

ESG AND RESPONSIBLE INVESTMENT *POLICY*

Corporate Procedures Manual
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WISE EQUITY SGR'S ESG COMMITMENT

BUSINESS STRATEGY AND VALUES

Wise Equity SGR S.p.A. (hereinafter also "Wise Equity" or "SGR"), an independent asset management company founded in 2000, specializes in the management of closed-end *private equity* funds (hereinafter "Funds").

In particular, Wise Equity operates mainly in the Italian context, adopting an investment strategy focused on the growth of the *business* and its strategic relevance.

In fact, the SGR focuses its investments in Italian companies of excellence, *leaders* in niche markets and with a propensity to *export*, with the aim of making these excellences even stronger and more competitive internationally.

Wise Equity is a member of AIFI (Italian Association of *Private Equity*, *Venture Capital* and *Private Debt*) and adopts:

- i. the Code of Conduct¹ which outlines commitments set out in nine articles to be promoted and adhered to in the performance of professional activities,
- ii. the principles - where applicable - contained more specifically in the Internal Code of Conduct for *Private Equity* SGRs².

Wise Equity is also a *full member* of Invest Europe, the world's largest association of private capital providers, and it has adhered to its Code of Conduct³. In addition, a Senior Partner of the SGR participates in Invest Europe's Mid-Market Council, while the SGR's CFO is a member of the ESG Working Group, an internal working group of Invest Europe's ESG Committee (ESGC), which promotes the open exchange of ideas and encourages informed discussion on responsible investment practices and ESG issues in the European private equity sector.

Since 2015, Wise Equity has been among the first Italian companies to subscribe to the PRI (*Principles for Responsible Investments*), a *set of* voluntary investment principles (hereinafter "Principles") that present a series of actions to incorporate ESG issues into investment practices. Following the signing of the PRIs, Wise Equity completes an annual *Transparency Report*, which summarizes the responsible investment activities implemented by the SGR during the reporting year and is publicly available on the PRI *website*.

The principles were developed by investors, for investors: by implementing them, in fact, PRI signatories contribute to developing a more sustainable financial system.

- **Principle 1** Incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2** Be active owners and incorporate ESG issues into ownership policies and practices.
- **Principle 3** Seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4** Promote acceptance and implementation of the Principles within the investment industry.

¹ <https://www.aifi.it/visualizzaallegatodocumenti.aspx?chiave=1tEh42vaa91N6UJqpXzOW3652w8i8x>

² <https://www.aifi.it/visualizzaallegatodocumenti.aspx?chiave=59wIMcf5tneB1Bd8YDL88201xkY55E>

³ <https://www.investeurope.eu/industry-standards/professional-standards/code-of-conduct/>

- **Principle 5** Work together to enhance effectiveness in implementing the Principles.
- **Principle 6** Report on activities and progress towards implementing the Principles.

Wise Equity is therefore aware of the importance that responsible *business* management represents. In order to create sustainable value in the short and medium to long term for all relevant *stakeholders*, Wise Equity is committed to integrating environmental, social and governance factors within its investment process.

To this end, Wise Equity has prepared this *ESG and Responsible Investment Policy* (hereinafter "Policy") to formalize its commitment to responsible investment.

The SGR has also defined specific *governance* roles and responsibilities in order to coordinate and monitor the implementation of ESG provisions in the investment process, promote alignment with market *trends* and demands, and encourage active dialogue with portfolio companies, including through Wise Equity's direct participation in their Boards of Directors.

Indeed, Wise Equity's ESG *governance* is aimed at promoting an increasing awareness of ESG aspects, with the ultimate goal of making itself a promoter of an internal culture of sustainability as a *driver* of sustainable *business* and value creation for all *stakeholders* involved.

Both at the SGR level and as part of the process of selection, management and monitoring of the investment portfolio, Wise Equity aims to generate a positive social and environmental impact for the community and the local area.

