



ABC CAPITAL PARTNERS

RESPONSIBLE INVESTMENT POLICY

Enabling a sustainable future

METHODOLOGICAL NOTE

ABC Capital Partners' Responsible Investment Policy (RI Policy) marks a key step in the process of systematically integrating environmental, social and governance (ESG) criteria into all phases of the company's financial advisory activities.

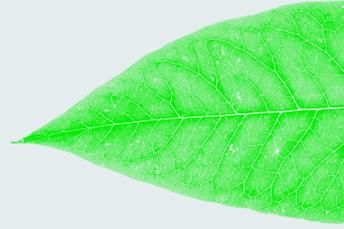
The Policy outlines the values and commitments that ABC Capital Partners shall uphold in creating an investment portfolio focused on the long-term and which can contribute to the sustainable development of the areas of significant impact for the sector in which the company operates.

The RI Policy is a framework in which to design tailored advisory solutions which can adapt to the particular features and demands of the enterprises with which ABC Capital Partners will work.

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ENABLING A SUSTAINABLE FUTURE

Investing in technology while focusing on the major current and future challenges: this is how we see ourselves becoming sustainable development enablers.

The financial sector is key to driving socio-economic transition which puts people and the environment at the centre of **long-term sustainable development**.

Investment is a critical tool for delivering the **green and digital transformation** of the world in which we live. A unique ability is behind this: directing capital into projects that can create sustainable value through improving their impact on the environment and society.

When investing in a fast-growing and high-potential sector such as the **digital industry**, the ability to identify players capable of acting as true **enablers of sustainable transition** increasingly becomes a lever for the success not only of the sector but of the economic system as a whole.

In such a quickly-developing environment, where **disruptive events** are in fact the order of the day, we ensure that enterprises are capable of reacting quickly by changing, where needed, the way they operate. This is what we mean by technological innovation and is what guides us in the **integration of sustainability** into the competitive management of our investment business.

Since founding ABC Capital Partners, we have therefore sought to naturally **gravitate towards the future** and to concretely contribute to **sustainable development**, while always maintaining a focus **on the development of the surrounding environment**.

All of this is now embodied in a **Policy** which sets out the guiding principles of our approach to sustainability and of how we integrate the ESG criteria into our business activities.

This is the beginning of our journey on the road to change.

ALESSANDRO COZZI

Chairman

FRANCESCO BARONCELLI

Chief Executive Officer

DARIO ALBARELLO

Chief Executive Officer

INTRODUCTION: FINANCE AND DIGITAL DRIVE SUSTAINABLE TRANSITION

"We need to change the way we treat nature and the way we produce and consume, live and work, eat and heat and travel and transport ourselves. This is a plan for real recovery. It is an investment plan for Europe."

With these words, European Commission President Ursula Von der Leyen announced the key pillars of its programme for the five-year period 2019-24. The European **Green Deal** in fact is a plan for a green and inclusive transition that targets European **climate neutrality by 2050**. This is an ambition that can only be achieved with the support of public and private capital, as highlighted by an investment programme of **€1 trillion over 10 years**.

This action revolves around **NextGeneration EU**, the scheme to address the financial crisis caused by the COVID-19 pandemic. Of the **€750 billion** that the plan aims to mobilise, **37%** will be geared towards delivering the objectives of the **Green Deal**, with **30%** of this to be raised on the **green bonds** (debt securities linked to the funding of projects with environmental benefits) market. Directing finance towards sustainable investments is therefore a fundamental step both to support economic growth and to foster the stability of a financial system based on **transparency** and **long-term vision**.

This is possible thanks to "**Sustainable and Responsible Investments**" (SRI), which seek to create value through medium to long-term strategies that integrate financial analysis with that of the sustainability profile of enterprises. The SRI capital's market has seen **consistent growth** over recent years - up **34%** in the 2017-18 two-year period alone. **Europe** leads the way and today holds 46% of global SRI assets. Sustainable capital is expected to make up **57%** of its market by **2025**.

The **Taxonomy** for Sustainable Finance also comes from Europe. It is the first unified classification system to recognise SRI investments and to identify the "**greenwashing**" phenomenon, i.e. the propagating by market players of ESG labels in the absence of concrete strategies. The initiative promises immediate impact: from 2022, financial institutions that claim to pursue specific sustainability goals will be required to indicate the nature and extent to which their products and portfolios align with the taxonomy through the **EU Ecolabel** certification process.

