Sustainable Investment Policy

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1. Introduction and regulatory framework

Nextalia SGR S.p.A. (hereinafter, "**Nextalia**", the "**Company**" or the "**Management Company**") is aware of the strong connection between financial investment returns and issues related to environmental, social and governance factors ("**ESG factors**"). The Management Company is convinced that in order to obtain adequate financial returns in the long term, investments must also be sustainable.

This is why, as an Italian private equity operator, the Company considers it essential to implement and apply the principles of responsible finance within its operational model, adhering to guidelines that steer investment activities with regard to responsible investing. The Company's core mission is to provide preferential access to investment opportunities in Italy. In addition to ensuring adequate returns for its investors, Nextalia will actively contribute through its actions to making the Italian economy stronger, more innovative, and more resilient.

This document ("**ESG Policy**" or the "**Policy**") clarifies the principles according to which the Management Company intends to integrate ESG factors into its operating model.

In drafting this ESG Policy, the Company has taken into account – among other things – the following regulatory sources and related updates:

- Regulation (EU) 2019/2088 of 27 November 2019, on sustainability-related disclosures in the financial services sector (the "**Sustainable Finance Disclosure Regulation (SFDR)**");
- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (the "**RTS**");

- Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards sustainability risks and sustainability factors to be taken into account by alternative investment fund managers;
- Any relevant ESAs guidance on this matter.

2. ESG Approach

The Company, an independent asset management firm, intends to integrate ESG factors into its activities, also through a fair, transparent, and responsible conduct that enhances and protects its reputation, credibility, and stakeholder trust over time, essential prerequisites for the sustainable development of its business.

The Management Company's sustainable investment policy aims to combat corruption and bribery, promote people development and well-being, ensure respect for diversity and equal opportunities, protect the environment, and foster social awareness, in line with the principles set out in the Company's Code of Ethics.

In this regard, the Management Company has adopted an Internal Code of Conduct and a Code of Ethics, which contribute to fostering a corporate culture that values, among other things, ESG factors, and define the rights, duties, and responsibilities the Company assumes towards the stakeholders it interacts with in the course of its business activities.

The Management Company incorporates ESG principles (environmental, social and governance) into all its investment, management and divestment decisions, making reference to the UN PRI (United Nations Principles for Responsible Investment), as outlined below:

1) Integrate ESG factors into investment analysis;
2) Integrate ESG factors into investment management;
3) Require transparency on ESG factors from investee companies or investment counterparties;
4) Promote adherence to the PRI among financial system participants;
5) Enhance the effectiveness of the PRI;
6) Ensure maximum transparency in the implementation of the PRI.

By adhering to the PRI in 2022, the Management Company publicly commits to respecting these principles, which have already been integrated into its investment process, as stated on its website.
The Management Company is also inspired by the following international principles:

- *Universal Declaration of Human Rights* (see **Annex 1**); and
- *The 10 Principles of the UN Global Compact* globally recognized and applicable to all economic sectors (see **Annex 2**).

To conclude, while taking into account the 17 *UN Sustainable Development Goals* (SDGs) (see **Annex 3**), the Management Company has identified those goals that are most aligned with the sectors and companies in which the funds established and managed by the Management Company will invest.

The Management Company publishes on its website section www.nextaliasgr.com/esgnext the information required under Articles 3 (Transparency of sustainability risk policies), 4 (Transparency of adverse sustainability impacts at entity level), 5 (Transparency of remuneration policies in relation to the integration of sustainability risks), and 10 (Transparency of the promotion of environmental or social characteristics by the funds managed by the Management Company) of the SFDR, as well as this Policy.

3. Roles and responsibilities

The Board of Directors is responsible for defining the principles by which the Management Company must take ESG factors into account within its organization and in the management of AIFs, as well as for updating these principles, considering – among other things – the evolution of relevant regulations and the consolidation of market best practices.

Furthermore, the Management Company has appointed an ESG Manager with proven knowledge and experience in the ESG field, entrusted with the following responsibilities:

- Propose the drafting and revision of the ESG Policy, when necessary;
- Monitor ESG-related standards and reference frameworks, as well as regulatory and interpretative developments – and related compliance obligations, particularly with reference to the SFDR;

- Promote the development of initiatives and dialogue on sustainability-related topics with the relevant industry, investors, stakeholders, and regulatory bodies, including through media engagement and by proposing the Management Company's participation/adhesion in specific initiatives, in line with the six principles of the UN PRI to which the Management Company adheres;
- Participate in the investment process, as further detailed in the following paragraphs, with particular focus on: (i) ESG due diligence, especially regarding the promotion of environmental and social characteristics and the relevance of sustainability risks, particularly climate and environmental risks (both physical and transition-related); (ii) definition of the ESG Next Rating and ESG Action Plan for each portfolio company; and (iii) monitoring of the ESG Next Rating and implementation of the ESG Action Plan;
- Oversee ESG-related disclosures, with particular attention to the obligations set out in the SFDR and the RTS;
- Keep documentation related to investor meetings up to date;
- Attend Board of Directors meetings when topics requiring the Board's attention are discussed; and
- Handle other sustainability-related matters as may be assigned by the Board of Directors.

In carrying out these responsibilities, the ESG Manager is supported, within their respective areas of expertise, by the Investment Team, Internal Audit, Risk Management Function, and Legal & Compliance Function, the latter particularly with regard to compliance with applicable regulations (as being defined at both European and national levels). Specifically, the General Counsel serves as a permanent member of the ESG Committee, supporting its work with a particular focus on regulatory compliance and interpretation.

To support the ESG Manager, the Company has established an ESG Committee composed of the Chief Executive Officer – acting as Chair –, the ESG Manager, the Chief Investment Officer Credit, and the General Counsel.
Additionally, the Chair may invite other members of the organization or external consultants with specific expertise in ESG matters to attend particular sessions of the ESG Committee or to contribute to specific topics.

The Committee shall meet periodically and whenever the Chair deems it necessary and/or appropriate.

The ESG Committee has the following tasks:

- Identify changes and updates to the ESG strategy, taking into account regulatory and market developments, as well as the consistency of the ESG strategy adopted by the Company and this Policy with the PRI principles, in line with the guidelines established by the Board of Directors;
- Adopt and, where necessary, update the Management Company's ESG Plan, which shall include targeted actions to promote ESG factors within the corporate environment, considering the nature of the Management Company's activities and the objective of enhancing human capital;
- Provide support to the ESG Manager and the Investment Teams, where needed, in updating the integration of sustainability risks into the investment process, including climate and environmental risks (both physical and transition-related), taking into account, among other things, the evolution of market best practices and the specific strategy pursued by each fund managed by the Management Company;
- Participate in advocacy initiatives (e.g., public consultations by competent authorities, position papers, etc.) related to applicable ESG regulations relevant to the Company, including through industry associations to which the Management Company may belong (e.g., AIFI – Italian Private Equity, Venture Capital and Private Debt Association), and in any case in line with the PRI principles;
- Define and promote initiatives aimed at raising awareness of ESG factors within the corporate context (e.g., among staff, suppliers, and/or business partners); and
- Evaluate participation in specific ESG initiatives (such as training programs, third-party certifications for ESG ratings assigned to the Company, etc.).

It is understood that none of the participants in the Committee receives any remuneration for participation in the Committee.

The ESG Manager reports to the Board of Directors, on an annual basis, on the Committee's main activities, with a particular focus on any updates to this Policy as well as on the implementation of the Management Company's ESG Plan.

4. ESG Next

4.1 Preamble

ESG Next is an approach systematically applied on three levels: in the decision-making processes of the Management Company, in investment policies and in the management of investments and portfolio companies.

4.2 ESG Screening

The ESG Next approach is based, among other things, on a combination of: (a) negative screening through the use of exclusion criteria to remove investments and/or companies involved in specific activities or particular sectors, and (b) positive screening to assess the investment also based on ESG factors.

During the investment selection process, the Management Company expressly undertakes not to invest in companies primarily operating in the following sectors:

- Trade in or production of controversial and unconventional weapons (i.e. nuclear, biological and chemical weapons, anti-personnel and anti-vehicle mines, cluster munitions and submunitions, invisible fragmentation weapons, blinding lasers, incendiary weapons, depleted uranium and white phosphorous weapons) and their key components (i.e. critical component necessary for the operation of the controversial and unconventional weapon and specially designed for that purpose) and, more generally, activities and services prohibited by Law no. 220 of 9 December 2021, it being understood that this restriction does not apply as long as such activities are part of, or ancillary to, European Union policies and comply with European Union law;
- Tobacco;
- Gambling or gambling-related products;
- Production or distribution of pornographic material;
- Production or commercialization of electronic solutions or software specifically designed to illegally: (i) access electronic networks, and/or (ii) download data in electronic format;

- Human cloning;

Additional excluded sectors may be identified in the fund rules of the individual funds managed by the Management Company.

The Management Company will consider the following ESG factors both within its internal organizational structure and in the management of portfolio companies:

- Environmental Factors (E) – CO_2 emissions, air, water and soil pollution, hazardous and non-hazardous waste, biodiversity;
- Social Factors (S) – labour and union standards, gender policies, health and safety, data privacy; and
- Governance Factors (G) – impact on corporate governance practices, including remuneration policies, conflict of interest management, Board composition, integrity and ethical standards.

4.3 Promotion of environmental and social characteristics by the fund "Nextalia Private Equity"

The Management Company may establish AIFs that promote environmental and social characteristics (hereinafter, also the "Characteristics") pursuant to Article 8 of the SFDR. In such cases, the AIF invests in companies that guarantee minimum good governance practices. With regard to the "Nextalia Private Equity" fund (hereinafter, "NPE"), the promoted characteristics are as follows:

- **Environmental characteristics**

  (i) training on environmental and sustainability issues
  (ii) use of renewable sources (associated with the goal of mitigating climate change)

- **Social characteristics**

  (iii) inclusion of ESG criteria in the incentive and/or remuneration system for staff
  (iv) corporate welfare initiatives
  (v) initiatives to promote gender diversity and inclusion
  (vi) customized training programs aimed at increasing the professional skills of staff

In addition, the Management Company has integrated sustainability risks through the investment process. The Risk Management Function assigns the AIF an ESG risk oversight rating (including

climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on a set of qualitative and quantitative indicators monitored across the portfolio investments.

