

Sviluppo Sostenibile

The **ESG Committee** of Sviluppo Sostenibile is an advisory body supporting the Board of Directors which integrates the presentation of investment proposals with an ESG perspective and provides an opinion on the consistency of the investment with the Fund's ESG policy. This approach defines target companies from time to time, to guarantee the **pursuit of the Fund's sustainable and responsible investment objectives**.



ESG CHAMPION
DARIO BRICHESE
Associate

Tol

Tol2

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CCR

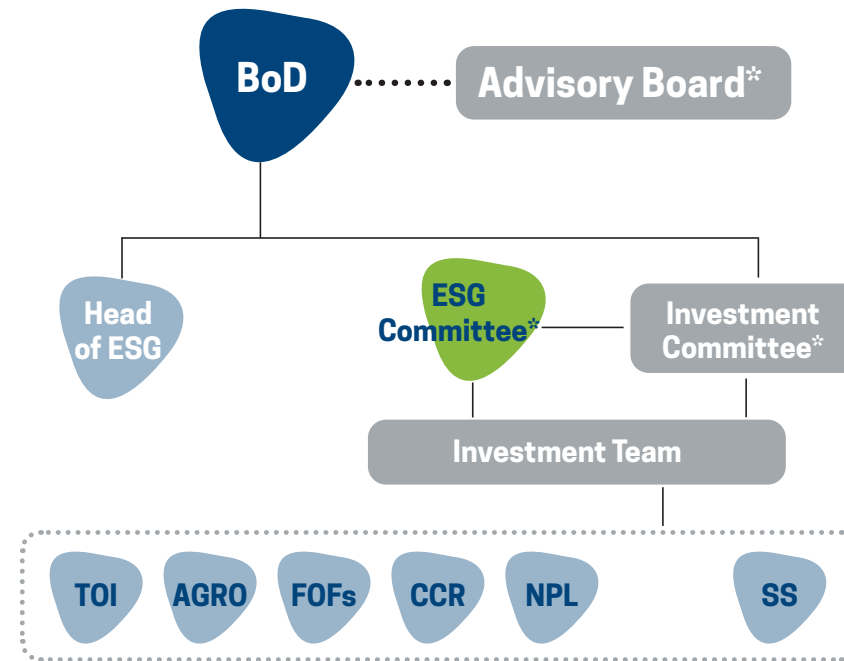
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The ESG Committee is composed of **5 members**, mostly independent and in charge for three years, appointed by the SGR. All members are selected considering the **specific experience** gained in the assessment and management of ESG issues as well as responsible investments, in multisector industrial contexts including services, asset management and research. The Fund's Managing Directors and other team members are invited to attend the ESG Committee meetings and any relevant third party needed to support the **discussion of specific ESG issues**.



*Advisory body

- ToI
- ToI2
- SS**
- AGRO
- CCR
- FC
- FOF
- NPL

Sviluppo Sostenibile | ESG highlights



ENVIRONMENTAL



Zephyr - Signed an agreement with its main energy provider to receive electricity **100%** generated from **renewable energy** sources



Magic - Launched new product (**Compad**) to promote the recycling of domestic organic waste, already a finalist for the **2023 Packaging Oscars** as Best Primary Packaging



Tecnoplast - Joined the **PrintReleaf** initiative



SOCIAL



OMB Saleri - Received the UNIPDR125:2022 certification on **gender equality**, confirming OMB's commitment to DE&I issues



Magic - adopted **accident insurance** policy and **performance bonus** for employees



GOVERNANCE



Ledworks - Started the activities to adopt the of **Organizational Model 231** and the **whistleblowing** channel



Tecnoplast - Adopted the **Organizational Model 231** and set up **whistleblowing** channel

