

ESG Annual Report 2021

Alto Partners SGR



Message from Alto Partners' management team

Over the last decade, Alto Partners has witnessed growing concern from Italian and international institutional investors, as well as from the global business community for **ESG** matters and has therefore decided to launch a global reflection concerning environmental, social and governance issues (**ESG**) and responsible investment.

Alto Partners is highly committed to promoting **ESG** principles and values at portfolio company level as it enables investees to grow their businesses in a manner that creates value over time. Alto Partners considers the private equity value creation model to go beyond operations in traditional financial terms. This also includes the way in which portfolio companies use natural and human capital.

To such end, Alto Partners has taken the relevant decisions to integrate responsible investment criteria within its processes, with the aim of creating a roadmap allowing the firm to comply with the best market practice in the Italian Private Equity market.

During 2021 Alto Partners took the first steps of this path, through the definition of an **ESG** strategy, both at GP and at fund level, which allowed, inter alia, to start a process of active engagement with portfolio companies and stakeholders.

Alto Partners has started an **ESG** assessment scheme in relation to Alto Capital IV fund, by monitoring the **ESG** KPIs of the investees and defining specific **ESG** Action Plans to improve performance and assess the risks associated with the underlying activities.

The firm is fully committed with the direction it has taken, which is aimed at delivering tangible results as regards the impact of its activities and portfolios, guiding the small and medium-sized Italian companies' market towards the integration of sustainability criteria within their business plans and internal strategies.

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Alto Partners Introduction

At a glance



Alto Partners SGR is an independent company, controlled by its expert multidisciplinary team to promote and manage private equity funds investing in small-to-medium-sized Italian companies

We are a proven, experienced, professional and reliable partner in supporting the medium-to-long-term development of our portfolio companies. Together, we work alongside families, entrepreneurs and managers to oversee generational transition and growth programs

Its experience, the number of transactions completed and its achievements make the firm one of the leading Private Equity fund managers active in the Italian mid-market

The team benefits from a reputation for integrity and professionalism in the financial and business community built over 22 years, with a consistent investment strategy and a successful track-record

We can rely on a loyal and diversified investor base thanks to long-standing relationships which often allow us privileged access to family-owned businesses and a proprietary deal flow

Supporting the growth of Italian mid-sized companies

Alto Partners Introduction

At a glance

Expertise

Alto Partners can count on 22 years of market presence

Established relationships

Consolidated relationships with entrepreneurs and managers, and the ability to evaluate each investment from an industrial and long-term perspective

Sector knowledge

Significant knowledge of industry sectors, accrued through the extensive number of transactions assessed and carried out

Customized deals

Flexibility in structuring deals and addressing the specific needs of shareholders and managers

Qualified LP base

Alto Partners can avail itself of many of its LPs' experience and industry knowledge. On a case-by-case basis, they provide valuable strategic advice to portfolio companies. Fund LPs stem from both the institutional landscape and the private sector in Italy and abroad. Such a diversified range of investors constitutes a significant opportunity for the firm to generate a proprietary deal flow

Management skills

Speed, accuracy and confidentiality in the implementation of investment transactions; profound understanding of the dynamics of family businesses

Independence

Absolute independence in the decision-making process, in the exclusive interest of investors and portfolio companies

