ARCADIA SGR

2026 ESG & Sustainability Report

A Message from our ESG Manager

Simona Quaglia
ESG Manager

Throughout 2025, we further strengthened our commitment to responsible investment by embedding sustainability considerations across our governance, investment processes and portfolio engagement activities.

We believe that long-term value creation depends on our ability to identify, manage and capture Environmental, Social and Governance (ESG) opportunities and risks throughout the investment lifecycle.

Over the year, we continued to implement our ESG Roadmap, with a particular focus on enhancing the assessment and monitoring of sustainability-related risks and opportunities, while reinforcing our approach to responsible ownership and portfolio engagement.

Building on the **Climate and Environmental Action Plan** developed in response to the Bank of Italy's Supervisory Expectations, we reviewed the progress achieved to date and identified priority areas for further improvement. **This work strengthened our approach to climate risk management and enhanced our knowledge to meet evolving regulatory and market expectations.**

At the same time, we continued to foster an ESG culture across the organization through targeted training and awareness initiatives. Following the climate-related **training programs** delivered in 2024, in 2025 we expanded our efforts with a dedicated session on **biodiversity,** further strengthening sustainability-related knowledge and capabilities within our teams.

We also enhanced our ESG monitoring framework across portfolio companies, improving the collection and review of ESG data and increasing our ability to track progress over time.

Our proprietary ESG monitoring tools provide greater visibility on the implementation of ESG initiatives across the portfolio and support a more structured and constructive dialogue with portfolio companies on material ESG topics.

In line with our commitment to transparency and accountability, we continued to monitor the environmental and social characteristics promoted by Arcadia Sustainable Capital III, our Article 8 fund under the Sustainable Finance Disclosure Regulation (SFDR). **This supports investor reporting and helps assessing the Fund's progress towards its voluntary targets**.

We also strengthened our approach to **measuring and managing climate-related impacts through the assessment of Scope 1 and Scope 2 greenhouse gas emissions at both General Partner and portfolio company level.** These analyses support the identification of carbon reduction opportunities and operational improvements.

Our commitment to continuous improvement was further reflected in our **ongoing engagement with the UN Principles for Responsible Investment (UN PRI).** Following our **third annual PRI submission**, we identified additional opportunities to further strengthen our responsible investment framework and enhance alignment with leading industry practices.

Looking ahead, we remain committed to continuously evolving our ESG approach, recognizing that sustainability is not only a matter of responsible stewardship but also a **key driver of resilience, competitiveness and long-term value creation for our investors, portfolio companies and broader stakeholders.**

"Since 2020, our ESG journey has progressively evolved, driven by the belief that ESG considerations are essential to responsible investing and long-term value creation. This approach was further consolidated with the launch of Arcadia Sustainable Capital III. As our ESG journey continues to evolve, we remain focused on turning ambition into action through robust ESG due diligence, climate impact measurement and active engagement with our portfolio companies.."

Introduction

Arcadia SGR Profile/at a glance

Arcadia SGR (hereinafter "General Partner" or "GP") is an independent Private Equity Firm fully controlled by its Partners, investing in **small and medium-sized Italian companies** and supporting them in their growth. Arcadia is currently managing **two Private Equity Funds** (the first one was fully liquidated in 2024).

Investment Team

8
Investment professionals
–
5
Partners
–
110+ years
of cumulative experience
in the Private Equity market

Private Equity Funds

Arcadia Small Cap
Vintage: 2011
Liquidated in 2024
–
Arcadia Small Cap II
Vintage: 2017
5 Portfolio companies (2 add-on)
+ 2 exit
–
Arcadia Sustainable Capital III
Vintage: 2023
2 Portfolio companies (1 add-on)

Investment focus

Territory
Companies located in Italy
–
ESG Factors
Companies which leverage on
sustainability as key competitive advantage
–
Perspective
Strong financials and
clear growth opportunities
–
Technology
Sectors not driven by
disruptive innovation

2025 and H1 2026 ESG Highlights

.

Promotion of Environmental and Social characteristics

ASC III, classified as an Article 8 fund under SFDR, continued to monitor the **environmental and social characteristics promoted** through **Arcadia's proprietary ESG tool**, supporting transparent and consistent portfolio level reporting.

ESG Voluntary Targets

Arcadia linked a portion of the **carried interest of Arcadia Sustainable Capital III** (ASC III) to **the ESG performance of portfolio companies**, measured against a framework of 17 ESG KPIs. Targets' achievement is verified by an independent third-party ESG advisor.

Climate Risk Management & Bank of Italy Action Plan

Arcadia continued implementing its **Climate and Environmental Action Plan** in line with the Bank of Italy's supervisory expectations, strengthening **climate risk assessment across investment processes and portfolio monitoring.**

Carbon Footprint

In 2026, Arcadia assessed **Scope 1 and Scope 2 greenhouse gas emissions** at both **General Partner and portfolio level** for the ASC III Fund, based on data as of 31/12/2025, thereby enhancing the measurement and monitoring of climate-related impacts.

PRI Submission

As a signatory to the UN Principles for Responsible Investment (UN PRI) since 2021, Arcadia **submitted its fourth annual transparency report in 2026**, confirming its commitment to responsible investment practices through regular disclosure and accountability.

ESG Collaboration

Arcadia continued its partnership with an external **ESG advisor** to support ESG performance monitoring, carbon accounting and employee **training, including dedicated biodiversity** training in 2025.

TABLE OF CONTENTS

1. Arcadia ESG Journey 08

2. Arcadia ESG Investment Rationale 23

3. Arcadia Sustainable Capital III 26

4. ESG at Portfolio Level 31

5. Next Steps 50

1. Arcadia ESG Journey

Arcadia's ESG Journey

2020-2022

- Prior to SFDR (Regulation 2088/2019) approval, Arcadia partners with **Vigeo Eiris** to assess and rate PCs' ESG performance, publishes its first **Responsible Investment (RI) Policy,** and joins **UN PRI;**
- Arcadia starts a collaboration with **ERM Italia SpA** (external ESG Advisor) to further integrate ESG in the investment process;
- Arcadia creates a three-year **ESG roadmap** at General Partner (GP) and Fund level, launches **Arcadia Sustainable Capital III** under SFDR Art. 8, and releases its **first ESG Report**.

2023

In line with its ESG Roadmap Arcadia:

- **Voluntarily collects a set of ESG KPIs through the proprietary ESG Data collection and monitoring tool;**
- Supports the appointment of an ESG Manager at PC level;
- Assesses the potential exposure **to physical and transition climate risks** of its portfolios;
- **Submits its first PRI questionnaire**.

2024

In line with its **Bank of Italy Action Plan** Arcadia:

- Performs a **training of Climate Risks** at GP level;
- Performs **the Carbon Footprint** at both GP and portfolio level for ASC III Fund, assessing Scope 1 and Scope 2 GHG emissions (FY2023 data).

In addition, Arcadia **submits its second PRI questionnaire.**

2025

Building on its ESG integration path, Arcadia:

- Updates the **annual SFDR disclosure to investors** for the Article 8 fund;
- Performs the Carbon Footprint at both GP and portfolio level for ASC III Fund, assessing Scope 1 and Scope 2 GHG emissions (FY2024 data).
- Monitors the **progress status** of the **Bank of Italy Action Plan;**
- Provides **targeted training on biodiversity-related topics** to the Team;
- Submits its third **PRI questionnaire.**

2026 (H1)

Building on its ESG integration journey, Arcadia:

- Submits the fourth **UN PRI** scoring PRI Questionnaire;
- Assesses the **Carbon Footprint** at both GP level and portfolio level for ASC III Fund, computing Scope 1 and Scope 2 GHG emissions with reference to FY2025.

Arcadia’s ESG Mission

Quality Education

4 QUALITY EDUCATION

Arcadia invests in companies that can **create value** through a **sustainable approach**, balancing profit with the **preservation of Environment, Social and Human capital** and assuring a sustainable long-term growth.

Arcadia’s ESG Mission

Climate Action SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION

Arcadia also plays a role in combating climate change. In the first half of 2026, for the third consecutive year, Arcadia assessed its own greenhouse gas emissions (Scope 1 and 2) and supported the investees in calculating their **Scope 1 and Scope 2 emissions**. Furthermore, for ASC III investees, Arcadia supports the definition of ambitious targets for the reduction of Scope 1 and Scope 2 emissions.

Arcadia's ESG Mission

The key principles of Arcadia's ESG approach are included within **Arcadia's Responsible Investment (RI) Policy**. These ESG principles describe Arcadia main priorities throughout the investment process. The latest version of the **RI Policy** is available on the company's website.

ARCADIA SUPPORTS

The transition to a **low-carbon economy** (when feasible) and/or the avoidance of negative impacts on the environment

The assessment and improvement of environmental policies

The focus on **strengthening the environmental management system** of PCs

ARCADIA VALUES

The **protection** and respect **of employees' rights**

The **impact PCs can have on their stakeholders**, from employees to the supply chain.

ARCADIA BELIEVES

A **virtuous model of corporate governance** can prove to be a **key factor of value creation**

The **dialogue with the top management** of PCs is crucial to work in synergy and to build a management system applicable to the organizational context.