The promotion of the characteristics listed above is divided, in the investment process, into the following main activities:

- **Preliminary ESG due diligence:** Among other things, the process includes the identification of potential ESG risks and value creation opportunities, based on a predefined checklist (see Annex 4 of "Section IV – Investment, Monitoring and Divestment Decision-Making Process for Private Equity Funds" of the Procedures Manual), of a predominantly qualitative nature. This checklist includes: (i) a list of elements to be analyzed for all target companies (including the possible adoption of Model 231 by the target, the existence of a specific sustainability plan and/or dedicated policies, as well as any additional documentation and/or policies relevant for ESG analysis), aimed at assessing the ESG "maturity" of the target, with particular attention to "good governance" practices in areas such as robust business management, employee relations, remuneration policies, and compliance with tax obligations, as outlined in the RTS; and (ii) a preliminary materiality assessment based on the frameworks developed by SASB for each operational sector of the target company (in accordance with the guidelines set out in Annex 4 of "Section IV – Investment, Monitoring and Divestment Decision-Making Process for Private Equity Funds" of the Procedures Manual). All phases of the preliminary ESG due diligence will be carried out by the ESG Manager with the support of the Investment Team. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, assesses the target company's exposure to climate and environmental risks (both physical and transition-related). Should this preliminary assessment reveal significant exposure to such risks in certain areas, these will be subject to further investigation during the full ESG due diligence. The outcomes of the preliminary due diligence (including the results of the screening related to climate and environmental risks – physical and transition – obtained through the tool adopted by the Management Company) are submitted to the Investment Committee to support the evaluation regarding the continuation of the investment process;

- **ESG due diligence**: which involves an in-depth examination, generally with the support of external consultants with specific experience in the field, of any issues raised in the

preliminary ESG due diligence. The findings of the ESG due diligence are used to verify the compliance of the investment transaction with the principles set forth in the Policy, in particular to (i) assess the possibility of promoting in the target company, in whole or in part, the Characteristics; and (ii) deepen the analyses of material aspects – as already identified during the preliminary ESG due diligence - both at sector-level (starting from the schemes developed by the SASB) and at target-specific level. To this end, the Company has developed a special ESG due diligence check list (see Annex 9 of "Section IV – Investment, Monitoring and Divestment Decision-Making Process for Private Equity Funds" of the Procedures Manual), which identifies ESG factors, including relevant aspects in relation to transition and physical risk exposure, to be examined during due diligence, taking into account the results of the materiality analysis. The collection of information relating to the portfolio company is carried out by means of a special ESG Questionnaire – prepared by the Management Company with the support of an external consultant – which also makes it possible to collect the information necessary for the determination of the Management Company's proprietary rating called "ESG Next" relating to the portfolio company, according to a specific methodology described in the Annex 9a of Section IV of the Procedures Manual. This ESG Questionnaire includes, among other things, a dedicated section to climate risk in order to allow for an in-depth assessment of the same, should this risk prove significant for the company under due diligence on the basis of the criteria outlined above. All phases of the ESG due diligence will be carried out by the ESG Manager with the support of external consultants (if appointed) and the Investment Team. At this stage of the investment process, the Risk Management Function prepares the risk analysis (final risk report), which takes into account the findings of the due diligence conducted, including ESG due diligence. At the end of this phase of the investment process, Nextalia excludes target companies for which it believes that there are no conditions to promote any of the Characteristics (negative screening). In addition, at this stage of the investment process, a check is conducted to verify good governance practices through specific indicators (see table below). Where responses to the specific questions on the subject simultaneously show that: (i) most of the indicators are not met (see the "Assessment Criteria" column), and (ii) for those indicators, remedial actions cannot be put in place to bring them back to a satisfactory level, the Investment Team shall bring this circumstance to the attention of the Investment Committee, which, in turn, shall bring it to the attention of the Board of Directors, so that it can properly take it

into account in the final decision on the investment transaction and exclude the transaction. The results of the ESG due diligence, together with the final risk report, are presented to Nextalia's Board of Directors when approving the transaction.

Scope of assessment on good *governance*	**Assessment criteria**
Sound management structures	Existence of 231 model and/or code of ethics with whistleblowing channel, verifying that no violations have occurred or that they have not been sanctioned regarding incidents of corruption/business ethics issues (last 3 years).
	Absence of legal proceedings related to violation of shareholders' rights (last 3 years).
	Presence of a governance structure that enables effective management of strategic ESG factors for the company (e.g., through the presence of an ESG Manager).
Employee relations	Freedom of the right of association and presence of appointed workers' representatives.
	Absence of significant labour disputes (in the last 3 years), taking into account the total turnover as shown in the last approved financial statements and the total number of employees involved.
Remuneration of staff	Absence of disputes regarding non-payment of personnel (including severance pay) and/or wage discrimination (within the past 3 years).
	Presence of a compensation structure that adequately and transparently incentivizes and remunerates staff (i.e., in line with the relevant National Collective Bargaining Agreement as a minimum requirement).
Tax compliance	Absence of significant disputes with the Italian Tax Authority – *Agenzia delle Entrate* on tax issues in the past 3 years.

- **ESG Action Plan**: Once the investment decision has been made based on the analyses described above, the Management Company prepares a corporate business plan for the target company, which includes – among other elements – the ESG Action Plan. This plan outlines concrete actions aimed at promoting the environmental and social characteristics

within the target company, along with relevant sustainability indicators to measure those characteristics. Specifically, the ESG Action Plan will include tailored actions for each portfolio company, based on the areas for improvement identified during the due diligence process for each ESG factor deemed material, including climate-related issues where applicable. Additionally, at this stage, the ESG Manager conducts an analysis of CO_2 emissions for each company using a proprietary tool developed by Nextalia with the support of external consultants. This analysis is updated annually to monitor the emissions impact throughout the operational management of the investments.

- **Portfolio Management phase**: throughout the duration of the investment, the Management Company undertakes support and stewardship[1] activities for the portfolio companies, with the objective of maximizing value for investors. In particular, under the coordination of the Portfolio Management team and the ESG Manager, and in line with engagement[2] best practices, the Management Company assists portfolio companies in implementing their ESG Action Plans, with a focus on monitoring environmental and social characteristics and the associated indicators. This support activity includes regular interactions with the management of the portfolio companies to monitor the progress of the ESG Action Plan and the indicators relevant to each promoted Characteristic. To this end, the ESG Manager of the Management Company, with the support of the Portfolio Managers, identifies an ESG contact person within each portfolio company, who is responsible – among other things – for implementing the ESG Action Plan. Furthermore, the Portfolio Management Team – with the support of the ESG Manager – identifies: (i) any specific ESG training needs of the portfolio company's management, to ensure that the necessary skills for pursuing the ESG Action Plan are always present within the company, and/or (ii) the need to complement the management team with the expertise and specific knowledge of external consultants.

  The Management Company has developed a proprietary rating model called "ESG Next", which is calculated for the first time during the investment phase and subsequently updated on an annual basis. This update is based on information about the portfolio company

[1] The use of investor influence to maximize long-term value creation, both economic and social/environmental, for the benefit of their clients and other stakeholders

[2] Interactions between the investor and portfolio companies aimed at improving ESG practices

collected by the ESG Manager – potentially with the support of external consultants – through regular and ad hoc meetings with the company's management (specifically, with the ESG contact person of each portfolio company at least annually). Given the "Buy and Build" nature of the strategy pursued by the fund—which involves the creation of corporate groups through add-on acquisitions during the portfolio management phase—the Management Company has integrated its ESG Next Rating model with a dedicated module designed to assess the ESG performance of such corporate groups on an aggregated basis. This additional module allows for a consolidated evaluation of performance both on material ESG factors and on the environmental and social characteristics promoted by NPE, taking into account the relative weight of each company within the group based on revenue (see Annex 9a of "Section IV – Decision-making process: investment, monitoring, and divestment for Private Equity Funds" of the Procedures Manual). The ESG Next Rating serves as a tool – made available to both the Company's Investment Team and the management of portfolio companies – to continuously monitor, and at least annually, the progress of the ESG Action Plan as well as the overall ESG maturity of the portfolio company, including in the case of corporate groups through the consolidation of individual company ratings. It is understood that the rating may be shared with external consultants, if deemed appropriate by the Portfolio Management Team or the ESG Manager.

- **Divestment phase**: the vendor due diligence includes an ESG assessment, which covers the analysis of the implementation status of the ESG Action Plan, and the indicators related to the promoted environmental and social characteristics, using a predefined checklist (see Annex 9 of "Section IV – Decision-making process: investment, monitoring, and divestment for Private Equity Funds" of the Procedures Manual). The Investment Team will identify, on a case-by-case basis, the specific features of each due diligence. Additionally, ESG-related information will be made available during this phase, including the ESG rating, which reflects the implementation status of the ESG Action Plan and the indicators of the promoted environmental and social characteristics, in order to highlight the ESG maturity level of the portfolio company.

4.4 Promotion of environmental and social characteristics by the fund "Nextalia Private Equity II"

With regard to the "Nextalia Private Equity II" fund (hereinafter, "NPE II"), the promoted characteristics for at least 50% of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Reduction of the carbon footprint of investments

- **Social characteristics**

  (ii) Promotion of non-discrimination and equal opportunity principles

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating (including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.

The proper promotion of the aforementioned characteristics, the verification of good governance practices, and, more generally, the integration of sustainability risk is duly carried out throughout the entire investment process through the following activities:

- **Preliminary ESG due diligence**: entails, among other things, the identification of potential ESG risk and value creation opportunities based on a predefined checklist (see Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Private Equity II Fund" of the Procedures Manual), primarily qualitative in nature, which includes: (i) a list of elements to be analyzed for all target companies (such as the adoption of Model 231 by the target, and/or the adoption of a specific plan and/or policies on sustainability, as well as additional documentation and/or policies relevant for ESG analyses), in order to assess the ESG "maturity" of the target, with particular attention to good governance practices in the areas of sound management structures, employee relations, remuneration of staff, and tax compliance, as outlined in the RTS; and (ii) an initial materiality analysis based on the frameworks developed by SASB for each operating sector of the individual target (according to the guidelines set out in Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Private Equity II" of the Procedures Manual). All phases of the preliminary ESG due diligence will be carried out

by the ESG Manager with the support of the Investment Team. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, verifies the target company's exposure to climate and environmental risk (physical and transition). Where the outcome of this preliminary assessment indicates significant exposure to such risks for certain profiles, these will be further examined during the full ESG due diligence. The results of the preliminary due diligence (including the findings of the climate and environmental risk screening obtained through the tool adopted by the Management Company) are presented to the Investment Committee to support the evaluation regarding the continuation of the investment process.

