in Finance and Board roles in corporations worldwide (Procter & Gamble, TNT Express / Fedex, Beam Suntory); former Finance Director EEMEA, Beam Suntory
- 2 years in M&A consulting in Romania

Investment Team



Adrian Netea

Investment Director

Joined Apr 2019
7+ years of experience including E&Y Romania and Brico Depot



Dragalina Dragan

IR, ESG & Investment Manager

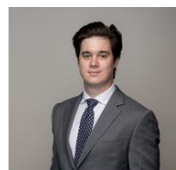
Joined Mar 2020
1 year with E&Y Romania, modelling & valuation



David Masculic, CFA

Investment Manager

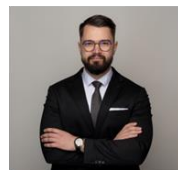
Joined Jun 2021
1.5 years Alphablock Technologies, portfolio analyst



Cezar Visan

Associate

Joined Nov 2024
3.5 years Management Consultant with Kearney



Gheorghe Cojocaru, CFA

Associate

Joined Nov 2024
3.5 years Corporate Banking Associate with Citibank



Bianca Boabes

Analyst

Joined Apr 2024
1 year Deloitte Romania



Teodora Tricorache

Analyst

Joined Nov 2024
1.5 years IB analyst with Blu Capital Partners

OUR INVESTMENT APPROACH

Morphosis Capital strategically focuses on the lower mid-market segment in Romania and Central and Eastern Europe (CEE), prioritizing industries with significant potential for growth and consolidation. We emphasize a preference for majority stake acquisitions, with equity investments ranging from EUR 10 to 15 million per company. Typically, Morphosis Capital holds investments for 3 to 5 years, aiming for substantial value creation during this period through organic growth and buy-and-build strategies.

We leverage a hands-on investment approach, actively supporting portfolio companies in strategic organic growth initiatives and targeted buy-and-build strategies, particularly in fragmented industries. Our approach is closely aligned with sustainability and ESG criteria, ensuring long-term impact and operational excellence.

Our Investment Strategy

- ✦ Majority stake acquisitions, ensuring control and alignment with growth objectives; or significant minority positions with strong veto rights.
- ☑ Organic growth & buy-and-build strategies, driving expansion through operational improvements and M&A.
- 🎯 Focus on fragmented industries, consolidating markets to unlock synergies and efficiency gains.

Value Creation Strategy



MORPHOSIS CAPITAL FUNDS OVERVIEW

FUND I	FUND II
<p> Established: 2018</p> <p> Fund Size: EUR 50 million</p> <p> Geographical Focus: Romania</p> <p> Investments Completed: 6 (1 Full Exit, 2 Partial Exits)</p> <p> Investment period: fully deployed over 3 years into 6 platform investments.</p> <p>Industries Focus:</p> <ul style="list-style-type: none">  Healthcare & Wellness  B2B Services  Consumer Products & Services  Technology <p>Governance:</p> <ul style="list-style-type: none"> ⇒ Flexible structures with a bias towards majority stakes ⇒ Veto rights in minority stake deals to safeguard investor interests ⇒ Structured founder & management incentive plans to align interests and drive long-term value creation ⇒ Governance through an Investment Committee and Board-Level Accountability, ensuring transparency in decision-making 	<p> Established: 2024</p> <p> Fund Size: EUR 100+ million</p> <p> Geographical Focus:</p> <ul style="list-style-type: none"> ⇒ Romania (Primary) ⇒ Selective investment focus in Bulgaria, Croatia, Czechia, Poland, Slovakia, Slovenia <p> Investments Completed: 3</p> <p> Targeting: 9-10 investments</p> <p> Equity tickets: EUR 10-15M (majority/minority stakes)</p> <p> Target EBITDA: EUR 1-5M per company</p> <p> Investment period: 3-5 years</p> <p>Industries Focus:</p> <ul style="list-style-type: none">  Healthcare & Wellness  Consumer Products & Services  B2B Services  Niche Manufacturing <p>Governance:</p> <ul style="list-style-type: none"> ⇒ Control stake as preference – or joint control with co-investors ⇒ Strong veto rights in minority deals ⇒ Incentivized founder & management structure ⇒ Governance through an Investment Committee and Board-Level Accountability, ensuring transparency in decision-making

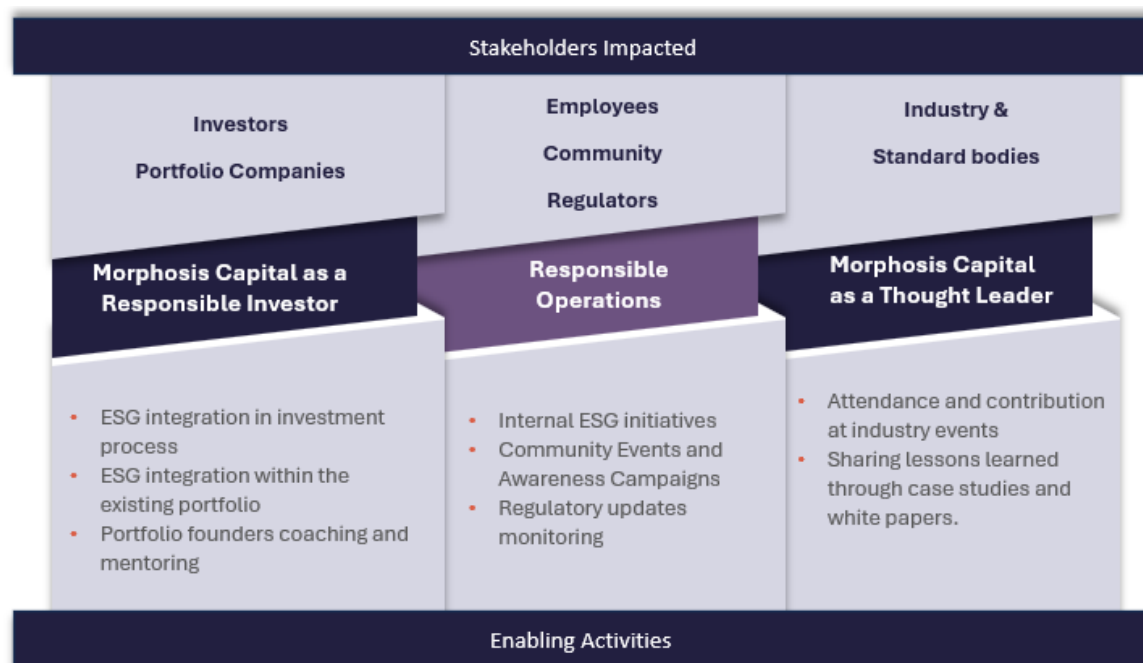
2. ESG Strategy & Responsible Investment



Leveraging on the success of Morphosis Capital Fund I (Fund I), which was fully deployed over 3 years into 6 successful investments in Romania, enables Morphosis Capital to focus on enhancing its ESG efforts and strategy towards Fund II and, furthermore, Fund III. Moreover, though acknowledging a greater impact arising from its investment activities, and hence prioritizing its ESG ambition on responsible investment, Morphosis does not lose focus on the impact its own operations and its relationship with business partners, peer and standard bodies might have.

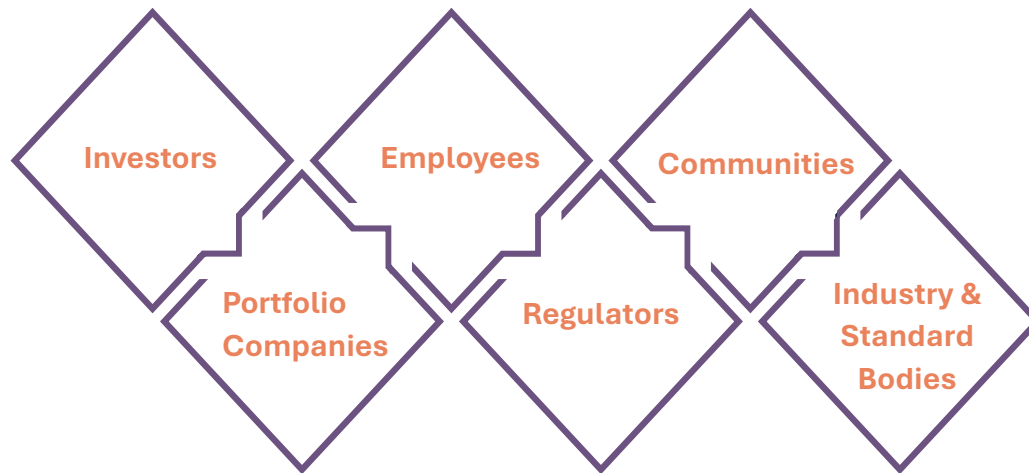
Morphosis aspires to attain the status of an Article 8 fund with its third fund and to position itself as a prominent entity with a robust emphasis on Environmental, Social, and Governance (ESG) principles within the Central and Eastern European (CEE) region. To realize this ambition, three strategic pillars have been delineated:

- ≡ **Morphosis Capital as a Responsible Investor** Morphosis employs a comprehensive strategy, alongside processes and tools, to integrate environmental and social characteristics in its investment decisions. This includes providing support to its portfolio companies and establishing a framework of sustainability indicators to facilitate the measurement and evaluation of these sustainability attributes.
- ≡ **Responsible Operations:** Morphosis adopts a conscientious approach to managing the impacts of its business operations, particularly in relation to its employees and the communities it serves.
- ≡ **Morphosis Capital as a Thought Leader:** Morphosis is committed to shaping its impact strategy within the industry and the broader ecosystem, particularly in the Romanian, Central, and Eastern European (CEE) markets.



