PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

MCH PRIVATE EQUITY INVESTMENTS, SGECR, SAU

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

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PRI Principles for Responsible Investment

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓					✓	
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Public	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Public	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Public	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
PE 21	Approach to disclosing ESG incidents	✓	Private						✓	

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PRI Principles for Responsible Investment

MCH PRIVATE EQUITY INVESTMENTS, SGECR, SAU

Reported Information

Public version

Organisational Overview

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PRI Principles for Responsible Investment

Basic Information

OO 01 | Mandatory | Gateway/Peering | General

OO 01.1 Select the services you offer.

☑ Fund management

% of assets under management (AUM) in ranges

- ○ <10%
- ○ 10-50%
- ◉ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory only services

OO 02 | Mandatory | Peering | General

OO 02.1 Select the location of your organisation's headquarters.

Spain

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ◉ 1
- ○ 2-5
- ○ 6-10
- ○ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

14

OO 03 | Mandatory | Descriptive | General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ○ Yes
- ◉ No

OO 04 | Mandatory | Gateway/Peering | General

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PRI Principles for Responsible Investment

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM			76	963	831
Currency	EUR				
Assets in USD			101	376	303

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

◉ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

○ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 | **Mandatory** | **Descriptive** | **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	100	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

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Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as broad ranges

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

Gateway asset class implementation indicators

OO 11 | **Mandatory** | **Gateway** | **General**

OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Private equity

☐ None of the above

OO 12 | **Mandatory** | **Gateway** | **General**

OO 12.1 The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

☑ Private Equity

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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PRI Principles for Responsible Investment

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (●) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- (●) Yes
- ( ) No

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (●) Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

http://www.mch.es/portal/mch/15594

- ( ) No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ( ) Yes
- (●) No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

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PRI Principles for Responsible Investment

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ Engagement/active ownership policy ☐ Specific guidelines on corporate governance ☐ Specific guidelines on environmental issues ☐ Specific guidelines on social issues ☐ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

○ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General

OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

○ Yes

◉ No

Governance and human resources

OA 07	Voluntary	Descriptive	General

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PRI Principles for Responsible Investment

OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

MCH oversees the ESG Principles from the initial investment to the final exit, and throughout the complete holding period.

Initially, MCH includes ESG matters in its investment analysis, that are also consider, when making investment decisions. During that process, MCH also identifies identifies potential improvements related to ESG issues, to be developed during the holding period. In this period, MCH periodically revises the evolution of this improvements, as well as new idenfied issues, periodic reporting and permanent communication with managament.

Finally, at exit, MCH analyzes the level of achievement in terms of ESG, and comunicates to the new shareholders, the importance of continiue developing of ESG matters withinh the company.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

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PRI Principles for Responsible Investment

	Roles present in your organisation

☑ Board members or trustees

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

☐ Other Chief-level staff or head of department, specify

☑ Portfolio managers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Dedicated responsible investment staff

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ External managers or service providers

☐ Other role, specify

☐ Other role, specify

OA 09	Voluntary	Additional Assessed	General

OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

☐ Responsible investment included in personal development and/or training plan

☑ None of the above

Portfolio managers

☐ Responsible investment KPIs and/or goals included in objectives

☐ Responsible investment included in appraisal process

☐ Variable pay linked to responsible investment performance

☑ Responsible investment included in personal development and/or training plan

☐ None of the above

Investment analysts

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PRI Principles for Responsible Investment

☐ Responsible investment KPIs and/or goals included in objectives

☐ Responsible investment included in appraisal process

☐ Variable pay linked to responsible investment performance

☑ Responsible investment included in personal development and/or training plan

☐ None of the above

Dedicated responsible investment staff

☐ Responsible investment KPIs and/or goals included in objectives

☐ Responsible investment included in appraisal process

☐ Variable pay linked to responsible investment performance

☑ Responsible investment included in personal development and/or training plan

☐ None of the above

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

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PRI Principles for Responsible Investment

☐ Asian Corporate Governance Association

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☐ CDP Climate Change

☐ CDP Forests

☐ CDP Water

☐ CFA Institute Centre for Financial Market Integrity

☐ Council of Institutional Investors (CII)

☐ Eumedion

☐ Extractive Industries Transparency Initiative (EITI)

☐ Global Investors Governance Network (GIGN)

☐ Global Real Estate Sustainability Benchmark (GRESB)

☐ Institutional Investors Group on Climate Change (IIGCC)

☐ Interfaith Center on Corporate Responsibility (ICCR)

☐ International Corporate Governance Network (ICGN)

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☐ Investor Network on Climate Risk (INCR)/CERES

☐ Local Authority Pension Fund Forum

☑ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

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OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☐ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☐ Spoke publicly at events and conferences to promote responsible investment

☐ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

☐ Other, specify

○ No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1

OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

◉ Yes

OA 13.2	Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

MCH incorporates, as an additional investment criteria, the ESG Principles in its investment decision process.

○ No

OA 14	Voluntary	Descriptive	PRI 1

OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

○ Yes

◉ No

OA 14.4	Additional information.

