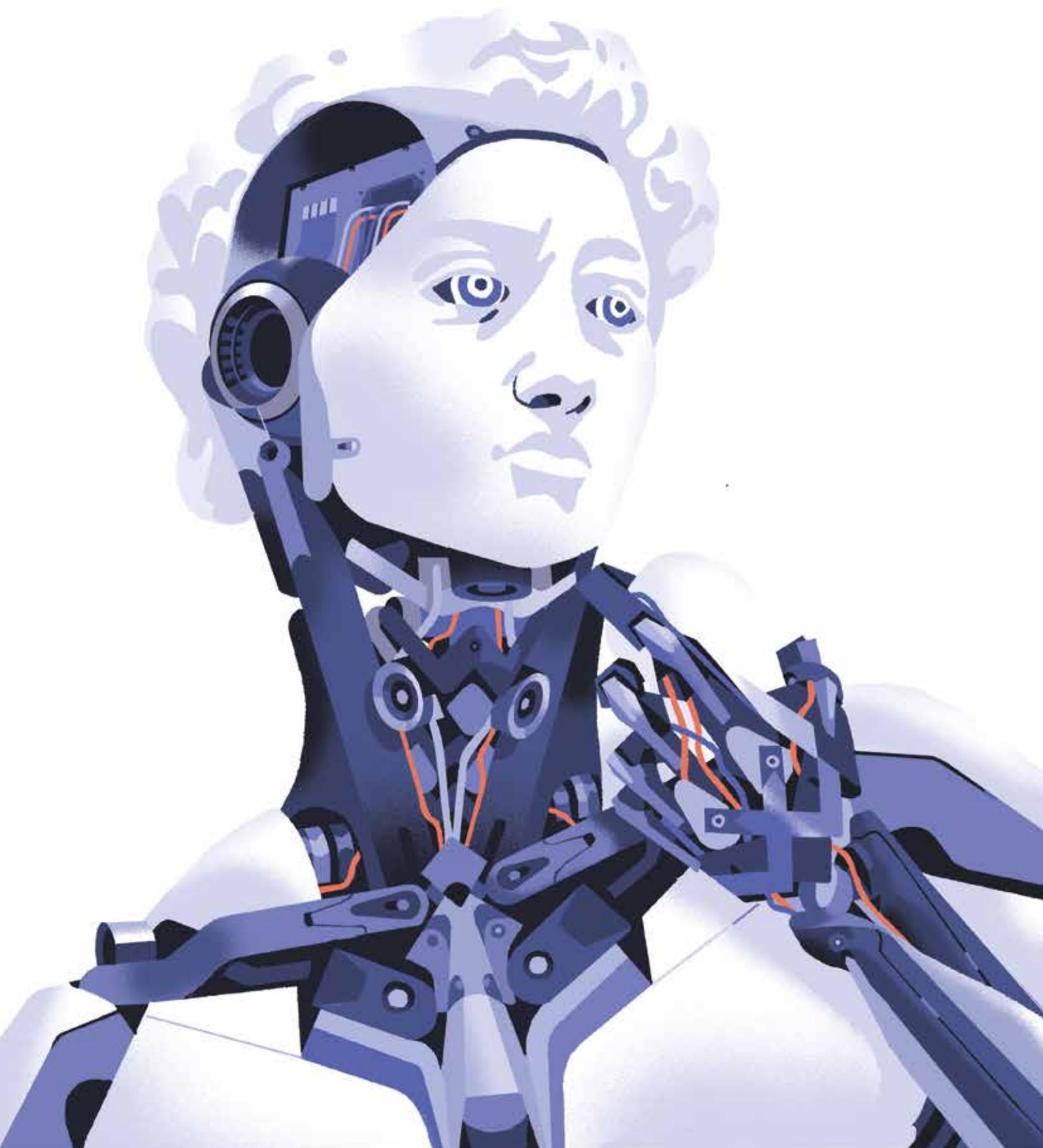




PARTNERING FOR GROWTH,
SUPPORTING ITALIAN EXCELLENCE.





PARTNERING FOR GROWTH,
SUPPORTING ITALIAN EXCELLENCE.

Corporate overview and sustainability report 2018



“FSI is a partner investor. We invest alongside families and corporations, providing invested companies with capital, competencies, sector knowledge and networks to enhance their sustainable growth. FSI acts as a ‘bridge’ between investors and Italian excellences, adopting the highest ethical and ESG standards in working with partners and invested companies.”

Maurizio Tamagnini
CEO FSI

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CORPORATE OVERVIEW

€1.4 billion growth capital fund focused on Italian excellence in **mid-market** companies

- Since 2008, Europe's third-largest fund targeting a single country.
- Largest private equity fund ever raised for a debut Italy-focused vehicle.
- Institutional standing, FSI is an independent GP formed in 2017 following a spin-off of the core team from Fondo Strategico Italiano.

- Experienced team of 30 professionals based in Milan, the largest team of private equity investors in Italy.
- Five Industrial Partners bringing an exceptional mix of experience.
- Strong network and reputation as a trusted partner, allowing exclusive sourcing of investments in companies not yet invested in by private equity funds or other financial investors, still 100% privately owned by the funders.

Highly recognised team with strong **origination capabilities**

The Italian

equity house

Solid track record and strong **investment discipline**

- Successful history of value creation in past investments.
- Proven investment discipline and capacity to invest in attractive entry multiples, generating value, including transformational value, through growth, buy and build, and strategic repositioning.

- Partnership with families and corporations through active minorities and majorities with limited use of leverage, allowing for tailor-made investments at fair prices.
- Focused on investing in companies with exposure to international markets, through expansion, acquisitions or transformational potential.

Proven and **differentiated investment formula**

Letter from the CEO

The bridge between global capital and excellent Italian corporations

FSI was established with the aim of investing in partnerships and creating value through the sustainable growth of leading mid-market companies in Italy, a country that boasts one of the richest and most heterogeneous cultural and economic heritages in the world.

In this environment, one of our strengths is the ability to give the companies we partner with not just financial resources, but also the strategic support, ideas, ambition, the competences and global network they need to consolidate and accelerate their growth, especially in the international markets.

Through a distinctively Italian institutional identity, we bring passion, energy and expertise, proudly breathing life into our country's industrial and economic system and introducing the resources needed to stimulate and develop new solutions and projects. We're also well versed in the new environmental, technological and digital developments that now represent both an opportunity and a threat for many.