- **ESG due diligence**: execution of a due diligence generally conducted with the support of external consultants with specific experience in the field, where any ESG opportunities and/or issues that have emerged during the "preliminary ESG due diligence" are investigated in depth and the related findings are used to verify the degree of compliance of the investment transaction with the principles established in this ESG policy, in particular – to (i) assess the possibility of promoting, in whole or in part, the environmental and social characteristics identified above within the portfolio company, and (ii) deepen the analysis of material aspects – as already identified during the preliminary due diligence – both at the sector level (based on frameworks developed by SASB) and at the level of the individual portfolio company, including any aspects for which exposure to climate and environmental risk (physical and transition) proves particularly significant. To this end, the Company has adopted a dedicated ESG due diligence checklist (see Annex 9 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Private Equity II Fund" of the Procedures Manual), which identifies the list of ESG factors, including risks and opportunities related to climate change and physical and transition risks, to be examined during the due diligence, taking into account the results of the materiality analysis. Information on the portfolio company will be collected through a specific ESG Questionnaire – prepared by the Company with the support of an external consultant – which will also enable the collection of data necessary for determining the Management Company's proprietary rating, called ESG Next, for the portfolio company, according to the methodology described in Annex 9a to Section IV of the Procedures Manual. This ESG Questionnaire also includes a dedicated section on climate change to allow for an in-depth assessment where this aspect proves significant for the company under due diligence. All phases of the ESG due diligence will be

carried out by the ESG Manager with the support of external consultants (where appointed) and the Investment Team. At this stage of the investment process, the Risk Management Function prepares the risk analysis (final risk report), which takes into account the findings of the due diligence to quantify any ESG risks. Finally, at the end of this phase of the investment process, Nextalia identifies target companies for which it considers that none of the environmental and social characteristics identified above can be promoted. At this stage of the investment process, a verification must also be conducted regarding the existence of good governance requirements as identified below (see the following table).

Where – following the completion of the full due diligence – the responses to specific questions on the matter simultaneously indicate that: (i) most indicators are not met (see the "Assessment Criteria" column), and (ii) for such indicators, it is not possible during the investment period to implement remedial actions to bring these indicators to a satisfactory level, the Investment Team must bring this circumstance to the attention of the Investment Committee, which in turn will submit it to the Board of Directors, so that it can duly take it into account in the final decision on the investment transaction and exclude the transaction. The following table indicates the good governance requirements considered by the NPE II Investment Team.

Scope of assessment on good governance	***Assessment criteria***
Sound management structures	Presence of an organisation model pursuant to Italian Legislative Decree 231/2001 and/or a code of ethics with a whistleblowing channel, checking that no violations or sanctions related to corruption or business ethics issues have occurred or applied (during the last three years).
	Absence of legal proceedings related to violations of shareholders' rights (during the last three years).
Employee relations	Respect for freedom of association and existence of formally appointed employees' representatives.
	Absence of significant labour disputes (during the last three years), considering the total turnover resulting from the latest approved financial statements and the total number of employees involved.
Remuneration of staff	Absence of disputes concerning non-payment of employees (including employees' severance indemnity) and/or wage discrimination (during the last three years).

	Existence of a remuneration structure that adequately and transparently incentivises and rewards the personnel (i.e., at a minimum, in line with the relevant National Collective Labour Agreement – *Contratto Collettivo Nazionale*).
Tax compliance	Absence of significant tax-related disputes by the Italian Tax Authority – *Agenzia delle Entrate* (during the last three years).

Upon completion of this phase, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing inter alia the results of ESG due diligence with a section dedicated to the analysis of ESG issues. The results of the ESG due diligence will be incorporated into a proprietary rating system (hereinafter, "ESG Next Rating"), which will be used to monitor, on an annual basis, any ESG-related performance variation recorded by the target company.

- **ESG Action Plan:** once the investment decision has been made on the basis of the analyses described above, Nextalia prepares, with the support of the target company, the ESG Action Plan. This plan defines, based on the results of the analyses conducted through the aforementioned activities, the concrete actions to be implemented for the promotion of the Characteristics, as well as for improving the company's performance on material ESG issues. Furthermore, the ESG Action Plan also takes into account the analysis carried out by the ESG Manager of the CO_2 emissions of each target company, using a proprietary tool developed by Nextalia with the assistance of external consultants, with the aim of identifying the key actions in the decarbonization process.

- **Portfolio Management phase:** for the entire duration of the investment, the Management Company carries out support and stewardship activities towards portfolio companies with the objective of maximizing value for investors. In particular, the Management Company – under the coordination of the Portfolio Management team and the ESG Manager and in accordance with best practices in engagement – assists the management of portfolio companies in implementing the ESG Action Plan and, specifically, in monitoring environmental and social characteristics and related indicators. This support activity takes the form of periodic meetings with the management of the portfolio company to monitor the progress of the ESG Action Plan and the indicators relevant to each promoted environmental

or social characteristic. To this end, the Portfolio Management team identifies – within the structure of each portfolio company – an ESG contact person, who is responsible, among other tasks, for implementing the ESG Action Plan. In addition, the Portfolio Management team – with the support of the ESG Manager – identifies: (i) any specific ESG training needs of the portfolio company's management, to ensure that the necessary skills for pursuing the ESG Action Plan are always present within the company, and/or (ii) the need to complement such management with the expertise and specific knowledge of external consultants.

NPE II adopts the proprietary rating model "ESG Next", which is calculated for the first time during the investment phase and subsequently updated on an annual basis, taking into account information relating to the portfolio company collected by the ESG Manager – possibly with the support of external consultants – during periodic and ad hoc meetings organized with the management of the companies (in particular, with the ESG contact person of each portfolio company at least annually). Considering the possibility of pursuing a "Buy and Build" strategy, which leads to the creation of corporate groups through acquisition transactions during the portfolio management phase, the Management Company has also integrated its ESG Next Rating model for the NPE II fund with a specific module to assess the ESG performance of such corporate groups on an aggregated basis. This additional module enables a consolidated assessment of both performance on Material ESG factors and on the environmental and social characteristics promoted by NPE II, taking into account the weight of individual companies within the group in terms of revenues (see Annex 9a of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Private Equity II Fund"). The ESG Next Rating is a tool made available to both the Investment Team and the management of portfolio companies, allowing continuous – and in any case annual – monitoring of the progress of the ESG Action Plan as well as the overall ESG maturity of the portfolio company, including in the case of corporate groups through the consolidation of the ratings of individual group companies. It is understood that the rating may be shared with external consultants, where deemed appropriate by the Investment Team or by the ESG Manager of the Management Company.

- **Divestment phase:** the vendor due diligence includes an ESG assessment, which covers the analysis of the implementation status of the ESG Action Plan, and the indicators related to the promoted environmental and social characteristics, using a predefined checklist (see

Annex 9 of "Section IV – Decision-making process: investment, monitoring, and divestment for the Nextalia Private Equity II Fund" of the Procedures Manual). The Investment Team will identify, on a case-by-case basis, the specific features of each due diligence. Additionally, ESG-related information will be made available during this phase, including the ESG rating, which reflects the implementation status of the ESG Action Plan and the indicators of the promoted environmental and social characteristics, in order to highlight the ESG maturity level of the portfolio company. This phase also provides for the preparation of a Preliminary Divestment Memorandum to be submitted to the Investment Committee of the Fund for the purpose of obtaining the opinion on the transaction, including, among others, any already identified parties or counterparties, and reputational checks on the buyer, carried out with the support of the AML & Compliance Function of the Management Company.

4.5 Promotion of environmental and social characteristics by the fund "Nextalia Credit Opportunities"

With regard to the "Nextalia Credit Opportunities" fund (hereinafter, "NCO"), the promoted characteristics for at least 20% of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Reduction of CO_2 emissions within investments, through activities such as the use of renewable energy sources

- **Social characteristics**

  (ii) Promotion of up-skilling and re-skilling training initiatives

  (iii) Wealth redistribution and inclusiveness, facilitating the development of economically less developed or developing regions (and in particular access to the capital market for SMEs operating there)

  (iv) Promotion, implementation and monitoring of non-discrimination policies (diversity and gender equality)

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating

(including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.

The NCO Fund's investment strategy consists of two typical types of transactions:

1. "Distressed Credit" transactions (hereinafter, "DC Transactions"), which involve the purchase of non-performing loans in a single name logic, with respect to which a more or less active management strategy will be implemented depending on the specific opportunities: (i) Buy to Hold, a strategy consisting of monitoring the credit collection, (ii) Buy to Trade, an active strategy focused on increasing the value and quality of the credit and the subsequent sale on the secondary market, or (iii) Buy to Own (hereinafter, "BtO Strategy"), an active strategy focused on the broader investment opportunity related to the borrower: through the purchase of the credit, NCO has the opportunity to activate management levers typical of corporate distress contexts to gain control over the underlying assets and/or the borrower itself. Therefore, through the BtO Strategy, DC Transactions can be transformed into "Distressed Corporates" transactions (as described in the following paragraph);
2. "Distressed Corporates" transactions (hereafter, "DCO Transactions"), which involve direct investments in companies aimed at obtaining control of corporate assets and/or governance rights, which may be carried out independently or as part of a BtO Strategy in a DC Transaction. Specifically, such transactions may be carried out through (i) control transactions (direct control of companies or assets) (hereinafter, "Control Transactions"), or (ii) specialty financing transactions (hereinafter, "SF Transactions").

