

ESG disclosures in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR)

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BPM Mezzanine Fund II Management OÜ ("BPM") is required to publish certain information on its website in accordance with Regulation 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "SFDR").

Currently, no environmental or social characteristics are promoted by BPM's financial products in accordance with Article 8 of SFDR and BPM's financial products do not have sustainable investments as their purpose in accordance with Article 9 of the SFDR. Nevertheless, BPM believes that, in order to make good investments, sustainability factors should not be overlooked.

Policies on the Integration of Sustainability Risks in the Investment Decision-Making Process (Article 3 of SFDR)

According to Article 2 (22) of SFDR, "sustainability risk" means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

BPM invests in sponsorless and private equity-sponsored mezzanine transactions in Estonia, Latvia, Lithuania and Poland. BPM is a purely financial investor, which means that BPM does not take an active role in managing portfolio companies.

We believe that ESG factors such as corporate governance, business relations, social and environmental responsibility, as well as customer and employee satisfaction are important for long-term sustainability and good business results of our portfolio companies.

BPM has developed a process to assess and monitor relevant environmental, social, and governance (ESG) risks before the investment decision is made and during an active investment phase.

BPM assesses performance against several ESG criteria, including but not limited to the protection of human rights, occupational health and safety standards and labour, environmental and business practices of the jurisdictions in which BPM conducts business.

BPM's Partners and Investment Committee Members assess relevant ESG factors before and during an investment as outlined in the E&S Management Procedure, as amended from time to time. For ESG-related inquiries, please contact info@bpmcapital.eu.

We assess ESG issues as outlined in our E&S Management Procedure, as amended from time to time, which includes the following:

- Screen against excluded and/or potentially excluded investment opportunities;
- Conduct pre-investment due diligence;
- Take responsible investment decisions and follow approved risk control measures;
- Conduct continuous risk monitoring and report on a regular basis;
- Consider ESG factors when developing an exit strategy.

No Consideration of Adverse Impacts of Investment Decisions on Sustainability Factors (Article 4 of SFDR)

BPM does not currently consider principal adverse impacts (PAIs) of investment decisions on sustainability factors in connection with its products and services, as defined under the SFDR.

There are several areas where BPM must allocate its limited resources and personnel. Considering the size of BPM and its investment funds, conducting a PAI assessment in accordance with SFDR and its delegated acts would tie up a disproportionate amount of BPM's resources.

Additionally, currently available ESG data is insufficient to fulfill the requirements, that arise from the regulatory technical standards (RTS) complementing SFDR.

BPM intends to keep the consideration of PAIs under review in the short to medium term.

Sustainability Risks in Remuneration Policy (Article 5(1) of SFDR)

As a sub-threshold investment funds manager BPM is not obliged to establish a remuneration policy.