



# **ALPHA SUSTAINABILITY REPORT 2023**

**ENVIRONMENT | SOCIAL | GOVERNANCE**



# Foreword

"In 2023, we delivered strong financial performance for our investors despite a challenging market environment. By hedging energy costs and managing pricing strategies, we mitigated the impact of rising expenses while building a more resilient portfolio designed to adapt to diverse market conditions.

At the core of Alpha's culture is a clear recognition that robust ESG management drives long-term profitability. As businesses increasingly face ESG challenges, our role as a private equity investor is to strategically address these issues to unlock opportunities, comply with regulations, and mitigate risks.

A key pillar of our strategy is **Enhancing ESG Value**. We embed ESG considerations at every stage of the investment process, conducting thorough ESG due diligence for target investments and ongoing ESG monitoring for portfolio companies. This groundwork has enabled us to improve environmental, safety, and human resource performance while addressing stakeholder expectations.

In recent years, we have strengthened our internal ESG capabilities by expanding the ESG team, establishing a dedicated committee, and introducing continuous training programs for investment teams and portfolio companies.

This report provides insight into our strategy, achievements, and ongoing journey to uphold high ESG standards. With strong momentum, we look forward to creating further value and thank you for your continued support."



**Patrick Herman**  
Managing Partner



# 2023 Highlights

AUM

€2bn

Years

30

Experience in  
Private Equity

PCs

9

Across 2 active Funds

UN PRI

3

stars

Team

+20-persons across 3 counties

- Alpha core markets
- Management Company
- Alpha Offices



Environment

+75%

Climate change  
training

Social

35%

Women out of all  
employees

Governance

67%

Independent  
Board Members



# 2023 Highlights

## Engagement

### 100% of Portfolio Companies...

- ...have a dedicated ESG point of contact in Alpha
- ...took part in ESG data collection campaign
- ...have a dedicated ESG officer or similar role
- ...hired ESG consultants to prepare for upcoming CSRD reporting
- ...launched ESG initiatives



We are **committed to ensuring transparent communication towards our investors** about both our investment processes, and our ESG performance and results

- **No major incidents or litigations have been reported by Portfolio Companies during 2023**





# **ALPHA SUSTAINABILITY APPROACH**



As every business is deeply intertwined with environmental, social, and governance challenges, Alpha is firmly convinced that integrating ESG factors into investments is not only good for society and environment, it is simply good business

## OUR VISION

At Alpha, we strongly believe that by factoring a broad set of environmental, social and governance considerations into our investment strategies, we can **improve the financial performance** of our portfolio companies and make our portfolio companies more attractive to potential acquirers, whilst reducing investors' exposure to reputational risk.

## OUR MISSION

At Alpha, **we want to make a positive impact on the world** around us through our investments. As a private equity investor, our objective is to actively seek strategic advantages from managing ESG challenges as a way to maximize business and investment opportunities, whilst concurrently complying with regulations and mitigating business and investment risks. Working together with the management teams, we face the challenges of the future, such as limited resources, climate change and regulatory changes.





## Alpha's responsible investment policy



Our commitment to **Responsible Investment** is laid out in our **Environmental, Social and Governance Investment Policy**, in force since September 2016.

In our Policy, **we commit to communicate and promote ESG principles** within Alpha, its affiliates, advisors and partners, and to do our best to implement high ESG quality standards within the Portfolio Companies we are investing in, through close cooperation with their management.

The **ESG investment policy has been approved by the Board of Directors**. The ESG officers are responsible for its execution and continuing development.

Link to latest Alpha ESG Policy:

<https://www.alphape.com/Alpha-ESG-Investment-Policy-May-2023.pdf>



### **We support and endorse the United Nation Principles of Responsible Investment**

Alpha has been a signatory to the UNPRI principles since 18th November 2011. In achieving its vision and mission, Alpha is guided by the six principles defined by the United Nations – supported initiative Principles for Responsible Investments (PRI)



#### Article 6 – All funds

All managed products

#### Article 8 – ESG

Funds that promote environmental or social characteristics

#### Article 9 – Sustainable

Funds that have a sustainable investment objective

Level of disclosure

SFDR Regulation (EU) lays down harmonized rules on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts and the provision/disclosure of sustainability-related information with respect to financial products

