Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Style Capital SGR S.p.A. – [815600E780CF07943278]

Summary

Style Capital SGR S.p.A. (hereinafter also "Style Capital", o "SGR") – [815600E780CF07943278] – considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Style Capital SGR S.p.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022, first period of monitoring.

Data on the principal adverse impacts of investment decisions are given in the next section. Further information on the methodology adopted to calculate the performance indicators can be found in the section on methodological considerations within this document.

This statement, together with all documents which the statement refers to, is accessible on the Style Capital SGR S.p.A. website. Style Capital updates this statement annually in accordance with the regulatory provisions.

Description of the principal adverse impacts of investment decisions on sustainability factors

Style Capital, taking due account of its size, the nature and scale of its activities and the types of financial products it makes available, considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors. The information included in the "Impact (2022)" column refers to 31 December 2022, except for some limitations/ scope changes detailed in the methodological considerations:

Table 1- Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	**1. GHG Emissions**	Scope 1 GHG emissions	102 tCO_2e	N/A	Scope 1 GHG emissions refer to the consumption of natural gas for heating offices and shops and the consumption of petrol and diesel by the corporate fleet of the portfolio companies. Data for MSGM refer to 2021.	When monitoring data to 31.12.2022, the evaluation of energy consumption and direct and indirect GHG emissions (Scope 1 and 2) was improved, and the evaluation of other indirect emissions (Scope 3) was introduced. In relation to these indicators, analysis of the values associated with portfolio companies will be conducted to monitor their evolution over time. With reference to other indirect GHG emissions (Scope 3), Style Capital undertakes to improve the evaluation and consider additional categories provided for by the GHG Protocol. Furthermore, to reduce the portfolio's carbon footprint, Style Capital is committed to
		Scope 2 GHG emissions	234 tCO_2e	N/A	GHG Scope 2 emissions refer to the consumption of electricity used for lighting and cooling of offices and shops of the portfolio companies. Data for MSGM refer to 2021.	
		Scope 3 GHG emissions	8,786 tCO_2e	N/A	GHG Scope 3 emissions refer to categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 of the GHG Protocol. The indicator does not present a significant level of coverage, as not all categories have been reported for all portfolio companies. For further considerations on the evaluation performed, please refer to the section on methodological considerations. Data for MSGM refer to 2021.	
		Total GHG emissions	9,122 tCO_2e	N/A	The indicator was calculated basin on what foreseen for the other previous indicators.	
	2. Carbon footprint	Carbon footprint	99 tCO_2e/M€	N/A	Please see the explanations given for indicator 1.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	91 tCO_2e/M€	N/A	Please see the explanations given for indicator 1.	

						promoting the use of energy from renewable sources, through the installation of photovoltaic panels and/or the purchase of certified renewable energy. Furthermore, Zimmermann has set targets to reduce its GHG emissions in line with SBTi forecasts.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	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.	In accordance with its ESG Policy and the Regulations of the Funds under management, Style Capital's exclusion criteria include the impossibility of investing in companies whose main activity is in the fossil fuels sector.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	70%	N/A	Zimmermann purchases almost 100% of its electricity from certified renewable sources; the company is responsible for most of the aggregate energy consumption. Luisa Via Roma also signed a contract to supply certified electricity in 2022. .	In relation to these indicators, activities will be conducted to analyse the values associated with portfolio companies to monitor their evolution over time. Furthermore, to reduce the portfolio's carbon footprint, Style Capital is committed to promoting the use of energy from renewable sources, through the installation of solar panels and/or the purchasing of certified renewable energy.
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	None of the portfolio companies produces energy.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of invested companies, per high climate impact sector	0.01 GWh/M€	N/A	Please see the explanations given for indicator 1 and 5.	In relation to these indicators, analysis of the values associated with portfolio companies will be conducted to monitor their evolution over time.
Biodiversity	**7. Activities negatively affecting biodiversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A	None of the portfolio companies has facilities or operations in biodiversity-sensitive areas. Data for MSGM refer to 2021.	In accordance with the ESG Policy and with the provisions of the Regulations of the Funds under management, Style Capital considers, among its exclusion criteria, the impossibility of investing in companies whose main activity is carried out within or close to areas sensitive to biodiversity and has