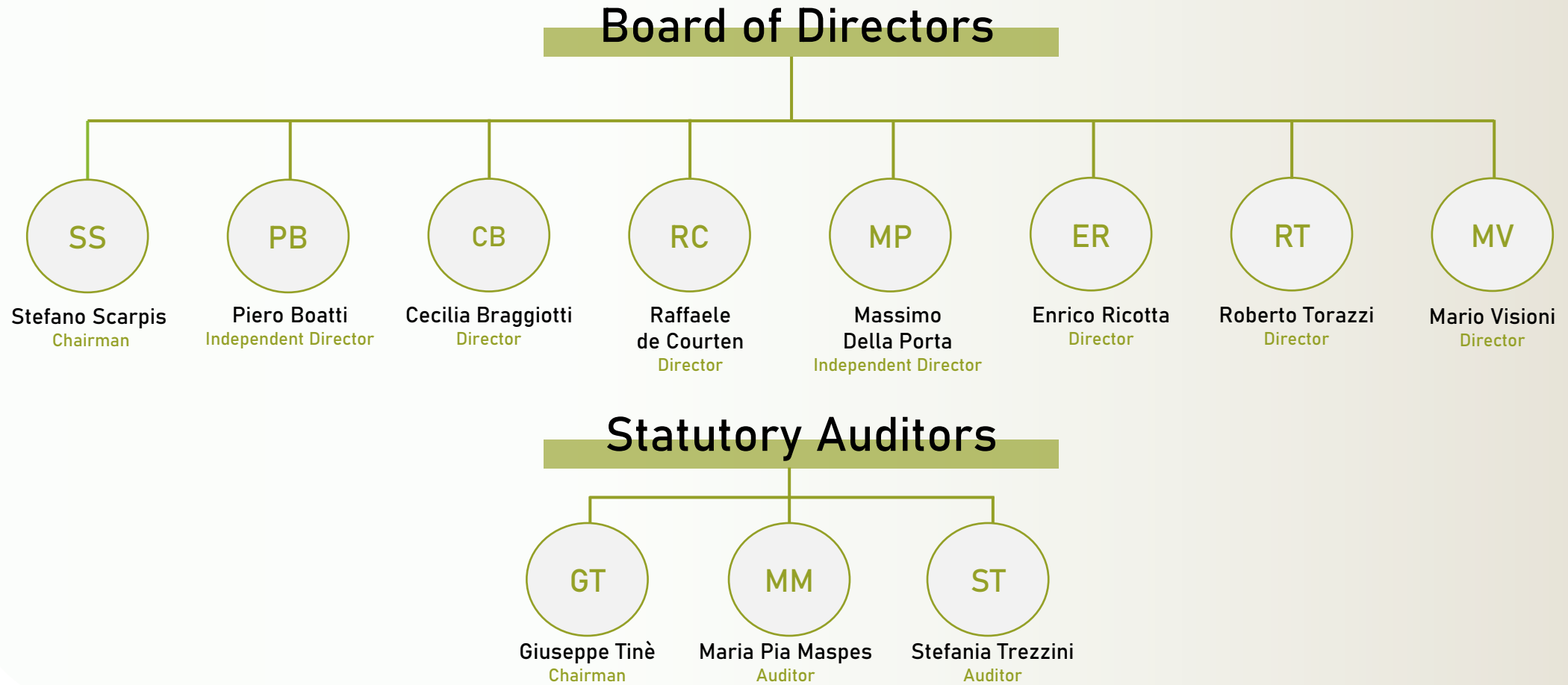
Awards



- **Premio Demattè AIF 2020**: special award for SME development
- **Premio Demattè AIF 2015**: winner for best deal of the year (IDM)
- **Premio Demattè AIF**: 2014-2021, 14 nominations for best deal of the year in the Buyout and Expansion categories
- **Premio Demattè AIF 2014**: special Jury Mention for the Pancilio expansion deal
- **Private Equity Exchange & Awards (Paris)**: Silver Award for the Best Italian LBO fund (2004-2021)

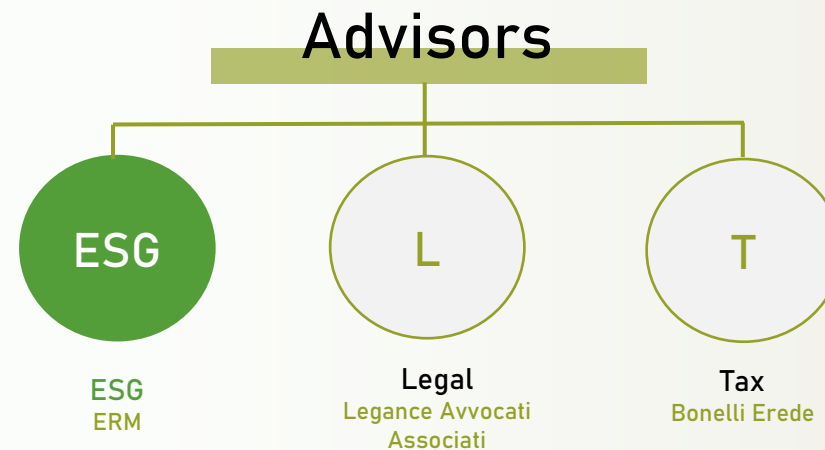
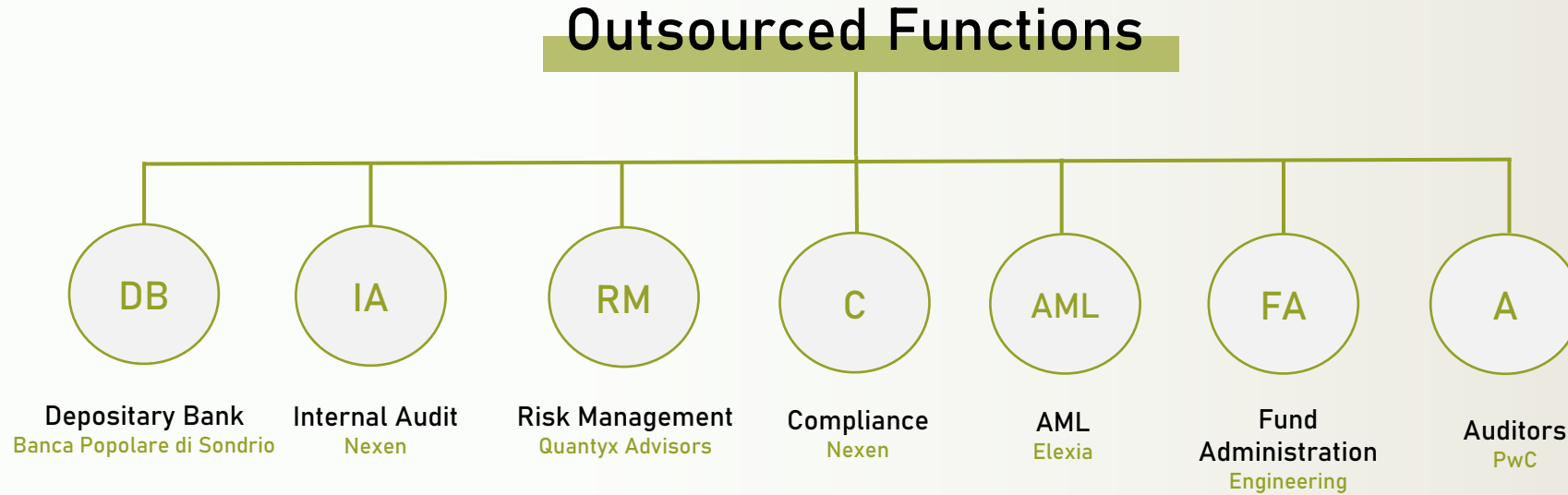
Alto Partners Introduction