Furthermore, we offer Italian and global investors that commit to our funds exposure to a market that is not easily accessible, but that features huge potential. FSI is an active enabler, and our mission is to act as an expert bridge between institutional investors and Italy's most prestigious mid-sized firms.

We are patient investors, facilitators and creators of alliances. Our investment approach with our partners is to be rigorous, and at the same time collaborative, sharing experiences and knowledge in an open, flexible and innovative way, with the final aim of creating value for all participants involved in the process, including employees, workers, suppliers and all those who interact with our portfolio companies.

This is our first Sustainability Report, and its aim is to further cement sustainability in everything we do. We are convinced we will create opportunities and value for all of our stakeholders, and thanks to your trust and input, we will continue to build the future of Italian excellence.

Maurizio Tamagnini
CEO FSI

Partnering for growth

Based in Milan, FSI 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 secular growth or consolidation potential. Active since July 2017, FSI offers investors a distinctive formula for accessing the most prestigious Italian mid-market companies with strong potential in sectors such as mechanics, the food production and distribution, cosmetics, fashion, design, pharmaceuticals, fintech, and business services.



FSI I fund

FSI I has closed with capital commitments of 1.4 billion euros, with about 25% already invested in four companies. The investment period will end in June 2023. With more than 3,000 potential companies in our investment universe, our fund's pipeline is broad and diversified.

Capital commitments were subscribed by 22 investors, FSI's management team, industrial partners, and Investment Committee members.

The FSI I investor base is diverse in both geography and asset class, and includes: Cassa De-

positi e Prestiti, the European Investment Fund and European banks; insurance companies and asset managers; banking foundations and pension funds; family offices of industrial groups; and Sovereign Wealth Funds in the Middle East, Far East and Central Asia, some of which previously invested with the FSI team during their past work with the Fondo Strategico Italiano.

Investors share FSI's investment strategy, supporting the objective of creating value by allowing portfolio companies to achieve sustainable growth with a fair exit horizon.

25%
of funds raised
have been invested in

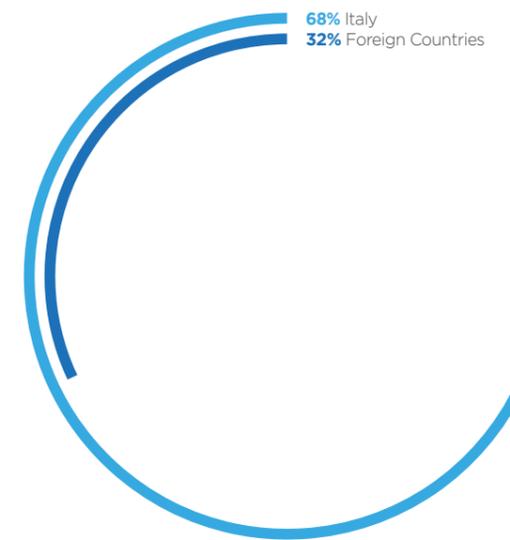
4 investments
which represent

2 billions euro
cumulative
revenues and

14,435
employees.

Investors by number

Investor breakdown by geography

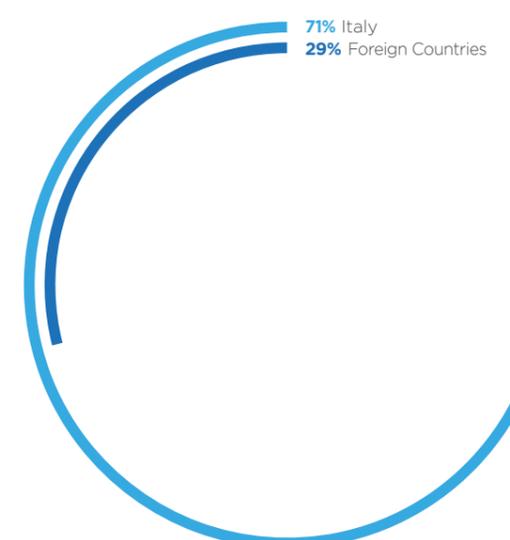


Investor breakdown by asset class



Investors by capital commitments

Investor breakdown by geography

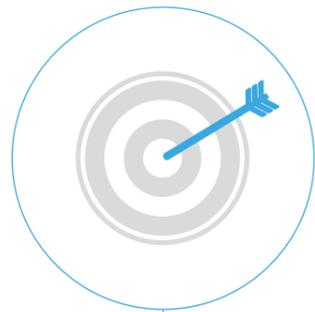


Investor breakdown by asset class



A unique investment formula

The FSI investment formula offers entrepreneurs and companies the opportunity to achieve their growth potential and create significant value.



Target

Italian mid-market companies with leading positions or with the potential to become leaders.



Structure

In partnership with entrepreneurs and institutions. Capital structure flexibility and moderate recourse or absence of leverage.

Partnership



Value Creation

Accelerate portfolio companies growth. Succession management and support in transformational projects.

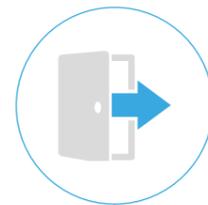
Growth



Approach

Disciplined investment. Local presence and strong local network. Focus on proprietary transactions.

Discipline



Investment Horizon and Exit

Investment horizon consistent with company's development and growth plans. Appropriate investment and exit strategy.

Patience



Target: mid-market leaders with growth potential

FSI targets companies that are leaders, or have the potential to become leaders, with a defensible market position and unexploited development or transformational potential.



Investment structure: investments in partnerships with entrepreneurs and limited recourse to leverage

FSI is the partner of choice for Italian entrepreneurs and companies aiming to pursue expansion or transformational plans for their companies through partnership with an investor. FSI pursues both minority and majority partnership investments, with active governance rights and a medium to long term horizon, collaborating with entrepreneurs and companies to achieve the company's growth plans. FSI commits a limited recourse to leverage and promotes capital structures providing the invested companies with the proper financial flexibility to pursue their development plans.



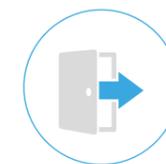
Value creation strategy: growth

FSI actively contributes to corporate expansion plans through organic growth, add-on acquisitions or sector consolidation, in order to benefit from larger scale and extract synergies.



