

Together to growth, together for people

ESG IMPACT REPORT 2021





**Together to growth,
together for people**

ESG IMPACT REPORT 2021

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A word from our CEO

A letter from Maurizio Tamagnini - FSI CEO

Italy is a country of family businesses

one where entrepreneurial success is handed down from generation to generation. On the flipside, these same companies - which number in the thousands - can be hesitant to open up to outside investor capital.

At FSI, our task is to help excellent medium-sized, family-owned brands grow while remaining truthful to their origins.

We bring investors to the table, showing family-owned businesses how they can access capital markets, leverage development projects and ensure consolidation in key sectors.

We achieve these targets by adher-



ing to three principles: **Brand ELEVATION; PARTNERSHIPS** that provides transformative opportunities; and **GROWTH ACTIONS** from investors.

We witness this drive every day with our portfolio companies. Missoni offers just one example. Today an international symbol of Italian creativity, since 1953, the company has succeeded in preserving its history through three generations - without ever losing its identity.

As **we look to the future, we believe Fintech represents the next major challenge** - and opportunity. Italy lags far behind other countries in terms of business digitization, and our ratio of IT investments to GDP is the lowest in Europe. Over the next 10 to 15 years, Italian banks must make technology a core part of their business. The pandemic has accelerated this need, making sectors such as digital payments more crucial than ever. Italy is responding with interesting niche businesses.

When these companies choose the right moment to open up to outside investors, they accelerate their growth and ensure their own success.

These economic trends are unfolding in a context where environmen-



tal concerns are increasingly urgent and central; the future of the global economy depends on protecting the environment in which we live, and vice versa. New regulatory pressures underscore the need to define precise measures and targets to evaluate companies' environmental, social and governance performance. In the absence of universal definitions and goals, FSI is committed to self imposing tight ESG parameters and embracing the best practices recognized by outside stakeholders, investors and rating agencies.

"If you don't grow quickly, most of the time you decline. We must therefore never stop innovating"

Sustainability means creating shared value.

It requires collaboration and knowledge sharing, which has inspired FSI to partner with major research institutions such as Bocconi University and Polytechnic of Milan.

It also requires active participation in the community.

Throughout 2021, **FSI continued to stay close to its local community.** We have continued to support institutions that, due to the COVID-19 pandemic, are managing both humanitarian and health care emergencies.

We also supported the "Prevention Means Living - FSI Mobile Clinic" for LILT Milano Monza Brianza, which facilitates early cancer diagnosis for socially and economically disadvantaged residents

My personal thanks goes out once again to everyone - investee companies, investors, partners, and to all the people of FSI - who every year allow us to make our contribution.

CHAPTER 1

FSI TODAY

About us

Our Business Model

ESG Governance

Material Topics

Focus on Fintech and Cyber security in the digital word

Interview with [Ing. Carlo Gotta](#), [Ing. Carlo Bozotti](#)

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Investment Team FSI

Our Portfolio



About us

We are a partner for growth

ADVOCACY AND PARTNERSHIPS



Full Member and Sponsor of Level 20, an organization that aims at improving gender diversity in the European PE industry



Signatory of the United Nation Principles for Responsible Investment
 2021 SCORE:
 ISP: 70% ★★★★★
 Direct PE: 78% ★★★★★



Member of AIFI, the Italian Association of Private Equity, Venture Capital and Private Debt



Member of the Global PE alliance, an International network of mid PE firms

ESG IMPACTS



Hybrid cars in the company fleet



Trainings on decarbonization, circular economy and other ESG topics; During 2022, trainings on D&I and unconscious bias



Energy efficient office
 Relocation to a LEED Gold Certified new office during 2022

€ 300^k

Invested in community projects

100%

Employees on a permanent contract

100%

Employees who received a performance evaluation

2

Sustainability studies published in cooperation with Universities

0

Cases of corruption

0

Injuries at the workplace



Code of Ethics and 231 Model

AWARDS



Winner of the Premio Dematté in the Expansion category (capital investment operations for financing business development)

FSI SGR S.p.A. (hereinafter "FSI" or the "Management Company") is an independent growth equity firm investing in partnerships with Italian families, entrepreneurs, managers, and companies to support the expansion of leading Italian mid-market companies in the international markets, or to strengthen the competitive position of Italian companies operating in under-penetrated sectors with growth or consolidation potential.

Before setting up FSI in 2017, the FSI investment professionals worked together for several years at Fondo Strategico Italiano S.p.A.¹, where they developed a solid track record in private equity investments in the Italian mid-market.

FSI SGR is fully owned by the top management of the company, and its governance of FSI has been structured to provide continuity and stability and ensure full management independence with respect to investment and divestment decisions taken on behalf of the Fund.

FSI brings together Italy's largest institutional investors, among which there are the major pension funds and some international investors, mainly Asian Sovereign Wealth Funds, insurances and banks. FSI offers to its investors a unique and valuable combination of:

- A quality and well recognised team
- Access to an attractive investment market
- A vast and institutional network generating proprietary opportunities
- A partnership approach with entrepreneurs
- A tested and differentiated investment formula, characterized by a moderate use of financial leverage
- A rigorous investment discipline and a proven track record



A large addressable market with attractive features for a growth focused investment proposition



Under-penetrated sectors with growth or consolidation potential

¹ Fondo Strategico Italiano S.p.A. (now CDP Equity S.p.A.), was a holding company established in 2011 in the form of a joint stock company (S.p.A.) and 80% owned by CDP, the Italian national development bank, and 20% by the Bank of Italy, the Italian central bank. Co-investors of Fondo Strategico Italiano S.p.A. included the Kuwait Investment Authority and Qatar Holding LLC.

Over the last years, the FSI senior management established itself as a leading mid-market investment team, generating a successful track record. FSI offers investors a distinctive formula for accessing the most prestigious Italian mid-market companies with strong potential in sectors such as fintech, IT and digital services, health care, industrial, cosmetics, fashion and business services.

Companies supported by FSI follow significant growth and development paths. Having raised approximately €1.4 bln in capital commitments for the FSI I Fund - one of Europe's three largest growth funds with significantly increasable endowment thanks to co-investor partners - FSI launched a new Fund - FSI II, classified as of art. 8 EU SFDR².

We invest in the Italian mid-market segment

FSI believes the Italian mid-market segment has a high growth potential, also in terms of sustainable performance.

The Italian mid-market segment includes companies that show a high degree of openness to international markets, being them already leaders or having the potential to significantly strengthen their competitive position and market presence. These companies are generally family-owned businesses within domestic focused sectors characterised by high fragmentation, and thus with the potential to act as catalysts of sector consolidation processes.

Moreover, private equity penetration in Italy is significantly below the size of the economy, as compared to other European countries, making the FSI investment formula a tailored solution to gen-

erate proprietary opportunities and significant value.

The FSI focus on the Italian mid-market segment is also testified by the participation to the Claudio Dematté Private Equity of the Year[®] Award, aimed to spread and enhance the role of Private Equity and Venture Capital in supporting the growth and competitiveness of Italian companies. During 2021, FSI won the award in the Expansion category (capital investment operations for financing business development) thanks to the Cedacri transaction, for the results achieved in terms of organic growth, ESG strategy designed and initiatives already implemented (i.e. 100% of energy from renewable energy sources), new business and customer acquisitions, and for its contribution to strengthening the company's management.

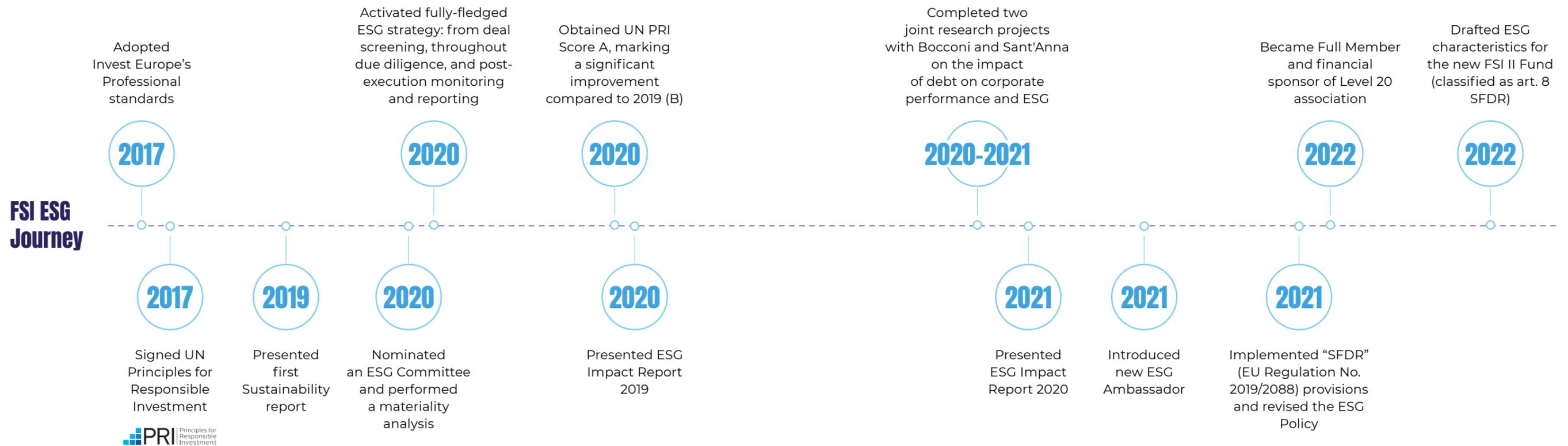


2. Sustainable Finance Disclosure Regulation: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

We adopt an integrated ESG framework

FSI has embraced a sustainability path by adopting internal ESG strategies and ESG governance structures and by partnering up and joining external initiatives to create shared and sustainable value.

Each step, which will be further examined in this Report, has contributed towards making FSI a more sustainable and responsible operator, adopting a responsible approach in both its activities and investment processes.



FSI designed and undertook a comprehensive, multi-year strategic action plan that led to the adoption of the following ESG framework:



Our Business Model

We create sustainable added value through our business model

The year 2021 was a very intense and productive year for FSI, in which it completed the landmark divestment from Cedacri and signed or completed three new investments in the digital sector: Cerved, Cedacri ION and Lynx. Meanwhile, in 2021 FSI prepared divestments from Adler and Kedrion, and new investments in BCC Pay and Kevlar, signed in early 2022.

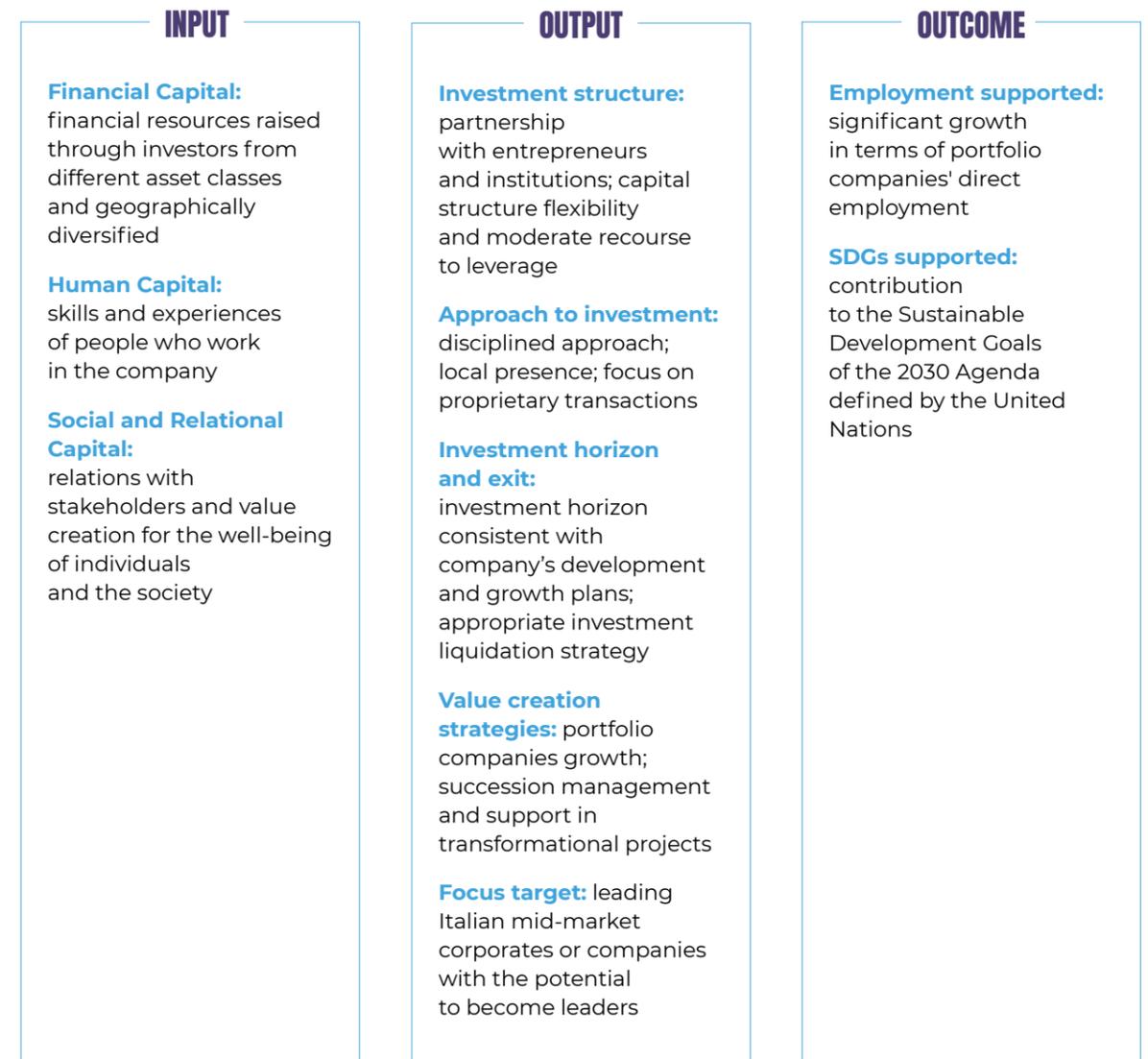
These activities have demonstrated how FSI investment formula is capable of realizing profitable and sustainable investments, with solid growth journeys even through the difficult pandemic years. The originated investments confirm FSI as the partner of choice of a broad set of shareholders, including families, banks, strategic investors and financial sponsors.