Governance




Alto Partners Introduction

Third parties' activities



Alto Partners Introduction

 Team Members with ESG responsibilities

Team

Investment Professionals



Stefano Scarpis
Founding Partner
and Chairman



Raffaele de Courten
Founding Partner



Enrico Ricotta
Senior Partner



Mario Visioni
Partner



Stefano Baiardo
Senior Transaction
Advisor



Giovanni Covati
Senior Accounting
& Tax Advisor



Federico Zaffaroni
Director



Fabrizio Basilio
Senior Financial
Advisor



Ilenia Corbelli
Senior Investment
Manager



Marco Albissi
Investment Manager



Pietro Marchianò
Investment Analyst

Business Advisors



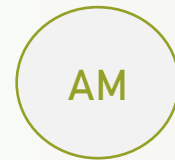
Daniele Selleri



Gianni Capaci



Stefano Cianchi



Angelo Mazzieri



Luca Rancilio

Finance, Administration and Support



Roberto Torazzi
Finance Director



Barbara Ferrari
Executive Assistant and
Team Support



Silvia Santin
Administration
and Back Office



Elisa Iannuario
Office Management
& IT

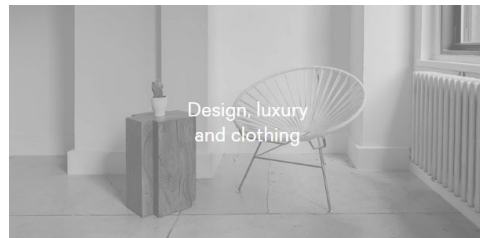
Alto Partners Introduction

Investment strategy – Overview

Alto Partners focuses upon **attractive, growing and profitable businesses belonging to industry sectors where the team has acquired specific expertise**. The firm invests throughout Italy, mainly in its northern regions, with the aim of **accelerating the growth of family owned small and medium-sized companies**. Diversification is sought in our activities **across a number of sectors that represent Italian entrepreneurship worldwide**. Such investments may represent ideal platforms for developing premier niche leaders into valuable assets for strategic trade buyers or acquisitive sector consolidators over a three-to-five-year period.

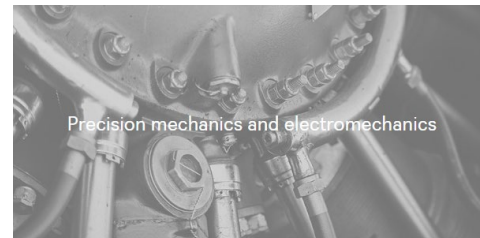
Main sectors of interest

Key investment geographies



Design, luxury and clothing

Design, Luxury and Clothing



Precision mechanics and electromechanics

Precision Mechanics and Electromechanics



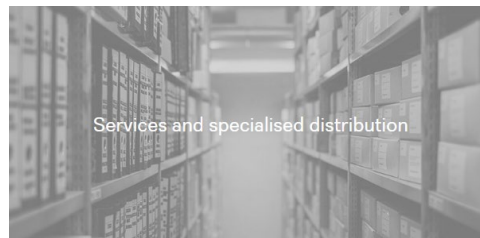
Chemicals and pharmaceuticals

Chemicals and Pharmaceuticals



Food

Food



Services and specialised distribution

Services and Specialized Distribution



Alto Partners Introduction

Investment strategy - Overview

Investment strategy

Focused on two types of transactions:

1. Buy - In/Out (majority investment)
2. Expansion/Replacement (controlling minority investment)

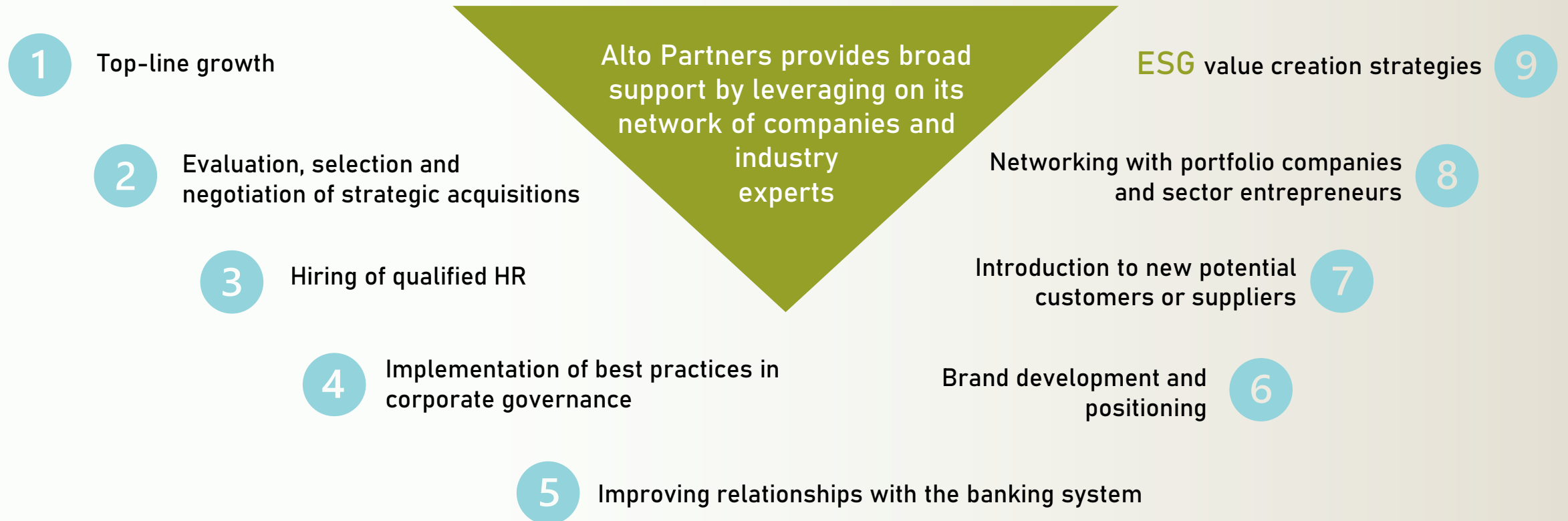
Three main objectives:

1. Facilitating generational transition
2. Financing expansion programs
3. Supporting domestic and/or international acquisitions

Alto Partners Introduction

Investment strategy – Active ownership

Company support



Alto Partners Introduction

Investment strategy – Active Funds' Track Record

- ✓ Investment realized
- ✓ Investment in exit zone
- ★ Investment in portfolio currently involved in ESG program
- Investment in portfolio (Minority)
- Investment in portfolio (Majority)

Fund	Company	Status	ESG Program
Alto Capital III	LEGAMI	✓	
	ARTEBIANCA	✓	
	HARBOR	✓	
	VISIONAIRE	○	★
	LA SUISSA	✓	
	SEMENZATO	✓	
Alto Capital IV	MORO PASTA	✓	
	VALDENZA	✓	
	TRICOBOTOS	✓	
	MILLEFILI	●	★
	BIA	✓	
	OLIMPIA SPLENDID	○	★
	MIIPHARM	●	★
	DIATECH	○	★
	CEI	○	
	OFI	✓	
	CEI	✓	

Next steps: Alto Capital V

Investment strategy: majority and controlling minority investments in mid-sized Italian companies. Same target industries and investment criteria of Alto Capital IV. Alto Capital V will be classified as an Article 8 Fund, according to the EU Regulation 2088/2019 (also known as “SFDR”) classification.

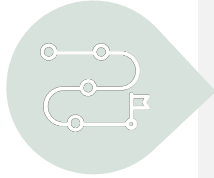
*Based on 6 realized investments
 **Based on 2 realized investments

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Our ESG Key Highlights for 2021

ESG Strategy Definition



Updating of Responsible Investment Policy and Investment Procedures



ESG and SFDR Awareness Training



UN PRI Signatory



Relevant achievements



ESG Governance appointment



Development of ESG Proprietary Tools



Portfolio Companies ESG Pilot Assessment (Fund Alto Capital IV)

Our ESG Path

ESG Commitments of Alto Partners

Starting from 2021, we have undertaken a path of integrating ESG criteria within our investment strategy, structuring a roadmap of actions that would allow us to upgrade our investment strategy with a specific focus on sustainability. Also, we have defined our main ESG commitments as follows:

Environment

- assess the impact of our investee companies' activities, services and products on environmental components with the aim of minimising potential risks and increasing positive effects on the environment through improvement actions;
- contribute to the fight against climate change by supporting the objectives set out in the Paris Agreement, through a commitment to reducing the impact of investees, taking into consideration, when possible, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Social

- guarantee working conditions that promote and protect the health and safety of all employees and collaborators;
- guaranteeing respect for workers' rights and creating a climate of personal protection that eliminates any form of discrimination based on gender, religion, ethnicity, political orientation, sexual orientation, ensuring its employees respect for dignity, well-being and diversity;
- promote professional growth, including through employee training;
- taking into account the impacts of activities on stakeholders and the local community.

Governance

- guarantee honesty, fairness and transparency in all our activities, and prohibit all stakeholders involved from making or receiving payments in exchange for favorable treatment;
- implement best practices in the field of Corporate Governance;
- ensure diversity and balance in the formation of corporate bodies;
- adopt appropriate measures to prevent corruption and money laundering;
- promptly identify any anomalies that could lead to negative impacts and adopt the consequent corrective measures;
- adopt a consistent approach to sustainability and business ethics, enabling both the creation of value and the strengthening of the reputation of the SGR and its portfolio companies;
- define an ESG governance and responsibility structure within the investee companies to support them in monitoring ESG issues.

Our ESG Path

Roadmap of proposed improvement activities

- Completed
- In progress

We have drafted our ESG strategy in a four years oriented Roadmap (2021-2024) aimed at becoming one of the leading players in Private Equity Italian market for ESG Integration.

	OBJECTIVES	CURRENT STATUS
Asset Manager	<ul style="list-style-type: none"> ○ <i>Review our Responsible Investment Policy, formalizing commitments and our approach to Responsible Investment practices</i> 	
	<ul style="list-style-type: none"> ○ <i>Ensure our commitments to investors by including ESG approach in fundraising documents</i> 	
	<ul style="list-style-type: none"> ○ <i>Define a proper ESG Governance</i> 	
	<ul style="list-style-type: none"> ○ <i>Raise awareness on responsible investment and ESG topics, by providing our team specific trainings on ESG and SFDR</i> 	
	<ul style="list-style-type: none"> ○ <i>Improve our transparency with LPs through a proactive communication including ESG topics within the investor agenda and defining an ESG incident reporting procedure</i> 	
	<ul style="list-style-type: none"> ○ <i>Proactively participate to Responsible Investment and ESG initiatives and engage with sector players</i> 	
	<ul style="list-style-type: none"> ○ <i>Annually review and publish the SFDR disclosure on our Website</i> 	
	<ul style="list-style-type: none"> ○ <i>Manage Climate risk-related opportunities by defining an ad hoc process and procedure to assess risk and monitor specific KPIs</i> 	
	<ul style="list-style-type: none"> ○ <i>Become a UN PRI Signatory and complete the first UN PRI Reporting</i> 	

Our ESG Path

Our Responsible Investment Policy

The starting point of our ESG approach has been to develop our Responsible Investment Policy, the guiding document for our sustainability strategy.

The Responsible Investment Policy presents our asset management strategy through the integration of ESG criteria, defining the ESG principles that guide Alto Partners' approach and the main frameworks to which it is aligned, namely the **Sustainable Finance Disclosure Regulation 2019/2088 (SFDR)**, the **UN Principles for Responsible Investment**, the **AIFI Guidelines** and the **Sustainability Accounting Standard Board (SASB)**.

