



2025 ESG & Sustainability Report



Guido Belli,
Arcadia SGR Chairman

Throughout 2024 and the first half of 2025, Arcadia (or the General Partner, “GP”) continued to demonstrate its commitment to sustainability, recognizing that **the creation of lasting value, depends on an integrated and responsible approach.**

We made significant strides in strengthening and implementing the ESG (Environmental, Social and

Governance) strategy outlined in our **ESG Roadmap**, integrating environmental, social, and governance criteria and climate-related aspects into all key areas of our investment activity, both at the GP and at Fund level.

In line with our ambition to align incentives with responsible investing, Arcadia linked part of the carried interest of *Arcadia Sustainable Capital III* (ASC III) to the ESG performance of its portfolio companies. This represents a concrete step towards embedding sustainability into long-term value creation.

In accordance with our Action Plan, which was developed in response to the **Bank of Italy's Supervisory Expectations regarding climate and environmental risks**, year 2024 has been pivotal in advancing the integration of climate risks into Arcadia's business strategy, governance framework and responsible investment approach. As part of the ongoing implementation of the plan and to **enhance awareness** within the team, we delivered **two training sessions** between

2024 and the first half of 2025. One session focused on **climate risks**, aiming to strengthen the team's capacity to assess and manage both physical and transition-related climate risks in the portfolio. The other session addressed **biodiversity**, emphasizing its critical importance as an environmental aspect.

In the first half of 2025, **we closely monitored the progress of the Action Plan's implementation**, ensuring alignment with the best practices established by the Bank of Italy. Following this analysis, we revised our Action Plan to incorporate additional actions for implementation and subsequently shared the updated version with the Bank of Italy.

We conducted a **comprehensive assessment of our carbon footprint, encompassing Scope 1 and Scope 2** emissions at both General Partner level and portfolio level for ASC III Fund for fiscal year 2024.

In 2024, we updated our proprietary ESG monitoring tool to include a dedicated section tracking the ESG actions implemented by each portfolio company. This enhancement allows us to better assess progress and gather relevant data to support engagement and disclosure. **ESG data collection and monitoring activities** were carried out for the portfolio companies of ASC II and ASC III, focusing on material KPIs and sustainability performance.

In 2024, we strengthened our monitoring efforts of the **environmental and social characteristics** promoted by Arcadia Sustainable Capital III, our EU Sustainable Finance Disclosure Regulation (Reg. 2019/2088) Article 8-compliant fund. This was carried out by tracking specific ESG KPIs aligned with the promoted characteristics across portfolio companies. The aggregated results of this monitoring were included in the **periodic disclosures** to investors, providing a portfolio-level overview of the fund's alignment with the promoted environmental and social characteristics.

In line with our commitment to transparency and accountability, we completed our third annual submission of the **UN PRI questionnaire**, further embedding the principles of responsible investment into our governance and decision-making processes.

Looking ahead, we are confident that our integrated and responsible approach will not only enhance our competitive position but also positively contribute to long-term success.



“Our focus is to continue advancing on our sustainability journey by conducting ESG due diligence for all potential investments and by further strengthening our engagement with Portfolio Companies. This is achieved through the development of tailored ESG action plans and the ongoing monitoring of ESG performance throughout the ownership period. We are committed to staying aligned with relevant ESG trends and regulatory standards, investing in staff training and promoting ESG awareness across our portfolio.”

Introduction



Arcadia SGR 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 currently manages two Private Equity Funds



Investment Team & Operating Partners

8

Investment professionals

–

110+ years

of cumulative experience
in the Private Equity market

–

6

Operating Partners



Private Equity Funds

Arcadia Small Cap

Vintage: 2011

Liquidated in 2024

–

Arcadia Small Cap II

Vintage: 2017

6 Portfolio companies

+ 1 exit

–

Arcadia Sustainable Capital III

Vintage: 2023

1 portfolio company + 1 add-on completed
in 2024.

In July 2025 a second investment has
been completed.



Investment targets' characteristics

Territory

Companies mainly located in Northern 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



ESG Carried Interest

As part of its commitment to responsible investment, Arcadia has linked part of the **carried interest of ASC III** to the **ESG performance of its PCs, measured through KPIs**.



ESG Data collection and Tools

Arcadia monitored **ESG performance across its funds** using its proprietary data collection and monitoring tool which has been updated in 2024 to include a dedicated section on the ESG actions implemented by the portfolio companies. The process focuses on the collection of material **ESG KPIs** for each portfolio company to assess performance trends.



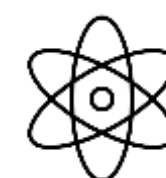
High level Climate risk screening

Arcadia continued to monitor the portfolio **exposure to physical and transition climate risks**, updating the results of its high-level climate risk screening to include new add-on investment and evaluating the presence of climate-related safeguards both during ESG due diligence and throughout portfolio engagement activities.



Promotion of Environmental and Social characteristics

Arcadia Sustainable Capital III, aligned with the requirements of Article 8 of the EU Sustainable Finance Disclosure Regulation, promotes **environmental and social characteristics measured through quantitative targets**. The level of ambition of the **targets and its alignment with the PC's context is verified by an independent third party**.



Independent advisor

Arcadia has appointed Tiresia (Politecnico di Milano) as an **Independent advisor** to support the validation of the **targets associated with its environmental and social (E/S) KPIs promoted by ASC III** to ensure robustness, reliability, and transparency of ESG performance tracking across the portfolio.



Bank of Italy Action Plan

In addition to **monitoring the implementation progress** of its **Climate Action Plan**, Arcadia initiated a structured update process, comparing its current alignment with the best practices identified by the Bank of Italy in order to integrate additional actions to be implemented and to submit the revised Action Plan to the supervisory authority.



ESG Collaboration

Arcadia continued its collaboration with an external **ESG Advisory company** started in 2022, to support the implementation of the **ESG framework** developed through the **implementation of ESG activities** including ESG performance monitoring, GHG emissions calculation, and training on climate risks and biodiversity.



Carbon Footprint

Arcadia assessed the **Carbon Footprint** at both GP level and at portfolio level for the ASC III Fund, computing **Scope 1 and Scope 2 GHG emissions** with reference to year 2024.

Signatory of:



PRI submission

As a signatory to the UN Principles for Responsible Investment (UN PRI) since 2021, Arcadia **submitted its third annual transparency report in July 2024**, confirming its commitment to responsible investment practices through regular disclosure and accountability.

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



The background features a close-up of a green plant stalk, possibly a seedling, with several small, pointed leaves. Overlaid on this is a complex network of thin, glowing green lines that connect various points, some of which are highlighted with small, bright green dots. The overall aesthetic is futuristic and tech-oriented, with a soft, out-of-focus green background that creates a bokeh effect.

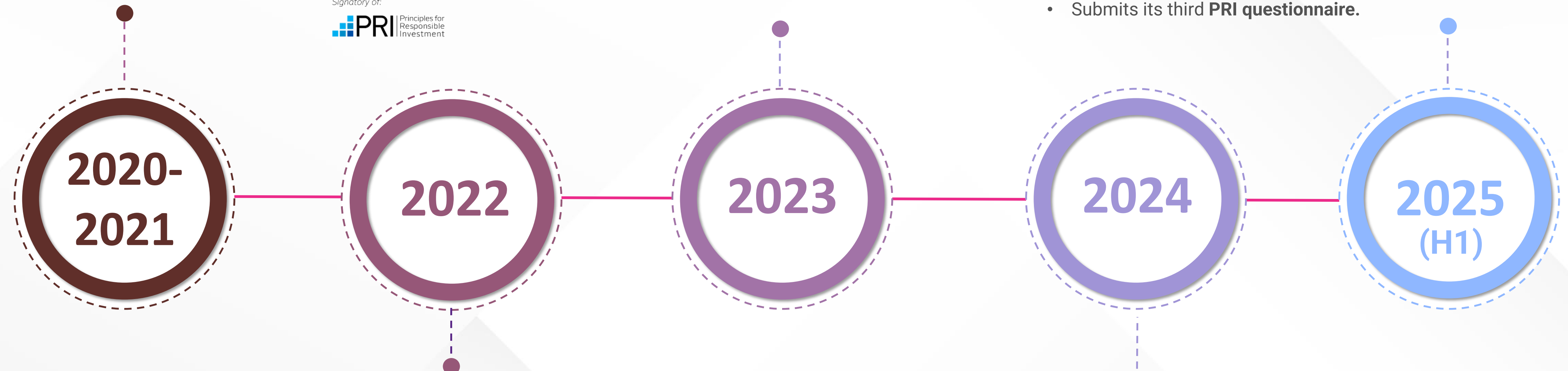
1. Arcadia ESG Journey

- Prior to the launch of the Regulation 2088/2019 (the “SFDR”), **Arcadia starts its collaboration with Vigeo Eiris** to assess PCs’ ESG performance and assign an **ESG rating to PCs**;
- **Arcadia publishes the first version of its ESG Policy.**
- **Arcadia becomes a signatory of UN PRI (United Nation Principles for Responsible Investment).**



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.**



- **Arcadia starts a collaboration with ERM Italia SpA** (external ESG Advisor) to further **integrate ESG in the investment process**;
- Arcadia develops a three-year **ESG roadmap describing the next steps** both at GP and Fund level;
- **Arcadia launches the new fund Arcadia Sustainable Capital III**, placed in Art. 8 of the SFDR;
- Arcadia publishes **its first ESG Report.**



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

- Performs a **training of Climate risks** at GP level;
- **Assesses the Carbon Footprint** at both GP level and at portfolio level for ASC III Fund, computing Scope 1 and Scope 2 GHG emissions with reference to FY2023.



