

SUSTAINABILITY REPORT

RIELLO INVESTIMENTI SGR 2025

data as of 31.12.2024

Reading note

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SUSTAINABILITY AT RIELLO INVESTIMENTI SGR

Since 2020, Riello Investimenti SGR has adopted a Sustainability Policy, under which it has implemented several initiatives following a solid and formalized approach.

At the foundation of this framework lies the conviction that, as a private markets investor, Riello Investimenti SGR has a fiduciary duty to act in the best interest of its investors through investments aimed at generating sustainable, long-term value, both from an economic standpoint and from a social and environmental perspective. To achieve this objective, the SGR has deemed it essential to integrate ESG (Environmental, Social and Corporate Governance) analysis into its management process, through ESG Integration. Incorporating these aspects into investment decision-making allows for the alignment of investors' interests with the company's broader objectives, within a framework of shared, long-term value creation.

At the same time, the SGR voluntarily undertakes a number of initiatives in the field of social responsibility, with the aim of pursuing an ESG-driven model in its own corporate management, consistent with the same approach applied in the analysis and selection of investments for its funds.



Riello Investimenti SGR has developed a series of initiatives addressing its key stakeholder groups – employees, investors, and suppliers – with a focus on the areas of sustainability that are most material for an asset management company.

The firm is a signatory of the Principles for Responsible Investment (PRI) and a member of the Italian Sustainable Investment Forum. As further recognition of its active role, a representative of Riello Investimenti SGR has been elected to the Forum's Board of Directors for the 2023–2025 term.

This report provides an overview of the initiatives implemented by the company in its role as a financial services and investment operator.

**THE IMPACT OF
RIELLO INVESTIMENTI SGR
ON THE ITALIAN REAL
ECONOMY**

SDGs Directly Pursued BY RIELLO INVESTIMENTI



SDGs FOR THE ENVIRONMENT MANAGEMENT COMPANY



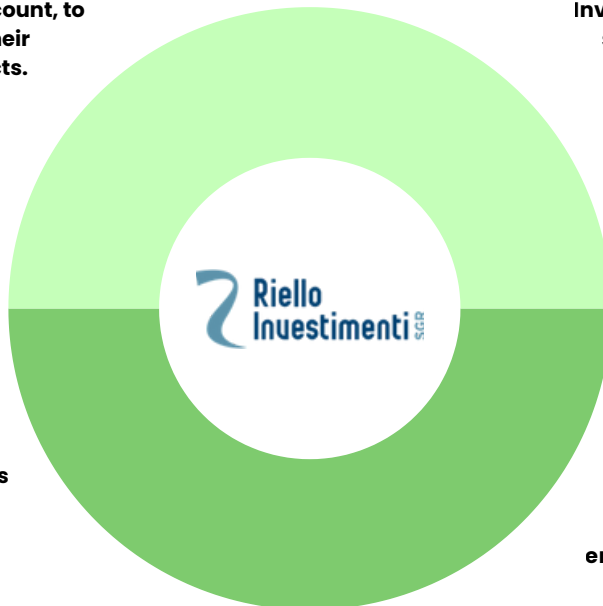
In the selection of suppliers, Riello Investimenti takes into account, to the extent possible, their environmental impacts.

As a service company, Riello Investimenti does not generate significant CO₂ emissions.



100%

Electricity from Renewable Sources Used by Riello Investimenti in Its Office



100%

Elimination of Plastic Bottles
The office is equipped with a water purification system connected to the municipal water supply, which has enabled the elimination of plastic bottles and reduced the ingestion of microplastics.

