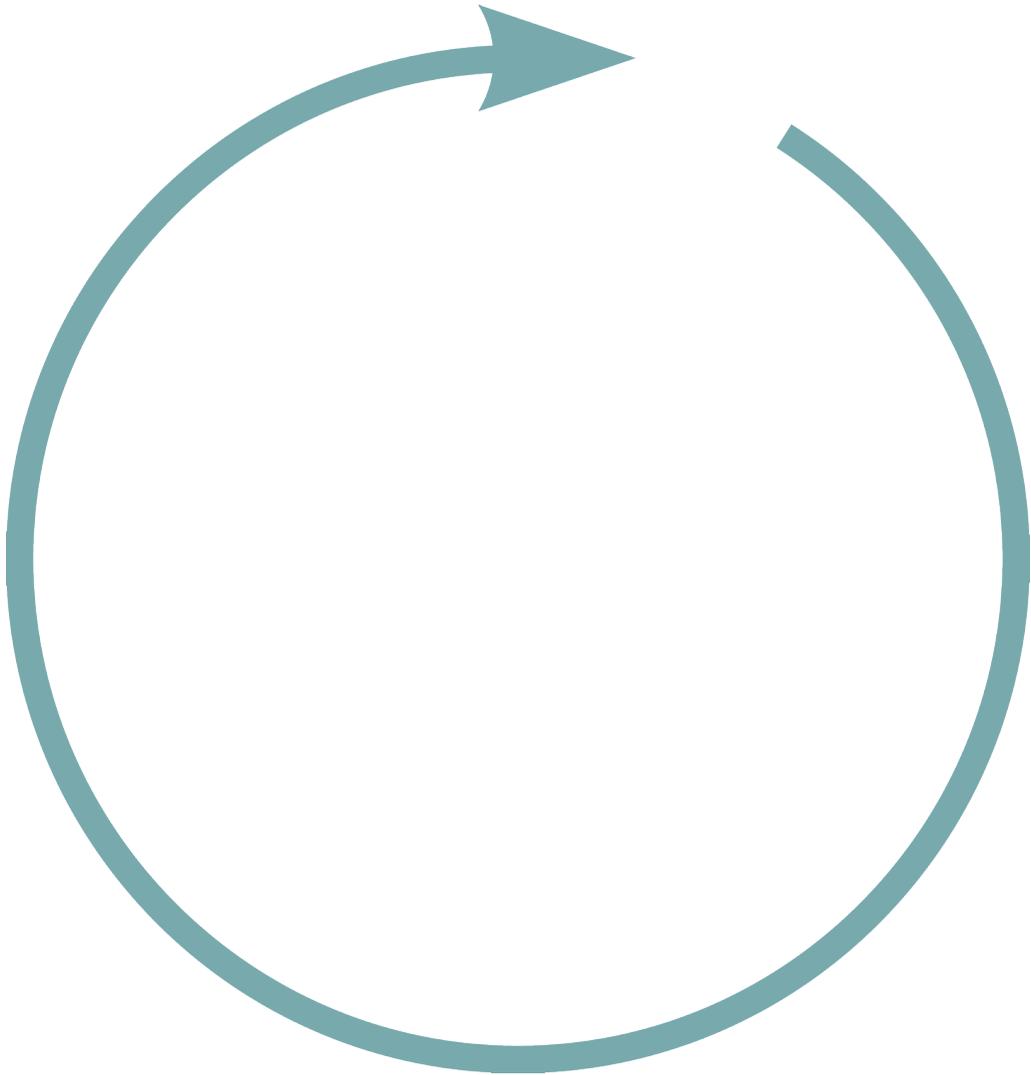


21 Invest

Sustainability Policy
2021



Sustainability Policy

Confidential

2021

Sustainability Policy

21 Invest

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21 Invest engages with portfolio companies to grow and generate profit in a way that is admired by employees, clients, suppliers, shareholders.