**Alpha funds are classified as Article 6**, hence, in accordance with the EU Regulation on sustainability-related disclosures in the financial services sector (the “SFDR”), currently it does not publish any mandatory information on its consideration of the “adverse impacts of investment decisions on sustainability factors”

Although our funds are currently classified as Article 6, **we are actively striving to meet the requirements of Article 8** by enhancing our ESG commitment and **working closely with our Portfolio Companies** to integrate robust sustainability practices across their operations







# The key milestones of our ESG path

2011

**COMMITMENTS ARE FORMALIZED**, Alpha becomes **Signatory of UN PRI**, first PRI Annual Survey completion

2016

**GOVERNANCE IS SET**, ESG Policy is approved, exclusion list approved, templates for the ESG Acquisition Report and **ESG Exit Report** are developed

2018

**OBJECTIVES ARE DECIDED**, **ESG interactive workshop performed**, Alpha's **ESG pillars** are established, development of the **ESG roadmap for 2019-2021**

2019

**WORKING ON IMPLEMENTATION**, new framework for **ESG in pre-acquisition developed and launched**, new **ESG data collection campaign** for Portfolio Companies developed and launched

2020

**WORKING CLOSELY WITH OUR PORTFOLIO TO SUPPORT THEIR ESG-STRATEGIES**, **ESG risks and opportunities** assessed for all new investments, requirements and recommendations for **ESG action plan formalized and reported to BoD** for all new investments

2021

**ESG VALUE**, **formalised guidelines** on ESG factors, **Board members** informed of ESG-related issues when an investment/ divestment is realized and on PCs on an ad-hoc basis and **at least once year**

2022

**ENHANCE ESG VALUE**, **new ESG Manager** appointed and **ESG Committee** implemented, Our **portfolio companies** have received **ESG training**

2023

**STRUCTURE ESG APPROACH**, Portfolio Companies launched projects to prepare for upcoming **EU CSRD**, defining structured data collection templated and drafting sustainability roadmaps



# ESG Governance

## ALPHA ESG COMMITTEE

- **Alpha's Board of Managers** approves the ESG Policy and the ESG Strategy, defines the materiality of the ESG factors that may impact Alpha's business, its investment portfolio and its stakeholders
- **Alpha's ESG Manager** takes operational responsibility for the execution and development of the ESG policy and ESG strategy in close contact with the portfolio, ensure ESG information are available to the Board of Managers and curates disclosure of information on ESG performance to the LPs
- **Alpha's ESG Committee** is responsible for supervising the integration of ESG issues across the investment cycle, in the Alpha team and with LPs
- **Alpha's Investment team** engages with portfolio companies to discuss ESG performances and the integration of ESG roadmap in business strategy

The ESG Committee gathers on a quarterly basis and oversees the firm's ESG initiatives, including:

- ⌘ Upholding, revising, and ensuring **adherence to the ESG Policy**
- ⌘ Implementing the **ESG strategy** and reviewing and tracking progress
- ⌘ Disclosing material **ESG concerns** to internal committees
- ⌘ **Educating** professionals on ESG issues and priorities
- ⌘ Supporting **transparency** and timely **reporting** of ESG topics



**Yann Dremiere**  
Portfolio Manager  
/ Luxembourg



**Paolo Magni**  
Partner / Italy



**Akikul Islam**  
Head of Investor Relations  
& Strategy / Luxembourg



**Nicolas Antraigue**  
Partner / Paris



**Gabriella Tambou-Rayalou**  
Compliance Manager /  
Luxembourg



**Alessandra Bosetti**  
Associate and **ESG  
Manager**/ Italy



**Sébastien Wiander**  
Risk & Compliance  
Officer /  
Luxembourg



## Promoting climate awareness

### Alpha's climate change ambitions

- ~ **Measure** the emissions of its **portfolio companies** and collaborate with their management teams to reduce carbon footprint and progress toward carbon neutrality, aligning with industry trends and regulatory requirements.
- ~ Enhance **operational efficiency** across portfolio companies in order to improve energy use, resource allocation and waste management, directly linked with companies' environmental footprint.
- ~ Establish **robust reporting practices** to track and disclose emissions data **transparently**.
- ~ **Set and pursue ambitious targets** to make a meaningful contribution to global emissions reduction efforts.

