



RESPONSIBLE INVESTMENT POLICY  
OCTOBER 2024

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## 1. ALTO PARTNERS ESG PRINCIPLES

Alto Partners SGR S.p.A. (hereinafter “Alto Partners” or the “SGR”), as manager of Private Equity funds supporting small and medium-sized Italian companies, aims to generate a positive impact on the economic and social fabric of the country by working alongside entrepreneurial households and managers. To this end, the SGR (Asset Management Company) considers it essential to integrate environmental, social and governance (ESG) criteria in its investment activities, through the adoption and implementation of efficient processes aimed at preventing and identifying sustainability risks, i.e. events or conditions that could have a negative impact on the value of the investment and the environment and society. Moreover, Alto Partners considers ESG criteria as essential in order to contribute to the creation of corporate value, with an approach that also inspires all the stakeholders involved (investors, shareholders, employees, management of investee companies, etc.).

## 2. REFERENCE FRAMEWORK

Alto Partners has drafted this Policy and performs its investment activities with reference to regulatory and industry frameworks, in particular:

- EU Regulation 2019/2088 (SFDR): In adopting an integrated approach to ESG criteria within the investment process, the SGR follows the rules introduced by European Regulation 2019/2088 regarding disclosure on sustainability in the financial services sector (hereinafter also EU Sustainable Finance Disclosure Regulation or “SFDR”) which came into force on 10 March 2021. For the Alto Capital V Fund, classified according to Art. 8 pursuant to European Regulation 2019/2088, Alto Partners has defined the environmental and social characteristics it intends to promote through its investment activity. In accordance with the provisions of the SFDR, Alto Partners publishes an annual statement on its website regarding (i) the inclusion of sustainability risks in the investment process (Art. 3), (ii) the identification of the Principal Adverse Impacts (PAI) on sustainability and the related mitigation measures (Art. 4). Moreover, the SGR communicates the process implemented to promote the environmental and social characteristics identified by the company within the Fund in Art. 8 (Art. 10) and the extent to which they have been met (Art. 22).
- UN PRI: Alto Partners is a signatory to the Principles for Responsible Investment (“PRI”) promoted by the United Nations as a guideline for the integration of ESG aspects in all phases of the investment process. By adhering to the PRI, Alto Partners is committed to respecting its indications, adopting a responsible approach with reference to the SGR itself, in the selection of investments and incorporating ESG criteria into its fund management strategies. To date, the six principles (the “Principles”) set forth in the PRI are voluntary and inspirational. They are:
  1. *Integrate environmental, social and governance (ESG) issues into financial analysis and investment decision-making processes;*
  2. *Be active shareholders and incorporate ESG issues into active shareholder policies and practices;*
  3. *Provide adequate communication regarding ESG issues by the entities of investment;*
  4. *Promote acceptance and application of the Principles in the financial sector;*
  5. *Work together to improve application of the Principles;*
  6. *Periodically communicate the activities and the progresses made in implementing the Principles.*
- UN SDGs: Alto Partners has set its ESG Goals by drawing inspiration from the United Nations Sustainable Development Goals (SDGs), the seventeen global targets outlined in the 2030 Agenda for Sustainable Development. Specifically, Alto Partners has identified seven priority SDGs to which it aims to contribute through its activities, and has aligned its ESG ambitions with these goals.
- Industry associations: This Policy has been drafted taking into account the Guidelines of the Italian Association of Private Equity, Venture Capital and Private Debt (AIFI) on Private Capital and Sustainability. In this specific context, they have been useful in defining the scope of implementation of sustainable and responsible investments, through the integration of environmental, social and governance issues in the traditional financial sector. In addition to the above-mentioned documents, reference is made to the

“Invest Europe” Guidelines, which provide a summary of good practices in responsible investments. These Guidelines aim to provide the Management Team and the ESG Group with the appropriate tools to identify and manage ESG risks and opportunities throughout all phases of the investment process. Lastly, in order to support the identification of KPIs (Key Performance Indicators) to be shared with the investee companies, the SGR adopts the SASB (Sustainability Accounting Standard Board) methodology, the SFDR's indications and the industry's best practices.