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

Building on its ESG integration path, Arcadia:

- Elaborates the **periodic SFDR disclosure** for the Article 8 fund, focusing on the E/S characteristics promoted;
- 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 FY2024;
- 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.**



MISSION



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 supports **ESG awareness** and **knowledge** by facilitating training sessions for employees of the GP and the Portfolio Companies.

Arcadia also plays a role in combating **climate change**. In the first half of 2024, 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 ambitions for the reduction of Scope 1 and Scope 2 emissions.



The key principles of Arcadia's ESG approach are included within Arcadia's Responsible Investment (RI) Policy. These principles – Environment, Social and Governance – describe Arcadia ESG main priorities throughout the investment process. The latest version of the [ESG Policy](#) is available on the company's website

ARCADIA SUPPORTS:

1.
The transition to a low-carbon economy (when feasible) and/or the avoidance of negative impacts on the environment.
2.
The evaluation of the **environmental policies** implemented by the PCs
3.
The focus on **strengthening the environmental management system** of PCs.

ARCADIA VALUES:

1.
The respect of individual freedom
2.
The impact PCs can have on stakeholders, from employees to the supply chain

ARCADIA BELIEVES:

1.
A virtuous model of corporate governance can prove to be a key factor of value creation
2.
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 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**.



Simona Quaglia
ESG Manager

Our third fund, placed in Art. 8 of SFDR, is a natural consequence of our focus on sustainability, which has been a key pillar in the investment strategy of Arcadia since its foundation

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

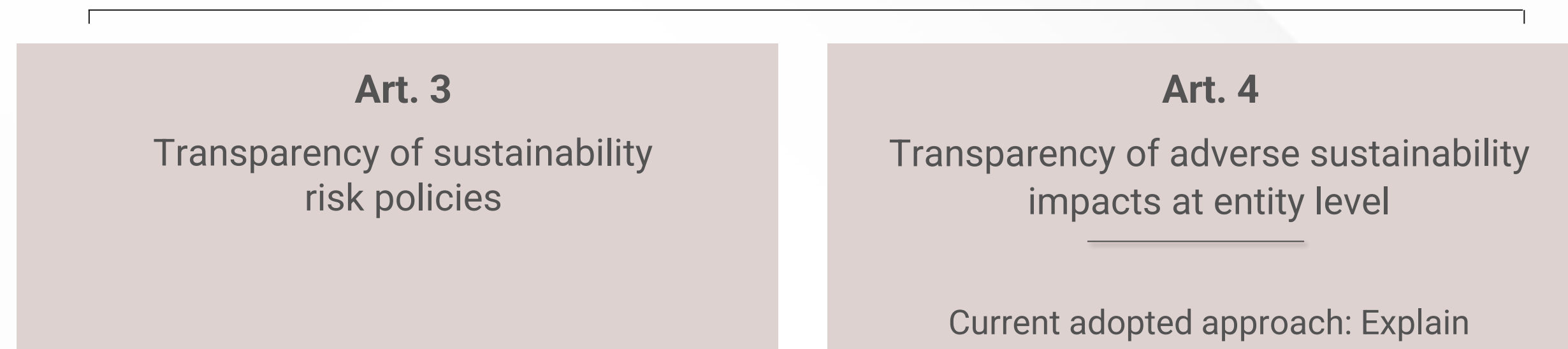
Arcadia **complies with the EU Regulation 2019/2088** (or “Sustainable Finance Disclosure Regulation”, SFDR). As one of the key pillars of the European Action Plan on Sustainable Finance, the SFDR enhances transparency for financial market participants regarding the integration of sustainability risks,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

SFDR Disclosures

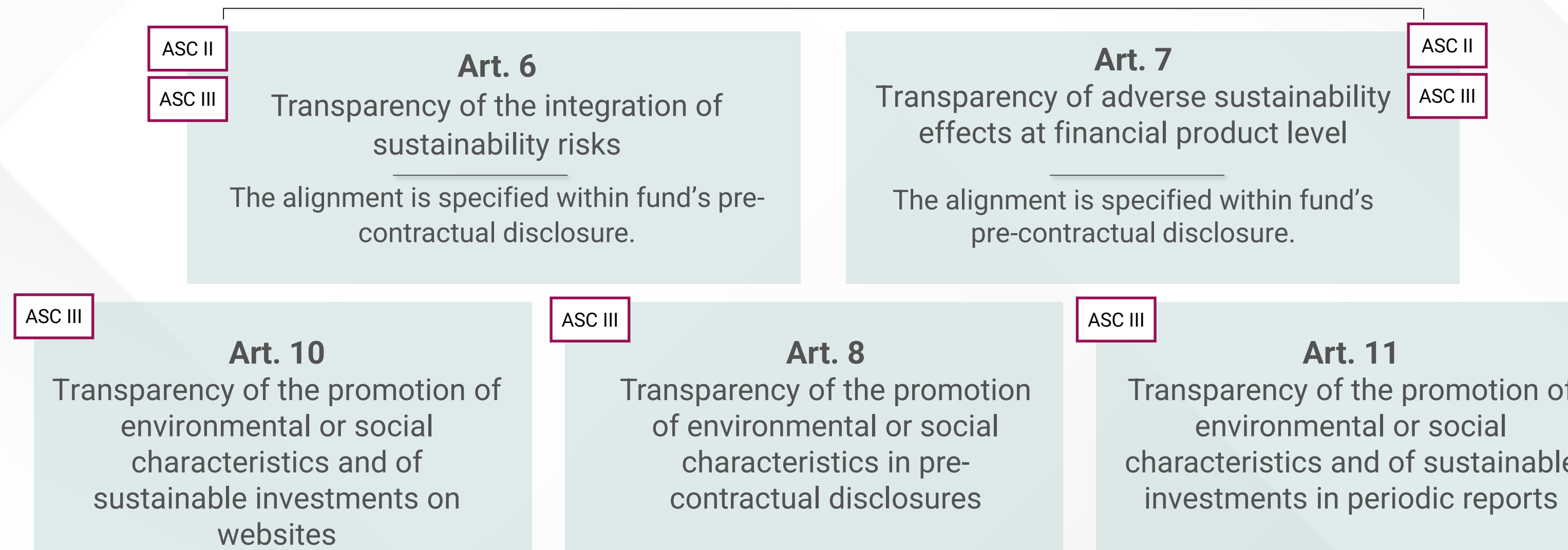


Arcadia is compliant with SFDR **with the articles 3, 4** (at Asset Manager level) **and articles 6, 7, 8, 10 and 11 at Fund level** (the latest three articles are complied with for the Fund ASC III, which is classified as an Article 8 product under the SFDR.). **Please refer to Arcadia’s website Sustainability section for further details**

Asset Manager



Financial product



UN PRI 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 policies 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:



In 2024, Arcadia submitted its **second 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 Private Equity and Governance & Strategy:

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

Planned Activities

The Asset Manager remains committed to continuous improvement, aiming to further enhance its ESG practices in line with the UN PRI framework. Arcadia has submitted its third UN PRI questionnaire in 2025 as part of its ongoing effort to enhance ESG integration and transparency in its investment processes



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's Approach

Arcadia responded to the Bank of Italy Supervisory expectations by implementing the following initiatives:

2022- 2023

- 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 **Materiality mapping of physical and existing portfolios (ASC, ASC II and ASC III) and climate risks and opportunities screening and monitoring integrated within the investment process**

