Statement on principal adverse impacts of investment decisions on sustainability factors

Last update: June 2025

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 promoting a responsible investment process, ITAGO SGR (hereinafter "ITAGO" or the "Asset Manager") 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 2024 to the 31st of December 2024. The statement compares data from the 2024 reporting period with the corresponding indicators from 2023 to highlight year-over-year changes.

Reporting boundaries include Portfolio Companies (PCs) present within ITAGO IV Fund in 2024[1]. 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 2019/2088[3], 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 considers and intends to effectively mitigate, where necessary, Principal Adverse Impacts (PAI) generated by its portfolio companies (PCs) on sustainability factors. In order to assess, monitor and prioritize the PAIs, the Asset Manager has developed a policy (i.e., ESG Policy), a procedure and a monitoring tool which allow to collect and monitor PCs ESG performance including information needed to calculate the 14 mandatory PAIs and one voluntary environmental and one social indicator associated to 2 additional PAIs, based on their materiality for the investee company's business operations, geographic locations and size.

[1] Please note that reported data on PAIs include the following ITAGO IV Portfolio Companies: SR Mecatronic S.r.l., Operamed S.r.l, Teknoice S.r.l. Eco-Techno S.r.l., Apice S.r.l., Idrostudi S.r.l., Vernici Caldart S.r.l., present within the Portfolio during the FY2024.
[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).

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 on the table below.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		*Metric*	*Impact (year 2024)*	*Impact (year 2023)*	*Exp[4]lanation*	*Actions taken, actions planned, and targets set for the next reference period*
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS[5]						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	291.04 Tonnes of CO2 eq	N/A	During the reporting year, Portfolio Companies started the process of calculating their Scope 1 greenhouse gas (GHG) emissions, primarily related to the use of natural gas, fuel consumption for companies' fleets (diesel and petrol), and, in one case, refrigerant losses. The total reported direct emissions for 2024 amount to 291.04 tonnes of CO_2 equivalent. As FY2024 represents the first year of Scope 1 emissions reporting, no data is available for 2023 (N/A), and year-on-year comparison will be feasible starting from the next reporting cycle.	ITAGO IV actively supported its Portfolio Companies in the initial quantification of Scope 1 and Scope 2 GHG emissions, setting a baseline for future assessments. In the upcoming reporting cycle, the Fund will evaluate opportunities to define emission reduction measures or to support implementation of energy efficiency actions, where deemed material, and integrate them into the ESG Action Plans.
		Scope 2 GHG emissions	419.30 Tonnes of CO2 eq	N/A	Scope 2 GHG emissions referring to the year 2024 were calculated for the first time, based on electricity consumption data provided by the Portfolio Companies. The reported value reflects emissions quantified using the market-based approach. As this marks the initial year of measurement, no comparative data is available for 2023 (N/A), and trend analysis	

[5] For the GHG emissions-related indicators, data coverage (defined as the share of investments in relation to which the adverse impact on sustainability factors could be assessed) amounts to 85.7%, as a carbon footprint has been performed for 6 out of 7 Portfolio Companies.

					will be possible from subsequent reporting cycles.	
		Scope 3 GHG emissions	N/A	N/A	Fund's Portfolio Companies have not yet performed an estimation of their Scope 3 GHG emissions.	The Fund will assess the opportunity to support Portfolio Companies in the estimation of Scope 3 GHG emissions, based on materiality criteria. This may include identifying and prioritizing the most relevant Scope 3 categories, particularly for companies whose upstream or downstream activities contribute significantly to their overall GHG emissions.
		Total GHG emissions	710.35 Tonnes of CO2 eq	N/A	The total GHG emissions KPI (710.35 tCO_2eq) refers to Scope 1 and Scope 2 emissions allocated to the Fund's investments, based on the methodology set out in the SFDR Regulatory Technical Standards. The reported value is therefore not the absolute emissions of the portfolio companies, but the weighted average attributable to the financial product.	Please, refer to to actions considered for GHG emissions scope 1, 2 and 3
	2. Carbon footprint	Carbon footprint Note: *Data currently undergoing verification and validation, as FY 2024 was the first year of collection and monitoring of Scope 1 and 2 emissions for companies in the portfolio.*t	19.28 Tonnes of CO2 eq / €M	N/A	The carbon footprint represents the total Scope 1 and Scope 2 GHG emissions allocated to the fund, expressed per million euros invested. The 2024 KPI is 19.28 tonnes of CO_2 equivalent per €1 million invested. As this is the first reporting year, no comparison with 2023 is available.	Please, refer to actions considered for GHG emissions scope 1, 2 and 3
	3. GHG intensity of investee companies	GHG intensity of investee companies	21.23 Tonnes of CO2 eq / €M	N/A	The GHG intensity indicator represents the total Scope 1 and Scope 2 GHG emissions of the investee companies, divided by their revenues and weighted according to the proportion of the investment in each company. The 2024 indicator is 21.23	Please, refer to actions considered for GHG emissions scope 1, 2 and 3