Next, the ESG Governance appointed at Alto Partners is introduced, defining for each role the formal and operational responsibilities that have been identified.

The document then introduces the main ESG commitments that Alto Partners intends to pursue through its activities, presented in the previous slides, and the main sectors of exclusion towards which Alto Partners has chosen not to provide, either directly or indirectly, its financial support.

With the aim of integrating ESG criteria within the investment process, the approach and tools adopted by Alto Partners throughout the investment phases are then described, detailing the engagement practices adopted.

At the end of the document, the reporting practices adopted towards external stakeholders are reported, in order to ensure maximum transparency.



Our ESG Path

ESG Governance Structure



Board of Directors

The Board of Directors approves Alto Partners' ESG policy and strategies. In particular, it determines the relevance of ESG factors in terms of their impact on Alto Partners' business, its investments and its stakeholders, considering the reports produced by the ESG Group. The Board of Alto Partners is committed to assessing the work of the ESG Group and the Management Team with respect to the implementation of the ESG Policy and Roadmap.



ESG Group

The ESG Group, composed of Alto Partners' team members, is committed to develop the ESG Strategy and to support and verify its implementation. The main responsibilities entrusted to the ESG Group are the review of the Responsible Investment Policy, verifying the compliance with Alto Partners' ESG objectives as a signatory to the PRI in all Asset Manager activities, the achievement of the ESG Roadmaps goals, the integration of ESG criteria into investment procedures, the scheduling of specific training sessions dedicated to the Asset Manager's staff, to allow the entire team a complete overview and constant updating on industry regulations and good practices in ESG terms and the inclusion of an ESG section in annual investor meetings, with the aim of updating investors and informing them on ESG performance trends at Asset Manager and at fund level.



Management Team

Alto Partners' management team is committed to integrating ESG criteria into its processes, in order to assess, inter alia, the extra-financial profile of investments, following a precise path of evaluation of the related sustainability risks and opportunities. The process of integrating ESG criteria into the investment process is detailed in section 5: 'Integrating ESG criteria into the investment process.'

Our ESG Path

Alignment with EU Sustainable Finance Disclosure Regulation (SFDR)

As a participant in the financial markets, we provide disclosure in accordance with Regulation (EU) 2019/2088 on Sustainability Disclosures in the Financial Services Sector and according to the Final Report on Regulatory Technical Standards (RTS) published by the European Supervisory Authorities, latest version 22 October 2021.

Our activities, both at GP and Fund Level are aligned with the following articles of the Regulation:

- ③ Policies on integration of sustainability risks in investment decision-making processes
- ⑥ Transparency of the integration of sustainability risks
- ④ Principal adverse sustainability impacts (PAI) statement
- ⑦ Transparency of adverse sustainability effects at the financial product level

Current positioning of our Funds against SFDR Regulation	
Alto Capital III	n.a. <i>(the fund is approaching to closure)</i>
Alto Capital IV	Art. 6
Alto Capital V will be positioned in article 8	

SFDR Training Session

As the regulatory framework and standards are changing rapidly, we have to keep up-to-date proactively. At Alto Partners, we aim at maintaining a high level of internal awareness through specific training for our employees, and at the same time be involved in external efforts to raise awareness within the financial community. The commitment to ESG integration is reflected in the promotion and implementation of training activities in order to strengthen individual expertise on ESG issues.

During 2021, we supported specific training on EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088, in order to align the entire Alto Partners' management team and ensure proper awareness on the topic.



Our ESG Path

UN Principles for Responsible Investment

- 1 Incorporate ESG issues into investment analysis and decision-making processes
- 2 Be active owners and incorporate ESG issues into our ownership policies and practices
- 3 Seek appropriate disclosure on ESG issues by the companies in which we invest
- 4 Promote acceptance and implementation of the Principles within the investment industry
- 5 Work together to enhance our effectiveness in implementing the Principles
- 6 Report on our activities and progress towards implementing the Principles

We are a signatory of the UNPRI and we have included UNPRI principles as a framework to develop our Responsible Investment Policy and procedures.

Alto Partners is a signatory to the Principles for Responsible Investment ("PRI") promoted by the United Nations as a guideline for the integration of ESG aspects into all phases of investment. By adhering to the PRI, Alto Partners is committed to respecting their recommendations, adopting a responsible approach with reference to the SGR itself, in selecting investments and incorporating ESG criteria into its fund management strategies, starting with the Alto Capital IV Fund. On the left we have depicted the six principles (the 'Principles') set out in the PRI, which are voluntary and inspirational.

The United Nations Principles for Responsible Investment (or PRI) were launched by the United Nations in 2006 with the intention of encouraging the adoption of sustainable and responsible investment criteria by institutional investors.



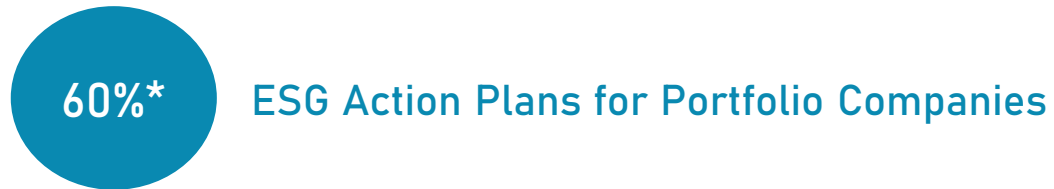
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Our ESG Path

ESG Strategy of Alto Partners

Starting from 2021, we have undertaken a path of integrating ESG criteria within our investment strategy, structuring a roadmap of actions that would allow us to renew our structure with a focus on sustainability. We conducted an ESG assessment pilot project on Alto Capital IV Fund, through the definition of a monitoring process of ESG KPIs and the drafting of specific tailor-made ESG Action Plans on three selected Portfolio Companies, **Millefili**, **Olimpia Splendid** and **Diatech**. Please note that the ESG process carried out on Alto Capital IV will continue throughout the duration of the Fund, including the latest investee that was acquired by the Fund, **Mipharm**, within the scope.