2024 – H1 2025

- 4 **Provision of Training on climate risks and biodiversity** performed at GP level and at portfolio level
- 5 **Carbon Footprint assessment** of the GP and at ASC III portfolio level, including **Scope 1 and Scope 2 GHG emissions**, performed on both FY2023 and FY2024
- 6 **Climate risks (physical and transition's) screening** performed on the add-on of the Portfolio Company – KEP (ASC III Fund)
- 7 **Monitoring of the implementation status of the Action Plan**, including verification of alignment with best practices observed by the Bank of Italy



2024 – H1 2025 ACTIVITIES

4

Training on climate risks and biodiversity performed at GP level and at portfolio level

5

Carbon Footprint assessment of the GP, and at ASC III portfolio level including Scope 1 and Scope 2 GHG emissions, performed on both FY2023 and FY2024

6

Climate risks (physical and transition's) screening performed on new investments (ASC III Fund)



- The training sessions, provided by an external consultancy company specialised on sustainability, supported **internal knowledge building around climate-related topics**.
- **Arcadia's whole personnel** was invited to the training session, including the **Board of Directors** and the **ESG Managers of portfolio companies**.
- The training session provided Arcadia's personnel the **foundations to understand climate change** and the **implications of related risks and opportunities for a Private Equity investor**, also considering the Bank of Italy's Supervisory Expectations.
- The training session included **case studies**, to engage the audience with **practical examples** on how to apply climate-related considerations along the investment cycle and ensure **accountability across the team**.



2024 – H1 2025 ACTIVITIES

- 4 Training on climate risks performed at GP level
- 5 Carbon Footprint assessment of the GP, including Scope 1 and Scope 2 GHG emissions, performed on both FY2023 and FY2024
- 6 Climate risks (physical and transition’s) screening performed on new investments

Arcadia performed a carbon footprint assessment at GP level with data referred to 2023 and 2024, in accordance with the GHG Protocol Corporate Standard.

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

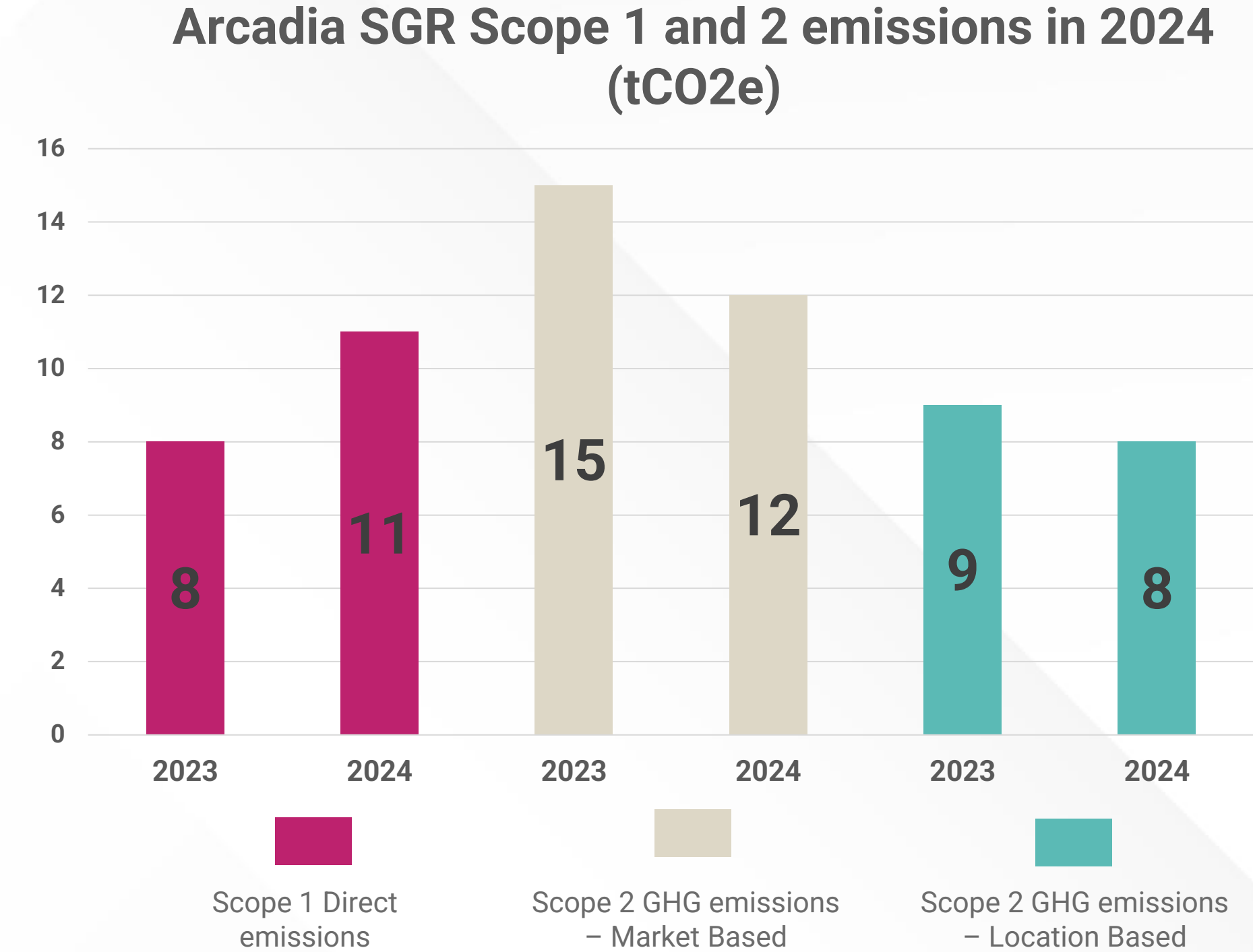
The following energy sources were included in the assessment:

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

Category	2023	2024	Variations
Scope 1	8	11	+37%
Scope 2 tCO2e (%) Market-based*	15	12	-20%
Scope 2 tCO2e (%) Location-based**	9	8	-11%
Total (Market Based approach)	23	23	-

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

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.”



- Scope 1 –Trend analysis**
- ❑ The trend indicates a **37% increase** in direct emissions, rising from 8 to 11 tCO2e.
 - ❑ The increase is primarily attributable to a **26% rise in kilometers** travelled in 2024 compared to the previous year. It should be noted that **Arcadia expanded its fleet** from three vehicles in 2023 to five in 2024, currently composed of four hybrid vehicles and one petrol vehicle.
- Scope 2 – Trend analysis**
- ❑ Both methodologies indicate a **reduction in Scope 2 GHG emissions**
 - ❑ This trend is primarily driven by a **27% decrease in electricity consumption** in 2024 compared to 2023.

2024 – H1 2025 ACTIVITIES

- 4 Training on climate risks performed at GP level
- 5 Carbon Footprint assessment of the GP, including Scope 1 and Scope 2 GHG emissions, performed on both FY2023 and FY2024
- 6 Climate risks (physical and transition’s) screening performed on new investments (ASC III Fund)

During ESG engagement activities, Arcadia monitored the presence of **safeguards related to climate risks** in the portfolio companies of the ASC II and ASC III Funds. All portfolio companies either have in place or are in the process of finalizing insurance coverage for **climate-related catastrophic events as mandated by the 2024 Italian Budget Law***

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

The high-level screening was carried out using a proprietary tool. The tool is inspired to the Task Force on Financial Disclosure (TCFD) approach, and it is designed to perform a first high-level screening of the target company exposure to **physical risks** (for each asset) and **transition aspects (risks & opportunities)** associated with the economic activity.

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.

Climate risks screening

The results of the analysis made to assess portfolio exposure to physical and transition risks indicate that the funds managed by Arcadia are overall exposed to **a medium-low level of risk**

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 ESG Consultant

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 slide 28.](#)

*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

- 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 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**

ESG Stewardship



Academic Engagement – Politecnico di Milano

For the second consecutive year, Arcadia was invited by the **Business School of the Politecnico di Milano, Italy's largest science-technology university**, to talk about **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.



Cultural Sponsorship – Festival del Pensare Contemporaneo

For the second consecutive year, Arcadia supported the **Festival del Pensare Contemporaneo**, a cultural initiative promoted by **Fondazione di Piacenza e Vigevano**. The festival is held across the Piacenza area and is designed to foster dialogue around contemporary thought, involving local communities, schools, and institutions. Arcadia's continued support reflects its commitment to **promoting cultural initiatives with strong educational and social value**.