As part of Control Transactions, the promotion of the above-mentioned characteristics is structured within the investment process through the following main activities:

- **Preliminary ESG due diligence**: among other things, the process includes the identification of potential ESG risks and value creation opportunities, based on a predefined checklist (see Annex 4 of "Section IV – Investment, Monitoring and Divestment Decision-Making Process for Credit Funds" of the Procedures Manual). This checklist includes – among other aspects – an analysis of the target company's business sector (including a mandatory negative screening, known as the first negative screening), the preliminary structure of the transaction, the adoption by the target of the 231 compliance model, as well as any additional documentation and/or policies relevant for ESG analysis (such as, by way of example, any

non-financial disclosure provided under applicable law and/or the adoption of specific sustainability policies). All stages of the preliminary ESG due diligence will be carried out by the ESG Manager with the support of the Investment Team. Furthermore, in this initial phase of investment analysis, the Risk Management function prepares a preliminary risk analysis (preliminary risk report), which includes – among other things – an initial indication of ESG risks. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, verifies, where relevant, the exposure of the target company/assets or underlying credits to climate and environmental risk (both physical and transition). If the outcome of this preliminary assessment highlights significant exposure to such risks for certain aspects, these will be further investigated during the full ESG due diligence. The outcomes of the preliminary due diligence (including the results of the screening related to climate and environmental risk – physical and transition – obtained through the tool adopted by the Management Company), together with the preliminary risk report, are submitted to the Investment Committee to support its evaluation regarding the continuation of the investment process.

- **ESG due diligence*:*** it involves an examination, generally with the support of external consultants with specific experience in the field, of any issues raised in the preliminary ESG due diligence whose findings are used to verify the compliance of the investment transaction with the principles set forth in this Policy, including the possibility of promoting, in whole or in part, the Characteristics. To this end, the Company has developed a special ESG due diligence checklist (see Annex 9 of the "Section IV – Investment, Monitoring and Divestment Decision-Making Process for Credit Funds" of the Procedures Manual), which identifies the list of ESG factors, including risks and opportunities related to climate change and physical and transition risk, which are to be examined during ESG due diligence, taking into account the outcomes of the materiality analysis. All stages of ESG due diligence are carried out by the ESG Manager with the support of external consultants (where appointed) and the Investment Team. At this stage of the investment process, a verification must also be carried out regarding minimum good governance practices (see the table on the following page). If the answers to the specific questions on this matter simultaneously show that: (i) most of the indicators are not met (see the two "Evaluation Criteria" columns), and (ii) for these indicators,

it is not possible to implement remedial actions aimed at bringing them to a satisfactory level, the Investment Team must bring this circumstance to the attention of the Investment Committee, which in turn will submit it to the Board of Directors, so that it can duly take it into account in the final decision regarding the investment transaction and exclude the transaction. The following table indicates the good governance requirements based on the debtor's status, whether subject to insolvency proceedings or not.

Scope of assessment on good *governance*	**Assessment criteria for companies not yet under insolvency proceeding**	**Assessment criteria for companies under insolvency proceeding**
Sound management structures	Existence of 231 model and/or code of ethics with whistleblowing channel, verifying that no violations have occurred or that they have not been sanctioned regarding incidents of corruption/business ethics issues (last 3 years).	Regular composition of the relevant body (i.e., collegial composition of commissioners, creditors' committee).
	Control over adherence to the timing of publication of the last 3 annual financial statements.	Presence of mandatory forms of reporting imposed by the regulations applicable to the proceedings (i.e., in insolvency contexts the statement of liabilities and/or periodic reports and, in pre-insolvency contexts, the drafting of plans of arrangement, restructuring and, where relevant, asseverations).
	Absence of court cases related to violation of shareholders' rights (last 3 years).	Absence of court proceedings related to the treatment of creditors in the procedure.
Employee relations	Freedom of the right of association and presence of appointed workers' representatives.	Freedom of the right of association and any presence of appointed workers' representatives.
	Absence of significant labour disputes (in the last 3 years), taking into account the total turnover as shown in the last approved financial statement and the total number of employees involved.	Absence of significant labour disputes (in the last 3 years), taking into account the total liabilities as shown in the last available report of the bodies of the procedure.
Remuneration of staff	Absence of disputes regarding so-called serial non-payment of personnel (including severance indemnity) and/or wage discrimination (in the last 3 years).	Verification of the capacity of predeductible and/or preferential credit for the payment of receivables from employees. Where not capacious, activation by the bodies of the procedure of all safeguards to ensure fair treatment of employees.
Tax compliance	Absence of significant challenges from the Italian Tax Authority – *Agenzia delle Entrate* on tax issues in the past 3 years.	Activation of safeguards by the procedure bodies for the resolution of disputes by the Italian Tax Authority – *Agenzia delle Entrate*.

In addition, the Risk Management Function drafts the risk analysis (final risk report), which takes into account the findings of the ESG due diligence in order to quantify, among other things, any ESG risks.

At the end of this stage of the investment process, the Investment Team excludes from the minimum threshold of 20% aimed at the promotion of the Characteristics, those transactions within the scope of which it believes there is no basis for promoting any of the Characteristics (so-called negative screening). Finally, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing - inter alia - the outcomes of ESG due diligence with a section dedicated to the analysis of ESG issues;

- **ESG Action Plan**: once the investment decision has been made on the basis of the analyses described above, the Management Company shall draft for the target company - where possible to obtain governance under the Control Transactions - the corporate business plan that includes, among other things, the ESG Action Plan containing the concrete actions aimed at enabling the promotion of the Characteristics in the target company and the related Indicators.
  In particular, the ESG Action Plan will contain specific actions for each Control Transaction from any areas for improvement identified during due diligence with reference to good governance practices or the Characteristics promoted by NCO, including issues related to climate change where relevant;

- **Investment Management phase**: NCO promotes the Characteristics both within Control Transactions and in other circumstances where, due to the specific features of the transaction, it is able to obtain specific governance rights over the debtor company or control of the assets, by including in the contracts related to each investment transaction specific clauses aimed at promoting the ESG characteristics of the NCO fund (the "ESG Clauses"). Throughout the duration of the investment, the Management Company carries out – where

applicable – support and stewardship[3] activities towards portfolio companies or those that have agreed to adhere to the ESG Clauses, with the goal of maximizing value for investors. In particular, the Management Company – under the coordination of the ESG Manager and in line with best practices in engagement[4] – supports the assigned debtors in implementing the ESG Action Plan and, specifically, in monitoring environmental and social characteristics and related indicators. This support activity takes the form of periodic discussions with management to monitor the progress of the ESG Action Plan and the relevant indicators for each promoted environmental or social characteristic. The Management Company has developed a proprietary rating model called "ESG Next", which is calculated for the first time – if considered relevant for the type of transaction – during the investment phase and subsequently updated annually, based on information collected by the ESG Manager, possibly with the support of external consultants and the Investment Team. The ESG Next Rating is a tool made available both to the Investment Team and to the management of portfolio companies, enabling continuous monitoring – at least annually – of the progress of the ESG Action Plan, where applicable, and more generally of the company's overall ESG maturity. It is understood that the rating may be shared with external consultants, if deemed appropriate by the Investment Team or the ESG Manager.

- **Divestment phase**: the vendor due diligence includes an ESG assessment, which covers the analysis of the implementation status of the ESG Action Plan, and the indicators related to the promoted environmental and social characteristics, using a predefined checklist (see Annex 9 of "Section IV – Decision-making process: investment, monitoring, and divestment for Credit Funds" of the Procedures Manual). The Investment Team will identify, on a case-by-case basis, the specific features of each due diligence. Additionally, ESG-related information may be made available during this phase, including the ESG rating (where calculated), which reflects the implementation status of the ESG Action Plan and the indicators of the promoted environmental and social characteristics, in order to highlight the ESG maturity level of the portfolio company.

[3] The use of investor influence to maximize long-term value creation, both economic and social/environmental, for the benefit of their clients and other stakeholders

[4] Interactions between the investor and portfolio companies aimed at improving ESG practices

4.6 Promotion of environmental and social characteristics by the fund "Nextalia Ventures"

With regard to the "Nextalia Ventures" fund (hereinafter, "NVE"), the promoted characteristics for at least 20% of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Reduction of CO_2 emissions within investments, through activities such as the use of renewable energy sources

- **Social characteristics**

  (ii) Dedicated and customized training
  (iii) Promotion, implementation and monitoring of non-discrimination policies
  (iv) Promotion of responsible use of technology

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating (including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.
The investment strategy is to purchase – predominantly – minority stakes in unlisted companies active in the Technology sector, including Software, Software as a service, Healthcare, Edtech, Mobilitytech, Agritech, Cleantech, Payments, Insurtech, and Fintech. Specifically, the Fund may make:

1. Start-up financing transactions, meaning investments in start-up companies;
2. Early-stage financing transactions, meaning investments in companies at a stage of development between incorporation and the development and commercialization of a product and/or service. For targets at this stage, the Fund is expected to be lead investor, i.e., with a minority stake alongside the founders or as a sponsor with other investors;
3. Expansion or scale-up financing transactions, meaning:
    a. Investments in companies that are beginning their real growth and consolidation, as a business, through the acquisition of customers and the generation of initial revenues. For these cases, NVE is expected to invest as a lead, co-lead alongside a strategic co-investor or as a follower with respect to another co-investor acting as a lead;

b. Investments in companies whose product or service is now already marketed in the market and it is crucial to increase the number of customers – and, therefore, turnover – exponentially. In this case scenario, the Fund is expected to invest primarily as a follower with respect to another co-investor acting as a lead.