FSI business model is meant to generate significant added value through

- Seizing domestic and/or international sector consolidation opportunities
- Facilitating internationalization and export development
- Strengthening of the portfolio companies management
- Implementing ESG impact measurement and sustainable value creation



The growth and value creation potential of the invested companies is expected to be unlocked through various operating measures



The core of the FSI value creation process is its business model. Resources are defined as "capital" (so-called input), that is to say stocks of value that are increased, reduced, or transformed by the organization's activities and outputs. The FSI business model considers the use of financial, human, and social and relational capital. They enable FSI to deliver a service

(so-called output) and create impacts (so-called outcome) of an environmental, social, and economic nature, also in line with what foreseen by the 2030 Agenda of the United Nations. FSI mainly focuses on mid-market leaders with high transformational potential. In fact, this segment represents the bulk of the Italian economy and

presents high value creation opportunities in both internationally diversified businesses and leading domestic companies. In this context, FSI seeks to invest in businesses that are leaders, or have the potential to become leaders, with defensible market positions and with unexploited development and/or transformational potential.

Such opportunities are sourced in multiple ways:



family-owned businesses, which can benefit from the entry of a partner investor to undertake growth plans and/or consolidate sectors



spin-offs of corporate units, which can re-focus on their core business and pursue growth



high potential sectors of the Italian economy, including ones targeted by the National Recovery and Resilience Plan (PNRR)



businesses which can take advantage of under-penetration in specific domestic segments

ESG Governance

We implement a structured ESG Governance

FSI adopts a structured governance to manage ESG related issues.

The **Board of Directors (BoD)** is composed by 5 members, one of which is female, and one is independent. It is supported by the ESG Committee and is responsible for defining the ESG strategy. The BoD holds the final claim regarding the approval of relevant documents related to ESG topics. Leading the organization, the Board of Directors plays a strategic and supervisory role, defining responsible investment strategies and guiding the company's ESG decisions.

The **ESG Committee** plays a key role in managing FSI's sustainability topics oversight. Chaired by the BoD President and composed of Senior Management - whom one member is independent - it is responsible for supporting the BoD and the CEO in the areas of ESG, both within FSI and in relation to its portfolio. The Committee promotes specific projects, analyses progress, and supervises reporting initiatives, such as the ESG Report and the UN PRI Report. During 2021, the Committee met four times.

The **ESG Ambassador** is responsible for formulating, developing, and proposing to the Committee the corporate sustainability strategy to be implemented at all stages of the investment process. The

Ambassador supports portfolio companies' management in the transition towards more sustainable initiatives, coordinating activities and raising the awareness on a sustainability culture.

The **Investment Team**, with the support of the Ambassador ESG, is responsible for the inclusion of ESG topics in the analysis of investment opportunities and facilitates monitoring activities of the ESG performance during the holding period.

These functions rely on support from the International Investor Relations and PR areas, the Risk Management Structure and the Compliance and Anti-Money Laundering Structure.

In terms of ESG Governance initiatives, FSI adopts an incentive system that links the variable remuneration also to sustainability objectives and provides specific training on ESG topics to its Team, further detailed in the section related to FSI human capital.

OUR GOVERNANCE



We care for integrity and business ethics

Ethics, business integrity and transparency are the basic values that underpin FSI's Corporate Governance; these concepts are reiterated in the company's Code of Ethics and inspire the actions taken by its representatives at all levels. The Code of Ethics forms an integral part of the Organizational, Management and Control Model adopted in compliance with Italian Legislative Decree no. 231/2001, which, among other things, provides for a Supervisory Body to ensure a proper application of the Model.

FSI also developed Whistleblowing Guidelines to manage unlawful behavior while protecting whistleblowers. The Anti-Money Laundering Policy guarantees the utmost correctness of business conduct to avoid the risks of corruption and money laundering. These effective procedures are shared with the entire organization and monitored by the Compliance and Anti-Money Laundering department.

No cases of corruption were confirmed in 2021, as for the previous years.

Material topics

We integrate sustainability at FSI and portfolio level

FSI performs a Materiality Analysis, that allows to identify the ESG material topics at both Management Company and portfolio level, defining the areas on which to draw strategic sustainability guidelines. Those areas drive the ESG Impact reporting process and constitute the main topics on which the Management Company make commitments within its relevant documents, policies, and procedures.

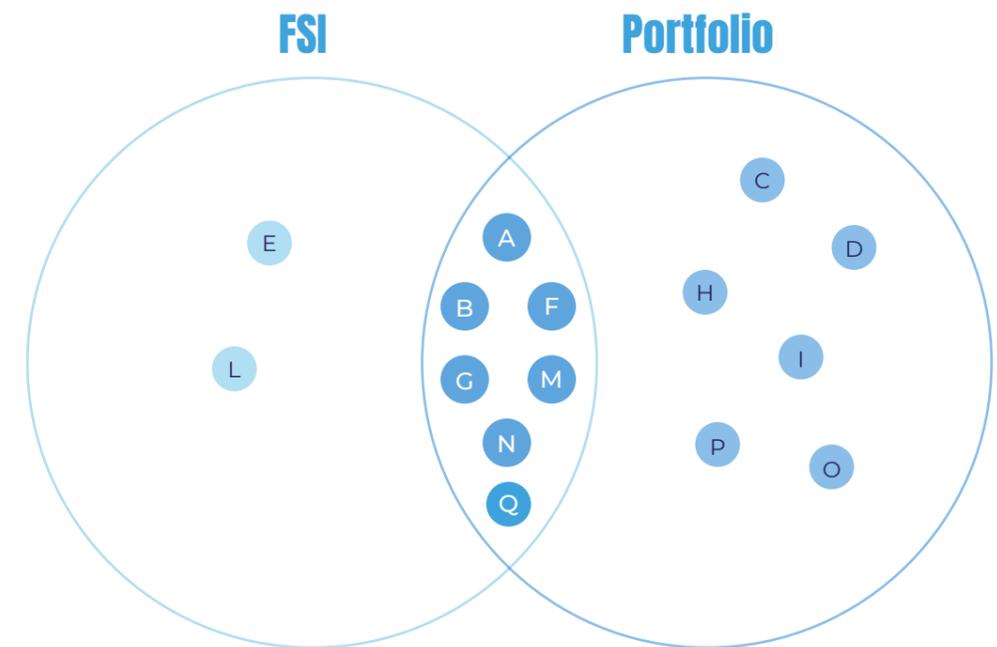
The materiality analysis was carried out on the basis of both a benchmarking

analysis, and an assessment of the main national and international reporting standards and frameworks³. To complete the process, several stakeholders were involved, among which FSI and portfolio companies' management and the main investors, who were asked to evaluate the importance of some ESG topics for the Management Company and the investment portfolio. The analysis led to the identification of the main material topics for FSI, for the investment portfolio and for both.



During 2022, the "Cybersecurity and data privacy" topic has been added to the analysis, considering the current and prospective developments of the investment portfolio, but also in consideration of the current socioeconomic context.

Material topics identified through the materiality analysis



FSI material topics	FSI & Portfolio Companies	Portfolio material topics
E Community relations and philanthropy	A Energy use and GHG emissions	C Management of waste and hazardous materials
L Independence in the governing bodies	B Management of water use	D Impact on the ecosystem and biodiversity
	F Training and development	H Human rights
	G Employee health and safety	I Customer safety
	M Diversity, inclusion and non-discrimination	O Systemic risk management and business resilience
	N Business ethics, integrity and transparency	P Responsible supply chain management
	Q Cybersecurity and data privacy	

3. Global Reporting Initiative (GRI); Sustainability Accounting Standards Board (SASB); World Economic Forum (WEF); Italian Legislative Decree 254/2016.

Focus on Fintech, Technology and Cybersecurity in the digital world



Interview with
Carlo Gotta - FSI' Industrial Partner



In the decade before I joined FSI, I launched and managed a private equity fund focused on Innovation and Technology. Although it was Italy's first fund dedicated to this type of technology, we were able to achieve strong results such as WIIT, which was listed on the Italian Stock Exchange; GPI, which was also listed; and Lutech. We managed transitions from family management to managerial management, leading companies through the M&A process to reach significant turnover.

Previously, I worked in tech consulting and strategy as a partner at Reply and Deloitte. In the early 2000s, I spent my career in the world of internet start-ups working in Pino Venture. And before that, I started my career at Telecom Italia's Research Center, where I oversaw technological innovation, eventually moving into corporate venture for the Strategies Department in Rome.

BIO

I'm an FSI Industrial Partner working in the digital sphere, so I support the team by scouting, identifying opportunities, and even managing the portfolio companies. I'm also a member of the Board of Directors of Lynx. I'm an expert in the technology market, and I have been working at FSI for a year and a half.

Interview with

Carlo Gotta - FSI' Industrial Partner

About digital business

We're convinced that digital will be an important growth area for Italy. In recent years, the sector's rate of growth has been higher than the national GDP. Data and analysis from Milan Polytechnic University show that it will be one of the

The sector's rate of growth has been higher than the national GDP

sectors that will enable economic recovery. The Italian market is dominated by smaller companies, so economic conditions favor the creation of value for an operator like us that invests in growth and expansion, with a competitive advantage in terms of distinctive skills and real EBIT-DA growth.



Interview with
Carlo Bozotti - FSI' Industrial Partner



BIO

I'm Carlo Bozotti, and from 1977 to 2018 I worked in the semiconductor field for the company STMicroelectronics. I started as an electrical engineer in the power device applications laboratory. I served as the group's CEO from 2005 until my retirement in 2018. I have been an FSI Industrial Partner since 2018. I also sit on the Board of Directors for Avnet, the world's third-largest distributor of electronic components and solutions, and Besi, one of the leaders in electronic assembly processes and equipment. The companies are listed on the Nasdaq and Amsterdam stock exchanges, respectively. I work on potential FSI investment projects and "origination" activities in the industrial, Internet of Things and automotive sectors. I have also served on the Board of Directors of one of the portfolio companies.

About Fintech

The changes affecting the worlds of banking, financial and insurance services thanks to the pervasiveness of digital technology is evident. Italy lags behind other countries in the spread of these applications, but it is catching up; this trend

is a great opportunity for FSI. Moreover, Italian players are typically small- and medium-sized, which opens up interesting prospects in terms of alliances and combinations of companies.

The key aspects of FSI's investment

The key aspects of FSI's investment logic in this sector - and its digital investment strategy in general - are:

- highly attractive growth fundamentals
- under-penetrated Italian market
- opportunities for Italian companies to expand abroad
- opportunities for consolidation within the sector
- the Italian government's focus and support for the sector
- market resilience even during major crises (ie COVID)

FSI's main goal is to continue its run of brilliant performances in terms of return on investment achieved so far.

FSI's main goal is to continue its run of brilliant performances

With regards to my activity for FSI, one area that interests me greatly in the digital transformation sphere is the Internet of Things, particularly applications for Smart Industry, Smart Cities, Smart Homes and Smart Things. In terms of technology, there are some common needs across sectors, particularly distributed intelligence, wireless connectivity, sensing and cyber security.

Going back to the specific sectors, an important example for Italy is industry and manufacturing. The country's electronics content per unit of GDP is several times lower than that of Germany.

I believe that even on this important indicator Italian companies are catching up, which presents an interesting opportunity for FSI.



Interview with
Marco Valcamonica - Principal



line, exploring new opportunities and moving operations forward.

FSI is one of the most active Italian Fintech investor. Why?

Fintech's importance comes from the fact that in Italy there is a gap that needs to be closed compared with the rest of Europe — and especially when compared to the United States. We are even further behind in terms of digitizing core processes in the banking system's value chain. FSI represents the best partner for Fintech corporates given its proven track record with successful investments, its deep knowledge of the sector, as well as its network of stakeholders that can bring significant value to portfolio companies.

What are your goals in this sector?

Our goal is to target IT investments - mainly in software and services - focusing on cloud, artificial intelligence, big data and cyber security. Much of the activity will be focused on generating new investment opportunities for the Fund.

Much of the activity will be focused on generating new opportunities and investment

BIO

I have been working for FSI since 2012. Previously, I worked for JP Morgan in London. My focus on IT started in 2017 with the investment in Cedacri, a core banking company working for several Italian banks. I followed the whole investment journey up until the company's exit to ION Group.

We then reinvested, and we are still partners and I am still on the Board of Directors at Cedacri. Cedacri led to a specialization in the digital sphere, so now I deal with all the opportunities in IT and digital, coordinating the activities to move the deals forward. One of these was Lynx – I am a Board member - which is performing very well, having recently closed our third bolt on acquisition.