SUSTAINABILITY IN WISE EQUITY

COMMITMENT TO PEOPLE

Wise Equity's people-to-people relationships are based on the values of fairness, transparency and trust.

In this context, the SGR has always been committed to providing working conditions that promote equal opportunity, foster personal dignity, and encourage a professionalizing and participatory work environment.

Wise Equity also promotes the dissemination of such practices in its dialogue with key *stakeholders* with whom it interfaces while conducting its activities.

Wise Equity also promotes the development of its people and the enhancement of skills, including providing for the annual participation of staff in training events such as an annual *webinar* dedicated to ESG issues and sustainable finance. The goal is to develop an ESG culture, which is one of the value creation drivers of the investment strategy.

Diversity is an important strength for value creation, for the SGR and the people who work there. In fact, Wise Equity values diversity and condemns all forms of discrimination based on gender, age, health status, sexual orientation, nationality, political opinions, and religious beliefs, starting with the *recruiting* process.

Wise Equity recognizes and welcomes the benefits of diversity among employees, collaborators, and representatives of governing bodies, encouraging where possible the application of this principle in selection processes.

COMMITMENT TO INVESTORS

Wise Equity is committed to maintaining and fostering strong investor relationships based on trust and transparency.

The SGR ensures its investors that its activities are conducted in accordance with the principles of fairness, integrity and transparency.

In addition, Wise Equity promotes dialogue and is committed to periodic communication with its investors, seeking maximum transparency with respect to the results obtained, including ESG performance, in compliance with the relevant regulations.



Wise Equity aims to continue on its path of constant sharing and dialogue with all investors, ensuring transparency and assiduous communication.

COMMITMENT TO THE ENVIRONMENT

Wise Equity is committed to reducing waste in energy and resource consumption by encouraging efficient and responsible use of office materials and favoring the use of recycled or recyclable materials wherever possible. Inside the offices, in fact, plastic bottles have been abolished, a drinking water dispenser has been installed, and staff have been provided with water bottles. The use of paper is limited in order to encourage digitization of processes and archives.

The SGR also encourages responsible management of waste generated by its activities by sorting its collection and disposing of it properly.

Wise Equity also promotes the use of sustainable and environmentally friendly means of transportation.



Wise Equity aims to renew its car fleet by including low-emission cars in order to reduce the amount of CO2 emitted from business travel.

COMMITMENT TO COMMUNITIES

Committed to the promotion of social and cultural initiatives in the territory in which it operates, Wise Equity supports, through the disbursement of donations and sponsorships and the direct participation of its founding partners, several foundations and associations dedicated to scientific research and assistance to the sick, support for children in distressed situations, as well as the support of social innovation and the dissemination of the culture of social impact investments.



Wise Equity aims to maintain a constant commitment to communities over time through investments in social and cultural initiatives in the local area.

RESPONSIBLE INVESTMENT POLICY

PREMISE AND SCOPE

The Policy formalizes Wise Equity's commitment to ESG and, in particular, the approach taken in order to integrate sustainability considerations throughout the lifecycle of the investments of the funds managed by the SGR.

The Policy takes into consideration the relevant legislation, particularly the EU Regulation 2019/2088 on Sustainability-related Disclosure in the Financial Services Sector (hereinafter "**SFDR Regulation**"), as well as the respective technical standards defined by appropriate delegated regulations (hereinafter "**Second Level Regulations**").

The Policy fully applies to all *Private Equity* investments made by Wise Equity Funds, in accordance with the applicable regulations.

With respect to the management of Funds that promote environmental and/or social characteristics (hereinafter "**E/S Characteristics**" or "**Characteristics**") pursuant to Article 8 of the SFDR Regulations (hereinafter "**Article 8 Funds**"), - i.e., the Wisequity VI Fund⁴ and subsequent Funds - *ad hoc* procedures are also provided in view of the particular regulatory regime applicable, which includes, for example, verification of the existence of good *governance* practices of invested companies and monitoring of the Characteristics promoted by the Fund (*Figure 1*).