In expansion or scale-up financing[5] transactions in which NVE will act as lead or co-lead, the promotion of Characteristics is pursued according to a strategy articulated as follows:

- **Preliminary ESG due diligence:** aimed, inter alia, at identifying potential ESG issues based on a predefined checklist, which includes – among other things – the analysis of the target company's business sector (including a mandatory negative screening, the so-called first negative screening, as further described below), the preliminary structure of the transaction, and any additional available information. The results of this preliminary due diligence – which include the outcomes of the screening related to climate and environmental risk (both physical and transition) obtained through the tool adopted by the Management Company – are presented to the Investment Committee by the ESG Manager, as well as by the Investment Team in the Preliminary Investment Memo, in order to support the assessment regarding the continuation of the investment process;
- **ESG due diligence**: execution of a due diligence generally conducted with the support of external consultants with specific experience in the field, where any ESG opportunities and/or issues that have emerged during the "preliminary ESG due diligence" are investigated in depth and the related findings are used to verify the degree of compliance of the investment transaction with the principles established in Nextalia ESG policy, including the possibility of promoting, in whole or in part, the Characteristics in the target company. Specifically, at this stage, the Investment Team evaluates whether to include the target (and, therefore, the NVE's investment in it) in the 20% of investments for which NVE promotes the Characteristics[6]. As part of the in-depth due diligence, to be carried out by the Investment Team (with the

[5] NVE is committed to promoting the Characteristics in expansion or scale-up financing transactions where it will have a lead or co-lead role because: a) in early-stage or start-up financing transactions, the size and organizational maturity of the targets are unlikely to allow the promotion of all or some of the Characteristics; b) in expansion or scale-up financing transactions where NVE will be primarily follower (not lead/co-lead), the Fund will not have enough governance rights to actively promote the Characteristics.

[6] The percentage of 20% was determined on the basis of forecasts made by the Fund's Investment Team, considering, among other things: (i) NVE's role (lead, co-lead, follower) in the different types of investment operations (start-up financing, early-stage financing, and expansion or scale-up financing), and (ii) the size, type, and characteristics of the target companies of the Fund's investments.

possible support of external advisors) prior to final approval of the transaction, specific analyses will be conducted to verify the status of adoption of certain "good governance" practices within the target companies. Thus, such verification is envisaged for all investment transactions that pass a preliminary screening, and not only for investments aimed at promoting Characteristics. In particular, practices regarding sound management structures, employee relations, remuneration of staff, and tax compliance will be assessed. Where – following the completion of the in-depth due diligence – the responses to the relevant specific questions simultaneously show that: (i) most of the indicators are not met (see the "Assessment Criteria" column), and (ii) for these indicators, it is not possible during the investment period to put in place remedial actions to bring these indicators back to a satisfactory level, the Investment Team shall bring this circumstance to the attention of the Investment Committee, which, in turn, will bring it to the attention of the Board of Directors, so that it can properly take it into account in the final decision on the investment transaction and exclude the transaction. The table below indicates the good governance requirements that will be considered by the NVE's Investment Team:

Scope of assessment on good governance	***Assessment criteria***
Sound management structures	Presence of code of ethics with possible whistleblowing channel, going to verify that no violations have occurred or that they have not been sanctioned regarding incidents of corruption/business ethics issues.
	Control over adherence to timelines for publication of financial statements.
	Absence of legal proceedings related to the violation of shareholders' rights.
Employee relations	Absence of significant labour disputes, taking into account the total turnover as shown in the last approved financial statements and the total number of employees involved.
Remuneration of staff	Absence of disputes regarding so-called serial non-payment of personnel (including severance pay) and/or wage discrimination.
Tax compliance	Absence of significant challenges from the Italian Tax Authority – *Agenzia delle Entrate* on tax issues.

Upon completion of this phase, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing inter alia the results of ESG due diligence with a section dedicated to the analysis of ESG issues.

- **ESG Action Plan:** once the investment decision has been made on the basis of the analyses described above, Nextalia prepares, with the support of the target company – where possible taking into account NVE's role as co-lead or follower – (i) the corporate business plan that includes, among other things, the ESG Action Plan containing concrete actions to enable the promotion of environmental and social characteristics in the target company and the relevant Indicators to measure these characteristics ("ESG KPIs"), or (ii) integrates into the corporate business plan an ESG Action Plan that also includes ESG KPIs. In the final approval of an investment opportunity for NVE, the Investment Team also submits to the Investment Committee the actions that will be taken to promote the Characteristics taking into account the role of NVE in the transaction, the sector in which the target operates, and the stage at which the target is.
- **Investment management phase**: NVE promotes the Characteristics both in the context of expansion or scale-up financing transactions, where it will act as lead or co-lead, and in other circumstances where, due to the specific features of the transaction, it is able to obtain specific governance rights over the companies, by including in the contracts related to each investment transaction specific clauses aimed at promoting the ESG characteristics of the NVE fund (the "ESG Clauses"). Throughout the duration of the investment, the Management Company carries out – where applicable – support and stewardship[7] activities towards portfolio companies or those that have agreed to adhere to the ESG Clauses, with the goal of maximizing value for investors. In particular, the Management Company – under the coordination of the ESG Manager and in line with best practices in engagement[8] – supports the portfolio company in implementing the ESG Action Plan and, specifically, in monitoring environmental and social characteristics and related indicators. This support activity takes the form of periodic discussions with management to monitor the progress of the ESG Action Plan and the relevant indicators for each promoted environmental or social characteristic.

[7] The use of investor influence to maximize long-term value creation, both economic and social/environmental, for the benefit of their clients and other stakeholders

[8] Interactions between the investor and portfolio companies aimed at improving ESG practices

- **Divestment phase**: definition of a divestment process that includes – as part of the vendor due diligence – a section dedicated to ESG matters based on predefined checklists, as well as provisions for the preparation of a Preliminary Divestment Memo to be submitted to the NVE Investment Committee for its opinion on the transaction. This shall include – among other information – any identified actors and counterparties and reputational checks on the buyer, carried out with the support of the AML & Compliance Function of the Management Company.

4.7 Promotion of environmental and social characteristics by the fund "Nextalia Capitale Rilancio"

With regard to the "Nextalia Capitale Rilancio" fund (hereinafter, "NCR"), the promoted characteristics for all of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Reduction of the carbon footprint of investments

- **Social characteristics**

  (ii) Proactive approach to the management of occupational health and safety issues

  (iii) Promote the adoption of policies and procedures to ensure the dissemination of the principle of non-discrimination and equal opportunities at all levels of the organization

  (iv) Introducing corporate initiatives to promote employee well-being

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating (including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.

The proper promotion of the aforementioned characteristics, the verification of good governance practices, and, more generally, the integration of sustainability risk are duly carried out throughout the entire investment process through the following activities:

- **Preliminary ESG due diligence**: aimed inter alia at identifying ESG aspects based on a predefined checklist (see Annex 6 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Capitale Rilancio Fund" of the Procedures Manual), primarily qualitative in nature, which includes: (i) a list of elements to be analyzed for all target companies (such as the adoption of Model 231 by the target, and/or the adoption of a specific plan and/or policies on sustainability, as well as additional documentation and/or policies relevant for ESG analyses), in order to assess the ESG "maturity" of the target, with particular attention to good governance practices in the areas of sound management structures, employee relations, remuneration of staff, and tax compliance, as outlined in the RTS; and (ii) an initial materiality analysis based on the

frameworks developed by SASB for each operating sector of the individual target (according to the guidelines set out in Annex 6 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Capitale Rilancio Fund" of the Procedures Manual). All phases of the preliminary ESG due diligence will be carried out by the ESG Manager with the support of the Investment Team. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, verifies the target company's exposure to climate and environmental risk (physical and transition). Where the outcome of this preliminary assessment indicates significant exposure to such risks for certain profiles, these will be further examined during the full ESG due diligence.

In addition, target companies must, in any case, be attributable to at least one of the following priority areas:

(a) investments consistent with the objectives of strengthening and developing critical, strategic, industrial and health infrastructures;

(b) investments consistent with the objectives of strengthening and developing logistics networks and strategic supplies;

(c) investments consistent with the objectives of strengthening and developing the national agri-food supply chain;

(d) investments consistent with the objectives of strengthening and developing a modern digitalized and environmentally sustainable mobility infrastructure system;

(e) investments consistent with the objectives of technological development, innovation, digitalization, research, development and production in the bio-medical, pharmaceutical and healthcare fields and, more generally, of companies operating in the main sectors of Made in Italy;

(f) investments consistent with the objectives of environmental sustainability and improvement of energy efficiency and security;

(g) investments consistent with export development and internationalization objectives;

(h) investments consistent with the objectives of developing the attractiveness of the tourism and cultural sector.

The results of this preliminary due diligence are presented to the Investment Committee by the ESG Manager of Nextalia and by the Investment Team in the Preliminary Investment

Memo, in order to support the assessment regarding the continuation of the investment process. At this stage, an initial desktop analysis of good governance practices is also carried out, as described in the following paragraph, together with a preliminary assessment of the investee company's exposure to climate risk (both physical and transition), using a proprietary tool of the Management Company.

- **ESG due diligence**: execution of a due diligence generally conducted with the support of external consultants with specific experience in the field, where any ESG opportunities and/or issues that have emerged during the "preliminary ESG due diligence" are investigated in depth and the related findings are used to verify the degree of compliance of the investment transaction with the principles established in this ESG policy, in particular – to (i) assess the possibility of promoting, in whole or in part, the environmental and social characteristics identified above within the portfolio company, and (ii) deepen the analysis of material aspects – as already identified during the preliminary due diligence – both at the sector level (based on frameworks developed by SASB) and at the level of the individual portfolio company, including any aspects for which exposure to climate and environmental risk (physical and transition) proves particularly significant. To this end, the Company has adopted a dedicated ESG due diligence checklist (see Annex 11 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Capitale Rilancio Fund" of the Procedures Manual), which identifies the list of ESG factors, including risks and opportunities related to climate change and physical and transition risks, to be examined during the due diligence, taking into account the results of the materiality analysis. Information on the portfolio company will be collected through a specific ESG Questionnaire – prepared by the Company with the support of an external consultant – which will also enable the collection of data necessary for determining the Management Company's proprietary rating, called ESG Next, for the portfolio company, according to the methodology described in Annex 11a to Section IV of the Procedures Manual. This ESG Questionnaire also includes a dedicated section on climate change to allow for an in-depth assessment where this aspect proves significant for the company under due diligence. All phases of the ESG due diligence will be carried out by the ESG Manager with the support of external consultants (where appointed) and the Investment Team. At this stage of the investment process, the Risk Management Function prepares the risk analysis (final risk report), which takes into account the findings of

the due diligence to quantify any ESG risks. In particular, at the end of this phase of the investment process, Nextalia excludes target companies for which it deems there are no grounds to promote any of the environmental and social characteristics identified above (negative screening). Additionally, during this phase of the investment process, a verification must be conducted regarding the existence of good governance requirements as identified below (refer to the following table).