Arcadia's ESG Governance

Arcadia SGR has defined and formalised **roles and responsibilities** to oversee the implementation of **ESG-related activities**:

BOARD OF DIRECTORS

The **Board of Directors** (BoD) has the ultimate responsibility **to oversee the implementation of the activities connected to ESG, including climate-related topics.**

ESG MANAGER

The **ESG Manager coordinates all the processes** related to ESG at GP and Fund level. The ESG manager reports to the BoD at least every six months.

INVESTMENT TEAM

The **Investment Team** ensures that**:**

- the **ESG Due Diligence and high-level climate risk screening** is performed on all potential investments;
- the BoD of the portfolio companies appoints an **ESG Manager**, who is responsible for **implementing planned ESG activities,** measuring ESG KPIs and **assessing training needs**.

The BoD of the Portfolio Companies (or the Top Management) **is responsible** for implementing ESG activities and ESG reporting and discusses the progress achieved on ESG targets at least once a year with Arcadia's ESG Manager.

Simona Quaglia

ESG Manager

"Our third fund, aligned to SFDR Art. 8, reflects Arcadia's long-standing commitment to sustainability, which has been a core pillar of its investment strategy since inception."

SFDR Alignment

Arcadia **complies with the EU Regulation 2019/2088** (or “Sustainable Finance Disclosure Regulation”, “SFDR”). As one of the key pillars of the European Action Plan on Sustainable Finance, the SFDR enhances transparency for financial market participants regarding the integration of sustainability risks, the consideration of principal adverse impacts (PAIs), and the disclosure of sustainability-related information for financial products.

General Partner

Art. 3

Transparency of sustainability risk policies

Art. 4

Transparency of adverse sustainability impacts at entity level

Current adopted approach: Explain

Financial product

Art. 6

ASC II
ASC III

Transparency of sustainability risk policies

The alignment is specified within fund’s pre-contractual disclosure.

Art. 7

ASC II
ASC III

Transparency of adverse sustainability effects at financial product level

The alignment is specified within fund’s pre-contractual disclosure.

Art. 10

ASC III

Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites.

Art. 8

ASC III

Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures.

Art. 11

ASC III

Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports

SFDR Disclosures

Arcadia is compliant with **articles 3, 4** (at GP level) **and articles 6, 7, 8, 10 and 11 at Financial Product level** (the latest three articles are compliant with for the Fund ASC III, which is classified as an Article 8 product under the SFDR).

Please refer to Arcadia’s website **Sustainability section for further details.**

UN PRI Reporting and Engagement

Since 2021, Arcadia is a signatory of the **United Nations Principles for Responsible Investments (UN PRI).**

The GP has developed its RI strategy in line with the PRI six principles, as described below:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Be active owners and incorporate ESG issues into ownership polices and practices;
3. Seek appropriate disclosure on ESG issues by the portfolio companies;
4. Promote acceptance and implementation of the Principles within the investment industry;
5. Work together to enhance effectiveness in implementing the Principles;
6. Report on activities and progresses towards implementing the Principles.

Signatory of:

PRI Principles for Responsible Investment

In 2025, Arcadia submitted its **third UN PRI Questionnaire**, demonstrating continued commitment to the integration of ESG factors in the investment process.

The results confirm **solid performance across key areas**, with particularly strong outcomes in Governance & Strategy. Arcadia also **improved its Confidence Building Measures (CBM)** score from 3 to 4 stars compared to the previous assessment in 2024.

Applicable Module	Obtained scores
Policy Governance Strategy (PGS)	★★★★☆
Direct – private Equity (PE)	★★★★★
Confidence building measures (CBM)	★★★★☆

Planned Activities

The General Partner remains committed to continuous improvement, aiming to further enhance its ESG practices in line with the UN PRI framework. Arcadia has submitted its fourth UN PRI questionnaire in 2026 as part of its ongoing effort to enhance ESG integration and transparency in its investment processes.

Arcadia's Approach: integration of Climate & Environmental Risks Management

In April 2022, the Bank of Italy, in line with a similar initiative of the European Central Bank, issued a first set of **Supervisory Expectations** regarding the integration of **climate and environmental risks into the business strategies**, **governance and control systems**, **risk management frameworks, and communications** of supervised financial intermediaries

ARCADIA RESPONDED TO THE BANK OF ITALY SUPERVISORY EXPECTATIONS BY IMPLEMENTING THE FOLLOWING INITIATIVES:

2022 - 2024

1. Definition of an **Action Plan** focused on Environmental and Climate risk management submitted to the Bank of Italy
2. Update of the **RI Policy** to integrate climate-related aspects and formalize roles and responsibilities for climate risks within the ESG Governance structure
3. On existing portfolios (ASC, ASC II and ASC III) **material mapping of physical and transition climate risks and opportunities** and monitoring integrated within the investment process
4. **Climate risks** screening performed on the add-on of the Portfolio Company KEP (ASC III Fund)
5. **Carbon Footprint** (Scope 1 and Scope 2 GHG emissions) assessment of the GP and of ASC III portfolio companies, made for the first time in FY 2023.

2025

7. Annual update of the **Carbon Footprint** (Scope 1 and Scope 2 GHG emissions) assessment of the GP and of ASC III portfolio companies.
8. **Climate risks** screening performed on the second ASCIII investment (E-MAC)
9. **Training on a key environmental topic, i.e. biodiversity,** provided to GP's and PCs' personnel

H1 2026

10. Continued monitoring of the implementation status of the **Action Plan**, including regular checks of alignment with best practices observed by the Bank of Italy across financial operators.
11. Annual update of the **Carbon Footprint** (Scope 1 and Scope 2 GHG emissions) assessment of the GP and of ASC III portfolio companies.

9 Training on biodiversity

2025 ACTIVITIES

- The training session, delivered by a consultancy firm specialized in sustainability, supported internal knowledge building on nature and **biodiversity-related challenges**, a topic of growing relevance in light of current ESG trends, risks and opportunities, including emerging regulatory frameworks and increasing stakeholder attention to natural capital and ecosystem impacts.
- Arcadia's personnel, including the **Board of Directors, the GP's ESG Manager and the ESG Managers** of the Funds' portfolio companies, participated to the session to strengthen awareness and understanding of biodiversity-related topics.
- The training provided an **overview of biodiversity concepts**, ecosystem services and nature-related risk perceptions, as well as key international frameworks and policy developments, including the Global Biodiversity Framework and the EU Green Deal biodiversity agenda.
- Through **practical examples and case studies**, the session explored the role of the financial sector and Private Equity in addressing nature-related challenges, providing insights on how to integrate biodiversity considerations into the investment process.

10 Climate risks screening and monitoring

2025 ACTIVITIES

Arcadia continues to monitor portfolio companies' exposure to **climate-related risks and opportunities**, while reviewing actions implemented to strengthen climate resilience across ASC II and ASC III Funds. Climate risk exposure is assessed through **a proprietary tool** inspired to the TCFD framework, covering both **physical and transition risks** through a high-level screening.

Physical Risks

Physical risk refers to the economic impact of the expected increase in climate hazards. The climate hazards to be considered in the screening are:

- **Temperature increase**
- **Coastal flooding**
- **River flooding**
- **Cyclone/storms**
- **Water stress**
- **Rainfall induced landslides**
- **Wildfires**

Transition's aspects

POLICY & LEGAL
Evolving legal requirements on international, national and regional level, implying new costs.

MARKET & TECHNOLOGY
Reduced market demand for high carbon products and commodities. New technologies disrupt markets.

BRAND & REPUTATION
Growing expectations for responsible conduct from stakeholders. Risks for reputation, brand value and trust in management.

2025 Update

Actions:
- During the Due Diligence, a climate risk screening on E-MAC was performed.
- Arcadia monitored resilience measures across portfolio companies, including catastrophic climate event insurance coverage.

Assessment Results
- Portfolio exposure remains at a medium-low climate risk level.
- No material change in the overall risk profile following the acquisition.
- All portfolio companies have implemented an insurance coverage for **climate-related catastrophic events as mandated by the 2024 Italian Budget Law*.**

**Interministerial Decree No. 18 of January 30, 2025*

11

Carbon footprint assessment

2026 ACTIVITIES

Arcadia updated to 2025 its **carbon footprint assessment at the GP level,** aligned with the GHG Protocol Corporate Standard. This effort builds on the monitoring started in 2024 with reference to 2023 data.