Fund Key Stakeholders

Considering our Pillars in focus, Morphosis has recognized and outlined their primary stakeholders, documenting their expectations to guide the Fund's ESG strategy.



Investors expect Morphosis to seamlessly integrate ESG principles throughout their operations, highlighting tangible value and progress while maintaining realistic expectations. In Romania and Central Europe, the primary focus for investors remains on economic development; however, there is a growing alignment with European standards, leading to the implementation and demand for transparent ESG reporting. Investors are kept apprised of the environmental and social performance of portfolio companies through comprehensive quarterly and annual reports that encompass financial, operational, and ESG metrics. Furthermore, they are informed of all reportable incidents.

Employees anticipate Morphosis to be an employer that genuinely appreciates their contributions and fosters an environment conducive to career advancement. Morphosis is committed to cultivating engaging and meaningful workplaces for both current and future employees. Employee engagement initiatives at Morphosis encompass actions such as: regular company-wide meetings where management shares updates, acknowledges accomplishments, and addresses employee concerns and inquiries; internal newsletters, employee surveys, and comprehensive health and wellness programs.

Portfolio Companies expect to receive comprehensive support and guidance from Morphosis in the form of frameworks and tools that facilitate the implementation and measurement of ESG practices within their enterprises. They prioritize climate and

community issues as paramount challenges to address and diligently monitor. Monthly board meetings shall be convened with each portfolio company, creating a forum to discuss various matters, including environmental and social concerns. During these sessions, any significant issues are thoroughly examined, and action plans are devised, as necessary.

Communities. Within the context of Romania, the community may play a pivotal role in Morphosis' ESG journey. Key areas such as gender equality, economic growth, healthcare, and infrastructure development present significant opportunities to generate both value and positive impact. Portfolio companies aim to engage with the community through various initiatives, including ad-hoc events and awareness campaigns such as workshops and community days.

Regulators: Although regulators may not be viewed as direct stakeholders, ensuring compliance with all relevant regulations is crucial for Morphosis. This is especially significant given that Morphosis Capital is co-financed through the National Recovery and Resilience Plan (NRRP), facilitated by an initiative managed by the European Investment Fund (EIF) to support investment funds.

Private Equity Industry & Standard Bodies: Private equity firms are expected to set a precedent by forging partnerships with key organizations and developing content that advances the industry agenda. The management team at Morphosis actively participates in private equity-related events, conferences, and seminars, contributing to the evolution of industry standards and guidelines through their involvement in working groups organized by standard bodies and industry associations.

Morphosis Capital's Materiality Assessment, the Foundation for Developing an ESG Strategy

With a focus on the before-mentioned pillars, covering Morphosis Capital's value chain and respective stakeholders' insights, a Materiality Analysis has been conducted. The accompanying chart outlines the key prioritized sustainability matters, which encompass economic development; employee wellbeing; human rights and labor practices; access to healthcare; legal, regulatory and tax compliance; DE&I, gender equality and empowerment; Anti-corruption and business ethics, including risk management; and employee education and development. Furthermore, it is a goal to enhance sustainability across the entire value chain.

Morphosis Capital Materiality Matrix



List of material topics

1. Economic development	9. Distribution of wealth, rewards, and remuneration	16. Supplier due diligence
2. Employee wellbeing, human rights, labor practices	10. GHG emissions	17. Access to healthcare
3. Sustainable investment	11. Board representation	18. Cyber-security and data protection
4. Legal, regulatory and tax compliance	12. Industry collaboration	19. Community development and infrastructure
5. DE&I, gender equality, empowerment	13. Transparency	20. Resource management
6. Anti-corruption and business ethics	14. Industry innovation	21. Community education
7. Employee education and development	15. Corporate governance	22. Poverty and hunger
8. Risk management		

Morphosis Capital ESG-linked policies

Contributing to our efforts towards becoming a responsible investor starting with Fund II, Morphosis has focused on developing and implementing a set of ESG-linked policies, applicable at Fund level and adapted to portfolio company specific context.

Component	Description
Purpose	Ensures all investments are environmentally sustainable and socially responsible , integrating E&S considerations into decision-making to enhance portfolio performance.
Scope	Applies to Fund II and future funds , adapting to meet their specific needs.
Key Objectives	- Identify, assess, manage, and monitor E&S risks and impacts.
	- Ensure compliance with Exclusion List and E&S requirements.
	- Require each portfolio company to develop and implement its own ESMS aligned with Morphosis' commitments.
Governance & Implementation	Part of Morphosis Capital's overall management system , including policies, procedures, planning activities, and compliance mechanisms.
E&S Policies	Policies guiding Morphosis' investment strategy:
	1. Business Code of Conduct – Ethical principles: integrity, transparency, accountability, and human rights.
	2. Environmental & Social Policy – Integration of E&S aspects, compliance with E&S laws, and performance standards.
	3. Equal Opportunity Policy – Promotes gender equality, equal pay, and non-discrimination.
	4. Human Rights Policy – Aligns with UN Guiding Principles on Business and Human Rights, focusing on due diligence and fair labor practices.
	5. Climate Change Policy – Reduces emissions, enhances climate resilience, and supports low-carbon transition.
Policy Approval & Review	Policies are approved by Morphosis' Board of Directors , reviewed annually by the E&S Manager , and updated as needed to comply with legislation and industry standards.
Portfolio Company Compliance	Morphosis invests only in companies that align with its E&S policies or can meet compliance within a reasonable timeframe, as determined by the Environmental & Social Action Plan (ESAP) .

ESG Governance Framework

The ESG Governance Framework was designed to guarantee a smooth alignment of ESG strategies from the pre-investment phase to exit planning. Hence, Morphosis highlights a cohesive ESG organizational framework aimed at embedding sustainability throughout all operations, ensuring that responsibilities are distinctly outlined and focused incorporation of ESG factors across the entire investment lifecycle.

The ESG Governance Framework is integrated into the overall governance framework of the Funds and includes dedicated roles and committees responsible for implementing and monitoring the ESG-linked initiatives and the ESG Strategy.

Morphosis ESG Governance Structure



ESG Roles and Responsibilities, within the Morphosis team

The Investment Team is responsible for integrating E&S factors into the investment analysis and decision-making process. Amongst its responsibilities, but not limited to, we can name the following: conducting initial E&S screenings of potential investments; Identifying and assessing E&S risks and opportunities associated with potential investments, engaging with portfolio companies to support the implementation of E&S action plans and improvements.

The Sustainability Team, led by a designated partner known as the ESG Champion, fosters accountability and champions environmental, social and governance initiatives. This team is responsible for implementing ESG policies and programs within Morphosis' operations and advancing progress toward established targets.

The ESG Manager oversees ESG activities, including stakeholder engagement efforts, and ensures adherence to the Funds' sustainability-linked policies and procedures. This role involves conducting reviews of the Environmental and Social Management System (ESMS), planning and executing E&S due diligence – often with the assistance of qualified external advisors – monitoring ESG performance and providing support to portfolio companies.

Morphosis Capital, steps towards becoming a Responsible Investor

At Morphosis, we are working towards enhancing our responsible investing performance, making our dedication both visible and quantifiable. We are in the process of further developing and implementing relevant ESG policies that will enhance our ESG performance. For us, investing and responsible investing are inherently intertwined.

This year, we are implementing our Responsible Investment Policy and ESG Monitoring Procedure within our investment process, encompassing every stage from due diligence to exit and beyond. Our Responsible Investment Policy outlines our responsibilities, charts our investment process, and establishes the principles of transparency.

We are aiming at engaging closely with our portfolio companies throughout the investment journey, integrating ESG considerations into every phase of our strategy for each investment. We recognize that only through sustained, long-term collaboration can we achieve successful outcomes for each portfolio company.