In addition we recently invested in Cerved (with the ION Group) as minority partners. Ultimately I deal with the entire industry pipe-



Interview with
Massimiliano Romano - IT Manager



BIO

I graduated in sociology, but I have always been very passionate about IT. I have been working at FSI Team for almost 10 years in the role of IT manager.

FSI and digitalisation. Why?

Finance and technology are strongly linked. Global investments in technology and fintech are constantly increasing. FSI believes in this growth by seeking to increase investments in this sector, as demonstrated by both the investment in Cedacri (core banking software) and the partnership with Iccrea Bank (digital payments solutions), with the objective to foster the creation of new Italian leaders in advanced digital infrastructure and services in Italy and abroad.

FSI believes in this growth by seeking to increase investment in this sector

What are the goals and the strategies of FSI's investment in this sphere?

FSI's investment rationale and objectives aim to enhance the potential for growth and value creation offered by mid-market Italian companies in the fintech and tech sectors.

Can you say something on ongoing projects in FSI?

Over the past few months, my focus has been cyber security. The massive adoption of digital workplaces and their extension and integration to the totality of business processes has seen huge growth. The cybersecurity game is a real challenge for all companies. Both because it is an increasingly significant problem and because new remote working conditions exponentially increased risk levels that can be mitigated through two factors: training and user-friendly experience. Major cyber-attacks occur not just annually or monthly, but daily. FSI is recognizing this reality by investing in security

through staff training, technical-infrastructure upgrades, periodic assessments and vulnerability tests designed to prevent future issues.

Our portfolio

Legend:

-  Companies included in the 2021 ESG Reporting scope
-  Companies not included in the 2021 ESG Reporting scope
-  Employees as of EoY 2021
-  Turnover 2021



ESG Highlights

SOCIOECONOMICS IMPACTS

>20,440

FSI portfolio companies direct employees (as of EoY 2021)

+3,140

FSI portfolio companies direct employees in 2021 vs. 2020 (+19%), like for like

ESG IMPACTS

-25%

GHG Emissions per mln€ of production value compared to 2020
* Scope 2 location-based

60%

Has environmental certifications and management systems (ISO 14001, ISO 14064, EMAS)

-33%

Injury frequency rate compared to 2020

60%

Has health and safety certifications and management systems (ISO 45001)

80%

Evaluates suppliers basing on ESG criteria

0

Companies involved in sanctions or litigations on ESG matters

0

Episodes of corruption and human rights violations

100%

Has Code of Ethics



CHAPTER 2

APPROACH TO RESPONSIBLE INVESTMENT

Integrating ESG through
the investment process

Climate action across the portfolio

The importance of workplace
wellbeing and health and safety



Integrating ESG through the investment process

The ESG integration happens at all investment stages

Due to the shift of the regulatory context towards a more sustainable investment purpose, investment decisions are more and more driven by the ESG integration throughout the whole processes. During the last couple of years, FSI has updated and implemented its internal normative framework, adding, and emphasizing the role of sustainability factors as a guide to responsible investment.

Environmental, social and governance criteria are not only applied to the pre-investment stage, through negative screening, identification of adverse impacts investment decisions on sustainability factors and ESG due diligence, but they are continuously considered throughout all the other stages of investment.

As previously mentioned, FSI has launched a new Fund which will be classified as of Art. 8 EU SFDR by promoting, among other characteristics, a combination of social and environmental characteristics.

The investment strategy foreseen for the new financial product will envisage a higher ESG integration throughout the entire investment process, aimed at selecting companies that demonstrate a concrete commitment to sustainable development and follow good governance practices.

In fact, alongside a negative screening process, FSI will also conduct a positive screening activity, which will allow to include in the investment universe companies that, by the time of the investment or following to a specific ad hoc action plan, follow structured ESG and good governance practices.

Pre-investment

Negative screening: exclusion of sectors and businesses that are controversial in terms of ESG

ESG integration: identification and assessment of negative effects on sustainability and the execution of ESG due diligence

Post-investment

ESG engagement: engagement with portfolio companies, ESG training

Monitoring: periodic monitoring of ESG performance, in relation to adverse impacts of investment decisions on sustainability factors

Divestment

ESG impact: evaluation of the socioeconomic impact generated through divestment from share capital and analysis of future ESG strategies

SDG impact

As a matter of fact, consumers, governments, and regulators' expectations have changed significantly regarding the ways in which investors should make investment decisions. In particular, the urgency to achieve the United Nations Goals for the Agenda 2030 has become ever more compelling, especially after the spread of the COVID-19 pandemic. The Sustainable Development Goals (SDGs) have been recognised as a global guide "to ensure no one is left behind".

FSI's ESG strategy seeks to contribute to the Sustainable Development Goals (SDGs) of the UN Agenda 2030, with a particular focus on:



To monitor the contribution to the SDGs, **FSI monitors the KPI trends associated** with these SDGs, providing ESG training to its own employees and those of its portfolio companies, and commits to policy-maker engagement.



KPIs associated with SDGs*		u.m.	2021	2020
SDG 3	Average injury frequency rate		0.8	1.2
	ISO 45001**	%	60%	25%
SDG 5	Number of female board members/total board members	%	10%	8%
	Number of female executives/total executives	%	32%	22%
SDG 7	Energy from renewable sources	%	18%	22%
SDG 12	Hazardous waste/ production value	t/mIn€	2.6	2.2
	Hazardous waste generated	%	25%	24%
SDG 13	Total GHG Emissions	tCO ₂ e	55.065	66.555
	Total GHG Emissions / production value	tCO ₂ e/mIn€	28	37
SDG 16	Identified cases of corruption	N.	0	0

* The KPIs consider Cedacri, Kedrion, Lumson, Lynx and Missoni for what relates to 2021, and Cedacri, Kedrion, Lumson and Missoni for what related to 2020, according to the characteristics of the FSI portfolio composition as the end of 2021. Concerning Lumson, the injury frequency rate related to 2021 is referred to Lumson S.p.A., while 2020 data is related to the Group. For what concerns SDG 8-related KPIs, 2020 data also include Adler. For the purpose of GHG emissions related KPIs, Scope 2 emissions have been calculated basing on the location-based methodology.

** The ISO 45001 Standard specifies requirements for an occupational health and safety (OH&S) management system. The goal of ISO 45001 standard is to provide a safe and healthy workplace for employees and visitors.

Socioeconomic impact

FSI invests, usually with a capital increase, in the sustainable growth of excellent Italian companies. FSI's value creation plans include organic development and add-on initiatives, driving significant growth in terms of portfolio companies' employment.



At the end of 2021, the 6 FSI portfolio companies have seen an increase of ca. 3,900 jobs (+24%) since the FSI investment, in an average holding time period of just 2.7 years. In 2021 alone, considering a constant perimeter compared to 2020, portfolio employment increased by >3,100 jobs (+19%).

FSI's significant investment activity completed in early 2022 will further contribute to the positive socioeconomic impact illustrated in this impact report.

	FSI portfolio employment			Employment increase	
	2021	2020	At FSI initial investment (inv. date)	Last year (2021 vs. 2020)	During FSI holding period
CEDACRI GROUP	>2.330	>2.420	>1.560 (Dec 2017)	-90	+770
Adler Pelzer Group	>13.880	>10.770	>11.250 (May 2018)	+3.110	+2.630
MISSONI	>390	>420	>290 (July 2018)	-30	+100
LUMSON Cosmetic Packaging Industries	>480	>470	>370 (Aug 2018)	+10	+110
KEDRION BIOPHARMA	>2.780	>2.640	>2.570 (Nov 2019)	+140	+210
lynx group	>580	New inv.	>500 (Nov 2021)	-	+80
	>20.440	>16.720	>16.540	+3.140	+3.900

Like for like portfolio

Climate action across the portfolio

The EU and all its Member States have signed and ratified the Paris Agreement, setting the EU on the path to becoming the first climate-neutral economy and society by 2050. The main goal is to keep the global average temperature increase well below 2 degrees Celsius compared to the pre-industrial period, aiming for a maximum temperature increase of 1.5°C.

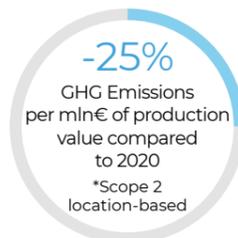
FSI believes that the assessment of the environmental sustainability of the investment portfolio is crucial not only to manage risks, but also to bring shared value and growth opportunities. For this reason, every year FSI asks its portfolio companies to measure their carbon footprint, to better understand and analyse their overall impact. By identifying and measuring those impacts and repercussions on our environment, FSI can

develop business models that are focused on constructing a more sustainable future.

The FSI Portfolio companies are aware that the transition to a lower carbon economy also means increasing the weight of renewables in the generation mix and reducing the carbon emissions associated with economic and day-to-day activities.

In addition, to achieve their environmental objectives, it is important that companies also certify their commitments to the environment. Certifications, in fact, are useful tools for sustainable development, as the organizations that are certified make a concrete commitment to limit their direct impacts (deriving from their activities) and indirect (environmental aspects on which they can exert some influence), improve the reduction of emissions, incen-

tivise recycling and good environmental practices.

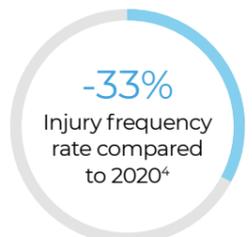


The importance of workplace wellbeing and health and safety

The safety and wellbeing of portfolio companies' employees is a key priority for FSI. Therefore, FSI ensures that each portfolio company has robust health and safety policies and procedures in place, that all incidents are logged appropriately and acted upon, that there is clear responsibility for health and safety and that sufficient resources are dedicated to this area.

As in the case of climate change, certifications play a very important role in the construction and implementation of a healthy and safe workplace. Certifications, in fact, are useful tools for sustainable development, as the organizations that are certified make a concrete commitment to comply with high standards of health and safety.

Portfolio injury rates are in line with the respective average sector performance. FSI is committed to keep on monitoring health and safety performance of portfolio companies and to engage with these to raise awareness on the importance of a safe environment.



4. Data related to 2021 consider Lumson S.p.A., while data related to 2020 consider Lumson Group.

CHAPTER 3

APPROACH TO RESPONSIBLE EMPLOYER

Our commitment in equal opportunities and diversity

Working at FSI



Our commitment in equal opportunities and diversity



**Interview with
Cristiana Gorini - Analyst**



BIO

I'm Cristiana Gorini, I'm originally from Turin, and I studied Business Administration at the University of Turin. I then spent two years abroad - one year in London and one in Paris - before earning a Master's in Corporate Finance at ESCP Business School. After about a year and a half with the boutique M&A firm Oaklins Italy, I joined FSI as an analyst with the Investment Team, and I collaborate with the IR team on FSI II fundraising.

What is your impression of the gender gap? Is this a problem that is being addressed overall?

Do you think there is still important work to do?

The gender gap is a hot topic overall, and even more so in certain sectors such as banking and finance, that have historically been considered "male-dominated." We are certainly only at the beginning of what I like to think of as a transitional period. We still have a long way to go compared to other countries, but we are moving in the right direction.

From your point of view, how is the issue of equal opportunities treated within FSI?

FSI is very committed to equal opportunity and actively supports several initiatives aimed at promoting female employment in our industry. To that end,

FSI is very committed to equal opportunity

we joined the "Level 20" project and sponsor scholarships for female students at Bocconi University in Milan.

On a personal level, how do you work to improve the situation?

When I was attending university, I was part of a student association that encouraged girls to pursue more traditionally male educational and professional paths. In my own life, I always tried to resist social norms and pursue a career that I discovered thanks to my very first internship at a private equity firm in Milan.



**Interview with
Veronica Valtolina - Analyst**



BIO

I have been an intern with FSI's investment team since September 2021. I graduated in Economics and Finance at Bocconi University in Milan and finished my Master's last April.

What is your impression of the gender gap? Is this a problem that is being addressed overall? Do you think there is still important work to do?

I think that in some industries, such as finance or private equity, the gender gap is more evident than in others because these tend to be more male-dominated environments. However, in recent years, many companies have

FSI often organizes training initiatives for younger employees

begun adopting initiatives to improve the situation. For example, I had numerous opportunities as a student to meet women working in finance who shared their experiences. These kinds of initiatives are very helpful to dispel the myth that finance is "a man's world" and encourage young women to join the industry.

From your point of view, how is the issue of equal opportunities treated within FSI?

FSI values diversity and inclusion, as stated in the Code of Ethics, by recognizing that sharing different experiences is an enrichment opportunity for all employees.

On a personal level, how do you work to improve the situation?

When I meet female students, I try to relate my own positive experiences to show that today, being a woman is in no way a limitation when it comes to ambition.

How do you feel about the quality of the work at FSI?

Quality at FSI is guaranteed by the combination of professionalism, ethics and helpfulness shown by the entire team.

Tell us about your relationship with colleagues and your team

From the beginning, I found a very welcoming environment. On the investment team, the mood is calm and constructive, which encourages collaboration and the development of everyone's specific skills.

What could be done in the future to improve further the workplace?

FSI often organizes training initiatives for younger employees that are very useful. One suggestion would be to make these more frequent to accelerate the development of new skills.



Interview with
Giustina Catalano - Head of Administration

BIO

I'm Giustina Catalano and my position is Head of Administration, reporting directly to the CFO. I have been with FSI for less than a year. After graduating from Bocconi University in Milan with a degree in Business Administration, I started my career in PwC, which also allowed me to work for two years in the U.K. At PwC, I became a Chartered Certified Accountant and Auditor.

