

POLICY - RESPONSIBLE INVESTMENTS

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	<input type="checkbox"/>	MANUALE OPERATIVO	<input type="checkbox"/>	REGOLAMENTO
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INTRODUCTION & VISION STATEMENT

As a private equity investor, we are engaged in creating value for the Italian economy and our investors, by providing new capital to companies to support their dimensional growth and useful tools for generational change. In doing so, we firmly believe that a strong responsible investment approach is key to maximizing opportunities and securing strategic advantage of our investments, whilst also reducing risks and complying with regulations.

As a means to better align investors with the broader objectives of society, we are fully committed to adhering to the United Nations-backed Principles for Responsible Investment (PRI) and to implementing and promoting them in all stages of our investment process.

This Responsible Investments Policy (hereinafter “the Policy”) outlines Entangled Capital SGR S.p.A. (hereinafter also “Entangled Capital SGR”) approach to systematically and explicitly incorporate Environmental, Social and Governance (“ESG”) considerations into its investment analysis and decisions, as well as during discussions with portfolio companies, in order to foster a shared idea of responsible and sustainable business. We will appoint an ESG officer who will be in charge of ensuring the correct implementation of this policy and of promoting sustainability initiatives at Entangled Capital SGR and at the fund’s portfolio companies. The ESG officer will also monitor ESG performance progresses that will be reported in annual reports addressed to investors and other stakeholders.

We mainly invest in industrial, productive and technological companies. While we recognize that some key ESG considerations (for example, health and safety, corporate governance, resources consumption) are applicable to all these industries, we adopt a case-by-case approach targeting those ESG issues with the greatest potential to positively impact the portfolio company’s performance. We also leverage a network of entrepreneurs and managers (our “Operating Partners”) to allow a broader and more in-depth sectoral analysis, including of sustainability factors.

This Policy applies to all Entangled Capital SGR managed funds and to all employees and collaborators working with us.

OUR ESG VARIABLES TO CREATE VALUE

Environment

Environmental aspects are usually the most recognizable elements in the initial evaluation process for an investment opportunity. Entangled Capital SGR considers crucial for a fair evaluation to investigate how the potential target is managing environmental aspects such as energy consumption, waste management and air pollution. Based on the results of the investigation, the investment team supports the company management by providing concrete actions to be included in business plan and by setting new environmental targets to enhance the company sustainability and awareness on environmental aspects.

Social

Social aspects are strongly related to a number of factors, such as the size, the legacy, the relationships with the territory and the industry of the target company. As such, their evaluation might

be a complex task. Also, improving social aspects might require companies' cultural changes, which is normally a long process. First consideration on social issues is made by Entangled Capital SGR's investment team by benchmarking the target company with its market practices. Afterwards, supported by specialized consultants, Entangled Capital SGR identifies the improvement actions to create value for the target company, for example by ensuring a better working environment, workers safety and wellbeing and good relationships with local communities.

Governance

Governance changes are usually identified as first signal of the new management approach. Entangled Capital SGR targets to acquire majority stake, appointing the majority of Board members with the ultimate goal of ensuring the expected company development. In order to get a clear reporting chain, the management is supported with tools to organize company keys information, to identify tasks and responsibilities, and to achieve the targets pointed out in the business plan.

OUR COMMITMENT TO INTEGRATE ESG INTO THE INVESTMENT PROCESS

The integration of ESG issues is a crucial part of Entangled Capital SGR's activities throughout our whole investment lifecycle. It is aimed at preventing or mitigating potential impacts and risks to all stakeholders, while benefitting from incremental value creation opportunities.

- **Pre-investment phase:** To ensure ESG considerations and risks are integrated into the business strategies of portfolio companies, the evaluation of ESG factors starts at an early stage of the investment process.