MCH invest in a broad range of assets, not exclusively oriented to ESG focused specific targets.

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PRI Principles for Responsible Investment

Assurance of responses

OA 19	Voluntary	Additional Assessed	General

OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

◉ Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.

☑ Reviewed by Board, CEO, CIO or Investment Committee

☐ Validated by internal audit or compliance function

☐ Assured by an external independent provider, specify name

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.

Initial filling of information. First review by one of MCH Partners. Corrections done.
Second review by other MCH Partner. Final submission.

○ No

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PRI Principles for Responsible Investment

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Direct – Private Equity

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PRI Principles for Responsible Investment

Overview

PE 01	Mandatory to Report Voluntary to Disclose	Peering	General

PE 01.1 Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	○ >50% ○ 10-50% ○ <10% ◉ 0%
Growth capital	○ >50% ◉ 10-50% ○ <10% ○ 0%
(Leveraged) buy-out	◉ >50% ○ 10-50% ○ <10% ○ 0%
	○ >50% ○ 10-50% ○ <10% ○ 0%
	○ >50% ○ 10-50% ○ <10% ○ 0%
Total	**100%**

PE 02	Mandatory to Report Voluntary to Disclose	Peering	General

PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

- ◉ a majority stake (>50%)
- ○ 50% stake
- ○ a significant minority stake (between 10-50%)
- ○ a minority stake (<10%)
- ○ a mix of ownership stakes

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PRI Principles for Responsible Investment

PE 02.2	Additional information. [Optional]

Although MCH investment's preferences are oriented towards majority stakes, it also takes minority stakes in companies depending on the size, shareholding structure and alignment, assets quality, etc.

PE 03	Voluntary	Descriptive	PRI 1-6

PE 03.1	Provide a brief overview of your organisation’s approach to responsible investment in private equity.

MCH approach to responsible investment is based on the conviction that in addition to classical financial objectives and criteria, environmental, social and governance (ESG) issues should also be considered when analyzing, conducting and evaluating the convenience and performance of any investment.

MCH is observing that ESG issues' concern is also growing among all kind of investors (LP's) not only due to its "social" or "reputational" impact, but also in the view that a proper management of ESG issues can have a real positive impact on business value and investment risks.

In MCH's view, an adequate approach to ESG issues and responsible investment can help to maximize long-term returns on the portfolio companies, balance an adequate risk profile, and may also better align MCH´s investors with broader objectives of society.

MCH responsible investment approach introduces the consideration of ESG factors into all investment and divestment processes, starting with the due diligences of new investment opportunities, criteria in internal investment committees, reporting and management of portfolio companies, and also in exit strategies.

PE 04	Mandatory	Core Assessed	PRI 2

PE 04.1	Indicate if your organisation’s investment guidelines for private equity refer to responsible investment.

- ◉ Our investment guidelines do refer to responsible investment
- ○ Our investment guidelines do not refer to responsible investment
- ○ We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6

PE 05.1	Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- ◉ Yes

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PE 05.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

☑ Policy and commitment to responsible investment

- ◉ Always
- ○ In a majority of cases
- ○ In a minority of cases

☐ Approach to ESG issues in pre-investment processes

☐ Approach to ESG issues in post-investment processes

○ No

Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1

PE 07.1	Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

◉ Yes

PE 07.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

During the process of due diligence of any new investment opportunity, MCH also introduces an understanding on how the target company addresses its ESG issues, with a double objective of diagnosis and identification of ESG issues that could be improved during MCH's investment period in the company. In the case that this due diligence on ESG issues would reveal unacceptable practices inside the target company, that could be considered as a reason to discard the investment opportunity.

○ No

PE 08	Voluntary	Descriptive	PRI 1

PE 08.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the private equity investment selection process.

☐ Internal staff

☑ External resources

- ☑ Environmental advisors
- ☑ Social advisors
- ☑ Corporate governance advisors
- ☑ Regulatory and/or legal advisors
- ☐ Other, specify type of advisors/roles

☐ No use of internal or external advice on ESG issues

PE 09	Mandatory	Core Assessed	PRI 1,3

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PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

ESG issues

☑ Environmental

List up to three typical examples of environmental issues

Environmental impact, including environmental litigation.

Energy efficiency and consumption

Proper waste management

☑ Social

List up to three typical examples of social issues

Equality at work, non-discrimination and child-labor policies

Involvement with the community

Remuneration policies

☑ Governance

List up to three typical examples of governance issues

anti corruption and anti money-laundry policies

Independent board members and committees inside the board

Signatory of Global Compact

PE 10	Voluntary	Additional Assessed	PRI 1,3

PE 10.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

☑ Raw data from target company

☐ Benchmarks against other companies

☐ Sector level data/benchmarks

☑ Country level data/benchmarks

☑ Reporting standards, industry codes and certifications

☐ International initiatives, declarations or standards

☑ Engagements with stakeholders (e.g. customers and suppliers)

☑ Advice from external resources

☐ Other, specify

☐ We do not track this information

PE 12	Voluntary	Additional Assessed	PRI 1

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PE 12.1 Indicate if ESG issues impacted your private equity investment selection processes during the reporting year.