- Supervisory Expectations on Climate and Environmental Risks: In drafting this Policy, Alto Partners has incorporated the guidelines set forth in the document "Supervisory Expectations on Climate and Environmental Risks" published by the Bank of Italy.
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines) and UN Global Compact (UNGC) Principles: This policy has been drafted considering the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines) and United Nations Global Compact (UNGC) Principles as guidelines with regard to respect for human rights. The SGR assesses, where relevant and material, the alignment of investments with these guidelines.

### 3. ROLES AND RESPONSIBILITIES

Alto Partners has clearly defined the roles and responsibilities for integrating ESG issues into management of the investments and of the SGR. As a demonstration of its commitment to responsible investments, Alto Partners involves top management in strategic decisions relating to ESG aspects.

- ➔ The Board of Directors approves Alto Partners' ESG policy and strategies. In particular, the Board is responsible for determining the relevance of strategic ESG choices in terms of their impact on Alto Partners' business, its investments and its stakeholders. The Board of Directors plays a guidance and governance role in overseeing ESG risk considerations, particularly with reference to climate risks. The BoD of Alto Partners is committed to evaluating the work of the ESG Group and of the Management Team with respect to the implementation of the ESG policy and action plan.
- ➔ The ESG Group, made up of representatives of Alto Partners' management bodies, is committed to developing ESG strategies, at SGR and fund level, and to supporting and verifying their implementation. The main responsibilities entrusted to the ESG Group are:
  - *definition and revision of the Responsible Investment Policy, which provides guidelines for the integration of ESG criteria; verification of the consistency of other SGR policies with the Responsible Investment Policy and compliance with the ESG goals of Alto Partners as a signatory to the PRI in all SGR activities;*
  - *definition and updating of the ESG action plan;*
  - *integration of ESG criteria into investment procedures;*
  - *scheduling of specific training sessions dedicated to the SGR staff, in order to give the entire team a comprehensive vision and constant updates on the sector regulations and good practices in terms of ESG. All ESG governance figures take part in regular ESG training activities.*
  - *inclusion of an ESG section in the annual investor meetings, with the aim of keeping investors up to date and informed about the ESG performance of the SGR and of the funds.*
- ➔ The Alto Partners Management Team is committed to integrating ESG criteria into its processes, in order to assess the extra-financial profile of investments, following a precise path of evaluation of the associated sustainability risks and opportunities. The process of integrating ESG criteria into the investment process is detailed in section 6: “Integrating ESG criteria into the investment process”.
- ➔ ESG Reference Person Individual identified within each Portfolio Company, acting as a point of contact for the performance of all ESG activities.

## 4. ALTO PARTNERS ESG COMMITMENTS

Alto Partners is committed, for its funds (starting with Alto Capital IV and in particular for the Alto Capital V Fund in Art. 8), to considering each of the ESG areas (environmental, social and governance) and to defining the goals, KPIs and targets to be taken into account. Alto Partners prioritises the ESG issues on which to focus the action plans of its investee companies on the basis of the potential impact they can generate in terms of reducing costs, increasing revenues and creating value for the company, through an approach based on the concept of materiality. Lastly, Alto Partners is committed to ESG standards also at the SGR level.

### Environmental Commitment

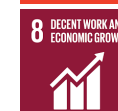
*Alto Partners is committed to monitoring the greenhouse gas (GHG) emissions of its investee companies and promoting the adoption of renewable energy sources. In line with Bank of Italy Expectations and TCFD recommendations, Alto Partners will monitor its portfolio's exposure to climate risks in order to identify mitigation measures, if necessary.*