To ensure a sustained implementation of our responsible investment aspirations, we are undertaking a comprehensive ESG knowledge enhancement program for our employees, meticulously tailored to align with the specific roles within our ESG Governance Structure.

Morphosis Capital is guiding its responsible investment efforts in alignment with principles set out by international standards such as the United Nations Principles for Responsible Investment (UNPRI), the International Finance Corporation (IFC) Performance Standards, European Bank for Reconstruction and Development (EBRD) Performance Requirements, the EIF Guidelines, the Invest Europe Reporting Guidelines and relevant local laws and regulations.

Furthermore, at Morphosis, we focus responsible investment efforts linked to our Fund II on core themes, centered around 4 strategic sectors, while aiming to ensure the progress on 7 core SDGs: SDG 2 – Zero hunger, SDG 4 – Quality education, SDG 5 – Gender equality, SDG 8 – Decent work and economic growth, SDG 9 – Industry, innovation and infrastructure, SDG 10 – Reduced inequalities & SDG 12 – Responsible consumption and production.



Morphosis Capital Funds, alignment to the Sustainable Financial Disclosure Regulation Requirements

The EU Sustainable Finance Disclosure Regulation (SFDR), effective March 2021, requires the disclosure of sustainability-related information for financial products, by financial market participants and financial advisors. Additionally, it highlights the importance of transparency regarding the integration of sustainability risks into the financial decision-making processes. As an investment fund manager based in the European Union, Morphosis is required to adhere to applicable EU regulations in this context. Consequently, the firm has implemented measures to ensure compliance with the Sustainable Finance Disclosure Regulation (SFDR) (EU 2019/2088) and its related delegated acts.

Morphosis Capital's Funds are classified under Article 6 of the SFDR. In alignment with disclosure requirements for financial market participants offering Article 6 products, Morphosis discloses how sustainability risks are integrated into their investment decisions. This includes providing information on the potential impact of these risks on the returns of the financial product. Morphosis ensures this required level of transparency, intending to help investors make informed decisions when it comes to ESG matters.

Furthermore, Morphosis is preparing to raise capital for the establishment of Fund III, targeting to categorize it under Article 8 of the Sustainable Financial Disclosure Regulation. Hence, the ultimate objective is to commit to the establishment of a financial product promoting environmental or social characteristics and to further integrate sustainability into the investment process.

Fund	SFDR Classification	Vintage	Fund Size	Number of companies in portfolio (Dec 2024)
Fund I	Article 6	2019	EUR 50m	1 exit; 5 companies in portfolio
Fund II	Article 6	2024	EUR +110m	3 companies in portfolio*

*As of March 2025

Morphosis Capital's journey so far, in establishing an SFDR, Article 8 aligned fund

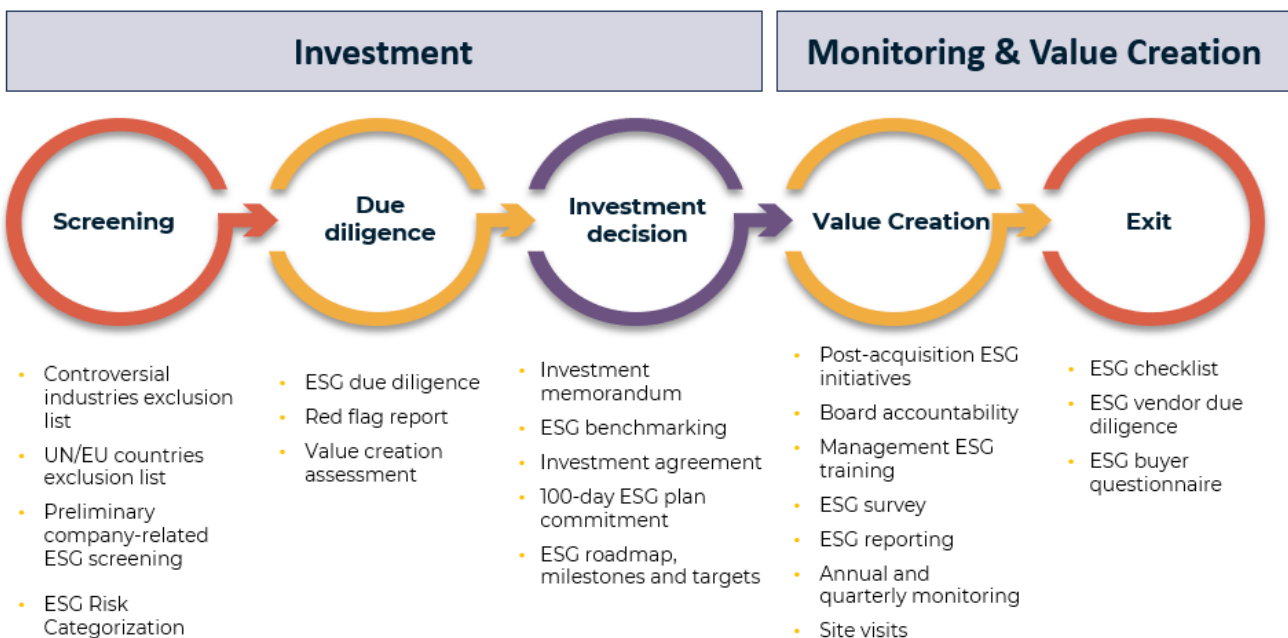


ESG Integration into Morphosis Capital's Investment Framework

At Morphosis, we are firmly convinced that the incorporation of Environmental, Social, and Governance (ESG) considerations into our investment decision-making is an essential aspect of our fiduciary responsibility to our investors and stakeholders.

Recognizing the growing importance of sustainable practices, and in line with our ESMS, we aim to start integrating ESG factors into the critical milestones of our

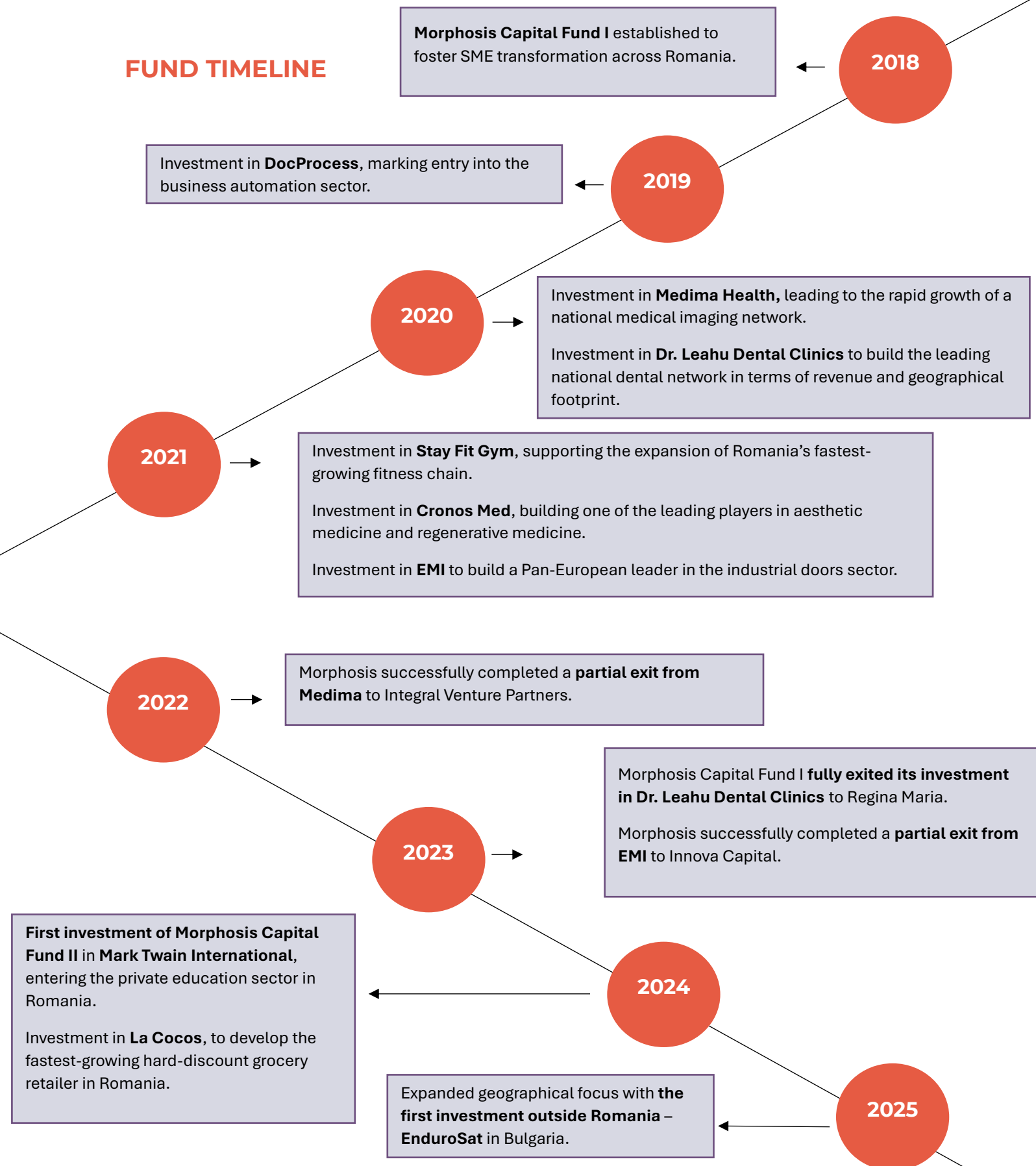
investment process. The integration shall begin with thorough initial due diligence and will continue through the investment phase, encompassing ongoing monitoring and value enhancement efforts, and will also extend all the way to our final exit strategy. By embedding ESG principles at every stage, we aim to not only drive financial returns but also contribute positively to society and the environment, thereby fulfilling our commitment to responsible investing.



