



ENVIRONMENTAL, SOCIAL AND GOVERNANCE INVESTMENT POLICY

(version 10 March 2021)

We strongly believe that by accommodating a broad set of environmental, social and governance (ESG) issues, we can improve the financial performance of our portfolio companies, make our portfolio companies more attractive to potential acquirers, whilst reducing investors' exposure to reputational risk.

That is why we consider ESG risks into our investment strategies. Our objective is to seek strategic advantages from managing ESG issues and sustainability risks and to maximise business and investment opportunities, whilst concurrently complying with regulations in place and mitigating business and investment risks.

To successfully integrate ESG issues, we shall monitor our portfolio companies to ensure compliance with this ESG policy throughout the Fund's investment cycle, from pre-deal due diligence all the way through to portfolio company management.

This ESG investment policy intends to define how we can manage ESG issues within a structured investment framework and how we can incorporate these issues into both our investment decisions and management of assets. It applies to ALPHA PRIVATE EQUITY FUND 6 (SCA) SICAR and ALPHA PRIVATE EQUITY FUND 7 (SCA) SICAR (the "**Funds**"), represented by ALPHA PRIVATE EQUITY FUNDS MANAGEMENT COMPANY SARL (the "**AIFM**").

This ESG investment policy has been approved by the Board of Managers of the AIFM, and may be amended from time to time to reflect evolutionary changes in ESG practice.



1. UNPRI PRINCIPLES

We support and endorse the United Nation Principles of Responsible Investment ("**Principles**") and the AIFM has been a signatory to the UNPRI principles since 18th November 2011. In accordance with the terms of the 6 Principles:

- We incorporate ESG issues into our investment analysis and decision making.
- We are active owners and incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosures on ESG issues from the entities we invest in.
- We promote acceptance and implementation of the Principles within the investment industry.
- We work together to enhance our effectiveness in implementing the Principles.
- We report on our activities and progress towards implementing the Principles.



2. ESG RESPONSIBILITY

When making investment decisions, the Board of Managers of the AIFM will always keep in mind that the ESG factors are just one of a whole series of indicators that they will be required to consider. We shall not consider a company's ESG performance in isolation from the wider issues affecting the investment, including the ultimate impact the ESG factors will have upon the investment.

In order to integrate ESG issues within each step of our investment practices, we have appointed an ESG responsible person who is a Member of the Board of Managers of the AIFM. He takes overall responsibility for the execution and continuing development of the ESG policy. In this context, he makes sure that all relevant information concerning ESG items are put at the disposal of the Board of Managers. This information is communicated to the Board of Managers through the various ESG reports for each investment and disinvestment decision on a continuing basis.

He will ensure that ESG considerations play a role at each stage of the investment process, as well as during the whole investment period and during the disinvestment process.



3. ESG INVESTMENT CYCLE

To successfully integrate ESG issues, Alpha integrates ESG risks and value creation opportunities into its investment process throughout the following Funds' investment cycle, from pre-deal due diligence, to the monitoring of portfolio investments and at exit.

i. Asset selection and origination

Alpha conducts ESG screening and analysis of the targeted investments and their teams. This is done by using Alpha's exclusion policy.

ii. Pre-investment phase

Once the opportunity of a new investment is validated, the investment team carries out an analysis of the targeted company. During this process Alpha undertakes an ESG due diligence in order to assess potential ESG-related risks and to identify possible opportunities. This is done by engaging external and internal subject matter experts. During the due diligence process, Alpha, together with the portfolio companies management, identifies ESG aspects that are material and relevant to its portfolio companies.

Before the closing of the investment, the findings of the due diligence are incorporated into an ESG Acquisition Report to be incorporated into the final investment documentation, which is submitted to the Board of Managers of the Manager. Each binding decision to invest in a new company must be approved only with the support of this acquisition report. Alpha monitors ESG progress within its portfolio by engaging with the companies' management on active management of ESG. Alpha engages its portfolio companies on ESG matters by conducting ESG reviews to identify opportunities for improvement and ensure value creation.

iii. Ownership phase

Alpha monitors ESG progress within its portfolio by engaging with the companies' management on active management of ESG. Alpha engages its portfolio companies on ESG matters by conducting ESG reviews to identify opportunities for improvement and ensure value creation.