What is your impression of the gender gap? Is this a problem that is being addressed overall? Do you think there is still important work to do?

I believe the gender gap in the professional world is an important issue that must be carefully addressed, with useful tools made available to afford everyone the same opportunities to work - and above all,

to perform. Based on my work experience, I've seen that the gender gap is bridged not only by supporting women, but also by working on the approach that men have towards women. The worst enemy is prejudice. In fact, I believe that the HeForShe movement is one of the most important on this front. I found it very useful and inspiring to compare and share the experiences of successful women who have found balance and personal satisfaction even outside the workplace.

I also think it is very important to help women believe in themselves, because in many cases we are our own worst enemies. We are influenced by our surroundings and weighed down by cultural norms, and this is also reflected in the salary gap. I have been very inspired by the events and publications of Valore D, which offers a national perspective that is very important because it focuses on the context in which women move in Italy.

FSI is working to reduce the gender gap

From your point of view, how is the issue of equal opportunities treated within FSI?

FSI is working to reduce the gender gap. Above all, it's taking direct action through new hires such as mine and new female members of the investment team. In addition, starting in 2022, FSI became a sponsor of Level20, an organization that promotes gender diversity in the private equity sector.

On a personal level, how do you work to improve the situation?

I think the main thing is to be serious and responsible at work, and above all, to find the most effective way to communicate and relate to others based on our different personalities, with the goal of bringing out each person's talent. In the past, I have mentored both male and female interns, and at FSI, I try to offer help and support to younger colleagues.



Interview with
Monica Onofri - Head of HR



BIO

During my first work experience with EY International Department I graduated in Political Science from State University in Milan. After my graduation I have been working in PE sector for almost 25 years, ten of which in FSI.

Can you talk about career in Private Equity sector?

Private equity careers are not something you build in a day and a job in private equity is not something easy to get. The recruiting project could be very long. When choosing Top team members, FSI wants people who add value to the organization. They must have solid leaderships skills, a deep knowledge of the company's product and the ability to work hard also during turbulent times or changes in business strategy. Executives hired must have solid networking skills. They must be able to communicate well with everyone around them, including staff members, management, customers, and the investment board.

Does FSI run Graduate Programme?

We offer the opportunity to learn from some of the best investors in the mid-market Private Eq-

uity industry. Our Graduate Programme is designed to develop investment professionals and business leaders. The programme is focused on our mid-market Private Equity business with the unique opportunity to work with senior management in our Investment Team and Investor Relations team. The candidate will work alongside the management teams who run our portfolio companies on projects which will make a real difference to their businesses. As a result, the candidate will acquire an excellent grounding in the investment world as well as in strategy and finance. We organize some technical training courses in corporate finance, valuation, financial modelling, and accounting, coupled with practical business experience gained from working alongside our investment professionals, senior management and portfolio management teams.

Diversity and inclusion

FSI is committed to building a diverse workforce. We seek to create a work environment that helps to bring out the best in our employees and to ensure all are treated fairly and are offered equal opportunity in selection, training, career development, promotion, and remuneration. We are committed to

providing our employees with the opportunities, experience, and training to achieve their potential and grow their knowledge, skills, and capabilities.

Examples of some of the ways we are delivering this include:

- through our inclusive values and culture
- treating all those with whom we come in to contact with respect
- strong, consistent, and fair recruitment process
- training programmes, (including unconscious bias training for managers starting 2022)
- leadership training
- Level 20 sponsors and mentoring programme
- Career mentor programme
- Bocconi Women Award programme. The program is aimed in particular at women enrolled in more quantitative Bachelor's Degree courses (BSc) in the following sectors: Economics, Finance, Mathematics, Data and Computer Science or enrolled in the Master's Degree (MSc) in Finance and International Management.

Working at FSI



Interview with Andrea Perini - Financial Analyst



How do you feel about the quality of the work at FSI?

Quality is central at FSI, both in terms of human relationships and professionally speaking. We're committed to attention to detail, ensuring high standards in everything we do.

Tell us about your relationship with colleagues and your team

I have a great relationship with my team and other colleagues, which improves

productivity and professional well-being. I think it's important to be able to work in a dynamic environment that allows for a proactive exchange of experience and skills.

What helps the integration in FSI?

I think communication helps corporate cohesion and interactions between different teams by giving everyone the opportunity to feel more involved, at every level, in the company's various activities. In addition, junior team members get to learn broadly applicable, heterogeneous skills.

We're committed to attention to detail, ensuring high standards in everything we do



Interview with Lorenzo Gabrielli - Investment Intern



BIO

I'm Lorenzo Gabrielli and since January 2022, I have been an intern with FSI's investment team. Previously, I worked for PM&Partners, Arthur D. Little and Deloitte. I graduated in Economics and Management and earned a Master's in Corporate Finance from LUISS Guido Carli University in Rome.

who have both domestic and international experience in banking and finance. This is a great opportunity for growth and inspiration.

Tell us about your relationship with colleagues and your team

The environment at FSI is positive and welcoming for new talent. Our older colleagues are always available and enthusiastic about helping younger team members, and often they organize training sessions for us on specific topics.

Joining FSI is a unique opportunity since it's one of the leading private equity funds in Italy

I have a great relationship both with my colleagues on the Investment Team and with the members of the other departments at FSI. The team is incredibly cohesive after many years of working together, and we're able to strengthen our relationships outside the office thanks to team-building and volunteer days organized by FSI. For example, I really enjoyed the two days we spent off-site at Villa Gallarati Scotti in Monza, including an evening of team cooking. I also appreciated our charity dinners in support of the LILT and Vidas Foundations, and the volunteer day we did with the "Cooperativa Il Tempo per l'Infanzia" promoted by the Rava Foundation.

About FSI

Joining FSI is a unique opportunity since it's one of the leading private equity funds in Italy. Every day, I get to work with experienced professionals

CHAPTER 4

ESG WITHIN FSI

Environmental Impact

Social Impact

FSI in the community

Disclosure and engagement



Environmental Impact

Sustainability means eco-efficiency

FSI is committed to evaluate its environmental footprint and focuses on saving energy and promoting environmental protection among its stakeholders. Even though the Management Company's business does not have significant impacts in terms of energy consumption and emissions generation, FSI is committed to constantly monitor its environmental footprint and raise the awareness of its employees on these topics.

During 2021, the company energy consumption remained stable compared to the previous years - approximately 878 GJ, slightly increasing compared to 2020 (860 GJ). As in 2020, this was a consequence of the pandemic, especially when it comes to direct energy consumption. The need to contain the spread of COVID-19 led many to opt for private rather than public transport. Accordingly, the company fleet was enlarged and there was an increase in energy use. However, thanks to this measure, FSI's employees were able to travel safely to and from work while minimizing the risk of infection.

The related impact in terms of Scope 1 and 2 CO₂ emissions was around 61 tons of CO₂e, in line with 2020 performance.

In order to enhance energy efficiency within the offices, LED

lights are used in all FSI offices. In addition, motion detectors to switch lights on and off are adopted to save energy in an effective and smart way. With the aim to raise the awareness on the environmental aspects, during 2021 FSI also delivered specific environmental trainings, focused on topics such as climate change and decarbonisation strategies.

The commitment to a reduced environmental footprint is also testified by the fact that during 2022 FSI will be moving its offices to another building, which is LEED Gold certified.

In addition, FSI monitors the other indirect emissions (Scope 3) coming from the plane and train trips completed by the employees during the year. For what concerns 2021, Scope 3 emissions were equal to 23 tCO₂e.



Social Impact

Sustainability means partnering to empower knowledge sharing

FSI strongly believes that its commitment to a sustainable economy requires close collaboration with universities and research institutions. For this reason, over the years it has implemented a number of important cooperative projects, including those with Bocconi University, the Fondazione Politecnico di Milano and PoliHub.

FSI has an important project under way with Bocconi University to support young promising students during their time at university, with the goal of turning their talent into shared value with a special focus on gender diversity.

Thanks to the three-year partial exoneration program, FSI allows two students to enroll in a program at Bocconi, rewarding their commitment and supporting the development of their potential regardless of their financial situation. The partnerships with the **Fondazione Politecnico di Milano** and **PoliHub** were established to

support future young entrepreneurs and grant visibility to high-potential, innovative start-ups with the ability to incorporate the principles of sustainable development into their business models.

Research and innovation create lasting value when the genius, talent and uniqueness of individuals are respected. From this standpoint, PoliHub and FSI perfectly complement one another in their respective roles as incubator of the Fondazione and external investor.

As a community partner of PoliHub, **FSI also sponsors a minimum of 5 calls for ideas** for specialisations, that received full support in the initial development stage.

Thanks to its investment experience and business knowledge, FSI supported these projects, examining their potential and working side by side with the companies' management teams to create those synergies that enhance skills and opportunities and implement cross-pollination processes between start-ups, companies, and universities. This is the most effective way to successfully enter the market and support young talent.



FSI is also working on a new start up innovation hub. An open platform for startups growth and partnerships with large corporates with three main objectives: (i) create high-tech sustainable business with young entrepreneurs; (ii) foster unique STEM (Science, Technology, Engineering and Mathematics) education-research district in Italy; (iii) renew a green suburban area, with environmental and social impact.

FSI also cooperates with universities to boost knowledge sharing and to deepen specific topics that also involve ESG integration in the financial sector.

During 2021, FSI published two studies in cooperation with **Sant'Anna School of Advanced Studies** - "The role of private equity in a sustainable transition", and with **Bocconi University** - "Relazione tra struttura finanziaria e performance".



In particular, the former analyses the existing relationship between a company's capital and its ESG performance, also evaluating the changes in the ESG performance of companies involved in M&A transactions.

The latter highlights the relationship between a company's financial structure and its medium/long-term performance, underlining the differences between the use of equity and debt.

Diversity and inclusion

Sustainability means a diverse and inclusive workforce

Within its Code of Ethics and the Guidelines to Prevent and Combat Discrimination, Bullying and Harassment, FSI explains its approach to diversity and inclusion. In order to strengthen the commitment on the topic, during 2021 FSI adhered to the Level 20 association both as a full member and a financial sponsor.

Level 20 is a not-for-profit organization dedicated to improving gender diversity in the European private equity industry.

The ambition of the organization is for women to hold 20% of senior positions in this dynamic industry. To that end, Level 20 works to inspire women to join the private equity industry, particularly in investment roles, and to help them succeed by providing support and facilitating the sharing of insights and experience.

Thanks to this opportunity, FSI's CEO also became a mentor of a young woman professional Director working in the financial sector.



During 2021, FSI became a full member and a financial sponsor of **Level 20**.

FSI integrated approach to D&I

D&I KPI MONITORING

20%

Female BoD member



60%

Female new hires



13%

Female Industrial Partner



Monitoring of **D&I KPIs**, both at **Firm** and **portfolio level**

50%

Female intern



2021 Data

D&I INITIATIVES



European non-profit organization that aims at filling at least **20% of senior positions** in the European private equity industry with **women**



Full Member

FSI is a Level 20 full member



Financial Sponsor

FSI is a Level 20 financial sponsor



Mentoring program

FSI CEO is a mentor of a female leader



Project to **support young females promising students** during their time at University, with the goal of turning their talent into shared value



2 scholarships

Donation to Bocconi University's "Women Award" programme



D&I trainings

FSI delivers to its employees and portfolio companies' trainings on D&I

FSI recently signed the philanthropic donation agreement called "Women Award" with Bocconi University. The program provides 2 total waivers for deserving female students admitted to the Master of Science (MSc) degree program for A.Y. 2022-2023 and enrolled in more quantitative degree programs such as: (i) MSc in Finance; (ii) MSc in Economics and Social Sciences (ESS); (iii) MSc in Data Science and Business Analytics (DS&BA); (iv) MSc in International Management (IM); (v) MSc in Economics and Management of Innovation and Technology (EMIT).

Sustainability means healthy and safe workplaces

Maintaining a healthy and safe workplace does not merely imply complying with the provisions of Italian Legislative Decree 81/08. Preventing occupational risks and supporting well-being at work is also a sustainability goal of great importance. FSI promotes a culture of safety by training staff to comply with internal and external rules and encouraging full awareness.



During 2021, there were **no injuries** at the workplace.

Sustainability means diversity of skills and competences

Being able to count on prepared, up-to-date, and competent professionals means being able to effectively respond to market requirements and face new global challenges successfully.

FSI is aware of this and has developed an Annual Training Plan which contains planned training hours, material topics, the company departments involvement, and pre-established objectives. These activities are monitored by and the Head of Compliance, who guarantees that the training plan is carried out properly and that feedback is collected.



During 2021, FSI organized a training program consisting of ten sustainability workshops created around the ESG topics deemed most material by the materiality analysis.

SUSTAINABILITY WORKSHOP



non-financial reporting and current trends



sustainable finance



the main characteristics of ESG ratings



climate change and decarbonisation strategies



occupational health and safety



risk management and the creation of Enterprise Risk Management (ERM)



diversity and inclusion



circular economy



sustainable supply chain management

During 2021 FSI provided 1,264 training hours to its employees, a lower performance if compared to 2020 (2,798 hours) since the employees were forced to work from home during the pandemic and were therefore provided with more training.

Moreover, during the first months of 2022, FSI realized two additional seminars on diversity, inclusion and unconscious bias, testifying the renewed attention for sustainability topics.