Investment approach: discipline and focus on proprietary transactions

FSI has a disciplined approach and focuses on investment opportunities generated from a proprietary pipeline, with a tendency to avoid traditional auction processes.



Exit strategy: fair and appropriate

FSI acts on a medium term period and carefully considers investment liquidation strategies based on the specific situation of the company and the financial markets. IPO or trade sale are likely exit routes.

An independent investment firm with a sound governance strategy

Solid Italian and foreign partners



* Holding company owned by M. Tamagnini (CEO, 51%), B. Ravanne (CIO, 27%) and M. Tugnolo (Partner, 22%)



Leaders driven by passion for growth

FSI was formed by a spin-off of 18 professionals who had been working together since 2011/12 at previous firm, the Fondo Strategico Italiano. Having spent the last eight years working together, FSI's team works effectively and efficiently together. The team members bring a balanced mix of experience in sectors including private equity, investment banking, consulting and industry with a track record of over 50 private equity transactions. All investment team members have an international background. The FSI team represents the largest investment team in Italy and has been properly sized to both address opportunities and manage fund investment portfolios once fully invested.

The FSI Senior Management Team has a strong reputation and excellent experience gained in prestigious and best-in-class global Investment Banking and PE firms.

With more than 40 years' experience in leading roles (CEO or COO) with preeminent global companies, the team's five Industrial Partners are key to FSI's partnership approach and bring significant industry, operational and functional insights, as well

and strong sector knowledge and networks.

FSI's Investment Principals have more than 10 years of experience, seven of which they gained with the FSI team, and previously held roles in key organizations such as GIC, JP Morgan and LEK. Investment Managers and Analysts are young professionals in their late-20s or early 30s who contribute both an innovative point of view and a more in-depth understanding of technology.

The FSI Operations Team, has more than 20 years of experience, nine of which they gained with FSI. They have worked in key Italian or international companies, such as Autostrade per l'Italia, 3i Group, PwC, Siemens, Bank of America Merrill Lynch, and law firms such as Hogan Lovells, Gianni, Origoni, Grippo and Cappelli & Partners. They bring operational, financial and reporting, HR, regulatory and legal, insights and expertise to the Team.

The team is also assisted by an International Special Advisor with 30 years' experience in the private equity industry as an investor and limited partner, with a special focus on global markets.



Chairman of the Board



Umberto della Sala
Chairman FSI Board

- Former President & Group COO at Foster Wheeler Ltd.
- Significant experience in the industrial sector
- Former FSI Industrial Partner (2014 to 2019)

Investment Committee



Maurizio Tamagnini
CEO

- Former CEO of Fondo Strategico Italiano
- Previously Head of Southern Europe at Merrill Lynch
- 30+ years experience in financial and investment industry in London, New York and Milan



Barnaba Ravanne
CIO, IC Chairman

- Former CIO of Fondo Strategico Italiano
- Previously Partner at Merrill Lynch Global PE
- 20+ years experience in private equity in London and New York



Carlo Moser
Partner

- Former Sponsor of Crescita SpA, 130 million euros SPAC
- Prior experiences in Friulia and Investitori Associati
- 20+ years experience in private equity



Marco Tugnolo
Partner

- Former Investment Director of Fondo Strategico Italiano
- Previously Investment Manager at Permira; former experiences at Vodafone, BCG and Citi
- 20+ years experience, including 15 years in private equity



Marco Costaguta
External IC member

- Former IC member of Fondo Strategico Italiano
- Founding Partner of LTP and of Bain&Co. Italy
- 30+ years experience in business, strategic consulting and private equity

Industrial Partners



Carlo Bozotti

- Former President and CEO of STMicroelectronics
- Significant experience in the technology sector



Alberto Frausin

- Former CEO of Galbani (Lactalis Group) and Carlsberg Italy
- Extensive experience in the food & beverage industries (including Kraft, Johnson Wax and Ferrero)



Michele Norsa

- Vice-Chairman of Missoni
- Former CEO of Salvatore Ferragamo. Extensive experience in the Fashion & Luxury sectors (including as CEO of Valentino)



Eugenio Razelli

- Former CEO of Magneti Marelli (FCA Group)
- Extensive experience in diversified industrial sectors (including FIAT, Zanussi and Pirelli Cavi)



Michele Scannavini

- Former CEO of Coty Group
- Previously at Procter&Gamble, Galbani and Ferrari. Former President of ICE (Italian Trade Agency)

Special Advisor



Roberto Pilotto
International Special Advisor

- 30-year experience in the global private equity industry as an investor and LP, with a focus on Europe, China and India. Senior roles in the PE teams at PPM (Prudential Plc), Mubadala Capital and the EBRD

Corporate Governance



Board of Directors

Formed by five directors, including the Chairman, CEO, CIO and two members (one independent), the Board of Directors is the formal body approving investment and divestment transactions, albeit in line with the Investment Committee's mandatory opinions. It also governs with respect to general organizational and operational matters. FSI management appoints three members out of five (including the Chairman and CEO); the other two (one of whom is independent) are appointed by CDP.

Investment Committee

The Investment Committee is a key decision-making body with respect to the Fund's transactions. The Board of Directors must obtain a prior mandatory recommendation by the Investment Committee before entering into the following Fund transactions:

- investments;
- disinvestments;
- relevant transactions (i.e. transactions carried out by companies in which the Fund, invests, and over which FSI is entitled to exercise veto or other contractual rights);
- bid budget approval.

Board of Statutory Auditors

The Board of Statutory Auditors exercises a control function over the activity of the Board of Directors and is composed of three standing auditors.

Supervisory Body

The Supervisory Body monitors the functionality and compliance of FSI's Organisation and Management Model pursuant to Legislative Decree 231/01 and is responsible for updating it. It is comprised of three members.

Internal Control System

FSI adopts an internal control system and ensures compliance with regulatory and legal obligations, as well as the effectiveness and efficiency of decision-making processes and the integrity of accounting and management information. The compliance, risk management and internal audits are autonomous, independent and carried out according to a risk-based approach.

