



## Sustainable Finance Disclosure Regulation ("SFDR") Article 10 website disclosures – "Article 8" products

### a) Summary

This section provides detailed sustainability-related disclosures regarding the fund **Primo Digital** (hereinafter, "The Fund"), managed by **Primo Capital SGR SpA** ("Primo Capital" or the "Management Company") **categorized as Article 8**, as provided in Article 32 of the Sustainable Finance Disclosure Regulation 2019/2088 of 27 November 2019 ("SFDR").

The Fund invests in **start-ups** at their **seed** and **early stage of development** and promotes **environmental** and **social characteristics**, focusing on investments in companies that follow good governance practices and respect environmental and human capital.

### b) No sustainable investment objective

The Fund promotes environmental and social characteristics but does not target "sustainable investments" pursuant to art.9 SFDR.

### c) Environmental or social characteristics of the financial product

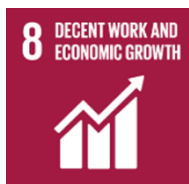
The Fund promotes both environmental and social characteristics:

- In terms of **environmental characteristics**, the Fund monitors the portfolio companies on topics such as, for example but not limited to, greenhouse gas emissions (GHG), renewable energy consumption, waste management and environmental criteria in the supply chain;
- In terms of **social characteristics**, the Fund monitors the portfolio companies on topics such as, for example but not limited to, safety in the workplace, gender parity, trainings and career development, social criteria in the supply chain.

Furthermore, the Fund, following the purpose of the United Nations 2030 Agenda, is focused on promoting 3 specific **Social Development Goals** (“SDGs”), identified as the objectives towards which the Fund can significantly have an impact:



SDG n.5 – **Gender Equality**: promotion of the best practices in terms of gender equality



SDG n.8 – **Decent Work and Economic Growth**: job creation, promotion of entrepreneurship and support on the development of small and medium enterprises



SDG n.9 – **Industry, Innovation and Infrastructure**: support to research and development of innovative technologies

The Fund will perform (internally and/or with the support of external providers) an **ESG Assessment** throughout the investment process, starting from the scouting and screening of new investment opportunities, execution, monitoring and divestment process, committing itself towards the improvement of each portfolio company’s ESG overall rating overtime.

## d) Investment strategy

The Fund’s main objective is the acquisition of equity or “quasi” equity interests in target companies, at their **seed** and **early stage** of development, which operate in the typical sectors of “digital economy” such as, for example (i) **information and communication technology**; (ii) **digital media**; (iii) **electronics hardware, software and robotics**; (iv) **e-commerce** and **innovative retail**; (v) **artificial intelligence**; (vi) **cybersecurity**; (vii) **financial innovation (fintech, insurtech, proptech, regtech, etc.)** (viii) **blockchain, digital ledger technologies** and related technologies.

Furthermore, the Fund, according to its By-Laws, performs a **negative screening** by **excluding**, among others, **investments** in companies **whose business** (i) **consists of illegal economic activities**; (ii) **includes the financing of the production and trade in weapons and ammunition of any kind**; (iii) **infringes human rights**; (iv) **focuses on**

**fossil fuel-based energy production** and related activities; and (v) **focuses on energy-intensive and/or high CO<sub>2</sub>-emitting industries.**

### **e) Proportion of investments**

100% of Primo Digital's investments will promote environmental and social characteristics.

### **f) Monitoring of environmental or social characteristics**

Primo Digital's Investment Team **constantly monitors the environmental and social characteristics performance of the Fund.** For that purpose, during the due diligence phase an **ESG Action Plan** is defined with each prospective portfolio company and once a year, all portfolio companies are required to report on ESG performance to their board of directors which assesses the progresses and eventually resolve upon updates of the ESG Action Plan.

The results and findings of the ESG performance are examined by Primo Digital's Investment Team and summarized in the **ESG Report** of the Management Company.

### **g) Methodologies**

The ESG Framework used to evaluate yearly the Fund's investments, as well as the due diligences conducted, consists in a synthetic **ESG judgment on company's ability to manage and improve over years its environmental, social and governance performance based on several ESG indicators tailored for digital start-ups.**

The Fund **does not take into account the Principle Adverse Impact Indicators ("PAIs")** on sustainability factors in accordance with Regulation 2019/2088. The rationale for this position is the limited availability of information and data necessary for proper evaluation and reporting in the manner required by the legislation. However, the Management Company commits to periodically evaluate the relevance of the potential PAIs and, if needed, to identify and adopt an appropriate methodology aimed at their measurement, in accordance with the contents of the final version of the Regulatory Technical Standards published by the European Commission on 6 April 2022, effective as of 1 January 2023.

## h) Data sources and processing

The ESG data used by the Fund are provided by the portfolio companies through an ESG questionnaire, shared in the due diligence phase, which covers **general ESG factors and ESG metrics specific to digital companies**. Data quality is ensured by a deep analysis performed by Primo Digital's Investment Team (internally and/or with the support of external providers) working closely with each portfolio company in the data collection process and by the crosscheck of collected data with industry benchmarks, when available.

Primo Digital Investment Team's activities toward the ESG assessment and monitoring of portfolio companies, as well as eventual recommendations on how to improve the KPIs moving forward, are supervised by the ESG Leader of the Management Company, who directly reports to Primo Capital's Board of Directors.

## i) Limitations to methodologies and data

The main limitation on data collection is that **early stage companies do not always measure all required ESG data** and as of today there are **no recognized industry benchmarks**. However, **Primo Digital has designed a tailored and sector specific ESG questionnaire** and works closely with its current and prospect portfolio companies to ensure the correct implementation of the ESG monitoring process.

Furthermore, **the Fund generally acts as the first institutional investor in target companies, which allows it to actively influence the early adoption of the best sustainability practices**.

## j) Due diligence

Primo Digital conducts an ESG due diligence prior to any investment. Such due diligence includes a range of **analysis relating to environmental, social, or governance-related aspects**. The due diligence is conducted through direct interviews with the top management by the Fund's Investment Team and/or specialized external professionals, using a proprietary questionnaire and ad-hoc questions following research on the most material ESG topics in the company's sub-sector. **The outcome of the due diligence, including any information on sustainability risks revealed through the due diligence, guides Primo Digital' investment decisions**.

## k) Engagement policies

A key part of Primo Capital's approach to ESG is its role in actively **engaging with portfolio companies to positively influence their behavior, in order to improve the long-term sustainability of their business model**. In addition to the due diligence process and the ESG Action Plan definition, Primo Digital engages with portfolio companies to help them design their sustainability strategy and support them in its implementation. This includes, for example but not limited to, trainings and education on ESG, periodic meetings on ESG and sustainability issues, introduction to the right providers and discussion on ESG topics at the board level.