

**INFORMATION ON FINANCIAL PRODUCTS PROMOTING ENVIRONMENTAL
OR SOCIAL CHARACTERISTICS**

Spain Oman Private Equity Fund II FCR

Article 10 (1) SFDR, articles 25-36 RTS

MCH PRIVATE EQUITY INVESTMENTS, SGEIC, SA (“MCH”)

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For financial products promoting environmental or social features, financial market participants shall publish the information referred to in Article 10(1) of the EU Regulation 2019/2988 on sustainability disclosures in the financial services sector ("SFDR") and in Articles 25 to 36 of the Delegated Regulation 2022/1288 of 6 April ("RTS") in the following order:

1. Summary (article 25)

Spain Oman Private Equity Fund II FCR (the "Fund") discloses product sustainability information under Article 8 of the SFDR.

100% of the Fund's investments will promote environmental or social characteristics in accordance with Article 8 of the SFDR. However, it does not aim to make sustainable investments.

The Fund seeks to continuously improve the responsible management of investees by promoting the active integration of environmental, social and governance factors. This engagement is carried out throughout the investment period with the management team through the influence derived from the political rights held on the Board of Directors of the Management Company.

During the process of sourcing and pre-investment analysis of a potential investment, MCH's objective is to identify potential companies that may be suitable for the Fund and that comply with its Responsible Investment Policy. To this end, members of the investment team conduct a preliminary screening to analyse the viability of the transaction and to confirm, among other issues, that the target company is not included in the company exclusion list that do not meet the investment standards described in the Fund.

Subsequently, and prior to issuing an investment recommendation, members of the investment team will conduct a thorough analysis, first internally and then externally by an independent expert, of the key aspects of the target company including materiality analysis, risk and opportunity review, taxonomy eligibility, level of governance, involvement and maturity of the management team and a 100-day and 3-year plan of sustainability actions to be undertaken.

The results of both due diligences are reflected in an investment memorandum which is submitted to the Investment Committee for approval or disapproval of the investment transaction.

During the life of the investment, the Management Company will establish an ESG governance structure in the portfolio company by appointing a sustainability officer who will be responsible for the reporting and presentation of ESG information in both the direct requirements of the management company and the Boards of Directors.

In addition, MCH will monitor, review and publicly report its ESG performance through its Sustainability Report in order to provide transparency to all its stakeholders.

MCH has chosen not to develop an engagement policy or make it publicly available on its website.

The Fund does not use a benchmark for the purpose of promoting environmental or social characteristics.

2. No sustainable investment objective (article 26)

This financial product promotes environmental or social features but does not aim at sustainable investment.

However, if 30% of the Investment Commitments disbursed by the Investors are ultimately invested in portfolio companies whose activity contributes substantially to the objectives of the European Taxonomy in accordance with the technical selection criteria of Regulation (EU)2020/852 of the European Parliament and of the Council, the Variable Management Fee will be increased by an amount determined by COFIDES and FLEX in accordance with the provisions of article 15.2 of the Management Regulations.

3. Environmental or social characteristics of the financial product (article 27)

100% of the Fund's investments will promote environmental or social characteristics in accordance with article 8 of the SFDR.

As part of its investment strategy, the Fund promotes continuous improvement in the responsible management of its investees. To this end, MCH will support the identification of key environmental, social and governance risks and opportunities and the definition of action plans that contribute to the reduction of the main negative impacts generated by the business, the promotion of quality employment and the creation of robust governance structures.

Through this active and collaborative management of ESG aspects in the investee companies, the Fund also aims to contribute to the achievement of the following goals within the United Nations Sustainable Development Goals (SDGs):

- SDG 3: Ensure healthy lives and promote human well-being
- SDG 8: Promote and advocate for sustainable and inclusive economic growth and decent work
- SDG 9: Promote, incentivize and support the development of industry, innovation and infrastructure
- SDG 12: Promote and facilitate responsible consumption and production
- And SDG 13: Advance the fight against climate change by promoting the circular economy, energy transition and climate change mitigation and environmental restoration.