Green Economy Award – Premio GEA 2024

In 2024, Arcadia was selected as a finalist for the **“Premio GEA 2024” (Green Economy Award)**, an initiative promoted by Comunicazione Italiana that celebrates Italian companies and managers who have successfully integrated **sustainability and innovation into their business models**. Arcadia was selected as a finalist among 45 Italian companies, in recognition of its ongoing commitment to embedding ESG principles across its investment strategies.

Italia del Merito Award – 2023



The award celebrates Italian excellence and is reserved to institutional investors that have contributed to creating long-term value for the country, with a particular focus on sustainable and responsible growth.

In March 2023, Arcadia received the **“Italia del Merito”** award during a ceremony held at the Campidoglio in Rome. Arcadia was recognized for its **ongoing commitment to integrating environmental, social and governance (ESG) principles** into its investment approach, reinforcing its role as a responsible investor actively contributing to the growth of the Italian system.

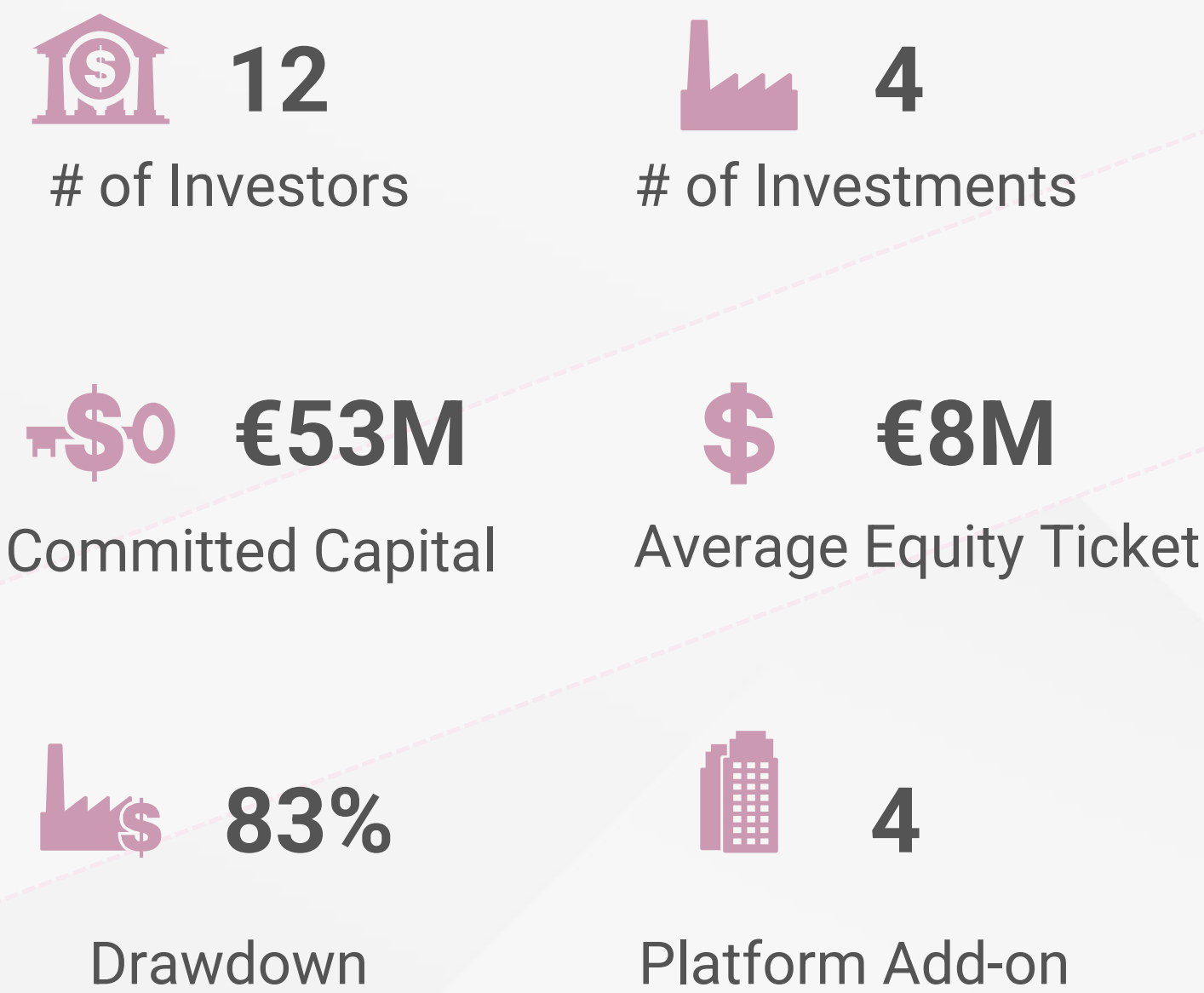
2. Arcadia ESG Investment Rationale



Fund supported by the European Union through the **Competitiveness and Innovation Framework Program ("CIP")**.
 This initiative supported **innovation activities** (including eco-innovation) 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



INVESTORS

€53M
 Committed Capital

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

Cornerstone Investor:
 European Investment Fund

REALISED INVESTMENTS

Leader in the Italian optical consumer healthcare market
 Exit: Sold to a financial buyer (ICG)

Production of high-strength fasteners
 Exit: Sold to a trade buyer (Max Mothes GmbH)

Adhesive tapes for industrial applications
 Exit: Sold to a trade buyer (Saint-Gobain)

CMO and CDMO of drugs (mainly injectable)
 Exit: Sold to a trade buyer (Asian publicly-listed company)

Fund sponsored by EFSI, which supports the growth of the economies of the European countries with a focus on innovation and Green Economy

ASC II KEY FACTS

KEY STATS



23

of Investors



7

of Investments



€80M

Committed Capital



€10M

Average Equity Ticket



93%

Drawdown



2

Platform Add-on



36%

Distributed



1

of Exits

ESG MONITORING

On a voluntary basis, the fund conducts an annual **ESG data collection activity** to monitor the sustainability performance of portfolio companies.

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



Leather processing for the fashion industry



Smoked salmon processing



Cardboard packaging for the pharma industry



Electromechanics devices for the lighting industry



Heat exchangers for the HVAC industry



Shaped pipes and manifolds for the HVAC industry

REALISED INVESTMENTS



Extrusion of special polyamide pipes for automotive and industrial
Exit: Sold to a trade buyer (ARaymond)

