

ESG POLICY

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1. Mission

STYLE CAPITAL SGR S.p.A. (hereinafter also referred to as “Style Capital”), through its funds, invests in the Lifestyle sectors with investments mainly aimed at supporting the development of companies operating in the Made in Italy areas of excellence, with a particular focus on the fashion&luxury world.

Style Capital promotes companies belonging to the mentioned sector that have a high growth potential, that can be reasonably considered as possessing capital stability and that have ESG characteristics in line with the sustainable development needs expressed by the current context. Therefore, Style Capital rewards the balance between **profitability**, **innovation**, and **sustainability**, contributing personally to make the sector in which it operates increasingly sustainable.

Style Capital believes that the creation of sustainable and responsible value over time must be based on the integration of sustainability and social responsibility criteria. This belief stems from the awareness that companies with a robust management of environmental, social and governance aspects are able to create higher and lasting economic value, since they are characterized by greater resilience and operational efficiency.

Style Capital believes that being sustainable means paying attention to ESG aspects throughout the management of the entire value chain, starting from its own operations (**Internal Sustainability**) to the management of the investment portfolio (**Sustainable and Responsible Investment**). In order to ensure proper governance of sustainability aspects, companies should be aware of and manage the ESG challenges and opportunities specifically related to the sector they operate in. As far as the Lifestyle, Fashion and Luxury sector is concerned, these aspects can be summarized as follows.

<p>CLIMATE CHANGE</p> <p><i>Fight climate change, through the adoption of production techniques that encourage the use of energy from renewable sources and energy efficiency and significantly reduce CO₂ emissions</i></p>	<p>BIODIVERSITY</p> <p><i>Preserve biodiversity, through integration of best practices and implementation of external and third party supply chain controls</i></p>	<p>PLASTIC AND OCEAN</p> <p><i>Save the oceans by encouraging a reduction in plastic consumption</i></p>
<p>DIGITALIZATION AND DATA MANAGEMENT</p> <p><i>Rethink business models, facilitating the deployment of sustainable e-commerce that pays attention to customer data privacy</i></p>	<p>DIVERSITY AND INCLUSIVE CULTURE</p> <p><i>Build a diverse and inclusive work environment by creating non-discrimination and diversity-oriented cultures at all levels within the company</i></p>	<p>FASHION “ATHLEISURE”</p> <p><i>Recognize the importance of new trends (i.e., body positivity, diffusion of sports outfits, technological innovation) in the definition of “athleisure” fashion</i></p>
<p>CIRCULAR ECONOMY AND WASTE REDUCTION</p> <p><i>Encourage recycling and reuse mechanisms, both in products and packaging</i></p>	<p>NEW TRENDS OF SUSTAINABILITY IN THE SECTOR</p> <p><i>Analyze and monitor changes in consumer preferences, increasingly oriented towards sustainable fashion</i></p>	<p>SUPPLY CHAIN</p> <p><i>Monitor the supply chain, favoring partnerships with virtuous suppliers that facilitate product traceability</i></p>

In light of what stated, Style Capital adopts this **ESG Policy**, which aims to identify the guiding principles and strategic guidelines that drive ESG integration in Style Capital’s operations and in the investment activities.

2. Guiding Principles

When managing its operating activities and when engaging with portfolio companies, Style Capital draws inspiration from the values defined in its Code of Ethics and embraces the guidelines and recommendations defined by international organizations and institutions that work to promote sustainability principles.

Given the characteristics of the businesses in which Style Capital invests, it recognizes the importance of upholding key values in the areas of human rights, labor standards and environmental practices.

With specific reference to investment activities, in line with the **Principles for Responsible Investment** promoted by the **United Nations (UN PRI)** Style Capital is committed to:

- (i) incorporate ESG issues into investment analysis and decision-making processes
- (ii) be active owners and incorporate ESG issues into Style Capital's ownership policies and practices
- (iii) seek appropriate disclosure on ESG issues by the companies in which Style Capital invests
- (iv) promote acceptance of the Principles within the investment industry and the portfolio companies
- (v) support the sharing of information, tools and resources in order to collaborate on spreading the Principles
- (vi) report on Style Capital's activities and progress towards the implementation of the Principles

Aware that the dynamics governing the financial sector are evolving to foster an increasing consideration of sustainability criteria and performance, Style Capital believes it is crucial to monitor and take ownership of the principles promoted by legislation on the sustainability of financial services (such as **EU Regulation 2019/2088** and **EU Regulation 2020/852**) and to be an active player in the debates on such issues.