4. Investment strategy (article 28)

The Fund seeks to continuously improve the responsible management of investees by promoting the active integration of environmental, social and governance factors. This engagement is carried out throughout the investment period with the management team through the influence derived from the political rights held on the Board of Directors of the Management Company.

The Management Company is committed to implementing an active ESG management model throughout all phases of the investment cycle from pre-investment to divestment. The following lines present how ESG issues are integrated in each of the phases¹.

1. Pre-analysis

1.1 Pre-investment Research and Analysis

During this phase, the objective is to identify potential companies that may be suitable for the Fund and that comply with its Responsible Investment Policy. To this end, members of the investment team carry out a preliminary analysis to assess the feasibility of the transaction and confirm that:

- a) Target company aligns with investment strategy.
- b) The size of the operation is commensurate with the Fund's investment capacity and complies with the limits and restrictions laid down.
- c) The target company is not included in the exclusion list of companies that do not meet the Fund-specific investment rules.

Once an attractive opportunity has been identified, and before issuing an investment recommendation, members of the investment team will conduct a thorough analysis of key aspects of the target company, such as the company's business and financial affairs, as well as an assessment of management and competitive risks and opportunities, including sustainability.

In this regard, two distinct stages of information analysis can be distinguished:

A. Internal Due Diligence

The main areas that are initially analysed by members of the investment team, and which help to identify whether the potential investment operation is suitable for the Fund, are summarized as follows:

- Sector analysis and geography;
- Target company analysis;
- Target company valuation and profitability estimation;
- ESG risk and opportunity assessment
- Analysis of good governance practices.

The preliminary memorandum derived from this analysis will determine whether the opportunity should be pursued by raising specific issues to be addressed during external due diligence.

B. External Due Diligence

In this due diligence phase, members of the investment team will use specialist external providers, with whom MCH has worked for many years, to delve into a range of issues to determine the quality of the asset.

¹ Full details in MCH's Investment Procedures Manual.

The specific ESG Due Diligence will aim to verify, among other things, the company's governance, responsible management, employment, environmental and social performance. Such due diligence shall be carried out to the extent appropriate to the nature of the transaction.

The results of the internal and external due diligence reports shall be reflected in an investment memorandum ("Investment Memorandum") to be submitted to the Investment Committee for approval or disapproval of the investment transaction.

1.2 Negotiations and contracts

Investment team members will include contractual obligations relating to a) the submission and monitoring of ESG data and reports, b) the commitments and obligations arising from the 100-day and 3-year plan defined in the external Due Diligence together with the management team, specific compliance with actions for the improvement of major adverse events of the SFDR, and compliance with good governance practices, c) as well as the obligation to immediately report ESG fines and penalties that may arise during the course of the investment.

1.3 Investment Committee

The Investment Committee shall be responsible for making investment and divestment proposals of the Fund to the board of directors of the Management Company, which shall be responsible for adopting such investment and divestment decisions of the Fund as proposed by the Investment Committee.

Where necessary, the Investment Committee will raise issues relating to target company due diligence and additional work will be carried out. The Investment Committee will also provide guidelines for the final structure of the transaction and legal aspects, if necessary. Once the Investment Committee completes its work, the investment and divestment proposals will be in a position to be formally approved, with or without conditions.

However, in the event that any significant red flags are identified which could compromise the profitability, value creation capacity or transformation potential of the target companies, the investment committee may decide not to proceed with the proposal.

1.4 Verification of the due diligence process

Following approval of the transaction by the board of directors of the Management Company, the members of the investment team shall inform the Risk Management Unit (outsourced function) of their intention to execute the transaction. In turn, the Risk Management Unit shall verify that:

- (A) The due diligence process has been carried out properly and in accordance with the investment procedure defined by the Fund in its Investment Procedures Manual; and,
- (B) The transaction is in line with the Fund's investment policy and risk profile.

2. Portfolio management

The management of the portfolio includes the execution of the operation and the management, monitoring and divestment of the investee companies. MCH will accompany and support the implementation of sustainability factors in the investees throughout the life of the investment, from preliminary analysis to divestment, seeking to create value in the portfolio companies by actively participating with senior management in key aspects of the business including the monitoring and management of ESG risks and opportunities.