It should also be noted that where Wise Equity holds a minority position, it will likewise strive, to the extent possible, to promote the integration of ESG factors into the investment process, despite its lower ability to influence.

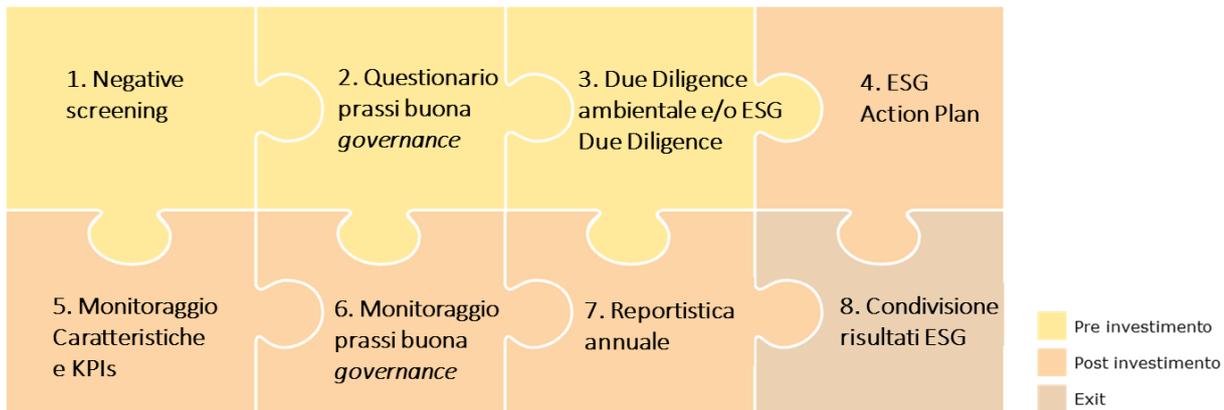
ESG APPROACH IN THE INVESTMENT PROCESS

Through the investments of the managed funds in investee companies, Wise Equity aims to contribute, among other aspects, to the transition to more environmentally sustainable economic models and to the respect for fundamental human rights. In particular, the SGR intends to contribute to the achievement of the Paris Agreement's goal on climate change to keep the global average temperature increase well below 2°C compared to pre-industrial levels, with a commitment to continue efforts to limit it to 1.5°C, and to promote the respect for fundamental human rights, such as the right to decent working conditions, the right to adequate remuneration without discrimination, and the rejection of forced labor and child labor, in line with main international human rights frameworks (e.g., the Universal Declaration of Human Rights).

Wise Equity is committed to investing capital responsibly by integrating ESG considerations within the decision-making processes carried out at *pre*-investment, *post*-investment and *exit*, opening new channels of dialogue between the SGR and *target* and portfolio companies, as detailed below.

⁴ The following are the Characteristics promoted by the Wisequity VI Fund. "E" Characteristics: (i) energy supply efficiency, (ii) reduction of GHG emissions, (iii) circular economy in the use and management of materials/components, (iv) research and production of products with a reduced *product life cycle environmental impact*, (v) awareness and knowledge about environmental sustainability, climate change and their importance, and (vi) environmentally sustainable production sites and buildings. "S" Characteristics: (vii) inclusion and protection of disadvantaged groups, (viii) inclusion and protection of equal opportunities and diversity, (ix) protection of workers' physical and mental health and safety, (x) *welfare* services for the well-being of employees and their families, (xi) pay equity. "E&S" features: (xii) responsible *business models*, (xiii) sustainable and responsible *supply chains*, (xiv) ESG performance monitoring, evaluation and reporting.

