

## SUSTAINABILITY-RELATED DISCLOSURES

This disclosure is made pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) as supplemented by Commission Delegated Regulation 2022/1288 of 6 April 2022. This disclosure should not be used as a basis for a decision to invest in the Fund. Such a decision should be based on the Fund’s confidential information memorandum (together with any amendments or supplements thereto, the “**Memorandum**”) and the Fund’s limited partnership agreement (“**Agreement**”) (the Memorandum and the Agreement, together, the “**Offering Documents**”). Capitalized terms not otherwise defined herein shall have the meaning given to them in the Offering Documents.

### H.I.G. EUROPE CAPITAL PARTNERS FUND IV, SCSP (THE “FUND”)

#### (a) Summary

##### (b) No sustainable investment objective:

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

##### (c) Environmental or social characteristics of the financial product:

The Fund promotes the development or improvement of the environmental or social practices of its portfolio companies through the implementation of tailored action plans that seek to deliver time-bound, positive environmental or social outcomes (“**ESG Action Plans**”).

##### (d) Investment strategy:

The Fund will pursue primarily control equity investments in under-managed and/or stressed lower middle market companies (i.e., businesses that are underperforming relative to their potential) with €10-€35 million in EBITDA, including: (i) acquisitions of privately-held companies and non-core subsidiaries; (ii) investments in companies requiring recapitalization or growth capital restructuring; and (iii) special situations.

##### (e) Proportion of investments:

The Fund will typically target controlling investments in under-managed and stressed lower middle market companies. The Fund will seek to achieve the characteristics in at least 50% of the Fund’s investments (based on the value of equity invested by the Fund) within nine (9) months following the end of the Fund’s investment period. The Fund expects all exposures to investee companies to be direct exposures.

##### (f) Monitoring of environmental or social characteristics:

The Fund uses the following sustainability indicator to measure the attainment of the environmental or social characteristics it promotes: the percentage of the Fund’s investments (based on the value of equity invested by the Fund) implementing an ESG Action Plan.

##### (g) Methodologies:

ESG factors will be considered pre-investment to identify financially material ESG risks and opportunities that can contribute to investment-specific ESG action plans to facilitate the development and/or improvement of the portfolio company’s sustainability practices with the intention to deliver time-bound positive ESG outcomes.

Post-investment, the Management Company (as defined below) will, as appropriate, prepare and adopt ESG Action Plans following a consultation with the governing bodies and executive management of each

relevant portfolio company within nine (9) months of the Fund making the investment. Throughout the portfolio company's holding period, in accordance with the applicable ESG Action Plan, the Management Company shall actively engage with the governing bodies and/or executive management of the Fund's portfolio companies to facilitate the development and/or improvement of the ESG practices in respect of the relevant portfolio company with the intention to deliver time-bound positive ESG outcomes specific to the investment. The Fund will rely on market-standard frameworks to form the methodological bases of the ESG Action Plans including, for example, the SASB standards (as defined below).

**(h) Data sources and processing:**

Prior to making an investment, the Management Company shall use information provided by the proposed investment, publicly available information sources and information from consultants and other third parties (to the extent applicable); and

Throughout the holding period the main data collection source will be the Management Company's proprietary data collection framework which embeds elements of market-standard frameworks and relevant factors specific to each investment (at the Management Company's discretion) to ensure applicable data is collected in order to monitor portfolio company progress towards the outcomes established in their respective ESG Action Plan.

Data will be processed and assessed by the H.I.G. ESG team and/or the Fund's relevant investment team who will be trained and supported by the H.I.G. ESG team to ensure the Fund's investment team consistently applies the relevant engagement and monitoring methodologies across the Fund's portfolio.

**(i) Limitations to methodologies and data:**

The main limitation to the methodology employed by the Management Company is the availability and reliability of the data required to monitor portfolio company progress against their respective ESG Action Plans. At the point of the Fund's initial investment, certain portfolio companies may not have developed their internal data collection infrastructure to obtain necessary data to complete the Management Company's proprietary data collection framework.

**(j) Due diligence:**

The Fund applies the following framework before completing an investment:

- (i) **Initial Screening:** Given its investment strategy, applicable legal and regulatory requirements and commitments made to investors, the Fund does not expect to invest in companies that it determines, on a case-by-case basis, derive a material portion of their revenues from sectors identified in screening guidelines maintained by the Management Company, as updated from time-to-time.
- (ii) **Due Diligence:** The Management Company evaluates the ESG performance of target investments and identifies principal ESG risks and opportunities. The Management Company identifies financially material ESG issues, risks and opportunities.
- (iii) **Transaction Approval:** ESG due diligence findings are presented to the Investment Committee for consideration and, as applicable, are proposed to be incorporated into the ESG Action Plans post-investment.