The team

Most of FSI's professionals have been working together since 2011/12, collaborating prior to the FSI spin off during their five years together at Fondo Strategico Italiano. The managers have cooperated to develop a track record in deal making, and have shown a strong ability to effectively deploy capital. This team was responsible for investing more than 1.3 billion euros, with approximately 500,000 euros co-invested in the four years before the spin off. FSI's partners have more than 65 years' combined experience in the financial and investment sectors. Their reputation in the private equity industry, combined with FSI's vast network of partnerships, enables FSI to discover the most attractive investment opportunities.



Investment

The team is in charge of investment screening and origination, deal execution and exit processes. The team prepares investment and divestment approval documents, makes recommendations to the IC and negotiates transactions with counterparts. Members of the investment team take board positions at the Fund's portfolio companies and actively manage the investments.

Industrial Partners

Industrial Partners provide their global corporate CEO and COO experience, during the selection, evaluation and structuring of potential investments and during monitoring of the investment portfolio.

International & Investor Relations

The Investor Relations team's main responsibility is to maintain the relationship with Investors. The team closely collaborates with the portfolio management and finance team to prepare investor reports. In addition, the team is in charge of institutional and external communications concerning the Fund and FSI.

Finance, Operations, HR

The Finance, Operations and HR team is responsible for: (I) managing FSI and the Fund's balance sheets, accounting budget and business plans, as well as managing FSI's liquidity and cash flows from investors; (II) evaluating Fund's units and drafting reports for investors; (III) valuation of equity investments and financial instruments held by the Funds; (IV) organizing management training and employees development; (V) managing procurement activities and (VI) ensuring the planning, management and development of the corporate IT infrastructure.

Legal

The Legal team supports legal matters with regards to investments and divestments (including with the help of outside counsel) and manages legal and corporate affairs.

Compliance and Anti-Money Laundering

The Compliance and Anti-Money Laundering department manages non-compliance risk with respect to the overall FSI business and ensures compliance with laws and regulations preventing and counter-ing money laundering and terrorist financing.

Risk Management

The Risk Management unit is responsible for ensuring an independent oversight of risk factors to which FSI and the Fund may be exposed.

Internal Audit

The Internal Audit is responsible for assessing the appropriateness, effectiveness and efficiency of the overall internal control system.

Discovering Italian opportunities

FSI operates in an Italian private equity market that in recent years has experienced significant transformation, while also showing strong expansion potential due to:

1. Significant underpenetration, with private equity investments in Italy still representing just a fraction of the size and volumes closed yearly in peer countries, and covering just a fraction of the total addressable market;
2. An ongoing cultural and managerial shift influencing family businesses and entrepreneurs in the form of a progressive trend-shift toward accepting and opening their companies up to private equity investment and partnerships;
3. A slow but constant development of all private equity factors and typical infrastructure, including:
 - higher number and quality of intermediaries;
 - better legal structure and regulations;
 - better seniority and availability of management teams to support value creation in investments.

These conditions have resulted in a substantial increase in deal flow, with growth in the size and number of deals completed across sectors, and an increase in capital returned to investors from Italian private equity divestments.

According to AIFI¹, in 2018 private equity and venture capital investments in Italy reached almost 10 billion euros in value, the highest amount ever recorded in the country. This was achieved by a number of large deals led by international institutional investors as well as by constant growth in investments within the mid-market sector. Irrespective of those large



deals, the private equity market registered +17% compared to 2017, with a value of almost 4 billion euros. A total of 359 deals were closed, up 15% compared to 2017.

Italy is the second largest manufacturing economy in Europe, after Germany, with a manufacturing gross added value of approximately 232 billion euros (14% of the national GDP), representing 11% of EU28 gross value added, and with a large number of small- and mid-sized companies (less than 50 million euros in turnover and fewer than 250 employees). According to Cerved², in 2018 there were around 5000 SMID (Small Mid capitalization) companies in Italy. These companies tended to be family businesses with solid technology, strong innovation capabilities, well known brands, but with undercapitalized balance sheet, that could benefit from capital injections by institutional investors.

Further, Italy has also witnessed a trend in substituting bank credit with risk capital, as companies seek alternative funding during the challenging financial conditions that have generally affected the market over the last decade.

The FSI reference market, Italian mid-market companies in the 100 million to 1 billion euros sales range, has significantly grown over the last several years, with 93% of Italy's industrial activity being driven by entrepreneurial families aiming to increase their international activity. In 2018, family investments amounted to 60% of the total (secondary buyouts, corporate disposals and P2P transactions) and partnership investments also grew by 32% (source: AIFI). In FSI's perimeter there are over 3,000 companies of interest with strong sector diversification. They consist of quality targets with high degrees of international exposure or focus on domestic segments with penetration upside. Moreover, there exist fragmented sectors that are calling for consolidation³.

In 2018, there were 25 deals within FSI's reference market, the highest number in the last five years. During this period, FSI was one of the main investors with four investments completed. More is to come. We expect the market to develop further, and in this environment FSI is well positioned to play a central role.

¹ AIFI - "Il Mercato Italiano del Private Equity, Venture Capital e Private Debt 2018"

² CERVED "Rapporto Cerved PMI 2018"

³ Sources: Mergermarket, Newsrun, FSI analysis

Investment policy

FSI manages the “FSI I” fund, one of the largest European Private Equity Funds concentrated on a single country. FSI invests in partnerships with entrepreneurs to support company growth, promote international expansion, unite shareholders, manage succession planning and transformational operations, facilitating access to the capital markets and support sector consolidation.

FSI’s investment strategy is based on rigid investment discipline, which offers companies and entrepreneurs the opportunity to develop their potential for growth and create value for both the company and its investors. FSI’s investment policy provides for a moderate use of leverage, which represents a competitive

advantage in negotiations with entrepreneurial families, as well as reducing portfolio risk in the event of a negative cycle. In addition, the company proposes a suitable financial structure to provide its portfolio with the necessary flexibility to pursue expansion or transformation plans. FSI is the partner of choice for companies with high growth potential.

FSI establishes partnership investment with governance rights both as a minority and majority holder. FSI has a medium-to long-term horizon, consistent with the growth path of the company in the portfolio. The exit process is rigorously assessed, taking into account the companies specific situation and the market context.



Sourcing

FSI origination is strongly oriented toward exclusive or bilateral sourcing, utilizing a strong network, stellar reputation and principals’ exclusive relationships with entrepreneurs, family decision makers and intermediaries.