3.Portfolio Companies



FUND TIMELINE



ESG KPIs Overview

Social Overview

	Portfolio company	Total number of Full Time Equivalent employees	Female Full Time Equivalent	% of female C-suite employees	Number of C-suite or equivalent leadership role with decision making power?	Number of women in a C-suite or equivalent leadership role with decision making power?	Number of patients treated / active members **
Fund I	DocProcess	43	21	60%	5	3	-
	Medima Health	277	219	57%	7	4	99.877
	EMI	261	52	50%	8	4	-
	Cronos Med	111	101	50%	4	2	10.043
	Stay Fit Gym	247	185	17%	6	1	34.146
Fund II	Mark Twain International School	122	95	60%	5	3	-
	La Cocos	785	487	20%	5	1	-

**only for Healthcare and Wellness Sector Companies

	Portfolio company	Women owned? ***	Women led? ****	Woman as CEO?	Anti-discrimination and equal opportunities policy	Carried out employee training	Strict data privacy and security protocols	Implementation of employee feedback sessions	Reported work-related fatalities	Health & Safety policy	Sustainable procurement policy
Fund I	DocProcess	No	Yes	Yes	Yes*	Yes	Yes	Yes*	No	Yes	No
	Medima Health	No	Yes	No	Yes*	Yes	Yes	Yes*	No	Yes	No
	EMI	No	Yes	No	Yes*	Yes	Yes	Yes*	No	Yes	No
	Cronos Med	No	Yes	No	Yes*	Yes	Yes	Yes*	No	Yes	No
	Stay Fit Gym	No	No	No	Yes*	Yes	Yes	Yes*	No	Yes	No
Fund II	Mark Twain International School	No	Yes	No	Yes*	Yes	Yes	Yes*	No	Yes	No
	La Cocos	No	No	No	Yes*	Yes	Yes	Yes*	No	Yes	No

* Policies in progress of implementation in H1 2025, to be enforced in H2 2025

***Defined as: 51% owned by woman/women with decision making powers

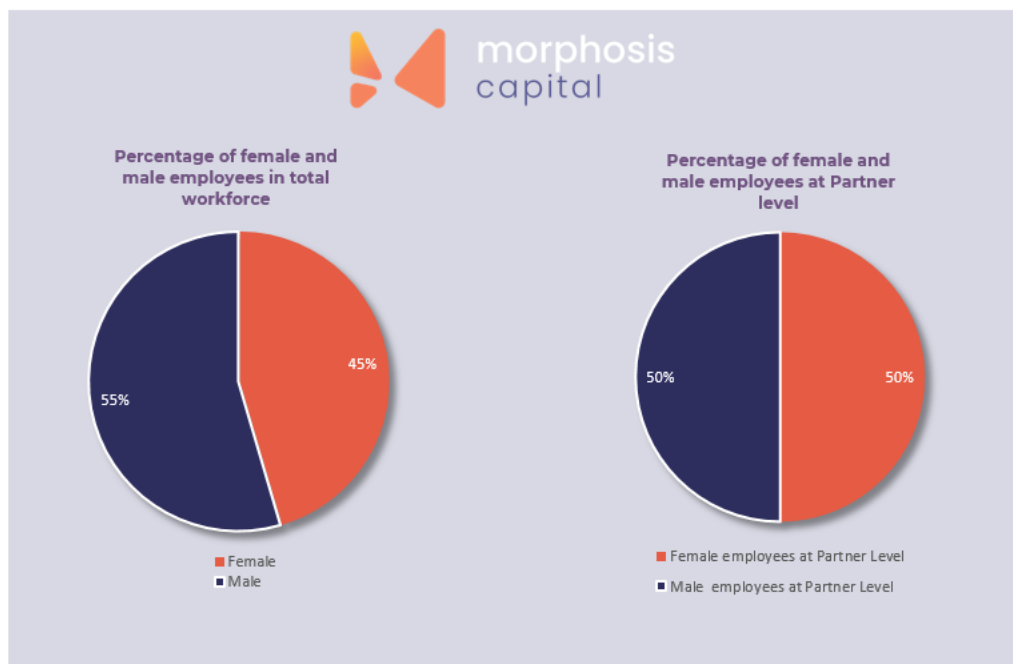
****Yes, if company has woman as CEO; OR ≥ 2 women in a C-suite or equivalent leadership role with decision making powers. Otherwise, No.

Environment and Governance Overview

	Governance						Environment			
	Portfolio company	Whistleblower and grievance mechanism	Anti-corruption & anti-bribery policy	Litigation related to business ethics	Cyber security and data breaches	Code of Conduct	Carbon footprint assessment performed	Energy efficiency improvement program implemented	Implementation of an Environmental Management System (EMS)	Calculation of GHG emissions in Scope 1 & 2
Fund I	DocProcess	Yes*	Yes*	No	No	Yes*	No	No	Yes*	No
	Medima Health	Yes*	Yes*	No	No	Yes*	Yes	Yes	Yes*	Yes
	EMI	Yes	Yes*	No	No	Yes*	Yes	Yes	Yes*	Yes
	Cronos Med	Yes*	Yes*	No	No	Yes*	Yes	No	Yes*	Yes
	Stay Fit Gym	Yes*	Yes*	No	No	Yes*	Yes	No	Yes*	Yes
Fund II	Mark Twain International School	Yes*	Yes*	No	No	Yes*	No	No	Yes*	No
	La Cocos	Yes*	Yes*	No	No	Yes*	No	Yes	Yes*	No

* Policies in progress of implementation in H1 2025, to be enforced in H2 2025

Morphosis Capital Diversity & Inclusion Metrics



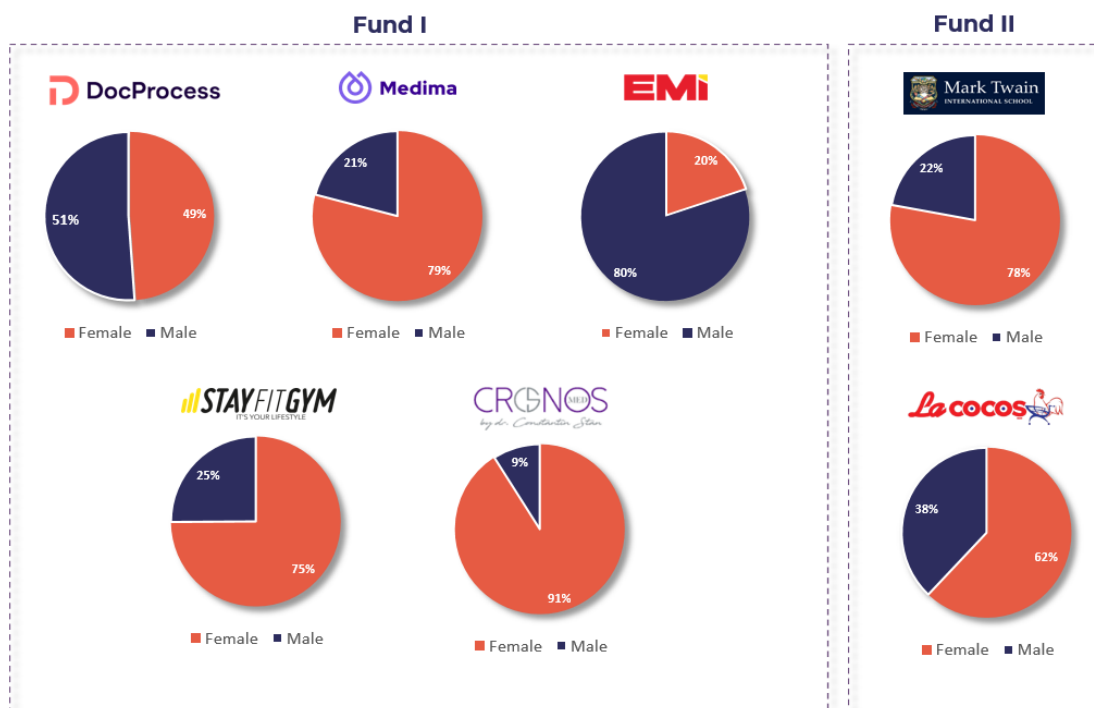
Diversity and Inclusion Metrics, across the Portfolio