The system boundary for the quantification of GHG emissions has been defined applying the **operational control approach[1].**

The following energy sources were included in the assessment:

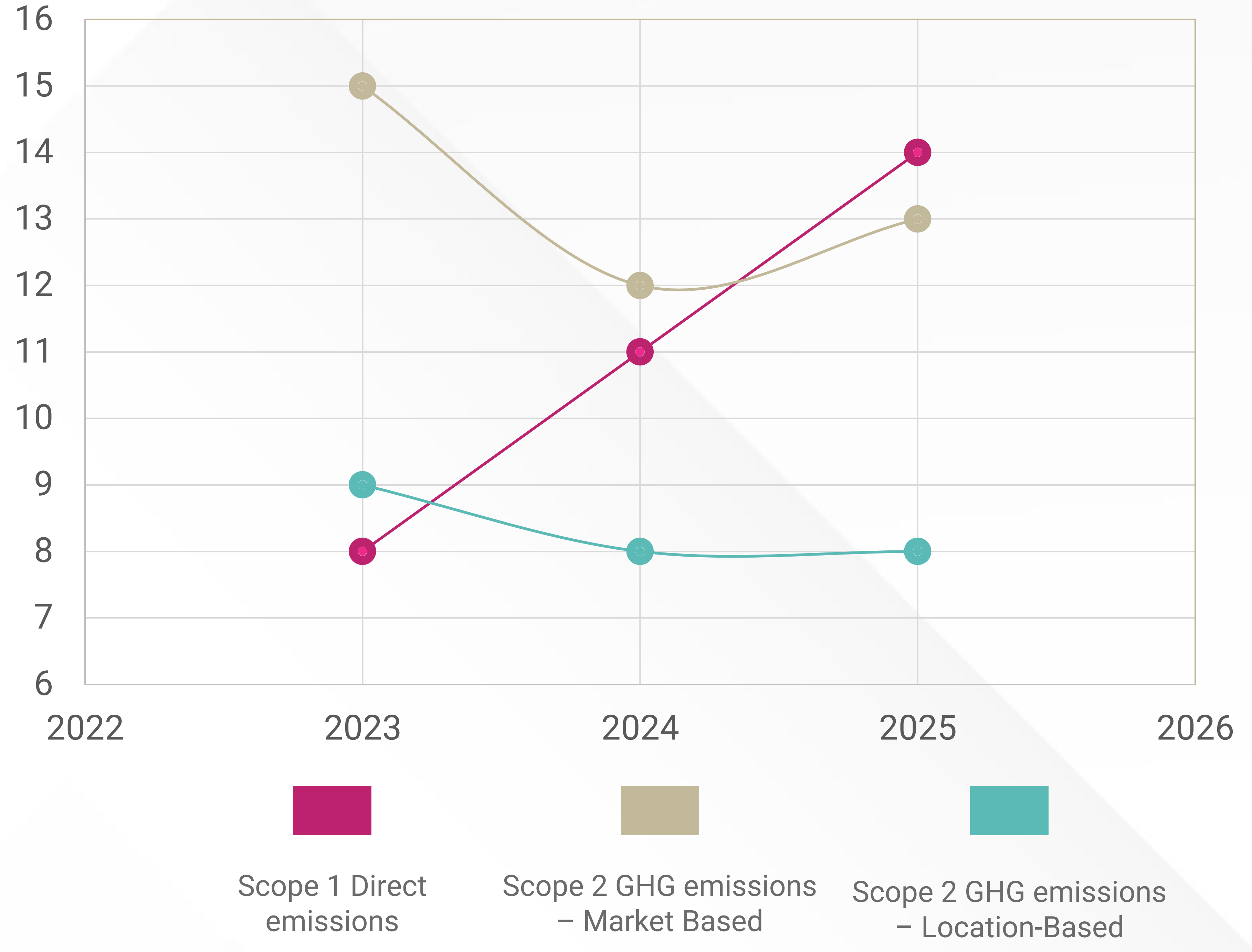
- **Scope 1:** GP’s car fleet fuel consumption
- **Scope 2:** GP’s electricity consumption

Category	2023	2024	2025	Delta (2025 vs 2024)
Scope 1 tCO2e Direct Emissions	8	10.5	14.0	+33.3%
Scope 2 tCO2e (%) Market based*	15	12.2	13.3	+9.2%
Scope 2 tCO2e (%) Location-based**	9	7.6	7.8	+2.5%
Total (Market Based approach)	23	22.7	27.3	+ 20.4%

Market based*
Based on GHG ***emissions emitted by the generators*** *from which the reporter contractually purchases electricity bundled with contractual instruments.*
Location-based**
Based on ***average energy generation emission factor*** *for defined geographic locations, including local, subnational or national boundaries.*

[1]**Operational Control approach:**
“Under the operational control approach, a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control.”

Arcadia Scope 1 and Scope 2 GHG emissions trends (tCO2eq)



Trend analysis (2024 -2025)

Scope 1

- ❑ The trend indicates a **33% increase** in direct emissions (Scope 1), rising from 11 to 14 tCO2e.
- ❑ The increase is mainly driven by a **23% rise in kilometers travelled** in 2025 compared to the previous year, with the vehicle fleet unchanged (5 cars). This reflects the business travel required to support portfolio oversight and to maintain an active on-site presence at the portfolio companies.

Scope 2

- ❑ Both methodologies indicate an increase **in Scope 2 GHG emissions.**
- ❑ This trend is primarily driven by a **24% increase in electricity consumption** (kWh) in 2025 compared to 2024. The electricity consumed is exclusively linked to office-type activities.

ESG in the investment Process

ESG assessment criteria are **applied at all stages of the investment process** and are weighted to reflect the company's size (e.g., in terms of revenue or number of employees) and the sector in which it operates. These factors influence the extent and nature of ESG and climate risks and opportunities. The **whole process** is implemented by the **ESG Manager** supported by the investment team and the ESG advisor**.**

Pre-Investment*

- Application of **the ESG pre-screening tool and screening of potential climate risks;**
- Performance of an **ESG Due Diligence,** with the support of external ESG consultant;
- **Definition of the ESG target KPIs to be achieved** by the Portfolio Company of ASC III Fund during the holding period, also depending on the **size** and **materiality** of sustainable factors of the Company;
- For ASC III Fund, additional activities are carried out. Please refer to Chapter 3.

*Please note: the pre-investment phase is preceded by a screening against the Restricted Sectors list included in the Management Rules of the Fund exclusion list.

Ownership

- Appointment of an **ESG Manager** for each PCs;
- Implementation of the **ESG Action Plan**, which includes actions to achieve **ESG target KPIs** for the PCs;
- **Monitoring of ESG target KPIs** with the goal of improving their trend, through the application of the ESG Data Collection and Monitoring Tool.

Exit

- **Vendor ESG Due Diligence**, which shows the **progress achieved** against the targets set in the ESG Action Plan through the measurement of ESG KPIs metrics.

Arcadia's Partnerships and Community Contribution

Arcadia is **partner of primary institutional organizations** that promote business acceleration, sustainability topics and professional education

CIP The **Competitiveness and Innovation Framework Program** supports **innovation activities** (including **eco-innovation**) into small and medium-sized companies

Gianluca Spina Association supports initiatives to **promote excellence in teaching**, **innovation, the right to study** and projects capable of creating **sustainable value**

The **European Fund for Strategic Investments** (EFSI) to support the growth of the economies of European Union countries with a focus on the themes of Innovation and Green Economy

A professor of **Politecnico di Milano School of Management** sits in the BoD of Arcadia and facilitates the partnership with Portfolio Companies to **develop projects with a high technological content**

The **European Investment Fund (EIF) with the InvestEU Programme** supports sustainable investment, innovation and job creation in Europe

Forum per la finanza sostenibile, non-profit association founded in 2001. Members are financial operators and other organizations involved in the **environmental and social impacts of finance**

Arcadia’s ESG Recognitions & Stewardship

Arcadia’s awards, academic engagement, and cultural initiatives.

CULTURAL SPONSORSHIP

Since 2024, Arcadia has been sponsoring the ***Festival del Pensare Contemporaneo***, a cultural initiative promoted by Fondazione di Piacenza e Vigevano that engages local communities, schools, and institutions in dialogue on contemporary issues.

The initiative reflects Arcadia’s commitment to educational and social value creation.

ACADEMIC ENGAGEMENT

For the second consecutive year, Arcadia was invited by the **Business School of the *Politecnico di Milano***, Italy's largest science-technology university, for a speech on the Fund's investment approach and integration of ESG factors.

The presentation, integrated within the Sustainable and Impact Finance Course, was led by Arcadia's ESG Manager and was also addressed to executives in the business and finance world.

AWARD RECOGNITION

For the second consecutive year, Arcadia was selected as a finalist for the ***GEA 2025 (Green Economy Award)***, promoted by *Comunicazione Italiana* and recognizing companies and managers that successfully integrate sustainability and innovation into their business models.

Starting from 2025, the award has also assessed Blue Economy sustainability projects, covering activities linked to seas and oceans.

Arcadia ranked among the **45 finalists out of 220 companies,** recognizing its commitment to embedding ESG principles across its investment strategies.

2. Arcadia ESG Investment Rationale

Arcadia Small Cap - Liquidated

Fund supported by the European Union through the **Competitiveness and Innovation Framework Program ("CIP")**.
This initiative funded **innovation activities** and promoted the **increased use of renewable energies** and **energy efficiency** through the Fund's investments.
The fund **was closed in August 2024,** as all investments were realised.