3. Arcadia Sustainable Capital III

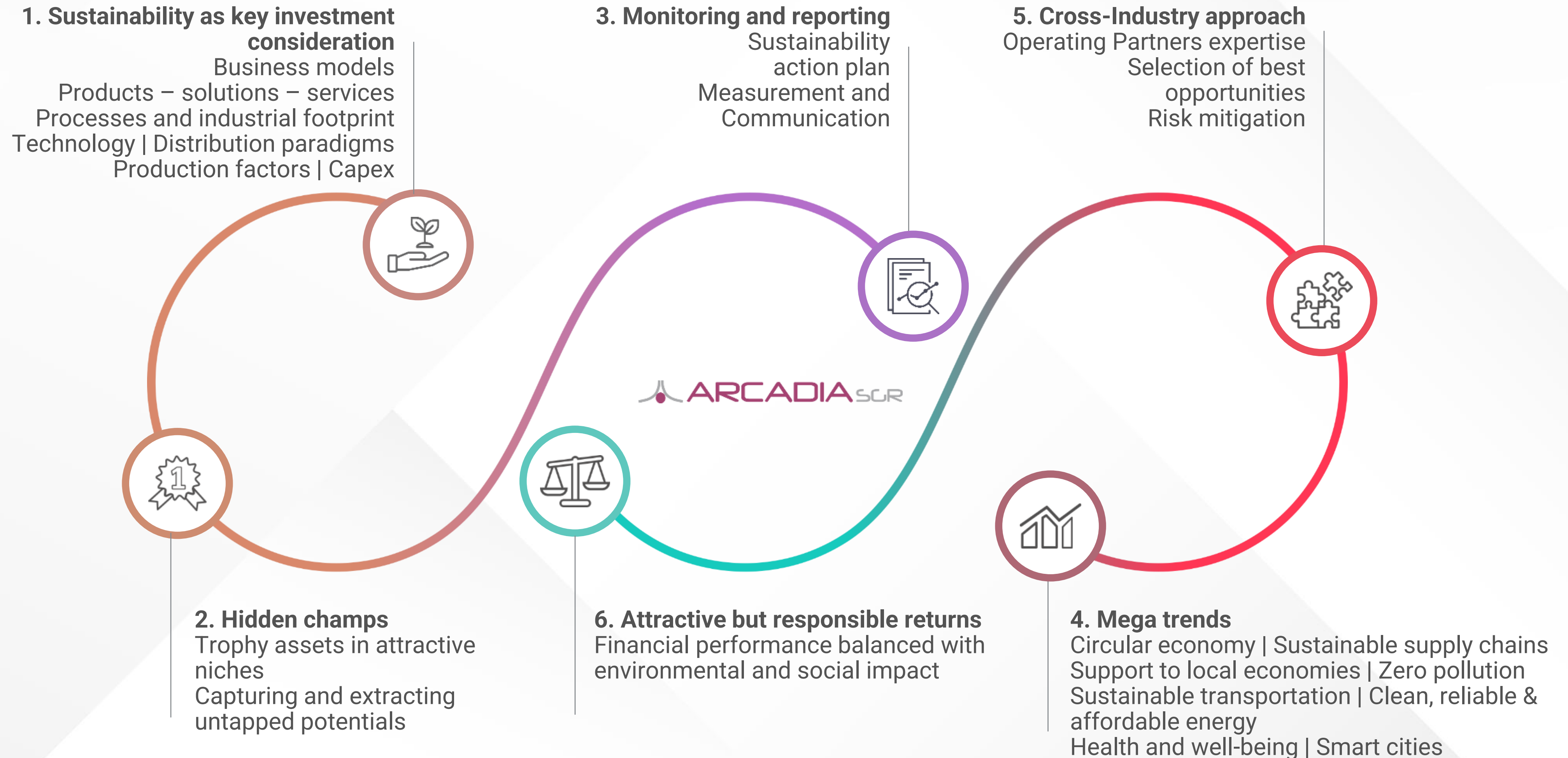




In September 2022 Arcadia has launched its third fund, **Arcadia Sustainable Capital III** placed in **Art.8** of the EU Sustainable Finance Disclosure Regulation (SFDR). The Regulation requires the fund to promote specific **environmental and social characteristics** based on a materiality criteria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

17 KPIs, chosen by considering topics' potential materiality based on the Fund's investment strategy, have been identified, among 9 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)

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



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



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



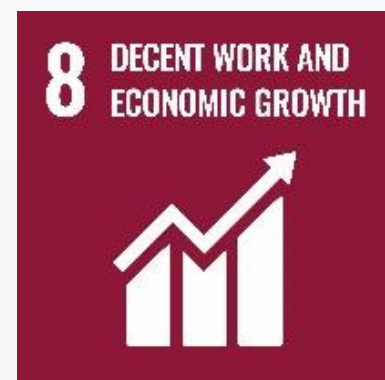
Foster employee attraction and retention through the development of a corporate welfare systems

8. % of employees with access to corporate welfare



Support the reduction of hazardous waste

- 13.% of hazardous liquid waste generated
- 14.% of hazardous solid waste generated



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



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



Support waste recycling

- 15.% of non-recycled liquid waste generated
- 16.% of non-recycled solid waste generated



Support the employment growth

7. % of workforce growth



Promote the use of renewable sources

- 12.% use of renewable energy consumption



Promote the use of recycled or certified raw materials

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

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

(Data as at 31/12/2024)



27

of Investors



1

of Investments



€88.5M

Committed Capital

\$€12-18M

Average Equity Ticket



13%

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



Safety equipment for the equestrian sector

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






















- EIF thesis alignment (InvestEU programme):** 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.
- Target setting to measure the level of contribution to the promotion of E/S Characteristics:** Targets on a **5-year investment period are set** together an action plan to be followed to attain the target. The targets are validated by a third-party consultant.


4. ESG at Portfolio Level



Current Portfolio Companies



Company	Description	ESG Factors	SDG Target
 <p>CHIORINO TECHNOLOGY</p> <p>Recycled Leather</p>	Finishing and ennoblement of leather for the luxury and fashion industries	<ul style="list-style-type: none"> Recycling of raw materials and finished products Transition towards vegetable tanned leather 	   
   <p>FAVILLINI PHARMACEUTICAL PACKAGING</p> <p>IDEAGRAFICA</p> <p>interpack</p> <p>Circular Economy</p>	Cardboard packaging for pharmaceutical and nutraceutical sectors	<ul style="list-style-type: none"> Shifting from plastic to paper and cardboard packaging Contribute to reforestation and fighting against desertification 	   
 <p>Starlaks</p> <p>La Salmoneria Italiana</p> <p>Healthy food</p>	Value added processing of high-quality smoked salmon	<ul style="list-style-type: none"> Promoting healthy lifestyles through the consumption of superfoods Protein transition from meat to fish Blue economy and preservation of marine environment 	   
 <p>VISION GROUP</p> <p>Healthcare</p> <p>REALISED INVESTMENT</p>	Leading Italian independent optical network in consumer healthcare	<ul style="list-style-type: none"> Improving customers' health and addressing visual and hearing conditions 	   
 <p>castello®</p> <p>hi-tech tubes</p> <p>Electric Vehicles</p> <p>REALISED INVESTMENT</p>	Extrusion specialist of polyamide and polyurethane tubes for automotive and industrial sector	<ul style="list-style-type: none"> Supporting the transition from fossil-based fuels towards electric-powered vehicles GHGs emissions reduction 	   

Company	Description	ESG Factors	SDG Target
 Energy Efficiency	European leader of lighting components for smart cities applications and design fixtures	<ul style="list-style-type: none"> Energy consumption reduction with adoption of LED technologies Resource-efficient systems for urban lighting applications 	   
 Pollution Reduction	Special tubes, piping and systems for the HVACR industry	<ul style="list-style-type: none"> Replacement of traditional fossil-based systems with heating pumps powered by renewable energy Energy efficiency 	   
 Pollution Reduction	Customized high efficiency heat exchangers for the HVACR sector	<ul style="list-style-type: none"> Hydrofluorocarbons (HFCs) replacement with low-emissions natural refrigerants fluids Phase-out of ozone depletion substances and global warming reduction 	   
 Pollution Reduction Energy Efficiency Circular economy	Protective riding helmets, protection for sport horses and natural products for horse care	<ul style="list-style-type: none"> 19% of electricity from renewable sources, generated from photovoltaic panels onsite The filling material of its helmets is recycled Support to inclusiveness an organization involved in activities for people with disabilities 	      



Date of first investment

Feb 2020

–

Fund

Arcadia Small Cap II

–

Employees

209

(+4.5% vs 2023)

–

Annual Turnover

36.9 €Mln

(+1% vs 2023)

Favillini Pharmaceutical Packaging Group 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

KEY ESG INITIATIVES UNDERTAKEN

E

FSC Chain of Custody of Cardboard Certification

traceability of the timbers

Enviromental Product Declaration

EPD in place for the majority of product formats. The underlying Life Cycle Assessment was updated in 2024

Certified renewable electricity

The Liscate site completed the transition to 100% renewable electricity supply, certified through Guarantees of Origin (GO)

Reuse of Industrial Scrap Materials

The company has partnered with local associations (e.g., ReMida) to donate scrap materials (paper, plastic, rubber) for creative reuse and educational activities in the community

S

Employee Engagement

Access to Up Day welfare platform which allows employees to use a dedicated annual amount to spend on meals, health services, personal care, transport

Employee Development

292 voluntary training hours delivered in 2024, including technical training on new machinery, updates on management systems, and participation of the ESG Manager in a course provided by Sole 24 Ore Business school, focused on sustainability reporting and strategy

H&S

Monitoring of near-misses through dedicated internal reporting system

G

Ethical Packaging Charter

Signatory of the Ethical Packaging Charter, which includes 10 different commitments product and production chain-related

ESG Manager

An ESG Manager is in place to support the implementation of sustainability practices

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

0 whistleblowing reports were received

The 2024 ESG data presented refer to both Grafiche Favillini and Idea Grafica, excluding Interpack, which was acquired in January 2025



Environment

Energy	Value	Vs 2023
Electricity (MWh/year)	2,691	+25%*
Electricity consumption from renewable sources (MWh/year)	1,154	-46%
Total natural gas consumption (Sm³/ year)	35,848	-13%
Waste	Value	Vs 2023
Total waste generated (tonnes/year)	2,508.4	+6%
Non hazardous waste sent to landfill (%)	0%	-
Product sustainability	Value	Vs 2023
Tons of certified and/or recycled materials	1,461.3	+46%
Percentage of certified and/or recycled materials over total	16%	+3 pp



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



Social

Employment and D&I	Value	Vs 2023
New hires in the reporting year (N)	15	-50%
Leavers in reporting year (N)	6	-25%
Rate of workforce growth (%)	5%	+2 pp
Women employed (%)	23%	-6 pp
Employees aged between 20 and 30 years (%)	30%	+5 pp
Training and Welfare	Value	Vs 2023
Total hours of voluntary training provided to employees (N)	2,092	+7%
Hours of training provided per employee (hours/year)	10	+3%
Employees who have access to corporate welfare systems (N)	205	N/A
H&S	Value	Vs 2025
Work-related injuries (n.)	3	-25%
Near misses (n.)	2	N/A
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

Certifications and Ratings



* The increase is also attributable to the growth in workforce, production volumes, and turnover.