Experience, competence and accountability

** Portfolio companies close to exit are not considered*

Our ESG Path

Roadmap of proposed improvement activities

- Completed
- In progress

We have drafted our ESG strategy in a four years oriented Roadmap (2021-2024) aiming at become one of the leading players in Private Equity Italian market for ESG Integration.

		OBJECTIVES	CURRENT STATUS
Fund Level	PRE-INVESTMENT	○ Assess ESG Risks and opportunities at Pre investment, performing a ESG Due Diligence on all new potential investment	<div style="background-color: #FFC000; height: 20px; width: 100%;"></div> <div style="background-color: #92D050; height: 50px; width: 100%;"></div> <div style="background-color: #D3D3D3; height: 20px; width: 100%;"></div>
		○ Include ESG considerations emerging from Due Diligence within the Investment Memorandum	
		○ Define Portfolio Companies ESG minimum requirements	
	OWNERSHIP	○ Establish an ESG Governance at fund level, defining a proper ESG Reporting Governance	
		○ Monitor ESG performances of portfolio companies through the ESG Data Collection and Monitoring Tool	
		○ Enhance portfolio companies' performances in ESG developing specific ESG Action Plans, that include ESG considerations emerged from Due Diligence, and organizing performance follow ups with respect to data collected through the Tool	
		○ Improve stewardship practices by organizing specific trainings with Portfolio Companies	
	EXIT	○ Include ESG info in exit documents, demonstrating ESG improved performances	

Responsible Investment Process

Our Responsible Investment Process along all the phases

During 2021 we have developed an Investment Process that integrates ESG criteria along all phases. This process is supported by our ESG Governance structure and by our proprietary Tool, presented in the next slide.



Pre-Investment

During the pre-investment phase, Alto Partners engages in verifying compliance with the exclusion list defined in the Responsible Investment Policy and in identifying material issues for Due Diligence activities. The ESG Due Diligence activity is carried out with the support of external consultants, using a materiality approach based on a sector orientation defined by the Sustainability Accounting Standard Board (SASB).

In this phase, potential significant risks to be mitigated are identified and potential investment opportunities emerge, which will serve as the basis for drafting the dedicated ESG Action Plan. All relevant results emerging from the Due Diligence are included in the Investment Memorandum and presented by the Management Team, in consultation with the Risk Manager during this phase, to the Board of Directors. In addition, the SGR includes ESG clauses in the Investment Memorandum to guarantee the right to receive constant information and flows on the status of implementation of improvement actions and agreed ESG indicators.



Ownership

Starting from Alto Capital IV, the companies in Alto Partners' portfolio are followed and monitored to verify the correct integration of ESG criteria within their activities. The key KPIs emerging from the Due Diligence are constantly monitored by Alto Partners through the use of a proprietary ESG Data Collection and Monitoring Tool, modelled on the peculiarities and materiality of each target company on the basis of industry standards (e.g. SASB). Furthermore, Alto Partners undertakes to monitor the ESG performance of the companies throughout the duration of the investment through periodic dedicated meetings that allow a constant update on the ESG performance and the actions implemented by the investee. Moreover, for each portfolio company, Alto Partners defines a specific ESG Action Plan, with material objectives to be achieved within a precise timeframe. Finally, a responsible person within the investee that will be the point of reference for ESG issues is identified.



Exit

Alto Partners is committed to provide an ESG Report outlining the activities carried out for the ESG improvement of the investee and the results achieved.

Alto Partners works with its investees to establish ESG responsibilities, the presence of an appropriate governance structure and the adoption of responsible and sustainable procurement practices.

Responsible Investment Process

Monitoring Process – Our Proprietary ESG Monitoring Tool

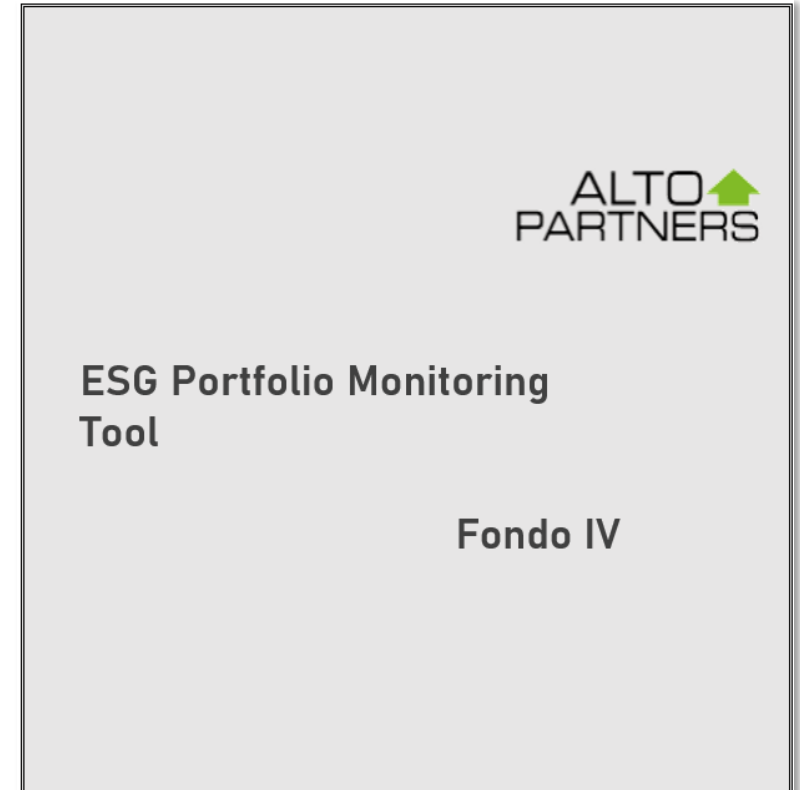
In order to assess the internal monitoring process during the Ownership phase, we have assessed our own ESG Data Collection and Monitoring Tool, that serves as a guiding instrument to engage with Portfolio Companies. For 2021 the Tool has been tested on three selected Portfolio Companies of Alto Capital IV, but it is in our project to extend the use of this Tool to the upcoming Alto Capital V Fund.