Training is not the only thing that makes a difference at FSI. All employees are encouraged to provide feedback of their workplace satisfaction, which is then collected and analyzed by Human Resources that guarantee, as well as by the individual department managers. The feedback is then reported on in the Annual Review. The measurement of employee satisfaction was carried out through one-to-one interviews with employees in the occasion of the Annual Review 2022.

Employee engagement, together with a continuous and reciprocal exchange of information and teamwork, makes it possible to maintain a cooperative working environment which led the company to report a turnover of only 7% in 2021⁵, with just 2 employees leaving the company (slightly decreased compared to 2020).

Also, during lockdown, FSI organized weekly video conference seminars to keep employees up to date on professional activities and ensure coordination with senior management.



The sustainability workshops were provided to the FSI team as well as all portfolio companies to increase awareness of ESG topics and knowledge of the various ESG material areas of interest.



100% of FSI employees receive periodic performance evaluations to ensure continuing professional development and boost personal motivation. Growth of human capital is always a key objective of internal management policies.

5. This percentage was calculated considering the ratio of employees leaving the company in 2021 and the total number of employees at 31.12.2021.

FSI in the community

Sustainability means creating shared value

Philanthropy is not the only thing that guides FSI's actions in local communities, but also a genuine social commitment and representation of the shared values of responsible growth and sustainability.

As open and constructive dialogue is maintained in the communities where the company operates directly and indirectly through its portfolio companies, these values are brought to life via support for organizations and associations working in local communities and support for business owners and skills development.

It is no coincidence that FSI's social projects complement its investment activity by focusing on the main Italian businesses. For FSI, both these capital flows contribute to developing and supporting the Italian economic system.



During 2021, FSI donated approximately €300,000 to the community.



COMMUNITY AND SOCIAL INCLUSION PROJECTS

FSI, every year, promotes a range of initiatives aimed at developing relationships with local communities and actively collaborates with institutions, not-for-profit organizations, associations, schools, and universities. Among the partnerships aimed at creating value for the most vulnerable communities and individuals, FSI supports initiatives by the Fondazione Francesca Rava by joining its efforts to provide tangible assistance in the fight against COVID-19.

Thanks to the company's contribution, several families were given devices that allowed their children to reduce learning loss to a minimum through online education and frequent communication with their classmates.



FSI in collaboration with Fondazione Francesca Rava carried out various philanthropic projects. These projects saw FSI's employees preparing and distributing food parcels, as well as delivering groceries during Christmas and Easter for the so called "solidarity gifts" campaign. In 2021 FSI and Fondazione Francesca Rava also participated to the second edition of a corporate volunteering program in partnership with Cooperativa Onlus Tempo per l'infanzia, a not-for-profit organization that has promoted the social integration of citizens for over 30 years by managing social, healthcare and education services. The program aimed to improve the well-being and positive integration and development of children.



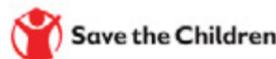
Caritas Ambrosiana, which, through the Fondo San Giuseppe, supports individuals who lost their job due to the pandemic and face financial and social difficulty.



In 2021 FSI continued the Prevention Means Living - FSI Mobile Clinic project for LILT Milano Monza Brianza, aimed at facilitating the early diagnosis of oncological problems for socially and financially underprivileged citizens who may be less aware of cancer prevention.



FSI also supports the Wamba Association, which provides social and healthcare assistance to children with SMA (spinal muscular atrophy) and their families.



FSI also participated in the special Save The Children project Non da soli [Not Alone], an extraordinary programme during the covid emergency, dedicated to disadvantaged children and teenagers.



FSI together with Kedrion also supports project "Chaire Gynai" with the creation of two houses based in Rome for refugee women with children and for migrants in vulnerable situation. It is called "Chaire Gynai", a phrase in Greek that stands for "welcome woman". The initiative was made possible not only by the Congregation of the Scalabrinian Missionary Sisters but also by the Dicastery of the Holy See for Promoting Integral human Development (Migrants and Refugees Section) and by the Congregation for Institutes of Consecrated Life and Societies of Apostolic



Life, of the UISG (International Union of Superiors General). The objective of the project is to promote the social and economic inclusion of refugee women with children, accompanying them on a path of independence and emancipation from their conditions of vulnerability, through the development of new skills and increased awareness of their rights.



"Digitali e Uguali" that stems from the desire to solve a strong problem of digital inequality that has emerged among the younger generation in Italy. FSI collaborate with Fondazione Specchio and Fondazione Golinelli with the goal to donate computers to students and finally break down the barriers that prevent them from growing and establishing themselves in society and help bring Italy back to a strong position in Europe in the digitalization process.



Last but not least, FSI has chosen to support WAMI Water as Mission. The goal is to bring drinking water to as many people as possible, but also to do so while leaving a positive environmental impact.

ASSOCIATIONS



FSI also works with associations and for some time has supported AIDAF - Italian Family Business, as well as the 'AIDAF EY Chair in Strategic Management of Family-Owned Businesses' established in memory of Alberto Falck at Bocconi University in Milan. Hosted by Professor Guido Corbetta, it is the only high-quality training hub in Italy focused on promoting the economic and social significance of family-owned businesses. A Special Mention for the Best Sustainable Growth Path, awarded in collaboration with FSI, was assigned to Chiesi Farmaceutici S.p.A., a family-owned company that has pursued, in the last five years, an evolution in all three areas of ESG (Environmental, Social and Governance), developing active corporate welfare, social responsibility and reduction of environmental and climate impact programs.



Additionally, FSI has always collaborated with AIFI, an association established to develop, coordinate and represent at an institutional level all Italian parties working in private equity and venture capital. AIFI members include financial, management and advisory companies for closed-end Italian and international funds, Italian and international banks with private equity divisions, regional financial companies and public companies interested in creating and developing entrepreneurial activity. Some FSI professionals contribute their experience and input to the association.



FSI also cooperates with AmCham Italy, a not-for-profit organisation founded in Milan on 13 April 1915. It aims to develop and foster economic and cultural relations between the United States of America and Italy and to protect its members' interests in the context of business between the two countries. AmCham serves as the main interlocutor in business development in the United States. To this end, it regularly organises meetings and conferences with leading international decision-makers. Through its advocacy work, it offers member enterprises an insider route to communicate directly with senior representatives of Italian and American political and economic institutions.

Disclosure and engagement

The shift of the regulatory context towards more sustainable investment purposes

The focus on ESG issues is steadily growing, due to the consumer demand, the civil society attention, the investor demands, and the regulatory pressure.

During 2018, the European Commission approved the Sustainable Finance Action Plan, which aims to redirect capital toward a more sustainable economy, integrate sustainability into risk management, and promote transparency and foresight.

In this context, other two significant pieces of legislation came into force:

- **the Sustainable Finance Disclosure Regulation** (or EU SFDR) in 2019 (EU Reg. 2088/2019), intended to increase transparency around sustainability claims made by financial market participants, by requiring to disclose how sustainability risks are integrated into their investment decisions, as well as the likely impact of sustainability risks on returns, and how they cope with adverse impacts of their sustainability decisions.
- **the EU Taxonomy in 2020** (EU Reg. 852/2020), which identifies economic activities that are considered environmentally sustainable under an unambiguous definition of sustainability.

The introduction of the EU SFDR and the EU Taxonomy represents an important step towards the integration of ESG issues into investment strategies.

Our approach to the EU SFDR disclosures

EU SFDR came into force as of 10 March 2021. Last year was therefore a crucial one in terms of sustainability integration into investment processes, especially for what concerns FSI. To comply with the Regulation, FSI implemented an integrated process that led to the a comprehensive approach at both entity and product level.

As a matter of fact, the EU SFDR represents an important step towards strengthening market transparency on non-financial aspects, paving the way towards the adoption of more environmentally, socially, and governance-conscious approaches.

The regulatory provisions foresee the integration of sustainability disclosures with reference to policies and procedures adopted both at the organization level and at the individual financial product level.

FSI reviewed its processes and internal policies and procedures not only to comply with regulatory obligations, but also to identify opportunities for improvement in its approach.

On the sustainability section of its corporate website FSI publishes the disclosures relevant for the EU SFDR purposes - related to the sustainability risks, the principal adverse impacts and the consideration of sustainability risks within the remuneration policies. Moreover, FSI complies with any other obligation related to the documents impacted by the EU SFDR.

In addition, and as a proof of the FSI commitment to integrate more ESG oriented practices into its business processes, as previously mentioned in this document during 2022 FSI launched a new product classified as of art. 8 of EU SFDR.

Our continuous engagement with portfolio companies

Engagement and active dialogue with investee companies are an essential part of the ESG strategy as they make it possible to monitor the risk profile of portfolio companies, promote their sustainable growth and gather ongoing feedback for evolutions of the strategy itself. FSI establishes and maintains a transparent and ongoing dialogue with its portfolio companies.



CHAPTER 5

ESG MANAGEMENT IN THE PORTFOLIO

Cedacri

Kedrion

Lumson

Lynx

Missoni

Cerved

BCC Pay





Cedacri S.p.A. is an Italian leader in IT outsourcing services for the banking sector, with over 200 clients including banks, financial institutions, insurance firms and businesses.

FSI first invested in Cedacri in December 2017. As part of the investment and in cooperation with other shareholders, FSI facilitated the strengthening of Cedacri's management team.

In the first half of 2021, Cedacri was acquired by ION, a leading company in the financial and data processing platform industry, which operates globally through several brands. As part of a new and separate transaction, FSI decided in June 2021 to invest in the company again in partnership with the majority shareholder ION.

Cedacri

INFORMATION TECHNOLOGY

Computer programming consultancy and related activities; information service

 > 2,330

 > 454 mln

Energy and emissions

The use of energy resources represents the most important aspect for Cedacri in terms of the environmental impact generated.

Energy consumption is related to two main factors:



electricity consumption for the operation of the company's Data Centers, offices and other technological infrastructure;



natural gas consumption for office air conditioning and other fossil fuels, such as fuel for the company's fleet cars.



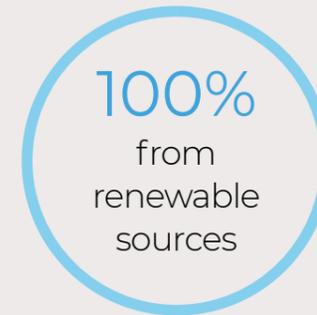
Reducing energy consumption represents a strategic goal to consistently reduce economic costs and the environmental impacts, both of which are aimed at improving the Group's economic competitiveness.

During 2021, the company emissions (considering the Scope 2 emissions calculated with the market-based methodology) were equal to 758 tCO₂e, decreasing by 4% from 2020 (793 tCO₂e). Emissions (considering the Scope 2 emissions calculated with the location-based methodology) were equal to 6,774 tCO₂e, testifying the commitment of the company to choose green energy solutions.

Though the company belongs to a sector that is considered low risk in terms of worker health, Cedacri has committed not just to complying with all relevant legislative provisions, but also to promoting employee health through various initiatives, including healthcare screening, and encouraging healthy lifestyles and a sustainable diet (Workplace Health Promotion). For what concerns the Covid-19, the internal "anti-contagium protocol" with its annexes is being continuously updated and represents a document also shared with external companies that must enter with their own consultants-workers within the company perimeter.

Cedacri also offers training and information at all levels to strengthen the safety culture

Electricity



Since 2020, Cedacri has switched the electricity purchase from non renewable to renewable sources.

Workplace safety

in the workplace, including (i) joint training with the Firemen to improve operations in case of a fire emergency; (ii) training with the IIR of the area to improve the operation in case of health emergencies; (iii) specific training regarding the aspects of containment of COVID-19; (iv) the Competent Doctor and the Prevention and Protection Service of the Cedacri Group organize meetings open to all colleagues called "health meetings", where issues concerning the well-being of the person are discussed.

During 2021, the injury frequency rate was equal to 0.1 – decreasing of 67% comparing to 2020 (0.3). During 2021, the injuries were related to commuting incidents (n.1 incident), as in 2020 (n.2 incidents).

Waste

The production process of Cedacri is characterized by a relatively small production of waste in terms of quantity – about 31 tons in 2021, in slight increase comparing to 2020 (+5%).

The 97% of waste generated by the activities can be classified as non-hazardous and therefore allows a non-difficult and recycling-oriented disposal process. The nature of waste treated, mainly consisting of electrical and electronic materials, as well as packaging and paper, requires a correct management of the collection processes and is destined to the reuse and recycling streams.

Human Capital

Cedacri develops its human capital through training and employee engagement. Employees have access to various training activities ranging from technical/application courses to individual technical courses and training on company processes.

Employees are involved in various initiatives, including outside of work, which help to strengthen group and internal cohesion. The company's portal, internal newsletter, periodic meetings, employee volunteering and team-building activities are just some of the ways Cedacri engages with its employees.

Through initiatives like Gender Equality, Work Life Balance and People Inclusion, Cedacri offers corporate welfare services, expands remote working to the entire workforce and implements inclusive sport activities.

Cybersecurity and data privacy

Policies related to data security are defined in the two documents "Security Manual" and "Principles for the Protection of Personal Data and Implementation of Privacy Rules in Cedacri", which outline the data protection measures in place in Cedacri.

To ensure the protection of data and information from threats of all kinds, ensure their integrity, confidentiality and availability, Cedacri has adopted an appropriate information security management system (ISMS) in line with the UNI CEI ISO/IEC 27001:2013 standard. In this

way, it ensures proper risk management and protection of ICT information and assets.