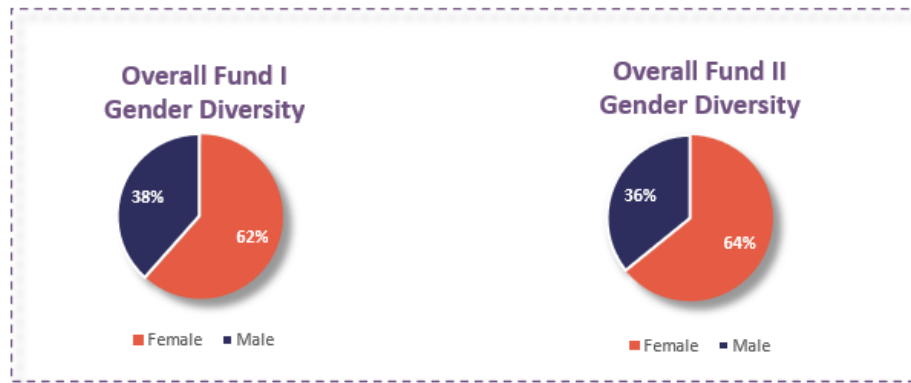
The leading global standard set by the UN Economic and Social Council resolution 1990/15 calls on governments, political parties, trade unions, and professional and other representative groups to adopt a 30 percent minimum proportion of women in leadership positions, with a view to achieving equal representation. This benchmark not only reflects a commitment to diversity and inclusion but also highlights the importance of empowering women to drive innovation and success within the industry.

- ≡ % females at the level of Fund I – **62%** of employees are female
- ≡ % females at the level of Fund II – **64%** of employees are female
- ≡ % female representation at C-level management / board of directors / senior advisory board at the level of Fund I – **47%** female representation
- ≡ % female representation at C-level management / board of directors / senior advisory board at the level of Fund II – **40%** female representation

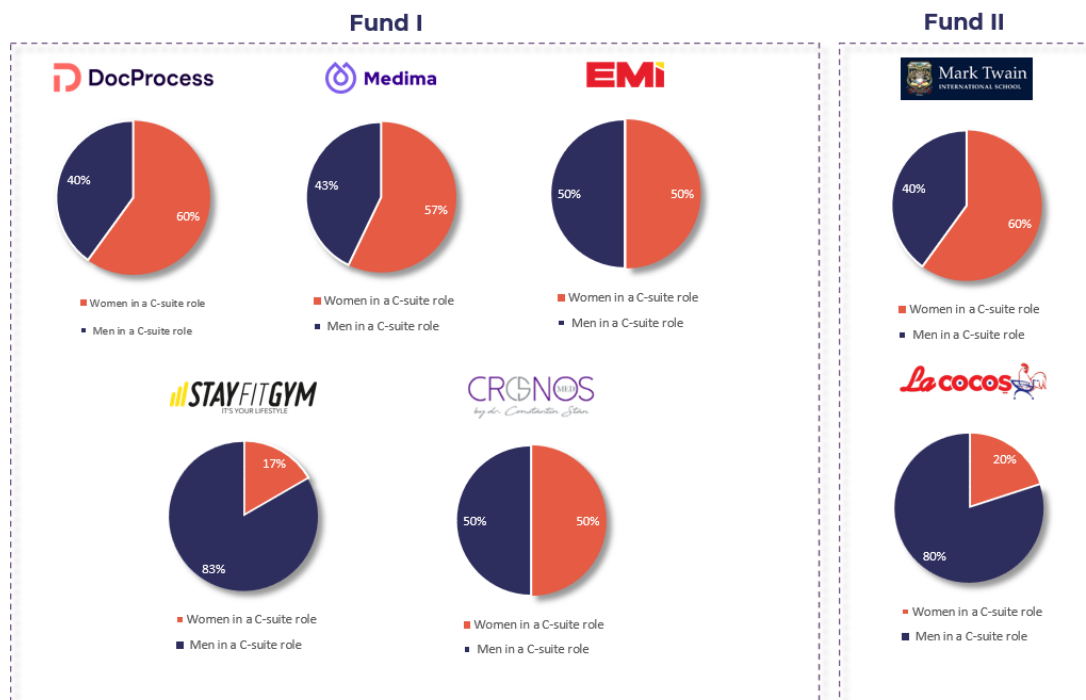
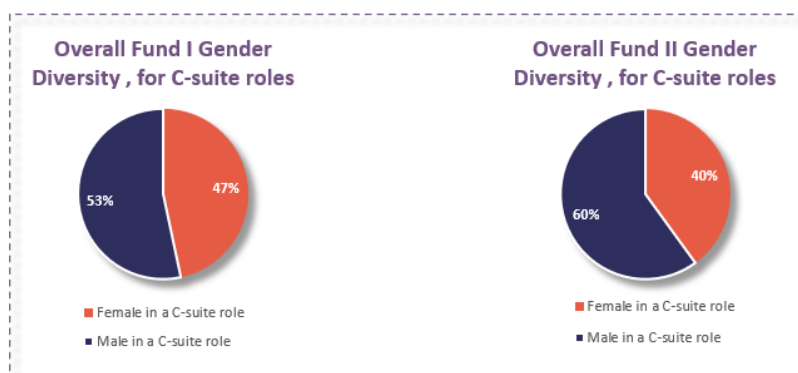
Morphosis Capital is an active supporter of **the Level20 movement** which aims to improve gender diversity in the private equity industry.

Percentage of female and male employees in total workforce





Percentage of female and male employees in total C-suite employees or equivalent leadership role with decision making power



Morphosis Capital Fund I

Fund I DocProcess



Sector: Business
Ecosystem Automation

Entry: September 2019

Number of employees: 43

Footprint: Romania,
France

60% of female
C-suite employees

49% of female
employees

1,320 saved trees

ESG-linked policies in
development

Company overview

DocProcess is the market leader in Business Ecosystem Automation in Romania. The company offers a wide range of services including P2P (purchase-to-pay), O2C (order-to-cash), e-archiving, e-invoicing, and contract lifecycle management, helping transform all functional areas of a business. Established in 2005, DocProcess has an international footprint, with offices in Romania and France (R&D in Grenoble and Commercial in Paris), and a portfolio of over 3,500 reputable clients including Carrefour, Cora, Mondelez, or Lactalis.

"At DocProcess, sustainability is built into our digital transformation solutions. By promoting paperless operations through e-invoicing and contract automation, we helped save 1,320 trees in 2024 alone. Our vision is to lead the shift towards fully digital business ecosystems, reducing paper waste and optimizing resource efficiency for thousands of companies across Europe."

Daniela Apolozan, Founder

Environment

- **DocProcess encourages customers to switch to e-invoicing** to reduce paper usage
- **1,320 trees were saved in 2024** by processing and archiving documents electronically.
- The company implemented **sustainable office practices** such as reducing the use of single-use plastics, providing recycling and composting bins, as well implemented energy-efficient practices such as optimizing temperature and humidity controls, and reducing energy usage during non-working hours.

Social

- Offers **unified benefits for all employees**, as well as **educational and training opportunities** to support their personal and professional development
- **Approximately 49% of DocProcess's overall workforce are women**, the company being committed to balance the gender diversity.
- **Implemented health and safety policies** and practices that prioritize the well-being of employees and the surrounding community.
- **Promotes diversity and inclusion** in the workplace by **implementing policies and practices** that support a diverse workforce and foster an inclusive culture.
- **Engagement with the local community** through events, sponsorships, and partnerships, to support local economic development and promote social responsibility

Governance

- The **introduction of a Board of Directors** (after the Morphosis entry) took governance to the next level
- Successfully **implemented IFRS accounting standards**, enhancing governance standards, and improving visibility for all stakeholders.
- Successfully **finalized the implementation of its Code of Conduct**, which outlines the company's values and ethical standards, and commits to provide regular training to employees to ensure compliance.
- Implemented **rigorous data privacy and security protocols** to protect customer data and ensure compliance with data protection regulations such as **GDPR**.
- Implemented **policies and training to prevent corruption and bribery**, and maintain strict controls around gift-giving, hospitality, and other business practices that may create conflicts of interest.

