21 Invest
Sustainability Policy
2023

21 Invest

Sustainability Policy

21 Invest engages with portfolio companies to grow and generate profit in a way that is admired by employees, clients, suppliers, shareholders.

21 Invest's sustainability policy has been developed in the respect of international law on human rights and to the application of environmental, social and governance ("**ESG**") criteria, including the "Ten Principles" published by the United Nations Global Compact and the fundamental principles and rights of the International Labour Organization, to the management of its private equity portfolio

Results achieved are measured and reported periodically with details of financial and sustainability performance.

This sustainability consciousness has always been part of 21 Invest's DNA and progressively has become an essential part of the value creation plan conceived for portfolio companies.

To make companies grow in a sustainable way, 21 Invest systematically implements the same value creation approach based on three levers: **Managerialization**, **Institutionalization** and **Commercialization**.

Managerialization

Management is a key driver for the development of portfolio companies. If necessary, management is reinforced, mainly in sales & marketing, finance & accounting, production and IT areas.

Institutionalization

21 Invest seeks to use its knowledge and expertise to institutionalize portfolio companies' businesses with the aim of increasing efficiency and improving performance. Actions in this area include those aimed at improving corporate governance and decision-making processes, introducing new monitoring and reporting tools in the finance area, developing a brand – from conception to the communication strategy, investing to streamline or industrialize production processes and introduce best safety practices.

Commercialization

21 Invest has a track record of creating value through domestic and international sales expansion and ensures that all angles for growth acceleration are explored and exploited. Actions in this area includes strategic actions for developing domestic and foreign sales such as: build-ups, commercial agreements, strategic partnerships for distribution in new geographies, or expansion in new business segments.

In addition, 21 Invest systematically works on **sustainability** and **digitalization** across the portfolio

Sustainability

21 Invest has maintained an active role in raising awareness of sustainability at the management company and portfolio company level and recognizes that sustainability practices remain integral to achieving value creation.

To make value creation substantial and effective, 21 Invest SGR decided to strengthen its ESG approach by designing its latest fund "21 Invest Italy IV" according to Regulation EU 2019/2088 "SFDR". Funds under SFDR article 8 promote environmental and social characteristics through their investment activities. More detail on the characteristics promoted by the fund and its investment strategy is provided in **Annex I**.

To make portfolio companies grow in a sustainable way is the core activity of the investment team.
In addition to the investment team, 21 Invest has established a dedicated Sustainability Team that coordinates with the investment team to ensure environmental, social and governance issues as well as ethical issues are managed and monitored while making portfolio companies grow.

To better integrate ESG factors into the company's corporate governance, 21 Invest SGR also appointed a sustainability officer and established a sustainability policy coordination committee as set out in **Annex II**.

Digitalization

In 21 Invest's experience, supporting portfolio companies on the implementation of digitalization strategies and introducing digital tools to enhance and/or support sales and marketing and improve communication with clients, are often key to creating value in SMEs.

Sustainability in each phase of the investment cycle

The purpose guiding managerial decisions in all investment operations is long term growth, to be realized not only by supporting a company in its development but concurrently focusing on the socioeconomic ecosystem in which it operates.

The following formalized approach has been developed to carefully investigate ESG issues and collect and share high quality ESG information from portfolio companies.

Risk analysis

Sustainability risk analysis and management is incorporated in the investment process. This analysis is conducted before the investment as well as throughout the holding period, with a view to identify the impact of environmental and social risks on sales and margin growth potential and on the future value of the target company.

Prior to investment

In the initial screening process of a potential investment, 21 Invest ensures that the potential investee company's core business is not related to certain sectors, as specifically detailed in the rules of each fund.