Cedacri aims at developing cybersecurity and data protection systems; the company reduces the risks associated with managing activities in cyber security, information/security system protection through targeted investments in technology and expertise.

During 2021 an investment of 4.500 mln € was made to strengthen cybersecurity and the data breaches decreased from 15 to 3 during 2021 (-80%).



Cedacri has adopted an appropriate information security management system (ISMS) in line with the UNI CEI ISO/IEC 27001:2013 standard.



2021 Figures

Policies and procedures adopted	U.o.m.	2021
Sustainability/ESG Policy	Yes/No	Yes
ESG Reporting	Yes/No	Yes
Organisational, Management and Control Model	Yes/No	Yes
Code of Ethics	Yes/No	Yes
Senior Management responsibility for ESG topics	Yes/No	Yes

KPI	U.o.m.	2021	2020	2019
Environmental area				
Total energy consumption	GJ	90,065.2	90,470.4	99,176.1
Direct energy consumption	GJ	12,521.2	13,178.4	18,716.1
<i>of which, from renewable sources</i>	GJ	134.4	149.9	146.7
Indirect energy consumption	GJ	77,544.0	77,292.0	80,460.0
<i>of which, from renewable sources</i>	GJ	77,544.0	77,292.0	0
Total CO ₂ emissions (with Scope 2 location-based)	tCO ₂ e	6,773.8	7,189.8	8,280.2
Total CO ₂ emissions (with Scope 2 market-based)	tCO ₂ e	758.2	793.0	11,597.3
Waste produced	t	31.1	29.6	19.2
Operating locations owned, rented, or managed within or adjacent to biodiversity-sensitive areas	N.	0	0	0
Social area				
Employee injury rate		0.1	0.3	1.3
Female employees	%	34%	34%	34%
Governance area				
Episodes of corruption identified	N.	0	0	0
Female directors	%	9%	14%	22%
Data Breaches	No.	3	15	9
Investments for improving cybersecurity	€/000	4,500	4,900	3,800

KEDRION

BIOPHARMA

Kedrion Biopharma is a biopharmaceutical company that fractionates human plasma in order to develop, manufacture, and distribute plasma-derived drugs for the care and treatment of patients with Hemophilia, Immuno-deficiencies, and other forms of serious diseases.

Kedrion is the bridge between donors and those in need of care and works globally to expand patient access to available therapies.

With headquarters in Italy and a commercial presence in 100 countries worldwide, it is the 5th largest player worldwide and 1st in Italy in the plasma-derivatives sector.

Kedrion

PHARMACEUTICALS

Plasma collection and manufacturing of plasma derivatives

 > 2,780

 > 660 mln



Workplace safety

Kedrion's goal is to develop and maintain a healthy and safe workplace for all its employees and external collaborators.

The Italian and Hungarian sites have also developed an occupational health and safety management system that complies with UNI EN ISO 45001:2018 certification, which was renewed during 2021 and that is aimed at reducing occupational injuries and diseases and promoting and pro-

tecting physical and mental health.

During 2021, the injury frequency rate was equal to 2.3; the 2021 figure shows a constancy in the number of events – they only refer to incidents at work. The most frequent types of injuries include: impacts and crushing, slips, contact with potentially biohazardous material (punctures or splashes), strains and sprains, or cuts and abrasions.

Health and safety policies and procedures



Global EHS Policy Statement



Kedrion S.p.A. EHSQ Policy



Energy and emissions

Kedrion's concern for the environment starts in the area where its employees work. Aware of human responsibility in global climate change, through its environmental policy Kedrion contributes to the mitigation of the consequences of human activity on the surrounding environment. During 2021, Kedrion's emissions were equal to 42,475

tCO₂e, decreasing by more than 20% compared to 2020. Kedrion carries out continuous monitoring and energy diagnosis, in order to implement interventions aimed at the optimization of its energy consumption. The company has also set out an emission reduction target of 2% for 2022, comparing to the performance registered in 2021.



During 2021, Kedrion's emissions were equal to 42,475 tCO₂e, decreasing by more than 20% compared to 2020.

Environmental policies and procedures



Global EHS Policy Statement



Kedrion S.p.A. EHSQ Policy



ISO 14001:2015



EMAS
GESTIONE AMBIENTALE
VERIFICATA

Water and waste

The focus on the water resource is on the use of water supplied from the public network and water from wells, for Italian sites, and on the production of water discharges. Water withdrawn from the production sites is mainly used to supply cooling systems, softeners, steam production, washing and sanitization. At the other sites, it is used as sanitary water and for room cleaning.

Water consumption in 2021 was equal to 811,995 m³, an 8% decrease compared to 2020; the reduction is a consequence of an optimization in the water usage at multiple production sites. Considering Kedrion's business, the most of waste produced is hazardous (87%), half of which is sent for recycling through energy recovery systems (47%).

Human capital

Promoting a culture focused on training and skills development is of major importance for Kedrion, which has demonstrated again its commitment by providing over 21,875 hours of training in 2021 – +30% compared to 2020.

The various initiatives implemented during the year include different projects, involving all professional levels. In 2021 a new managerial development program called K-2025 has been de-

signed to develop managerial skills and spread the growth-mindset, first starting from an individual analysis, and then designing together with the participants an individualized learning path. The program was attended by 32 employees from 5 countries.

Managing and developing human capital also means evaluating performance to check if targets have been met, to identify any issues

and launch support when needed. During 2021, 1,932 employees received a periodic performance review, which represents 69% of total workers. These performance evaluations are based on the KedPMP (Kedrion Performance Management Process), which verifies whether department and individual targets have been met and identifies whether staff hold the skills set out in the Leadership Model. In addition, during 2021, Kedrion further developed its management development toolbox, introducing a new potential assessment tool and a 360° managerial skills assessment platform integrated with Kedrion's HRMS. This assessment tool was first used in December in the People Review process on 268 managers and professionals.

In 2021 the company renewed its SA800 certification which it has held since 2004.

The current certification is valid until the end of 2022. This is an important standard in terms of corporate social responsibility, with the main goal of improving working conditions and promoting ethical and fair treatment with respect for human rights.



Moreover, respect for diversity and inclusion are among the values shared by Kedrion. Women represent around 53% of the workforce (in line with previous years) and the number of female directors remains stable (31%).

Suppliers

Kedrion performs a supplier qualification process based on environmental criteria for what relates the Italian value chain. An upstream verification is done regarding the compliance with minimum environmental criteria. Each supplier must commit to certain performance (e.g. environmental standards - limits). Few suppliers are also subsequently evaluated.

2021 Figures

Policies and procedures adopted	u.o.m.	2021
UNGC signatory	Yes/No	Yes
Sustainability/ESG Policy	Yes/No	Yes
ESG Reporting	Yes/No	Yes
Organisational, Management and Control Model	Yes/No	Yes
Code of Ethics	Yes/No	Yes
ESG Certifications	Yes/No	Yes

KPI	u.o.m.	2021	2020	2019
Environmental area				
Total energy consumption	GJ	529,343.0	666,495.0	682,228.0
Direct energy consumption	GJ	244,134.0	449,177.0	483,646.0
Indirect energy consumption	GJ	285,209.0	217,318.0	198,582.0
Total CO ₂ emissions (Scope 2 location-based)	tCO ₂ e	42,475.0	53,879.0	52,894.0
Total CO ₂ emissions (Scope 2 market-based)	tCO ₂ e	53,065.6	58,146.5	58,520.2
Water withdrawal	m ³	811,995.0	879,975.2	1,035,828.0
Waste produced	t	6,677.5	6,142.4	6,343.4
<i>of which recovered</i>	%	47%	63%	65%
Operating locations owned, rented or managed within or adjacent to protected areas	No.	0	0	0
Social area				
Employee injury rate		2.3	2.3	2.5
Voluntary employee turnover	%	15%	21%	21%
Average training hours per employee	No.	8	6	9
Employees who have received a performance evaluation	%	69%	78%	74%
Female employees	%	53%	53%	53%
Employees hired with a permanent contract	%	98%	97%	98%
Governance area				
Employees who have received anti-corruption training	%	2% ⁶	22%	8%
Episodes of corruption identified	No.	0	0	0
Members of the Board of Directors between 30 and 50 years old	%	36%	33%	36%
Female members of the BoD	%	9%	8%	7%
Female Directors	%	31%	32%	26%
Number of unplanned interruptions in business activities	No.	0	0	0
Business continuity investments	€/000	16,700	16,800	21,141
Suppliers assessed using ESG criteria		100	n.a	n.a

6. The figure refers to new employees who joined the Company during 2021.



Lumson

PACKAGING

Manufacturing
of rubber
and plastic articles

 > 480

 > 111 mln

Lumson strongly believes in the wise and balanced mixture between Tradition and Innovation, promoting the concept of “Made in Italy” both in its territory and worldwide, conscientiously adhering to sustainability and an environmentally conscious attitude each and every day.

The Lumson Group (which operates in Italy, Europe and the United States) strongly believes in the importance of sustainability, valuing the company's sense of responsibility towards the community and the social and ecological environment where it operates.



Energy and emissions

During 2021, the Group total energy consumption amounted to 62,938 GJ, including both direct and indirect consumption. Part of its direct consumption (14%) came from solar panels installed at two production sites.

For what concerns the GHG emissions, during 2021 Lumson generated a total of 4,670 tCO₂e⁷ emissions in 2021 – in slight increase compared to 2020 (4,657 tCO₂e).

Environmental policies and procedures



Environmental Policy



CSR Policy



Water and waste

Water consumption is mainly due to the use of toilet facilities, water fountains for employee use, the production of water-based paint, in the slowdown system and in the closed cycle that cools the printing presses. During 2021, the water withdrawal was equal to 10,761 m³, slightly increasing compared to 2020 performance (8,645 m³).

A careful use of resources also means producing less waste. Lumson is

highly focused on circular resource use and in 2021, 60% of waste produced (1,014 tons) was sent to recycling – the performance is consistent with what registered during 2020.

The Group's commitment to continually reducing the environmental impact is also testified by circular economy initiatives undertaken. Out of 12,212 tonnes of raw materials purchased, 20% came from secondary raw materials. Lumson also adopted a Life Cycle Assessment (LCA) tool to assess the environmental impacts of its products and completed LCA training throughout the year.

20% of secondary raw materials out of the total materials used.



Adoption of a LCA analysis tool.

7. CO₂ emission calculated through the location-based methodology.

Workplace safety

During 2021, Lumson obtained the certification the occupational health and safety certification which complies with the ISO 45001:2018, strengthening the Group commitment towards healthy and safe workplace for all employees. During 2021, the injury rate was 0.9⁸. The episodes (n. 3 injuries) happened at the workplace.

Health and safety policies and procedures



H&S Policy



ISO 45001:2018

Human capital

Employee well-being is a focal point in the company's strategy, which continues its commitment to creating lasting relationships with workers. The company is strongly concerned with welfare, that's why Lumson promoted and initiated many services which aim to increase individual and familial well-being of its employees, under both economic and social profiles.

Lumson also cares for the promotion of diversity and inclusion practices, and this is testified by the fact that people of 25 different nationalities work for the Group. Moreover, from a gender point of view, the workforce presents a balanced composition, with 49% of women – slightly increasing from 2020, 47% – and 51% of men.

8. The figure relates to Lumson S.p.A.

Suppliers

Lumson diversifies its strategic procurement by geographic area and also assesses its suppliers basing on social and environmental criteria. The main assessment criteria include the adoption of a Code of Ethics and Conduct, a social insurance policy, compliance with regard to occupational health and safety and regularity of employee contracts in terms of salary, working hours and benefits.

All suppliers within the supply chain must sign and comply with the Code of Ethics of the company. In addition, in order to evaluate their reliability and competency, Lumson usually implement an Audit, (also at an environmental and social level) for a list of suppliers considered “top level”. During 2021, Lumson made a list of the “top” suppliers and assessed them all on social criteria.

Case study: XPAPER

Lumson bases its development and philosophy on three key principles of the circular economy: Re-duce, Re-use, Re-cycle.

Eliminate elements that are superfluous for packaging, but also make packaging lighter and more functional; reuse of packaging for other cosmetics; recyclability of the packaging, giving a second life to the materials or using components that can be separated and disposed of in compliance with the recycling chain.

In October 2021, Lumson launched a new eco-friendly and sustainable product inspired by Circular Economy principles: XPAPER.