					tonnes of CO_2 equivalent per million euros of revenue. No comparison with 2023 is available, as this is the first year of reporting.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	None of the Portfolio Companies is active in the fossil fuel sector. No variations have been registered with respect to 2023 data.	As outlined in the Fund's exclusion list, the Fund does not invest in companies active in fossil fuel-based energy production and related activities (e.g., coal mining, processing, transport and storage; oil exploration and production, refining, transportation, distribution and storage.
	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	97.3%	95.8%[6]	Most Portfolio Companies rely on energy from non-renewable sources, particularly in relation to fuel consumption, which accounted for approximately 53% of total energy consumption in 2024. With regard to electricity, Enviro (part of Eco-Techno) and Idrostudi purchase 100% of their electricity from certified renewable sources. In addition, three Portfolio Companies (i.e., SR Mecatronic, Operamed and Teknoice) have installed photovoltaic systems. However, the contribution of self-generated renewable electricity remains limited in terms of total energy consumption - particularly in the case of Operamed, due to the late activation of its photovoltaic system during 2024. The rest of the PCs purchase electricity through standard contracts. The share of non-renewable energy increased from 95.8% in 2023 to 97.3% in 2024, primarily due to the inclusion of Vernici Caldart within the reporting	During the reporting year, ESG Action Plans were developed for three Portfolio Companies, including actions aimed at increasing the share of energy from renewable sources. To further promote the use of renewable energy, ITAGO will support the implementation of these actions.

[6] KPI restatement following improvements in the calculation methodology for FY2023 energy data, in order to enhance data consistency, accuracy, and overall quality.

					perimeter. Vernici Caldart is the largest energy consumer across the portfolio, with annual energy consumption exceeding 1 GWh, and currently the company does not source electricity 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	0.24 GWh/Million EUR	0.11 GWh/Million EUR[7]	The KPI measures the total energy consumption of the investee companies, expressed in gigawatt-hours (GWh), per million EUR of revenue generated by companies operating in high climate impact sectors. 57% of PCs (4 out of 7) operate in high impact climate sectors according to [8]Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006. Please note that this classification includes most manufacturing industrial activities; therefore, PCs engaged in industrial activities, even if not highly energy consuming, fall within the scope of the Regulation and are accounted for in the KPI. The increase in the indicator compared to FY2023 is primarily due to the inclusion of Vernici Caldart in the reporting perimeter, which records the highest energy consumption value among all PCs.	ITAGO is dedicated to monitoring this aspect supporting Portfolio Companies active in high impact climate sectors in adopting energy efficiency measures and increasing renewable energy consumption.

[7] KPI restatement following improvements in the calculation methodology for FY2023 energy data, in order to enhance data consistency, accuracy, and overall quality.

[8] Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

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 negatively affect those areas	0%	0%	Portfolio Companies are not located in or near biodiversity-sensitive areas where their activities could pose a threat to biodiversity. Accordingly, there are no variations with respect to 2023 reported data.	ITAGO is committed to monitoring whether company's sites are located in or near biodiversity-sensitive areas, assessing the potential negative impact of their activities. This assessment is carried out during both the pre-investment and holding phases, by encouraging Portfolio Companies to report on these aspects.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 Tonnes/ Million EUR	0 Tonnes/ Million EUR	The 2024 performance is consistent with previously reported data, as none of the Portfolio Companies generate emissions to water.	ITAGO intends to monitor this aspect throughout both the pre-investment and holding phases, by encouraging Portfolio Companies to report on these matters.
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	0.81 Tonnes/ Million EUR	0.43 Tonnes/ Million EUR	This indicator captures the amount of hazardous waste generated by 6 out of 7 Portfolio Companies in FY2024, expressed in tonnes per million EUR invested. It increased from 0.43 to 0.81 tonnes per million EUR invested between 2023 and 2024. The increase is primarily driven by the inclusion of Vernici Caldart in the reporting perimeter, which, due to the nature of its operations, generated over 128 tonnes of hazardous waste in 2024.	ITAGO is dedicated to monitoring this aspect from the pre-investment phase through to the holding phase, supporting Portfolio Companies in reporting on these aspects and encouraging the adoption of responsible waste management practices.
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 Organization for Economic Cooperation and Development (OECD)	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for	0%	0%	In both 2024 and 2023, none of the Portfolio Companies were involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises.	The Fund aims to continue encouraging its Portfolio Companies to focus on ensuring adherence to the UNGC principles and the OECD Guidelines for Multinational Enterprises. To this end, these aspects are assessed during the ESG due diligence at the pre-investment stage and monitored