Moreover, the approach chosen by Style Capital is willing to define a path of positive contribution to the **United Nations Sustainable Development Goals (UN SDGs)**, implementing actions to achieve global sustainability goals. In this regard, based on the peculiarities of the reference sector and the specific characteristics of Style Capital's business, it has identified some SDGs that Style Capital is committed to pursue in the performance of its operational activities and those of the portfolio:

Environmental Area



Ensure sustainable consumption and production patterns

Promotion of sustainable production and consumption patterns that reduce waste and encourage the

adoption of innovative practices that favor recycling and circular economy dynamics



Take urgent action to combat climate change and its impacts

Commitment to integrate measures against climate change into policies, strategies, and development plans

in order to reduce the impact of activities in terms of energy consumption and emissions and to strengthen resilience to climate-related risks

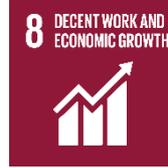
Social Area



Achieve gender equality and empower all women

Commitment to foster the achievement of gender equality through the support of

less-represented genders, both in terms of career opportunities and pay



Promote inclusive and sustainable economic growth, employment and decent work for all

Commitment to the creation of

decent work, by fostering entrepreneurship, creativity and innovation; promotion of the medium-sized enterprises growth, also through access to financial services, valuing a high value-added and labor-intensive sector

Governance Area



Promote just, peaceful and inclusive societies

Promotion of ethical, transparent and professional dynamics within the business, achieved through

respect and compliance with applicable regulations



Revitalize the global partnership for sustainable development

Commitment to improve cooperation with partners and collaborators, in order to build long-term

relationships based on trust that encourage the development, implementation and spread of sustainable technologies

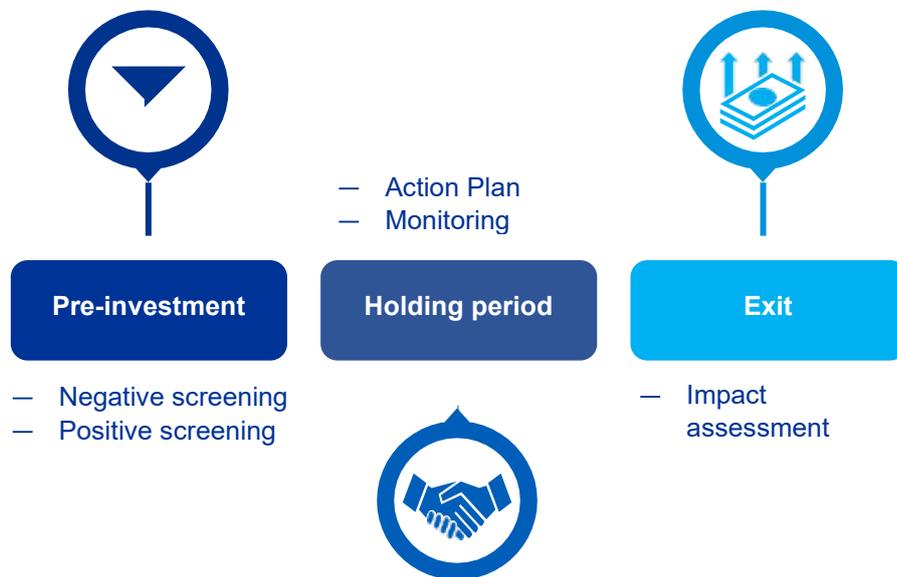
3. ESG Strategy

Style Capital promotes the sustainable and responsible growth of its business and of its portfolio companies. Consistent with current industry trends, Style Capital understands that the consideration of non-financial aspects in its operating activities is crucial and that the same considerations are also required with reference to the portfolio companies. Style Capital observes, in fact, that companies are increasingly inclined to pursue objectives that are not exclusively financial and that they consider sustainability performance as related with **medium-long term competitive advantage**.

3.1 Sustainable and Responsible Investment

Style Capital's primary objective is to **actively contribute to the growth process of the companies it invests in** through the Funds, encouraging sustainable and responsible success. Style Capital believes that, in order to pursue this objective, it is necessary to monitor the **environmental, social and good governance aspects** that are relevant during **the entire life cycle of the investment**: being able to recognize and manage ESG risks and opportunities is an essential factor to achieve the financial objectives and at the same time guarantee the creation of long-lasting value shared with the stakeholders.