In particular, 21 Invest excludes investments based on our organization's values, inter alia those in the following sectors:

→ human cloning;
→ tobacco;
→ distilled alcoholic beverages and related products;
→ weapons and ammunition of any kind;
→ casinos and equivalent enterprises;
→ pornography and pedopornography;
→ fur production;
→ internet gambling and online casinos;
→ electronic data programs or solutions, which are intended to enable to illegally enter into electronic data networks or download electronic data;
→ fossil fuels;
→ research and exploitation of mineral resources;
→ drugs production and commercialization;
→ provision of services of sexual nature.

For each potential investment, the team shall complete an ESG Risk Mapping Test, which is attached to the investment memo forming a basis for the investment decision in order to flag up any potential issues for further investigation.

Should any ESG issues arise during the assessment of a potential investment opportunity, which could potentially have an impact on its valuation, the investment team shall investigate these issues further, carrying out specific environmental, social and/or governance due diligences for the potential investee company, where necessary.

During the holding period

During the holding period an annual sustainability monitoring is conducted based on information provided directly by the portfolio companies and specific sustainability KPIs are examined. Moreover, the risk management function annually examines the overall risk of the portfolio, including the risk related to environmental and social issues. The results are submitted for discussion by the Board of Directors.

If necessary, the investment team works with portfolio company management to mitigate risk factors.

Sustainability is integrated into standard portfolio tracking activity, thus enabling performance in this area to be measured equally alongside the other key indicators of value creation being sustainability, digitalization, alongside managerialization, sales & marketing, finance, operations.

Throughout the entire holding period, the investment team works alongside portfolio company management to improve performance in high priority areas. Portfolio company management is educated on the impact of ESG and an annual ESG Portfolio Monitoring Report is sent to each portfolio company.

Detailed information about ESG performance of each portfolio companies is included in the Sustainability Report. The report, once approved by 21 Invest's Board

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of Directors, is sent to all investors as well as to the PRI as part of the annual reporting activities.

Sustainability indicators refer to:

- **Environmental**
  The investment team ensures that those companies which face environmental issues have continuous improvement plans in place. 21 Invest promotes best in class approaches, encourages the use of environmentally friendly technologies and ensures that an annual energy efficiency audit is carried out where necessary. The team also assesses portfolio companies' climate related risk and opportunities.

  Moreover, 21 Invest actively monitors Climate Change physical and transition risks for its portfolio companies, reducing the probability of loss of value and its exposure to adverse endogenous factors.

  21 Invest periodically monitors its portfolio companies carbon footprint as well as that of its offices in Treviso, Milan and Paris, encouraging energy efficiency solutions and emissions reduction.

- **Social**
  The investment team seeks to correct and improve the management of social issues in investee companies, with an initial plan based on social due diligence findings. Moreover, the investment team monitors social performance in terms of specific indicators.

  In accordance with international best practices 21 Invest aims to implement actions that allows to build a path toward the following gender equity targets by 2030:

  - 25% of women in the funds' investment committee
  - 40% of women in the investment team
  - 30% of women occupying c-level roles in the portfolio companies

- **Governance**
  At the heart of the investment policy and, in order to implement sound value creation strategies, 21 Invest ensures that key conditions are in place, such as adequate representation in the portfolio company's board of directors, top management incentives aligned with those of the shareholders and sufficient quality of operational and financial reporting. Frequent meetings with the portfolio company's management allow the investment team to ensure that corrective actions are implemented if necessary.

Contribution to Sustainable Development Goals (SDG)

21 Invest actively works at management company level and alongside portfolio companies towards various sustainable development goals promoted by the United Nations. The SDGs where 21 Invest is more active and actions or monitoring are carried out in all investments are the following:

- **Goal 5 – Achieve gender equality and empower all women and girls**
  21 Invest implements actions to foster gender equality. It also monitors strategic KPIs such as unadjusted and adjusted gender-pay gap.

- **Goal 8 – Decent Work and Economic Growth**
  21 Invest actively works to create the conditions that support growth and allow people to have quality jobs, by monitoring growth in sales and margins as well as social and employee matters related to working conditions, staff turnover, injury rate, employee benefits, employee litigations, quality of employee relationships, health and safety standards for customers and employees, introduction of code of ethics and anti-corruption and anti-bribery policies.