Our highly experienced team enjoys clear visibility on market transactions and is recognised for its ability to differentiate value proposition and understand the complexities of the Italian market.

Currently, FSI I has completed four investments. All investments are originated on a bilateral base

or a bilateral base following market test:

- Cedacri S.p.A., a leading Italian company in IT outsourcing services for the banking and financial sectors;
- Adler Pelzer Group, global leader in the development and marketing of thermal and acoustic insulation components for the automotive sector;
- Missoni, an independent brand representing excellence in the Italian fashion for its heritage and creativity;
- Lumson, the Italian leader in the primary packaging sector for cosmetics.

A portfolio that showcases Italian excellence



Bilateral following market test

- The FSI team invested in SIA in 2013. SIA and Cedacri had a few common shareholders, who appreciated the FSI team's approach and value creation plan in the SIA investment;
- In 2017, Cedacri decided to find a new investor to support its expansion plan and assigned an advisor to find potential investors;
- FSI, thanks to the relationship developed with some of Cedacri shareholders, was able to pre-empt the process and secured the transaction on a bilateral basis.



Bilateral following market test

- Lumson was introduced to FSI by an external advisor in mid-2017;
- The following year, FSI was able to build a solid relationship with both the entrepreneurs and management;
- When Lumson decided to open up its capital and assigned an adviser (one who was well known to FSI) to find potential investors, FSI moved to pre-empt the process and was chosen as the best partner, because of its distinctive approach and the relationship developed.

Responsible growth

Creating value through the responsible growth of portfolio companies.

- The FSI team met with the Adler group for the first time in 2015, when Adler was considering a potential acquisition;
- Adler decided not to pursue the M&A because for valuation reasons, but maintained a positive dialogue with FSI which ended up in the FSI investment in 2018.

Adler Pelzer Group

Bilateral

- Long-term relationship with the Missoni family;
- More than 1 year of "courtship" with the Missoni family, which had declined offers from other PEs/investors in the past.

MISSONI

Bilateral

Value Creation

Development of the companies in which the Fund invests through organic growth and acquisitions.



CEDACRI
GROUP

FSI I interest

27.1%

from Dec. 2017

The investment, carried out in partnership with Cedacri's founding shareholder banks, has the goal of promoting the company's growth, both organically and through acquisitions.

The investment was carried out with no recourse to leverage for Cedacri, in order to provide the company with a sound capital structure and the proper financial flexibility to pursue its development plan.

The FSI investment streamlined Cedacri's governance and supports its growth, as the leading core banking for financial institutions in Italy.

Main Pillars of the Value Creation Strategy:

37

- ① Consolidate leading position in IT core banking and vertical software services for financial institutions in Italy;
- ② Enlarge product offering to address different market and segment needs, also through specific add-ons;
- ③ Become the reference point for IT innovation for clients;
- ④ Strengthen the management team and alignment of company's interests with those of FSI.

Key achievements to date:

- ① Introduced new CEO, COO and Head of M&A and Business Development;
- ② Two add-on acquisitions. (I) one in regtech (Oasi, the leading software provider for anti-money laundering and regulatory reporting), and; (II) CAD-IT (a leading software provider for securities processing);
- ③ Delivered new industrial plan incorporating new products, service platform and business model to address different clients' segments and needs;
- ④ Aligned management interests through co-investment plan;
- ⑤ Implemented migration to IFRS.

Cedacri lavora al fianco di banche e aziende sviluppando strumenti innovativi per gestire la complessità, creare nuovo business e anticipare il futuro.

CEDACRI
GROUP

passione per l'innovazione

Cedacri

Cedacri is the largest provider of core banking platforms and software verticals for the financial sector in Italy, with more than 140 clients including banks, insurance and industrial companies.

The company offers a wide range of solutions and services designed and developed to meet customer's specific needs mainly in the banking, financial and insurance sectors, including:

- Core banking: i) complete functional coverage encompassing all banking areas; ii) facility management, IT services and business process outsourcing;
- RegTech: i) anti-money laundering software and services; ii) regulatory reporting software and services;
- Financial software: i) wide range of financial software and services (including for instance securities processing, commissioning, cash & liquidity management, etc.).

Cedacri is headquartered in Collecchio (PR) with service offices located across Italy and in Chisinau (Moldovia).

The group has about 2,400 employees and revenues of about 415 million euros in 2018 pro forma for the acquisition. With over 50 million transactions processed daily, more than 30,000 end users, 7,500 servers and 46,000 Mips of processing power, Cedacri represents the largest independent player in its segment in Italy, serving around 5 million end users every year.

The company business model is characterized by multi-year contracts, allowing it to develop long term relationships with clients and providing high resiliency and predictability of income streams.

Values, principles, standards and rules of conduct

Cedacri believes in innovation, and works hard every day to improve its computer systems with the latest technological solutions. Clients are at the centre of Cedacri's ideas and projects.

Business culture and activities are based on a shared system of values: Focus on the client, Innovation, Meritocracy, Integrity, Passion and Solidarity.

Cedacri recently updated its Code of Ethics, which regulates the principles of conduct that the group's companies must follow in their relationships with main stakeholders. It further adopts organisational solutions in compliance with the Organisational Model provided for by Legislative Decree No. 231/01.

Shareholders:



Board of Directors:

- Renato Dalla Riva**, Chairman
- Giovanni Pirovano**, Vice Chairman
- Corrado Sciolla**, CEO
- Renato Barbieri**, Member
- Carlo Costa**, Member
- Carlo Demartini**, Member
- Luigi Jacobini**, Member
- Stefano Lado**, Member
- Barnaba Ravanne** (FSI) Member
- Marco Tugnolo** (FSI) Member
- Marco Valcamonica** (FSI) Member



Cedacri Investment Closing day

Adler Pelzer Group



This investment, in partnership with the Scudieri family, aims to support Adler's development plan, both organically and through acquisitions, and to transform the company into the No.1 player worldwide in the automotive thermal and acoustic insulation.

The transaction involved an 80 million euro investment by FSI, with possible additional financial resources to fund future M&A opportunities.