Figure 1: Process for integrating ESG aspects into the investment phases for Article 8 funds.⁵



To ensure proper risk management at all stages of investment, Wise Equity has integrated into its *Risk Management Policy* the description of the policies, procedures and tools used to monitor, measure and manage also **sustainability risks**⁶ ("ESG risks"), assessed both at the individual investee level and at the fund level. The sustainability risks include climate risks (physical and transition⁷), for which quantitative analyses are prepared aimed at measuring the physical risk and transition costs to which the company would be subject in order to align its greenhouse gas emissions with the maximum amount projected in the Net Zero scenario to 2050; risks related to social matters, measured by taking into consideration aspects such as the "gender pay gap" and the "gender diversity ratio"; and risks related to governance matters, measured by taking into consideration aspects such as the achievement of environmental and social certifications, and the incentive/remuneration plan also linked to sustainability objectives.

More details are provided below with respect to how the integration of ESG considerations is implemented for each of the investment phases (*pre*-investment, *post*-investment, and *exit*), taking into account the particular procedures that, as described, have been adopted with reference to Article 8 Funds.

PRE-INVESTMENT

Wise Equity, through **negative screening**, excludes from its investment activity companies whose business activity consists of an illegal economic activity and companies, or other entities, whose main activity falls within sectors considered controversial, as made explicit within the Funds' Management Regulations.

Specifically, Wise Equity has adopted a sector exclusion policy that does not allow investment in:

- companies whose business activity consists of an illegal economic activity;
- companies or other entities substantially focused on, or whose principal activity falls within, sectors considered controversial, as made explicit within the regulations of the funds under management, for example:
 - production of and trade in tobacco, alcoholic distillates and related products;
 - oil and gas extraction and/or direct extraction of tar sands, Arctic oil and coal;

⁵ ESG aspects are also integrated, where applicable, into the different investment phases of the other types of funds managed by Wise Equity.

⁶ A "sustainability risk" is an environmental, social, or governance event or condition which, if it occurs, could cause a significant actual or potential negative impact on the value of the investment (Article 2(22), SFDR Regulation).

⁷ Physical risks from climate change can be driven by (acute) events or long-term (chronic) changes in climate systems. Risks of transition to a low-carbon economy can fall into the following categories: policy and legal risks, technology risks, market risks, and reputational risks.

- gambling houses or similar enterprises;
- production, distribution or sale of pornographic materials.

At the pre-investment stage, Wise Equity conducts - with the support of an external consultant - an in-depth analysis that includes:

- the verification of the presence of good *governance* practices through a special **good governance questionnaire** that aims to investigate how the company positions itself with respect to the four specific areas envisaged by the Second Level Regulations ("sound management structures", "employee relations", "remuneration of staff" and "tax compliance"). Based on the findings of the questionnaire, the SGR's Board of Directors - when approving the investment - makes an overall assessment as the positive result of this assessment is a necessary condition for investment for Article 8 Funds, in accordance with the provisions of the SFDR Regulation;
- the assessment of the sustainability profiles of *target* companies through **ESG due diligence**. Specifically, both sustainability risks and opportunities related to the *target's* potential alignment with the promoted E/S Characteristics are assessed, verifying its level of awareness of and commitment to ESG issues. The ESG issues investigated as part of *ESG due diligence* include environmental issues (such as energy consumption, greenhouse gas emissions, material use, and waste generation), social issues (such as promoting diversity and inclusion, occupational health and safety, and respect for human rights), and governance issues (such as business ethics, anti-corruption, and supply chain management).
- Where it appears that the *target* company, because of its business or industry, is exposed to potential significant environmental risks, Wise Equity conducts specific **environmental due diligence** in order to thoroughly investigate the environmental impacts and risks associated with the potential investment.

In addition, before making the investment, the *Risk Management function*, as formalized in the *Risk Management Policy*, monitors the climate risks (physical and transition) to which the *target* is exposed through quantitative analysis using data provided by external providers and considering the *Net Zero* scenario by 2050.

The findings from the *pre-investment* analysis phase are included in the documents prepared by the Management Team for discussion with the Fund's Investment Committee (where applicable) and the SGR's Board of Directors to represent the risks and opportunities related to the *target* company as part of the transaction approval process.