- **Goal 13 – Climate Change**
  21 Invest considers the material impact of climate change-related factors and recognizes growth opportunities and risks related to climate change, by monitoring various environmental indicators, including water and energy consumption and waste management.

  To take a step further, starting from funds launched post-2020, in order to enhance consciousness on the adverse impacts of investment decisions on sustainability factors, 21 Invest has expanded pre-investment ESG due diligence to include the measurement of the following environmental indicators: Greenhouse Gas Emissions, Activities negatively affecting biodiversity in sensitive areas, Emissions to water, Production of hazardous waste, Energy performance.

Diagnostic tools

Diagnostic tools used to make portfolio companies grow in a sustainable way:

Pre investment:

→ **Compliance Checklist**
prepared by the compliance officer to exclude investments non-compliant with 21 Invest Sustainability Policy and applicable fund rules

→ **Sustainability Tools**
prepared by the investment team to flag up potential sustainability issues related to the investment opportunity as detailed in the Management Process of each fund

→ **Risk management report**
prepared by the risk management to examine risks of an investment opportunity including environmental and social risks, among others

Post investment:

→ **Efficiency Mapping**
updated by the investment team once a year with the evolution of on long term and short-term actions to make a portfolio company grow

→ **ESG Monitoring Report**
prepared by the team to monitor ESG KPIs, the report is based on data received from portfolio companies

Annexes

→ **Annex I**
21 Invest Italy IV Fund Management Process

→ **Annex II**
21 Invest SGR S.p.A. – ESG Bodies and Officers

Annex I
21 Invest Italy IV Fund Management Process

ESG strategic aspects for investment activities

This document (hereinafter the "**Management Process**") formalises 21 Invest SGR S.p.A. (hereinafter the "SGR") commitment to ESG and, in particular, the approach taken to integrate sustainability considerations along the investment lifecycle within the 21 Invest Italy IV (hereinafter the "**Fund**").

The Management Process takes into account the relevant legislation and, in particular, the Regulation EU 2019/2088 on sustainability reporting in the financial services sector (hereinafter "**SFDR Regulation**") and the Regulation EU 2020/852 on the establishment of a framework that promotes sustainable investments (hereinafter "**Taxonomy Regulation**"), as well as the respective regulatory technical standards defined by specific delegated regulations (hereinafter "**RTS**").

Given these premises, what will be described below is a management process that provides the Fund with a substantial and solid approach to sustainability, integrating ESG profiles within investment choices, in order to provide more substantial and effective fulfilment of the SFDR Regulation.

Investment goals

The SGR promotes environmental or social characteristics, or a combination of those characteristics (hereinafter "**Characteristics**"), provided that the companies in which the investments are made follow good governance practices. Thereby, the SGR invests in companies to make them grow, while being competitive, sustainable, resilient and great places to work.

Positioning with respect to ESG criteria and SFDR Regulation

With respect to the SFDR Regulation, the Fund provides positioning on the "so-called" Article 8, promoting the Characteristics and measuring through specific indicators to what extent the Characteristics are met.

	CHARACTERISTICS	INDICATORS
Environmental	**Knowledge and awareness about the problems caused by ongoing climate change and impact on the business**	a) Number of dissemination, outreach and training initiatives related to climate change and sustainable development
	Use and/or diffusion of the use of energy from renewable sources	a) Number and typology of initiatives aimed at energy supply from renewable sources a.1) % of energy from renewable sources
	Valorisation of production waste, proactive recycling of raw materials used and reduction of waste	a) Number and type of initiatives for: - reduction and/or reuse of waste - use of recycled raw materials - recyclability of products - increase durability of products
	Responsible and sustainable water use and management	a) Number and typology of water efficiency initiatives
	Reduction of GHG emissions	a) Number and typology of GHG emissions reduction initiatives b) Reduction of Scope 1 emissions c) Reduction of Scope 2 emissions
	Research and implementation of products with reduced environmental impact	a) Number and typology of initiatives to reduce the product life cycle environmental impact of products
	Reduction of hazardous materials use	a) Number and typology of initiatives to reduce the use of hazardous materials