Date of investment

Feb 2021

–

Fund

Arcadia Small Cap II

–

Employees

94

(+19% vs 2023)

–

Annual Turnover

23.5 €Mln

(+14% vs 2023)

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

KEY ESG INITIATIVES UNDERTAKEN

E

Resource and energy

In place initiative for paper material reduction in packaging (~10% p/year) and **efficiency gains per pallet** (~ 14% energy consumption for transport)

Introduction of a new thermo-forming machine to **increase production efficiency** and **plastic saving** (expected - 6 tons of plastic film p/year)

Electricity **100% from renewable sources**

Installation of a **wastewater pre-treatment system** under threading machinery to filter residues and discharge clean water into the sewage system

S

Employees' engagement

Presence of periodical meetings to share current and prospective company dynamics and performance, for **greater employee involvement**

Employees' H&S

Monitoring of **near-misses** through dedicated **internal reporting system**, aimed at identifying potential risks and implementing preventive measures to reduce workplace incidents.

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

–

0 whistleblowing reports were received



Environment

Energy	Value	Vs 2023
Electricity (MWh/year)	903	+23%*
Electricity consumption from renewable sources (MWh/year)	903	+235%
Percentage of consumption from renewable sources	100%	+63 pp

Waste	Value	Vs 2023
Total liquid waste (m³)	62.5	N/A
Total solid waste (tons)	134.04	N/A

Product Sustainability	Value	Vs 2023
Tons of certified materials (tons)	182	N/A
MSC certified materials (tons)	130	N/A
ASC certified materials (tons)	52	N/A



Social

Employment and D&I	Value	Vs 2023
New hires in the reporting year (N)	37	-24%
Leavers in reporting year (N)	22	-63%
Rate of workforce growth (%)	19%	+6 pp
Women employed (%)	74%	- 1 pp
Employees aged between 20 and 30 years (%)	13%	-0.5 pp

H&S	Value	Vs 2023
Work-related injuries (n.)	0	-100%
Near misses (n.)	4	-20%
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

CERTIFICATIONS



- The **fishing activity** is carried out following **sustainability criteria**;
- **Sustainable Aquaculture + fish products traceability** along the entire value chain;
- Products contain at least **95% BIO ingredients**;
- High quality breeding, production, environmental-safe methods are granted.

* The increase is also attributable to the growth in workforce, production volumes, and turnover.



Date of investment

Nov 2021

—

Fund

Arcadia Small Cap II

—

Employees

38

(-3% vs 2023)

—

Annual Turnover

19 €Mln

(+5% vs 2023)

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

KEY ESG INITIATIVES UNDERTAKEN

E

Energy efficiency and recycling

Ongoing investment in **energy efficiency of company facilities**, through the use of inverters to optimise heating and cooling systems, and the installation of energy-efficient LED lighting

Recycling of plastic production waste

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

S

Welfare measure

Distribution of fuel vouchers to all employees

Employee Development

138 hours of voluntary training were delivered, on different topics such as procedures for customer drawing management, product quality awareness and external courses provided by Assil

Safety

The company strengthened workplace **safety protocols** and training programs and conducted **internal safety audits** and risk assessments to prevent incidents

G

Key initiatives

Management system for the **automation** of customers' orders in place

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

The company has an **ESG Manager** in place



Innovation

Development of «**Nema Socket**» and «**Zagha Socket**» **systems**, key components of street lighting for smart cities. The Goal is to obtain energy efficient lighting systems through a modular use of the light source depending on the traffic (car and/or pedestrian).

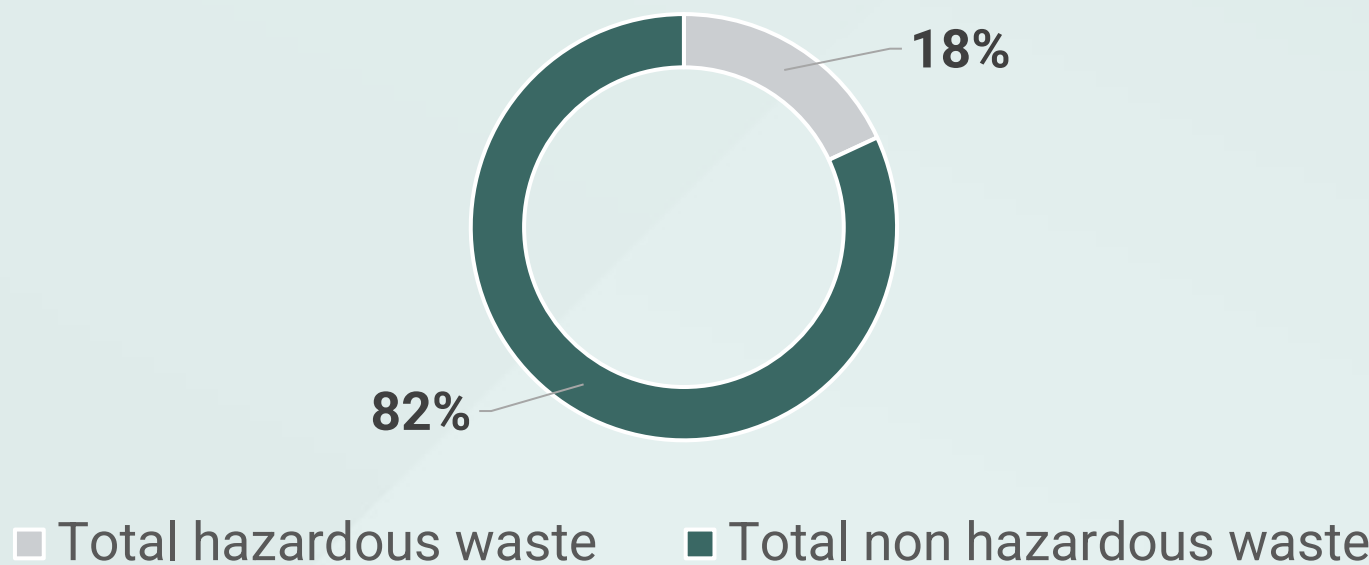


Environment

Energy	Value	vs 2023
Electricity (MWh/year)	508	-5%
Percentage of consumption from renewable sources	100%	-
Natural gas consumption (MWh)	145.4	+10%

Waste	Value	vs 2023
Total waste generated (tonnes/year)	24.39	-67%
Non hazardous waste sent to landfill (%)	2%	+1 pp

Waste generation breakdown -%



Social

Employment and D&I	Value	vs 2023
New hires in the reporting year (N)	3	0%
Leavers in reporting year (N)	4	0%
Rate of workforce growth (%)	-3%	-3 pp
Women employed (%)	50%	+6 pp
Employees aged between 20 and 30 years (%)	29%	+6 pp

Training and Welfare	Value	vs 2023
Total hours of voluntary training provided to employees (N)	138.25	+109%
Hours of training provided per employee (hours/year)	3.6	+115%
Employees who have access to corporate welfare systems (N)	38 (100%)	-

H&S	Value	vs 2025
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



Date of investment

Jul 2022

–

Fund

Arcadia Small Cap II

–

Employees

132

(+3% vs 2023)

–

Annual Turnover

22.3 €Mln

(+18% vs 2023)

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

KEY ESG INITIATIVES UNDERTAKEN

E

Recycling

Thanks to product design, disassembly and separation of materials are possible, enabling a **100% recyclability of products**

Renewable Energy

The Company evaluated the feasibility to install **solar panels** for a 100% coverage of electricity production supply

Recycled content

KFL mapped its supplier base and found that **44% of procurement spend** is linked to suppliers providing **recycled-content materials** (with an average recycled share of 52%)