In particular, the ESG approach adopted by Style Capital foresees the identification and evaluation of the principal adverse impacts on environmental and social factors that the investment could entail, always considering the peculiar characteristics of the investment sector.



3.1.1 Pre-investment

Negative screening

Style Capital operates a negative screening during the pre-investment phase, excluding from its investable universe companies that carry out activities and/or operate in sectors that may have significant negative impacts on sustainable and responsible development.

Sector exclusions are defined in detail in the regulations of the funds. In particular, also in view of the fact that Style Capital operates exclusively within the Lifestyle, Fashion and Luxury sector, it **cannot invest in assets**:

EXCLUSION CRITERIA	that, to the best of Style Capital's knowledge, are involved in criminal activities or are otherwise illegal according to the regulations to which the Fund is subject	whose main activity is the manufacture, distribution, or sale of weapons or munitions	whose main activity is the manufacture, distribution, or sale of tobacco and related products or is the business of alcoholic beverages
	whose main activity is gambling , the management of a casino or other activities related to gambling itself	whose main activity is the production, distribution, or sale of pornographic material or images	whose main activity is the business of accepting pledges or buying gold for cash
	whose main activity involves the research, development or technical application of electronic data programs and solutions that either (a) are intended to support any of the above activities, internet gambling, online casinos, or pornography; or (b) allow illegal access to or downloading of electronic data networks	whose main activity is carried out in or near biodiversity sensitive areas and has adverse impacts on them	whose main activity is in the fossil fuels sector

Positive screening

Having verified that the target company does not operate in one of the sectors on the list of excluded activities, Style Capital initiates a positive screening to assess the company's alignment with the sustainable and responsible objectives.

Style Capital assesses the ability of target companies to create value in a sustainable and responsible manner and to adequately manage the most relevant environmental, social and governance issues in the sector of operation of Style Capital with a positive ESG performance compared to competitors, assuming a key role as a driver of change towards an increasingly strong combination between growth and sustainability.

Therefore, the economic and financial assessment of the target company includes a **due diligence** process regarding adherence to pre-established **ESG** criteria and related performance (ESG DD), as well as compliance with applicable regulations, including those related to labor rights and tax obligations.

Findings of the ESG DD are included in the investment memorandum to ensure that the Board of Directors has an informed assessment of these issues when approving an investment decision.

During the due diligence phase, Style Capital performs an assessment of the target companies based on a **proprietary ESG rating**. The ESG rating is a parameter ("**binding element**") that synthetize the assessment of the target companies' ability to contribute to sustainable and responsible development through proper management of environmental, social and governance issues significant to Style Capital's investment sector.

The **areas** on which evaluations are conducted follow:

ESG INTEGRATION	Environmental Area 	Social Area 	Governance Area 
	<ul style="list-style-type: none"> • Energy Management & CO₂ emissions • Support to a Circular Economy • Eco-friendly products 	<ul style="list-style-type: none"> • Respect for diversity and inclusion • Labor Standards • Talent development and management • Community engagement 	<ul style="list-style-type: none"> • Sustainable and responsible supplier selection and monitoring • Anti-corruption & Business Integrity • Ethical products

Style Capital is committed to:

ENVIRONMENTAL AREA	1. Energy Management & CO ₂ emissions	2. Support to a Circular Economy
	Investing in companies that have energy efficiency plans and use energy mainly from renewable sources, thus contributing to the fight against climate change	Valuing companies that adopt systems of reuse, recycle and upcycle of materials used in their products and/or packaging and that, therefore, integrate ESG criteria into product design
	3. Eco-friendly products Choose companies that produce and market products with a high percentage of natural fibers and that are, therefore, environmentally sustainable	

SOCIAL AREA

1. Respect for diversity and inclusion

Invest in companies that adopt **diversity and inclusion** policies, fostering companies that promote **women empowerment** in professional and salary terms, at all organizational levels, including the Board of Directors

3. Talent development and management

Prefer companies that enhance their **talent pool**, able to **attract and retain human capital** also through periodic performance evaluations

2. Labor Standards

Valuing companies that protect the **human rights** of their employees, drawing inspiration from international provisions on the protection of human and labor rights (i.e., UN Global Compact)

4. Community Engagement

Valuing companies that promote **social responsibility** initiatives aimed at responding to the needs expressed by communities