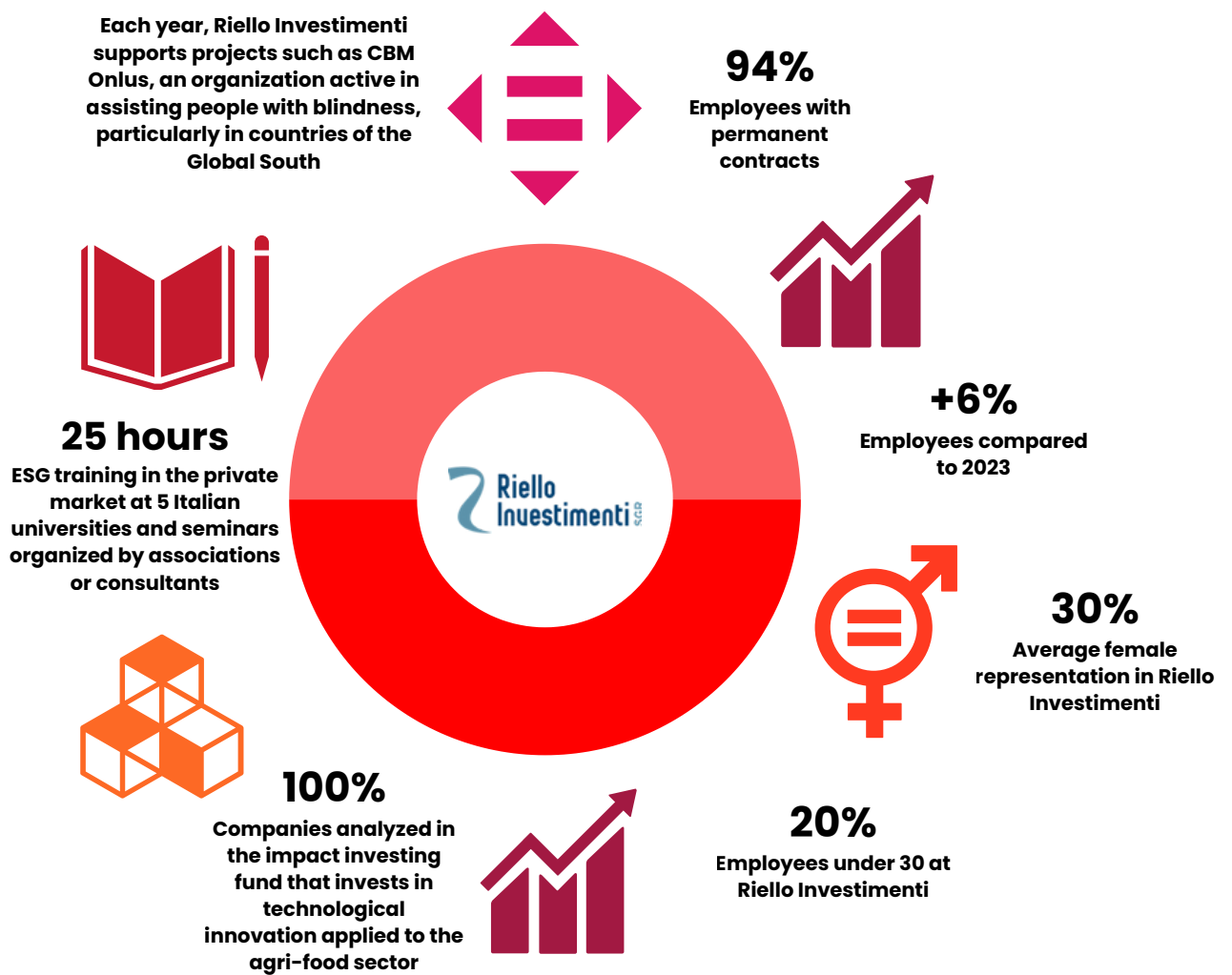


100%

Use of Glass or Compostable Cups, Porcelain or Compostable Coffee Cups, and Stainless Steel Cutlery



SDGs FOR SOCIAL MANAGEMENT COMPANY



SUSTAINABILITY PARTNERSHIPS

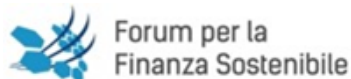
2020

Riello Investimenti becomes a signatory to the PRI (Principles for Responsible Investment)



2021

Riello Investimenti becomes member of Forum per la Finanza Sostenibile



2022

Riello Investimenti actively participates in working groups and later becomes a member of the ESG Committee.



THE IMPACT OF MANAGED FUNDS ON THE REAL ECONOMY

Riello Investimenti SGR, through its funds Italian Strategy (Private Equity III), Impresa Italia II (Private Debt) and Linfa (Venture Capital), creates a positive impact on Italy's real economy.