**(k) Engagement policies:**

Post investment, the Fund applies the following to investments that are aligned with the environmental or social characteristics promoted by the Fund:

- The Management Company will prepare and adopt the ESG Action Plans following a consultation with the governing bodies and executive management of each relevant portfolio company within nine (9) months of the Fund making the investment.

**(l) Designated reference benchmark:**

No index has been designated as a reference benchmark to meet the environmental or social characteristics.

**(b) No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investments.

**(c) Environmental or social characteristics of the financial product**

The Fund promotes the development or improvement of the environmental or social practices of its portfolio companies through the implementation<sup>1</sup> of tailored action plans that seek to deliver time-bound, positive environmental or social outcomes (“**ESG Action Plans**”).

**(d) Investment strategy**

*Investment strategy promoted by the financial product*

The Fund will pursue primarily controlled equity investments in under-managed or stressed lower middle market companies (i.e., businesses that are underperforming relative to their potential) with €10-€35 million in EBITDA including: (i) acquisitions of privately-held and non-core subsidiaries; (ii) investments in companies requiring recapitalization or growth capital restructuring; and (iii) special situations.

*Good governance practices*

Prior to acquisition of a portfolio company, the investment team will conduct, internally and/or externally with the support of external advisors, due diligence on the governance practices of target portfolio companies to identify incidents relating to employee relations, remuneration of staff, ethics, data security, data privacy, sound management, management structures, tax compliance or legal/regulatory compliance.

Following acquisition, H.I.G. Capital, L.L.C.’s (the “**Management Company**”) board representatives with governance rights will encourage the implementation of sufficient controls and protections in order to ensure portfolio companies are aligned with local regulations and, where applicable, the Management Company’s policies and in relation to good governance.

**(e) Proportion of investments**

The Fund will typically target controlling investments in under-managed and stressed lower middle market companies. The Fund will seek to achieve the characteristics in at least 50% of the Fund’s investments (based on the value of equity invested by the Fund) within nine (9) months following the end of the Fund’s investment period. The Fund expects all exposures to investee companies to be direct exposures.

**(f) Monitoring of environmental or social characteristics**

The Fund uses the following sustainability indicator to measure the attainment of the environmental or social characteristic it promotes: the percentage of the Fund’s investments (based on the value of equity invested by the Fund), implementing an ESG Action Plan.

Portfolio companies will be assessed via an annual survey, throughout the life of the Fund, against the Management Company’s proprietary data collection framework that gathers information on sustainability performance and initiatives to monitor company maturity on sustainability practices and, as applicable, progress towards the outcomes established in their ESG Action Plan. The proprietary data collection

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<sup>1</sup> “Implementation” means the ESG Action Plan has been approved by the portfolio company board of directors and adopted by the portfolio company.

framework includes metrics derived from relevant market frameworks, including, for example, the Sustainability Accounting Standards Board (“SASB”).

**(g) Methodologies**

As further detailed in ‘(j) Due Diligence’ below, ESG factors will be considered pre-investment to identify financially material ESG risks and opportunities that can contribute to investment-specific ESG Action Plans to facilitate the development and/or improvement of the portfolio company’s sustainability practices with the intention to deliver time-bound positive ESG outcomes.

Post-investment, the Management Company will, as appropriate, prepare and adopt ESG Action Plans following a consultation with the governing bodies and executive management of each relevant portfolio company within nine (9) months of the Fund making the investment. Throughout the portfolio company’s holding period, in accordance with the applicable ESG Action Plan, the Management Company shall actively engage with the governing bodies and/or executive management of the Fund’s portfolio companies to facilitate the development and/or improvement of the ESG practices in respect of the relevant portfolio company with the intention to deliver time-bound positive ESG outcomes specific to the investment. The Fund will rely on market-standard frameworks to form the methodological bases of the ESG Action Plans including, for example, the SASB.

In addition to enabling portfolio companies to progress the achievement of the outcomes detailed in their respective ESG Action Plans, through active ongoing engagement with portfolio companies, the Management Company will, as appropriate, work to implement strategies to mitigate potential material risks and to promote value creation through ESG-related opportunities, including by:

- Seeking to ensure that financially material ESG risks identified in due diligence are appropriately addressed and negative impacts are appropriately mitigated;
- Providing management teams of portfolio companies with guidance and support to help identify or implement ESG initiatives; and
- Monitoring financially material ESG issues throughout the lifecycle of a portfolio company investment and addressing material ESG-related incidents at board-level.

**(h) Data sources and processing**

*Data sources used to attain the sustainable investment objective of the financial product*

- Prior to making an investment, the Management Company shall use information provided by the proposed investment, publicly available information sources and information from consultants and other third parties (to the extent applicable); and
- Throughout the holding period the main data collection source will be the Management Company’s proprietary data collection framework which embeds elements of market-standard frameworks and relevant factors specific to each investment (at the Management Company’s discretion) to ensure applicable data is collected in order to monitor portfolio company progress towards the outcomes established in their respective ESG Action Plan.