S

Employee Development

KFL provides both **mandatory and voluntary training** to its employees, assessed based on specific job needs and reported in a training plan updated annually

–

Employees received **761 hours of training**, including courses on language skills, team management and interpersonal communication, as well as technical operations

Employee Retention

60 employees received merit-based bonuses in 2024, granted in the form of welfare vouchers

G

ISO 9001 Certification

The Company **obtained the ISO 9001:2015 certification for its quality management system**

The certification enables KFL to maintain and improve the quality of its products and consistently meet its customers’ expectations

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

–

0 whistleblowing reports were received

Please note, the company was acquired by ASC II in July 2022. In 2023 the company started, on a voluntary basis, to progressively improve ESG data monitoring, with the goal of identifying aspects with relevant ESG potential to be improved

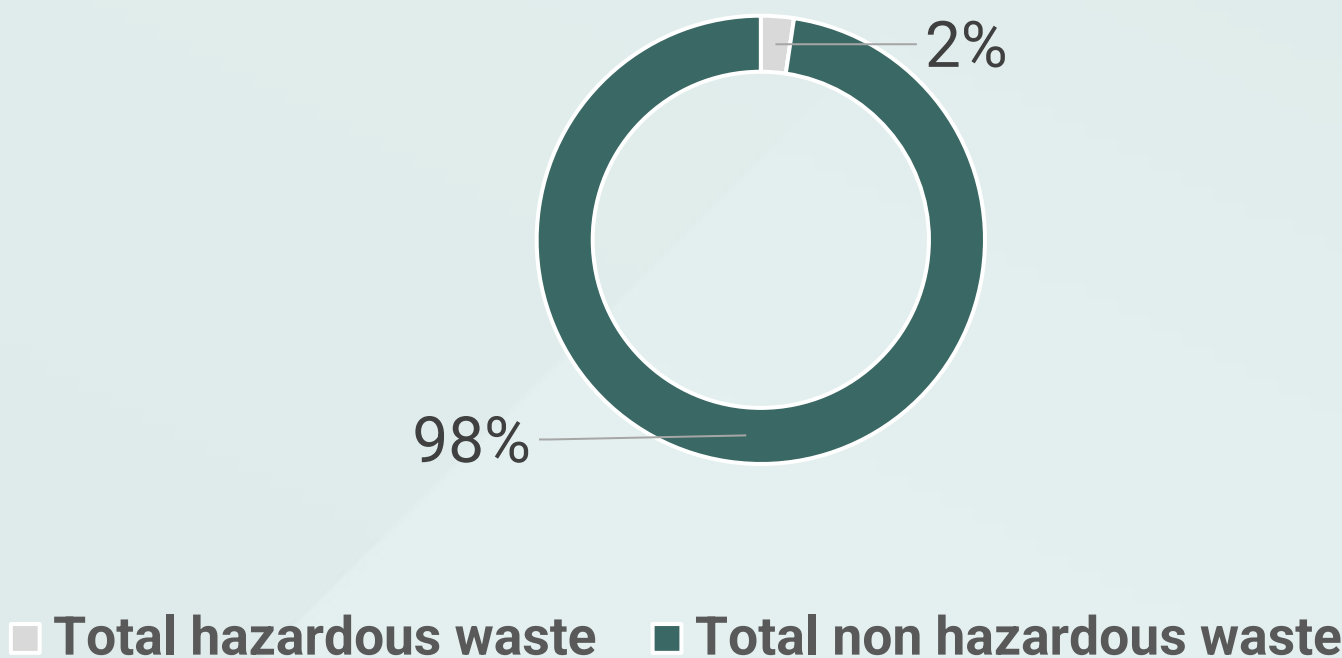


Environment

Energy	Value	Vs 2023
Electricity (MWh/year)	876	+26%
Natural gas consumption (MWh/year)	754.33	+22%

Waste	Value	Vs 2023
Total waste generated (tonnes/year)	925.9	N/A
Non hazardous waste sent to landfill (%)	0	N/A

Waste generation Breakdown - %



Social

Employment and D&I	Value	Vs 2023
New hires in the reporting year (N)	15	N/A
Leavers in reporting year (N)	11	N/A
Rate of workforce growth (%)	3%	/
Women employed (%)	34%	N/A
Employees aged between 20 and 30 years (%)	17%	N/A

Training and Welfare	Value	Vs 2023
Total hours of voluntary training provided to employees (N)	761	N/A
Hours of training provided per employee (hours/year)	5.7	+19%
Employees who have access to corporate welfare systems (N)	130	N/A

H&S	Value	Vs 2023
Work-related injuries (n.)	2	-50%
Near misses (n.)	2	-91%
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



In 2025 KFL was recognized among **best performing companies of the year**

**Date of investment**

Jul 2022

–

Fund

Arcadia Small Cap II

–

Employees

171

(-1% vs 2023)

–

Annual Turnover

20.6 €Mln

(-32% vs 2023)

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

KEY ESG INITIATIVES UNDERTAKEN**E****Energy Saving Projects**

The Company is currently evaluating the opportunity of conversion to the **Industry 4.0** concept

Recycled content

Through supplier mapping, CBS determined that **33% of procurement spent** is linked to suppliers providing **recycled-content materials** (with an average recycled share of 32%)

S**Employee Development**

Employee training needs are assessed annually in accordance with each job activity's specific needs; an **annual training plan** is then developed

A total of **153 hours of voluntary technical training** were provided to brazing operators, including both theoretical and practical sessions, supporting continuous upskilling

Employee retention

30 employees received merit-based bonuses in 2024, granted in the form of cash

G**ISO 9001 Certification**

The Company **obtained the ISO 9001:2015 certification for its quality management system**
The certification enables CBS to maintain and improve the quality of its products and consistently meet its customers' expectations

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

–

0 whistleblowing reports were received

2024 marks the first year in which the Company has been engaged in structured ESG monitoring activities. Starting from the next reporting cycle, it will therefore be possible to carry out year-on-year comparisons to assess progress over time

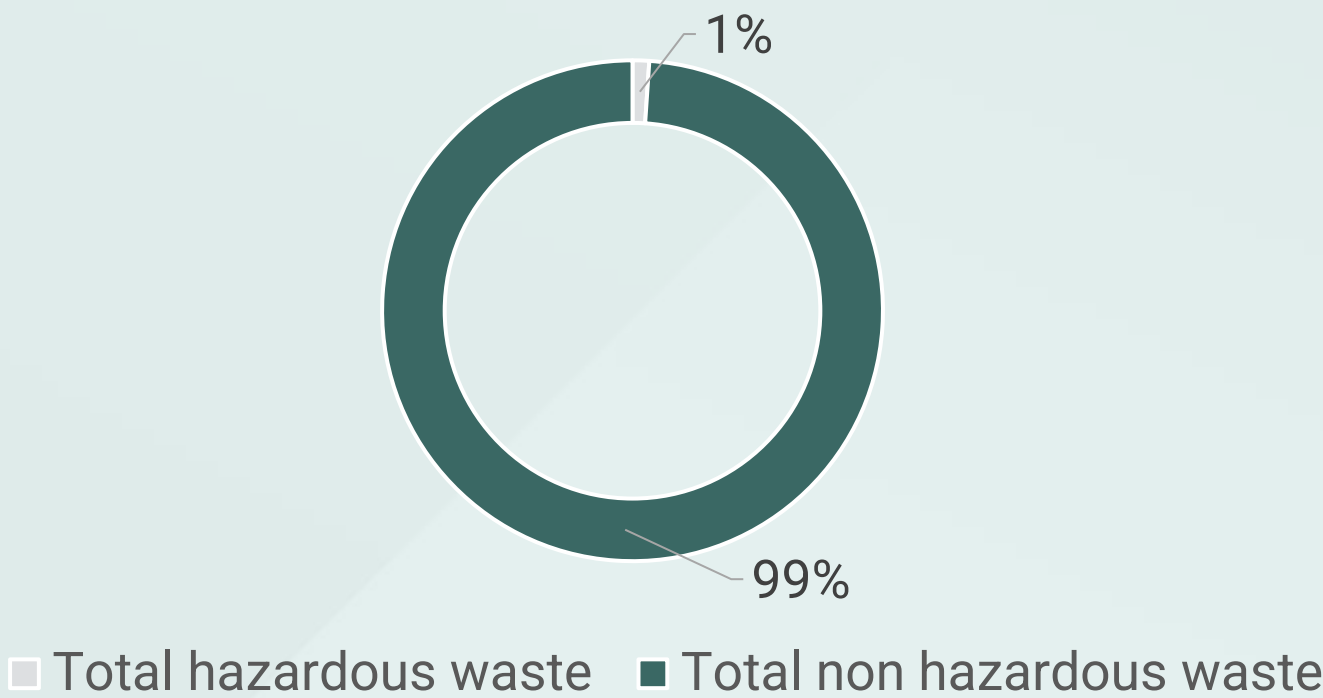


Environment

Energy	Value
Electricity (MWh/year)	1,240
Natural gas consumption (Sm3/ year)	81,293
LPG (Sm3/ year)	54