Main Pillars of the Value Creation Strategy:

- ① Become the No.1 consolidating player in the automotive acoustic and thermal insulation market in geographies where the sector is still fragmented (i.e. Europe);
- ② Further develop the business in countries currently not covered by Adler, including leveraging FSI's extensive network of partners around the globe, in order to serve more and better the key clients and gain market share;
- ③ Prepare the company, from both a financial and the governance standpoint, for a successful IPO in the medium term, once Adler has reached the No.1 position worldwide in its segment.



Adler Pelzer Group

The Adler Pelzer Group is a worldwide leader in the design and manufacturing of thermal and acoustic insulation components for the automotive industry, supplying the world's leading OEMs at an international level. Founded in 1956 by Achille Scudieri as a home-based laboratory, Adler has become a multinational group with offices in Witten (Germany) and Naples (Italy), in addition to 70 plants, 9 Research & Development centres and more than 11,000 employees in 21 countries worldwide. In particular, over the last decade, the Group has also grown through acquisitions. The company aims to grow in a profitable, but also environmentally sustainable way, offering integrated and innovative solutions and working in partnership with customers. The group's ability to anticipate and respond to customer needs is internationally recognised. Recently, for example, Adler was included among the companies given the "Supplier of the Year 2017" award by General Motors, a recognition that the automotive brand assigns to suppliers capable of exceeding expectations, creating value and introducing important innovations. The company is led by the Scudieri family and is guided by the vision of Paolo Scudieri, Cavaliere del Lavoro, who took over from his father Achille in 1992 and began the process of internationalization and growth. Over time, the group has acquired a strong front line of external management, supported by enthusiastic local COOs able to closely manage operations in the reference areas.

On December 31, 2018, the Adler Pelzer Group reported revenues of 1.5 billion euros, compared to 1.4 billion euros for the same period in 2017, and EBITDA of about 130 million euros (with an EBITDA margin of 9%), up from 127 million euros in 2017.

Shareholders:



Target market

Technological evolution in vehicle user experience and a strong interest in alternative fuel vehicles are providing the automotives sector with a strong drive for innovation. Some of the most relevant trends include the development of hybrid and electric vehicles, the distribution of technologies for advanced active safety and for driverless cars, new standards regarding the quietness of vehicles and resistance to high temperatures, and the spread of vehicle sharing. In particular, the development of hybrid and electric vehicles entails higher expectations of quietness and comfort compared to traditional vehicles, for which the group's acoustic and thermal insulation solutions provide a key contribution. Adler is at the forefront of developing innovative and cutting-edge solutions for electric cars and has a strong competitive position. Adler EVO - the new line of specific solutions for electric cars - is used in the main development programs for new plug-in models at the most innovative OEMs in Europe, Asia and America, including Tesla.

Initiatives

Adler Pelzer Group acts as an "intelligence collector" in the development of acoustic insulation technologies. In September 2019, Adler will organize the APG Acoustic Symposium, attended by leading international experts from the world's of research and industry to discuss the latest developments in the automotives sector, with particular emphasis on new vehicles with alternative fuels. In addition, Adler is leading the committee for the development of a "Borgo 4.0", a real "smart city" featuring intelligent infrastructure road to test unmanned cars. The project aims to be an example of an "open laboratory" in which the use of complementary technologies in different fields of application can be analysed, such as energy efficiency, the environment, safety and tourism. International experts from the automotive, aeronautics, infrastructure architecture, telecommunications technology, cybersecurity, integration and development of complex technological architectures have been brought together to collaborate on this project. Various automotives companies, universities and local institutions are partners in the project. The first step towards the "Borgo 4.0" project was the Hydro project, a fuel cell-powered electric car built in Italy and presented in June 2019, of which Adler produced most of the supports and fittings directly, as well as part of the carbon fibre bodywork.

The "Borgo 4.0" will be built in Irpinia, Lioni (Avellino) with the aim of transforming it into a digital city, where you can experience independent driving with advanced technologies of intelligent mobility and real-time monitoring.

Board of Directors:

- Paolo Scudieri**, Chairman
- Pietro Lardini**, CEO
- Paolo Gaeta**, Member
- Giancarlo Lanna**, Member
- Riccardo Maria Monti**, Member
- Luigi Nicolais**, Member
- Barnaba Ravanne** (FSI) Member
- Eugenio Razelli** (IP FSI) Member



MISSONI



FSI's investment, pursued in partnership with the Missoni family, aims to fully leverage Missoni's brand awareness and development potential in order to become a global player with a stronger organizational structure and the size to compete in the global fashion and luxury industry.

The company's growth plan will focus on international expansion, in particular strengthening the retail channel in key markets, and product range extension.

Main Pillars of the Value Creation Strategy:

Since FSI's investment, and with direct support of FSI, the management team has been strengthened with the introduction of some key figures, including:

- ① Michele Norsa, former CEO of Valentino and Salvatore Ferragamo, and an FSI Industrial Partner, who was appointed Vice-Chairman of the Board of Directors;
- ② Creative director of M Missoni (Margherita Missoni);
- ③ A new manager for Asia;
- ④ A new HR manager;
- ⑤ Other key figures, including a sales manager and operations manager, started in early 2019;
- ⑥ A new ERP system has also been implemented.

Missoni

Missoni is one of the most renowned fashion houses in the world, with headquarters near Milan. Missoni's style is the result of the long-term cooperation between Ottavio Missoni and his wife Rosita, which began in 1953 with the creation of knitwear apparel in a small workshop in Gallarate. Their talent and expertise were successfully transferred to their children and grandchildren, who today hold key roles in the business, including for example Angela Missoni and Margherita Missoni as creative directors, alongside experienced external managers.

Today Missoni designs, manufactures and distributes collections of apparel and accessories for women, men and children through the brands "Missoni" and "M Missoni". Diffusion of the M Missoni line was managed under license by a partner until 2018, and its internalization is a key turning point for the group and for FSI's investment thesis. The brand is also present in the home goods world with Missoni Home, a trademark under license, and in other categories with other partners: a new partnership with the Safilo group for eyewear was announced in December 2018.

Missoni reported net revenues of 65.5 million euros in 2018, increasing to about 100 million euros with the internalization of "M Missoni", and employs approximately 300 people.

Factoring in the internalization of M Missoni, the group generates approximately one-third of sales in Italy, one-third in the rest of Europe and one-third in North America.