### Associated UN SDGs



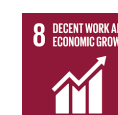
### Social Commitment

*Alto Partners' core value lies in the attention to the individual, with the commitment to constantly guarantee a comfortable working environment in which human rights, the integrity of the individual in both physical and mental terms and the interests of all stakeholders are respected, in order to contribute to the creation of sustainable value and as inspiration for management of its investee companies. In particular, Alto Partners is committed to: guaranteeing working conditions that promote and protect the health and safety of all employees and collaborators; guaranteeing respect for workers' rights and creating a climate of personal protection that eliminates all forms of discrimination based on gender, religion, ethnic group, political orientation or sexual orientation, ensuring that the dignity, well-being and diversity of its employees are respected; promoting professional growth, also thanks to training courses for employees; taking into consideration the impact of the activities on stakeholders and the local community; promoting respect for human rights throughout the value chain.*



### Governance Commitment

*The adoption of structured Governance that can guarantee the correct management of both the SGR and its investee companies is fundamental for Alto Partners. Ensuring the balance of powers and the effectiveness of the Corporate Bodies, taking into account the ethical-social principles and the rules of good governance, allows Alto Partners a high level of credibility and guarantee. In particular, Alto Partners is committed to: guaranteeing honesty, correctness and transparency in all of the activities carried out; promoting the adoption of the 231 Organisational Model pursuant to Italian Legislative Decree 231/01; implementing best practices in the field of Corporate Governance; prohibiting all the stakeholders involved from making or receiving payments in exchange for preferential treatment; ensuring diversity and balance in the formation of corporate bodies; taking appropriate measures to prevent corruption and money laundering; promptly identifying any anomalies that could lead to negative impacts and adopting the consequent corrective measures; adopting a consistent approach to sustainability and business ethics, allowing both the creation of value and the strengthening of the reputation of the SGR and of the companies in its portfolio; defining an ESG governance and responsibility structure within the investee companies to support them in monitoring ESG issues.*



## Environmental and social characteristics promoted by the Alto Capital V Fund

In addition to the ESG commitments undertaken by Alto Partners, the Alto Capital V Fund, aligned with Article 8 of European Regulation 2019/2088 (SFDR), has defined the environmental and social characteristics it intends to promote through its investment activity. For more in-depth information on the environmental and social characteristics promoted by the Alto Capital V Fund, please refer to the “Statement pursuant to Regulation (EU) 2019/2088 of the European Parliament regarding disclosure on sustainability in financial services (“SFDR”) - Article 10”, available at the following [link](#).

## 5. AREAS OF EXCLUSION

As also expressly indicated in the Funds’ Regulations, the SGR does not invest in, guarantee or otherwise provide (directly or indirectly) financial or other support to:

- *companies or other organisations that invest in the exploration and exploitation of natural resources, with the exception of undertakings whose principal activity is the marketing of natural resources, or the production of systems or equipment needed for the production, extraction or transport thereof, or the provision of related services;*
- *companies or other organisations that engage in illegal economic activities or that produce products deemed illegal under national laws or regulations, or prohibited by international conventions;*
- *companies engaged in gambling or in the production or marketing of gambling-related products;*
- *pornography, prostitution or similar activities;*
- *production of and/or trade in arms and ammunition of any kind, it being understood that this restriction does not apply where such activities are part of or ancillary to express EU policies;*
- *production of and/or trade in distilled alcoholic beverages and related products;*
- *production of and/or trade in tobacco or tobacco-related products;*
- *gas or oil extraction;*
- *research, development or technical application of electronic programs or solutions that are specifically intended for the following activities: support for the activities of the preceding points, Internet betting and/or gambling, illegal access to electronic data and electronic data networks.*

For a more detailed discussion on the exclusion categories, see the Regulations for the Management Funds of Alto Partners.

## 6. INTEGRATION OF ESG CRITERIA INTO THE INVESTMENT PROCESS

Alto Partners is committed to integrating environmental, social and governance criteria through all the phases of the investment process to ensure that this process always takes into account the risks and opportunities associated with ESG factors.