## Diversity, Equity and Inclusion

### Alpha's commitment to diversity and inclusion

- ~ Alpha seek to fostering an inclusive and respectful workplace that values diverse experiences, perspectives and skills.
- ~ Alpha strive to **treat all colleagues fairly** and support them in reaching their full potential.
- ~ Alpha **embeds** equity, diversity and inclusion **into all aspects of our workplace**, from recruitment and development to daily operations and policy enforcement.
- ~ Alpha maintains a **zero-tolerance policy toward harassment**, victimisation, or any form of inappropriate behaviour, ensuring swift and appropriate action when issues arise.
- ~ Alpha aims to ensure all colleagues **understand and apply** these principles.





# **SUSTAINABILITY IN ALPHA'S PORTFOLIO**





# Alpha's ESG work includes the entire investment life-cycle

Steps implemented for the latest APEF 7 investments and currently for add-ons





“**Alpha’s ownership** of the portfolio companies is usually a **majority**, and always an **active** ownership. **We constantly engage with portfolio companies’** top management through our board seats, in order **to promote their commitment towards sustainability** and supervise the processes in place for addressing risks and opportunities, as well as preventing incidents.

Portfolio companies’ **ESG performance, targets and action plan implementation is closely monitored** and evaluated through an annual reporting system with cross-portfolio KPIs that are in place at portfolio company level. In the same way, we encourage portfolio companies’ ESG reporting towards their stakeholders.”

A. Bosetti, Associate and ESG Manager







# Alpha's Portfolio Current ESG work

Status as of Dec 2024		Started in 2023		Annual Assessment	Annual Target setting	Roadmap design	Monitoring
APEF 6	Feu Vert		2023				
	OPTIMA	2022	2023				
APEF 6/7	Caffitaly system	2022	2023				
	EURO PART		2023				
APEF 7	Orbital Design Collective	2022	2023				
	LAMINAM SUPERIOR NATURAL SURFACES	2022	2023				
	AMF GROUP		2023				
	PRIMA INDUSTRIE	2022	2023				
	VERVENT AUDIO GROUP		2023				
	marvesting		2023				

All Portfolio Companies are **on track** to meet the requirements of EU's incoming directives (CSRD) and standards (ESRS)