2223

**Total number of
employees across the
Portfolio Companies**



+19%
Compared to 2023

€645

**Aggregate revenue (in
millions) of the Portfolio
Companies**



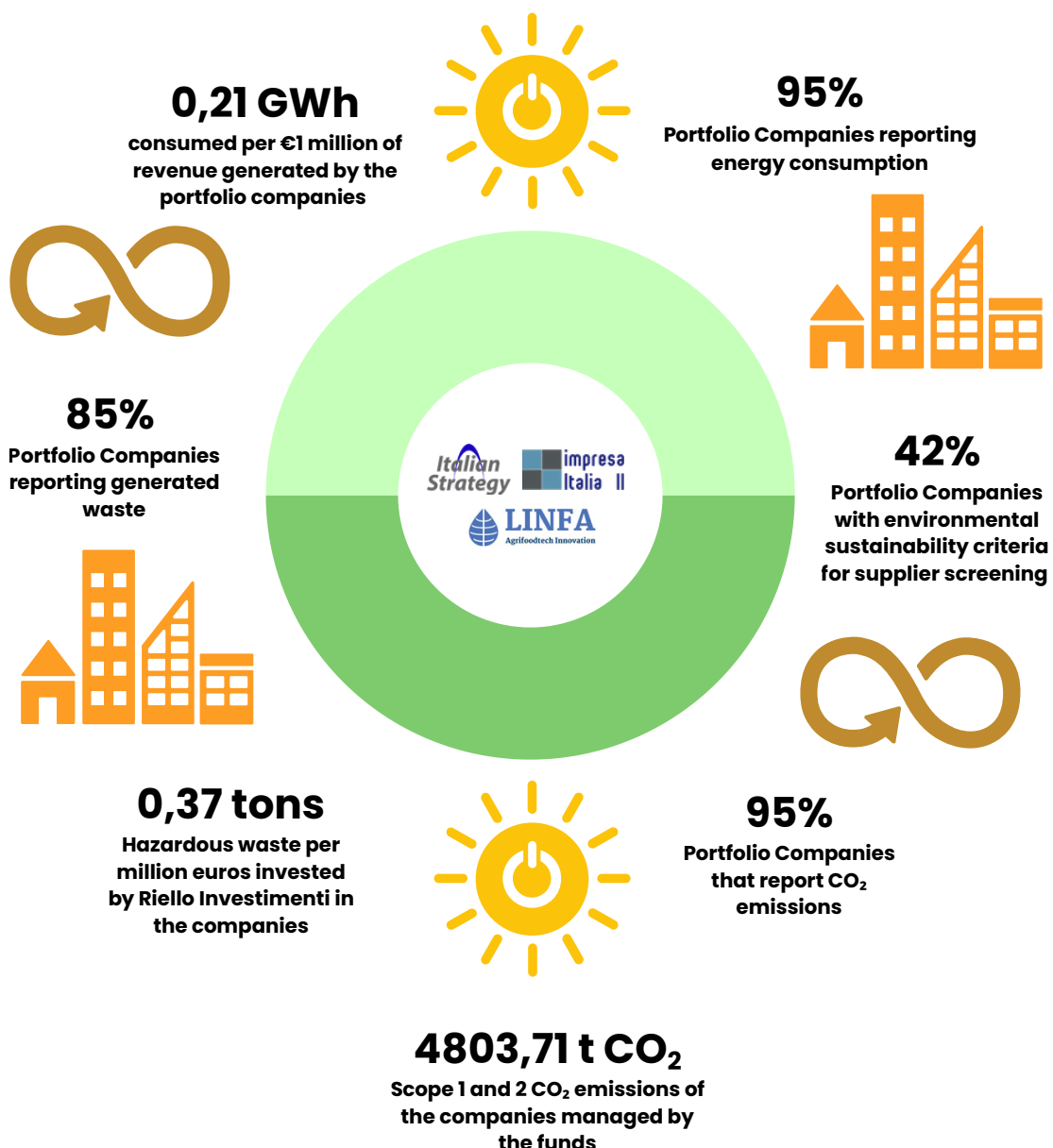
+4%
Compared to 2023



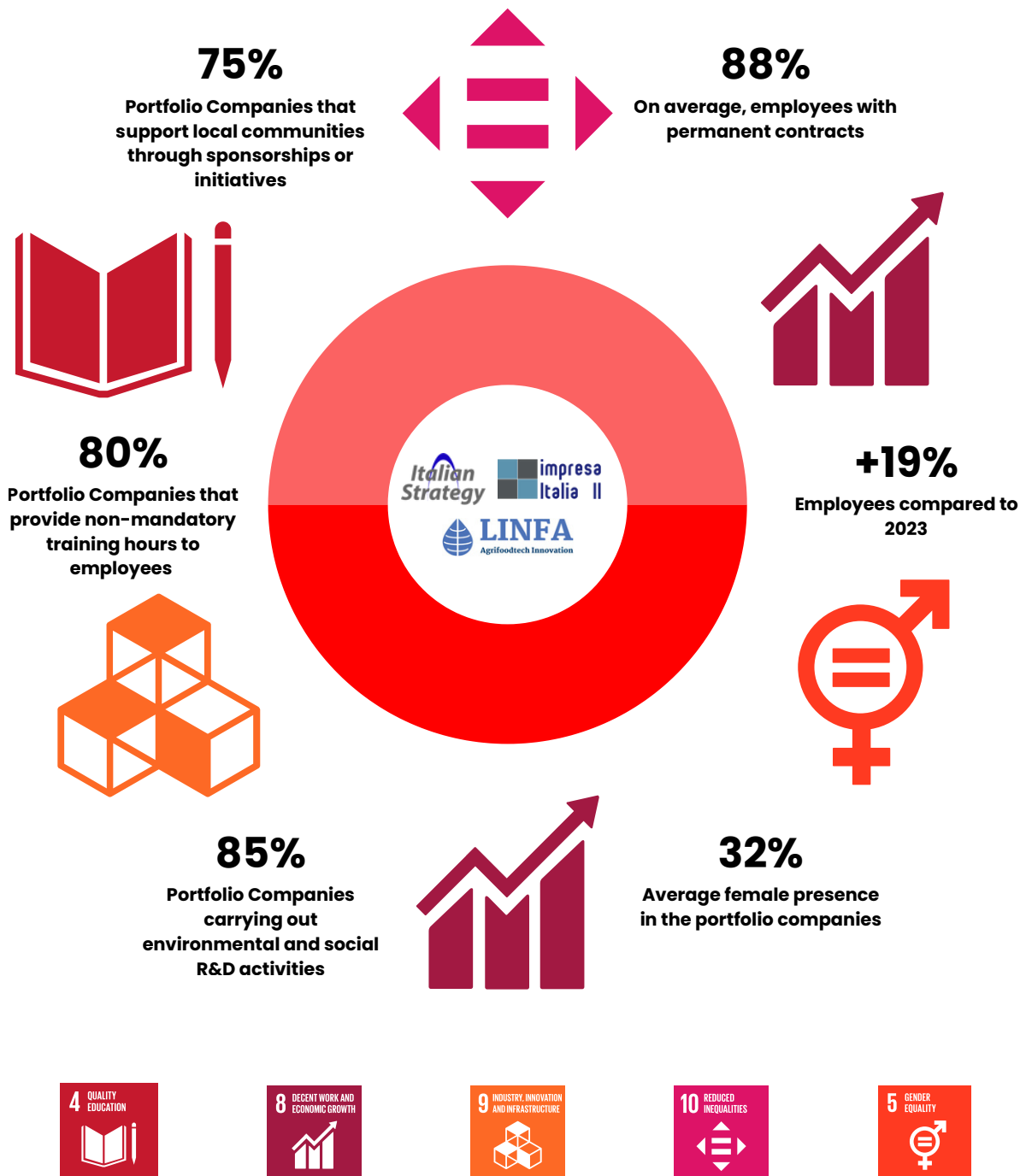
SDGs Directly Pursued BY MANAGED FUNDS



SDGs FOR THE ENVIRONMENT PORTFOLIO COMPANIES



SDGs FOR SOCIAL PORTFOLIO COMPANIES



ENGAGEMENT POLICIES

For Riello Investimenti SGR, sustainability is an important driver of value creation as well as a fiduciary duty towards its investors and stakeholders. Engagement policies are primarily implemented through active engagement with the companies.



Given the nature of the investments (equity stakes in private equity and subscription of bond loans in private debt), dialogue and engagement are particularly direct and significant.