ASC KEY FACTS

KEY STATS

12
# of Investors

4
# of Investments

€53M
Committed Capital

€8M
Average Equity Ticket

83%
Drawdown

4
Platform Add-on

INVESTORS

€53M
Committed Capital

- Funds of funds
- Pension funds
- Banking Foundations
- Family offices
- HNWI
- Management Team

Cornerstone Investor: European Investment Fund

REALISED INVESTMENTS

VISION GROUP	Leader in the Italian optical consumer healthcare market **Exit**: Sold to a financial buyer (ICG)
VSP FASTENERS	Production of high-strength fasteners **Exit:** Sold to a trade buyer (Max Mothes GmbH)
h-old	Adhesive tapes for industrial applications **Exit:** Sold to a trade buyer (Saint-Gobain)
Lisapharma	CMO and CDMO of drugs (mainly injectable) **Exit**: Sold to a trade buyer (Asian publicly-listed company)

Arcadia Small Cap II

Data as of 31/12/2025

Fund sponsored by the European Fund for Strategic Investments (EFSI), which supports the growth of the economies of the European countries with a **focus on innovation and Green Economy**

ASC II KEY FACTS

ESG MONITORING

Since 2023, <u>**on a voluntary basis**</u>, the fund conducts **an annual ESG data collection activity** to monitor the sustainability performance of portfolio companies.

KEY STATS

23 # of Investors	**7** # of Investments
€80M Committed Capital	**€10M** Average Equity Ticket
93% Drawdown	**2** Platform Add-on
36% Distributed	**2** # of Exits

INVESTORS

€80M
Committed Capital

- Funds of funds
- Pension funds
- Banks and Banking Foundations
- Family offices
- HNWI
- Management Team

Cornerstone Investor: European Investment Fund (EIF)

PORTFOLIO COMPANIES

Starlaks – La Salmoneria Italiana	Smoked salmon processing
Favillini Pharmaceutical Packaging; Ideagrafica; Interpack	Cardboard packaging for the pharma industry
EMC Colosio	Electromechanics devices for the lighting industry
KFL Klima for Life	Heat exchangers for the HVAC industry
CBS.Est	Shaped pipes and manifolds for the HVAC industry

REALISED INVESTMENTS

castello hi-tech tubes	Extrusion of special polyamide pipes for automotive and industrial **Exit:** Sold to a trade buyer (ARaymond)
CHIORINO TECHNOLOGY	Leather processing for the fashion industry **Exit:** Under liquidation

3. Arcadia Sustainable Capital III

Arcadia Sustainable Capital III

In September 2022 Arcadia has launched its third fund, **Arcadia Sustainable Capital III placed in Art.8** of the EU Sustainable Finance Disclosure Regulation (SFDR). The Regulation requires the fund to promote specific **Environmental and Social characteristics** based on a materiality criteria for the investee companies.

17 Key Performance Indicators, based on the Fund's investment strategy, have been identified, among **9 Environmental and Social Characteristics** inspired by **UN Sustainable Development Goals (UN SDGs)** and the Italian *Piano Nazionale di Ripresa e Resilienza* **(«PNRR») Missions 2** (Green Revolution and Ecological Transition) **and 5** (Inclusion and Cohesion).

Arcadia Sustainable Capital III

The Management Rules of the fund Arcadia Sustainable Capital III specifies that target companies should be characterized by attractive growth opportunities leveraging on **strong sustainability mega trends**.

1. Sustainability as key investment consideration
Business models
Products – solutions – services
Processes and industrial footprint
Technology | Distribution paradigms
Production factors | Capex

2. Hidden champs
Trophy assets in attractive niches
Capturing and extracting untapped potentials

3. Monitoring and reporting
Sustainability action plan
Measurement and Communication

4. Mega trends
Circular economy | Sustainable supply chains
Support to local economies | Zero pollution
Sustainable transportation | Clean, reliable & affordable energy
Health and wellbeing | Smart cities

5. Cross-Industry approach
Operating Partners expertise
Selection of best opportunities
Risk mitigation

6. Attractive but responsible returns
Financial performance balanced with environmental and social impact

Arcadia Sustainable Capital III

The promotion of environmental and social characteristics will be monitored on a periodic basis by the GP through a **proprietary data collection tool** collecting a set of specific **key performance indicators** ("KPIs"). Part of the carried interest of the management team is subordinated to the achievement of ESG target KPIs.

5 GENDER EQUALITY

Promote Inclusion, diversity and equal opportunities

1. % of women employed
2. % of employees aged between 20 and 30 years
3. % of women on new hiring

4 QUALITY EDUCATION

Foster employee attraction and retention through the development of a corporate welfare systems

8. % of employees with access to corporate welfare

15 LIFE ON LAND

Support the reduction of hazardous waste

13.% of hazardous liquid waste generated

14.% of hazardous solid waste generated

8 DECENT WORK AND ECONOMIC GROWTH

Ensure safe and good working conditions for all workers

4. Rate of accidents (#employees)
5. # near misses
6. Avg hours of voluntary training (excl. H&S) per employee

13 CLIMATE ACTION

Address climate change by supporting PCs in measuring, monitoring & reducing GHG emissions

9. Scope 1 GHG emissions

10.Scope 2 GHG emissions

11.# of initiatives directed at reducing GHG emissions

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Support waste recycling

15.% of non-recycled liquid waste generated

16.% of non-recycled solid waste generated

10 REDUCED INEQUALITIES

Support the employment growth

7. % of workforce growth

7 AFFORDABLE AND CLEAN ENERGY

Promote the use of renewable sources

12.% use of renewable energy consumption

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Promote the use of recycled or certified raw materials

17.% of recycled and/or certified raw materials, semi-finished products

Arcadia Sustainable Capital III

Data as of 31/12/2025

Fund sponsored by the European Investment Fund (EIF). Through the "**InvestEU Program**", EIF supports sustainable investment, innovation and job creation in Europe

ASC III KEY FACTS

KEY STATS

29 # of Investors	**2** # of Investments
€105 M Committed Capital	**€12-18M** Average Equity Ticket
30% Drawdown	**1** Platform Add-on
N.A. Distributed	**0** # of Exits

INVESTORS

- Funds of funds
- Pension funds
- Banks and Banking Foundations
- Family offices
- HNWI
- Management Team

Cornerstone Investor: European Investment Fund (EIF)

PORTFOLIO COMPANIES

KEP ITALIA

VEREDUS

E-MAC edilizia >>>integrata

In ASC III, additional assessments are integrated during the pre-acquisition and post-acquisition phase.

- **EIF thesis alignment (InvestEU program):** the Target Company is assessed to evaluate the potential contribution to one or more EIF investment theses.
- **PAI readiness Assessment:** collection of the readily available data to measure the 14 mandatory and 2 voluntarily KPIs associated to Principal Adverse Impacts (PAIs) and the definition of actions to be performed in order to disclose all the 16 PAI according to the RTS standards.
- **Baseline assessment of the Environmental and Social Characteristics:** collection of the 17 KPIs associated with the 9 E/S Characteristics promoted by the Fund.
- **Voluntary target setting to monitor the level of contribution to the promotion of E/S Characteristics:** Targets on a **5-year investment period are set** together with an action plan to be followed to attain the target. The targets are validated by a third-party consultant and are linked to the investment team carried interest.

4. ESG at Portfolio Level

Portfolio Companies

CBS.Est
Varmo (UD)

KFL EST
Romans d´Isonzo (GO)

E.M.C. COLOSIO
Provaglio d'Iseo (BS)

E-MAC edilizia >>>integrata
Cornedo Vicentino (VI)

FAVILLINI PHARMACEUTICAL PACKAGING
IDEAGRAFICA
interpack
Livorno (LI)
Liscate (MI)
Pomezia (RM)

VEREDUS
Oné di Fonte (TV)

KEP ITALIA
Calvagese della Riviera (BS)

Starlaks La Salmoneria Italiana
Borgolavezzaro (NO)

ESG Distinguishing Factors

Company	Description	ESG Factors	SDG Target
FAVILLINI Pharmaceutical Packaging IDEAGRAFICA interpack Circular Economy	Cardboard packaging for pharmaceutical and nutraceutical sectors	• Shifting from plastic to paper and cardboard packaging • Contribute to reforestation and fighting against desertification	7, 8, 12, 15
Starlaks La Salmoneria Italiana Healthy food	Value added processing of high-quality smoked salmon	• Promoting healthy lifestyles through the consumption of superfoods • Protein transition from meat to fish • Blue economy and preservation of marine environment	2, 3, 12, 14
EMC Colosio Energy Efficiency	European leader of lighting components for smart cities applications and design fixtures	• Energy consumption reduction with adoption of LED technologies • Resource-efficient systems for urban lighting applications	7, 11, 9, 13
CBS.Est Pollution Reduction	Special tubes, piping and systems for the HVACR industry	• Replacement of traditional fossil-based systems with heating pumps powered by renewable energy • Energy efficiency	7, 9, 12, 13

ESG Distinguishing Factors

Company	Description	ESG Factors	SDG Target
KFL Klima for Life Pollution Reduction	Customized high efficiency heat exchangers for the HVACR sector	• Hydrofluorocarbons (HFCs) replacement with low-emissions natural refrigerants fluids • Phase-out of ozone depletion substances and global warming reduction	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action
KEP Italia Veredus Pollution Reduction Energy Efficiency Circular economy	Protective riding helmets, protection for sport horses and natural products for horse care.	• 19% of electricity from renewable sources, generated from photovoltaic panels present on-site • The filling material of its helmets is recycled • Support to inclusiveness an organization involved in activities for people with disabilities	5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 12 Responsible consumption and production; 13 Climate action
E-MAC edilizia >>>integrata Circular economy	Rental and sale of machinery and equipment for the construction sector.	• Circular economy business model through product reuse and lifecycle extension • Product-as-a-Service approach promoting resource efficiency • Promotion of equipment reuse	9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action

Favillini Pharmaceutical Packaging Group

Favillini Pharmaceutical Packaging Group (hereinafter «Favillini») operates in the secondary packaging sector for the pharmaceutical and nutraceutical industries. The Group includes *Grafiche Favillini*, *Idea Grafica* (acquired in 2020), and *Interpack* (acquired in 2025), combining expertise in secondary packaging solutions, including cartons and leaflets, for leading pharmaceutical clients.

