Website Disclosure for Financial Products with

Environmental and/or social characteristics

As referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name
Volpi Capital Investments III SCSp

Legal entity identifier
635400Q3CVSZBR9YJV67

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: 0% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a proportion of 0% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: 0%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Summary

A summary of the information of a maximum length of two sides of A4-sized paper when printed.

a. **No sustainable investment objective:** This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

b. **Environmental or social characteristics**: Volpi Capital Investments III SCSp (the "Fund") is an Article 8 fund that promotes a combination of environmental and social characteristics through the active engagement with portfolio companies with the aim of improving their sustainability performance throughout the holding period.

c. **Proportion of investments:** 80% of the Fund's investments promote environmental and social characteristics in accordance with Article 8 of the SFDR, without having among its objectives to make sustainable investments.

e. **Monitoring of environmental or social characteristics.** The indicators used to meet the characteristics mentioned are based on the ESG Data Convergence Initiative indicators (EDCI):

a. GHG emissions: Scope 1 and 2, with scope 3 being optional
b. Renewable energy: % of renewable energy used in operations
c. Diversity: % women on board
d. Work-related accidents: Injuries, fatalities and days lost due to injury
e. Net new hires: Net new hires (organic and total) and
f. Employee turnover rate
g. Employee engagement: Employee engagement survey (yes/no) and optionally the employee engagement scores or other results of the employee engagement survey.

f. **Methodologies:** Portfolio **c**ompanies are expected to report annually on the ESG KPIs listed above where feasible. The Portfolio Manager engages an external ESG advisor to support with the data collection and processing and to suggest improvements to the company where deemed necessary.

g. **Data sources and processing:** The Portfolio Manager, in collaboration with an external ESG advisors, measures the ESG KPIs and reports back on progress on an annual basis.

h. Limitations to methodologies and data: Limitations to the methodologies and data referred to in the above sections include, but are not limited to (i) limited capacity to measure or report from the portfolio companies, (ii) different reporting periods and group perimeters, (iii) human error in the provision of data, and (iv)data collection done by email and Excel, which could lead to human error

i. **Due diligence:** The Portfolio Manager's Due Diligence process allows for the formal assessment of potential investments on ESG matters. The ESG assessment is conducted internally by the investment team to assess whether there are any red flags (e.g. unmanageable sustainability risks) that should prevent the fund from proceeding with the potential transaction. The Portfolio Manager prepares a questionnaire that is subsequently sent to the potential target. The investment team cross checks the information received with the other due diligence documents (tax, legal, etc.) to ensure data accuracy. Following the initial due diligence an annual due diligence review/assessment is performed.

j. **Engagement policies**: The Portfolio Manager seeks to actively engage with its portfolio companies starting from the ESG due diligence phase and then on an annual basis as part of its monitoring process. The external ESG advisor engages with companies to collect ESG-related data and equally conducts an assessment to identify and propose areas of improvement. The investment team reviews this information and ensures that ESG-related issues and opportunities are discussed in Board meetings of the portfolio companies.

k. **Designated reference benchmark:** The Fund has not designated an index as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

No sustainable investment objective

This section shall contain the following statement: “This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.”
Where the financial product commits to making one or more sustainable investments: an explanation of how the investments of the financial product do not significantly harm any of the sustainable investment objectives, including:
(a) how the indicators for adverse impacts are taken into account; and
(b) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

Environmental or social characteristics of the financial product

A description of the environmental or social characteristics.

The Fund promotes a combination of environmental and social characteristics through the active engagement with portfolio companies with the aim of improving their sustainability performance throughout the holding period.