Key Corresponding SDGs



Fund I Medima Health



Sector: Healthcare,
Diagnostic Imaging

Entry: August 2020

Number of employees: 277

Footprint: Romania

**22 clinics in 18
cities across
Romania**

**% of female
employees across the
network >79%**

**ESG-linked policies in
development**

**No. of imaging
investigations LTM**

+125,000

***Of which 25% for
oncological patients**

Company overview

Medima is a leading network of radiology clinics specializing in high-quality medical imaging, setting new standards in diagnostic excellence across Romania. Offering advanced MRI, CT, and PET-CT investigations, Medima addresses the critical need for efficient and precise diagnostic services, ensuring that both private and public patients receive timely and accurate results without long waiting times. Equipped with state-of-the-art technology, each clinic facilitates early detection of medical conditions. After Morphosis Capital's investment in August 2020, the company rapidly expanded from 1 to 22 imaging clinics, planning to reach 32 by 2026, making it the fastest growing imaging company in the CEE region and one of the fastest growing healthcare companies in Romania.

"Access to quality healthcare should not be a privilege. At Medima, we are committed to expanding diagnostic imaging services across Romania, ensuring timely and accurate diagnoses for all. In 2024 alone, we delivered over 125,000 imaging investigations, including thousands of screenings for underserved communities. With a growing network of clinics, we continue to democratize healthcare access, reducing wait times and improving patient outcomes."

Vlad Ardeleanu, CEO

Environment

- **Utilizes energy-efficient imaging equipment** to reduce energy consumption and greenhouse gas emissions.
- **Solar panels** have already been installed in 3 centers (Sibiu, Giurgiu, and Deva) and Medima is further exploring the potential for **installing solar panels in high-energy consumption centers** to reduce energy consumption and greenhouse gas emissions.
- **Adheres to proper disposal protocols for hazardous waste**, including mercury-containing materials and X-ray solutions.
- **Implements eco-friendly practices** such as reducing paper use, recycling, and using energy-efficient technology.
- **Measured carbon footprint in 2023** and is committed to strategic reductions.

Social

- **Delivered +125,000 accurate imaging diagnostics to Romanian patients**, improving healthcare access across the country.
- **Democratized access to healthcare** in 18 counties, opening the first private diagnostic imaging clinic in Călărași and **the only private Open MRI facility** to assist patients with claustrophobia in Bucharest.
- **Created +280 jobs** with a gender-agnostic merit-based promotion system, **with 79% female employees**.
- **Plays a significant role in healthcare education**, offering free screenings and educational programs for underserved communities on topics like breast cancer and heart disease prevention.

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- **Adopted full IFRS reporting** and undergoes audits by reputable audit firm, enhancing transparency and stakeholder confidence.
- **Implemented a comprehensive Code of Conduct** and quality control measures to ensure safety and compliance in medical procedures.
- **Enforces strict data privacy and security protocols** to protect patient information.
- **Ensures patients are fully informed about procedures**, requiring written consent before any treatments.
- **Promotes continuous professional development**, offering employees career development plans and training on the latest advancements.

Key Corresponding SDGs



Fund I EMI



Sector: Industrial, B2B Services

Entry: September 2021

Number of employees: 261

Footprint: Romania, Belgium, Slovakia

50% of female C-suite employees

20% of female employees, specific to sector

ESG-linked policies in development

Carbon footprint assessment performed

Company overview

EMI is a European player in the industrial access systems industry. Since its establishment in 1998, the company has specialized in providing integrated consulting, design, manufacturing, installation, maintenance, and service solutions for industrial access solutions across various sectors, including industry, commercial, logistics centers, healthcare, and defense facilities. The company performs over 2,000 installations for more than 1,500 clients each year. Following acquisitions of Belgium-based Decran and Access Systems and Kadra in Romania, EMI Group operates 3 assembly facilities in Romania and Slovakia and has strong service and maintenance capabilities in Romania and Belgium.

"Reducing our carbon footprint is an industry priority. At EMI, we have measured our emissions across all operations and are developing targeted strategies to lower our environmental impact. From optimizing materials sourcing to implementing energy-efficient solutions in industrial access systems, we are committed to leading the transition toward sustainable manufacturing and infrastructure."

Miruna Toma, ESG Manager

Environment

- EMI Group is committed to **minimizing the environmental footprint through responsible resource management, innovative energy solutions, and waste reduction strategies.**
- **The implementation of waste reduction practices**, including reducing the use of disposable products and single-use plastics, recycling, and composting where possible, and reusing materials whenever possible.
- The company **analyses the use of sustainable materials**, including using recycled materials in the company's products and packaging, as well as **sourcing** materials from **environmentally responsible suppliers.**
- EMI **measured its carbon footprint** in 2023 and 2024 and will make strategic decisions to decrease it accordingly.

Social

- In 2024 there have been **no injuries or accidents**, as a result of several actions taken to prevent accidents, including employee training.
- The company offers **unified benefits for all employees and invests in the professional development and training** of all the employees to help them advance in their careers and contribute to the community.
- Approximately **20% of EMI's overall workforce are women.** An imbalance between the male and female headcount is common for the industrial doors sector. The company is **committed to increasing the representation of women.**
- Implemented **health and safety policies and practices** that prioritize the well-being of employees and the surrounding community.
- Implemented a **share option plan for several key managers** in the company. Additionally, key management employees hold an ownership stake, having invested their own capital in the company.

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- **Adopted full IFRS reporting** and undergoes audits by a Tier II audit firm, enhancing transparency and stakeholder confidence.
- EMI Group has established a **secure and confidential whistleblowing system** to promote transparency and accountability, accessible to all employees and stakeholders.
- Successfully **implemented an internal Code of Conduct and a Supplier Code of Conduct** that outlines EMI's expectations for ethical behavior, environmental stewardship, and social responsibility among partners and suppliers.
- **Implemented health and safety protocols** to ensure that all equipment is properly maintained, and that all the operational areas are clean, safe, and free from hazards.
- The Group **ensures transparency and accountability in all business operations**, including financial reporting, supply chain management, and environmental and social impact reporting

Key Corresponding SDGs



Fund I Cronos Med



Sector: Healthcare, Aesthetic, and regenerative medicine services

Entry: November 2021

Number of employees: 111

Footprint: Romania

50% of female C-suite employees

91% of female employees

Number of patients treated **+10.000**

ESG-linked policies in development

Company overview

Cronos is the leading Romanian provider of aesthetic and regenerative medicine, operating a national network of 8 premium surgical and non-surgical clinics, offering a one-stop shop solution for patients looking for a wide range of innovative and high-quality aesthetic procedures and life extension solutions. Cronos operates 3 surgical facilities and 5 non-surgical clinics. Founded by the reputable Dr. Constantin Stan, a prominent surgeon nationally and internationally, the Group is aiming to improve access to high-quality medical aesthetic services and to the latest modern technologies around the country.

"At Cronos Med, responsible medical aesthetics means creating positive impact both inside and outside the clinic. We are proud to have built a team where inclusion is more than a policy – 91% of our colleagues are women, and career growth is based on merit. Just as we empower our team, we empower the broader community through health education programs and consultations that promote informed, confident choices around personal well-being."

Bogdan Druga, CEO

Environment

- **Uses of energy-efficient equipment** which consumes less energy and emits fewer greenhouse gases, installing motion sensors to control lighting.
- Implements **environmentally friendly practices**, such as reducing paper usage, **recycling**, and using **energy-efficient equipment** to reduce the environmental impact.
- In 2023 Cronos measured its carbon footprint and will make strategic decisions to decrease it accordingly.

Social

- Cronos Med is committed to **promote and evaluate employees based on merit**, and in doing so **is gender agnostic. 91% of Cronos employees are female**, and the structure has remained relatively constant over the last few years.
- A total of **+10.000 patients treated in 2024**.
- The company organizes **health education programs and seminars** on topics such as skincare, nutrition, and stress management and offer free consultations to members of the community to help them better understand their skin care and aesthetic

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- The clinics operate **in compliance with local and state regulations related to aesthetic medicine**, including licensing requirements, safety standards, and medical record keeping.
- Cronos **encourages continuous professional development** among staff members to ensure that they are up to date with the latest advancements and techniques in aesthetic medicine. This can include attending conferences, workshops, and seminars.
- Cronos **implements quality control measures** to ensure that all procedures are performed safely, effectively, and in compliance with established protocols.
- Cronos **implemented strict data privacy and security policies** to protect patient information from unauthorized access or use. This includes storage of patient data, as well as regular training for staff members on data privacy best practices.
- Cronos **ensures that patients are fully informed of the risks and benefits of all procedures and treatments** before they are performed. Obtain written informed consent from patients before any procedures are performed.
- Cronos **adheres to ethical marketing practices**, including avoiding false or misleading claims about the effectiveness or safety of treatments. Ensure that all advertising and marketing materials are accurate, transparent, and comply with industry guidelines.