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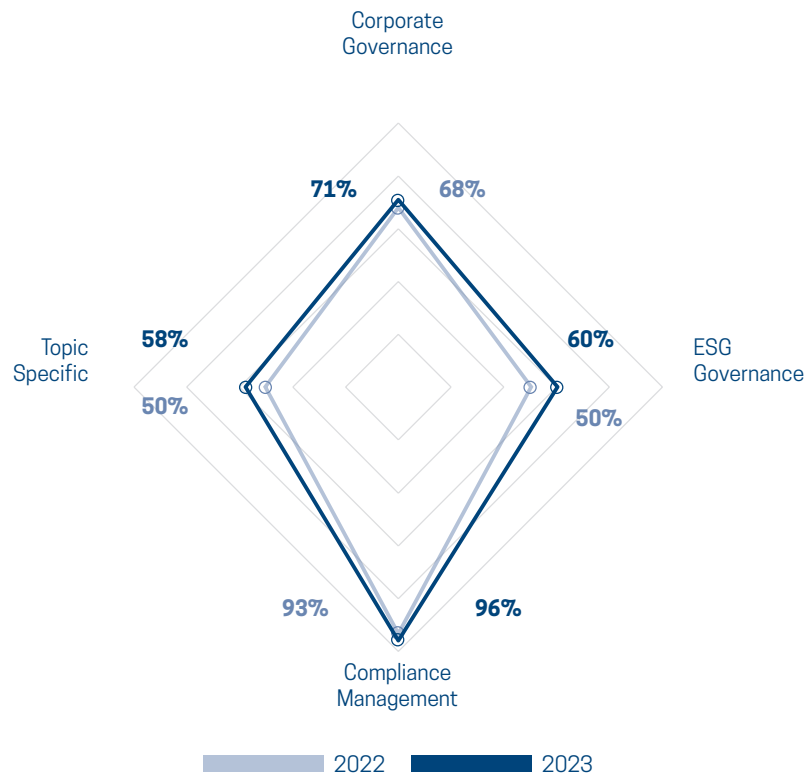
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VCT ESG Maturity results

OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

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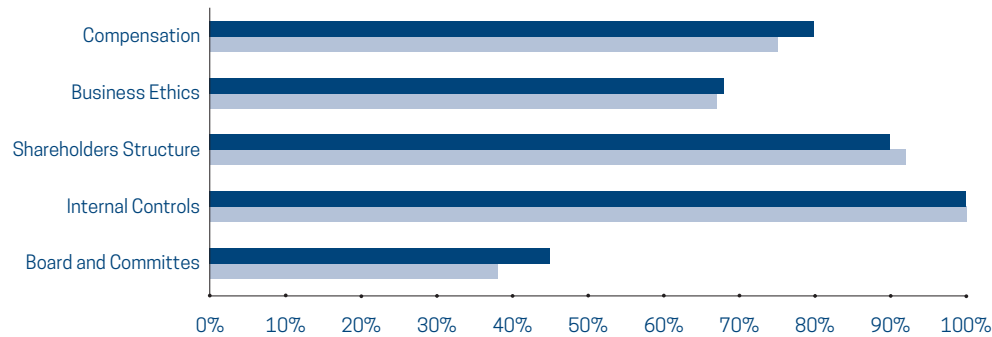
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VCT ESG Maturity results

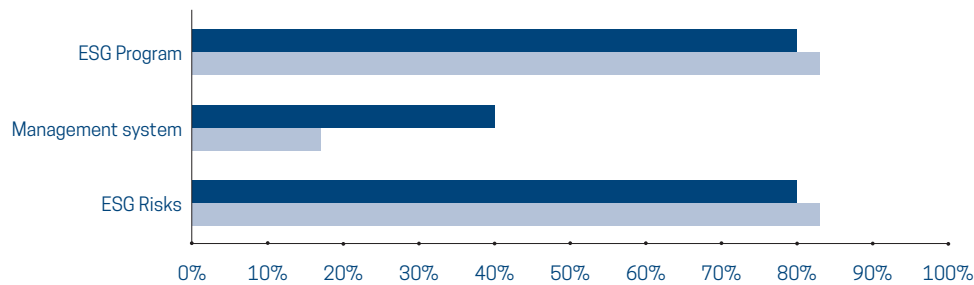
1. CORPORATE GOVERNANCE (2022 VS 2023)



› **Key Highlights:**

- Almost all companies have CEO and President as separate figures
- Almost all companies have a % of independent members on the board of directors of less than 20%
- All companies have a board of auditors
- Almost all companies have a code of ethics

2. ESG GOVERNANCE (2022 VS 2023)



› **Key Highlights:**

- All portfolio companies have an ESG policy/statement (even if only partial)
- Less than half of the companies have an environmental/H&S management system
- All companies include ESG risk at least partially within their risk management systems