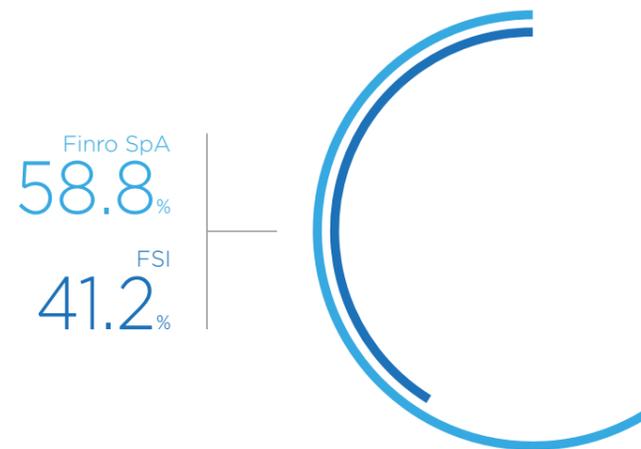
The distribution network includes (i) direct retail with 12 boutiques, of which five are located in Italy and one is dedicated to M Missoni, and seven outlets, mainly for M Missoni; (ii) 24 third-party mono-brand stores; (iii) select department stores and distributors; and (iv) online.

Direct retail presence will be one of the key growth levers of the partnership between Missoni and FSI, with a focus on key geographies such as China.



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Shareholders:



Board of Directors:

- Rosita Missoni Jelmini**, Honorary Chairman
- Angela Missoni**, Chairman
- Michele Norsa** (IP FSI) Vice Chairman
- Emilio Carbonera Gianni**, General Manager
- Luca Arnaboldi**, Member
- Giacomo Missoni**, Member
- Luca Missoni**, Member
- Barnaba Ravanne** (FSI) Member





The investment proposition, pursued in partnership with the Moretti family, consists of developing the business both organically and through acquisitions. The company's growth plan focuses on increasing customers' share of wallet, product range extension, sector consolidation and expansion in specific markets (including US and China).

The FSI investment provided Lumson with a sound capital structure (net financial position close to zero), allowing the company to have the proper financial flexibility to pursue its growth plan.

Main Pillars of the Value Creation Strategy:

- ① Strengthen the company's leading role in the cosmetic packaging industry in Italy;
- ② External growth through either focused add-on acquisitions or assuming a pivotal role as a sector consolidator;
- ③ Expand geographical presence with US and China as priority areas;
- ④ Attract the best talents and align their interest with those of shareholders.

Key achievements to date:

- ① Strengthened management team with introduction of new competences in production, logistics and marketing;
- ② Completed one add-on acquisition, complementing product range, generating scale and synergies;
- ③ Increased share of wallet on key accounts, through the implementation of a new CRM system and reallocation of clients' accounts to sales managers;
- ④ Secured the active cooperation of two FSI Industrial Partners; Carlo Bozotti (former CEO of STMicroelectronics) and Michele Scannavini (former CEO of Coty);
- ⑤ Set strategy for development in Asia and US;
- ⑥ Aligned management interests with those of shareholders through co-investment plan.

Lumson

Lumson is a leading European company in the manufacturing and marketing of primary packaging solutions for the cosmetics sector and the industries' largest player in Italy.

The company is based in Capergnanica (CR), where it is part of the internationally renowned "cosmetics district".

Lumson's products are designed and developed in-house and tailored to meet customer needs, essentially by customising decorations and accessories combinations and packaging features.

The company operates four production sites, all in Italy.

Lumson is present all over the world through its subsidiaries with offices in France, Germany, Spain, and the US, as well as through a widespread network of sales representative offices.

In 2018, Lumson reported consolidated net revenues of 100 million euros. The company had approximately 500 employees as of 31 December 2018.

The Business Model

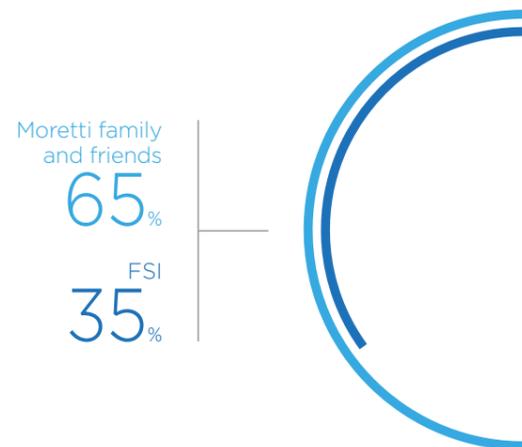
Lumson owns more than 100 international patents and operates "state of the art" manufacturing plants. In particular, the company offers "airless" systems that represent a reference solution for clients interested in developing cosmetic product formulations increasingly oriented towards natural products and with limited use of preservatives.

A focus on quality, elegant and functional design, and high operational flexibility give Lumson its unique competitiveness.



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Shareholders:



Board of Directors:

Remo Moretti, Company's Founder and Honorary Chairman

Matteo Moretti, Chairman

Giovanni Broggiato, Vice Chairman and CFO

Paolo Valsecchi, CEO

Carlo Bozotti, (IP FSI) Member

Michele Scannavini, (IP FSI) Member

Marco Tugnolo, (FSI) Member



Future growth based on sustainability

At FSI we are strongly committed to pursuing sustainable long-term growth by promoting ESG principles as a key component in our investment strategy.

Materiality pillars

Active and transparent governance

Transparent governance, continuous engagement and active involvement in the management of portfolio companies underpin our approach to responsible investing. We provide investors with all the information they need at all times. For this reason, in addition to our comprehensive due diligence process, we regularly monitor the ESG performance of our portfolio companies and communicate their progress to ensure they are aligned with our responsible investing strategy.

Responsible investments

As a signatory to the United Nations Principles for Responsible Investments, we have voluntarily committed to adopt the six principles of responsible investment. By adopting a responsible investment policy, FSI helps investors make informed investment choices that incorporate ESG analysis with the intention of delivering greater returns on investments in the long term. For each investment choice, FSI follows the ESG guidelines that help the Fund properly assess and select its investee companies. Each investee is then required to report to FSI, and consequently to its investors, on the activities and transactions carried out in order to improve its commitment in view of stakeholders' expectations.

