



Statement on principal adverse impacts of investment decisions on sustainability factors

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Transparency of adverse sustainability effects at the subject level – Art. 4 SFDR Regulations

Financial market participant: ITAGO SGR S.p.A.

Summary:

As part of its commitment to promote a responsible investment process, ITAGO SGR (hereinafter "ITAGO" or the "SGR") considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors.

The present consolidated principal adverse sustainability impacts statement covers the reference period from the 1st of January 2022 to the 31st of December 2022. Reporting boundaries include Portfolio Companies (PCs) present within ITAGO IV Fund in 2022¹. The structure of the declaration is aligned to the latest guidelines provided by *Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council* (hereinafter "Regulatory Technical Standards - RTS")².

According to EU Regulation 2019/2088³, the Principal Adverse Impacts are defined as the "negative effects, material or likely to be material on sustainability factors that are caused, aggravated by or directly linked to investment decisions and advice performed by the legal entity".

ITAGO intends to consider and effectively mitigate, where necessary, the Principal Adverse Impacts (PAI) generated by its portfolio companies (PCs) on the sustainability factors. In order to assess, monitor and prioritize the PAIs, the SGR has developed a proper policy (i.e., Policy ESG), procedure and tool which allow to collect and monitor PCs ESG performance including information needed to calculate the 14 mandatory PAIs and one voluntary environmental and social indicator based on their materiality for the investee company's business operations, geographic locations and size.

Description of the principal adverse impacts of investment decisions on sustainability factors

ITAGO monitors all mandatory PAIs and two additional indicators from those listed in Table 2 and 3 of Annex 1 of the RTS (i.e., *13. Non-recycled waste ratio* and *3. Number of days lost to injuries, accidents, fatalities or illness*). The list of monitored PAIs is reported in the table below.

¹ Please note that reported data on PAI include the following ITAGO IV Portfolio Companies: SR Mechatronic S.r.l., Operamed S.r.l., Teknoice S.r.l. present within the Portfolio during the FY2022. The Company Eco-Techno Srl has been excluded from the reporting perimeter, since it was acquired by ITAGO IV in December 2022.

² Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

³ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

Indicators applicable to investments in investee companies					
<i>Adverse sustainability indicator</i>	<i>Metric</i>	<i>Impact (year 2022)</i>	<i>Explanation</i>	<i>Actions taken, actions planned, and targets set for the next reference period</i>	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS⁴					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	17,21	33% of Fund's PCs monitor its Scope 1 GHG emissions (1 PC). The rest of the PCs (2 PCs) have limited Scope 1 GHG emissions' impact as they do not perform production activities (they are engaged in assembly and engineering activities).	ITAGO IV intends to support its Portfolio Companies in calculating their Scope 1 and Scope 2 GHG emissions. In addition to monitoring and data availability purposes for the next PAIs reporting cycle, the goal is to define a baseline and work on GHG emissions' reductions initiatives/energy efficiency initiatives (where material). Once Scope 1 and Scope 2 GHG emissions will be calculated, ITAGO will evaluate the support to PCs to calculate their Scope 3 GHG emissions, according to a materiality criteria (e.g. focusing on PCs that externalize production).
		Scope 2 GHG emissions	-	Fund's PCs monitor energy consumption but they have not yet calculated their Scope 2 GHG emissions.	
		Scope 3 GHG emissions	-	Fund's PCs have not yet performed an estimation of their Scope 3 GHG emissions.	

⁴ Please note that for some climate and other environment-related indicators, it has not been feasible to obtain complete data from investees since they were not available. Specifically, no data were available for the following PAIs: 1. GHG Scope 2 emissions, 2. Carbon footprint and 3. GHG intensity of investee companies. Moreover, the data coverage (which indicates the share of investments in the portfolio in relation to which the adverse impact on sustainability factors could be calculated) for the PAI indicator "Scope 1 GHG emissions" is equal to 33% (i.e. 1 out of 3 Portfolio Companies, provided this data) and "share of non-renewable energy consumption and production" is equal to 66% (i.e. 2 out of 3 Portfolio Companies, provided this data).

		Total GHG emissions	-	see answers above	see answers above
	2. Carbon footprint	Carbon footprint	-	see answers above	see answers above
	3. GHG intensity of investee companies	GHG intensity of investee companies	-	see answers above	see answers above
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	None of the PCs is active in the fossil fuel sector.	n.a.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	53,24 ⁵ %	One of the fund's PCs purchases part of its electricity through a contract covered by Certificates of Origin. The rest of the PCs purchases electricity through standard contracts.	66% of the Fund's PCs have developed an ESG Action Plan, which includes an improvement action related to the increase of the % of energy deriving from renewable sources.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0	None of the PCs is active in a high impact climate sector	n.a.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies	0%	None of the PCs is located in or near biodiversity-sensitive areas.	n.a.