Key Corresponding SDGs

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



5 GENDER
EQUALITY



10 REDUCED
INEQUALITIES





Fund I Stay Fit Gym



Sector: Wellness, Fitness services

Entry: December 2021

Number of employees: 247

Footprint: Romania

44 Stay Fit gyms across country, with new openings prioritized in underserved cities

% of female employees across the network **75%**

Improved the physical health and well-being of **+34.146** individuals since activity inception

ESG-linked policies in development

Company overview

Stay Fit is the leading chain of affordable fitness gyms in Romania, offering high-quality facilities and services to promote a nationwide healthy lifestyle. With a rapidly expanding network, Stay Fit has grown from 7 to 44 gyms in 19 cities since Dec 2021, leveraging a highly scalable model and thus becoming the fastest-growing fitness gym operator in the CEE region. Focused on providing accessible fitness solutions, the brand combines state-of-the-art Matrix equipment, and a diverse range of group classes tailored for all fitness levels, cycling and aerobic classes.

The company is committed to continuous innovation, integrating digital tools like a proprietary app to enhance customer experience. Aiming to reach 70 gyms by 2025, Stay Fit remains dedicated to making fitness accessible while prioritizing member satisfaction and community well-being.

"A healthier society starts with accessibility. Stay Fit Gym has transformed Romania's fitness landscape, making wellness affordable and bringing high-quality fitness facilities to underserved cities. With 75% of our employees being women, we foster an inclusive and diverse workplace while delivering over 4 million training sessions annually. As we expand, we remain dedicated to empowering communities through fitness and well-being."

Alexandru Lascar, CEO

Environment

- **Implemented energy-efficient practices**, including efficient lighting, programmable thermostats, and motion sensor controls.
- **Encourages sustainable transportation** options for members and staff, such as biking, walking, or public transit.
- **Measured carbon footprint in 2023** and committed to making strategic decisions to reduce it.

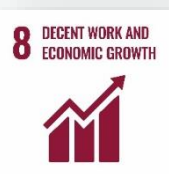
Social

- **Offers inclusive fitness programs and events** for all ages and abilities, including specialized classes for children and teenagers since September 2022.
- **Provides equal benefits** and invests in the **professional development** of all employees.
- **More than 4M training sessions are performed annually in Stay Fit Gyms**, thus having a considerable impact on the well-being of the members.
- **Created over 206 jobs since FY2021** (investment year), with **75% of the workforce being female**.
- **Improved the physical health of +34.146 members in 2024.**
- **Promotes wellness education** through active engagement on social media.

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- **Adopted full IFRS reporting** and undergoes audits by a Tier II audit firm, enhancing transparency and stakeholder confidence.
- **Implemented a Code of Conduct** and ensures compliance with fitness industry regulations and health protocols.
- **Provides comprehensive training for staff** on fitness techniques, safety practices, and professional development.
- **Enforces strict data privacy and security policies**, including data encryption and regular staff training.
- **Enables member feedback** for each location via the Stay Fit mobile app.

Key Corresponding SDGs



Morphosis Capital Fund II

Fund II

Mark Twain
International School

Sector: Private Education

Entry: January 2024

Number of employees: 122

Footprint: Romania

60% of female
C-suite employees

78% of female
employees

**ESG-linked policies in
development**

**Affordable tuition fees,
increasing accessibility
to modern and well-
equipped school
facilities**

Company overview

Mark Twain International School was founded in 1995 by Romanian entrepreneurs Anca and Dan Macovei Vlasceanu based on the need to offer the local community an innovative student-centered educational institution anchored in the realities and demands of the 21st century, with a global vision where teaching is conducted exclusively in English or an English Romanian bilingual system.

Mark Twain International School is a leading provider of pre-university education in Romania offering pre-primary, primary, middle, and high-school education on 2 campuses in Bucharest, Romania. As one of the 5 IB World Schools in Romania authorized for the full IB Continuum, MTIS holds both national and international accreditations. Positioned as an affordable private education alternative with the potential to scale in the growing mid-market segment, MTIS's vision is to build a leading national platform under the "Romania Education Alliance" umbrella.

"Education is a powerful driver of equality. At Mark Twain International School, we prioritize accessibility and diversity, ensuring affordable tuition for our students while maintaining a gender-balanced leadership team and a workforce where 78% of employees are women. Our vision is to create an inclusive learning environment that prepares the next generation to navigate an increasingly interconnected and sustainable world."

Anca Macovei Vlasceanu, Founder

Environment

- **Commitment to sustainable waste management practices**, including waste reduction, recycling, and responsible disposal
- **Compliance with all relevant environmental permits**, licenses, and regulations
- **Use of more environmentally friendly packaging** and materials in educational and administrative operations

Social

- **Implementation of affordable tuition fees** to increase accessibility
- **Focus on student-centric pedagogy and optimal teacher-to-student ratios** to uphold educational quality
- **Focus on gender diversity with 78% female representation** in the school's workforce and gender-balanced top management team
- **Modern and well-equipped school facilities** supporting quality learning environments
- **Caring and open-minded promoters of interculturalism**, all members of the Mark Twain IS community embrace their national values and cultures within a vibrant framework of internationalism

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- **Adopted full IFRS reporting** and undergoes audits by a Tier II audit firm, enhancing transparency and stakeholder confidence.
- **Implemented a Code of Conduct** for employees, ensuring compliance with private education regulations, child safety protocols, and ethical teaching standards.
- **Provides continuous professional development**, offering training in teaching methodologies, student well-being and safety practices.
- **Enforces strict data privacy and security policies**, including data encryption, ensuring compliance with education data protection laws.

Key Corresponding SDGs



Fund II

La Cocos



Sector: Discount Retail

Entry: December 2024

Number of employees: 785

Footprint: Romania

20% of female
C-suite employees

62% of female
employees

**ESG-linked policies in
development**

**PV Panels in 3
locations**

Company overview

Founded in 2014, Supermarket La Cocos is a Romanian hard discounter hypermarket that operates 4 stores in Ploiesti, Bucharest, and Brasov, providing customers with a streamlined shopping experience and essential products at competitive prices. The company's unique "no-frills" approach and strategic store locations contribute to its operational efficiency, enabling it to offer lower prices than competitors.

La Cocos has experienced significant growth, outpacing major players in the Romanian grocery retail market, and is poised for further expansion.

"Sustainability in retail starts with efficiency. At La Cocos, we are minimizing our environmental impact by investing in solar energy solutions, energy-efficient refrigeration, and sustainable inventory management. With PV panels already installed in 3 locations and a structured waste reduction program in place, we are committed to setting a new standard for responsible retailing in Romania."

Iulian Nica, Founder

Environment

- **Installed PV panels** in 3 locations, with plans to expand solar integration to other locations.
- **Implementation of energy efficiency measures** including LED lighting and low consumption fridges across stores to reduce energy use.
- By offering a limited but high-quality assortment of leading international brands, the supermarket **minimizes waste and ensures efficient inventory turnover**.
- Equipped stores with **deposit guarantee system infrastructure** to facilitate recycling compliance.
- Collaborates with licensed organizations to meet **national packaging waste recycling targets**.
- Encourages **bulk purchasing, lowering packaging waste and transportation emissions**.

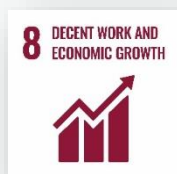
Social

- Provides a **cost-efficient**, streamlined shopping experience designed to meet the needs of **budget-conscious consumers**.
- Facilitates **bulk purchasing options** for businesses and individuals, promoting **cost savings and operational efficiency** in a dynamic economic environment.
- Strategically selects store locations that **balance accessibility and affordability**, contributing to **local economic development and community well-being**.
- La Cocos is **highly engaged with the local community**, organizing social and sport events in the network's target cities, fostering community well-being.
- **Gender-balanced representation** in top management team.
- Provides **safe and ethical working conditions**, ensuring compliance with labor standards.

Governance

- **Established a strong corporate governance framework**, including independent board members, following Morphosis Capital's entry.
- **Adopting full IFRS reporting** and undergoes audits by a Tier II audit firm, enhancing transparency and stakeholder confidence.
- **Development of a Code of Conduct** for employees, suppliers, partners, and stakeholders, ensuring compliance with retail industry regulations, ethical business practices, consumer protection standards, and workplace safety protocols.
- Development of a secure and confidential **whistleblowing system** to promote transparency and accountability, accessible to all employees and stakeholders.