						negative impacts on the latter. In relation to these indicators, the possibility of portfolio companies acquiring their own or managed operating sites in or adjacent to biodiversity-sensitive areas will be monitored.
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 ton/M€	N/A	None of the portfolio companies was found to be producing water emissions. Data for MSGM refer to 2021. The calculation excludes information on RE/DONE.	In relation to the indicators, activities will be conducted to analyse the values associated with the portfolio companies to monitor their evolution over time. In particular, the use of the substances indicated by the applicable regulations as priorities in the production and distribution processes of the portfolio companies and any impacts on water resources will be investigated.
Waste	**9. Hazardous waste and radioactive waste ratio**	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0 ton/M€	N/A	None of the portfolio companies generates hazardous or radioactive waste. The data for MSGM refer to 2021.	Although the generation of radioactive and/or hazardous waste does not represent a peculiarity of the sectors in which Style Capital typically invests, the values associated with portfolio companies will be analysed to monitor their evolution over time.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	**10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	None of the portfolio companies was found to be in breach of the principles enshrined in the UN Global Compact and the OECD Guidelines.	In relation to these indicators, monitoring activities will be conducted on the values associated with portfolio companies to ensure that they are maintained over time.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address	66%	N/A	Zimmermann is a signatory to the United Nations Global Compact and therefore has internal procedures and mechanisms to monitor compliance with its principles. Regarding ethical business conduct, it adopts an Anti-Corruption and Anti-Money Laundering Policy, a Code of Ethics, and a Whistleblowing Policy. In environmental matters, Zimmermann adopts a structured approach and sets emission reduction targets.	In relation to indicators, activities will be conducted to analyse the values associated with portfolio companies to monitor their evolution over time. Style Capital is committed to promoting the adoption of human rights, environmental protection, and ethical business conduct, encouraging, for example, the

		violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				adoption of codes of ethics or a 231 Model.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10%	N/A	Data on MSGM refer to 2021.	In relation to the indicators, monitoring activities will be conducted on the values associated with the portfolio companies to ensure that the evolution over time allows for a zero-pay gap.
	13. Board Gender Diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	39%	N/A	-	In relation to the indicators, monitoring activities will be conducted on the values associated with portfolio companies to ensure gender balance in boards of directors.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	Style Capital SGR, 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.	In accordance with its ESG Policy and with the provisions of the Regulations of the Funds under management, Style Capital provides, among its exclusion criteria, that it is not possible to invest in companies whose main activity is the production, distribution or sale of weapons or munitions.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	**15. GHG intensity**	GHG intensity of investee countries	N/A	N/A	N/A	N/A
Social	**16. Investee countries subject to social violations**	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	N/A
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	**17. Exposure to fossil fuels through real estate assets**	Share of investments in real estate assets involved in the extraction, storage, transport, or	N/A	N/A	N/A	N/A

		manufacture of fossil fuels				
Energy efficiency	**18. Exposure to energy-inefficient real estate assets**	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A
Table 2 - Other indicators for principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Energy performance	**5. Breakdown of energy consumption by type of non-renewable energy sources**	Share of energy from non-renewable sources used by investment companies broken down by each non-renewable energy source	Natural Gas: 13% Diesel: 19% Petrol: 1% Electric power: 56%	N/A	Zimmermann purchases 99.7% of its electricity from certified renewable sources. Luisa Via Roma also signed a certified electricity supply contract in 2022. Other energy consumption refers to the consumption of natural gas for heating offices and shops and the consumption of petrol and diesel for the company fleet - energy from non-renewable sources. Data for MSGM refer to 2021.	In relation to the indicators, activities will be conducted to analyse the values associated with the portfolio companies to monitor their evolution over time.
Table 3 - Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	**2.Rate of accidents**	Rate of accidents in investee companies expressed as a weighted average	0.5	N/A	Forte_Forte and MSGM recorded 0 accidents; Luisa Via Roma recorded two accidents; Zimmermann recorded 29 accidents during the reporting period. The calculation excludes information on RE/DONE.	In relation to the indicators, activities will be conducted to analyse the values associated with the portfolio companies to monitor their evolution over time.

Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

Style Capital SGR S.p.A. 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. Style Capital rewards the balance between profitability, innovation, and sustainability, directly contributing to make the sector in which it operates increasingly sustainable.

In light of the above, Style Capital adopts an 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. 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), who deliberates on the approval of the Policy and is responsible for ensuring compliance with its principles. The Policy was approved by the Board of Directors on 8 March 2022.

In accordance with the ESG Policy, Style Capital considers sustainability risks and the principal adverse impacts of its investment decisions on sustainability factors. In particular, the process of identifying and prioritising PAIs is conducted consistently and in continuity with the principles set out in the ESG Policy.