Feb 2020
Date of first investment

Fund
Arcadia Small Cap II

Employees
266*
(+27% vs 2024)

Annual Turnover
40.6 €Mln
(+10% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E

GHG Emissions monitoring Monitoring

Monitoring of Scope 1 and Scope 2 GHG emissions across all sites, with **100% renewable electricity** procurement. **Total GHG emissions decreased by 42%** compared to the previous year.

Energy Efficiency Initiatives

Enhanced monitoring of fuel consumption across the vehicle fleet to improve emissions tracking and management.
LED lighting upgrades completed at the Liscate site in 2025, with implementation planned for the Pomezia site in 2026.

S

Gender Equality Certification

Activities supporting alignment to the **UNI/PdR 125** framework have been launched. The **certification** will be achieved **by September 2026**.

H&S
Monitoring of **near misses** through dedicated internal reporting system.

Employees' Welfare

Performance-based **bonus** provided twice annually.

All employees also benefit from free **psychological counselling sessions** and access to a **corporate benefits** platform offering discounts on products and services.

G

ESG Employees' Engagement

Introduction of an **ESG suggestion module** available to **all employees** to report improvement opportunities across any business area. Dedicated **ESG reporting forms** have been distributed throughout **all departments.**

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023.

Favillini 2025 ESG Performance

Data as of 31/12/2025

The 2025 ESG data presented refer to both Grafiche Favillini and Ideagrafica and Interpack.

Environment

Energy	Value	Vs 2024
Electricity (MWh/year)	2,928	+9%[1]
Electricity consumption from renewable sources (MWh/year)	2,581	+124%
Total natural gas consumption (Sm^3/year)	13,229	-63%

Waste	Value	Vs 2024
Total solid waste generated (tonnes/year)	2,403	-2%
Total liquid waste generated (m^3/year)	88	+75%[1]
Non hazardous waste sent to landfill (%)	26%	+26 pp[1]

Product sustainability	Value	Vs 2024
Tons of certified and/or recycled materials	1,417	-3%
Percentage of certified and/or recycled materials over total	13%	-3 pp

Certified environmental management system in place (ISO 14001:2015)

Social

Employment and D&I	Value	Vs 2024
New hires in the reporting year (N)	20	+33%
Leavers in reporting year (N)	15	+150%[2]
Rate of workforce growth (%)	27%	+22 pp[1]
Women employed (N)	79	+ 61%
Employees aged between 20 and 30 years (N)	66	+5%

Training and Welfare	Value	Vs 2024
Total hours of voluntary training provided to employees (N)	550	-73%[3]
Hours of training provided per employee (hours/year)	2	-79%[3]
Employees who have access to corporate welfare systems (N)	266	+30%

H&S	Value	Vs 2024
Work-related injuries (n.)	5	+67%[4]
Near misses (n.)	5	+ 3
Fatalities (n.)	0	no change

Governance

Business Ethics	
Organizational Model aligned with Legislative Decree 231/2001	✔
Code of ethics	✔
Whistleblowing channel	✔
ESG incidents	0
Confirmed incidents of corruption	0

Certifications and Ratings

[1]The increase is attributable to the inclusion of Interpack in the reporting perimeter.
[2]The Liscate site has a greater impact on turnover due to a higher presence of competitors in the area, which leads to increased employee exits. However, the balance is positive, and the workforce has increased by 22%.
[3]2024 saw intensive training in Liscate and Livorno for new machinery installation; in 2025, training shifted to onboarding staff at the new Pomezia site.
[4]While the number of work-related injuries increased in 2025, the overall severity of incidents decreased, as outlined by the reduction of lost working days associated with the injuries (96 in 2024 to 60 in 2025).

Starlaks Srl

Starlaks, based in the outskirts of Novara, operates in the **smoked salmon processing** since 2012

Feb 2021
Date of first investment

Fund
Arcadia Small Cap II

Employees*
84
(-11% vs 2024)

Annual Turnover
23.1 €Mln
(-2% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E / S

Renewable energy

100% **renewable electricity supply**, certified through Guarantees of Origin (GO)

During the year, the **Company focused on developing a site expansion project**, incorporating **environmental and operational improvement** measures to be completed by **February 2029**.

Key measures include:

- **Resource & Energy Efficiency**: Construction of a new warehouse to expand storage and production capacity, and installation of a 65 kW photovoltaic plant, with a further 200 kW agrivoltaic system planned.
- **Water Efficiency:** Introduction of a high-pressure washing system to reduce water consumption during cleaning operations.
- **Wastewater Management**: Installation of a wastewater pre-treatment system (accumulation tank and equalization stage) to improve effluent quality prior to discharge.
- **Environmental Management System**: Commitment to achieve ISO 14001 certification by February 2029, upon completion of the expansion.
- **Employment Growth:** Expected workforce increase of approximately five employees between 2026 and 2029 as a result of the project.

G

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023

*Employee headcount decreases from 94 in 2024 to 84 in 2025, representing an 11% reduction. However, when **temporary agency workers** are also considered, the total workforce amounts to 95 workers in 2024 (including 1 temporary agency worker) and 92 in 2025 (including 8 temporary agency workers), corresponding to an approx. **3%** decrease.

Starlaks 2025 ESG Performance

Data as of 31/12/2025

Starlaks La Salmoneria Italiana

Environment

Energy	Value	Vs 2024
Electricity (MWh/year)	893	-1%
Electricity consumption from renewable sources (MWh/year)	893	-1%
Total natural gas consumption (Sm^3/year)	N/A	N/A

Waste	Value	Vs 2024
Total solid waste generated (tonnes/year)	62	-54%
Total liquid waste generated (m^3/year)	3	N/A[1]
Non hazardous waste sent to landfill (%)	0%	-

Product sustainability	Value	Vs 2024
Tons of certified and/or recycled materials	301	+65%
Percentage of certified and/or recycled materials over total	18%	+7 pp

Social[2]

Employment and D&I	Value	Vs 2024
New hires in the reporting year (N)	6	-84%[3]
Leavers in reporting year (N)	16	-27%[3]
Rate of workforce growth (%)	-2%	N/A[4]
Women employed (N)	62	-11%
Employees aged between 20 and 30 years (N)	5	-58%

Training and Welfare	Value	Vs 2024
Total hours of voluntary training provided to employees (N)	0	No change
Hours of training provided per employee (hours/year)	0	No change
Employees who have access to corporate welfare systems (N)	0	No change

H&S	Value	Vs 2024
Work-related injuries (n.)	2	+2[5]
Near misses (n.)	1	-3
Fatalities (n.)	0	No change

Governance

Business Ethics	
Organizational Model aligned with Legislative Decree 231/2001	✔
Code of ethics	✔
Whistleblowing channel	✔
ESG incidents	0
Confirmed incidents of corruption	0

Certifications and Ratings

BIO Certification (Art.35 Reg. EU 2018/848)

[1] In 2024, the data was available in m^3 (62.5 m^3), therefore it is not comparable with the 2025 data.
[2] The data refer to direct employees only
[3] Trend related to seasonal changes in production activities.
[4] Not applicable as in the 2023 the temporary agency workers were not included in the calculation
[5] Incidents related to the crushing of a foot (the safety shoe was being worn) and an injury to a hand by a maintenance worker despite wearing cut-resistant gloves. In response, they changed the gloves used as personal protective equipment and repeated the training.

EMC Colosio Srl

EMC Colosio, headquartered in the outskirts of Brescia, is a European **leader in the design and production** of components for the **lighting industry**

Nov 2021
Date of first investment

Fund
Arcadia Small Cap II

Employees
42
(+11% vs 2024)

Annual Turnover
17.8 €Mln
(-6% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E

GHG emissions

Ongoing commitment to reducing greenhouse gas emissions by pursuing self-production through **renewable energy**

Renewable energy

100% **renewable electricity supply**, certified through Guarantees of Origin (GO)

Waste management

Optimization of waste management to minimize its generation

S

Job Creation

Increase in hiring through **business expansion** and implementation of **talent acquisition programs**

Employee Wellbeing

Promotion of **employee wellbeing** through flexible working policies and employee-focused benefits.

Safety

The Company operates in compliance with the requirements of Italian **Legislative Decree 81/08,** which provides the regulatory framework for occupational health and safety management.