Where – following the completion of the in-depth due diligence – the responses to the relevant specific questions simultaneously show that: (i) most of the indicators are not met (see the "Assessment Criteria" column), and (ii) for these indicators, it is not possible during the investment period to put in place remedial actions to bring these indicators back to a satisfactory level, the Investment Team shall bring this circumstance to the attention of the Investment Committee, which, in turn, will bring it to the attention of the Board of Directors, so that it can properly take it into account in the final decision on the investment transaction and exclude the transaction. The table below indicates the good governance requirements that will be considered by the NCR's Investment Team.

Scope of assessment on good governance	***Assessment criteria***
Sound management structures	Existence of 231 model and/or code of ethics with whistleblowing channel, verifying that no violations have occurred or that they have not been sanctioned regarding incidents of corruption/business ethics issues.
	Control of compliance with the publication deadlines of the last 3 financial statements.
	Absence of legal proceedings related to violation of shareholders' rights (last 3 years).
Employee relations	Freedom of the right of association and presence of appointed workers' representatives.
	Absence of significant labour disputes (in the last 3 years), taking into account the total turnover as shown in the last approved financial statements and the total number of employees involved.
Remuneration of staff	Absence of disputes regarding non-payment of personnel (including severance pay) and/or wage discrimination (within the past 3 years).

Tax compliance	Absence of significant disputes with the Revenue Agency on tax issues in the last 3 years and/or serious contribution or tax irregularities.

Upon completion of this phase, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing inter alia the results of ESG due diligence with a section dedicated to the analysis of ESG issues. The results of the ESG due diligence will be incorporated into a proprietary rating system (hereinafter, "ESG Next Rating"), which will be used to monitor, on an annual basis, any ESG-related deviations recorded by the target company.

- **ESG Action Plan*:*** once the investment decision has been made on the basis of the analyses described above, Nextalia prepares, with the support of the target company, the ESG Action Plan. This plan defines, based on the results of the analyses conducted through the aforementioned activities, the concrete actions to be implemented for the promotion of the Characteristics, as well as for improving the company's performance on material ESG issues. Furthermore, the ESG Action Plan also takes into account the annual analysis carried out by the ESG Manager of the CO_2 emissions of each target company, using a proprietary tool developed by Nextalia with the assistance of external consultants, with the aim of identifying the key actions in the decarbonization process.

- **Portfolio Management phase**: for the entire duration of the investment, the Management Company carries out support and stewardship activities towards portfolio companies with the objective of maximizing value for investors. In particular, the Management Company – under the coordination of the Portfolio Management team and the ESG Manager and in accordance with best practices in engagement – assists the management of portfolio companies in implementing the ESG Action Plan and, specifically, in monitoring environmental and social characteristics and related indicators. This support activity takes the form of periodic meetings with the management of the portfolio company to monitor the progress of the ESG Action Plan and the indicators relevant to each promoted environmental or social characteristic. To this end, the Portfolio Management Team and the ESG Manager of the Management Company identify – within the structure of each portfolio company – an

ESG contact person, who is responsible, among other tasks, for implementing the ESG Action Plan. In addition, the Portfolio Management Team – with the support of the ESG Manager – identifies: (i) any specific ESG training needs of the portfolio company's management, to ensure that the necessary skills for pursuing the ESG Action Plan are always present within the company, and/or (ii) the need to complement such management with the expertise and specific knowledge of external consultants.

In line with the investment process of the NPE fund, the NCR fund also adopts the proprietary rating model "ESG Next", which is calculated for the first time during the investment phase and subsequently updated on an annual basis, taking into account information relating to the portfolio company collected by the ESG Manager – possibly with the support of external consultants – during periodic and ad hoc meetings organized with the management of the companies (in particular, with the ESG contact person of each portfolio company at least annually). Considering the possibility of pursuing a "Buy and Build" strategy, which leads to the creation of corporate groups through acquisition transactions during the portfolio management phase, the Management Company has also integrated its ESG Next Rating model for the NCR fund by introducing a specific module to assess the ESG performance of such corporate groups on an aggregated basis. This additional module enables a consolidated assessment of both performance on material ESG factors and on the environmental and social Characteristics promoted by NCR, taking into account the weight of individual companies within the group in terms of revenues (see Annex 11a of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Capitale Rilancio Fund"). The ESG Next Rating is a tool made available to both the Investment Team and the management of portfolio companies, allowing continuous – and in any case annual – monitoring of the progress of the ESG Action Plan as well as the overall ESG maturity of the portfolio company, including in the case of corporate groups through the consolidation of the ratings of individual group companies. It is understood that the rating may be shared with external consultants, where deemed appropriate, by the ESG Manager of the Management Company.

- **Divestment phase**: the vendor due diligence includes an ESG assessment, which covers the analysis of the implementation status of the ESG Action Plan, and the indicators related to the promoted environmental and social characteristics, using a predefined checklist (see

Annex 11 of "Section IV – Decision-making process: investment, monitoring, and divestment for Nextalia Capitale Rilancio Fund" of the Procedures Manual). The Investment Team will identify, on a case-by-case basis, the specific features of each due diligence. Additionally, ESG-related information will be made available during this phase, including the ESG rating, which reflects the implementation status of the ESG Action Plan and the indicators of the promoted environmental and social characteristics, in order to highlight the ESG maturity level of the portfolio company.

4.8 Promotion of environmental and social characteristics by the fund "Nextalia Flexible Capital"

With regard to the "Nextalia Flexible Capital" fund (hereinafter, "NFC"), the promoted characteristics for at least 50% of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Reduction of the carbon footprint of investments

- **Social characteristics**

  (ii) Promotion of non-discrimination and equal opportunity principles

  (iii) Protection of employees' health and safety

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating (including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.

The proper promotion of the aforementioned characteristics, the verification of good governance practices, and, more generally, the integration of sustainability risk are duly carried out throughout the entire investment process through the following activities:

- **Preliminary ESG due diligence**: entails, among other things, the identification of potential ESG risk and value creation opportunities based on a predefined checklist (see Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Flexible Capital Fund" of the Procedures Manual), which includes: (i) a list of elements to be analyzed for all target companies (such as the adoption of Model 231 by the target, and/or the adoption of a specific plan and/or policies on sustainability, as well as additional documentation and/or policies relevant for ESG analyses), in order to assess the ESG "maturity" of the target, with particular attention to good governance practices in the areas of sound management structures, employee relations, remuneration of staff, and tax compliance, as outlined in the RTS; and (ii) an initial materiality analysis based on the frameworks developed by SASB for each operating sector of the individual target (according to the guidelines set out in Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Flexible Capital Fund" of the Procedures Manual). All phases of the preliminary ESG due diligence will be carried out by the ESG Manager with

the support of the Investment Team. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, verifies the target company's exposure to climate and environmental risk (physical and transition). Where the outcome of this preliminary assessment indicates significant exposure to such risks for certain profiles, these will be further examined during the full ESG due diligence. The results of the preliminary due diligence (including the findings of the climate and environmental risk screening obtained through the tool adopted by the Management Company) are presented to the Investment Committee to support the evaluation regarding the continuation of the investment process.

- **ESG due diligence:** execution of a full ESG due diligence, generally conducted with the support of external consultants with specific expertise in the field, during which any ESG issues identified in the preliminary due diligence are further analyzed, and the findings are used to verify the compliance of the investment transaction with the principles set out in this Policy and, in particular, to (i) assess the possibility of promoting, in whole or in part, the environmental and social characteristics identified above within the portfolio company, and (ii) deepen the analysis of material aspects – as already identified during the preliminary due diligence – both at sector level (based on SASB frameworks) and at the level of the individual portfolio company, including any aspects where exposure to climate and environmental risk (physical and transition) proves particularly significant. To this end, the Company has adopted a dedicated ESG due diligence checklist (see Annex 9 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Flexible Capital Fund" of the Procedures Manual), which identifies the list of ESG factors, including risks and opportunities related to climate change and physical and transition risks, to be examined during the due diligence, taking into account the results of the materiality analysis. Information on the portfolio company will be collected through a dedicated ESG Questionnaire – prepared by the Company with the support of an external consultant – which will also allow the collection of the data necessary to determine the Management Company's proprietary rating, called ESG Next, for the portfolio company, according to the methodology described in Annex 9a to Section IV of the Procedures Manual. This ESG Questionnaire also includes a dedicated section on climate change to enable an in-depth assessment where this aspect proves significant for the company under due diligence. All phases of the ESG due diligence will be

carried out by the ESG Manager with the support of external consultants (where appointed) and the Investment Team. At this stage of the investment process, the Risk Management Function prepares the risk analysis (final risk report), which takes into account the findings of the due diligence to quantify any ESG risks. Finally, at the end of this phase of the investment process, Nextalia identifies target companies for which it considers that none of the environmental and social characteristics identified above can be promoted. At this stage of the investment process, a verification must also be conducted regarding the existence of good governance requirements as identified below (see the following table).

Where – following the completion of the full due diligence – the responses to specific questions on the matter simultaneously indicate that: (i) most indicators are not met (see the "Assessment Criteria" column), and (ii) for such indicators, it is not possible during the investment period to implement remedial actions to bring these indicators to a satisfactory level, the Investment Team must bring this circumstance to the attention of the Investment Committee, which in turn will submit it to the Board of Directors, so that it can duly take it into account in the final decision on the investment transaction and exclude the transaction. The following table indicates the good governance requirements considered by the NFC Investment Team.

Scope of assessment on good governance	***Assessment criteria***
Sound management structures	Existence of 231 model and/or code of ethics with whistleblowing channel, verifying that no violations have occurred or that they have not been sanctioned regarding incidents of corruption/business ethics issues.
	Verification of compliance with the publication timelines for the last three annual financial statements.
	Absence of legal proceedings related to violation of shareholders' rights (last 3 years).
Employee relations	Freedom of the right of association and presence of appointed workers' representatives.
	Absence of significant labour disputes (in the last 3 years), taking into account the total turnover as shown in the last approved financial statements and the total number of employees involved.

Remuneration of staff	Absence of disputes regarding non-payment of personnel (including severance pay) and/or wage discrimination (within the past 3 years).
Tax and social security obligation compliance	Absence of significant disputes raised by the Revenue Agency on tax matters over the past 3 years and/or of serious irregularities in tax or social security contributions.