Investment strategy

(a) a description of the type of investment strategy used to attain the environmental or social characteristics promoted by the financial product, the binding elements of that strategy to select the investments to attain each of those characteristics and how the strategy is implemented in the investment process on a continuous basis;
(b) where there is a commitment by the financial market participant to reduce by a minimum rate the scope of investments considered prior to the application of the strategy referred to in point (a), an indication of that rate; and
(c) a description of the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Volpi Capital is a European specialist mid-market private equity investor backing tech-enabled services businesses. The Fund will be a thematic investor with a primary focus on businesses that exploit software and data, that provide services to an array of B2B customers and that are united by common business model characteristics including recurring revenue streams, low capex, and good cash flows. The Fund expects to create value by investing in businesses with strong organic growth, by backing buy and build strategies across Europe and by improving the performance of under managed businesses. The Fund will primarily be a controlling investor, alone or together with like-minded partners.

The Fund through its Portfolio Manager seeks to actively engage with its portfolio companies on a regular basis to assess their ESG performance, measure the sustainability indicators to attain the environmental and social characteristics promoted by the Fund, and to improve the overall sustainability performance of the company. The strategy of active ownership is applied throughout each phase of the investment process: (i) screening, (ii) due diligence, (iii) ownership, and (iv) exit:

(i). Screening: The Fund through its Portfolio Managers screens all potential investment against the exclusion policy.
(ii). An internal ESG due diligence is conducted that is cross checked with the information received from the other due diligences.

(iii). During the holding period, the Fund through its Portfolio Manager engages support from an external ESG advisor to collect data from each company, assess performance, and suggest actions for improvement.
(iv). The aim of the Fund's active ownership strategy is for the company to have improved its overall sustainability performance. This is assessed with the regular monitoring of ESG indicators (listed below).

Binding Elements of the Strategy

The AIFM uses the following binding elements to select investments to attain the social and/or environmental characteristics promoted by the Fund:

- Fund's exclusion policy
- Volpi's Responsible Investment Policy which is available at: https://www.volpicapital.com/responsible-investment-policy
- ESG due diligence assessing selected sustainability indicators (including an assessment of good governance practices). The companies which do not meet minimum standards are excluded from the investment universe.

Policy to assess good governance
The good governance practices of investee companies are assessed prior to making an investment and periodically thereafter. In the pre-investment phase, the Portfolio Manager uses an ESG Due Diligence checklist to assess the governance performance of the potential investment using an RAG/traffic light rating. The good governance factors against which investee companies will be assessed include, but are not limited to:

- Environmental management (e.g. carbon footprint measurement)
- Compliance and sound management structures (e.g. bribery, corruption, cybersecurity, data protection and corporate governance)
- Employee relations (e.g. labour laws, minimum wage, health & safety and discrimination)
- Remuneration of staff and human resources management
- Tax compliance and corporate governance

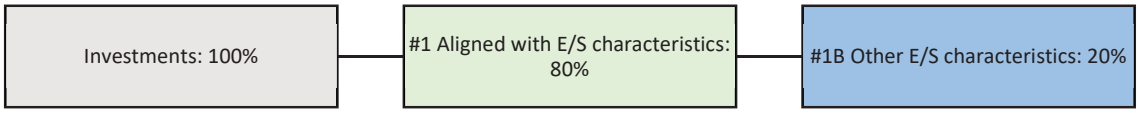
Each year, an external ESG advisor conducts an assessment of each portfolio company. This assessment covers governance issues, amongst other ESG-related factors. The advisor verifies issues such as the current policies in place and equally suggests actions for improvement.

As a signatory of the UN PRI since 2021, Volpi Capital is committed to being an active owner of the companies in which it invests and to incorporating ESG factors across the investment lifecycle to manage business risk, but also to deliver opportunities and create long-term sustainable value. The firm conducts a comprehensive ESG analysis in the pre-investment phase as part of the due diligence process to understand the gaps and opportunities of each investment. The findings of this assessment form the basis of a 100-day plan, which is tracked by the investment managers and followed up on an annual basis.