GOVERNANCE AREA

1. Sustainable and responsible supplier selection and monitoring

Invest in companies that formalize policies to **integrate ESG issues into supplier selection**, in order to ensure the protection of human rights throughout the supply chain (as required by the UN Global Compact)

3. Ethical Product

Choose companies that produce and market **cruelty-free products**, made without materials tested on animals

2. Anti-corruption & Business Integrity

Valuing companies that have adequate **ESG governance mechanisms** and **organizational models in compliance** with national and international **regulations** and **capable of preventing episodes of corruption**

3.1.2 Holding period

Action Plan

Style Capital aims to invest in companies where it sees a high potential for growth, both in terms of size, profitability, and sustainability ("**Sustainable Growth**"). Considering the possible **areas of weakness** resulting from the assessment carried out in the pre-investment phase, Style Capital identifies risks to be mitigated and opportunities to be promoted during the holding of the investment.

Style Capital requires the target companies to formally commit to **improving their performance and filling the gaps** found during the assessment phase, within agreed timeframes depending on the type of improvement action to be implemented.

Therefore, Style Capital proposes, in agreement with the Top Management of the portfolio companies, an Action Plan, which:

- identifies the main ESG focus points
- defines ESG responsibilities and related communication flows
- outlines a multi-year program of improvement actions with the goal of filling the gaps

Monitoring

During the holding period, Style Capital works alongside portfolio companies, facilitating their sustainable and responsible growth. To this end, it considers it essential to monitor **the performance of the main indicators related to ESG areas**. Style Capital, with the support of external consultants, supervises the implementation of the ESG Action Plan and monitors periodically through specific indicators the progress of the above-mentioned sustainability performance.

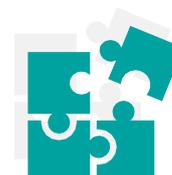
In this regard, Style Capital's risk management system also includes the assessment and monitoring of Sustainability Risk (ESG). Each risk indicator, used in the pre-investment phase to assess the feasibility of the opportunity, is monitored throughout the management phase, in order to identify and mitigate potential internal impacts - which directly or indirectly affect Style Capital and the performance of the Funds - and external impacts - which relate to the way investment decisions affect aspects beyond the assets of the Funds and Style Capital.

In addition to monitoring performance and risk indicators, Style Capital **engages** with portfolio companies through:

- a) provision to all Management of appropriate ESG training aligned with the objectives of Style Capital;
- b) integration of ESG content into the agendas of Board of Directors;
- c) Appointing an ESG responsible and an internal contact person within the Board to facilitate shared decision-making on ESG issues.

The monitoring activity is also aimed at **verifying and minimizing the adverse impacts** that its **investment decisions** could have on **sustainability factors**. Style Capital identifies (i) CO₂ emissions, (ii) biodiversity, (iii) water, (iv) waste and (v) social and employees matters as the main areas of sustainability on which its investment activities could have adverse impacts.

Style Capital monitors the trends of its own performance in these areas through specific indicators taken from the current regulatory provisions in force and aims at ensuring trends improve over time.



3.1.3 Exit

In coherence with Style Capital's primary objective of being a promoter of sustainability in the Lifestyle, Fashion and Luxury sector, Style Capital believes that the creation of sustainable and responsible value should continue after the end of the holding period.

For this reason, Style Capital is committed to sharing the results achieved in the ESG field by the companies in its portfolio with potential buyers, in order to highlight the main trends and create the conditions for maintaining the attention to sustainability issues over time.

3.2 Internal Sustainability

Style Capital believes that its operational activities must be carried out according to principles similar to those used in portfolio management and required to the companies in which it invests; therefore, it aims at integrating ESG factors also at the level of Style Capital.

This goal is realized through a strong internal commitment to adopt an inclusive approach aimed at enhancing the value of its human capital, the adoption of high standards of corporate governance and business ethics and environmental protection.



HUMAN CAPITAL DEVELOPMENT AND WELFARE

The success of Style Capital's business also derives from its ability to **attract and retain over time trained and motivated professionals**, ready to manage the daily challenges. Therefore, people management represents a critical success factor, also in terms of sustainability.

Within Style Capital, aspects such as **inclusiveness, women empowerment, health and safety** as well as **respect for human rights** represent the founding elements of the relationship with its employees. For this reason, Style Capital adapts its internal protocols to the most important international principles on health and safety, human rights, and decent work.