Style Capital investment strategy includes negative screening at the pre-investment stage, which allows to exclude from the investable universe companies that carry out activities and/or operate in sectors that may have significant negative impacts on sustainable and responsible development. Style Capital may not invest in companies whose main activity is the production, distribution or sale of weapons or munitions, or whose main activity is based in or near biodiversity-sensitive areas and has negative impacts on them, or whose main activity is in the fossil fuels sector, exclusions that cover some of the areas envisaged by the regulatory provisions related to PAIs.

Having verified that the target company does not operate in one of the sectors on the list of excluded activities, Style Capital conducts a positive screening process to assess the company's alignment with the sustainable and responsible objectives. 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 labour rights and tax obligations. During the due diligence phase, Style Capital performs an assessment of the target companies based on a proprietary ESG rating. Some of the areas in which assessments are conducted are energy consumption and CO_2 emissions, diversity and inclusion and labour standards, aspects covering some of the areas envisaged by the regulatory provisions related to PAIs.

If, during the analysis phase, Style Capital finds gaps in the company's declared ESG performance, Style Capital requires the company to formally commit to improving its performance and remediate the gaps found, within agreed timeframes depending on the type of improvement action to be implemented.

During the holding period, Style Capital, supported by external consultants, oversees the implementation of the ESG Action Plan and verifies the performance associated with the PAI indicators.

With reference to the reporting period, the process of identifying and prioritising PAIs was conducted consistently and in continuity with the principles set out in the ESG Policy. Taking due account of its size, the nature and scale of its investment activities, Style Capital has identified several PAI indicators, the monitoring and evaluation of which are considered priorities.

<table>
<tr><th colspan="2">Indicator of adverse impacts on sustainability</th><th>Reason for selection</th></tr>
<tr><td rowspan="6">Greenhouse gas emissions</td><td>1. GHG Emission</td><td rowspan="6">During the due diligence phase, Style Capital carries out an assessment of target companies based on a proprietary ESG rating. The ESG rating summarises Style Capital 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 investment sector.
Among the areas on which the assessments are carried out is Energy consumption and CO_2 emissions, through which Style Capital undertakes to invest in companies that adopt energy efficiency projects and use energy mainly from renewable sources, thus contributing to the fight against climate change.</td></tr>
<tr><td>2. Carbon Footprint</td></tr>
<tr><td>3. GHG intensity of investee companies</td></tr>
<tr><td>4. Exposure to companies active in the fossil fuel sector</td></tr>
<tr><td>5. Share of non-renewable energy consumption and production</td></tr>
<tr><td>6. Energy consumption intensity per high impact climate sector</td></tr>
<tr><th colspan="2">Indicator of negative effects on sustainability</th><th>Reason for selection</th></tr>
<tr><td rowspan="4">Indicators on social and workforce issues</td><td>10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</td><td rowspan="2">During the due diligence phase, Style Capital carries out an assessment of target companies based on a proprietary ESG rating. The ESG rating summarises Style Capital 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 investment sector.
Among the areas on which the assessments are carried out is the Protection of Labour Rights, through which Style Capital undertakes to enhance the value of companies that protect the human rights of their employees, drawing inspiration from international provisions on the protection of human and labour rights (i.e., UN Global Compact).</td></tr>
<tr><td>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</td></tr>
<tr><td>12. Unadjusted gender pay gap</td><td rowspan="2">During the due diligence phase, Style Capital carries out an assessment of target companies based on a proprietary ESG rating. The ESG rating summarises Style Capital 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 investment sector.
Among the areas on which the assessments are carried out is the theme Respect for Diversity and Inclusion, through which Style Capital undertakes to invest in companies that adopt policies on diversity and inclusion, enhancing realities that promote women's empowerment in professional and</td></tr>
<tr><td>13. Board Gender Diversity</td></tr>
</table>

		remuneration aspects, at all organisational levels, including the Board of Directors.

Style Capital also took into consideration the additional indicators of the PAI reported in Table 2 (indicators related to climate and environment) and Table 3 (indicators related to social and governance issues). The selection of additional indicators was made according to a consistent approach with the assessments described above and, in detail, with the negative impact issues identified as priorities for the Style Capital investments, also considering the availability of information provided by the portfolio companies. Therefore, the following additional indicators were selected:

- Breakdown of energy consumption by type of non-renewable energy sources: this indicator expresses the share of energy from non-renewable sources used by the companies invested in, broken down by each non-renewable energy source;
- Injury rate: this indicator expresses the injury rate in companies benefiting from investments (value expressed as a weighted average).

