

CHARME CAPITAL PARTNERS SGR S.p.A.

RESPONSIBLE INVESTMENT POLICY

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MISSION & STRATEGY

Introduction

Charme Capital Partners SGR (hereinafter "Charme") is an Asset Management Company (AMC) investing mainly in Europe, with a particular presence in Italy, the United Kingdom, and Spain. Charme's main focuses on majority investments in companies identified on the criteria of development potential, positioning, and product or services excellence, with the purpose of enhancing their value in an ethical and responsible manner.

This Responsible Investment Policy (hereinafter "Policy") represents a guideline for defining the approach Charme adopts to integrate environmental, social, and governance (ESG) considerations during its investment analysis. This approach is integrated within the Company's internal processes to promote the consideration of ESG factors by portfolio companies, consistently with its mission, vision, and values.

Scope

The Policy outlines the responsible investment approach adopted by Charme throughout the investment lifecycle, from the initial assessment to the exit phase of each Company, integrating consideration of ESG factors throughout the process. In particular, the approach taken to integrating these ESG factors is determined in consultation with Charme's Investment Managers and entails that such integration is aligned with the careful evaluation of multiple components, including strategy objectives, asset class, and investment time horizon.

Mission and Vision

Charme's mission and vision are primarily based on the following values:

- A solid global investor base: Charme's global investor base is the distinguishing factor of its investment activity aimed at ensuring the greatest possible support for the development of the companies in which it invests. It is perfectly balanced between international business families, leading global industry groups and leading institutional investors;
- Long-term relationships: in twenty years of activity Charme has built a unique credibility network with international entrepreneurs, managers and investors thanks to its reputation based on consistency, pragmatism and integrity;
- Development of proprietary investments: being deeply rooted in the geographic areas in which it operates, Charme is able to develop industrial projects in proprietary contexts both in the initial acquisition phase and in every subsequent development phase;
- Growth: Charme's objective is to invest in companies with strong growth potential and international development. The achieved results demonstrate Charme's ability to accelerate growth paths alongside management by providing them with a long-term strategic vision, operational support, and growth capital;
- Responsibility: unwavering respect for the cultural heritage of the companies in which Charme invests and continuity in management before, during, and after its entry into the capital are the hallmarks of each investment project;
- Company culture: Charme's strong entrepreneurial culture always underpins every action and has supported the companies in which it has invested in their international expansion, overcoming any economic cycle;
- Consistent returns: Charme's long-term industrial approach to investments and the appropriate use of leverage has enabled its portfolio companies to grow under all economic conditions while ensuring significant returns for its investors.

Responsible Investments

Charme is committed to implementing, within its investment processes, ESG practices inspired by ethical, responsible, and sustainable principles, in line with national and international best practices, to create shared value in the medium

to long term. This commitment was formalized with the signing, in 2019, of the Principles for Responsible Investment (PRI) promoted by the United Nations with the aim of contributing to a more transparent and sustainable financial system. By joining PRI, Charme commits to, promotes, and respects the six fundamental principles:

1. to incorporate environmental, social, and governance ESG issues into investment analysis and decision-making processes;
2. to be active owners and incorporate ESG issues into ownership policies and practices;
3. to demand appropriate disclosure on ESG issues by the investees companies;
4. to promote the acceptance and implementation of the Principles within the investment industry;
5. to collaborate to enhance the effectiveness in implementing the Principles.;
6. to periodically report on activities and progress towards implementing the UN PRI Principles.

Annually, Charme fills in the PRI Transparency Report, publicly available on the initiative's website. The Company also promotes the acceptance and application of Responsible Investment Principles in the financial sector through active participation in industry associations and other networking platforms, supporting the development of policies, guidelines, and regulations that facilitate the actual implementation of the signed Principles. Charme Capital SGR regularly commits to reviewing the consistency and effectiveness of interventions and actions taken, continuously seeking to improve their content. This commitment reflects the awareness that adherence to UN PRI can contribute to optimally aligning investment activities with the overall interests of the AMC and its investors.