2.1 ESG Supervision

During the ownership phase, members of the investment team will commit to strengthening the ESG performance of the portfolio companies by promoting an active inclusion of ESG issues relevant to their activities and regularly monitoring their improvement.

The members of the investment team will regularly monitor the ESG performance of the investees, measuring the key sustainability KPIs identified in terms of their environmental, social and governance impact. The monitoring will be tailored to the specific situation of each portfolio company and will reflect ESG performance as well as material issues that could negatively affect the company.

In this regard, members of MCH's investment team and ESG Department work together with the managers and ESG officers of the investees to define a sustainability implementation and progress plan that guides and quantifies the material KPIs following the analysis conducted in the Due Diligence process. Investment team members monitor, guide and support their portfolio companies through continuous communication with managers and active participation in the Boards of Directors.

Finally, portfolio companies should immediately notify members of the investment team of any fines or penalties, complaints or litigation related to ESG issues, such as accidents and incidents that have or may have a significant adverse effect on the environment, health or safety, including any corrective action planned or taken by the company in response to such event.

2.2 ESG risk assessment and evaluation

During the holding period of a portfolio company, the members of the investment team will rely on the specialised and independent services of IM Valora (as MCH Risk Management) for the annual assessment, measurement, monitoring and control of ESG risks of the Fund. ESG risks will be presented in an ESG risk analysis report to the Board of Directors of the Management Company.

In addition, EY will include an ESG assessment as part of the quarterly financial valuation of portfolio companies. The assessment will be based on the Procedures Manual for the Investment Valuation Process approved by the Management Company.

2.3 Disclosure of Fund Information

In line with its commitment to transparency and accountability, MCH believes that communication of ESG actions should be a fundamental part of its strategy, providing adequate information to investors, the investees and the Fund.

In this context, the members of the investment team will communicate to its investors the progress made in ESG related activities, both on itself and on the Investee Companies, through the publication of an annual ESG Report. This report will be approved by the Board of Directors of MCH and will be submitted together with the annual report of the Management Company.

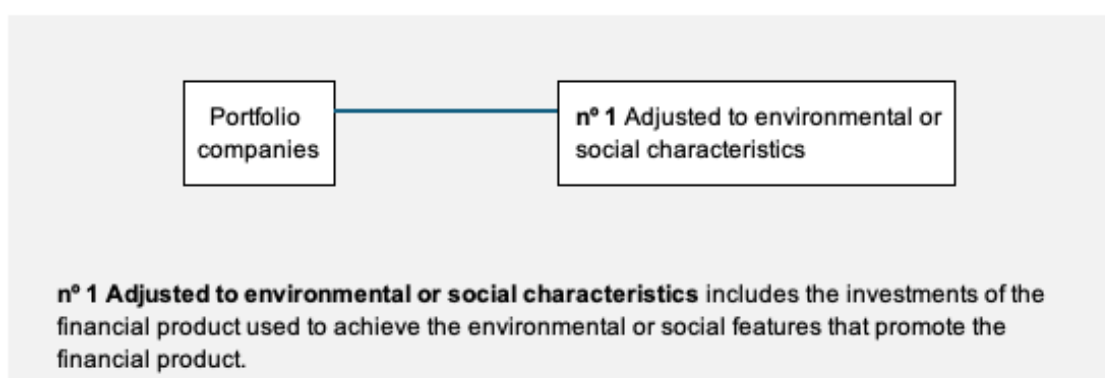
In addition, MCH will continue to respond to specific investor ESG reporting questionnaires upon request and, in line with its commitment to the UN PRI, MCH will complete an annual Transparency Report. In addition, MCH will maintain updated web-based information in accordance with the requirements of the SFDR and the SFDR Annex in the annual report.

3. Disinvestment

In the divestment phase, MCH will conduct a retrospective study to assess the value and impact generation through the various ESG initiatives undertaken. This will include assessing impact generation within each key material issue; opportunities for value creation; and mitigation of risks identified during the pre-investment process.

5. Proportion of investments (article 29)

It is envisaged that 100% of the Fund's investments will promote environmental and social features in accordance with Article 8 of the SFDR, without aiming to make sustainable investments.