2022 2023

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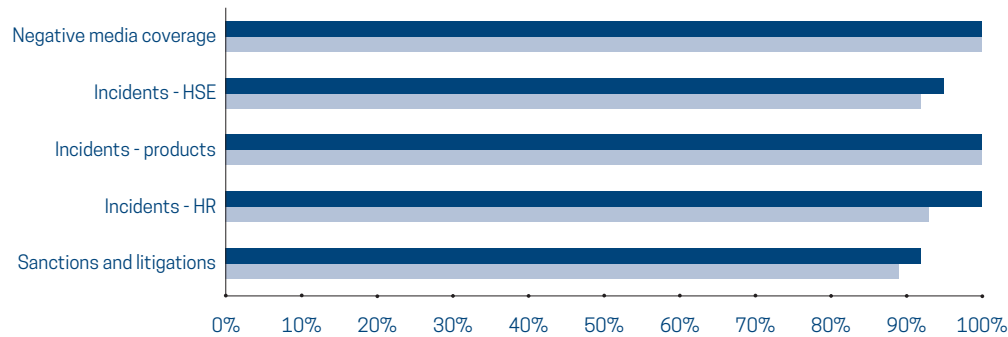
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VCT ESG Maturity results

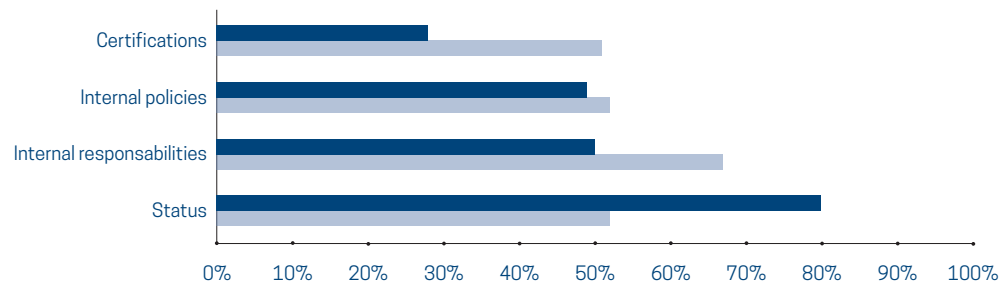
3. COMPLIANCE MANAGEMENT (2022 VS 2023)



Key Highlights:

- All companies (except Ledworks) have a compliance monitoring system
- No company has suffered any sanctions, claims or lawsuits
- Only OMB Saleri is located on/near contaminated sites, but this is appropriately managed by the company and does not affect the quality of products/services
- None of the companies have been subject to negative ESG campaigns

4. TOPIC SPECIFIC (2022 VS 2023)



Key Highlights:

- More than half of the companies have at least one environmental or social certification
- 3 out of 5 companies (Zephyr, OMB Saleri and Tecnoplast) have a person responsible for the various environmental and social areas
- An ESG Action Plan has been started in all companies

2022 2023

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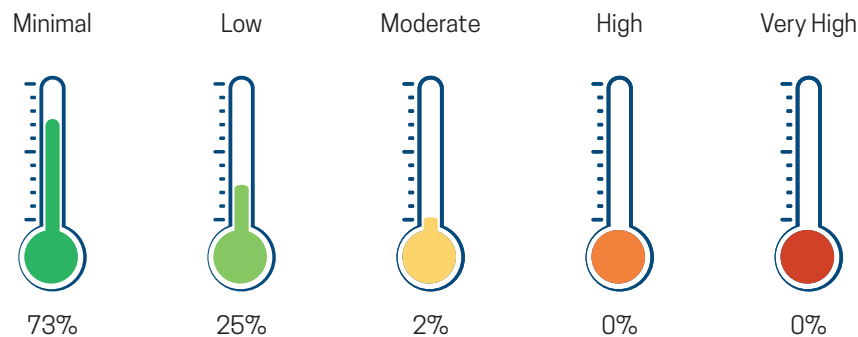
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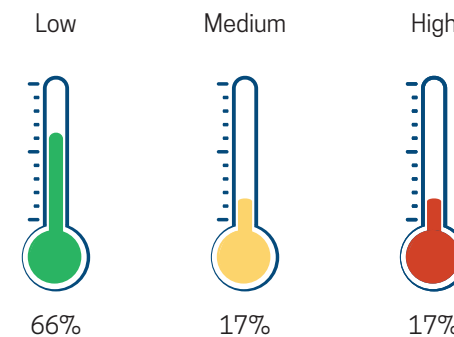
A **Climate Risk assessment** has been carried out for all **Article 8 Funds**. The results indicate the different percentages of risk levels for **Physical Risks** (average of current and future) and **Transition Risks** for the Sviluppo Sostenibile Fund, based on the results of the **scenario analysis** conducted.