- **Pre-investment:** During the screening phase, Alto Partners undertakes to verify compliance with the exclusion criteria defined by the Funds’ Regulations and the Responsible Investment Policy and to identify the ESG issues to be covered by the Due Diligence activities. ESG Due Diligence includes assessments of the Target’s exposure to climate, physical and environmental risks. In this phase, potential significant risks to be mitigated are identified and any opportunities related to the investment emerge, which will serve as the basis for drafting the dedicated ESG Action Plan. Furthermore, with regard to investments within the Alto Capital V Fund, identified as a product in Art. 8 according to EU Regulation 2019/2088 (SFDR), in the pre-investment phase, the maturity of the target company with respect to the environmental and social characteristics promoted by the Fund is identified. All the relevant findings arising from the Due Diligence are included within the Investment Memorandum and presented by the Management Team, in

consultation with the Risk Manager during this phase, to the BoD. In addition, the SGR includes special ESG clauses in its Investment Documentation to guarantee the right to receive constant information and flows on the progress of implementation of improvement actions and agreed ESG indicators.

- **Portfolio Management:** The companies in Alto Partners' portfolio are followed and monitored in order to verify the correct integration of ESG criteria in their activities; in particular, the investments made through the Art. 8 fund are also monitored with respect to maturity in relation to the environmental and social characteristics promoted by the fund itself. The fundamental KPIs emerging from the Due Diligence are constantly monitored by Alto Partners through the use of a specific Data Monitoring Tool, modelled on the peculiarities and materiality of each target company on the basis of industry standards (e.g. SASB). For the Alto Capital V Fund, identified as an Art. 8 product according to EU Regulation 2019/2088 (SFDR), the Data Monitoring Tool is also used to collect the indicators required for periodic reporting pursuant to the SFDR, the PAIs (Principal Adverse Impact indicators) as defined by the RTS (Reporting Technical Standards) of EU Regulation 2019/2088 (SFDR). Alto Partners is committed to monitoring the ESG performance of the companies throughout the duration of the investment by means of periodic dedicated meetings that allow a constant update on ESG performance and actions implemented by the investee company. Alto Partners is committed to defining a specific ESG action plan for each investee company, with material goals to be achieved within a specific timeframe. Finally, a function is identified that will be the point of reference for ESG issues within the investee company.
- **Exit:** Alto Partners will take into account the ESG activities carried out on investments during the exit phase, illustrating them in the reference documentation.

Even when investing as a minority shareholder, Alto Partners undertakes to integrate ESG investment criteria while adopting a simplified approach.

Moreover, to ensure a high level of transparency towards its investors and to implement an effective communication mechanism, Alto Partners has adopted a specific Reporting Form for Material ESG Incidents. The form, which is distributed to all the Fund's investees, allows for immediate reporting when an ESG incident occurs, by the ESG Reference Person to the Management Team. The latter will be responsible for notifying the ESG Group and the Board of Directors, respectively, which will inform investors in a timely manner, outlining any corrective actions implemented or to be implemented in the future in order to avoid a recurrence.

Please refer to Alto Partners' Investment Procedure for further details.

## 7. SUSTAINABILITY IN ALTO PARTNERS

Alto Partners pursues the project of integrating ESG issues also at the SGR level. This goal translates into a strong commitment on the part of the SGR to adopt an inclusive approach aimed at enhancing the value of its human capital, adopting the highest standards of corporate governance and business ethics, and making efficient use of natural and energy resources, in compliance with the ESG Commitments described above (refer to Section 4 of this document).

## 8. STEWARDSHIP & REPORTING

To enhance the impact of responsible investment activities, Alto Partners undertakes to report to its investors, through dedicated sections of the annual reports, the progress of integration of ESG criteria within the SGR and its investee companies, highlighting any incidents and initiatives implemented. Furthermore, during the Investor Meetings, the SGR aims to keep investors updated on the general performance of the target companies from an ESG perspective.