	CHARACTERISTICS	INDICATORS
Social	**Promotion and adoption of gender equality policies**	a) Percentage of the 'less represented' gender b) Number and type of dissemination, outreach and training initiatives related to gender equality in the workplace
	Increase employment rate and/or work inclusion of 'disadvantaged' groups	a) Number of new jobs created b) Number of disabled/ disadvantaged/very disadvantaged persons included in job positions
	Safety and health protection in the workplace	a) Number and typology of physical health and safety facilities in the workplace b) % of accidents at work reported compared to the previous year
	Promotion of the well-being of employees and their families and preservation of the work-life balance	a) Number of corporate welfare initiatives in favour of employees and families b) Number of work-life balance initiatives
	Fair and equitable remuneration	a) Number of initiatives aimed at limiting the pay gaps across workforce hierarchies b) gender wage ratio
	Digitisation for interconnection, interaction and improvement of employees' working conditions	a) Number of digitisation-based initiatives aimed at improving employees' well-being and working conditions b) Number of initiatives aimed at assessing employee satisfaction with the daily use of digital tools c) Number of digitisation-based initiatives aimed at improving operational processes within the supply chain
	Digitisation and digital tools for inclusion, development and proximity of stakeholders and territory	a) Number of digital tools and products developed and made available to the people of the territory or other stakeholders
	Digitalisation of business models and economies of digitalisation	a) Share of products/services sold from digital channels b) Number of collaborations with external suppliers for the digitalization of business models
	Promotion of initiatives for the improvement of the wellbeing of the area and its communities	a) Number of initiatives of collective interest promoted directly b) Number of partnerships established with third sector entities
	Socio-economic development of the territory through the supply chain	a) Percentage of local/regional/ national suppliers
	Promotion of initiatives to provide quality, equitable and inclusive education and learning opportunities	a) Number of educational initiatives to foster the professional development of employees towards sustainability

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	CHARACTERISTICS	INDICATORS
Environmental & Social	**Promoting responsible business models**	a) Number and typology of initiatives aimed at incorporating sustainability profiles in the company's mission and governance b) Number and typology of initiatives aimed at involving stakeholders in the company's activities
	Adoption of ESG principles by actors in the value chain	a) Number and typology of initiatives/ resources aimed at ensuring human and environmental rights through the value chain (e.g. policies, contractual clauses, complaints mechanisms) b) Volume of purchases from suppliers aligned with ESG criteria
	Measuring, evaluating and reporting on sustainability performance and/or social and/or environmental impact	a) Presence of ESG or Impact measurement/evaluation/reporting mechanisms
	Adoption of sustainability certifications and/or membership to sustainable business networks	a) Presence of social or environmental certification and/or membership/ subscription to sustainable business networks

Integration of ESG profiles within the investment selection

The Characteristics enable the SGR to select, on case-by-case basis, those most relevant for the investment activities. In particular, the following have been defined with the aim of enhancing the strategic nature of the investment made, emphasizing the relationships with the supply chain and with territorial communities, and highlighting digitalization and business innovation as elements that can link environmental and social sustainability. The process is proposed as synergistic to existing solution, non-invasive and adjustable, on the one hand, to allow the investee companies not to be subject to negative shocks from potential innovative and sustainability practices, on the other hand, to highlight and identify growth paths in ESG value creation.

At the same time, ESG factors relevant to the SFDR Regulation - such as good governance practices - or deemed important in common opinion - such as gender equality, employment welfare, renewable energy and circular economy - are not neglected. Thus, the choice of each of the Characteristics aims at reflecting the peculiarities linked to the Fund's ESG strategy, in order to maximize the sustainability aspects of the Fund's targets.