The tool displays, year by year, the performance of Portfolio Companies on two fronts:

- the implementation status of the ESG Action Plan of the companies is analyzed, comparing them on how well they have integrated the ESG criteria in their business activities.
- a series of selected ESG KPIs are monitored in order to provide an evidence on performance improvements and suggest actions to be included in the ESG Action Plan in order to close the gaps, if any.

This tool allows Alto Partners SGR and its funds to have a complete overview of the ESG criteria integration processes. The results of the Tool enable Alto Partners to understand in detail which Portfolio Companies are integrating ESG criteria efficiently and which others may need more support to achieve their goals. It also allows Alto Partners to prioritize actions that have more impact on the portfolio performance.

It is worth underlining that the monitored ESG KPIs are in line with the Principal Adverse Impact Indicators from the Reporting Technical Standards of the SFDR Regulation.



Responsible Investment Process



Example of output from 2021 monitoring process on a portfolio company

Diatech is a company active in the pharmacogenetic and diagnostic sector.



Social



Health and Safety		
Injuries	0	n
Lost Days	0	days/year
Worked Hours	98.362,5	hours/year
Incidence Index	0	Frequency of the injuries per employees
Severity Index	0	Gravity of the injuries
Injury Rate	0	Frequency of the injuries per worked hours
Diversity		
Female employees		45%
Unadjusted Gender Pay Gap		15%
Job Creation & Quality		
New hires in reporting year		13
Leavers in reporting year (turnover rate)		8%

Environment



GHG Emissions	Scope 1: N.A.
	Scope 2: 163,4 ton of CO2 eq/ year
	Scope 3: N/A
Electricity consumption	380 MWh/year (of which 0 MWh/year from renewable sources)
Fuel Consumption	49.478 €
Total Waste (hazardous & non-hazardous)	Hazardous: 1 tonnes/year
	Non Hazardous: 3 tonnes/year
Water withdrawals	0 m3/year
Natural Gas Consumption	0 MWh/year (No usage of gas in the Company's plant)

Governance



Certifications		Product & Innovation	
ISO 14001	X	N. of product recall	0
ISO 9001	✓	Capital invested in innovation and development	22%
ISO 45001	X	Employees involved in R&D	20%
ISO 22000	X		
ISO 50001	X		
Policies			
Compliance with UNGC and OECD		✓	
Labor conditions		✓	
Diversity		✓	
Employees Health and safety		✓	
Anti-bribery, Anti-corruption, anti-money laundering		✓	
Customer safety/product safety		✓	
Quality		✓	
Data privacy and data protection		✓	
Supplier Code of Conduct		✓	
Human Right Policy		✓	

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Alto Capital IV

Portfolio: Olimpia Splendid



Olimpia Splendid' (headquartered in Cellatica / Brescia, Lombardy) core business is the production and distribution of HVAC (Heating, Ventilation and Air Conditioning) solutions, with a broad product range from cooling to domestic heating. Its manufacturing activities are entirely based in Italy. Olimpia Splendid's main strengths are design and technical innovation, factors which have allowed the company to become a respected player in its reference market, and to achieve sustained growth over recent years. Its revenues extend over several countries in Europe, as well as the US, Asia and Oceania.



Since The Company was already in the portfolio of Alto Capital IV when we started our ESG Path, it was not subjected to a preliminary ESG Due Diligence. Instead, the ERM Team conducted an ESG Assessment, which paved the way for the ESG Action Plan

ESG ASSESSMENT OF THE PORTFOLIO COMPANY	
Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓

Main Actions included in the ESG Action Plan:

- Sustainability Governance appointment
- Sustainability Policy development
- Supplier ESG Qualification System
- Definition of a decarbonization strategy
- Introduction of an HR Manager



2019 Year of Investment



93M€ 2021 Group Revenues



152 2021 Group Employees

Alto Capital IV

Portfolio: Diatech



Diatech (headquartered in Jesi, Ancona, Marche) and founded in 1996, is the Italian leader in the development, production and commercialization of pharmacogenetics tests for cancer precision medicine. The company produces and distributes a wide array of reagents and comprehensive solutions in pharmacogenetics and pharmacogenomics. With an approx. 20% yearly R&D investments on total sales, the company provides customized genomics testing solutions in the oncological disease niche, aimed at optimizing cancer treatment effectiveness through increased diagnosis precision.



Since The Company was already in the portfolio of Alto Capital IV when we started our ESG Path, it was not subjected to a preliminary ESG Due Diligence. Instead, the ERM Team conducted an ESG Assessment, which paved the way for the ESG Action Plan

ESG ASSESSMENT OF THE PORTFOLIO COMPANY	
Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓

Main Actions included in the ESG Action Plan:

- Sustainability Governance appointment
- Sustainability Policy development
- Supplier ESG Qualification System
- Start monitoring GHG Emission and define a decarbonization strategy
- Internal fleet electrification



2021 Year of Investment



40M€ 2021 Group Revenues



60 2021 Group Employees

Alto Capital IV

Portfolio: Millefili



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ESG ASSESSMENT OF THE PORTFOLIO COMPANY	
Monitoring process using the ESG Data Collection and Monitoring Tool	✓
ESG Action Plan developed	✓

MILLEFILI

Millefili, founded in 1981 in Carpi (Modena, Emilia Romagna) by Francesco Galli, develops, produces and markets yarns, often specifically and designed on an exclusive basis. It serves the Italian market, as well as Europe and the US. Millefili was initially founded as a distributor of yarns for the knitwear industry, before subsequently evolving into a manufacturing company. It stands out from the competition due to its creativity, ability to capture fashion trends, and its high level of services. These factors have allowed Millefili to grow and establish itself as a leader in the core business. The company serves leading international brands in the fashion and luxury industries. The new Millefili collections are conceived under the principles of material recycling and sustainability.