From a methodological perspective, in compliance with the Sustainable Finance Disclosure Regulation (SFDR), Riello Investimenti SGR takes into account the Principal Adverse Impacts (PAIs) on sustainability factors, implementing the following measures:

- Exclusion from its investments of companies operating in controversial sectors (including the production and trade of weapons, gambling, tobacco, pornography, etc.), in highly polluting industries, and in companies that do not comply with international conventions or violate human rights.
- Inclusion of specific questions related to the quantification of various indicators in the initial ESG screening questionnaires and in the periodic ESG assessment.
- Engagement with the investee companies for the active management of sustainability factors.

As of June 30 each year, Riello Investimenti SGR publishes on its website the PAI disclosure as of December 31 of the previous year, with reference to the funds launched since 2019, namely Italian Strategy, Impresa Italia II, and Linfa.

https://www.rielloinvestimenti.it/pdf/dichiarazione_pai_2025_quantitativi.pdf

SUSTAINABLE INVESTMENT STRATEGIES APPLIED BY RIELLO INVESTIMENTI SGR

Riello Investimenti SGR’s approach to sustainability follows several sustainable investment strategies:

EXCLUSION	ESG INTEGRATION	ENGAGEMENT
<p>Exclusion of controversial sectors (weapons, tobacco, gambling, etc.), energy-intensive and/or high CO₂-emitting industries, and other activities as specified in the Fund’s Regulation.</p>	<p>The ESG Integration strategy involves the assessment of environmental, social, and governance aspects throughout all stages of the investment process; in practice, we conduct qualitative and quantitative analyses of companies through questionnaires and dedicated meetings.</p>	<p>Ongoing and direct dialogue with the target company to achieve the predefined sustainability objectives and the environmental impact KPIs identified during the Due Diligence phase.</p>

In 2024, with the launch of the Linfa fund, Riello Investimenti SGR also activated its impact strategy.

IMPACT INVESTING
<p>Impact strategies generate a positive and measurable social and environmental impact, in addition to financial returns.</p> <p>We assess impact using four impact principles: intentionality, measurability, relevance, and additionality.</p>

ESG INTEGRATION PROPRIETARY MODEL

Riello Investimenti SGR has developed a proprietary model for ESG analysis and assessment of portfolio companies or issuers, complementing traditional financial risk-return analyses, with the aim of identifying and evaluating the different levels of ESG-related risk of a company and monitoring its current or prospective sustainability performance.

The integration of sustainability factors into investment decisions (ESG Integration) entails the consideration of ESG aspects throughout all stages of the process, by evaluating the adverse impacts of investment decisions on sustainability factors, across the following areas of action:

EXCLUSION	DUE DILIGENCE	ENGAGEMENT	MONITORING	REPORTING
Exclusion of controversial sectors (weapons, tobacco, gambling, etc.) and companies presenting severe sustainability risks.	ESG screening questionnaire and dedicated meetings with the company. Identification of: risks, opportunities, and potential improvements.	Ongoing and direct dialogue on identified improvement objectives. Thanks to its role with portfolio companies, Riello Investimenti SGR is able to exert a significant level of influence.	Annual quantitative and qualitative evaluation of KPIs through a questionnaire and dedicated meetings with the companies.	Investors receive periodic reporting on the objectives achieved by the companies and by the fund on a year-on-year basis.

PRE-INVESTMENT ANALYSIS

The ESG screening model for target companies is applied during the due diligence phase prior to the approval of an investment and forms an integral part of the documentation supporting the final decision.

The ESG screening is formalized in a written document prepared by the ESG function and is aimed at achieving the following specific objectives:

- To provide an additional level of analysis during the selection of investee companies, with the aim of identifying and assessing potential environmental, social, and governance risk factors that may become critical in the investment decision, assuming equal results from the economic and financial analysis.
- To identify value creation opportunities arising from the effective management of ESG aspects and from the design, production, or commercialization of products

and services aimed at delivering environmental and social benefits;

- To identify potential areas of improvement in the ESG governance and management models adopted by the company, through an engagement process carried out by the Asset Management Company during the holding period.

The ESG screening methodology is inspired by the main ESG rating systems and by best practice experiences in ESG due diligence at the international level. The model provides for a differentiated evaluation, both quantitative and qualitative, of the items depending on their nature. The final outcome is a score, calculated both in disaggregated form by individual topic and in aggregate form by pillar.