A strategic and substantial approach to sustainability is defined by how Characteristics are transferred, interpreted and operated by the Fund, towards their own targets. For this reason, for each Characteristic it has been defined a projection on three levels (basic, intermediate and advanced level), with respect to how the single target can position itself with respect to the specific Characteristics (and its indicators).
The three levels provide not exhaustive examples, aimed at accompanying the Fund, through the investment's stages, in the identification of some benchmarks related to individual Characteristics. Therefore, they identify principals or elements that, if already present in the target at the time of the investment, or if they can be developed at a later stage through the definition of an action plan shared between the Fund and the investee company, could indicate the achievement of the Characteristic for the individual investment.

Moreover, in order to promote the Characteristics, the SGR has been provided with “threshold values” which, while not binding, represent an approximate framework for evaluating the adherence of the investee companies to the Characteristics. This process is functional for management to guide the screening and due diligence phases, identifying investment opportunities that can maximize the actual and potential social and/or environmental value generated by the Fund. The development of this process is the result of market analysis, the technical literature reviewed, and the specifics of the Fund and the SGR.

The three layers are thus distinguished as follows:

→ the first layer involves the potential exclusion, during the pre investment phase, of target companies that do not cover at least one of the Characteristics. Given its proactive positioning on ESG profiles, the Fund should avoid investment opportunities that do not have in place or over time do not present room for the implementation of initiatives related to at least 1 of the Characteristics promoted by the Fund.

→ the second layer, on the other hand, identifies investments meeting, during the holding period, at least 2 Characteristics. The Fund may provide a set of actions (a kind of action plan to be agreed with the investee company), on which it is possible to invest to increase the sustainable value of the investment, contributing to those Characteristics not initially covered, but that can be achieved during the investment period. The goal is to promote at least 7 Characteristics.

→ The third layer identifies investments meeting, during the holding period, more than 7 Characteristics. This means that the investment is candidate to achieve ESG value creation. In this case, the Fund may provide for the definition of a materiality matrix to understand the importance of the ESG value generated for different stakeholders (employees, customers, environment, suppliers, community, etc.) to report strategic quantifications of how the investment contributes to the generation of positive impacts on stakeholders.

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Integration of ESG profiles within the investment process

The SGR adopted an ESG strategy aimed at creating the optimal conditions to (a) meet the Characteristics, with respect to the Fund's entire portfolio, and (b) integrate sustainability risks (as defined above, thus including issues not related to the Characteristics) into the investment process. This strategy covers the entire investment process. It includes, as explained in more detail below, on the one hand, assessment and verification measures and tools that relate to the phases of analysis of investment opportunities and monitoring of the activities of investee companies (during the ownership of the respective holdings) and, on the other hand, assessment criteria that relate to the forming of investment decisions and those, later, that concern the management of the holdings, including the exit (divestment) phase. The core elements of the strategy are as follows:

1. Pre Investment
1.1 Scouting e pre-screening

Negative screening: exclusion of investments in sectors described in paragraph 4.9.6 of the Rules as sectors that may have high negative environmental and social impact. To this end, the Fund exclude investments in companies whose business activity consists of illegal economic activity, or companies or other entities substantially focused in, or whose principal activity falls within sectors considered controversial. (Tool 1: **Compliance Checklist**)