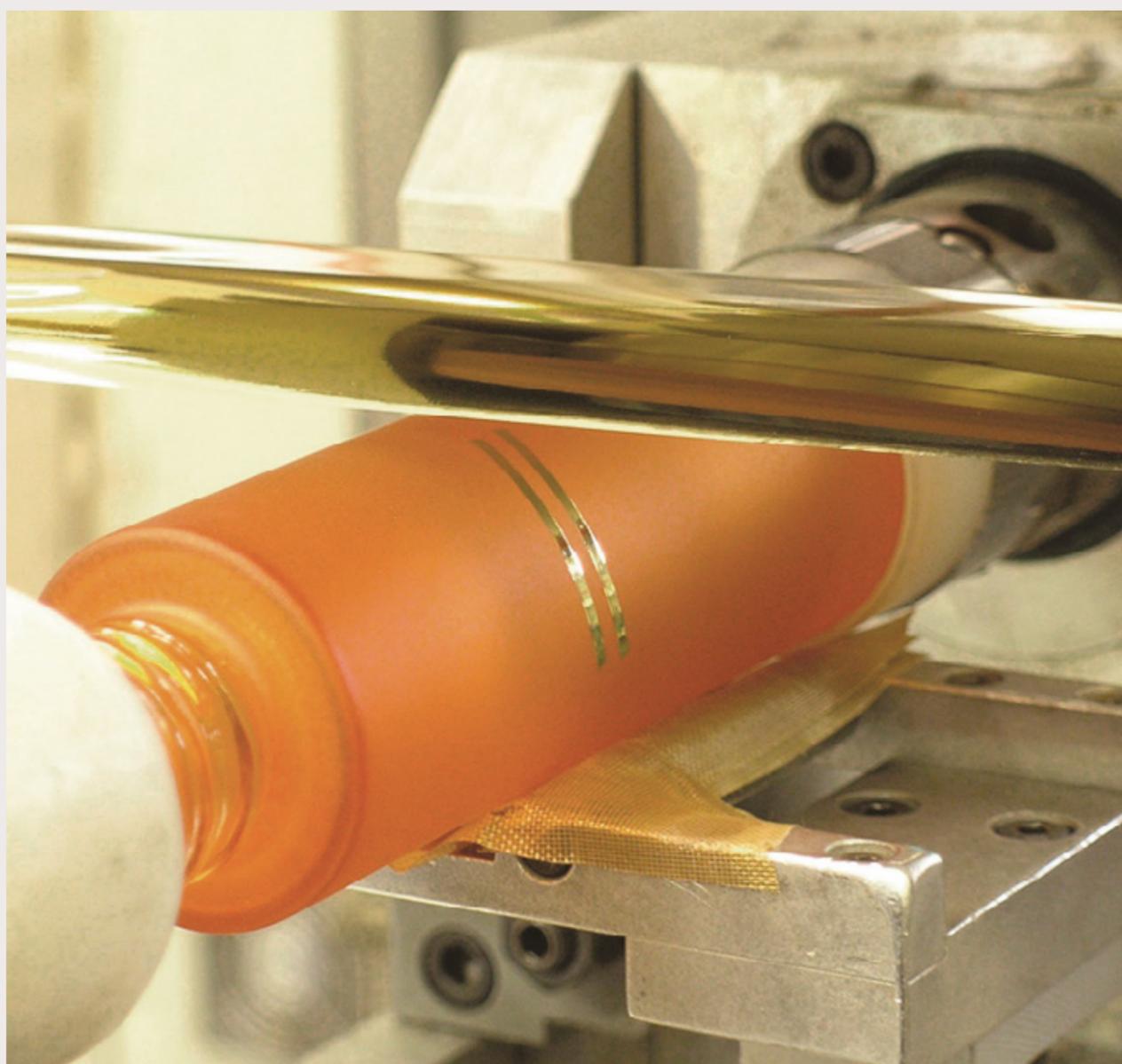
XPAPER is an airless dispenser that combines innovation, technology, sustainability, and eco-design and is an innovative packaging because it combines the airless pouch technology with a paper outer shell, therefore 100% plastic-free and 100% recyclable. Moreover, the distinctive elements of paper are its light weight and lower environmental impact: the production of a 50 ml XPAPER airless packaging, compared to a 50 ml PET airless packaging, results in a 41% reduction in CO₂ emissions. Another key element that makes XPAPER an eco-conscious and envi-

ronmentally friendly packaging is the possibility, once the product is finished, to easily separate the plastic components from the paper and recycle each part in the appropriate way.

The ADI Design Index is the annual publication by ADI, an influential association for Industrial Design that gathers the best Italian design put into production, selected by ADI Design's permanent Observatory. Now thanks to this recognition, it is running for the prestigious National Award for Innovation instituted by the Prime Minister's Office.



During 2021, Lumson's XPAPER won the ADI Design Index Award for Innovation.



2021 Figures

Policies and procedures adopted	u.o.m.	2021
Sustainability/ESG Policy	Yes/No	Yes
Organisational, Management and Control Model	Yes/No	Yes
Code of Ethics	Yes/No	Yes
Environmental Certifications	Yes/No	Yes
Social certifications	Yes/No	Yes
BoD/Senior Management responsibility for ESG issues	Yes/No	Yes

KPI	u.o.m.	2021	2020	2019
Environmental area				
Total energy consumption	GJ	62,938.0	59,349.9	56,644.2
Direct energy consumption	GJ	8,127.2	8,155.2	8,008.6
<i>of which, from renewable sources</i>	GJ	1,087.8	1,156.6	1,104.5
Indirect energy consumption	GJ	54,810.0	51,194.7	48,635.6
Total CO ₂ emissions (with Scope 2 location-based)	tCO ₂ e	4,670.3	4,657.4	4,705.9
Total CO ₂ emissions (with Scope 2 market-based)	tCO ₂ e	7,369.7	6,941.6	6,711.0
Water withdrawal (prelievo)	m ³	10,761.0	8,645.0	16,160.0
Waste produced	T	1,677.6	1,334.6	1,176.1
<i>of which recovered</i>	%	60%	60%	51%
Material used	T	10,368.6	6,359.1	8,079.3
<i>of which renewable</i>	%	88%	53%	64%
Raw materials purchased	T	12,212.0	6,248.3	7,972.1
<i>of which secondary raw materials</i>	%	20%	6%	4%
Operating locations owned, rented or managed within or adjacent to protected areas	No.	0	0	0
Social area				
Employee injury rate ⁹		0.9	1.4	1.4
Voluntary employee turnover	%	7%	3%	5%
Average training hours per employee	No.	10	8	7
Employees who have received a performance evaluation	%	33%	31%	22%
Female employees	%	51%	47%	44%
Employees hired with a permanent contract	%	98%	99,6%	98%
Governance area				
Episodes of corruption identified	No.	0	0	0
Female members of the BoD	%	14%	11%	11%
Suppliers assessed using ESG criteria	%	100% ¹⁰	11%	11%

9. 2021 figure relates to Lumson S.p.A., while 2020 and 2019 figures relate to Lumson Group.
 10. The figure refers to the 11 new suppliers acquired in 2021.



Lynx represents an excellence in the field of digital services for utilities, banks, insurance, and public administration.

Located in Italy, Spain and Latin America, Lynx is constantly evolving so as to intercept and anticipate the main market changes imposed by the new digital paradigms and verticalize its skills on business areas with high added value.

In this scenario, Lynx presents itself as a highly reliable partner that support its customers in the path of Digital Transformation, offering highly specialized solutions and services in line with the main market and technological trends.

Lynx

DIGITAL SERVICES

Solutions for utilities, banking, insurance and Public Administrations

> 580

> 58 mln



Energy and emissions

Being aware of the importance of the decarbonization policies and of the production of green and sustainable energies, Lynx also helps its clients to transform their traditional business models, through enabling technologies, like smart metring & Grid, IoT, AR, AI, in order to achieve the green energy transition.

For what concerns its own environmental impacts in terms of energy consumption and GHG emissions, during 2021 Lynx recorded a total energy consumption of 3.247 GJ, including both direct and indirect use and mainly related to the plants heating and vehicles. As for the emissions, in 2021 the company generated an amount of 203 tCO₂e.

Lynx has obtained the certification ISO 14064 on management and monitoring of GHG emissions, testifying the commitment of the company in reducing its environmental footprint.

Lynx is ISO 14064:2019 certified



Lynx has obtained the certification ISO 14064 on management and monitoring of GHG emissions.



Workplace safety

Even though health and safety related risks do not have a material impact on the company's business, Lynx recognises the importance of its employees' safety at work and has not only committed to complying with all relevant legislative provisions, but also to promot employees' health through specific initiatives.

Special attention is given to assure protections for the entire company in order to fight

the spread of COVID-19. As a consequence, during 2021, Lynx adopted a full remote working policy, enhancing all infrastructures to allow all employees to work from home.

This mainly consisted in purchasing all the health and safety devices and in periodic sanitization of all premises. Moreover, during 2021, no injuries was reported.

Human capital

Lynx believes that the development of human capital is mainly linked to the evaluation of the performance of its employees, in order to check that targets have been met, identify any issue, and give support, when needed. During 2021, 95% of the employees participated to performance evaluation – a figure that increased through the years.

Cybersecurity and data privacy

Cybersecurity is a very relevant topic for Lynx; during 2021, the Company drafted a new Data Breach Policy and introduced multifactor authentication. The document has been defined and disseminated to be applied by all employees. For what concerns the investments in cybersecurity and data privacy, during 2020 the Company spent € 107.000 in order to renovate implement the infrastructure.



During 2020 the Company spent € 107.000 in order to renovate implement the infrastructure.



2021 Figures

Policies and procedures adopted	U.o.m.	2021
Code of Ethics	Yes/No	Yes
Environmental certifications	Yes/No	Yes

KPI	U.o.m.	2021	2020	2019
Environmental area				
Total energy consumption	GJ	3,246.8	n.a.	n.a.
Direct energy consumption	GJ	2,783.8	n.a.	n.a.
Indirect energy consumption	GJ	463.0	n.a.	n.a.
Total CO ₂ emissions (with Scope 2 location-based)	tCO ₂ e	203.5	n.a.	n.a.
Total CO ₂ emissions (with Scope 2 market-based)	tCO ₂ e	226.3	n.a.	n.a.
Water withdrawal	m ³	523.4	n.a.	n.a.
Wastewater	m ³	523.4	n.a.	n.a.
Material used	t	0.2	n.a.	n.a.
Social area				
Employee injury frequency rate		0	0	0.3
Voluntary employee turnover	%	14%	14%	23%
Employees involved in satisfaction surveys	%	0%	0%	0%
Average training hours per employee	N.	8,7	8,9	9,8
Employees who have received a performance evaluation	%	95%	91%	88%
Employees hired with a permanent contract	%	97%	98%	95%
Female employees	%	14%	15%	17%
Governance area				
Confirmed corruption episodes	N.	0	0	0
Members of the Board of Directors between 31 and 50 years old	%	100%	100%	100%
Female directors	%	100%	100%	25%
Number of unplanned interruptions in business activities	N.	2	1	1
Business continuity and cybersecurity investments	€/000	0	107	0
Data breaches	No	0	1	0

MISSONI

Created in 1953, Missoni believes that the creative process begins with a search for raw materials, leading to the development of clothing and accessory collections that are universally recognised for their style and quality. Taste, refinement, and artisan culture make the Company an excellent representative of Made in Italy quality across the globe.

Missoni cares for sustainability and actively commits to a responsible management of the resources used, also drawing customers' attention to traceability in its production chain.

Missoni

FASHION

Luxury goods,
fashion
and textiles

 > 390

 > 117 mln

Energy and emissions

Identifying the best industrial solutions in terms of sustainability allows Missoni to optimise its use of resources, which translates into a continuous search for ways to reduce energy consumption. During 2021, Missoni consumed 13,888 GJ of energy, in slight increase compared to 2020 (+15%). This was mainly due to the improvements in the data collection efforts, testifying that the company is building up a consistent monitoring framework that ameliorates each year.



During 2021 the Company started sourcing electricity from renewable sources (9% of the total electricity consumption).

Workplace safety

Missoni recognises the importance of guaranteeing its employees' health and safety at work. For this reason, it has adopted the most appropriate measures to avoid, identify and manage the risks associated with its business and has declared its commitment to "adapting the job to the individual".

From 2021, the company's Integrated Environment, Health and Safety Management System complies with the environmental aspects of international standard UNI EN ISO 45001:2018.

The certification helps to reduce occupational injuries and diseases and to promote physical and mental health. In addition, the organization of workstations, the equipment used, and the production methods adopted are thought to avoid monotonous and repetitive activities, while reducing stress and other harm to workers' health.

The importance given to the safety of its workers is also proved by the 2021 injury rate, that decreased to 0.8 from 1.0 (2020). The injuries registered during 2021 refer to commuting injuries.



From 2021, the company's Integrated Environment, Health and Safety Management System complies with the environmental aspects of international standard UNI EN ISO 45001:2018.

Human capital

The company is committed to developing human capital and protecting workers from all forms of discrimination based on age, gender, sexual orientation, health, nationality, race, political affiliation, union membership or religion. Respect for equality is described in the Code of Ethics, which protects diversity in all decisions with an influence on stakeholder relations. The creation of an inclusive workplace is also demonstrated by the fact that women make up the 50% of the leadership positions within the Company.

Moreover, to make the most of its resources, the company also developed a training program and in 2021 provided 470 hours of training to its employees, decreasing from 2020 (833 hours) due to the high training volume performed due to the COVID-19 registered last year.

Suppliers

Missoni also has a responsible approach to its supply chain. Its procurement processes aim to achieve the best competitive advantage, granting equal opportunities to all suppliers while ensuring loyalty and impartiality. In 2020, 50% of suppliers signed the Missoni Code of Ethics and in 2021 this percentage reached 100%.

In addition, in case of a product managed with an industrialized cycle, the REACH¹¹ declaration of conformity is required for suppliers of raw materials (yarns, accessories, fabrics), while in the case of a product managed with a mar-

keted cycle, the REACH declaration of conformity is required for the supplier of the finished garment.

Moreover, during 2021, Missoni also launched a project aimed at adopting a quality management system in order to obtain the Quality Management UNI EN ISO 9001:2015 certification.

100%
of suppliers signed the Missoni Code of Ethics.