*Measures taken to ensure data quality*

- The Management Company shall, as appropriate, engage with portfolio companies and advise them on relevant processes required to obtain the data that is required to fulfil ongoing ESG monitoring requirements.
- Where necessary, and to the extent applicable, the Management Company intends to guide the portfolio companies to use a third-party vendor to assist in obtaining consistent and reliable data.
- In addition, the Management Company may engage a third-party technical consultant or data provider to review certain collected data.

### *Data processing*

- Data will be processed and assessed by the H.I.G. ESG team and/or the Fund's relevant investment team who will be trained and supported by the H.I.G. ESG team to ensure the Fund's investment team consistently applies the relevant engagement and monitoring methodologies across the Fund's portfolio.

### *Proportion of estimated data*

- As far as possible, real data will be used where available. However, for portfolio companies which have not yet developed adequate data collection processes to capture key data, or when real data is not available, the Fund may use estimated data.

## **(i) Limitations to methodologies and data**

The main limitation to the methodology employed by the Management Company is the availability and reliability of the data required to monitor portfolio company progress against their respective ESG Action Plans. At the point of the Fund's initial investment, certain portfolio companies may not have developed their internal data collection infrastructure to obtain necessary data to complete the Management Company's proprietary data collection framework.

Where data is not directly available from the portfolio company, data may be collected from public sources. The availability of publicly available ESG-related information varies across markets and industries and is particularly nascent in the private markets. The availability of relevant ESG-related information may increase over the life of the Fund, and the Management Company will seek to take relevant developments into account when reviewing its internal processes. The Management Company does not anticipate any material limitations will affect the ability to engage on the environmental or social characteristics.

Notwithstanding, the act of selecting, evaluating and weighting relevant metrics, and assessing performance against such metrics, is a subjective process, and there is no objective criteria which would reflect the beliefs or values, internal policies or preferred practices of any particular investor, other asset managers or reflect market trends.

## **(j) Due diligence**

The Fund will integrate the steps described below and in '*Engagement policies*' into the investment strategy used to select investments to attain the environmental or social characteristics promoted by the Fund.

Pre-investment, the Fund will ensure that ESG factors that the Management Company considers to be financially material are evaluated during due diligence. "Material" ESG factors are defined as those factors that the Management Company determines have - or have the potential to have - a material impact on an organization's go-forward ability to create, preserve, or erode economic value for that organization and its stakeholders.

The objectives of the ESG due diligence are (i) to reduce the risk of regulatory penalties and reputational damage from the erosion of environmental and/or social value; and (ii) to identify financially material ESG risks and opportunities that can contribute to investment-specific ESG Action Plans.

The Fund applies the following framework before completing an investment:

- Initial Screening:** Given its investment strategy, applicable legal and regulatory requirements and commitments made to investors, the Fund does not expect to invest in companies that it determines, on a case-by-case basis, derive a material portion of their revenues from the sectors identified in screening guidelines maintained by the Management Company, as updated from time-to-time, currently cannabis, certain controversial weapons, gambling, personal firearms, pornography, prostitution, tobacco, or that are known to utilize child or forced labor or maintain unlawful discriminatory employment policies, as updated from time-to-time.

(ii) **Due Diligence:** The Management Company evaluates the ESG performance of target investments and identifies principal ESG risks and opportunities. The Management Company identifies financially material ESG issues, risks and opportunities.

(iii) **Transaction Approval:** ESG due diligence findings are presented to the Investment Committee for consideration and, as applicable, are proposed to be incorporated into the ESG Action Plans post-investment.

**(k) Engagement policies**

The Fund also applies the following to investments that are aligned with the environmental or social characteristics promoted by the Fund:

- The Management Company will prepare and adopt the ESG Action Plans following a consultation with the governing bodies and executive management of each relevant portfolio company within nine (9) months of the Fund making the investment.

The Fund will engage with relevant portfolio companies to: (i) as detailed in ‘(h) *Data sources and processing*’ above, advise on relevant processes required to obtain the data that is required to fulfil ongoing ESG monitoring as mandated by each relevant portfolio company’s ESG Action Plan; (ii) implement relevant processes to meet the objectives set out in the ESG Action Plans; and (iii) to the extent applicable, implement relevant processes to address any other ESG risks or opportunities identified during the due diligence process detailed in ‘(j) *Due diligence*’ above.

**(l) Designated reference benchmark**

No index has been designated as a reference benchmark to meet the environmental or social characteristics.

Updates Log

<b><i>Version</i></b>	<b><i>Date</i></b>	<b><i>Update</i></b>
1	30 June 2025	Initial upload.