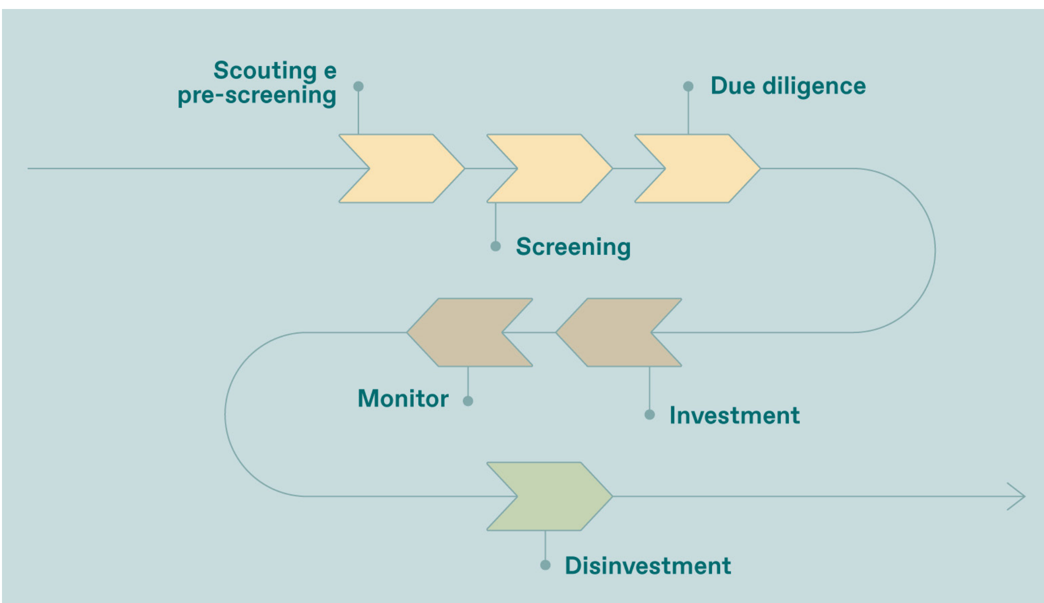
1.2 Screening

Positive screening: preliminary analysis of the feasibility of the target company with respect to:

→ the existence of good governance practices, as requested by the SFDR Regulation.

  The verification of good governance practices is carried out through a special questionnaire that aims to investigate how the target is positioned with respect to the four specific areas provide by the RTS (i.e. “sound management structures”, “employees relations”, “employees remuneration” and “compliance with tax obligations”). In accordance with the requirements of the SFDR Regulations, the positive result of this assessment constitutes a condition to investment approval. (Tool 2: **Good Governance Practices Questionnaire**)

→ the degree of alignment of the target company with the Characteristics.



The SGR, on behalf of the Fund, will proceed to collect a number of high-level and easily traceable E/S factors for a preliminary identification of the Characteristics covered by the target. (Tool 3: **E/S Characteristics Checklist**)

The SGR identifies whether the preliminary assessment of the good governance practices and the Characteristics satisfy the advancement of the investment process in the due diligence phase.

1.3 Due Diligence

Once the screening phase has been completed, the Fund undertakes a more specific assessment of:

→ sustainability risks related to the investment operation, analysed by the investment team and the risk management function;

The Fund aims to control the potential management risks of each Characteristic, qualitatively measuring the risk that negative exogenous events may occur, thereby preventing management from being able to implement any corrective actions. The measurement is made through the collection of primary data, archival material and cross-analysis of secondary and public data, to assess how the Characteristics are exposed to unmanageable risks, that is, how much ESG aspects are subject to endogenous management by the entrepreneur/management of the investee company. The higher the endogenous management, the lower the risk of criticality on the ESG criteria. Based on the degree to which these risks are subject to endogenous management, it has been developed a scoring system (green, yellow and red light) indicating those aspects related to the Characteristics that are respectively effective, to be cautioned, or critical for potential negative impacts. This information is integrated within the Risk management report prepared by the risk management to examine risks of an investment opportunity including environmental and social risks, among others (Tool 4: **ESG Risk Mapping Test**)

→ potential eligibility of the target company to contribute to the satisfaction of the Characteristics, also in consideration of its level of awareness and commitment in this regard.

At this stage, the objective is to assess whether the investment covers the predefined threshold values, identifying in which layer of adherence the investment falls, deepening the preliminary evaluation occurred in the Screening phase.

→ carbon footprint (Scope 1, 2 and 3) of the target company and a life cycle assessment analysis, where deemed appropriate.

