PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS STATEMENT

Pursuant to article 4 of Regulation (EU) no. 2019/2088

Contents

1. SUMMARY

F2i SGR S.p.A. (hereinafter, "**F2i SGR**" or "**F2i**") is an Italian asset management company, authorised by the Bank of Italy and listed under No. 101 of the AMC Register, AIF Managers Section. Established in 2007, the company currently manages three reserved, closed-end alternative investment funds (**AIFs**) in transferable securities, with assets under management totalling around € 5.2 billion, and has recently launched fundraising for a new AIF named F2i - Fondo per le Infrastrutture Sostenibili. As a leading manager of AIFs, aware of the significant role it can play in supporting industrial development in the areas in which it operates - turning the financial resources of domestic and foreign investors into projects for the real economy with a strong local impact - F2i SGR believes that it has a duty to promote the values at the core of ESG factors.

In line with F2i's values and principles, on 26 November 2018 the Board of Directors of F2i SGR therefore approved a Policy to incorporate environmental, social and corporate governance factors into the business activities of F2i SGR ("**ESG Policy**"). In specifically recognising the importance and value of ESG issues, by adopting the ESG Policy, F2i SGR has initiated a process to incorporate ESG criteria into its investment strategies and processes, identifying at the same time the associated monitoring, engagement and incentive strategies for portfolio companies. All of this is designed to ensure that the overall investment activities are carried out in the exclusive interest of the investors of the funds and with the aim of increasing the value of the investments over time through a policy founded on principles of social and environmental responsibility.

In view of the above and in accordance with art. 4 of Regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**SFDR**"), F2i SGR has decided to take a 'comply' approach in considering the principal adverse impacts of investment decisions on sustainability factors. This approach will be reviewed and supplemented once the regulatory framework becomes established, in particular, with the adoption of the Regulatory Technical Standards implementing the SFDR, which are due to be finalised by 1 January 2022.

This statement covers the period from 10 March 2021 to 31 December 2021.

2. DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

In considering what adverse impacts its investment decisions may have on sustainability, F2i SGR takes due account, in accordance with the regulatory framework, of its size (less than 50 employees), the nature and scale of its activities and the type of products offered, currently consisting of equity investments in the infrastructure sector.

With specific regard to the principal adverse sustainability impacts of its investment decisions, F2i SGR declares, in substantial accordance with Table 1 of the Final Report on draft Regulatory Technical Standards, that it calculates and subsequently monitors the adverse impact of the following key indicators:

- harmful emissions and climate change
- biodiversity
- waste and water management
- energy efficiency and green securities
- management, development and training of human capital
- occupational health and safety and corporate welfare
- respect for human rights
- equal opportunities and board gender diversity
- ethics in investments and business affairs
- combating corruption

3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

In the different phases of the investment process, F2i SGR adopts a structured approach to identify the principal adverse sustainability impacts and take these into account in strict order of priority.

Under this approach, an initial selection is made in the scouting phase by specifically excluding certain sectors, companies or countries from the sustainable universe. F2i's current policy is to exclude investments that are unethical or have an excessive adverse environmental impact: in fact, F2i SGR does not invest in companies that are involved in (i) the production or trade of tobacco, arms and munitions; (ii) gambling services or the production or trade of the related products; (iii) pornography, prostitution or similar activities; (iv) the production of illicit substances; (v) the production or trade of products or services that promote the cessation of human life; (vi) the production and extraction of hard coal; and (viii) the production or trade of products or services that are (a) unlawful in the jurisdiction where the company is established; or (b) contrary to international conventions, agreements or prohibitions to the extent they apply to those companies.

In addition, F2i SGR does not invest in countries outside the Eurozone, which by definition excludes the possibility of investing in countries included in black lists due to the violation of fundamental rights or the financing of terrorist activities. The scope of the sectors excluded, as listed above, may be broadened at the time of future ESG Policy updates.

Furthermore, in the scouting phase, the selection process may positively focus on specific sustainability issues, thus excluding investments in sectors not yet specifically excluded (e.g. hydrocarbon supply networks) and prioritising direct and indirect investments in operations that have a particularly positive

ESG impact, which F2i has done and continues to do, for example, in its investments in solar, wind and biomass energy, freight transport by rail and the circular economy - the aim being to promote the development of the related sectors and the associated positive environmental impacts.

ESG factors are duly taken into account when scouting investment opportunities and are moreover subject to thorough assessment in the due diligence checks on the target companies. To this end, F2i SGR also relies on the support of third-party specialists, in particular, with regard to environmental impact assessments. ESG-focused due diligence is carried out with the aim of reducing the risk and the selection of investments is therefore (also) based on compliance with international rules, labels and standards.