However, if thirty (30) percent of the Investment Commitments disbursed by the Investors is ultimately invested in portfolio companies whose activity substantially contributes to the objectives of the European Taxonomy in accordance with the technical selection criteria of Regulation (EU)2020/852 of the European Parliament and of the Council, the Variable Management Fee shall be increased by an amount determined by COFIDES and FIEX in accordance with the provisions of Article 15.2 of the Management Regulations.

6. Monitoring of environmental or social characteristics (article 30)

A set of indicators (KPIs) measured on an annual basis is used to assess, monitor and report on the improvement in the evolution of responsible management in the investees. These KPIs are governed by the main international measurement and reporting standards and frameworks, such as the Disclosure Regulation (SFDR), the Sustainability Accounting Standards Board (SASB) or the Invest Europe Reporting Guidelines.

The indicators measured are divided into indicators common to the entire portfolio (Transversal Indicators), and additional indicators specific to each investee depending on its sector of activity (Material Indicators).

Transversal Indicators: these have been selected based on Invest Europe Reporting Guidelines, regulatory requirements for the consideration of the main adverse incidents, as well as other parameters of significant relevance. These indicators are measured for 100% of the investees and cover the following areas:

a) In relation to the environment:

- Energy consumption
- Electricity consumption
- Fossil fuel consumption
- Renewable energy consumption
- Water consumption
- Waste management
- Carbon footprint (scope 1 and 2)
- Existence of resource optimisation practices

b) In the social sphere:

- Employment creation
- Turnover
- Occupational health and safety indicators or Equality plan
- Training hours

c) And in terms of governance:

- Composition of the Board of Directors
- Code of Ethics
- Anti-corruption policy
- ESG supply chain management
- Cybersecurity policy
- Data protection policy

Material Indicators: these are obtained from the financial materiality methodology and measure financially material sustainability factors for each company that have not been considered among the Transversal Indicators and that may affect the valuation of the investee because they represent a risk or opportunity.

In addition, based on the information collected, the indicators associated with the Main Adverse Events are calculated and published on the Management Company's website and reported to investors.

The Management Company will monitor the indicators on an annual basis to measure the degree of progress and implementation of sustainability in each of the portfolio companies. In order to achieve this objective, the ESG Department of the Management Company will use an internal rating system that will include constant improvements based on regulatory developments and the specific characteristics of the sectors in which the companies operate.

Finally, as part of MCH's commitment to transparency, investors will be presented annually with a Sustainability Report on the progress made by MCH and its portfolio companies in the last financial year.

In the divestment phase, MCH will conduct a retrospective study to assess the generation of value and impact through the various ESG initiatives.

7. Methods of environmental or social characteristics (article 31)

Once a company is acquired, and following the joint work of the members of the investment team, the ESG department of MCH and the ESG managers and heads of each of the investee companies, a 100-day and 3-year ESG implementation and progress plan is put in place on the basis of which MCH calculates, monitors and periodically reports on the main sustainability KPIs identified in terms of their environmental, social and governance impact.

In addition, it relies on the analysis of the Risk Unit and the valuation of the Portfolio carried out by EY on a quarterly basis where the double materiality of the company that may have a positive or negative impact on the financial valuation of the company is assessed together with the management teams of each investee.

Finally, the Fund considers the material or potentially material PAIs of the Fund's investments on sustainability factors. These are identified during the Due Diligence phase and are actively managed throughout the investment period by defining and implementing actions that contribute to their reduction.

8. Sources and processing of data (article 32)

Members of the investment team with the coordination and oversight of MCH's ESG department carry out annual data collection, through the ESG Campaign, to measure key KPIs and report progress to stakeholders.

As part of the ESG integration strategy, MCH uses a reputable ESG technology platform to optimise the collection, validation and management of information and improve ESG decision-making.

In addition, MCH annually updates the content to be collected based on Invest Europe Guidelines, investor questionnaires, recommendations from the Risk Unit as well as other relevant parameters derived from national regulation or focused on the collaborative engagement of the fund manager with the investees.