The life cycle assessment analysis and the carbon footprint evaluation are carried out through the support of a specific software, in order to understand the environmental impact of the investment operation and identify possible improvement initiatives to develop during the investment phase. (Tool 5: **Life Cycle Assessment**)

Whether from ESG due diligence activities issues related to sustainability matters - that, in the judgment of the SGR, could potentially have an impact on the evaluation of the target company - arise, it is provided that further investigation and verification will be carried out to better clarify these issues.

In this phase, the Fund identifies a contact figure of the target company to advance the interactions on the ESG evaluations.

2. Investment decision

In case the investment opportunity is presented to the Board of Directors, a "Final Investment Memorandum" is to be prepared, which also contains, among other things, a summary of the outcomes of the due diligence activities carried out, including information regarding the Characteristics and the mapping of sustainability risks. The Board of Directors evaluates, as a whole, all investment opportunity considerations reported in the Final Investment Memorandum, including those about the aforementioned profiles (having regard also to the threshold values).

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3. Holding period
3.1 Screening

Where deemed appropriate, the SGR, on behalf of the Fund, may provide a set of actions (action plan) to promote specific Characteristics.

For specific Investments, considered relevant by the Fund, further analysis focused on the environmental and social impact of the investments could be carried out. This activity follows the subsequent process:

a. implementation of the Theory of Change to define impact goals for the investment;
b. definition of investment specific output and outcome KPIs, coherently with the indicators selected for the monitoring of the Characteristics;
c. integration of the previous points within the investment agreement if necessary to achieve goals;
d. integration of the impact assessment through S-ROI analysis (when required by the Fund).

With respect to point a, a Theory of Change (Hereinafter, the "**ToC**") describes how and why an investment initiative is supposed to generate positive impacts and value creation. In this sense, a ToC highlights the relationship between activities and output, output and outcomes, and outcomes and impacts. In this way, the ToC represents the methodology to measure the generation of positive impacts related to the Fund's investments.

3.2 Monitor

In this phase, the SGR, on behalf of the Fund, monitors:

→ sustainability risks of the Fund, which are incorporated into the aggregate risks examined for each investment and contribute to the Fund's risk indicator.

→ the investee companies' ESG performances, in particular with respect to the promoted Characteristics and the good governance practices, collecting the data through questionnaires and periodic interviews with company managers, as well as from public sources.

The activities, which may be developed with the support of an external consultant, at this stage will be as follows:

a. Data collection, regarding each specific investment can be collected, for example, through questionnaires and periodic interviews with company managers, as well as from public sources.
b. Monitoring and reporting of the Investee Companies' ESG performances through indicators. Results are elaborated (i) for the periodical report in accordance to Article 11 of the SFDR Regulation, and (ii) for the annual report of the Fund. The annual report should detail how the Characteristics and the value creation attributable to the investee company could possibly be perpetuated over time by highlighting the scalability and replicability of the specific Characteristics of the investment.

If deemed appropriate, an external consultant may be appointed to assesses whether value creation is generated from the promotion of the Characteristics toward stakeholders and communities of reference.

4. Exit
4.1 Disinvestment

When divesting the investment, the SGR makes an overall assessment of the portfolio company that takes into account the degree of value creation completion considered at the time of the investment decision (as possibly updated at a later stage). While there are no specific constraints, the sustainability profiles of the investment may be relevant in this regard, in addition to economic/financial considerations. If deemed appropriate, during the disinvestment phase the ESG performances of the investee companies are highlighted to bring out the ESG value creation generated by the investment through the promotion of the Characteristics.

Annex II
21 Invest SGR S.p.A. – ESG Bodies and Officers

The present document (hereinafter "**ESG Bodies and Officers**") formalizes the integration of ESG issues into the corporate governance of 21 Invest SGR S.p.A. (hereinafter the "**SGR**") by defining specific bodies, roles, functions and responsibilities. It also defines the methods of coordination among the corporate functions involved in the implementation of sustainability policies, with particular regard to the investment team and the heads of control functions.