Completed

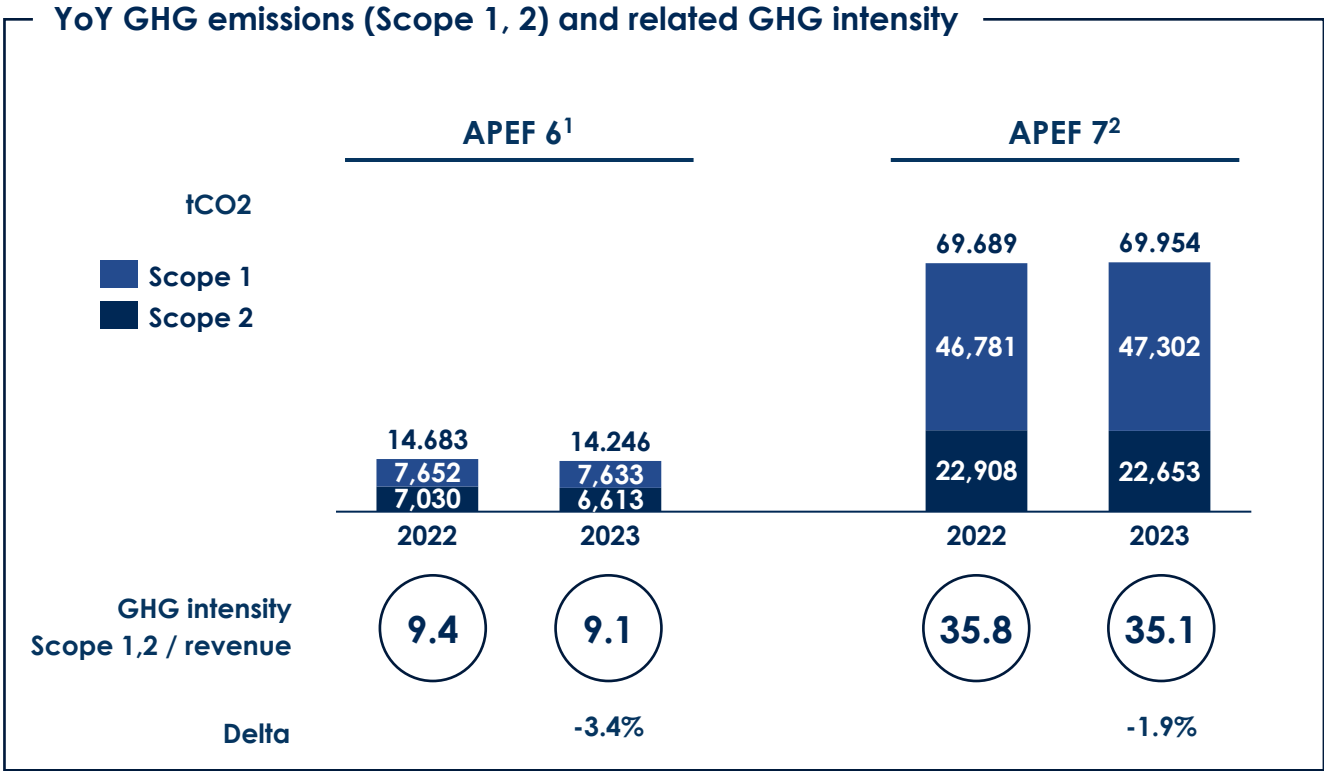
WIP

Not started



Alpha has been actively supporting the Portfolio Company in conducting **carbon footprint assessments**, which have been **carried out by third parties**, starting with a **focus on Scope 1 and 2** emissions due to the complexity of data collection. Notably, 75% of portfolio companies in APEF 6 and 40% in APEF 7 have already calculated their Scope 3 emissions for 2023, while the remaining companies are working towards completing their Scope 3 calculations for 2024.

The accompanying graph illustrates the emissions aggregated at the fund level:



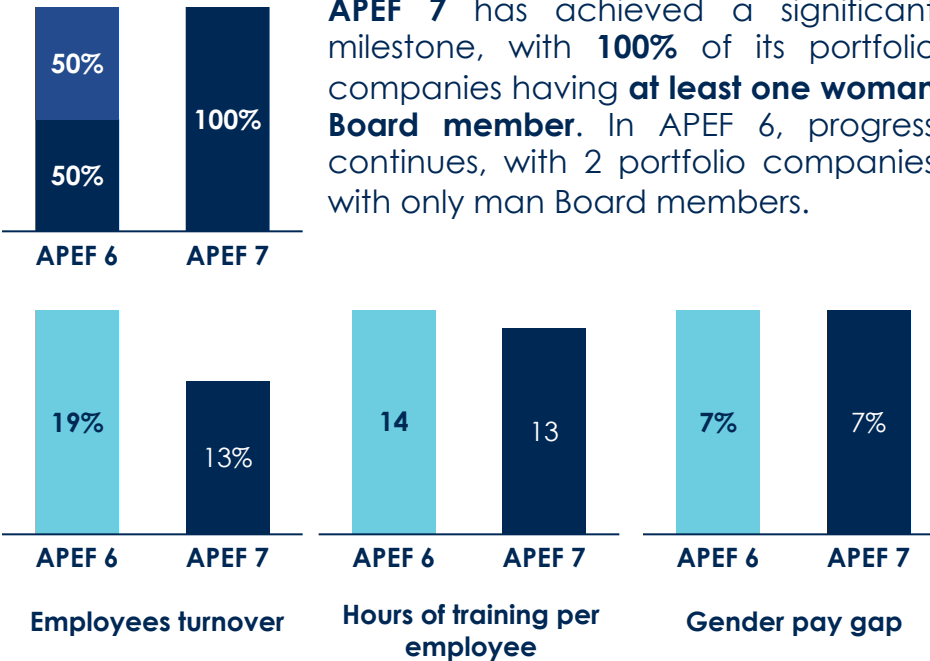
1. Europart included with 2022 data; 2. Vervent Audio Group not included; 3. Some data might be not representative of 100% of the Portfolio