Upon completion of this phase, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing inter alia the results of ESG due diligence with a section dedicated to the analysis of ESG issues. The results of the ESG due diligence will be incorporated into a proprietary rating system (hereinafter, "ESG Next Rating"), which will be used to monitor, on an annual basis, any ESG-related performance variation recorded by the target company.

- **ESG Action Plan*:*** once the investment decision has been made on the basis of the analyses described above, Nextalia prepares, with the support of the target company, the ESG Action Plan. This plan defines, based on the results of the analyses conducted through the aforementioned activities, the concrete actions to be implemented for the promotion of the Characteristics, as well as for improving the company's performance on material ESG issues. Furthermore, the ESG Action Plan also takes into account the annual analysis carried out by the ESG Manager of the CO_2 emissions of each target company, using a proprietary tool developed by Nextalia with the assistance of external consultants, with the aim of identifying the key actions in the decarbonization process.

- **Portfolio Management phase**: for the entire duration of the investment, the Management Company carries out support and stewardship activities towards portfolio companies with the objective of maximizing value for investors. In particular, the Management Company – under the coordination of the Portfolio Management team and the ESG Manager and in accordance with best practices in engagement – assists the management of portfolio companies in implementing the ESG Action Plan and, specifically, in monitoring environmental and social characteristics and related indicators. This support activity takes the form of periodic meetings with the management of the portfolio company to monitor the progress of the ESG

Action Plan and the indicators relevant to each promoted environmental or social characteristic. To this end, the Portfolio Management team identifies – within the structure of each portfolio company – an ESG contact person, who is responsible, among other tasks, for implementing the ESG Action Plan. In addition, the Portfolio Management team – with the support of the ESG Manager – identifies: (i) any specific ESG training needs of the portfolio company's management, to ensure that the necessary skills for pursuing the ESG Action Plan are always present within the company, and/or (ii) the need to complement such management with the expertise and specific knowledge of external consultants.

In line with the investment process of the NPE fund, the NFC fund also adopts the proprietary rating model "ESG Next", which is calculated for the first time during the investment phase and subsequently updated on an annual basis, taking into account information relating to the portfolio company collected by the ESG Manager – possibly with the support of external consultants – during periodic and ad hoc meetings organized with the management of the companies (in particular, with the ESG contact person of each portfolio company at least annually). Considering the possibility of pursuing a "Buy and Build" strategy, which leads to the creation of corporate groups through acquisition transactions during the portfolio management phase, the Management Company has also integrated its ESG Next Rating model for the NFC fund by introducing a specific module to assess the ESG performance of such corporate groups on an aggregated basis. This additional module enables a consolidated assessment of both performance on Material ESG factors and on the environmental and social Characteristics promoted by NFC, taking into account the weight of individual companies within the group in terms of revenues (see Annex 9a of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Flexible Capital Fund"). The ESG Next Rating is a tool made available to both the Investment Team and the management of portfolio companies, allowing continuous – and in any case annual – monitoring of the progress of the ESG Action Plan as well as the overall ESG maturity of the portfolio company, including in the case of corporate groups through the consolidation of the ratings of individual group companies. It is understood that the rating may be shared with external consultants, where deemed appropriate by the Investment Team or by the ESG Manager of the Management Company.

- **Divestment phase**: the vendor due diligence includes an ESG assessment, which covers the analysis of the implementation status of the ESG Action Plan, and the indicators related to the promoted environmental and social characteristics, using a predefined checklist (see Annex 9 of "Section IV – Decision-making process: investment, monitoring, and divestment for Nextalia Flexible Capital Fund" of the Procedures Manual). The Investment Team will identify, on a case-by-case basis, the specific features of each due diligence. Additionally, ESG-related information will be made available during this phase, including the ESG rating, which reflects the implementation status of the ESG Action Plan and the indicators of the promoted environmental and social characteristics, in order to highlight the ESG maturity level of the portfolio company.

4.9 Promotion of environmental and social characteristics by the fund "Nextalia Credit Solutions"

With regard to the "Nextalia Credit Solutions" fund (hereinafter, "NCS"), the promoted characteristics for at least 20% of the fund's investments are as follows:

- **Environmental characteristics**

  (i) Promotion of energy efficiency practices

- **Social characteristics**[9]

  (ii) Promotion of non-discrimination and equal opportunity principles

Moreover, the Management Company has integrated sustainability risks into the investment process. Specifically, the Risk Management Function assigns the AIF an ESG risk oversight rating (including climate and environmental risks, as further detailed in paragraph 4.10 of this Policy) based on qualitative and quantitative indicators monitored across portfolio investments.

The proper promotion of the aforementioned characteristics, the verification of good governance practices, and, more generally, the integration of sustainability risk are duly carried out throughout the entire investment process through the following activities:

- **Preliminary ESG due diligence*:*** entails, among other things, the identification of potential ESG risk and value creation opportunities based on a predefined checklist (see Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Credit Solutions Fund" of the Procedures Manual), primarily qualitative in nature, which includes: (i) a list of elements to be analyzed for all target investments (such as the adoption of a specific plan and/or policies on sustainability, as well as additional documentation and/or policies relevant for ESG analyses), in order to assess the ESG "maturity" of the target, with particular attention to good governance practices in the areas of sound management structure, employee relations, remuneration of staff, and tax compliance, as outlined in the RTS; and (ii) an initial materiality analysis based on the frameworks developed by SASB for each operating sector of the target investments (according to the guidelines set out in Annex 4 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Credit Solutions Fund" of the

[9] The fund undertakes to promote the social characteristics exclusively in "Structured Corporate Lending" and "Portfolio and Fund Finance" transactions, given the real estate nature of "Real Assets Finance" operations.

Procedures Manual). All phases of the preliminary ESG due diligence will be carried out by the ESG Manager with the support of the Investment Team. As part of the preliminary ESG due diligence, the ESG Manager, with the support of the Investment Team and a dedicated tool, verifies the target investment's exposure to climate and environmental risk (physical and transition). Where the outcome of this preliminary assessment indicates significant exposure to such risks for certain profiles, these will be further examined during the full ESG due diligence. The results of the preliminary due diligence (including the findings of the climate and environmental risk screening obtained through the tool adopted by the Management Company) are presented to the Investment Committee to support the evaluation regarding the continuation of the investment process.

- **In-depth due diligence**: execution of an in-depth due diligence, generally conducted with the support of external consultants with specific expertise in the field, during which any ESG issues identified in the preliminary due diligence are further analyzed, and the findings are used to verify the compliance of the investment transaction with the principles set out in this Policy and, in particular, to (i) assess the possibility of promoting, in whole or in part, the environmental and social characteristics identified above within the portfolio company, and (ii) deepen the analysis of material aspects – as already identified during the preliminary due diligence – both at sector level (based on SASB frameworks) and at the level of the individual portfolio company, including any aspects where exposure to climate and environmental risk (physical and transition) proves particularly significant. To this end, the Company has adopted a dedicated ESG due diligence checklist (see Annex 8 of "Section IV – Decision-Making Process: Investment, Monitoring and Divestment for the Nextalia Credit Solutions Fund" of the Procedures Manual), which identifies the list of ESG factors, including risks and opportunities related to climate change and physical and transition risks, to be examined during the due diligence, taking into account the results of the materiality analysis. At this stage of the investment process, the Risk Management Function prepares the risk analysis (final risk report), which takes into account the findings of the due diligence to quantify any ESG risks. Finally, at the end of this phase of the investment process, Nextalia identifies target investments for which it considers that none of the environmental and social characteristics identified above can be promoted. At this stage of the investment process, a verification must also be conducted regarding the existence of good governance requirements as identified below (see the following table).

Where – following the completion of the full due diligence – the responses to specific questions on the matter simultaneously indicate that: (i) most indicators are not met (see the "Assessment Criteria" column), and (ii) for such indicators, it is not possible during the investment period to implement remedial actions to bring these indicators to a satisfactory level, the Investment Team must bring this circumstance to the attention of the Investment Committee, which in turn will submit it to the Board of Directors, so that it can duly take it into account in the final decision on the investment transaction and exclude the transaction. The following table indicates the good governance requirements considered by the NCS Investment Team.

Scope of assessment on good governance	***Assessment criteria***
Sound management structures	Regular composition of the company's management bodies (i.e. board of directors and other committees required by law).
	Verification of compliance with the publication timelines for the last three annual financial statements.
	Absence of legal proceedings related to violation of shareholders' rights (last 3 years).
Employee relations	Absence of significant labour disputes (in the last 3 years), taking into account the total turnover as shown in the last approved financial statements and the total number of employees involved.
Remuneration of staff	Absence of disputes regarding non-payment of personnel (including severance pay) and/or wage discrimination (within the past 3 years).
Tax compliance	Absence of significant disputes raised by the Revenue Agency on tax matters over the past 3 years and/or of serious irregularities in tax or social security contributions.

Upon completion of this phase, the Investment Team prepares the Final Investment Memorandum, to be submitted to the Investment Committee for the issuance of a positive evaluation of the transaction, containing inter alia the results of ESG due diligence with a section dedicated to the analysis of ESG issues.

- **Portfolio monitoring phase:** once the investment decision has been made based on the analyses described above, the Investment Team, with the support of the ESG Manager, will initiate periodic monitoring activities on the performance of the portfolio investment, including from an ESG perspective. This monitoring will duly take into account, for those investments where the Characteristics are promoted, the associated performance indicators, as well as any other ESG-related issues identified during the due diligence process that could impact the financial performance of the investment.

4.10 Assessment and monitoring of climate and environmental risks

Following the publication in December 2022 of the "Supervisory Expectations on Environmental and Climate Risks" (hereinafter, the "Supervisory Expectations") from the Bank of Italy (and its subsequent update), the Management Company first carried out a gap analysis with the support of leading external consultants (both legal and ESG advisory specialists) aimed at identifying areas for intervention to ensure alignment of its structure with the Expectations. Based on the results of this gap analysis, the Management Company proceeded to approve the "Action Plan" (the "Action Plan"), which was approved by the Board of Directors of Nextalia, subject to the opinion of the Board of Statutory Auditors (as required by the Supervisory Expectations) and approval by the ESG Committee for matters within its remit, and transmitted to the Bank of Italy on the same date.