Results achieved are measured and reported periodically with details of financial and sustainability performance.

This sustainability consciousness has always been part of 21 Invest's DNA and progressively has become an essential part of the value creation plan conceived for portfolio companies.

To make companies grow in a sustainable way, 21 Invest systematically implements the same value creation approach based on three levers: **Managerialization, Institutionalization and Commercialization.**

Managerialization

Management is a key driver for the development of portfolio companies. If necessary, management is reinforced, mainly in sales & marketing, finance & accounting, production and IT areas.

Institutionalization

21 Invest seeks to use its knowledge and expertise to institutionalize portfolio companies' businesses with the aim of increasing efficiency and improving performance. Actions in this area include those aimed at improving corporate governance and decision-making processes, introducing new monitoring and reporting tools in the finance area, developing a brand – from conception to the communication strategy, investing to streamline or industrialize production processes and introduce best safety practices.

Commercialization

21 Invest has a track record of creating value through domestic and international sales expansion and ensures that all angles for growth acceleration are explored and exploited. Actions in this area includes strategic actions for developing domestic and foreign sales such as: build-ups, commercial agreements, strategic partnerships for distribution in new geographies, or expansion in new business segments.

In addition, 21 Invest systematically works on **sustainability** and **digitalization** across the portfolio

Sustainability

21 Invest has maintained an active role in raising awareness of sustainability at the management company and portfolio company level and recognizes that sustainability practices remain integral to achieving value creation.

To make portfolio companies grow in a sustainable way is the core activity of the investment team.

In addition to the investment team, 21 Invest has established a dedicated Sustainability Team that coordinates with the investment team to ensure environmental, social and governance issues as well as ethical issues are managed and monitored while making portfolio companies grow.

Digitalization

In 21 Invest's experience, supporting portfolio companies on the implementation of digitalization strategies and introducing digital tools to enhance and/or support sales and marketing and improve communication with clients, are often key to creating value in SMEs.

Sustainability in each phase of the investment cycle

The purpose guiding managerial decisions in all investment operations is long term growth, to be realized not only by supporting a company in its development but concurrently focusing on the socioeconomic ecosystem in which it operates.

The following formalized approach has been developed to carefully investigate ESG issues and collect and share high quality ESG information from portfolio companies.

Risk analysis

Sustainability risk analysis and management is incorporated in the investment process. This analysis is conducted before investment as well as throughout the holding period, with a view to identify the impact of environmental and social risks on sales and margin growth potential and on the future value of the target company.

Prior to investment

In the initial screening process of a potential investment, 21 Invest ensures that the potential investee company's core business is not related to certain sectors.

Excluded investments include those required by domestic and international law as well as those related to activities subject to sanction measures issued by EU institutions (<https://sanctionsmap.eu/#/main>).

Moreover, 21 Invest excludes investments based on our organization's values, namely those in the following sectors:

- human cloning;
- tobacco;
- distilled alcoholic beverages and related products;
- weapons and ammunition of any kind;
- casinos and equivalent enterprises;
- pornography and pedopornography;
- fur production;
- internet gambling and online casinos; or electronic data programs or solutions, which are intended to enable to illegally enter into electronic data networks or download electronic data.

For each potential investment, the investment team shall complete a 'Sustainability Checklist' which is attached to the investment memo forming a basis for the investment decision in order to flag up any potential issues for further investigation.

Should any ESG issues arise during the assessment of a potential investment opportunity, which could potentially have an impact on its valuation, the investment team shall investigate these issues further, carrying out specific environmental, social and/or governance due diligences for the potential investee company, where necessary.

During the holding period

During the holding period an annual sustainability monitoring is conducted based on information provided directly by the portfolio companies and specific sustainability KPIs are examined. Moreover, the risk management function annually examines the overall risk of the portfolio, including the risk related to environmental and social issues. The results are submitted for discussion by the Board of Directors.

If necessary, the investment team works with portfolio company management to mitigate risk factors.