This transformation will impact all sectors, starting with those that the Taxonomy itself identifies as "enabling" - critical to sustainable transition. The **digital industry** is foremost among these and in particular the segment of so-called "**digital enablers**" such as cyber security, fintech, software-as-a service, IOT, big data, mobile business, artificial intelligence and digital marketing.

The providers of these services in fact have 360° "sustainable potential". They can help to **reduce the environmental impact** of enterprises by digitising their processes. Belonging to a human capital-intensive sector can have a positive **social impact** by acting on employment quality, inclusion and social development. Finally, they can generate a major economic impact through democratising access to competitive resources by delivering distinctive technology services at advantageous financial terms.

All this on one condition: always ensure the **maximum security** of data, information and people.

WHO WE ARE

ABC Capital Partners is the exclusive **Advisory company** of the Metrika Tech Fund (the Fund), established in September 2020 by Metrika SRG with the goal of raising €30 million and with a duration of 10 years.

The Fund operates exclusively in the **ICT sector**, focusing in particular on **Italian SMEs** with turnover between **€5** and **€50 million**, engaged in the Cybersecurity, IOT, Fintech, AI, Digital Marketing and SaaS segments.

ABC Capital Partners deals in particular with drafting for the Fund **forward-looking analyses** on the development of **sectors of interest**, identifying **investment targets** which match Metrika's policy. ABC Capital Partners is also engaged in the **monitoring** of the enterprises in portfolio, in addition to **value creation** by assisting the drafting of the disclosure documents and the ad-hoc exit strategies for each investee.

OBJECTIVES OF THE POLICY

ABC Capital Partners in this document seeks to consolidate its approach to the integration of the environmental, social and governance (ESG) criteria across all phases of its financial advisor operations.

The objective is to support the investment process of the Metrika Tech Fund in its exclusive interest, based on the principles of environmental, ethical and social responsibility.

ABC Capital Partners therefore through its own RI Policy seeks to:

- encourage high **corporate governance standards** and the strong management of **environmental and social risks**;
- promote the **sustainability principles** and **values** on which ABC Capital Partners bases its operations;
- contribute positively to the **economic, social and environmental impacts** resulting from SRI investment activity, matching investor expectations;
- outline its approach to **integration** and to the **management** of ESG factors in its operations;
- reduce the risk of **involvement** in activities which do not meet the principles of sustainable and responsible investment.

OUR ESG APPROACH

ABC Capital Partners is committed to integrating environmental, social, and governance criteria into all phases of its advising process, adapting the services of scouting and management provided for Metrika Tech's portfolio.

Keeping in mind that sustainability is a very broad topic, in the process of integrating sustainability ABC Capital Partners intends to focus exclusively on the material ESG topics for the ICT sector and, to do so, has decided to look at the main sustainability reporting standards internationally, including those of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for the Software & ICT services sector.

Therefore, the Company identifies 7 material dimensions for its sector:

- **Environmental footprint of IT infrastructure** This can be measured by the amount and type of energy used, in addition to water withdrawals and the ability to integrate environmental criteria into the infrastructure strategic design phase.
- **Data privacy and freedom of expression**, analysed from a policy perspective, measuring the amount of information collected and used for secondary purposes, the costs of any infringements, the level of disclosure of user data, and the number of countries with privacy laws.
- **Data Security**, examined from information on possible data breaches and the users involved, as well as from the relevant risk management analysis.
- **Selecting and managing a diverse and skilled workforce**, measured by the level of employee engagement, as well as the diversity of the workforce in terms of origin, skills and composition.
- **Intellectual Property Protection**, measured by litigation and expenses for any proceedings due to market misconduct.
- **Technological disruption risk management system**, analysed through the incidence of possible criticalities connected to disruptive events and the business continuity approach and strategies adopted.
- **Responsible Governance**, achieved through the Ethics Code, the organisational model and anti-corruption policies, the methods for managing the supply chain and ESG risks, the assigning of roles and responsibilities with regard to sustainability, the methods for interacting with stakeholders and the type of initiatives introduced for the local area and the community.