Subsequently, the purchase agreements of the *target* company will include sustainability commitments made by the management of the acquired companies in accordance with the SGR's policies.

POST INVESTMENT

Based on the identified ESG issues and the results of the *ESG Due Diligence* conducted in the pre-investment phase, an **ESG Action Plan** is prepared by the *management* of each portfolio company, in which specific objectives to mitigate ESG risks or seize identified ESG opportunities are formalized, to be implemented over a multi-year horizon during the investment period. Once prepared, the *ESG Action Plan* is approved by the Board of Directors of the portfolio company to ensure high-level commitment to the implementation of ESG objectives.

Starting in 2025, Wise Equity has defined a predefined set of ESG objectives to be achieved over a set period of time in order to standardize the implementation of a set of relevant ESG initiatives at the portfolio level. Key predefined ESG objectives include:

- In the environmental area: the implementation of energy efficiency initiatives; the quantification and reduction of GHG emissions; the adoption of environmental management systems; and the use of renewable energy;
- In the social area: the adoption of management systems for occupational health and safety; the adoption of policies and procedures to promote diversity and equal opportunities;
- In the governance area: the obligation to prepare and adopt the organization and management model (or "*model pursuant to Legislative Decree No. 231/2001*") and a Code of Ethics, if these safeguards are not already in place at the time of the acquisition of the invested company; the implementation of ESG criteria in the evaluation of suppliers.

In the formalization and monitoring phase of the *ESG Action Plan*, Wise Equity provides for periodic exchanges of information with portfolio companies, both through formal channels (e.g., during meetings of the company's Board of Directors) and informal channels (e.g., as part of daily activities of dialogue and *engagement* between the SGR and the company). In addition, Wise Equity is committed to promoting the participation of *senior management* of portfolio companies in **dedicated workshops**, held annually, also in order to facilitate the sharing of successful experiences among different companies.

To monitor the progress of the *ESG Action Plan* and the *ESG performance* of the companies invested by the Funds managed by the SGR, a number of **Key Performance Indicators** (KPIs) have been defined based on international sustainability reporting *standards*.⁸

With regard to Article 8 Funds, these KPIs allows the SGR to verify how and to what extent the portfolio companies meet the E/S Characteristics promoted by these Funds, in order to understand the positive impact generated through investment activity on the environment, the community, the territory and *stakeholders*. In addition, again with reference to Article 8 Funds, good governance practices are monitored during the investment period in order to verify that investee companies maintain (and, where deemed appropriate, improve) their governance practices with respect to the four specific areas defined by the Second Level Regulations.

Starting in 2024, Wise Equity requires portfolio companies to report their ESG KPIs and monitor the progress on the ESG objectives formalized in their Action Plan through a dedicated IT platform. This allows for improved ESG data collection, reporting, and monitoring, enabling Wise Equity to assess performance more effectively and support portfolio companies in achieving their sustainability goals.

The *ESG performance* of invested companies is evaluated annually, including through the support of a specialized external consultant, and is disclosed through the preparation of an annual report addressed to investors and included within the financial reporting required by the Fund's Management Regulations.

With reference to Article 8 Funds, information on E/S Characteristics is also contained in a specific annex to the periodic disclosure addressed to investors, as required by Article 11 of the SFDR.

EXIT

When divesting, Wise Equity commits to making relevant ESG information and portfolio company achievements available to potential buyers.