Proportion of investments

A narrative explanation of the investments of the financial product, explaining:
(a) the minimum proportion of the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where it commits to making sustainable investments; and
(b) the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards. The explanation shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.
The section shall also contain the following information:
(a) a graphical representation in the form of a pie chart of:
(i) the minimum taxonomy alignment of aggregated investments.
(ii) the minimum taxonomy alignment of aggregated investments excluding sovereign exposures.
(b) a description of the investments underlying the financial product that are in Taxonomy-aligned economic activities, including whether the compliance of those investments will be subject to an assurance provided by one or more auditors or a review by one or more third parties and, if so, the name or the names of the auditor or third party.
The description shall include (a) in respect of investee companies that are non-financial undertakings, whether the taxonomy alignment of investments is measured by turnover, or whether a more representative calculation of the taxonomy alignment is given when measured by capital expenditure or operating expenditure due to the features of the financial product, the reason for that decision, including how it is appropriate for investors in the financial product; and
(b) where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third party providers; and (c) a breakdown of the minimum proportions of investments in the enabling activities and transitional activities, in each case expressed as a percentage of all investments of the financial product.
(c) where the financial product invests in sustainable investments with an environmental objective which invests in economic activities that are not Taxonomy-clear explanation of the reasons for doing so; and
(d) for financial products that have sovereign exposures and where the financial market participant cannot assess the extent to which those exposures contribute to Taxonomy-aligned economic activities, a narrative explanation of the proportion in total investments of investments that consist of those exposures.
(e) for financial products including sustainable investments with a social objective, the section shall also contain the minimum share of those sustainable investments.

The Fund will allocate 80% of its assets, investments that promote social or environmental characteristics but do not qualify as sustainable investments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product made sustainable investments]
The category **#1 Aligned with E/S characteristics** covers:
- The Subcategory **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Monitoring of environmental or social characteristics

A description of how the environmental or social characteristics and the sustainability indicators are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

In order to properly monitor, measure and control how the E/S characteristics and the sustainability indicators of the investments are performing, the Fund has established a set of environmental,

social and governance KPIs. The indicators are based on the ESG Data Convergence Initiative indicators (EDCI). These are monitored on an annual basis.

ESG Data Convergence Initiative indicators:

- GHG emissions: Scope 1 and 2, with scope 3 being optional
- Renewable energy: % of renewable energy used in operations
- Diversity: % women on board
- Work-related accidents: Injuries, fatalities and days lost due to injury
- Net new hires: Net new hires (organic and total)
- Employee turnover rate
- Employee engagement: Employee engagement survey (yes/no) and optionally the employee engagement scores or other results of the employee engagement survey.

Methodologies

A description of the methodologies to measure the attainment of the social or environmental characteristics promoted by the financial product using the sustainability indicators.

Companies are expected to report annually on the ESG KPIs listed above where feasible (see "(h) Data sources and processing") and specific information relating to the company-specific Material ESG KPIs will be assessed by the Portfolio Manager.

Further details on KPI indicators:

Environmental:

- Carbon emissions (Scope 1 & 2) in tCO2e
  - *Scope 1 emissions are defined as direct emissions at company facilities and company-owned vehicles.*
  - *Scope 2 emissions are defined as indirect emissions from energy purchased and used by the organization.*

- Renewable and non-renewable energy consumed, expressed as a percentage.
  - *Information provided by companies based on their office/facility energy bills. Where no information is available, a proxy is used based on the national electricity mix.*

Social:

- Net employment created: New hires (the number of full-time equivalent (FTE) employees joining the company, excluding hires resulting from mergers and acquisitions) minus attrition (the number of full-time equivalent (FTE) employees leaving the company) during a given calendar year. Excludes any growth or decline due to the acquisition of a company or business unit divestment.
- Employee turnover rate

$$Annual\ turnover\ rate = \frac{\#\ Terminates\ during\ the\ year}{\#\ Employees\ at\ beginning\ of\ year}$$

- Work accidents (frequency and materiality rates):
  - *Accident frequency rate: accidents during work hours with sick leave X 1,000,000 / Annual average of affiliates to S.S. with the contingency of covered accident X average number of hours worked annually per worker*

- *Accident materiality rate: lost days X 1,000,000 / Annual average of affiliates to S.S. with the contingency of covered accident X average number of hours worked annually per worker*

- Employee engagement: Employee engagement survey (yes/no) and optionally the employee engagement scores or other results of the employee engagement survey

Governance:

Board gender diversity of the operating company [1] : *diversity average (woman/man ratio) in investee companies*.