Physical Risks



- All Sviluppo Sostenibile companies do not appear to be exposed to physical risks in all time intervals for any of the scenarios analyzed.
- Some of the Portfolio Companies resulted to have a "Moderate" risk level in "Extreme Heat" and "Water stress & drought".
- None of the portfolio companies are exposed to risks such as "River flooding", "coastal flooding", "extreme winds", and "rainfall-induced landslides".

Transition Risks



- Overall, the Fund's transition risk is low.
- Ledworks and Tecnoplast: moderate transition profile, exposed to stricter environmental policies and risks related to brand and reputation if they fail to align with stakeholder expectations on climate change.
- Zephyr is the only company exposed to Market & Technology risk, linked to the transition towards lower-emission technologies, imposing additional costs to remain competitive.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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Zephyr Group is one of the main European companies active in the distribution of spare parts for merchant ship engines and slow ferries, and engines active in power plants. Thanks to the acquisition of a Spanish competitor (SKV) and the acquisition of a Dutch competitor "PK OEM", Zephyr Group consolidated its leadership position in Europe among independent distributors.



Investment
**JUNE
2021**

Every year Zephyr Group serves more than 2,000 client, thanks to its high product know-how and level of service which makes the group a point of reference in the sector. The turnover is generated mainly in Italy, Spain, Northern Europe, and Latin America.

After DeA's investment in 2021, Zephyr Group started adopting best-practice actions in governance, with the establishment of a Board of Directors, introducing a long-term incentive plan for key management and, following the ESG Action Plan, implemented the corporate organizational and management model as per the Italian Legislative Decree 231/2001.

Among the 2023 ESG activities:

- Established the Sustainability section on the website and shared the Sustainability Policy;
- Continued the engagement in the Sustuntech project, a consortium of companies from the marine sector working together to support the reduction of GHG emissions linked to fishing activities;
- Signed an agreement with its main energy provider to receive electricity 100% generated from renewable energy sources;
- Started a collaboration with local high schools to support work/school partnerships and offering of internships to young talents;
- Supported the "Sport for All at School" initiative to promote sports activities among young students.



ESG MANAGER
EMANUELE SANGUINETI



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OMB SALERI SOCIETA' BENEFIT

OMB Saleri was founded over 40 years ago as a manufacturer of gas safety valves for domestic use. Over the years, OMB specialized in high-pressure valves, establishing itself as a primary operator in LPG and natural gas (CNG / LNG) for automotive and, since 2012, as a technological leader in valves and pressure regulators for hydrogen applications.



Investment
**AUGUST
2021**

OMB Saleri is a company devoted to innovation with a cutting edge manufacturing and has become the reference partner for leading transportation OEMs (including Trucks, Buses, Trains, Airplanes) and TIER 1 system integrators. OMB generates most of its revenues in foreign markets, including but not limited to United States, India, Egypt, China.

In April 2022, OMB officially entered in the Aerospace business through a partnership with Safran, as part of the agreement signed by Airbus and CFM International (CFM) to work together on a hydrogen program, which aims to decarbonize the Aerospace industry using hydrogen in airplanes' engines: the first flight tests are expected as early as 2025.