The data obtained from the portfolio companies is collected in the first quarter of the year and subsequently analysed by:

- ✓ The investment team with a view to its participation on the Boards of Directors of investees.
- ✓ The external valuator, EY, for ESG assessment as part of the quarterly financial valuation of investees.
- ✓ The Risk Unit, for the assessment, measurement, monitoring and annual control of ESG risks.
- ✓ And the ESG department together with the collaboration of an external advisor for the preparation of the firm's Sustainability Report.

MCH is mainly based on unaudited actual data provided by the investees.

9. Limitations of methods and data (article 33)

In relation to methods and data, there are limitations related to:

- ✓ the limited capacity to measure or report on portfolio companies
- ✓ the lack of consistency, comparability, timeliness and reliability of individual investees
- ✓ human errors in the provision of data
- ✓ differing reporting periods and group perimeters.

MCH is making a considerable effort to improve data quality and minimize the aforementioned limitations over time. To this end, it uses a technology platform of recognised prestige and promotes continuous collaborative engagement with all the portfolio's investees.

In addition, MCH engages an external consultant each year for the presentation of the Sustainability Report to guide the firm on best practices to ensure data quality and subsequent analysis.

10. Due diligence (article 34)

Once an attractive opportunity has been identified, and prior to issuing an investment recommendation, members of the investment team will conduct a thorough review of key aspects of the target company, such as the company's business and financials, as well as an assessment of management, risks and opportunities and ESG issues relevant to the sector.

Two distinct phases of information analysis can be distinguished. A first phase of internal assessment (internal due diligence) which will include the analysis by MCH's investment team of publicly available information, as well as information and documentation received from other

reliable sources, and a subsequent phase which will include the analysis carried out by MCH's investment team, based on information or documents prepared by experts external to MCH (external due diligence).

Internal Due diligence

The main areas that are initially examined by MCH's investment team, and which help to identify whether the potential investment operation is suitable, can be summarised as follows:

- (a) Analysis of the sector of activity and geography;
- (b) Analysis of the company, its operations and businesses, markets where it operates and competitive environment, historical growth and financial evolution, business plans of these companies and identification of possible areas of value creation;
- (c) Valuation of the company, possible deal structure and estimation of the internal rate of return of the deal;
- (d) Assessment of the different risks and value opportunities; and,
- (e) ESG risk assessment: serves to assess the main issues to be covered in greater depth in the external ESG due diligence. This analysis will be set out in the preliminary ESG risk memorandum and covers the following sections:
 - a. Identify and understand the material aspects or risks of the relevant sector according to SASB standards.
 - b. Analyze the company's performance in terms of good governance. Identify potential litigation, disputes and reputational risks, and assess the degree of formalization of good governance policies and practices (anti-corruption policy, code of conduct, equality plan, cybersecurity policy, etc.).
 - c. Conduct a high-level assessment of the company's ESG maturity level, considering factors such as the development of an ESG policy, strategy or public commitment, as well as relevant sectoral legislation (EU directives, national laws, etc).

External Due diligence

The purpose of external due diligence is to verify and expand the information on the potential investment transaction. This information will help the investment team to assess the potential investment transaction. Through these analyses, it is expected to obtain a true picture of the current situation (legal, commercial, tax, ESG, etc.) of the target company and the current and future risks and opportunities of the target company. The needs for external due diligence, as well as its scope, vary according to the type of company and the complexity of the transaction. The results of these reviews are monitored and assessed by the investment team.

As a general rule, the following due diligence, among others, shall be carried out:

- Financial to verify that: (i) the annual accounts accurately reflect the company's situation and equity; (ii) the debt situation; and (iii) the profit margin is sustainable over time.
- Fiscal to verify the absence of hidden tax contingencies by reviewing the latest fiscal years subject to inspection, as well as any other relevant fiscal aspects.
- Legal to verify that all legal and contractual aspects such as labour, commercial and corporate comply with current regulations.