The asset management company shall not invest in companies or other entities mainly operating in the following sectors:

- (a) the production of, and/or trade in, tobacco and/or related products;
- (b) the production of, and/or trade in, distilled alcoholic beverages and related products;
- (c) the production of, and/or trade in, weapons, explosives and ammunition of any kind. This restriction shall not apply insofar as such activities are part of or accessory to express European Union policies;
- (d) casinos and equivalent activities;
- (e) pornography and pedo-pornography;
- (f) research, development or technical application of electronic programmes or solutions which:

(x) are specifically intended for the following activities:

- supporting any of the activities listed in letters (a) to (f) of this point (vi);
- internet gambling and/or online casinos;

or which:

(y) are intended to enable to illegally:

- enter into electronic data networks; or
- download electronic data.

In selecting Investments, the SGR shall have regard to environmental, social and corporate governance ("ESG") issues and shall use any reasonable efforts to maintain and/or introduce appropriate ESG strategies to the management of Investee Companies.

The investment team ensure all fund regulations are complied with and perform analysis on ESG trends that might be relevant for the target investment and its industry based on publicly

available information and in collaboration with Entangled Capital SGR's Operating Partners. The first results of this assessment are presented to both the investment committee and the board of directors, identifying in the Investment Memorandum the key ESG elements underlined during the internal and initial analysis. Then, the investment team work to screen and identify high-level ESG risks and opportunities, to be assessed in tailored due diligence performed by third party technical experts, where necessary. The investment team works closely with its consultants to investigate the ESG profile of the target company and to identify opportunities for value creation that can be promoted and unlocked during the investment lifecycle. A first ESG action plan is then drafted. During the pre-investment activities the team can decide independently not to continue with the analysis on a potential opportunity that does not operate in a sustainable sector, even if permitted, or that does not have production processes attributable to sustainability metrics in a medium-long term view. Targets excluded for ESG risks remain tracked in the deal flow file.

- **Execution phase:** To ensure all investment decisions take ESG factors into account, prior to the closing of each new investment on behalf of the Funds, the findings of the ESG due diligence, the results of the desktop analyses, and the ESG action plan are reviewed by the investment committee and, subsequently, by the board of directors.
- **Ownership and monitoring phase:** Entangled Capital SGR's ownership of the portfolio companies is usually a majority, and always an active ownership. Throughout the ownership phase, we constantly engage with portfolio companies' top management through our board seats, in order to promote their commitment towards sustainability and supervise the processes in place for addressing risks and opportunities, as well as preventing incidents. The investment team support and collaborate with portfolio companies in the management of their ESG opportunities and risks by promoting the implementation of ESG action plans and their effective enforcement and progress. Those activities will be periodically (at least annually) reported in a specific ESG document, available for investors, where evaluations of monitoring will be updated on the developments achieved by the portfolio company.
- **Divestiture phase:** Entangled Capital SGR discloses relevant ESG information on the portfolio companies' performances to the potential buyer prior to exit.

OUR COMMITMENT TO COMPLIANCE AND INTERNATIONAL BEST PRACTICES

Entangled Capital SGR is fully committed to comply with applicable and relevant legislations among portfolio companies and the highest ethical, health & safety and environmental international best practice standards.

Entangled works alongside its portfolio companies to strengthen their organizational and management systems and control models, to be aligned with the international standards (e.g. UNI EN ISO) and to prevent criminal offences in compliance with the provisions of the Italian Legislative Decree 231/2001.

OUR COMMITMENT TO TRANSPARENCY

We commit to seek appropriate disclosure on ESG issues by the entities in which we invest and to transparently report on their performances to investors. Material ESG incidents and corrective measures are immediately reported to all limited partners.

Entangled Capital SGR is open to engage more widely with the investor community to improve and strengthen its responsible investment approach.

POLICY COMMUNICATION & REVIEW

All employees and collaborators are made aware of the contents of this Policy and Entangled Capital SGR provides them with the necessary tools and information to understand and implement the responsible investment principles. The board of directors is responsible for ensuring the implementation of this Policy.

This Policy will be reviewed and updated as required to reflect evolutionary changes in ESG practice.