Main Actions included in the ESG Action Plan:

- Sustainability Governance appointment
- Sustainability Policy development



2018 Year of Investment



65M€ 2021 Revenues



99 Employees

Alto Capital IV

Portfolio: Mipharm



Mipharm, founded in 1998 and headquartered in Milan (Lombardy), is a pharmaceutical Contract Development Manufacturer, active in the development and manufacturing for third parties of a broad spectrum of products, both branded and white label. Mipharm operates through an integrated and state-of-the-art manufacturing site and offers its clients R&D services through a dedicated business unit.



ESG ASSESSMENT OF THE PORTFOLIO COMPANY

ESG Due Diligence	✓
Monitoring process using the ESG Data Collection and Monitoring Tool	2022-2023
ESG Action Plan developed	2022-2023

Since Mipharm was recently acquired by the Fund, the Monitoring Process and the ESG Action Plan will be better defined shortly. Mipharm has been the first Alto Partners' targets that was subjected to a pre-investment full ESG Due Diligence, that highlighted the main sustainability topics on which the ESG Action Plan will be focused.



2022 Year of Investment



41M€ 2021 Revenues



290 Employees

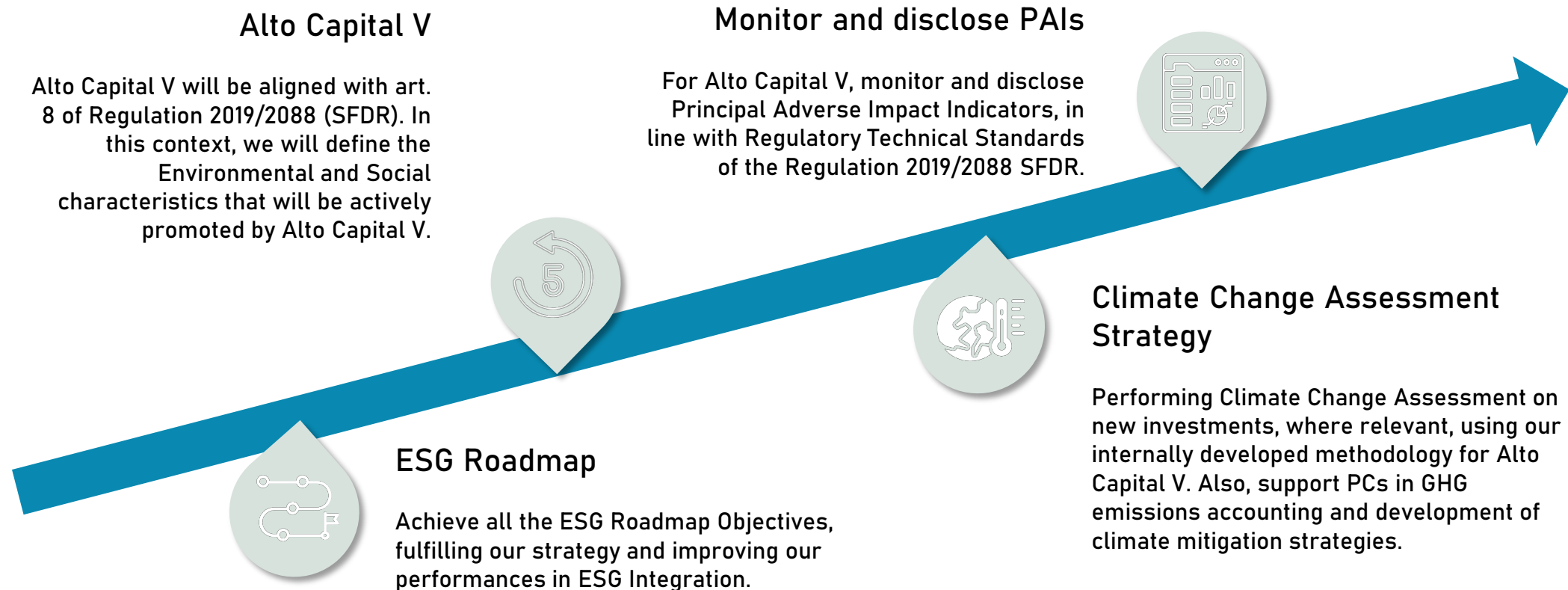
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2022 Outlook

Our next steps

We are preparing to further strengthen our activities, assessing the details of our ESG Strategy, in particular on our next fund, Alto Capital V, which will be aligned with **art. 8** of the Sustainable Finance Disclosure Regulation 2019/2088 (SFDR). This will be supported by the definition of an internal methodology that will help us to evaluate and assess Climate Change related risks and opportunities.



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ESG

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Our ESG Partner



We chose **ERM** to support us in the development of our ESG framework and tools to enhance our Responsible Investment approach. In particular, ERM is our reference consultant in ESG Due Diligence and Engagement processes with Portfolio Companies.

ERM is the largest global ESG and sustainability consultancy firm with a strong reputation based on its thought leadership with leading organizations and its expertise on sustainability topics.