G

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023.

Colosio 2025 ESG Performance

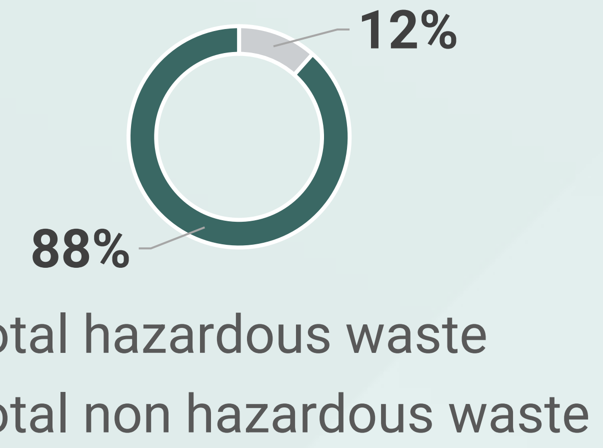
Data as of 31/12/2025

Environment

Energy	Value	Vs 2024
Electricity (MWh/year)	462	-9%[1]
Electricity consumption from renewable sources (MWh/year)	462	-9%[1]
Total natural gas consumption (Sm^3/year)	15,876	+17%[2]

Waste	Value	Vs 2024
Total solid waste generated (tonnes/year)	17	-19%
Total liquid waste generated (m^3/year)	2	-50%
Non hazardous waste sent to landfill (%)	0%	-2 pp

Waste generation breakdown -%



Social

Employment and D&I	Value	Vs 2024
New hires in the reporting year (N)	6	+100%
Leavers in reporting year (N)	2	-50%
Rate of workforce growth (%)	11%	+14 pp
Women employed (N)	18	-5%
Employees aged between 20 and 30 years (N)	11	No change

Training and Welfare	Value	Vs 2024
Total hours of voluntary training provided to employees (N)	261	+89%
Hours of training provided per employee (hours/year)	6	+72%
Employees who have access to corporate welfare systems (N)	All (42 employees)	All (38 employees)

H&S	Value	Vs 2024
Work-related injuries (n.)	0	-
Near misses (n.)	0	-
Fatalities (n.)	0	-

Governance

Business Ethics	
Organizational Model aligned with Legislative Decree 231/2001	✓
Code of ethics	✓
Whistleblowing channel	✓
ESG incidents	0
Confirmed incidents of corruption	0

[1] Electricity consumption decreased because production was lower, leading to reduced usage.
[2] Gas is used solely for heating, so the slight variation is due to different usage attributable to a colder winter.

KFL EST Srl

KFL EST is active in the engineering, manufacturing and distribution of **customized heat exchangers** primarily addressed to the refrigeration and conditioning markets. The Company was founded in 1993 and is headquartered in the outskirts of Gorizia

KFL EST

Jul 2022
Date of first investment

Fund
Arcadia Small Cap II

Employees
137
(+4% vs 2024)

Annual Turnover
23.3 €Mln
(+5% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E

Digitalization & Paper Reduction

Reduced paper consumption through the introduction of a **digital employee platform** for pay slip distribution, company communications, leave requests, and administrative processes.

Environmental Performance Improvement

Pursuing continuous reduction of environmental impact through **energy efficiency initiatives** and ongoing improvements to products and manufacturing processes.

S

Employee Welfare & Recognition

Enhanced **employee wellbeing** through **welfare initiatives** and performance-based year-end rewards recognizing employee business contribution.

Health & Safety Governance

The Company appointed a dedicated **internal H&S Manager.** Additional initiatives included structured monthly H&S KPI monitoring, dedicated prevention meetings, a CE marking program for machinery, and the installation of a smoke detection system.

G

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023.

KFL EST 2025 ESG Performance

Data as of 31/12/2025

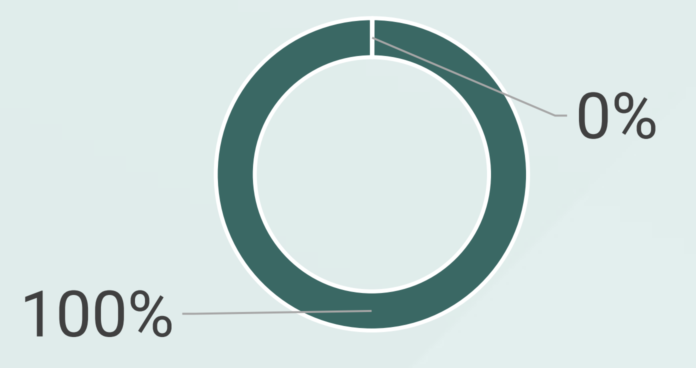
Environment

Energy	Value	Vs 2024
Electricity (MWh/year)	831	-5%
Electricity consumption from renewable sources (MWh/year)	431	N/A
Total natural gas consumption (Sm^3/year)	75,997	+9%

Waste	Value	Vs 2024
Total solid waste generated (tonnes/year)	683	-3%
Total liquid waste generated (m^3/year)	732	+233%[1]
Non hazardous waste sent to landfill (%)	100%	+ 0 pp

Waste generation Breakdown - %

100% Non Hazardous waste



Social

Employment and D&I	Value	Vs 2024
New hires in the reporting year (N)	32	+113%
Leavers in reporting year (N)	27	+145%[2]
Rate of workforce growth (%)	4%	+1 pp
Women employed (N)	51	+13%
Employees aged between 20 and 30 years (N)	27	+23%

Training and Welfare	Value	Vs 2024
Total hours of voluntary training provided to employees (N)	790	+4%
Hours of training provided per employee (hours/year)	6	No change
Employees who have access to corporate welfare systems (N)	134	+3%

H&S	Value	Vs 2024
Work-related injuries (n.)	8	+300%[3]
Near misses (n.)	5	+3
Fatalities (n.)	0	0

Governance

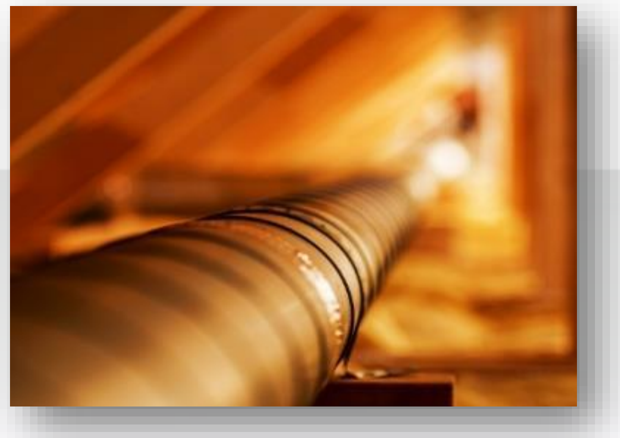
Business Ethics	
Organizational Model aligned with Legislative Decree 231/2001	✓
Code of ethics	✓
Whistleblowing channel	✓
ESG incidents	0
Confirmed incidents of corruption	0

In 2025 **KFL** was recognized among **best performing companies for its business performance.**

[1]The increase is attributable to a different and more appropriate disposal method for the water contained in the testing tanks. Following a waste characterization analysis conducted in 2025, all liquid waste was classified and disposed of as non hazardous, whereas in 2024 the same waste stream had been managed as hazardous waste.
[2]Leavers have increased, but the total workforce grew by 3.8%.
[3]The number of injuries has increased; however, related Lost Working Days (LWDs) remain limited (91 in total), and one case worsened due to an incorrect hospital diagnosis, resulting in an increase in associated LWDs.

CBS EST Srl

CBS EST, based in the outskirts of Udine, is specialized in the production of customized products for the **air conditioning, refrigeration and heating industry**



Jul 2022
Date of first investment

Fund
Arcadia Small Cap II

Employees
169
(-1% vs 2024)

Annual Turnover
21.7 €Mln
(+6% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E

Reduction of gas consumption

The Company has achieved more efficient management through **improved regulation of heating,** resulting in a reduction in gas consumption of approximately 21% compared to 2024.

S

Gender Diversity

Women represent 72% of the total workforce (FTE) as of 31 December 2025 and a female executive holds the role of Chief Financial Officer (CFO).

H&S Management

In 2025, CBS introduced a structured **Health & Safety KPI monitoring system**, including tracking of injuries, frequency rates, severity rates, near misses and occupational diseases.

H&S Leadership

At the end of 2025, the Company appointed a **dedicated internal H&S Manager**, strengthening the Health & Safety management framework and oversight capabilities.

G

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023.