⁵ KPI restatement due to double counting of non-renewable electricity.

		negatively affect those areas			
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	None of the PCs generates emissions to water.	n.a.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,002	The data refer to the limited amount of hazardous waste generated by one PC. The rest of the PCs do not generate hazardous waste.	n.a.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	None of the portfolio companies has been involved in UNGC principles or OECD guidelines violations.	n.a.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/	100%	All ITAGO IV Portfolio Companies have implemented an Organizational Model pursuant the Italian L.Decree 231/2001, aiming at preventing prevent crimes and corrupt practices, including a Code of Ethics and a whistleblowing system. The implemented Code of Ethics does	ITAGO, in collaboration with the PCs ESG reference person, will evaluate whether a review of the current Code of Ethics is necessary to align to UNGC Principles and/or OECD Guidelines.

	for Multinational Enterprises	complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises		not directly refer to the UNGC Principles nor to the OECD Guidelines.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17,77 ⁶ %	According to available data (Eurostat) ⁷ at EU Level , the unadjusted gender pay gap is currently above EU average (12%).	ITAGO will support PCs in the annual monitoring of this KPIs. Potential improvement activities will be identified, if material for the PCs.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	7,89%	The three PCs are small enterprises with a limited number of Board members. The gender unbalance is strictly related to the reported difficulty of the PCs in changing the Board composition (selecting new Board members with the required experience in the core business of the company)	-
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	None of the PCs is involved in manufacturing/selling controversial weapon.	n.a.
Additional climate and other environment-related indicators					

⁶ KPI restatement due to data review and identification of miscalculation.

⁷ Source: [The unadjusted gender pay gap, 2021 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

Water, waste and material emissions	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0,1	The data refer to the limited amount of hazardous waste generated by one PC, which cannot be recycled.	n.a.
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
Social and employee matters	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	28,69	The data refer to workdays lost due to one work-related injury and two commuting injuries. The work-related injury was minor (<30 lost days).	All PCs manage Health and Safety aspects in line with national regulations on Occupational H&S (L.Decree 81/08). Activities to improve H&S related aspects have been included in the PCs ESG Action plan, where material.

Description of policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors

ITAGO has established a structured and formalized approach, described in the ESG Policy, for the identification and prioritization of principal adverse impacts on sustainability factors. The Management Team, with the support of the ESG Manager, is in charge of ensuring an effective implementation and compliance with the ESG Policy.

During the pre-investment phase, ITAGO proceeds to both adopt exclusion criteria for an initial high-level screening of investment targets and to operate a preliminary assessment of the potential investment opportunities against the principal adverse impacts on sustainability factors, by assessing the material impacts related to the potential investments.

The SGR is supported by third party ESG experts in the identification and prioritization of Principal Adverse Sustainability Impacts through the use of a proprietary tool and through specific ESG Due Diligence assessments that evaluate portfolio company's ESG material topics (on the basis of aspects such as: type of operations, geographic locations, size, etc.). Through an internal data collection tool, on annual basis, the SGR monitor a set of material ESG KPIs related to the PCs including PAIs. Based on the results of the data collection activity, ITAGO engages with its investments to define remedial actions to be included in specific ESG Action Plans to be implemented during the investment life cycle in order to minimize adverse impacts, whether identified, and maximize PCs ESG profile.

Data used in the calculation of the Principal Adverse Sustainability Impact indicators come from ITAGO engagement activities with ESG contact person at investee company level who is in charge of the primary data collection.

Engagement policies section

As part of its commitment to support the investees in the process of improving their ESG performance, ITAGO promotes an active engagement with investee companies, based on dialogue and collaboration. From the start of the ownership phase, ITAGO actively engages with each investee to define ESG action plans primarily based on pre-investment analysis and ESG Due Diligence results.

Clear responsibilities are set as well, with the appointment of an ESG Contact Person, within the top management of each investee company, in charge of ensuring the implementation of the ESG policy at portfolio company level (i.e., annual reporting to the SGR, action plan implementation, etc.,).

Through the use of the proprietary tool ("Collection and Monitoring Tool"), ITAGO encourages investee companies to actively participate in the performance monitoring process. This allows the collection of data regarding the performance of portfolio companies on ESG indicators, including all the information required to calculate PAI Indicators, and subsequently the identification of the most significant negative effects related to investments.

In addition, ITAGO oversees and monitors the progress of the priority ESG corrective and improvement actions, reported in the ESG Action Plan, resulting from the pre-investment ESG Due Diligence results. Based on the results of data collection activity, ITAGO proceeds to review and update the ESG action plan, in coordination with the ESG Contact Person of each investee, in order to mitigate both ESG risks and principal adverse impacts.

Whether the engagement with Portfolio Companies does not lead to expected results in relation to reducing relevant principal adverse impacts identified, ITAGO will determine the appropriate course of corrective action to implement.

References to international standard

As a UN PRI signatory, ITAGO is committed to adhere and apply UN PRI's 6 Principles for Responsible Investment in its responsible investment process:

- Principle 1: incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: work together to enhance our effectiveness in implementing the Principles.
- Principle 6: each report on our activities and progress towards implementing the Principles.

Historical comparison

Considering that the principal adverse impacts of investment decisions on sustainability factors have been taken into account by ITAGO for the first time in the present reporting period, it is not possible to make a historical comparison between the data reported in in the present statement and the data on adverse impacts of the investment decisions related to previous years.

Starting from next year, ITAGO will be able to disclose two years trends and provide historical comparison between the data for the statement's reporting period and the data related to previous periods reported on.