The analysis method is consistent with the ESG assessment model applied annually to portfolio companies, of which it represents a preparatory element.

MONITORING DURING THE INVESTMENT PERIOD

Starting from the investment, each company is subject to annual monitoring.

The ESG assessment model applied to portfolio companies has the following objectives:

- 1.Enable the assessment of how portfolio companies manage ESG issues and the results achieved;
- 2.Promote the strengthening of internal ESG expertise within the company;
- 3.Support the SGR's engagement with portfolio companies on ESG matters and the definition of strategic sustainability objectives;
- 4.Provide the methodological and informational basis for reporting the ESG performance of the companies.

The ESG evaluation methodology is based is aligned with the main international standards for non-financial reporting and, in its overall approach, is consistent with the leading ESG rating systems.

The evaluation topics related to the E-S-G pillars are applied to individual companies according to a sectoral materiality matrix, reflecting the different level of relevance ('materiality') of each topic in relation to the specific characteristics of a sector, its production processes, and the related environmental and social impacts.

The evaluation metrics represent the parameters used to assess how the target companies manage ESG issues and the results achieved.

The model includes six different types of metrics, both qualitative and quantitative in nature, selected on the basis of a critical analysis of the main ESG rating and evaluation systems:

- 1 Tangible actions implemented by the company to improve the management of environmental, social, and governance (ESG) issues**
- 2 Objectives and targets, defined as planned initiatives for the following year.**
- 3 Policies and formal controls on environmental, social, and governance (ESG) issues.**
- 4 Certifications in the three E-S-G pillars**
- 5 Quality in the measurement of specific KPIs**
- 6 Environmental, social, and governance performance, defined as the trend of the KPI analyzed.**

The selection of the six metrics was carried out taking into account the applicability of their respective contents to the reality of Italian SMEs, which by their nature are characterized by a lower propensity to formalize policies and procedures and by a more limited use of non-financial reporting systems compared to large companies listed on regulated financial markets.

Each metric is assigned a numerical score based on different evaluation methods, either purely quantitative or both qualitative and quantitative.

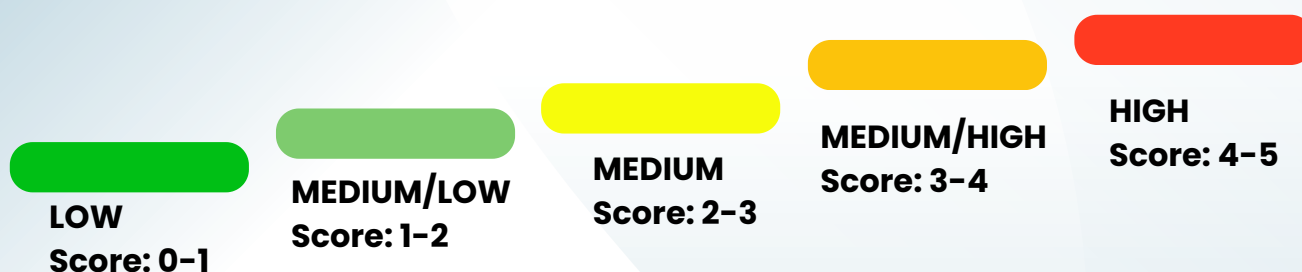
CLIMATE AND ENVIRONMENTAL RISKS

As of 2024, Riello Investimenti SGR enhances its Sustainability Report by introducing a dedicated section on climate and- environmental related risks, with specific reference to physical risks, their potential impacts and transition risks.

For physical risk, both hydrogeological risk and seismic risk are considered. Data on hydrogeological risk are provided by ISPRA – IDROGEO Platform, while seismic risk data come from the Civil Protection Department.

With regard to the impact of physical risk and transition risk, a model developed in collaboration with the consultant Altis Advisory – a spin-off of Università Cattolica – is applied. This model calculates the impact of physical risk on the company, taking into account the type of activity carried out, and identifies the level of risk to which the company is exposed in relation to the requirements of the energy transition.

The score is placed on a scale ranging from a minimum of 0 to a maximum of 5. The scale is divided into 5 equally spaced levels, as follows:





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