The Portfolio Manager assumes the responsibility for data quality and integrity of the sustainability indicators but may use third-party consultants to facilitate data collection and analysis where appropriate.

Data sources and processing
A description of: (a) the data sources used to attain each of the environmental or social characteristics of the financial product; (b) the measures taken to ensure data quality; (c) how data is processed; and (d) the proportion of data that is estimated

Data sources: Information is gathered directly from the portfolio companies. The external ESG advisor collects the information from each company and compiles the data

Data quality: All of the data is reviewed by the ESG advisor and is sent back to the company to ensure that the data collected is correct.

Data processing: The data obtained from portfolio companies is processed by the Portfolio Manager's investment team.

Data estimation: The Portfolio Manager uses a set of ESG indicators (listed above) to measure the attainment of the environmental and social characteristics promoted by the Fund. The Portfolio Manager uses reported data which has been reviewed by the external ESG advisor unless the company did not report the indicator, or the indicator was deemed to be unreliable or inaccurate.

Limitations to methodologies and data
A description of: (a) any limitations to the methodologies and the data sources; (b) how such limitations do not affect the attainment of the environmental or social characteristics promoted by the financial product; and (c) the actions taken to address such limitations

Limitations to the methodologies and data referred to in the above sections include, but are not limited to:

- limited capacity to measure or report from the portfolio companies,
- different reporting periods and group perimeters,
- human error in the provision of data,
- data collection done by email and Excel, which could lead to human error

[1] Board of operating company refers to the Board of Directors of the portfolio company involved in the day-to-day operations. The Fund believes this to be a more accurate representation of the diversity ratio.

The ESG advisor's engagement with portfolio companies during the data collection process allows for additional verification of data before it is sent to the investment team.

The Portfolio Manager seeks to improve its data collection process through actively engaging with portfolio companies and supporting them in the improvement of their data collection process. As part of the initial due diligence the capabilities of the investee companies to report on the selected sustainability indicators are assessed, and while one company may in exceptional circumstances fail to report on one indicator, this should not affect the attainment of the E/S characteristics at the Fund level.

Due diligence

A description of the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

The Portfolio Manager's Due Diligence process allows for the formal assessment of potential investments on ESG matters. The ESG assessment is conducted internally by the investment team to assess whether there are any red flags (e.g. unmanageable sustainability risks) that should prevent the fund from proceeding with the potential transaction. A questionnaire and checklist is subsequently sent to the potential target. The investment team cross checks the information received with the other due diligence documents (tax, legal, etc.) to ensure data accuracy.

This process allows for the identification of key sustainability risks (and opportunities), defines appropriate mitigating activities and derives the likely impacts of sustainability risks on the financial returns in a qualitative manner from the allocated risk grading on a scale from low to medium to high.

Engagement policies

A description of the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

The Portfolio Manager seeks to actively engage with its portfolio companies starting from the ESG due diligence phase and then on an annual basis as part of its monitoring process. The external ESG advisor engages companies with companies to collect ESG-related data and equally conducts an assessment to identify and propose areas of improvement. The investment team reviews this information and actions any recommendations at portfolio company board meetings. By having two representatives on the Board of each portfolio company it is ensured the recommendations are effectively addressed.

Designated reference benchmark *[Include when an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

A description of how the index designated as a reference benchmark is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select that data, the rebalancing methodologies, how the index is calculated, and a hyperlink to the website of the administrator of the reference benchmark.

The Fund has not designated an index as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.