⁸ These indicators were based on the "GRI Standards" published by the *Global Reporting Initiative* (GRI) until the ESG monitoring of investee companies conducted on the year 2023, while they were based on the *European Sustainability Reporting Standards* (ESRS), introduced by Delegated Regulation (EU) 2023/2772 supplementing Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) starting from the ESG monitoring conducted on the year 2024. It should be noted that the reporting standards used may change in the near future considering that the Omnibus package published by the European Commission on February 26, 2025 proposes, among other things, to reduce and simplify the ESRS Standards. Therefore, the reporting standards used in the coming years may coincide with the *Voluntary Sustainability Reporting Standards for SMEs* (VSME) or the simplified version of the ESRS Standards

In fact, the *ESG Action Plan* and the constant monitoring of KPIs allow the SGR to compare the company's environmental, social, and *governance performance* before and after the investment period, verifying the progress achieved and the value generated through sustainability investments.

ROLES AND RESPONSIBILITIES

Wise Equity has defined ESG roles and responsibilities of the various corporate actors involved in investment management, in order to integrate ESG aspects into the different stages of investment and foster an effective and constructive dialogue among them.

The SGR's **Partner responsible for the investment** and member of the Board of Directors of the portfolio company is responsible for:

- implementing ESG provisions and discussing the progress of the ESG Action Plan and related monitoring at the company's Board meetings;
- reporting, on at least an annual basis, the need for any corrective actions and interventions. In fact, the *Partner* responsible of the portfolio company is required to report annually to the SGR's Board of Directors - as part of the investee's performance update - a *summary of the portfolio company's ESG performance* in relation to the progress of the *ESG Action Plan*, so as to assess the need to implement any corrective actions;
- promptly inform the SGR's Board of Directors of any serious incidents in relation to ESG issues that have involved the portfolio company and any corrective actions taken and/or to be taken.

Principals and **Investment Managers** operationally and continuously support the *Partner* in implementing these provisions through dialogue with the portfolio company and monitoring the company's performance with regard to ESG KPIs.

The **Chief Financial Officer** is responsible for:

- monitoring the proper and effective implementation of this Policy;
- coordinating ESG activities;
- monitoring key market *trends* and regulatory requirements in the ESG area and aligning the planning of any training activities with them;
- collecting, with the support of an external consultant, information on *Key Performance Indicators* and on the progress of individual *ESG Action Plans* of portfolio companies;
- preparing the Fund's internal reporting addressed to investors;
- communicating to investors the ESG progress of the SGR and of the portfolio companies of managed funds during the Annual General Meeting;
- communicating, in periodic reporting to investors, any serious ESG incidents that have involved portfolio companies and any corrective actions taken.

Organizationally, the implementation of the *ESG Policy* is overseen by the following supervisors (the "**ESG Supervisors**"):

- *Senior Partner* and executive director member of the *Management Team*;
- Executive director with the position of *Chief Financial Officer*.

ESG Supervisors	Competence profiles
Senior Partner	<i>has ESG facilitation and coordination tasks within the Investment Team for more effective implementation of the various initiatives and objectives set forth in the ESG Action Plan of the managed Funds' investee companies</i>
Chief Financial Officer	<i>is responsible for the administrative implementation of the Policy, with particular regard for the preparation of reporting to the Board of Directors and investors, the collection of ESG KPIs necessary for the quantification of the ESG Bonus, etc.</i>

As of 2023, with a view to ensuring consistency with the SGR's objectives of promoting sustainable characteristics and spreading the culture of environmental, social and *governance* (ESG) factors at all levels of the organization, the so-called "**ESG Bonus**" has been introduced for all senior staff in the Investment Area (*Senior Partners* and *Principals*) and the *Chief Financial Officer*.

FINAL PROVISIONS

In the process of integrating ESG factors into the investment process, Wise Equity is supported by external consultants with specialized expertise in this area.

In particular, the SGR is supported by ESG consultants to conduct ESG *due diligence*, climate risk analysis (physical and transition), and ESG *performance* monitoring of portfolio companies.

The SGR is also committed to reviewing and updating the Policy at least every two years and in any case whenever deemed necessary in order to reflect ongoing ESG developments related to regulatory developments and industry *best practices*.

**Wise Equity SGR SpA**

Registered as no. 58 in the Register of Asset Management Companies
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