More specifically, relative to each potential target company, the process identifies and evaluates specific ESG issues, which are generally dependent on (i) the business model and the complexity of the value chain, (ii) the target company's impact in the context in which it operates, (iii) the infrastructure and plants managed, (iv) the products/services sold and the markets served, (v) the geographical location, (vi) the governance model (e.g. ownership structure, management, etc.), (vii) the intrinsic values underpinning the corporate purpose, the ethics of the business and its management, and (viii) the management of human resources and occupational health and safety.

In particular, the aim of ESG due diligence is to assess all potential aspects that might result in the inclusion or exclusion of the target company being considered for investment, or the need to carry out further, more detailed assessments. To this end, the investment team uses a check list, which includes both adverse ESG impacts and positive aspects, to assess whether the target company, based on the type of activity conducted:

E (Environment)

- produces significant adverse environmental impacts
- is involved in the nuclear energy, oil and mining sectors
- makes products that pose a health risk
- has been fined or has pending legal proceedings against it for environmental damage or hazardous products
- adopts systems to reduce its emissions and/or to improve energy efficiency
- adopts environmental monitoring systems
- has environmental certifications in place

S (Social)

- has recorded fatal or very serious workplace accidents
- has been fined by suppliers

- has been fined or has pending legal proceedings against it for the violation of human rights
- adopts practices to improve the workplace and workers' wellbeing (corporate welfare, remuneration policies, etc.)
- provides safety and professional development training to employees
- adopts complaint and customer satisfaction management systems
- adopts systems to incorporate the interests of all stakeholders and develops initiatives for the benefit of the community

G (Governance)

- has been fined or has pending legal proceedings against it for corruption
- has adopted a 231 Model and a Code of Ethics
- adopts procedures to ensure the transparency of its decision-making processes
- ensures gender diversity and equal treatment
- has lawfulness certifications / ratings in place
- prepares non-financial reports

The responsibility for implementing this approach and the organisational procedures adopted to identify adverse sustainability impacts is currently allocated to the investment team - in cooperation with the other areas of F2i SGR, each with their respective area of responsibility - and ultimately to the ESG Committee, set up when the ESG Policy was approved. The ESG Committee also tracks the progress of the incorporation of ESG criteria into the investment processes, as well as defining the strategy and proposing updates to the Action Plan based on the progress made.

The selection of target companies is also aided by specific risk metrics linked to the ESG factors used in the analysis and developed by the Risk Manager. In order to take into account the ESG aspects, the Entity Level analysis performed by the Risk Manager has been supplemented to include a sub-index named "ESGI -Environmental Social and Governance Indicator". The ESGI was developed on the basis of the Morgan Stanley Capital International (MSCI) methodology, considered the most suitable due to the broad scope of application and the renowned reliability of MSCI in investment index analysis. Similar to the approach followed in the MSCI methodology, an ESG rating is attributed by analysing and evaluating each company (the Target Company in the case of investments or the Portfolio Company in the case of portfolio assessments) against a matrix consisting of 3 categories (Pillars in the MSCI terminology) and 13 sub-categories (Themes in the MSCI terminology).

ESG due diligence has a dual purpose: (i) to ensure that the investments made by the funds managed comply with the regulatory framework and the ESG Policy in force, and (ii) to identify, manage and mitigate any financial and reputational risks that may arise from investments exposed to ESG risks.

Upon completion of the due diligence, a special section dedicated to the results of the ESG analysis is created in the Investment Memorandum, so that the key ESG indicators become an integral part of the final decision-making process and the post-investment monitoring process.

Ultimately, in line with its mission and the nature of the funds managed, and pending the finalisation of the regulatory framework, F2i SGR declares that the principal adverse sustainability impacts of its investment decisions are taken into account by means of an integrated assessment procedure, which uses internal indicators identified on the basis of the specific context in which F2i SGR operates, supported by the standards promoted by the GRESB for investments in infrastructure and by the SASB for equity investments in portfolio companies.

The ultimate objective of the aforesaid process is to ensure that investments are made with the aim of achieving a positive environmental and/or social and/or governance impact, in addition to a financial return.

4. DESCRIPTION OF ACTIONS TO ADDRESS PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

The information gathered during the due diligence is reported in an ESG review, which includes not only the analysis of the risk assessment and the ESG opportunities of the target company but also information on the ability of that company to address any issues identified.

In fact, the objective of F2i SGR is not necessarily to invest in target companies that are already aligned with ESG best practices but to guide any companies that will become part of the portfolio of the funds managed through the process of adopting positive environmental, social and governance practices.