Among the 2023 ESG activities realized by OMB Saleri:

- Received the UNIPDR125:2022 certification on gender equality, confirming OMB's commitment to DE&I issues;
- Recognized as a "Company that promotes health" within the #WHP Workplace Health Promotion project. The acknowledgment stems from the good practices implemented at OMB to encourage healthy lifestyles among its collaborators;
- Participated in the opening of the "European Platform of Diversity Charters Meeting," organized by Fondazione Sodalitas in collaboration with the European Commission. The event is dedicated to highlighting the decisive contribution of organizations in building a society free from prejudices and capable of inclusion. OMB is among the 52 Italian companies featured in the report "D&I in the workplace: Italian companies' good practices," which showcases the best practices on Diversity - Equity and Inclusion;
- Participated in the PMIDAY project organized by the Small Industry Committee of Confindustria Brescia. PMIDAY aims to promote and disseminate a culture of work in educational institutions.



ESG MANAGER
GIOVANNA MONTIGLIO



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twinkly LEDWORKS

Founded in 2016, Ledworks makes and distributes smart light products under the brand Twinkly for indoor and outdoor decoration. Twinkly's products feature the ability to map and control each individual light spot in space via smartphone camera (proprietary and patent-protected technology), thus enabling the creation of animations of lights and colors.



Investment
SEPTEMBER
2022

Twinkly business has grown rapidly in recent years thanks to its innovative technology and its premium positioning, exporting more than 90 percent of its sales on international markets (to mainly the United States and Canada). End-markets served include the Festivities segment, followed by smart decorative lighting solutions with applications in Professional and Home Design.

Ledworks is also expanding and diversifying its product range, having successfully launched several partnerships in the Gaming & Entertainment business with the likes of Razer and HP Gaming.

Among the 2023 ESG activities:

- Started the activities to adopt the Organizational Model 231 and the whistleblowing channel;
- Attended universities job fairs to recruit fresh graduates from STEM disciplines;
- Actively participated in the LGBTQ+ Pride events in New York and Rome with dedicated installations.



ESG MANAGER
LARA BATTISTELLA



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MAGIC

Magic S.p.A. manufactures non-woven absorbent products for the food packaging, medical, and personal care sectors: innovative and eco-friendly materials.



Investment
**APRIL
2023**

Each domain demands products with tailored absorption capabilities, a challenge to which Magic dedicates its efforts.

Between 2016 and 2020, the company invested 10,500 hours (about 1 year 2 and a half months) in research and development, testing different materials, simulating processes, analyzing, and comparing results. This process of continuous research led to the industrialization of Spongel, the first organic, compostable super-absorbent powder, and laid the foundation for the company's future products.

In 2020, the plant was enhanced with a dedicated line to produce Airgel, a biodegradable Spongel-based non-woven fabric. This expansion marked a significant milestone in Magic's recent history, transitioning from converters to producers of airlaid materials.

Among the 2023 ESG activities:

- Achievement of ISO 14001 certification, which certifies a sustainable environmental management model;
- Conducted Life Cycle Assessment (LCA) analysis on the company's two main products (Spongel and Airgel);
- Launch of a new product (Compad) with the aim of promoting the recycling of domestic organic waste, already a finalist for the 2023 Packaging Oscars as Best Primary Packaging;
- Accident insurance policy and performance bonus for employees.



ESG MANAGER
MARA GALLI



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Tecnoplast was founded in 2003, when Enzo Cammillini decided to launch a new business venture, convinced that PVC was the future of window frames. The company was formed in Urbino, initially in a workshop just a few square meters in size: and in just twenty years it has become one of the most important Italian manufacturers of PVC aluminium windows.



Investment
**SEPTEMBER
2023**

In 2021 Tecnoplast moved to Pesaro, with a surface area covering 40,000 m² to satisfy emerging growth requirements and a well-organised, professional production plant capable of delivering more than 600 windows a day and able to offer a full range of windows realized with the highest level of manufacturing quality.

Among the 2023 ESG activities:

- Developed an ESG Action Plan;
- Adopted the Organizational Model 231 and set up the whistleblowing channel;
- Joined the PrintReleaf initiative, the industry leader in automated environmental offsets. If your business prints on paper or uses fiber-based materials, PrintReleaf enables you to offset your environmental impact through certified reforestation and carbon offset projects;
- Semi-annual monitoring of employee satisfaction conducted by Tecnoplast through a questionnaire;
- Designed and implemented the External and Internal Mobility Plan to guarantee the highest standards of workers' safety.



ESG MANAGER
VALENTINA OLIVIERI



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