- ☐ ESG issues helped identify risks and/or opportunities for value creation
- ☑ ESG issues led to the abandonment of potential investments
- ☑ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☑ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

Post-investment (monitoring and active ownership)

PE 13 | Mandatory | Gateway/Core Assessed | PRI 2

PE 13.1 Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

- ◉ Yes

PE 13.2 Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- ◉ >90% of portfolio companies
- ○ 51-90% of portfolio companies
- ○ 10-50% of portfolio companies
- ○ <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3 Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

- ☑ Environmental

List up to three example targets of environmental issues

Renewable energy consumption

Carbon footprint

Environmental litigation

- ☑ Social

List up to three example targets of social issues

Percentage of disable people

Budget on formation

Percentage of women (in Board, in execute roles and in total)

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☑ Governance

	List up to three example targets of governance issues

Number of independent board members

Number of women in Board

Committees inside the board

☐ We do not set and/or monitor against targets

○ No

PE 14	Mandatory	Core Assessed	PRI 2

PE 14.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

◉ Yes

PE 14.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

○ >90% of portfolio companies

○ 51-90% of portfolio companies

◉ 10-50% of portfolio companies

○ <10% of portfolio companies

○ 0% of portfolio companies

(in terms of total number of portfolio companies)

○ No

PE 15	Voluntary	Additional Assessed	PRI 2

PE 15.1	Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

Types of actions taken by portfolio companies

☑ Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

○ >90% of portfolio companies

○ 51-90% of portfolio companies

◉ 10-50% of portfolio companies

○ <10% of portfolio companies

○ We do not track this information

(in terms of total number of portfolio companies)

☐ Composition of board ensure ESG expertise

☑ Consider ESG issues in risk management processes

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Implemented by percentage of portfolio companies

- ○ >90% of portfolio companies
- ○ 51-90% of portfolio companies
- ◉ 10-50% of portfolio companies
- ○ <10% of portfolio companies
- ○ We do not track this information

(in terms of total number of portfolio companies)

☑ Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- ○ >90% of portfolio companies
- ○ 51-90% of portfolio companies
- ○ 10-50% of portfolio companies
- ◉ <10% of portfolio companies
- ○ We do not track this information

(in terms of total number of portfolio companies)

☐ Define when engagements with stakeholders should be carried out to discuss ESG issues

☐ Other actions, specify

PE 15.2	Describe how your organisation contributes to the portfolio's management of ESG issues.

MCH tracks ESG issues in portfolio companies via periodic reporting, and also review and discuss the results witn the company management team.

PE 16	Voluntary	Descriptive	PRI 2,3

PE 16.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.

Type of reporting

☐ Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

☑ Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

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○ Quarterly or more frequent

○ Semi annually

◉ Annually

○ Every two years or less

○ Ad-hoc, specify

☐ Other, specify

☐ No reporting on ESG issues requested and/or provided by portfolio companies

PE 17	Voluntary	Additional Assessed	PRI 2

PE 17.1	Indicate whether your organisation discloses information on ESG issues to potential buyers prior to exit for private equity investments.

○ We always include ESG issues in pre-exit information

◉ We include ESG issues in pre-exit information in the majority of cases

○ We include ESG issues in pre-exit information in the minority of cases

○ We do not include ESG issues in pre-exit information

PE 17.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.

MCH pretends to increase the importance of ESG issues and improvements at exit of the companies. Several initiatives are being implemented, such as communication of ESG achievements, value created via ESG, to-do's for the future that could create more value for new investors, and so on.

Outputs and outcomes

PE 19	Voluntary	Descriptive	PRI 1,3

PE 19.1	Provide examples of ESG issues that affected your private equity investments during the reporting year.

☑ Add Example 1

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ESG issues	Social
Sector(s) of the investment affected	Elderly care services
Impact (or potential impact) on the investment	The fact the company promoted equal gender and disabled hiring turned to be cost effective (due to government support), and also procured more business for the company, as customers are mainly public administrations departments highly sensitized whit equality issues (leaded by women in most of the cases).
Activities undertaken to influence the investment and its response	MCH suggested the management team to adapt the company hiring and promotion policies, aligning them with the priorities of the clients, concerned with equality and disable people employment rates.

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

Communication

PE 20 | **Mandatory** | **Core Assessed** | **PRI 6**

PE 20.1 Indicate whether your organisation proactively discloses ESG information on your private equity investments.

○ Disclose publicly

◉ Disclose to investor clients (LPs)/beneficiaries only

PE 20.3 Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.

☑ ESG information in relation to our pre-investment activities

☑ ESG information in relation to our post-investment monitoring and ownership activities

☑ Information on our portfolio companies' ESG performance

☐ Other, specify

PE 20.4 Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

○ Quarterly or more frequently

○ Semi annually

◉ Annually

○ Every two years or less frequently

○ Ad-hoc, specify

○ No proactive disclosure to the public or to clients (LPs)/beneficiaries

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