The Action Plan transmitted to the Bank of Italy identified the actions to be implemented in order to ensure full alignment with the Expectations, and in particular:

- Updating the Sustainable Investment Policy adopted by the Management Company, to explicitly include measures for integrating the assessment of climate risk (physical and transition) into the investment (and divestment) process of the funds. Specifically, the Policy was amended to include, among the phases of the investment (or divestment) process: (i) the integration of the preliminary due diligence with a specific analysis of the target's exposure to climate risk (physical and transition) using a proprietary tool developed in collaboration with an external consultant; and (ii) a comprehensive ESG due diligence, to be conducted based on a predefined checklist, focused – where relevant according to the findings of the preliminary ESG due diligence – on further analysis of the results from the tool described above.
- Amending (i) the procedures manual and related internal processes to formalize information flows between corporate functions in a precise manner; and (ii) the regulations of the Compliance and Internal Audit functions to explicitly define their roles and responsibilities in relation to ESG matters and, in particular, climate risk, following the incorporation of the Supervisory Expectations.
- Integrating the ESG risk management model and making corresponding changes to the Risk Management Policy. Specifically, the Risk Management Function of the Management Company introduced a process to revise the risk model to incorporate the measurement

(both quantitative and qualitative) and assessment of sustainability risk, including climate risk. In particular, regarding the assessment of physical and transition risk, the Risk Management function adopted a more quantitative and granular calculation methodology, in line with the internally developed action plan to address the Supervisory Expectations on monitoring climate and environmental risks, which provides for: (i) for transition risk, an assessment based on the annual monetary cost required to decarbonize business operations and align with the climate scenarios proposed by the "Network for Greening the Financial System"; (ii) for physical risk, the use of a third-party provider that, based on the geographic location of each company/asset, provides a granular quantification of exposure to the main categories of natural disasters, following a scientific approach aligned with leading international standards in the field.

Furthermore, following the update of the Expectations, the Management Company has: (x) appointed an independent director as designated representative within the Board for ESG training, and (y) updated the mandatory disclosures on its website to reflect the implementation of the actions described above.

As of the date of this policy update, it should be noted that all actions in the Plan have been implemented.

5. Monitoring and Reporting

The Management Company, through the ESG Manager, will ensure that:

- with specific reference to the NPE fund, portfolio companies provide, on an annual basis, a detailed report on the status of implementation of their ESG Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities, and incorporating the ESG Next Rating calculated also in light of such progress. In any case, the report must include specific information regarding the monitoring of the indicators associated with each environmental and social characteristic promoted by the Management Company;
- with respect to the NPE II fund, for transactions included in the minimum quota of investments that promote environmental and social characteristics, portfolio companies provide, on an annual basis, a detailed report on the status of implementation of their ESG

Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities, and incorporating the ESG Next Rating calculated also in light of such progress. In any case, the report must include specific information regarding the monitoring of the indicators associated with each environmental and social characteristic promoted by the Management Company;

- with respect to the NCO fund, for transactions included in the minimum quota of investments that promote environmental and social characteristics, the Investment Team – with the support of borrowers and leveraging ESG Clauses – will prepare a detailed report containing at least the monitoring of indicators for the characteristics promoted by NCO and, where applicable, the status of implementation of the ESG Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities, and incorporating the ESG Next Rating, where calculated;
- with respect to the NVE fund, for transactions included in the minimum quota of investments that promote environmental and social characteristics, the Investment Team will prepare a detailed report containing at least the monitoring of indicators for the characteristics promoted by NVE and, where applicable, the status of implementation of the ESG Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities;
- with respect to the NCR fund, portfolio companies provide, on an annual basis, a detailed report on the status of implementation of their ESG Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities, and incorporating the ESG Next Rating calculated also in light of such progress. In any case, the report must include specific information regarding the monitoring of the indicators associated with each environmental and social characteristic promoted by the Management Company;
- with respect to the NFC fund, for transactions included in the minimum quota of investments that promote environmental and social characteristics, companies provide, on an annual basis, a detailed report on the status of implementation of their ESG Action Plan, illustrating the progress of individual ESG initiatives included in the Action Plan, including any actions related to managing climate risks and opportunities, and incorporating the ESG Next Rating calculated also in light of such progress. In any case, the report must include specific

information regarding the monitoring of the indicators associated with each environmental and social characteristic promoted by the Management Company;

- with respect to the NCS fund, for transactions included in the minimum quota of investments that promote environmental and social characteristics, the Investment Team will prepare a detailed report containing at least the monitoring of indicators for the characteristics promoted by NCS, highlighting the actions undertaken by portfolio investments to promote these characteristics;

The information thus collected and/or prepared for each fund will be presented annually, during the approval of the Sustainability Report, to the Board of Directors of the Management Company by the ESG Manager, including through participation in Board meetings by the ESG Manager or other members of the funds' Investment Team. At that time, any necessary adjustments to the ESG Action Plan, where applicable, will also be presented to the Board.

It is understood that any ESG incidents – meaning environmental, social, or governance events that have a material negative impact on an investment and, consequently, on its key stakeholders, including investors, employees, communities, and the environment – that the ESG Manager, informed by the funds' Investment Team, considers particularly relevant for the management of the portfolio company or the company that has adhered to the ESG Clauses must be brought to the attention of the Board of Directors, even outside the annual reporting cycle, possibly in an ad hoc meeting.

Finally, the annual reporting made available to investors will include disclosure of any advocacy activities undertaken by the Management Company, as monitored and defined by the ESG Committee.

As regards periodic disclosure under Article 11 of the SFDR (hereinafter also "SFDR Periodic Disclosure"), the ESG Manager, with the support of each fund's Investment Team, collects the necessary information annually and prepares the documentation according to the template set out in Annex IV of the RTS. Once the SFDR Periodic Disclosure has been prepared, it is submitted to the Legal Function for its review and then presented for approval to the Board of Directors of the Management Company, generally together with the annual Management Report of each fund, to which the SFDR Periodic Disclosure is attached.

At the end of the process, the SFDR Periodic Disclosure is made available on the website in the investor-restricted area, generally as an attachment to the Management Report of each fund.

The Management Company also undertakes to respond to (i) the PRI Questionnaire on an annual basis, and (ii) any questionnaires prepared by investors in the AIFs managed by the Company regarding ESG topics of interest to such investors.

6. ESG training

The Management Company will provide its employees and collaborators with the training and tools necessary to ensure they have adequate knowledge and awareness of this Policy as well as of ESG best practices, taking into account the activities carried out by the Management Company. In accordance with Annex 3 to Section I of the Procedures Manual, the Legal & Compliance Function defines the annual training plan, which will include dedicated ESG training sessions agreed upon with the ESG Manager. Within six months of the approval of this plan, the ESG Manager will review the training plan to assess whether the planned ESG training is adequate and consistent with the activities carried out by the Management Company and with the professional profiles of its employees. The ESG Manager will duly inform the ESG Committee of the outcome of this assessment.

7. Communication and Update of the ESG Policy

The ESG Manager, with the support of the Legal and AML & Compliance Functions, is responsible for the implementation of the ESG Policy, its update to reflect progress in ESG matters and the evolution of best practices, as well as for ensuring that other policies and procedures adopted by the Management Company are consistent with the principles described in this Policy. The Policy will be reviewed and updated as necessary and, in any case, at least every two years. Any material amendment to the Policy must be approved by the Board of Directors of the Management Company.

Annex 1 - Universal Declaration of Human Rights

Article 1 – All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

Article 2 – Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

Article 3 – Everyone has the right to life, liberty and the security of person.

Article 4 – No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 5 – No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 6 – Everyone has the right to recognition everywhere as a person before the law.

Article 7 – All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

Article 8 – Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

Article 9 – No one shall be subjected to arbitrary arrest, detention or exile.

Article 10 – Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

Article 11 – 1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence. 2. No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

Article 12 – No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

Article 13 – 1. Everyone has the right to freedom of movement and residence within the borders of each State. 2. Everyone has the right to leave any country, including his own, and to return to his country.

Article 14 – 1. Everyone has the right to seek and to enjoy in other countries asylum from persecution. 2. This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.

Article 15 – 1. Everyone has the right to a nationality. 2. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.

Article 16 – 1. Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution. 2. Marriage shall be entered into only with the free and full consent of the intending spouses. 3. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

Article 17 – 1. Everyone has the right to own property alone as well as in association with others. 2. No one shall be arbitrarily deprived of his property.

Article 18 – Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 19 – Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 20 – 1. Everyone has the right to freedom of peaceful assembly and association. 2. No one may be compelled to belong to an association.

Article 21 – 1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives. 2. Everyone has the right of equal access to public service in his country. 3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

Article 22 – Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 23 – 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. 2. Everyone, without any discrimination, has the right to equal pay for equal work. 3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. 4. Everyone has the right to form and to join trade unions for the protection of his interests.

Article 24 – Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25 – 1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social

services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. 2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Article 26 – 1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit. 2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace. 3. Parents have a prior right to choose the kind of education that shall be given to their children.

Article 27 – 1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits. 2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Article 28 – Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

Article 29 – 1. Everyone has duties to the community in which alone the free and full development of his personality is possible. 2. In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society. 3. These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.

Article 30 – Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

Annex 2 – The ten Principles of the UN Global Compact

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2 – Businesses should make sure that they are not complicit in human rights abuses.

Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5 – Businesses should uphold the effective abolition of child labour.

Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7 – Businesses should support a precautionary approach to environmental challenges.

Principle 8 – Businesses should support initiatives to promote greater environmental responsibility.

Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Annex 3 - UN Sustainable Development Goals (SDGs)

Goal 1 – End poverty in all its forms everywhere.

Goal 2 – End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Goal 3 – Ensure healthy lives and promote well-being for all at all ages.

Goal 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5 – Achieve gender equality and empower all women and girls.

Goal 6 – Ensure availability and sustainable management of water and sanitation for all.

Goal 7 – Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 10 – Reduce inequality within and among countries.

Goal 11 – Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12 – Ensure sustainable consumption and production patterns.

Goal 13 – Take urgent action to combat climate change and its impacts.

Goal 14 – Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15 – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Goal 17 – Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.