Key Corresponding SDGs



Awards and recognitions in 2024



Most Active Fund or Fund Manager (Private Equity):

Morphosis Capital



Best Performing Portfolio Company (Private Equity):

Medima, a Morphosis Capital portfolio company

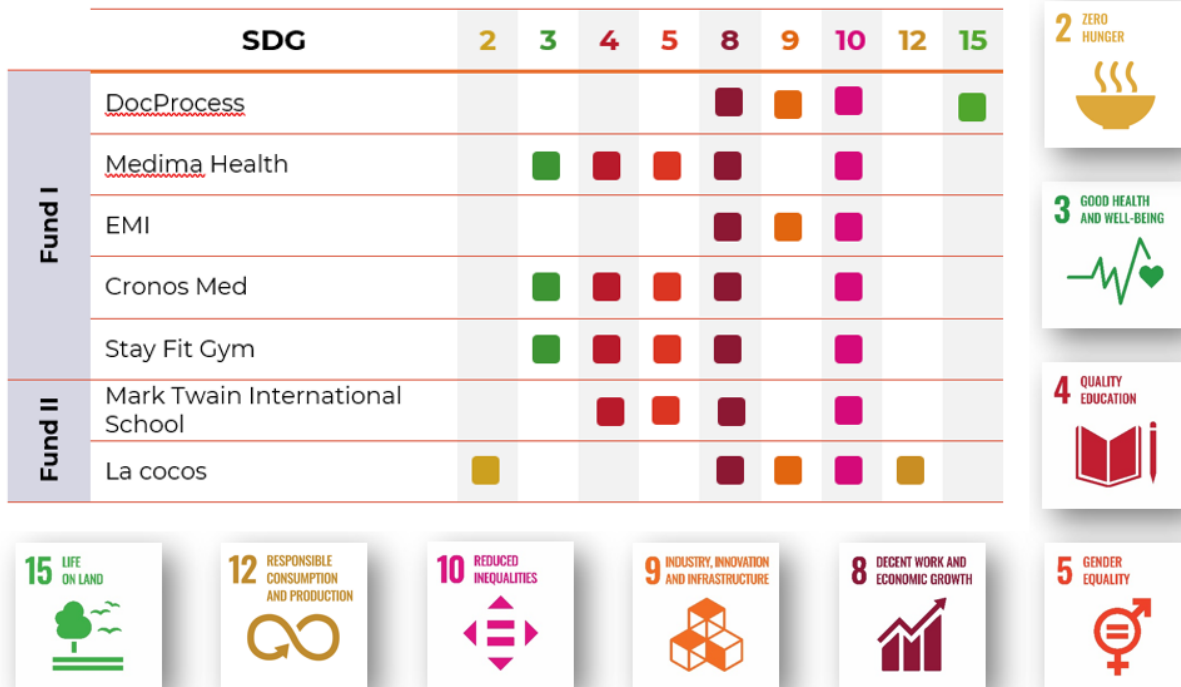


The Romanian Private Equity Association

Summary view on the portfolio desired coverage and contribution to UN SDGs progress

Through our portfolio of companies, we are dedicated to creating a positive influence on both society and the environment. By adopting sustainable practices, conducting responsible business operations, and engaging in continuous initiatives, these companies aim to play an active role in advancing the United Nations Sustainable Development Goals (SDGs).

Even though at Morphosis we do not currently have a system which enables us to quantify the contribution to the progress made on UN SDGs, we focus on the identification of the UN SDGs which are being supported through our investment activities. The information below aims to reflect which SDGs are being targeted through the investments in each of the portfolio companies.



ESG Roadmap Ahead

Morphosis seeks to improve the value of its investments by embedding ESG criteria in its value creation strategy. The principle of responsible investing is planned to be acknowledged at various stages of our investment process, and the team promotes sustainability targets that align with Morphosis' ESG objectives and comply with the SFDR regulation. Morphosis Fund III aims to adhere to the Article 8 framework, which is defined as a fund that "promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices." While we recognize the importance of ESG integration, our current focus will be ensuring a steady progress on alignment of Fund III to an Article 8 type of financial product, as defined by the SFDR.

4. Annex

The SDGs



The Sustainable Development Goals (SDGs) are a set of 17 interconnected global objectives established by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. These goals aim to address a wide range of global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice.

The regulatory framework for the SDGs is primarily overseen by the United Nations, which provides guidance and support to countries in implementing these goals. Various UN agencies, such as the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), play crucial roles in monitoring progress, facilitating partnerships, and providing technical assistance.

At the European Union (EU) level, the Sustainable Development Goals (SDGs) are integrated into the EU's broader policy framework and strategic initiatives. The EU has committed to implementing the SDGs as part of its efforts to promote sustainable development, social inclusion, and environmental protection across its member states.

The European Green Deal, launched in 2019, serves as the EU's roadmap to achieving climate neutrality by 2050. It addresses critical issues such as climate change and pollution, aligning closely with several SDGs, including Goal 13 (Climate Action) and Goal 15 (Life on Land).

The Sustainable Finance Disclosure Regulation (SFDR) plays a crucial role in this framework by enhancing transparency in the financial sector regarding sustainability practices. It requires financial market participants, such as Morphosis Capital, to disclose how they consider environmental, social, and governance (ESG) factors in

their investment decisions. This regulation directs capital towards sustainable investments that support the objectives of the Green Deal and the SDGs.

Disclosures pursuant to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR)

SFDR Disclosures – Morphosis Capital Partners B.V. and of Morphosis Capital Fund II Coöperatief U.A. (08.11.2023)

Morphosis Capital Partners B.V. (the **AIFM**), a Dutch-based registered alternative investment fund manager within the meaning of article 3(2)(b) of Directive 2011/61/EU of 8 June 2011 on alternative investment fund managers (**AIFMD**), makes the following disclosures for the purposes of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (**SFDR**) and Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the **Taxonomy Regulation**). As clarified by the European Commission in its Q&As on sustainability-related disclosures published on 14 July 2021, the AIFM must comply with certain SFDR requirements applicable to registered alternative investment fund managers.

The AIFM acts as registered alternative investment fund manager of Morphosis Capital Fund II Coöperatief U.A. (the **Fund**).

The Fund qualifies under article 6 of the SFDR as it does not promote environmental or social characteristics (article 8 of the SFDR) nor does it have sustainable investments as its objective (article 9 of the SFDR).

I. AIFM-related disclosures

Transparency of sustainability risk policies and transparency of the integration of sustainability risks – article 3(1) and article 6 of the SFDR

General overview

A sustainability risk refers to an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The AIFM does not integrate sustainability risks in its investment decision-making process for the following reasons:

- (i) the performance tools used by the AIFM to estimate returns of the Fund do not take into account such risks but mainly economic and financial risks;

(ii) since the portfolio companies in which the Fund invests do not usually report on such risks, the AIFM is not in a position to assess and integrate such risks in its investment decision-making process and

(iii) in view of the AIFM size it is not intended to change the investment decision-making process of the AIFM to integrate such sustainability risks as this will be too costly and not relevant with respect to the Fund.

No consideration of adverse impacts of investment decisions on sustainability factors – article 4(1)(b) of the SFDR.

Article 4(1) of the SFDR requires fund managers such as the AIFM to provide a clear statement as to whether or not they consider the "principal adverse impacts" of investment decisions on sustainability factors, e.g. environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Although ESG and sustainability risks are important to the AIFM, the latter does not consider the adverse impacts of investment decisions on sustainability factors in the manner prescribed by article 4(1) of the SFDR, in particular due to the fact that (i) no reliable and sufficiently available or accessible data is available to perform such impact measurement and provide the mandatory reporting imposed by the regulatory technical standards in a consistent manner; and (ii) the underlying investments are not generally required to report on such factors in the manner prescribed by SFDR.

The AIFM does not intend to consider principal adverse impacts of investment decisions on sustainability factors in the near future as a mandatory investment decision criteria, but it intends to consider such principal adverse impacts for all investments for which the ESG data is either readily available or can be accessed within the same time-frame as the rest of the data on which the investment decision is based (financial, legal, tax, commercial etc).

Transparency of remuneration policies in relation to the integration of sustainability risks – article 5(1) of the SFDR

For the purposes of article 5(1) of the SFDR, the AIFM declares that it does not incorporate sustainability risk in the remuneration of employees because this is not part of the investment policy and therefore it is not part of any remuneration criteria or policy.

II. Fund-related disclosures

Transparency of other financial products in pre-contractual disclosures and in periodic reports – article 7 of the Taxonomy Regulation

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.