RESPONSIBLE INVESTMENT PROCESSES

The provisions of this Policy extend to all stages of the investment process, opening new channels of dialogue between Charme and its portfolio companies, focusing on dynamic management of sustainability and ESG factors. For this reason, Charme Capital is committed to integrating and taking into account ESG aspects in its investment process. This integration materializes in Charme evaluation and consideration of aspects related to climate change, promoting diversity and inclusion, health and safety at work, and direct management of conflicts of interest within the broader objective of promoting good governance practices. Finally, in line with its responsible and sustainable investment strategy, Charme Capital takes into account the OECD Guidelines, the United Nations Global Compact, and the Universal Declaration of Human Rights in its choices.

Pre-Investment

The assessment of ESG factors at the pre-investment stage consists of the following three approaches:

1. Negative screening: consists of refraining from investing in companies involved in activities or sectors that Charme considers to be controversial and high emissions or that are involved in serious cases of human rights violations, corruption cases, or causing environmental damage. Specifically, sectoral exclusions related to high environmental impact sectors concern industries such as the extraction and refining of coal, gas and oil¹. Furthermore, time by time, companies not aligned with Charme's values or principles regarding regions or countries are excluded. Finally, further exclusions may be considered in response to specific requests from Fund investors or defined in the specific regulations of individual managed funds.
2. ESG due diligence: involves analyzing the risks and opportunities related to relevant ESG issues, with particular attention to climate and environmental physical and transition risks. In addition, Charme conducts a careful and in-depth evaluation of the ethics and reputation of the target company's management and of potential conflicts of interest related to the investment.
3. Scenario analysis: involves analyzing the financial impact of macro-trends related to relevant ESG issues for the target company, focusing on the impacts associated with climate change.

¹ In line with the provisions of the UN PRI, Charme has identified the following sectors with high environmental impact excluded in the negative screening phase: extraction and refining of coal, gas and oil.

The results of implementing the three approaches above may lead to the exclusion of certain investments or to the devaluation/revaluation of assets through an analysis of quantifiable risks.

In case Charme considers that potential ESG risks that emerged in the pre-investment phase are acceptable and/or manageable, or in case it assesses the opportunities related to the potential investment as strategic value creation levers, it will proceed in the investment process as long as it is in line with predefined investment standards and then subsequently activates a monitoring process related to the ESG risk areas of the target company through the activation of specific initiatives to mitigate and reduce the identified ESG risks.

All findings emerging in the pre-investment phase are included in the Investment Memorandum prepared by the investment team; this document is subject to preliminary evaluation by the Board of Directors, and if this evaluation is positive, the investment is approved.

Post-Investment

After acquisition, Charme proceeds with the monitoring and integration process of ESG factors for the invested companies. ESG monitoring involves identifying Key Performance Indicators (KPIs) common to all portfolio companies ("cross-portfolio KPIs") and specific KPIs for each company ("company-specific KPIs"), the latter defined based on a preliminary materiality analysis. Based on the results of the KPIs' performance and the actions implemented by the invested companies, an ESG Action Plan is formulated for each Company, with a short to medium-term timeframe, establishing specific accountability measures both internally and at portfolio company level.

During the investment period in the portfolio company, with Charme's support, the company is required to prepare an internal annual report to measure and monitor ESG performance and its progress related to the ESG Action Plan or connected to cross-portfolio and company-specific KPIs, defining, where appropriate, also an ESG action plan and its implementation timeframe.

Such information and the related findings are annually included in a dedicated section of Charme's investors report; this section also includes any relevant event occurring at the individual portfolio company level and the corrective actions implemented in case of negative events.

Charme takes all possible measures to ensure that portfolio companies receive the tools and appropriate training to better understand, report, and annually monitor KPIs and the ESG Action Plan.