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ABC Capital Partners strives in this way to actively contribute to the achievement of the United Nations' objectives under **Agenda 2030**, with particular reference to the following Sustainable Development Goals (SDGs):



SDG 9.
Industry, innovation and infrastructure



SDG 17.
Partnership for the goals

In addition, as Advisor, the Company supports and enables each of the companies in the Fund's portfolio to achieve the specific targets set out in the following SDGs:



SDG 4.
Quality education



SDG 5.
Gender equality



SDG 8.
Decent work and economic growth



SDG 10.
Reduced inequalities



SDG 11.
Sustainable cities and communities



SDG 13.
Climate Action

ABC Capital Partners also subscribes to the **Principles for Responsible Investments** (PRI), promoted by the United Nations to support the integration of the ESG factors into the investment strategies of signatories, and therefore undertakes to prepare annually the **Transparency Report** necessary to monitor its progress as a responsible investor.

WE INVEST SUSTAINABLY AND RESPONSIBLY

ABC Capital Partners combines the traditional techniques of the economic-financial analysis of the risk-return profile of a portfolio with a specific **ESG strategy**, focused both on the activities preceding the investment and on those related to its management and monitoring.

Before investment

1. **Scenario analysis** | Monitoring of the main environmental, economic and social trends affecting the ICT sector. Upon completion of the analysis, the company's investment team will set out the results in an annual report for the benefit of the Investment Committee and the Fund's Board of Directors.
2. **Exclusion** | The exclusion during the scouting phase of potential targets belonging to sectors considered controversial from an ESG point of view. Specifically, ABC Capital Partners is precluded from engaging in investment transactions involving the following companies:
 - companies that do not ensure the full respect of human rights in the exercise of their activities;

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- companies engaged in financing the production of, or trade in, military systems including, but not limited to, financing the production of, and trade in, arms and ammunition of all kinds, while this limitation does not apply to the extent that such financing is part of or related to explicit European Union policies;
- companies mainly engaged in the production and trade of tobacco, distilled alcoholic beverages and related products;
- casinos and businesses that primarily engage in gaming activities;
- companies primarily engaged (i) in economic activities that are illegal in Italy or in the jurisdictions in which the company in question operates (including, by way of example but not limited to, human cloning for reproductive purposes), (ii) in the pornography industry, (iii) in the research, development or development of electronic programmes that specifically target one of the sectors referred to in the preceding points, in addition to online betting and gambling or are intended to illegally hack into electronic networks or illegally download electronic data.

3. **Letter of Intent** | Structuring the transaction by gathering information obtained during ESG scouting for the benefit of the Investment Committee and the Fund's Board of Directors. This communication, drawn up by the investment team, is required for the purposes of allocating budgets and approving the subsequent Due Diligence.

4. **ESG Due Diligence** | Defining, also with the support of outside parties:

- relevant ESG topics, starting with key sustainability topics for the industry;
- the actions, strategies and tools the target company already has in place to manage the identified topics;
- an action plan shared with the target company with specific objectives and KPIs for the management and monitoring of any critical ESG issues that emerge during the Due Diligence phase.

The results of the ESG Due Diligence contribute to the Information Memorandum for the attention of the Fund's Investment Committee.

In addition, ABC Capital Partners undertakes to clarify its expectations on the management of the ESG topics relevant to the target company during the negotiation of the agreement, reserving the right to integrate contractual clauses that make the disbursement of funds subject to the achievement of the objectives.

After investment

5. **Monitoring** | Verifying, through shared KPIs, the company's performance on relevant ESG topics or on any criticalities that emerged during the ESG Due Diligence phase and introducing, where required, engagement and dialogue activities which target the achievement of the objectives set together with the company.
6. **Reporting** | Collating information from monitoring and the annual reporting, both externally and internally, on the portfolio's sustainability performance and the and on that of the Fund's overall sustainable and responsible investment activities. Reporting, as well as monitoring and engagement activities, are conducted by ABC Capital Partners' investment team.
7. **Exit strategy** | Further the company's progress in the field of sustainability during the exit phase of the operation, achieved also thanks to the collaboration with the Fund and ABC Capital Partners. As an example, this step could use an update of the organisation's ESG Rating.

COMMUNICATION AND UPDATING

ABC Capital Partners is committed to promoting the values and actions defined in this document both **internally** and outside the company perimeter, directly involving its employees, suppliers and partners.

The RI Policy has been approved by the Board of Directors of ABC Capital Partners and will be subject to periodic review in order to update it based on changes in the context and objectives of the organisation.