Style Capital commits to:

1. Adopt appropriate measures aimed at reducing potential risks related to the **health and safety** of employees, through the implementation of periodic checks in the workplace, adequate health surveillance and individual awareness
2. Encourage the construction of a working environment that is able not only to **attract talents**, but to keep them motivated over time, promoting **continuous training** of human capital, aimed at constant updating and the search for innovative and current solutions
3. Foster within the organization **women's empowerment** and the achievement of **gender equality** in terms of both **career opportunities** and **compensation**
4. Encourage and promote the protection of **diversity, inclusion, and human rights** in the company, achieved by combating any form of discrimination in the recruitment, development and retention of talent over time. Style Capital considers diversity not only as the guarantee of equal opportunities, but also as the enhancement of its human capital based on diversity of origin and professional skills

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Style Capital conducts its business inspired by the principles of ethics and integrity, as enshrined in its Code of Ethics. Sustainability is increasingly understood as a strategic element, which enters into the decision-making process, able to promote the creation of sustainable value, a mission shared with the wide range of stakeholders involved in the relationships that Style Capital entertains.

Style Capital commits to:

1. Enhance **equal opportunities** in terms of **professional and remuneration** within Style Capital's structure
2. Consider criteria of **competence, independence and gender balance** in its **decision-making bodies**
3. Comply with relevant national and international **anti-bribery and anti-money laundering legislation**.
4. Foster both internal and external communication processes, ensuring **transparency and reliability of information** and communication channels
5. Operate at all levels of the organization according to the principles of **fairness, integrity and professionalism**, values enshrined in its **Code of Ethics**

ENVIRONMENTAL PROTECTION

Style Capital is aware of the current global environmental challenges and therefore promotes its support to the **fight against climate change**. It aims to prevent and minimize the ecological impact produced internally, also promoting the responsible use of resources and the promotion of more sustainable lifestyles.

Style Capital commits to:

1. Promote the reduction of **CO₂ emissions** through **responsible and efficient consumption** of energy resources, encouraging the use of energy from **renewable sources** and raising employee awareness of the use of environmentally friendly transportation
2. Promote **responsible waste management**, oriented to the reduction of all forms of waste, the optimization of available resources, the promotion of **recycling and recovery** practices and the minimization of the use of products with harmful impacts on the environment
3. Promote employee **awareness** of **environmental** issues by **encouraging respectful behavior** through **education and awareness campaigns**

4. Reporting

Style Capital is committed to **periodically communicating to key stakeholders** the progress recorded in the management of internal and external sustainability, using internationally recognized standards or provided by the reference legislation.

In particular, in order to ensure transparency to the different categories of stakeholders, Style Capital regularly publishes on its website the results obtained in the ESG areas of greatest relevance and annually provides investors with adequate information on the performance of indicators monitored by Style Capital and on the progress of action plans developed with portfolio companies.

5. Disclosure

Style Capital believes that the harmonization of sustainability principles within its business activities is necessarily conveyed by an adequate sustainability governance structure, which guarantees ESG oversight and ensures the application and implementation of the defined strategies.

The ESG Policy is defined by the **Chief Executive Officer** (CEO), with the active support of all corporate functions, and approved by the **Company's Board of Directors** (BoD), which deliberates on the approval of the Policy and is responsible for ensuring compliance with its principles.

Style Capital undertakes to disseminate this Policy to all stakeholders (including employees, portfolio companies, investors and institutions) via its website. In order to ensure compliance and proper application, the Company is willing to conduct training sessions for its employees.

The Policy is reviewed annually and, in any case, when it is deemed necessary to update it in view of significant changes in the internal or external context.

6. Appendix: Criteria for positive screening

Environmental Area	Energy Management & CO₂ emissions	Use of renewable energy
	Support to a Circular Economy	Use of recycled materials in products
		Use of recycled materials in packaging
	Eco-friendly products	Use of natural fibers in the products
Social Area	Respect for diversity and inclusion	Gender Equality
		Gender Pay Equality
	Labor Standards	Monitoring of human and labor rights principles
	Talent development and management	Human resources attraction e retention
	Community Engagement	Involvement of local and international communities
Governance Area	Sustainable and responsible supplier selection and monitoring	Monitoring of ESG criteria along the supply chain
	Anti-corruption & Business Integrity	Governance dedicated to sustainability
		Ethics and Anti-corruption
	Ethical products	Use of cruelty-free products