Sustainability is integrated into standard portfolio tracking activity, thus enabling performance in this area to be measured equally alongside the other key indicators of value creation being sustainability, digitalization, alongside managerialization, sales & marketing, finance, operations.

Throughout the entire holding period, the investment team works alongside portfolio company management to improve performance in high priority areas. Portfolio company management is educated on the impact of ESG and an annual ESG Portfolio Monitoring Report is sent to each portfolio company in the beginning of each year and finalized in Q1 of each year. The ESG Portfolio Monitoring Report sets ESG targets and activities for the year and analyses the ESG targets and activities undertaken over the previous 12-month period.

Detailed information about ESG performance of each portfolio companies is included in the Sustainability Report. The report, once approved by 21 Invest's Board of Directors, is sent to all investors as well as to the PRI as part of the annual reporting activities.

Sustainability indicators refer to:

→ Environmental

The investment team ensures that those companies which face environmental issues have continuous improvement plans in place. 21 Invest promotes best in class approaches, encourages the use of environmentally friendly technologies and ensures that an annual energy efficiency audit is carried out where necessary and requires self-assessment of climate related risks and opportunities.

→ Social

The investment team seeks to correct and improve the management of social issues in investee companies, with an initial plan based on social due diligence findings. Moreover, the investment team monitors social performance in terms of specific indicators.

→ **Governance**

At the heart of the investment policy and, in order to implement sound value creation strategies, 21 Invest ensures that key conditions are in place, such as adequate representation in the portfolio company's board of directors, top management incentives aligned with those of the shareholders and sufficient quality of operational and financial reporting. Frequent meetings with the portfolio company's management allow the investment team to ensure that corrective actions are implemented if necessary.

Contribution to Sustainable Development Goals (SDG)

21 Invest actively works alongside portfolio companies toward various sustainable development goals promoted by the United Nations. The SDGs goals where 21 Invest is more active and actions or monitoring are carried out in all investments are the following:

→ **Goal 8 – Decent Work and Economic Growth**

21 Invest actively works to create the conditions in portfolio companies that support growth and allow people to have quality jobs, by monitoring growth in sales and margins as well as social and employee matters related to working conditions, staff turnover, gender pay ratio, injury rate, employee benefits and training, employee litigations, quality of employee relationships, health and safety standards for customers and employees, introduction of code of ethics and anti-corruption and anti-bribery policies.

→ **Goal 9 – Industry Innovation**

21 Invest actively works to create the conditions in portfolio companies to invest in innovation, automation and expansion to increase productivity and competitiveness

→ **Goal 13 – Climate Change**

21 Invest encourages portfolio companies to consider the material impact of climate change-related factors and recognize growth opportunities and risks related to climate change, by monitoring various environmental indicators including water and energy consumption and

waste management.

To take a step further, starting from funds launched post-2020, in order to enhance consciousness on the adverse impacts of investment decisions on sustainability factors, 21 Invest will expand pre-investment ESG due diligence to include the measurement of the following environmental indicators: Greenhouse Gas Emissions, Activities negatively affecting biodiversity in sensitive areas, Emissions to water, Production of hazardous waste, Energy performance.

Diagnostic tools

Diagnostic tools used to make portfolio companies grow in a sustainable way:

Pre investment:

→ **Compliance Checklist**

prepared by the compliance officer to exclude investments non-compliant with 21 Invest Sustainability Policy and applicable fund rules

→ **Sustainability Checklist**

prepared by the investment team to flag up potential sustainability issues related to the investment opportunity

→ **Risk management report**

prepared by the risk management to examine risks of an investment opportunity including environmental and social risks, among others

Post investment:

→ **Efficiency Mapping**

updated by the investment team once a year with the evolution of on long term and short-term actions to make a portfolio company grow

→ **ESG Monitoring Report**

prepared by the team to monitor ESG KPIs, the report is based on data received from portfolio companies