The ESG Bodies and Officers therefore aims to define tools and measures to empower the governing body to perform an active steering and governance role with respect to ESG issues, both with respect to the SGR and its related investment activities.

The Sustainability Officer

The increasing focus on sustainable practices as a strategic aspect in both corporate and financial matters has led the SGR to formalize the role of internal sustainability policy officer (hereinafter the "**Sustainability Officer**"), defining his or her functions and duties.

The appointment of the Sustainability Officer also responds to the need to equip the SGR with the necessary resources and expertise to enable the effective integration of sustainability risks into its investment activities, as required by Delegated Regulation 2021/1255.

The duties of the Sustainability Officer are listed below:

- → monitoring of regulatory and interpretative developments - and related compliance - in particular with reference to Regulation 2019/2088 (hereinafter "**SFDR Regulation**") on sustainability-related disclosures in the financial services sector;
- → coordinating activities related to the PRI, to the Shared Value Initiative, the annual sustainability reporting to investors, and the preparation of the annex to the periodic disclosure addressed to investors as required by Article 11 of the SFDR Regulation, where applicable;
- → ensuring that the investment and monitoring processes of portfolio companies carried out by the investment team include consideration of sustainability factors;
- → verifying that the investment team has assessed whether - and how - sustainability risks have been taken into account by portfolio companies;
- → ensuring internal coordination with the investment team and the Risk Management, Compliance and Internal Audit functions in all matters under their responsibility, providing and receiving any appropriate information;
- → promoting the development of further initiatives and dialogue on sustainability-related issues with the relevant industry, investors, stakeholders and regulators;
- → requesting the Managing Director to convene the Sustainability Policy Coordination Committee, when necessary, for the consideration of issues that fall within its duties;
- → making proposals for the preparation and revision of the Sustainability Policy, when necessary;
- → monitoring sustainability standards and frameworks and coordinating any ESG performance measurement, evaluation and reporting activities related to the company's business, when required by industry regulations.

The Sustainability Officer reports to the Managing Director an annual report on activities carried out and issues addressed with regard to ESG topics.

The Sustainability Policy Coordination Committee

The Sustainability Policy Coordination Committee (hereafter the "**Committee**") is the intermediate body between the Sustainability Officer and the Board of Directors, with a role of verification, evaluation and stimulus, as well as coordination between the Sustainability Officer and other functions concerned with ESG issues.

The Committee consists of the

Sustainability Officer, the Risk Management Officer, the Compliance Officer, the Internal Audit Officer and the Managing Director, in his dual capacity as a member of the Board of Directors and the investment team, the latter serving as chairman.

The tasks of the Committee are listed below:

→ reviewing the Sustainability Officer's annual reports, proposed revisions to the Sustainability Policy submitted by the Sustainability Officer, other changes and updates to the sustainability strategy as deemed appropriate, taking into account regulatory and industry developments, as well as indications and requests from supervisory authorities, submitting a note for the Board of Directors in relation to any resolutions to be adopted;

→ examining issues that may arise in the application of the SGR's sustainability policies and in the coordination of the Sustainability Officer with the investment team and the Risk Management, Compliance and Internal Audit functions, providing guidance and promoting appropriate solutions;

→ defining and promoting initiatives to raise awareness about sustainability issues in the business context (e.g., from staff, towards suppliers and/or business partners etc.);

→ identifying, also upon stimulus from the Sustainability Officer, the areas in which the SGR may need to receive support, either recurrently or on specific matters, from consultants specialized in sustainability issues, reporting to the Board of Directors for any resolutions to be adopted;

→ dealing with other sustainability issues entrusted by the Board of Directors.

The Committee meets whenever requested by the Sustainability Officer or the Board of Directors, when convened by the Managing Director. In any case, the Committee meets at least once a year.