Style Capital is pursuing the adoption of constantly evolving monitoring and management processes for PAI indicators in alignment with the development of relevant regulatory provisions. Analyses with reference to a single indicator may be carried out with a perspective of monitoring negative impacts on sustainability factors at portfolio level, or with a specific focus on cases that present relevant values and impacts and/or are not in line with values for previous years. The goal of the analyses is to identify the main contributors of negative effects on sustainability factors to identify on which companies to provide possible mitigation activities.

The monitoring methodology considers the likelihood and severity of possible negative effects of investment decisions by identifying the main contributors to the performance of individual indicators. The severity of possible negative effects is assessed in the monitoring and definition of mitigation actions.

With reference to the methodologies used to calculate the indicators, some methodological considerations are explained below:

Indicator of adverse impacts on sustainability		Methodological approach
Greenhouse gas emissions	**1. GHG Emissions**	The measurement of GHG Scope 1 and 2 emissions includes (i) emissions at 31.12.2022 relating to the companies Forte_Forte, Luisa Via Roma, RE/DONE and Zimmermann; (ii) emissions at 31.12.2021 relating to MSGM. GHG Scope 2 emissions have been calculated in accordance with the Location-based methodology set out by the GHG Protocol. GHG Scope 3 emissions refer to the following categories of other indirect emissions - as prescribed by the GHG Protocol: (i) category 1 - Purchased goods and services (Forte_Forte, Luisa Via Roma, RE/DONE, Zimmermann); (ii) category 2 - Capital goods (Forte_Forte, Luisa Via Roma, RE/DONE, Zimmermann); (iii) category 3 - Fuel and energy related activities (Forte_Forte, Luisa Via Roma, MSGM, RE/DONE, Zimmermann); (iv) category 4 - Upstream transport and distribution (Zimmermann); (v) category 5 - Waste generated in the operations (Zimmermann); (vi) category 6 - Business travel (Forte_Forte, Luisa Via Roma, Zimmermann); (vii) category 7 - Employee commuting (Zimmermann); (viii) category 9 - Downstream transport and distribution (Zimmermann); (ix) category 11 - Use of products sold (Zimmermann); (x) Category 12 - End-of-life treatment of sold products (Zimmermann). 2022 represents the first year of GHG Scope 3 emissions monitoring for Style Capital; for this reason, Style Capital has identified the most significant categories of other indirect emissions for the investment portfolio and monitored the related data. In the case of Zimmermann, the company conducted its own carbon footprint assessment. The GHG Scope 3 emissions for MSGM refer to 2021.
	2. Carbon footprint	Please see the methodological considerations valid for indicator No. 1.
	3. GHG intensity of investee companies	Please see the methodological considerations valid for indicator No. 1.
	4. Exposure to companies active in the fossil fuel sector	The involvement of portfolio companies in the fossil fuel sector has been mapped in accordance with the definition (number 5) provided by Annex 1 of Delegated Regulation (EU) 2022/1288, as well as considering the sectors of operation of the Funds under management.
	5. Share of non-renewable energy consumption and production	The indicator was reported in two separate sub-indicators: share of energy consumption from non-renewable sources and energy production from non-renewable sources. The indicators were determined respectively by splitting total energy consumed from non-renewable sources over total energy consumed and dividend total energy produced from non-renewable sources over total energy produced.
	6. Energy consumption intensity per high impact climate sector	The indicator was represented through a common metric for all portfolio companies classified in high-impact sectors.