This process will be driven by the procedures identified in the due diligence process, with the aim of gaining full and in-depth knowledge of the situation of each potential target company to be acquired, relative to the most important ESG parameters. Based on the information collected and the assessments completed, especially by the ESG Committee, an Action Plan will be prepared prior to finalising the acquisition concerned, or, at the latest, within six months from the finalisation date.

The fundamental aim of the Action Plan will be to gradually fill any ESG gaps identified, with the involvement of the relevant management.

5. ENGAGEMENT POLICIES

F2i SGR confirms that it establishes a monitoring plan for the portfolio companies, in order to implement control over those companies during the period of investment and retention within the funds it manages.

To this end, F2i SGR establishes a dialogue with its portfolio companies, the ultimate aim of which is to guide them towards conduct that is as consistent as possible with ESG issues. This is therefore a long-term process that uses engagement - as an integral part of F2i SGR's approach to sustainable and responsible finance - to promote the improvement of the portfolio companies of the funds managed in environmental, social and governance related matters.

In this regard, note that in 2020, supported by specialist consultants in the field of sustainable and responsible investments, F2i SGR prepared its first integrated sustainability report ("**Integrated ESG Report**"), which implements the ESG Plan. The report was presented and discussed at the Board of Directors' meeting held on 24 June 2020.

In line with sustainability issues, the reporting is divided between the Economic, Social, Environmental and Governance aspects. In detail, 15 material sustainability issues were identified: (i) one economic issue (creation and distribution of added value); (ii) 6 social issues (local community development and relations with institutions, service quality and customer satisfaction, innovation, efficiency and reliability of plants and services, management and development of human capital, health and safety and corporate welfare; (iii) 5 environmental issues (efficient energy management, emissions and climate change, sewage and waste management, protection of biodiversity, water resources management); and (iv) 3 good governance issues (data protection, diversity and ethics, lawfulness and combating corruption). For the reporting of its own sustainability performance and that of its portfolio companies, F2i SGR has adopted the GRI Standard, which links qualitative-quantitative indicators to the material issues identified above so as to measure what impact the various activities have on sustainability dimensions. Lastly, please note that the reporting has been carried out also taking into account the SDGs, i.e. the 17 UN Sustainable Development Goals, to which 169 targets and over 240 indicators are linked. Each of the 15 sustainability issues identified by the asset management company has also been analysed in connection with the most material SDGs in the reference context.

The ongoing monitoring launched after drawing up the Integrated Sustainability Report - a short version of which is available on the website of F2i SGR and a full version having being sent to investors - has the primary objective of measuring, on a yearly basis, the qualitative-quantitative progress made in the different areas analysed and, consequently, putting corrective measures in place and/or providing further impetus if needed, with the involvement of all of the managers concerned. Moreover, as of 2021, specific ESG targets have been included in the annual "MBO" plans of the Chief Executive Officers of the portfolio companies of the funds managed.

In addition to round table discussion groups, the monitoring of portfolio companies can take place through specific ESG requests or sample-based audits agreed with the portfolio company concerned and conducted by specialist consultants.

6. REFERENCES TO INTERNATIONAL STANDARDS

In becoming a member of the UN PRI, F2i SGR has committed to observing and promoting the following 6 (six) fundamental principles:

1. incorporating ESG issues into investment analysis and decision-making processes;
2. being active owners and incorporating ESG issues into ownership policies and practices;
3. seeking appropriate disclosure on ESG issues by target companies;
4. promoting knowledge and application of the PRI in investments;
5. working together to enhance effectiveness in implementing the PRI;
6. reporting on activities and progress towards implementing the PRI.

In signing up to these PRI, F2i SGR has publicly undertaken to adopt and implement them, in line with its responsibilities towards investors, by designing measures that can lead to concrete actions. F2i SGR has also undertaken to evaluate their effectiveness and improve their content, in the knowledge that compliance with the PRI helps to better align investment activities with the broader interests of society.

Membership of the UN PRI, finalised in February 2019, entails the obligation of preparing an annual Responsible Investment Transparency Report, which assesses the progress made in the enhancement of ESG issues.

The investment strategy of F2i SGR is also focused on meeting some of the 17 Sustainable Development Goals (SDGs), as approved by the General Assembly of the United Nations on 25 September 2015, together with the global Sustainable Development Agenda.

In addition, as highlighted above, the asset management company’s due diligence and reporting activities are based on the standards promoted by the GRESB for investments in infrastructure and by the SASB for equity investments in portfolio companies.