Exit

Charme strongly believes in the value generated through the implementation of a responsible investment process and, for this reason, commits to sharing the ESG results achieved by portfolio companies with potential buyers, to promote a continuous growth path for the Company even after its exit from the Fund.

MONITORING AND REPORTING

Charme commits to annually collect the internal reporting prepared by each portfolio company and, at the same time, monitors cross-portfolio KPIs to assess the overall performance of the Fund. ESG information related to its assets is periodically communicated to investors. Periodic communication to investors serves a dual purpose for Charme: firstly, it aims to increase transparency level on ESG issues provided by the AMC to investors, and secondly, it contributes to promoting and implementing PRI Principles.

To ensure timely monitoring and communication of relevant ESG data and information at the portfolio company level, Charme provides:

- constant monitoring by the investment managers assigned to the ESG monitoring of the investment;
- the commitment by the investment manager, at least twice a year, to organize ad hoc meetings between

Charme and the ESG responsible of portfolio companies to monitor ESG performance and the progress of the ESG Action Plan.

During these meetings, any critical issues will be analyzed, and all intervention measures will be decided. As already stated above, Charme's annual report reflects the results achieved by portfolio companies and any ESG non-compliance related incidence. Charme Capital provides comprehensive information to investors, including details on stewardship activities with portfolio companies and the commitments and results related to climate and environmental issues and respect for human rights. In addition, Charme is a member of the Industry Associations of which Charme Capital is a member: AIFI.

STEWARDSHIP

Charme Capital adopts an active approach to ownership, committing to promoting improvements in the ESG performance of portfolio companies. This commitment materializes through both the development of annual ESG monitoring reports and ESG Action Plans, the result of regular exchange of data and information with portfolio companies, and through the promotion of an effective culture of corporate governance and ESG through participation in public events and round tables.

The investment team actively supports portfolio companies in integrating ESG objectives into their business strategies. Portfolio companies, in turn, express their commitment to achieving sustainability goals, defined and evaluated together with Charme Capital, through ESG Action Plans and, consequently, also internal documentation where not present (e.g., Sustainability Policies, Sustainability Reports, Code of Ethics, etc.)

The key issues on which Charme Capital's stewardship approach is based concern environmental, social, and governance factors. In particular, the AMC defines and prioritizes specific sustainability issues to promote risk management and opportunities related to climate, respect for human rights, and the structuring of governance reflecting criteria of competence and independence. Furthermore, Charme Capital is committed to direct and constant collaboration with other shareholders of portfolio companies to identify possible engagement activities to pursue the set ESG objectives.

The stewardship activities of the AMC are an integral part of Charme Capital's approach to sustainable finance and a concrete commitment to increase awareness among key stakeholders of the principles of Responsible Investment.

TRAINING

Charme Capital implements, with the support of an external consultant, an internal training plan dedicated to ESG issues, with reference to sustainable investments and climate and environmental risks.

The internal training program is made accessible to all staff members who could potentially be involved in the integration of ESG factors into Charme Capital's investment strategies and processes.

Finally, Charme Capital provides training on this Policy to all staff of the AMC involved in responsible investment processes.

GOVERNANCE AND ACCOUNTABILITY

Charme Capital AMC has established an ad-hoc governance structure with responsibilities and supervision for the provisions contained in this Policy.

The responsibility for approving changes to the Responsible Investment Policy lies with the Board of Directors. Changes are formally proposed by the ESG Committee, which is responsible for the periodic evaluation of Policy updates.

The Investment Committee is responsible for assessing the alignment of potential investments with this Policy, considering ESG alignment and long-term impact on the organization's values and objectives, and overseeing the implementation of the environmental, social, and governance guidelines described in the Policy itself. Finally, investments evaluated as suitable are brought to the attention of the Board of Directors, which is responsible for deliberating on the proposed recommendations (included in the Investment Memorandum).