CBS EST 2025 ESG Performance

Data as of 31/12/2025

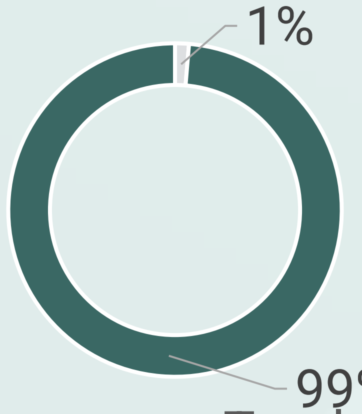
CBS.Est

Environment

Energy	Value	Vs 2024
Electricity (MWh/year)	1,222	-1%
Electricity consumption from renewable sources (MWh/year)	657	+8%
Total natural gas consumption (Sm^3/year)	64,153	-21%

Waste	Value	Vs 2024
Total solid waste generated (tonnes/year)	184	+99%[1]
Total liquid waste generated (m^3/year)	4	+356%[2]
Non hazardous waste sent to landfill (%)	100%	No change

Waste generation breakdown - %



Social

Employment and D&I	Value	Vs 2024
New hires in the reporting year (N)	13	+18%
Leavers in reporting year (N)	15	+15%
Rate of workforce growth (%)	-1%	No change
Women employed (N)	121	-2%
Employees aged between 20 and 30 years (N)	37	-5%

Training and Welfare	Value	Vs 2024
Total hours of voluntary training provided to employees (N)	119	-22%[3]
Hours of training provided per employee (hours/year)	1	-22%
Employees who have access to corporate welfare systems (N)	165	-2%

H&S	Value	Vs 2024
Work-related injuries (n.)	2	-71%
Near misses (n.)	3	-1
Fatalities (n.)	0	0

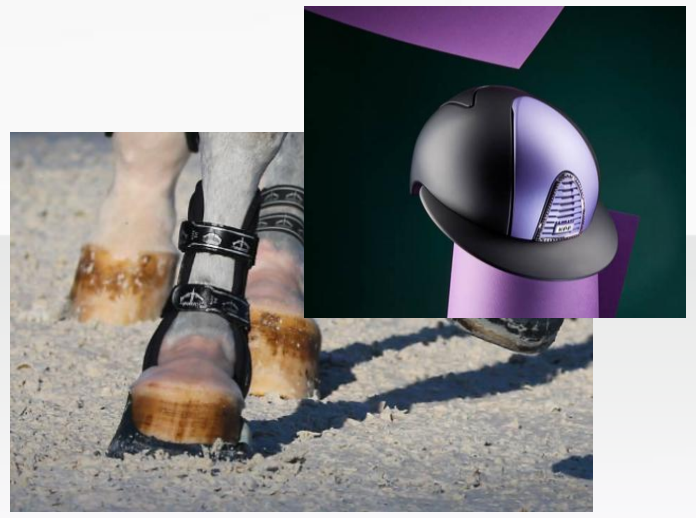
Governance

Business Ethics	
Organizational Model aligned with Legislative Decree 231/2001	✓
Code of ethics	✓
Whistleblowing channel	✓
ESG incidents	0
Confirmed incidents of corruption	0

In 2025 **CBS** was recognized among **best performing companies for its business performance.**

[1]The increase is related to a higher intake of copper scrap
[2]One explanation is disposal timing, as some liquid waste streams are accumulated on site and disposed of only once sufficient volumes are reached. This may have resulted in higher disposal volumes being recorded in 2025 than in 2024.
[3]Each year, the type of training provided varies. In 2025, 23 employees participated in training on anti-corruption, anti-money laundering, and the code of ethics, while 15 employees received training as brazing technicians.

KEP Group



KEP Group* is a leading equestrian player, combining KEP Italia's premium **riding helmets** with Veredus' horse **protection, care, and wellbeing solutions**. The Group serves professional and amateur equestrian markets worldwide through a complementary portfolio focused on safety, performance, quality, and innovation.

Nov 2023
Date of first Investment (KEP)

Nov 2024
Veredus Acquisition

Fund
Arcadia Sustainable Capital III

Employees
KEP: 27 (+17.4% vs 2024)
KEP Group: 46

Annual Turnover
KEP: 10.9 €Mln (+21.1% vs 2024)
KEP Group: 16.4 € Mln

KEY ESG INITIATIVES UNDERTAKEN

E

Renewable energy

100% **renewable electricity supply**, certified through Guarantees of Origin (GO).

S

Board Gender Diversity

The Board of Directors includes 3 female members out of 7 total directors, reflecting gender diversity at governance level.

Employee Healthcare Benefits

In 2025, the Company granted all employees access **to UniSalute healthcare coverage,** helping to reimburse a portion of medical expenses.

Near Misses Reporting Culture

A dedicated email address was established in 2025 to enable employees to report **near-miss** events, supporting timely interventions and continuous improvement in workplace safety.

G

231 Model

The Company is in the process of finalizing and adopting an **Organizational Model** pursuant to Legislative Decree **231/2001**, with completion expected by **30 June 2026**.

Responsible AI Governance

An internal **Artificial Intelligence (AI) Policy** is currently being finalized to provide employees with guidance on the appropriate and responsible use of AI tools.

* "*KEP Group*" refers to the group comprising KEP Italia S.r.l. and Veredus, following KEP Italia's acquisition of Veredus in November 2024. References to "*KEP*" or "*Veredus*" relate to the two companies individually.

KEP & KEP Group 2025 ESG Performance

As part of ACS III fund classified under Article 8 of the SFDR, the company was monitored against specific ESG KPIs to assess its contribution to the promotion of the fund's environmental and social characteristics. The following section presents KEP Italia's 2025 performance against 2024, together with KEP Group's performance. As KEP Group was established in 2025, no comparison with 2024 is available.

Data as of 31/12/2025

E/S KPIs

	Description	KPIs	Unit of measurement	KEP Italia Srl					KEP Group (incl. Veredus)	
				2022 (Baseline)	2024	2025	Delta (vs 2022)	Notes	2025	Notes
ENVIRONMENT	Address climate change by Supporting PCs In measuring, monitoring and reducing GHG emissions	Scope 1 GHG emissions	Tons of CO2 eq Scope 1 emitted / turnover PC company (M€)	3.7	5.4	5.6	+51%	The increase was driven by the larger vehicle fleet (+1 unit) and higher gas and diesel consumption (+35% and +21%, respectively).	6.8	Veredus consumed nearly three times more natural gas than KEP in 2025 (23,000 m³ vs. 8,000 m³).
		Scope 2 GHG emissions (market based)	Tons of CO2 eq Scope 2 emitted / turnover PC company (M€)	3.9	4.1	0	-100%	The company purchases 100% of its electricity, bringing Scope 2 emissions to zero.	2.14	Currently, Veredus does not purchase energy from renewable sources.
		Initiatives to reduce GHG emissions (Scope 1 and 2)	Number of initiative to reduce GHG emissions	1	1 (total 2)	0	+ 0	KPI stable compared to 2024	2	No initiatives undertaken by Veredus.
	Promote the use of renewable Sources	% of electricity consumed from renewable resources	Renewable electricity consumption/total electricity consumption	19%	19%	100%	+ 81 pp	The company purchases 100% of its electricity from renewable sources.	54%	Veredus will begin purchasing renewable energy starting in 2026.
	Promote the use of recycled or Certified raw materials	% of recycled/certified raw materials, semi-finished products	Tons of recycled/certified materials / tons of raw materials and semi-finished products purchased	52%	52.9%	52.9%	+ 0.9 pp	KPI stable compared to 2024	52.9%	Veredus purchases approximately the same proportion of recycled/certified material
	Support the reduction of Hazardous waste	% of hazardous liquid waste generated	Tons of hazardous liquid waste generated / Tons of liquid waste generated	0%	0%	0%	+ 0 pp	KPI stable compared to 2024	0%	The indicators are not affected by the add-on of Veredus
		% of hazardous solid waste generated	Tons of hazardous solid waste generated / Tons of solid waste generated	0%	0%	0%	+ 0 pp	KPI stable compared to 2024	0%	
	Support waste recycling	% of non-recycled liquid waste generated	m³ of liquid non-recycled waste / total m³ liquid waste	0%	0%	0%	+ 0 pp	KPI stable compared to 2024	0%	
		% of non-recycled solid waste generated	Tons of Non-recycled solid waste generated/turnover PC company (M€)	0.8	0.9	0.3	-61%	Excellent reduction in the quantity of non-recycled waste generated in 2025, despite increasing revenue	0.3	

KEP & KEP Group 2025 ESG Performance

Data as of 31/12/2025

E/S KPIs

	Description	KPIs	Unit of measurement	KEP Italia Srl 2022 (Baseline)	KEP Italia Srl 2024	KEP Italia Srl 2025	KEP Italia Srl Delta (vs 2022)	KEP Italia Srl Notes	KEP Group (incl. Veredus) 2025	KEP Group (incl. Veredus) Notes
SOCIAL	Promote Inclusion, diversity And Equal opportunities	% of women employed	No. Of women / total employees	65%	57%	56%	-9 pp	Slight decrease in the number of women in the company between 2024 and 2025.	63%	Veredus' presence has a positive impact on the indicator. In fact, Veredus employs 14 women out of a total of 19 employees.
		% of employees aged between 20 and 30 years	No. Of employees between 20-30 years / total employees	25%	30%	22%	-3 pp	Slight decrease in the number of young employees in the company between 2024 and 2025.	15%	The presence of Veredus slightly worsens the indicator. In fact, Veredus has 1 employee between the ages of 20 and 30 out of a total of 19 employees.
		% of women on new hiring	No. Women hired/total number of new hiring	100%	50%	50%	-50 pp	KPI stable compared to 2024.	50%	The indicator is not affected by the add-on of Veredus
	Ensure safe and good working conditions for all workers	Average hours of voluntary training (excluding H&S) per employee	Total hours training / no. Of employees	0	0	16	+ 16 h	In 2025, KEP delivered a 16-hour Excel training course for all its employees.	9.4	In 2025, Veredus did not organize any voluntary training courses.
		Rate of accidents (#employees)	No. Of accidents / no. Of employees	0%	0%	0%	+ 0 pp	KPI stable compared to 2024	0	The indicators are not affected by the add-on of Veredus
		# near misses	No. Of near misses	N/A	0	0	0	In 2025, KEP introduced a dedicated channel for near misses (which was not present in 2024). No near misses were recorded in 2025.	0	