Waste	Value
Total waste generated (tonnes/year)	93.47
Non hazardous waste sent to landfill (%)	0%

Waste generation breakdown - %



Social

Employment and D&I	Value
New hires in the reporting year (N)	11
Leavers in reporting year (N)	13
Rate of workforce growth (%)	-1%
Women employed (%)	72%
Employees aged between 20 and 30 years (%)	23%

Training and Welfare	Value
Total hours of voluntary training provided to employees (N)	153
Hours of training provided per employee (hours/year)	0.9
Employees who have access to corporate welfare systems (N)	169

H&S	Value
Work-related injuries (n.)	7
Near misses (n.)	3
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



In 2025 **CBS** was recognized among **best performing companies of the year**



Date of investment

Nov 2023

–

Fund

Arcadia Sustainable Capital III

–

Employees

23

(+9% vs 2023)

–

Annual Turnover

8.9 €Mln

(+13% vs 2023)

The company is engaged in the riding helmets industry. Specifically, the target receives the helmet's components (shells, padding, straps and inserts), and stores them in 4 vertical warehouses

KEY ESG INITIATIVES UNDERTAKEN

E

Recycling

The **filling material** of its helmets is composed by **recycled materials** (*Greensoul technology*).

The company uses **recycled and FSC-certified paper** for both its flyers and packaging

the company takes care of the collection of **damaged helmets**: in case of failure of the safety tests, the helmet is entrusted to an external company for proper disposal (100% recyclable)

Planned actions

Renewable energy

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

S

Social initiative

Equiarte Project, an initiative dedicated to the creation of some helmets with the drawings made by the 'Giardino dei Tigli' Community, an organisation committed to acquired disability

Customer safety

The helmet is equipped with a sensor that can alert the emergency services via KEP App. The physical data of the rider are recorded to facilitate first aid in the event of an accident

Planned actions

Employee retention

Introduction of supplementary **health insurance coverage** for all employees and provision of a **€700 welfare bonus**

G

ISO 9001 Certification

The Company **obtained the ISO 9001:2015 certification for its quality management system**

The certification enables KFL to maintain and improve the quality of its products and consistently meet its customers' expectations

–

ESG Management

The company appointed an **ESG Manager**

Planned actions

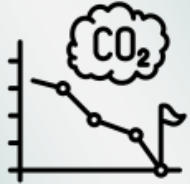




231 Model





Adoption of the **231 Organizational Model** following the merger with Veredus, with implementation targeted by the end of Q1 2026

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. Veredus was not included in the 2024 reporting perimeter, as it was acquired at the end of the year



E/S KPIs

ENVIRONMENT	Description		KPIs	Unit of measurement	2022 (Baseline)	2024	Delta	
		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	+49.9%	The increase is due to the expansion of the company’s vehicle fleet linked to a 22% workforce growth compared to 2022
			Scope 2 GHG emissions	Tons of CO2 eq Scope 2 emitted / turnover PC company (M€)	3.9	4.3	+10.3%	The increase is primarily attributable to an increase in electricity consumption through a standard (non-renewable) contract
			Initiatives to reduce GHG emissions (Scope 1 and 2)	Number of initiative to reduce GHG emissions	1	0	-1	
		Promote the use of renewable sources	% of electricity consumed from renewable resources	Renewable energy consumption/ total energy consumption	19%	19%	-	Self generated through onsite PV system
		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%	+0.9 pp	
		Support the reduction of hazardous waste	% of hazardous liquid waste generated	Tons of hazardous liquid waste generated / Tons of liquid waste generated	0%	0%	-	
			% of hazardous solid waste generated	Tons of hazardous solid waste generated / Tons of solid waste generated	0%	0%	-	
		Support waste recycling	% of non-recycled liquid waste generated	m3 of liquid non-recycled waste / total m3 liquid waste	0%	0%	-	
			% of non-recycled solid waste generated	Tons of Non-recycled solid waste generated/ turnover PC company (M€)	0.8	0.9	+21%	The increase in non-recycled waste is likely attributable to the 3.4% revenue growth, suggesting that the rise in total waste is proportionate to the company’s business expansion

E/S KPIs								
SOCIAL	Description		KPIs	Unit of measurement	2022 Baseline	2024	Delta	Notes
		Promote Inclusion, diversity and equal opportunities	% of women employed	No. of women / total employees	65%	57%	- 3pp	As of 2024, women accounted for 57% of the total workforce (13 out of 23 employees)
			% of employees aged between 20 and 30 years	No. of employees between 20-30 years / total employees	25%	30%	+5 pp	In 2024, 7 out of 23 employees (30%) were aged between 20 and 30 years
			% of women on new hiring	No. women hired/total number of new hiring	100%	50%	- 50 pp	In 2024, out of a total of 6 new hires, 3 were women (50%)
		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	NA	0	N/A	
			Rate of accidents (#employees)	no. of accidents / no. of employees	0%	0%	-	
			# near misses	no. of near misses	N/A	N/A	N/A	
		Support the employment growth	% of workforce growth	(no. of employees year (x) – no. of employees year (x-1)) / no. of employees Year (x-1)	11%	Not applicable	N/A	The KPI is not applicable for FY2024.
		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%	N/A	



5. Next Steps

Plans for the 2H 2025 and 2026

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).

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.



CONTACTS

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www.arcadiasgr.it

**Date of investment**

Aug 2018

Date of Exit

Oct 2021

–

Fund

Arcadia Small Cap II

–

Sector

Extrusion of special polyamide pipes for automotive and industrial

CASTELLO – ESG JOURNEY (EXITED IN 2021)

Castello Italia, headquartered in the outskirts of Cremona, operates in the **extrusion of polyamide and polyurethane coils** and produces **tubes** for **industrial automation and automotive applications**

KEY ESG INITIATIVES UNDERTAKEN**E****Environmental Policy**

Comprehensive environmental policy in line with the best market practices of the automotive industry

–

The company constantly **monitors** its progress through a wide range of indicators related to **energy and water consumption**, as well as **emissions** and the amount of **waste** produced

S**Social initiatives**

The company cooperates with its main customers to **further improve its offer** and applies a **Code of Conduct to suppliers**

–

With regard to **the HR area**, the company has set up clear **monitoring KPIs**

G**100 Italian Excellences**

Castello Italia has been awarded as one of **the 100 Italian Excellences of 2021** and recognized on the **international market for its ability to combine in-depth knowledge of extrusion techniques** with a **continuous focus on innovation**

–

Organizational Model

An **Organizational Model** pursuant to Legislative Decree 231/2001 was implemented in 2015. The Company communicates its Code of Ethics to the stakeholder through its website



Date of investment

Feb 2014

—

Exit date

Aug 2024

—

Fund

Arcadia Small Cap

—

Sector

Specialized distribution of optical products

VISION GROUP – ESG JOURNEY (EXITED IN 2024)

Vision Group operates in the Italian market of specialized optical distribution. The company was founded in 1989 as a result of the affiliation process of optical centers in Italy. The Group has grown both organically and through acquisitions, from around 120 employees in 2021 to 830 in 2023 (also thanks to a transformational acquisition of 174 stores from Essilor Luxottica)

KEY ESG INITIATIVES UNDERTAKEN

E

Renewable energy

Electricity from
renewable sources

Long-term planting activity in
collaboration with



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Gender Diversity and Welfare

60% of women in place in the
Board of statutory auditors

Glasses and health care funds in
place for all employees

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Whistleblowing

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

The company appointed an **ESG Manager**



- The annual **VisionOptica Award** is designed to encourage and develop research and studies related to Optometry; Prizes are awarded for **Degree Theses** of particular scientific relevance
- In May 2022 the Study Centre of the International School of Optics and Optometry was founded to create and disseminate a stronger culture of visual wellbeing based on scientific research and correct information
- Through the **Vision + Onlus**, Vision Group engaged in the Andasibé project aimed at **supporting the ophthalmology department** of a small hospital in the north of Madagascar