Biodiversity	**7. Activities negatively affecting biodiversity-sensitive areas**	The indicator was monitored based on the percentage share of a portfolio company's facilities that could potentially have a negative impact on biodiversity areas. The corresponding PAI indicator was obtained as a portfolio-weighted average of these percentages.
Water	**8. Emissions to water**	The water emission reporting practices are not widespread. The indicator was calculated according to the same formula used for the PAI 2 "Carbon Footprint" indicator, expressing the impacts per million euro invested.
Waste	**9. Hazardous waste and radioactive waste ratio**	The indicator was calculated according to the same formula used for the PAI 2 'Carbon Footprint' indicator, expressing impacts per million euro invested.
Indicator of negative effects on sustainability		**Methodological Approach**
Indicators on social and workforce issues	**11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises**	Failure to subscribe to the principles of the UN Global Compact and/or to adopt formalised Policies in the areas covered by the international references cited in the legislation was considered in the assessment of the indicator.
	12. Unadjusted gender pay gap	If the wage difference calculated for a portfolio company is in favour of the female gender, the value takes on a negative sign for that company.
Negative effect on sustainability	**Negative effect on sustainability factors (Qualitative or quantitative)**	**Methodological Approach**
Indicators on social and personnel issues	**2.Injury rate**	The indicator was calculated using the following formula: - (no. of accidents/ no. hours worked) x 200,000 in the case of companies with up to 500 employees. - (no. of accidents/ no. hours worked) x 1,000,000 in the case of companies with more than 500 employees.

The input data for the reported PAI indicators were collected directly from the portfolio companies through special data collection forms. Qualitative and quantitative data were analysed and, where necessary, discussed with the portfolio companies to analyse any anomalies and ensure the quality of the information provided.

Engagement policies

Style Capital actively engages with the companies it invests in, accompanying them on their ESG journey. For this purpose, Style Capital has developed an ESG advancement plan that allows portfolio companies to integrate sustainability into their business model and to progress over the years, regardless of their size and maturity in this area.

Considering any areas of weaknesses revealed during the pre-investment assessment, Style Capital identifies risks to be mitigated and opportunities to be promoted while holding the investment. Style Capital requires the target companies to formally commit to improving their performance and closing the gaps found during the analysis phase, within agreed timeframes depending on the type of improvement action to be implemented.

Style Capital therefore proposes, in agreement with the Top Management of the portfolio companies, an Action Plan, which: (i) identifies the main ESG aspects to monitor, (ii) defines ESG responsibilities and related communication flows, and (iii) outlines a multi-year programme of improvement actions with the aim of closing the gaps that have emerged.

During the holding period, Style Capital actively collaborates with portfolio companies to promote their sustainable and responsible growth. To achieve this objective, Style Capital believes it is vital to monitor the trend of the main indicators relating to environmental, social and governance (ESG) dimensions, supervising also with the support of external consultants the implementation of the ESG Action Plan, and regularly monitors the trend of sustainability performance through specific indicators.

In this regard, Style Capital 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 possibility of the opportunity, is monitored throughout the holding period, 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 how investment decisions affect aspects beyond the Funds' and Style Capital assets. The monitoring activity is also aimed at verifying and minimising the adverse impacts that investment decisions may have on sustainability factors.

In consideration of the findings above, Style Capital plans mitigation activities for PAIs, including, for example: (i) engagement activities with portfolio companies, which, in addition to ESG data monitoring processes, provide for: i. the provision of adequate ESG training to company management, ii. the integration of ESG content in the agendas of the Board of Directors, iii. the appointment of an ESG activities manager and an internal contact person; and (ii) the definition of ad hoc ESG action plans drawn up based on the results of the previous phases.

References to international standards

Style Capital builds its activities and interactions with its portfolio companies on the values expressed in its Code of Ethics, adopting the guidelines and recommendations established by institutions and international organisations that promote the principles of sustainability. Considering the characteristics of the companies in which Style Capital invests, it recognises the importance of supporting key values in the areas of human rights, labour standards and environmental practices. In consideration of this, Style Capital monitors compliance with these aspects using two PAI indicators, number 10. Violations of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and number 11. Lack of compliance procedures and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. It is also specified that the company does not use a forward-looking climate scenario for the time being, also in view of the need to first refine the methodologies for reporting energy consumption and emissions in the investment portfolio.

For what concerns investment activities, Style Capital is committed to following the Principles for Responsible Investment (PRI) promoted by the United Nations (UN PRI). Conscious that the dynamics governing the financial sector are evolving to facilitate an increasing consideration of sustainability criteria and performance, Style Capital believes it is essential to monitor and adopt the principles promoted by regulations on the sustainability of financial services (such as EU Regulation 2019/2088 and EU Regulation 2020/852) and to be an active participant in debates on these issues. Furthermore, the approach chosen by Style Capital aims at outlining a path of positive contribution to the United Nations Sustainable Development Goals (UN SDGs) by 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 a few SDGs that it is committed to pursuing in the performance of its operational and portfolio activities: SDG 5, SDG 8, SDG 12, SDG 13, SDG 16, SDG 17.

Historical comparison

Not applicable. The information will be available from the 2023 reporting.