KEP & KEP Group 2025 ESG Performance

Data as of 31/12/2025

E/S KPIs

	Description	KPIs	Unit of measurement	KEP Italia Srl 2022 (Baseline)	KEP Italia Srl 2024	KEP Italia Srl 2025	KEP Italia Srl Delta (vs 2022)	KEP Italia Srl Notes	KEP Group (incl. Veredus) 2025	KEP Group (incl. Veredus) Notes
SOCIAL	**Support the employment Growth**	% of workforce growth	(no. Of employees year (x) – no. Of employees year (x-1)) / no. Of employees Year (x-1)	N/A	N/A	17%	N/A	The value is positive in 2025 with a 17% increase compared to 2024.	N/A	Calculating the indicator requires a comparison with the previous year, which is not possible for the group established in 2025.
SOCIAL	**Foster employee attraction and retention through the development of a corporate welfare systems**	% of employees who have access to corporate welfare systems	No. Of employees who have access to corporate welfare / total n of employees	0%	0%	100%	+ 100 pp	In 2025 Kep has established a welfare system covering all its employees.	59%	Veredus has not yet established a Welfare system, which will be implemented in 2026.

E-MAC Srl

The company is engaged in the **rental and sale of machinery and equipment** for the **construction sector**

E-MAC edilizia >>>integrata

Jul 2025
Date of first investment

Fund
Arcadia Sustainable Capital III

Employees
91
(+5% vs 2024)

Annual Turnover
55.9 €Mln (+7% vs 2024)

KEY ESG INITIATIVES UNDERTAKEN

E

GHG Management

The Company implemented a systematic data process for **Scope 1 and 2** GHG emissions calculation.

Energy Transition

The Company operates an **on-site photovoltaic system** and has progressively replaced warehouse handling equipment with electric forklifts and pallet trucks. **Hybrid and electric vehicles** are also being introduced within the company fleet.

Responsibile Resource Use

With no manufacturing operations, the Company prioritizes responsible office management and encourages employee actions to minimize environmental impact.

S

Gender Diversity

The Board improved gender diversity by appointing a female member and will further diversify with another planned appointment in 2026.

People & Organization Development

The Company established managerial roles and advanced HR policies for recruitment, gender balance, and employee welfare.

Health & Safety Management

The Company initiated activities aimed at obtaining additional management system certifications, including the planned implementation of **ISO 45001**.

G

231 Model

Organizational Model pursuant the L. Decree **231/2001** in place

Implementation of a **Whistleblowing procedure** for anonymous complaints pursuant to Legislative Decree No. 24/2023

Governance Framework Enhancement

In 2026, the Company will enhance governance by adding **new corporate policies on supplier** conduct and responsible business practices.

E-MAC 2025 ESG Performance

As part of ACS III fund classified under Article 8 of the SFDR, the company was monitored against specific ESG KPIs to assess its contribution to the promotion of the fund's environmental and social characteristics.

Data as of 31/12/2025

E/S KPIs

	Description	KPIs	Unit of measurement	2024	2025	Delta (vs 2024)	Notes
ENVIRONMENT	**Address climate change by Supporting PCs In measuring, monitoring and reducing GHG emissions**	Scope 1 GHG emissions	Tons of CO2 eq Scope 1 emitted / EBITDA adjusted	40.7	41.4	+1.7%	The data is almost unchanged.
		Scope 2 GHG emissions (market based)	Tons of CO2 eq Scope 2 emitted / EBITDA adjusted	10.3	6.1	-40.8%	The decrease is attributable to a reduction in EBITDA and a greater accuracy of the data provided and a slightly increase in renewable energy.
		Initiatives to reduce GHG emissions (Scope 1 and 2)	Number of initiative to reduce GHG emissions	0	0	-	-
	Promote the use of renewable Sources	% of electricity consumed from renewable resources	Renewable electricity consumption/total electricity consumption	6.3%	7.6%	+1.3 pp	The PV plant generated slightly more electricity in 2025, increasing from 20,723 kWh in 2024 to 21,420 kWh in 2025.
	Promote the use of recycled or Certified raw materials	% of recycled/certified raw materials, semi-finished products	Tons of recycled/certified materials / tons of raw materials and semi-finished products purchased	N/A	N/A	-	-
	Support the reduction of Hazardous waste	% of hazardous liquid waste generated	Tons of hazardous liquid waste generated/EBITDA adjusted	2.16	3.61	+67.1%	The increase in hazardous liquid waste is due to the cleaning of machinery washing systems, an activity with high liquid waste generation, which was not carried out in 2024.
		% of hazardous solid waste generated	Tons of hazardous solid waste generated / EBITDA adjusted	0.24	7.48	+3016%	The 2024 data set is incomplete and not considered reliable for comparative purposes. Therefore, the 2025 data set will be used as the baseline for future assessments.
	Support waste recycling	% of non-recycled liquid waste generated	Tons of liquid non-recycled waste / EBITDA adjusted	1.01	1.77	+75.2%	The rationale for the increase follows the same criterion used for the percentage of hazardous liquid waste generated reported above.
		% of non-recycled solid waste generated	Tons of solid non-recycled waste/EBITDA adjusted	0%	0%	+ 0 pp	The data is unchanged.

E-MAC 2025 ESG Performance

Data as of 31/12/2025

E/S KPIs

	Description	KPIs	Unit of measurement	2024	2025	Delta (vs 2024)	Notes
SOCIAL	**Promote Inclusion, diversity And Equal opportunities**	% of women employed	No. Of women / total employees	22%	24%	+ 2 pp	-
		% of employees aged between 20 and 30 years	No. Of employees between 20-30 years / total employees	22%	21%	- 1 pp	-
		% of women on new hiring	No. Women hired/total number of new hiring	10%	27%	+ 17 pp	-
	Ensure safe and good working conditions for all workers	Average hours of voluntary training (excluding H&S) per employee	Total hours training / no. Of employees	0	0	-	-
		Rate of accidents (#employees)	No. Of accidents / no. Of employees	0%	2%	+ 2 pp	In 2025, two injuries were recorded, one of which occurred during commuting.
		# near misses	No. Of near misses	1	5	+ 4	Greater effort in reporting near misses
	Support the employment Growth	% of workforce growth	(no. Of employees year (x) – no. Of employees year (x-1)) / no. Of employees Year (x-1)	3.6%	4.6%	+1 pp	Increase in workforce from 87 employees in 2024 to 91 employees in 2025
	Foster employee attraction and retention through the development of a corporate welfare systems	% of employees who have access to corporate welfare systems	No. Of employees who have access to corporate welfare / total n of employees	<12%	0%	- 12 pp	In 2024, welfare initiatives were introduced, but they were discontinued in 2025 due to limited success.

5. Next Steps

Plans for the 2H 2026 and 2027

Next Steps

ESG AT GP LEVEL

Continue integrating climate considerations into the GP's governance, strategy, and risk management framework:

- Arcadia will keep the BoD and the Investment Team updated with respect to latest trends related to climate risks and opportunities;
- Arcadia will keep performing a screening of climate risk materiality within the pre-investment phase (within the ESG/EHS Due Diligence) and monitor adopted mitigation measures during the ownership phase (through the ESG Action Plans developed by the PCs, where materiality is confirmed).

In addition, Arcadia will continue to enhance ESG awareness and capabilities across its Investment Team through annual ESG training, ensuring alignment with evolving sustainability trends and regulatory developments. By demonstrating progresses on its Sustainability Agenda, Arcadia also aims to achieve and **increase its PRI questionnaire score.**

ESG AT FUND LEVEL

Keep investing through the new fund Arcadia Sustainable Capital III, placed in article 8 of the SFDR:

- Through its investment activity, ASC III Fund promotes material Environmental and Social Characteristics. Progresses will be monitored through the data collection and monitoring tool, on 17 KPIs. Baseline data will be collected during the Due Diligence Phase.

Support Portfolio Companies in improving ESG data collection activity and in defining and implementing an ESG action plan

- Arcadia will provide its PCs support in improving data availability and quality by engaging with the ESG Managers at PC level.
- In addition, Arcadia aims at supporting its PCs in defining ESG Objectives, actions, KPIs, roles and responsibilities with the goal of progressively improve their ESG performance.

Arcadia will involve its portfolio companies in participating in ESG training sessions delivered by the GP.

CONTACTS

Simona Quaglia | ESG Manager
Simona.quaglia@arcadiasgr.it

ARCADIA SGR

Www.arcadiasgr.it