Case study: the eco-friendly and genderless Footwear

During 2021 Missoni and ACBC (Anything Can Be Changed), a start-up with expertise in the production of eco-friendly footwear, have consolidated their alliance for sustainability, creating a capsule collection of eco-sustainable shoes. ACBC is a company based in Milan specialised in the design and production of sustainable footwear.

Ethics, aesthetics, innovation, and history come together to show that high fashion and respect for the environment can concretely find a meeting point, arriving at the creation of an accessory of great tailoring in respect of our planet.



¹¹ Regulation (EC) 1907/2006, also known as REACH, is an integrated regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals intended to ensure a greater level of protection for human health and the environment while maintaining and strengthening the European chemical industry's competitiveness and capacity for innovation.



The unisex sneaker of the collection has an upper made from fruit waste, an inner lining and a heel made with the recycling of plastic bottles.

The sole, entirely customized for this project, is made of rubber and materials derived from corn, to guarantee the circularity of the shoe and a lower environmental impact.

Ethical and sustainable fashion is increasingly becoming the priority in fashion industry, and for this reason, every year the Company constantly tries to make great strides by small steps towards big and necessary changes.

Moreover, during 2021, the Company launched a new capsule collection in collaboration with Matches fashion, made using archive fabrics by Missoni home. The capsule was born to reuse old concepts of the brand to create new and unique products with existing materials.

The archival fabrics used come from different elements of the furniture and are transformed into gender fluid outerwear.

2021 Figures

Policies and procedures adopted	u.o.m.	2021
Sustainability/ESG Policy	Yes/No	Yes
Organisational, Management and Control Model	Yes/No	Yes
Code of Ethics	Yes/No	Yes
ESG certifications	Yes/No	Yes

KPI	u.o.m.	2021	2020	2019
Environmental area				
Total energy consumption	GJ	13,888.2	12,079.4	12,694.0
Direct energy consumption	GJ	8,202.9	6,510.1	6,342.5
Indirect energy consumption	GJ	5,685.3	5,569.2	6,351.5
<i>of which renewables</i>	GJ	563.4	-	-
Total CO ₂ emissions (with scope 2 location-based)	tCO ₂ e	942.9	829.1	919.9
Total CO ₂ emissions (with scope 2 market-based)	tCO ₂ e	1,151.4	1,077.6	1,181.7
Waste produced	t	106.1	82.1	33.7
<i>of which recovered</i>	%	98%	100%	86%
Social area				
Employee injury rate		0.8	1.0	1.6
Voluntary employee turnover	%	34%	5%	6%
Female employees	%	74%	77%	77%
Employees hired with a permanent contract	%	97%	98%	95%
Employees who have received a performance evaluation	%	95%	91%	88%
Employees hired with a permanent contract	%	97%	98%	95%
Governance area				
Employees who have received anti-corruption training	%	0%	100%	0%
Confirmed corruption episodes	No.	0	0	0
Members of the Board of Directors between 31 and 50 years old	%	29%	29%	29%
Female members of the BoD	%	29%	14%	14%
Female directors	%	18%	42%	33%
Data Breaches	No.	1	n.a.	n.a.
Cyber security investments	€/000	100,000	n.a.	n.a.



Cerved is a leading Information Provider in Italy, offering data intelligence and credit management services mainly to financial institutions and corporates.

The aim of the company is to help the Italian system protect itself from risk and grow sustainably, by putting data, technology, and talents at the service of individuals, businesses, banks, and institutions.

Sustainability is a key driver in guiding business development as well as operations and company organisation. In fact, Cerved firmly believes in the need to focus all energies on innovation, anticipating the changes of market trends, always coming up with new ideas.



ESG STRATEGY

Cerved Sustainability Strategy is a key driver in guiding business development as well as operations and the company organisation. It is not an element that augments the Company's business activities, but it is an integral part of them and represents a development tool. Set out during 2020, the Sustainability Strategy is composed by qualitative and quantitative targets to be reached within 2023. The Sustainability Report is also used to show and monitor the progress against the targets set.



ESG REPORTING

Since 2017, Cerved is committed to reporting its impacts on sustainability, publishing the non-financial statement, which allows to illustrate not only their sustainability performance, but also all values shared by the Group. The document, in fact, provides a broader picture of the impact that the company's activities have on the economic, environmental, and social reality.

The goal is to share virtuous operational dynamics, which fall not only on shareholders, but also on employees, collaborators, partners, customers, institutions, associations, media, and the whole society.



ESG GOVERNANCE

Cerved has established a structured governance overseeing sustainability topics, including:

- **the Control, Risk and Sustainability Committee (CCRS)**, created within the Board of Directors
- **the Strategic Sustainability Committee**, established at a managerial level
- **the ESG Manager**
- **the ESG Ambassadors**



BCC pay was developed by Iccrea Banca - parent company of the Iccrea Cooperative Banking Group - and FSI through a strategic partnership aimed at developing a new reality in the payments sector in Italy.

BCC Pay is the BCC Iccrea Group's e-money company with about 4 million payment cards, more than 200,000 POS and about euro 50 billion in transacted business. The agreement involves FSI's investment in BCC Pay and testifies the commitment of the Management Company to continuously support the development of companies operating in this sector¹².

Thanks to the synergy between the different functional and technological components related to the e-money business, BCC Pay offers a timely response to market changes and customer needs with new innovative solutions.

The activity of BCC Pay is aimed at supporting the "Country Italy" system and the development of small and medium-sized Italian enterprises, with the proposition of value-added products and services for all types of private and corporate customers.

BCC PAY has defined the values, commitments and responsibilities that the Company itself assumes and implements in the exercise of its business. These values relate to transparency, quality of services, anti-bribery and anti-corruption, people development and care, environmental protection, relationships with stakeholders.

In particular, with regard to environmental protection, the Company commits to manages its business in an eco-friendly manner in compliance with current national and EU regulations and internal eco-sustainable regulations.

BCC PAY also believes that human resources are a fundamental element for the existence, development and success of the company; BCC PAY always ensures its employees, as well as its collaborators (suppliers, guests), decent working conditions, in safe and healthy environments and constantly promotes an inclusive working environment open to the values of diversity, including gender.

¹². At the time of the drafting of the Report, the ESG Strategy is referred to Iccrea Cooperative Banking Group.

CHAPTER 6

METHODOLOGICAL NOTE



Methodological Note

Material topics

The topics covered in this document were deemed to be material following a materiality analysis carried out in order to implement the responsible management of FSI's internal operations and its investment activities. The importance of the sustainability topics was therefore considered in terms of FSI corporate sustainability and of sustainable portfolio management. FSI Management, the portfolio companies' and FSI's main stakeholders, such as investors, were directly involved in this analysis. The importance of the topics, assessed during preparation of the previous Impact Reports, was also confirmed when preparing this year's Report and updated during 2021 by adding another material topic for what concerns the investment portfolio: cybersecurity and data privacy.

social and governance performance indicators deemed to be material in light of the nature of the investments and activities, defined by international standards (i.e. Sustainability Accounting Standard Board (SASB) Standards, Global Reporting Initiative (GRI) Standards, and European legislation (Reg. (EU) 2019/2088).

Reporting period and scope

The Report is based on data collected internally and relates to the sustainability performance recorded in the 2021 fiscal year and, where applicable, the first half of 2022. The portfolio companies considered within the scope of consolidation of this report are: Cedacri S.p.A., the Lumson Group, the Kedrion S.p.A. Group, Missoni S.p.A. and Lynx Group.

ESG and socioeconomic impacts

This Report also aims to measure the Sustainability Outcomes arising from FSI's investment activities. In terms of positive outcomes, FSI's ESG strategy stems from a desire to contribute to the Sustainable Development Goals (SDGs) of the UN Agenda 2030. In this regard, FSI assesses a number of its portfolio's KPIs associated with the SDGs, thus measuring how much the company contributes to the achievement of the individual goals.

For the purposes of calculating direct emissions (Scope 1) the emission factors indicated in the "Guidelines on the application in banks of the Global Reporting Initiative" issued by the Italian Banking Association (ABI) and data from the Italian Greenhouse Inventory 1990 – 2015 National Inventory Report 2017 produced by the Italian Institute for Environmental Protection and Research (ISPRA) were used. For what concerns Scope 2 emissions, they were calculated using both a location-based and market-based methodology. Location-based Scope 2 emissions were calculated basing on formulas proposed by the Italian Banking Association (ABI) guidelines ("Guidelines on the Application of GRI Environmental Standards in the Bank"). Market-based Scope 2 emissions were calculated basing on factors indicated in the "Guidelines on applying Global Reporting Initiative (GRI) indicators for banks" with reference to "European Residual Mixes", Association of Issuing Bodies - AIB.

Lastly, in relation to the management of internal sustainability and the individual portfolio companies, ESG performance was monitored via a number of environmental,

CHAPTER 7

APPENDIX



FSI ESG performance

*PAI table

Adverse sustainability indicator	Metric	KPI 2021	
Green house gas emissions	GHG Emissions	Scope 1 GHG emissions	2,176.4 tCO ₂ e
		Scope 2 GHG emissions	4,828.9 tCO ₂ e
		Scope 3 GHG emissions	N/A
		Total GHG emissions	7,005.2 tCO ₂ e
	Carbon Footprint	Carbon footprint	15.1 tCO ₂ e/ml€
	GHG intensity of investee companies	GHG intensity of investee companies	38.7 tCO ₂ e/ml€
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%
	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	82%
	Share of renewable energy consumption and production	Share of renewable energy consumption and renewable energy production of investee companies from renewable energy sources compared to non-renewable energy sources, expressed as a percentage	18%
	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.5 GWh/ml€
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0 t
Waste	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.4 t

Adverse sustainability indicator	Metric	KPI 2021	
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	57%
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	19%
	Board gender diversity	Average ratio of female board members in investee companies, expressed as a percentage of all board members	10%
	Board gender diversity	Average ratio of male board members in investee companies, expressed as a percentage of all board members	90%
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0

Table 1 – Composition of the Board of Directors

Board of Directors	u.o.m.	2021			2020			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Members between 31 and 50 years old	N.	2	1	3	3	-	3	3	-	3
Members aged > 51 years old		2	-	2	2	-	2	2	-	2
Total		4	1	5	5	-	5	5	-	5

Table 2 - Total number of employees broken down by age and gender

Employees	u.o.m.	2021			2020			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Environmental area	N.	5	-	5	5	-	5	5	-	5
less than 30 years old		-	-	-	-	-	-	-	-	-
between 30 and 50 years old		1	-	1	2	-	2	4	-	4
more than 50 years old		4	-	4	3	-	3	1	-	1
Middle Managers		15	5	20	15	3	18	15	4	19
less than 30 years old		4	0	4	4	-	4	3	-	3
between 30 and 50 years old		15	3	18	11	1	12	12	2	14
more than 50 years old		2	2	4	-	2	2	-	2	2
Office workers		-	3	3	-	4	4	-	6	6
less than 30 years old		-	-	-	-	1	1	-	1	1
between 30 and 50 years old		-	2	2	-	2	2	-	4	4
more than 50 years old		-	1	1	-	1	1	-	1	1
Total		26	8	34	20	7	27	20	10	30
less than 30 years old		4	0	4	4	1	5	3	1	4
between 30 and 50 years old		16	5	21	13	3	16	16	6	22
more than 50 years old		6	3	9	3	3	6	1	3	4

Table 3 - Total number of employees broken down by type of contract and gender

Employees	u.o.m.	2021			2020			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Temporary contract	N.	1	1	2	-	1*	-	1	1	
Permanent contract		25	7	32	19	7	26	20	9	29
Total		26	8	34	19	8	27	20	10	30

*temporary contract 2020 female

Table 4 - Training hours broken down by gender and level

Employees	u.o.m.	2021			2020			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	N.	138	-	138	385	-	385	207	-	207
Average training hours provided		28	-	28	77	-	77	41	-	41
Middle Managers		542	238	780	1,162	561	1,723	402	80	482
Average training hours provided		36	48	39	77	187	96	27	20	25
Office workers		-	166	166	-	562	562	-	120	120
Average training hours provided		-	55	55	-	141	141	-	20	20
Total		830	434	1,264	1,643	1,155	2,798	609	200	809
Average training hours provided		42	54	45	82	165	104	30	20	27

Table 5 - Total community investments

Community investments	u.o.m.	2021	2020	2019
Donations	€	184,640.0	999,540.0	31,597.0
Sponsorships		96,180.0	777,100.0	90,068.0
Total community investments		280,820.0	1,076,640.0	121,665.0

Table 6 - Energy consumption broken down by source

Energy consumption	u.o.m.	2021	2020	2019
Direct consumption	GJ	540.4	521.2	397.0
Diesel		456.0	436.5	313.1
Petrol		84.4	84.8	83.9
Indirect consumption		337.8	338.8	340.8
Electricity from non-renewable sources		198.4	198.3	203.3
Heat energy from non-renewable sources		139.5	140.6	137.5
Total energy consumption	878.2	860.1	737.8	

Table 7 – Greenhouse gas emissions by scope

GHG Emissions	u.o.m.	2021	2020	2019
Total Scope 1 emissions	tCO ₂ e	37.6	36.7	27.9
Diesel		31.9	31.0	22.2
Petrol		5.7	5.7	5.7
Total Scope 2 emissions		23.7	24.8	25.9
Electricity from non-renewable sources		15.4	16.4	17.9
Heat energy from non-renewable sources		8.3	8.4	8.0
Total Scope 3 emissions		23.3	5.1	85.2
Business trips		23.3	5.1	85.2
Total emissions		84.6	66.6	139.0

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