- ESG to verify, among others, the situation of the potential investee company with respect to good governance, responsible management, employment, environment and society. In any case, it shall be carried out with the scope that is appropriate to the nature of the operation, and the following aspects, among others, must be considered:
 - ✓ Alignment with the Fund's Responsible Investment Policy and investment strategy.
 - ✓ Analysis of ESG risks and opportunities that are material to the sector, using internationally recognized methodologies.
 - ✓ Assessment of good governance practices: code of ethics, anti-corruption and bribery policies, prevention of money laundering, transparency and communication, among others.
 - ✓ Current status of implementation of ESG issues within the company, and level of senior management commitment to ESG policies.
 - ✓ Knowledge of the company's ESG organization chart and identification of those responsible for sustainability issues, as well as the most appropriate person to perform as the ESG leader in the event that there is no ESG manager.
 - ✓ Identification of an action plan and proposal of key performance indicators ("KPIs") for active monitoring during the investment period.
 - ✓ Ability to identify, measure and reduce key adverse events in accordance with the SFDR.
 - ✓ Identification of a 100-day ESG action plan and a medium-term (3-year) ESG action plan that includes the necessary steps to improve post-acquisition ESG performance and align the company with the environmental and social characteristics promoted by the *EICC*.

Such due diligence may be complemented by other due diligence, such as market due diligence to obtain an independent opinion on the evolution of the sector and/or the demand for the products or services marketed by the potential investee, or technological and systems due diligence to assess the level of cybersecurity and IT of the potential portfolio company.

The results of the internal and external due diligence reports are reflected in an investment memorandum, which is submitted to the Investment Committee for approval or disapproval of the investment transaction.

Following approval, if any, of the investment transaction by the Investment Committee, MCH will inform the Risk Management Unit of its intention to make the investment. In turn, the Risk Management Unit shall verify that:

- (a) the due diligence process was carried out correctly and in accordance with the procedure defined in this procedures manual; and,
- (b) the investment complies with the investment policy and risk profile of the *EICCs* that will make the investment.

For this purpose, IM Valora will review the minutes of the Investment Committee (including the investment memorandum) and the due diligence reports that have been carried out to analyse the investment. The verification will take the form of a due diligence review report which the

Risk Management Unit will forward, in accordance with the procedure set out in the Risk Management Unit's Procedural Manual, to the Investment Committee for information purposes.

11. Engagement policies (article 35)

Pursuant to the provisions of the DDA II and its transposition in Spain through the amendment of Law 22/2014, of 12 November, which regulates private equity EICC entities, other closed-end collective investment entities and management companies of closed-end collective investment entities, and which amends Law 35/2003, of 4 November, on Collective Investment Undertakings ("LCR"); MCH Private Equity Investments S.G.E.I.C., S.A. ("MCH"), must either publish on its website an engagement policy describing how it integrates shareholder engagement into its investment policies in the case of investments on behalf of RCI and CCICs managed in shares admitted to trading on a regulated market which is located or operates in a Member State, or publish a clear and reasoned explanation as to why it has not done so.

MCH has chosen not to develop an engagement policy or make it publicly available on its website for the reasons set out below:

1. In accordance with the LCR and the respective management regulations of the CCR managed by MCH, the investment policy of the CCR managed by MCH is mainly focused on the acquisition of holdings in companies with high growth and appreciation potential, in capital-development stage and in so-called "buy-out" transactions, which at the time of the acquisition of the holding are not listed on the first market of the Stock Exchanges or any other equivalent regulated market in the European Union. Furthermore, MCH does not itself invest in companies whose registered office is in a member state of the European Union and whose shares are admitted to trading on a regulated market situated, or operating, in a member state.

2. As at the date of this statement, only the *EICC* managed by MCH has a holding in a company whose shares are admitted to trading on a regulated market situated or operating in a Member State. MCH has chosen not to develop a policy of involvement under the DDA II, in consideration of the small percentage that such a vehicle holds in the company, which, together with the temporary nature of the investment, means that there is minimal impact at the decision-making level (in terms of the exercise of voting rights).

3. As at the date of this statement, MCH has not entered into any agreement for the provision of asset management services with insurance companies or pension plans and funds.

4. This statement, and therefore MCH's decision on the design and application of the engagement policy, is subject to review, update or modification considering the development of the investment policies of the *ECR* and *EICCs*.

12. Designated benchmark (article 36)

The Fund does not use a benchmark for the purpose of promoting environmental or social characteristics.