Governance

100%

Portfolio Companies of APEF 6 and APEF 7 have a **dedicated ESG Officer** or similar role and have a **code of conduct**

Diversity & Inclusion<sup>3</sup>





# Case study

## AMF GROUP

Thanks to the effort launched last year, AMF is currently outperforming its competitors in all relevant dimensions related to the **sustainability management maturity** of the Group

### Sustainability report

- ✓ Availability of quantitative data
- ✓ Materiality analysis and compliance with ESRS standards
- Public report in line with CSRD requirements

### Sustainability plan

- ✓ Targets and quantitative KPIs aligned with SDGs
- Publications of targets and integration with company strategy

### Sustainability governance

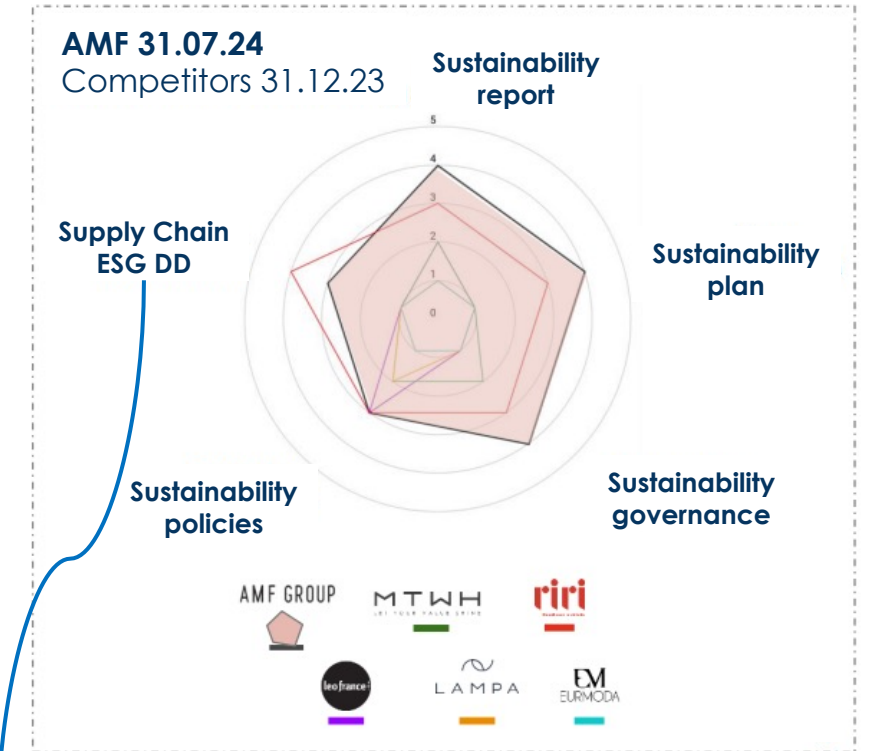
- ✓ Formal sustainability role and responsibility
- ✓ Top management involvement in sustainability matters
- Formal calendar of sustainability meetings and key decisions

### Sustainability policies

- ✓ Presence of a Code of Ethics and Code of Conduct
- Sharing of sustainability policies with business partners

### Supply Chain ESG DD

- ✓ ESG DD activities for supply chain
- Formalization of ESG DD policies and rules for suppliers
- Publication of targets and monitoring



AMF has included Supply Chain ESG DD improvements in its short-term strategic and operational targets:



- Strategic target: promote supply chain transparency and the adoption of environmental and social sustainability criteria in the evaluation of partners
- Operational targets: i) evaluate >60% of suppliers and clients on their environmental and social practices by 2026; ii) carry out specific ESG audit for suppliers/clients >1M€





Prima Industrie has worked on the definition of **sustainability plan** anchored to the UN's SDGs, and aligned with the EU's CSRD requirements and ESRS standards

- **Double Materiality** principle has been adopted in order to identify and prioritise targets



Prima Industrie's material topics:



# Case study



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