Alto Partners is committed to developing an annual ESG Report stating the performance against the commitments set out in the Responsible Investment Policy and ESG action plans of the SGR and its investee companies. In

accordance with the SFDR, the SGR provides annual information on the achievement of the ESG characteristics promoted by the fund in Art. 8, as well as communicating the relative KPIs. Alto Partners is also committed to reporting annually on the results of its ESG criteria integration process by completing and submitting the PRI questionnaire, in order to communicate the progresses related to the adoption of the Principles for Responsible Investment.

## 9. UPDATE

The Policy will be reviewed and updated as necessary and, in any event, at least every two years.

The SGR undertakes to disseminate this Policy through its website in order to ensure that it is observed and properly applied by all of the organisation's employees and stakeholders.

## 10. GLOSSARY

- ESG criteria: those aspects of an environmental, social and governance nature ( "ESG") potentially relevant to the activity carried out by the SGR and all its funds
- Fund pursuant to Art. 8 of Reg. 2019/2088: Fund that promotes, amongst its other characteristics, environmental or social characteristics, or a combination of these, provided that the companies in which the investments are made comply with good governance practices.
- EU Regulation 2019/2088: Regulation on disclosure with regard to sustainability in the financial services sector (hereinafter also SFDR);
- PAI (Principal Adverse Impacts): the principal adverse impacts of the investment decisions taken by the SGR on the sustainability factors identified by ESG regulations;
- RTS (Regulatory Technical Standards): a technical standard defining the methodology to be used with regard to disclosure for financial market participants in relation to EU Regulation 2019/2088 (SFDR) and PAIs;
- UN PRI (UN Principles for Responsible Investments): International network of investors supported by the United Nations that works together to promote and implement six aspirational principles aimed at developing sustainable finance practices. By implementing these principles, signatories contribute to the development of a more sustainable global financial system;
- UN Sustainable Development Goals (SDGs): The Sustainable Development Goals (SDGs) are a set of 17 interconnected goals defined by the United Nations as a strategy "to achieve a better and more sustainable future for all";
- OECD Guidelines: these are recommendations addressed by governments to multinational enterprises to promote responsible conduct;
- United Nations Global Compact Principles (UNGC Principles): a set of ten principles that companies are encouraged to adopt to promote sustainability and social responsibility;
- Supervisory expectations on climate and environmental risks: a document published by the Bank of Italy in 2022, which identifies the supervisory expectations of financial institutions on the integration of climate and environmental risks into the business strategies, governance, control and risk management systems and market disclosures of supervised intermediaries;
- Physical climate risk: economic impact deriving from the expected increase in natural events the occurrence of which can be defined as "extreme" or "chronic". Acute physical risks depend on the occurrence of extreme environmental phenomena (such as floods, heat waves and droughts) linked to climate change, which increase their intensity and frequency. Chronic physical risks, on the other hand, are caused by progressively emerging climatic events (such as the gradual rise in temperatures and sea levels, the deterioration of ecosystem services and the loss of biodiversity);



- Transition climate risk: economic impact resulting from the adoption of regulations to reduce carbon emissions and encourage the development of renewable energy, technological developments as well as changing consumer preferences and market confidence;
- ESG risk or opportunity: an environmental, social or governance event or condition that, if it occurred, could cause a significant positive/negative impact on the value of the investment;
- Significant ESG incidents: any significant fines and non-monetary penalties due to non-compliance with laws and/or regulations, or substantiated environmental, social and business ethics complaints (e.g. non-compliance with tax laws, customer safety, labelling, market communication, environment, labour, human rights, international, national, regional and local laws); violations of company policies regarding environmental, social and business ethics issues; accidents that are fatal or have resulted in permanent injury to any person; any other incident that has a material adverse impact on the environment or health and safety situation (including, without limitation, explosions, spills or work-related accidents resulting in death, serious or multiple injuries or environmental contamination); any social incident (including, without limitation, violent labour unrest or disputes with local communities), which has or is reasonably likely to have a material adverse effect on the social and cultural environment; damage caused by extreme weather events such as floods, hail, overflows, drought, etc.