	Guidelines for Multinational Enterprises	Multinational Enterprises				through engagement and monitoring activities during the holding phase.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	100%	3 out of 7 Portfolio Companies, have implemented an Organizational Model pursuant the Italian L. Decree 231/2001, aiming at preventing crimes and corrupt practices, including a Code of Ethics and a whistleblowing system. The adopted Codes of Ethics do not explicitly refer to the UNGC Principles nor to the OECD Guidelines.	The Fund, 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. To ensure proper adherence to these principles, ITAGO has incorporated the adoption of an Organizational and Control Model compliant with Legislative Decree 231/2001 into the ESG Action Plans for portfolio companies that have not yet implemented it.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15%	8%	According to available data (Eurostat)[9] at EU Level, the unadjusted gender pay gap is currently above EU average (12 %). The indicator increased from 8% in 2023 to 15% in 2024. The variation is mainly due to the inclusion of Vernici Caldart within the reporting perimeter, which records a significantly higher gender pay gap compared to the other Portfolio Companies.	D&I aspects are assessed during both the pre-investment phase through ESG due diligence, where material, and during the holding phase, through ongoing monitoring activities. The Fund supports Portfolio Companies in the annual monitoring of the KPIs, and potential improvement actions will be identified where deemed material.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0%	0%	No changes were recorded between 2023 and 2024. The gender imbalance is strictly related to the reported difficulty of the PCs in changing the Board composition (i.e., selecting new Board members with the required experience in the core business of the company), particularly in traditionally male-	

[9] Source: Gender pay gap statistics (Eurostat – 2023)

					dominated sectors where the pool of eligible female candidates remains limited.	
	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%	0%	No variations were recorded compared to 2023. None of the PCs are involved in manufacturing/selling controversial weapons.	As part of the exclusion list, the Fund does not invest in companies active in the production of and trade in armaments and munitions, including cluster munitions and parts or customized elements thereof, anti-personnel mines, nuclear, chemical or biological weapons or depleted uranium munitions.
Additional climate and other environment-related indicators						
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	1.1 Tonnes/ Million EUR	0.4 Tonnes/ Million EUR	The KPI refers to the amount of non-recycled waste (both hazardous and non-hazardous) generated by the Portfolio Companies per million EUR invested, expressed as a weighted average. The KPI increased from 0.4 to 1.1 tonnes per million EUR invested between 2023 and 2024, primarily due to the inclusion of Vernici Caldart within the reporting perimeter, which generated a significantly higher amount of hazardous non-recycled waste compared to the other Portfolio Companies.	As part of its ESG monitoring activities, ITAGO will encourage Portfolio Companies to report on these aspects. Where relevant, potential opportunities for waste reduction and improved recycling practices may be identified and included in the ESG action Plans.
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	26 days	43 days	The KPI refers to workdays lost due to three work-related injuries and two commuting injuries. None of the injuries implied total workdays lost >30 days nor were classified as severe (i.e. implying permanent disability/ fatality).	All PCs manage Health and Safety aspects in line with national regulations on Occupational H&S (L.Decree 81/08). The Fund encourages the ongoing monitoring of Health & Safety aspects as part of its ESG oversight, with a view to identifying and supporting potential improvements where relevant. Activities to improve H&S related aspects have been included in the PCs' ESG Action plan, if 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 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 Asset Manager 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 (based on aspects such as: type of operations, geographic locations, size, etc.). Through an internal data collection tool, on an annual basis, the Asset Manager monitors a set of material ESG KPIs related to 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 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 standards

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

The current PAI statement pertains to the third year of reporting. Data for 2023 is available for comparison with the current reporting period, enabling the assessment of progress and performance in managing sustainability aspects at portfolio level over time. By analyzing trends and changes, ITAGO can identify areas for improvement and evaluate the effectiveness of the sustainability measures and initiatives implemented through the ESG Action Plans.