Alpha has established a monitoring system to annually collect and report the relevant ESG KPIs for each portfolio company. An Annual ESG Report is presented to the Board of Managers for each portfolio company.



3. ESG INVESTMENT CYCLE

iv. *Exit*

When exiting an investment, Alpha seeks to show evidence of the contribution of the company's progress on ESG to its performance and highlights the operational added-value that has been created. An ESG Exit Report is completed and each binding decision to sell a portfolio company must be approved only with the support of this exit report.



4. EXCLUSION POLICY

The confidential Prospectus of the Funds impose geographical restrictions for investments. The list of jurisdictions for potential investments is limited to countries within Western Europe. We therefore do not have any geographical exclusion.

Our exclusion policy includes companies whose sole or primary business purpose is engaging in the following list of excluded activities:

- direct involvement in the production of anti-personnel landmines, cluster bombs, and/or chemical or biological weapons
- Any direct involvement in the production and/or sale as an end weapon, or the supply of essential and/or customized semi-finished parts, of anti-personnel mines, cluster bombs, nuclear weapons (as well as the upgrading and maintenance of nuclear weapons), biological weapons and depleted uranium ammunition (as determined at the time of the investment)
- Any exploration for oil and/or gas
- Any manufacturing of or trading in tobacco
- Any gambling activities
- Fur production
- Adult entertainment

In some cases, it is very difficult to determine whether a company is actually engaged in an excluded activity and some companies may have a de minimis revenue stream from an excluded activity, such as a supermarket selling tobacco. In these circumstances, the determination of whether or not a company is engaged in an excluded activity is often an issue of individual conscience. Therefore, our exclusion policy implies that each decision to invest in a new company whose activities could be considered as linked to an excluded activity (an "Excluded Activity Linked Investment") must be approved by the unanimity of the Managers present or represented at the meeting of the Board of Managers deciding on such investment, except for the Risk Manager. Furthermore, the Board of Managers will only approve an Excluded Activity Linked Investment if they are satisfied that the particular company is not engaged in an excluded activity, as defined in this ESG investment policy.



5. ESG REPORTS

We have developed various ESG reports which must be completed and submitted to the Board of Managers of the AIFM, covering the whole lifecycle of each investment, as follows:

- **ESG ACQUISITION REPORT:** each binding decision to invest in a new company must be approved only with the support of this acquisition report (see ANNEX 1)
- **ESG EXIT REPORT:** each binding decision to sell a portfolio company must be approved only with the support of this exit report (see ANNEX 2)
- **ESG ANNUAL REPORT:** an annual ESG report is presented to the Board of Managers for each company in the portfolio (see ANNEX 3)
- The above reports will be summarized in an **ANNUAL ESG PORTFOLIO REVIEW**, giving a global picture of the ESG situation of the Fund's portfolio of investments (see ANNEX 4)

Information contained in the ESG reports are provided by the Local Advisers to the AIFM, based on the company's data, interviews with senior managers and any other resources.

The ESG reports are key elements in the decision making process of the Funds and are included in the Minutes of the Board of Managers of the AIFM. The ESG reports are completed by an **Annual ESG Report of the AIFM** (see ANNEX 5).

5. ESG REPORTING TO INVESTORS

We will communicate the following ESG reports to investors at specific moments:

- **ESG Acquisition Report:** will be sent to investors together with the investment memorandum after the investment has been completed
- **Annual ESG Portfolio Review** and **ESG report of the AIFM:** will be sent to investors together with the Funds Annual Reports
- **ESG Exit Report:** will be sent to investors when the disinvestment is realized

The investors are free to ask for more ESG information by contacting the AIFM during normal business hours on any working day in Luxembourg.



6. ESG COMMUNICATION AND PROMOTION

We will communicate and promote acceptance of the ESG principles within the AIFM, its affiliates, advisors and partners.

We will also do our best to implement high ESG quality standards within the portfolio companies we are investing in, through close cooperation with their management.