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Sustainability Policy and Principal Adverse Impact Statement

Artificial Intelligence PE Fund

April 2025

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Art. 8 Fund

Funder has categorised **Artificial Intelligence PE Fund** (the "Fund") as a financial product that promotes environmental or social characteristics (Article 8 of SFDR) for the purposes of the SFDR. The fund promotes E/S characteristics, but will not make any sustainable investments.

Sustainability risks

Sustainability risks can arise from environmental and social impacts on a potential asset, as well as from the corporate governance of the lessee or seller of an asset. Examples include reputational damage and/or punitive measures, physical risks, and transition risks caused, for instance, by climate change. Sustainability risks may have a significant impact on the value and/or return of the assets concerned and, accordingly, on the Fund. Therefore sustainability risk are integrated in the investment process of the Fund.

ESG Due Diligence

Funder performs, through the help of external advisor/s a specific ESG due diligence on potential target companies, aimed at assessing whether and to which extent said potential target companies can be considered ESG compliant, also highlighting potential improvements that may be made from an ESG perspective by such companies through the investment of the Fund. The objective of the consideration of sustainability risks by Funder is to avoid corresponding capital investments as early in the acquisition process or to identify as early as possible the occurrence of these risks and to take appropriate measures to minimize the impact on the affected assets or the impact on the overall portfolio of the Fund; and use key risk indicators to measure sustainability risks. Key risk indicators may be of a quantitative or qualitative nature that are based on ESG aspects and serve to measure the risk of the aspects under consideration. According to the ESG Policy and the ESG information and data collected during the monitoring of Portfolio Companies Funder carries out an annual ESG assessment on each Portfolio Company, eventually with the support of an external advisor with specific expertise in verifying the ESG compliance (the "ESG Advisor"), for the purpose of assessing its current level of ESG compliance and the improvements (or any lack thereof) (the "ESG Annual Report"). The ESG Annual Report is made available to the Investors at the registered office of the Fund.

Details on art.8 classification

The Fund promotes environmental and social characteristics, preferring to invest in AI-based SME that prioritize positive environmental and social impacts alongside financial returns. The Environmental characteristics promoted by this financial product are, as an example, linked to investment in SMEs that will implement or develop (applications/services or infrastructure):

- Advanced Manufacturing Technologies which allow Integration of new technologies to optimize production processes and reduce material waste and implementation of energy efficient automation systems
- Robotics and Automation Solutions which support development of automated systems that improve quality control, reducing defects and waste
- MRO (Maintenance Repairs and Operations) solutions which support predictive maintenance systems extending equipment lifecycle and reducing environmental impact

On the Social side, the Social characteristics promoted by this financial product are, as an example, linked to investment in SMEs that will implement or develop (applications/services on infrastructure):

- Robotics and Automation Solution which, also, supports development of automated systems that improve workplace safety and ergonomics
- Digital transformation through AI applications and infrastructure investments, which allows
    - Social advancement through digital inclusion

- Enhanced cybersecurity and privacy protection

The Fund's environmental and social characteristics are promoted through implementing an investment strategy that includes:

- Negative selection. The Fund may not invest in companies that are involved (or that directly or indirectly control other companies involved) in one or more of the following sectors (i.e. 'excluded sectors'):
  - an illegal economic activity (that is, any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant investment, including without limitation, human cloning for reproduction purposes)
  - the production of, and trade in, tobacco and related products
  - the production of, and trade in, weapons and ammunition of any kind
  - casinos and equivalent enterprises
  - the research, development or technical applications relating to electronic data programs or solutions, which: - aim specifically at supporting any activity referred to under points above, internet gambling and online casinos, or pornography; or are intended to enable to illegally enter into electronic data networks or download electronic data.
- Positive selection. In line with the asset allocation, the Fund through the AIFM and the Advisors carries out scouting, investment, monitoring and divestment of the Fund's assets by integrating ESG elements into the investment process. Ex-ante, the Fund performs an ESG due diligence activity also on the basis of the analyses carried out by specialised external professionals in order to identify any areas of risk and criticality; during the holding period, a yearly monitoring activity is also put in place in order to assess the ESG performance of the portfolio companies over time.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

No specific index has been designated as a benchmark to determine whether the Fund is aligned with the environmental and social characteristics it promotes.

Compliance with the environmental and social characteristics promoted by this financial product is measured through an ESG Assessment throughout the investment process (due diligence, holding and exit phase) performed by external providers, which involves target companies of the Fund. The main output of the ESG Assessment process consists in a synthetic judgment on company's ability to manage environmental, social and governance issues. The target company collects the necessary data and supporting documents on different topics related to the environmental, social and governance components. The information provided are subsequently elaborated to obtain an indication of the target company's overall ESG performance. More specifically, the ESG assessment process is based on the analysis of a set of key performance indicators (for all E, S and G areas) which are examined through a comparison between target company results and overall sector performance. The Social and Governance areas will be compared with the performance obtained by the company regardless of the sector it belongs to. On the other hand, the environmental components are assessed according to a sectoral logic that guarantees an accurate parameterization of the indicators considered.

The Fund does not take into account the Principle Adverse Impact Indicators on sustainability factors in accordance with Regulation (EU) 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.