Creating value through the responsible growth of portfolio companies

FSI's investee companies are profitable businesses that generate added value for the entire community in which they operate. They contribute to the local economy by supporting and developing satellite local activities and employing local human capital. Italy has always been known for the manufacturing of innovative and high-quality products, with many industry leaders or potential new leaders. FSI's investees have high growth potential and therefore potentially high rates of return.

“FSI’s investment fuels the growth of the best Italian companies towards sustainability, with the aim to make them become MIB 30 index corporations of the future.”

Maurizio Tamagnini
CEO FSI

Human capital development

FSI is committed to the personal development of its workforce and has developed a series of training and development initiatives to help them become the next generation of leaders.

Protection of diversity and human rights

FSI has a zero-tolerance policy regarding discrimination and actively promotes diverse and inclusive working environments within its business but also across its wider portfolio. Since FSI operates in Italy, which enjoys strong labor protections, the issue of human rights does not pose a risks to the organisation. However, this remains a fundamental part of the due diligence process and ongoing monitoring of the performance of investees, especially with reference to their supply chains. In particular, the textile and fashion sector is one of those most exposed to risk in terms of supplier assessment, because the traceability of the finished product is not always disclosed in a transparent manner. This is mainly due to the multitude of suppliers and countries that make up the supply chain for each product.

Reduction of environmental impact

As FSI is an investment firm, its environmental impact is lower than that of companies that operate in resource-intensive sectors (such as the oil and gas, food and industrial sectors). There are only few activities within FSI that generate a tangible environmental impact, such as the energy consumption and waste management of its office. However, this issue is considered highly relevant for portfolio companies. Through its own management, FSI monitors its investees' initiatives aimed at reducing their waste across energy and water consumption.

SUSTAINABILITY OVERVIEW

FSI in a snapshot

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FSI is the largest
corporate private equity in Italy

Since 2017 we have raised
1.4 billion euros of capital

Italy is the 2nd largest manufacturing economy in Europe

The FSI Management Team brings more than
65 years of experience

40% of our full-time workforce is female

We have had
0 accidents at work

All employees have access to
specialized training

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FSI, passion for growth

Dear Investors, Stakeholders and Friends,

Environmental, Social and Governance themes have always been central to our business. We believe that value creation extends beyond financial returns and this has been a key part of our investment thesis. We have always been committed to incorporating ESG factors within our investment analysis, decision-making processes, ownership policies and practices. We are proud to be a signatory to the UN Principles for Responsible Investment.

This year we have started our journey in ESG reporting and monitoring. We have worked hard to further develop our responsible investment strategy and have worked closely with our portfolio to ensure we positively contribute to the growth of the Italian economy and society, and generate long-term value for our investors.

Our ESG due diligence begins during our pre-investment phase and we rigorously screen all prospective investments. We are not afraid to decline potential investment opportunities, if they do not meet our criteria or values. For instance, in 2018 we did not pursue a very advanced and potentially attractive opportunity because, post due diligence, it failed to meet our standards and the standards of our investors.

make-up sector within Italy's Lombardy region. Members support a secondary training program and subsidize cosmetics courses for pupils.

Adler, a global leader in the development and marketing of thermal and acoustic insulation components for the automotive sector, has recently developed a project for reducing Polyethylene terephthalate (PET), in its products. Adler also recycles plastic fibres and natural cotton wool to make insulating parts for its vehicles.

Finally, Missoni has also led a project for the Italian branch of The Circle, an international association aimed at supporting women in society. The association aims to end discrimination against women, prevent violence towards women and girls and promote female empowerment. In 2017, the fashion house entrusted the artist Erica Laurell, with the creation of 51 dolls to replicate the 2017 Autumn-Winter Collection designed by Angela Missoni. The dolls were sold in December 2018, and all proceeds were donated to The Circle.

On behalf of FSI Partners, I would like to thank all of our stakeholders for their trust and support as we embark on our sustainability journey. We are committed to being a responsible business, and we look forward to working with our portfolio companies, investors, and employees in further developing our ESG strategy and continuing to adhere to the highest governance standards.

With warmest regards,

Maurizio Tamagnini
CEO FSI

Letter to stakeholders

When we review investments, our teams look for value creation opportunities and work with prospective investees to see how we might support them in improving their ESG profile. In 2018, we developed a series of action plans across our portfolio to help them further develop their governance processes and to improve their environmental footprints. Our portfolio companies are fully aware of their sustainability commitments and have already been delivering on a number of exciting projects.

For example, Cedacri, a leading Italian company in IT outsourcing services for the banking and financial sectors, has launched several sustainability projects and, in 2017, issued its first Sustainability Report. The Report set short- and medium-long term objectives aimed at further developing Cedacri's sustainability strategy.

The management of Lumson, an Italian leader in the primary packaging sector for cosmetics, has also continued to demonstrate their high environmental and social standards. We are delighted to report that Lumson has invested extensively in environmentally friendly packaging for its products and has launched a new material using sugarcane ethanol to reduce its greenhouse gas emissions. We hope this development will encourage the wider industry to innovate and invest in sustainable materials. Lumson is also a major supporter of "Polo Tecnologico della Cosmesi", an association that unites industry-leaders within the cosmetics and



Establishment of FSI
Development
and adoption of the
FSI Code of Ethics
Adoption of Invest
Europe's Professional
Standards

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Start of operations
for FSI I fund
Signatory
to the UN Principles
for Responsible
Investment
Move into new,
energy efficient
offices in Milan



Funding
of scholarships
for a four-year
course at Bocconi
University



Publication
of inaugural Corporate
and Sustainability
Report

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Our sustainability story

Our sustainability strategy

Being a responsible investor is central to our investment strategy, culture and values. We are proud to be a signatory to the United Nations Principles for Responsible Investment (UNPRI) and have publicly committed to promoting and advancing the Principles across our portfolio and within FSI.

Since 2012, with our prior employer, we have actively assessed environmental, social and governance ('ESG') factors within our portfolio. Through our Code of Ethics, we have defined and outlined our requirements for pursuing investment opportunities, because we recognise the importance of generating long-term value for our shareholders.

As an active owner, we incorporate ESG issues into all of our ownership policies and practices, seeking comprehensive ESG disclosures from our portfolio companies. We explicitly exclude investments in specific sectors such as tobacco, gambling, alcoholic beverages and coal extraction due to their negative environmental and social impact.

At FSI, ESG factors are considered throughout the investment cycle, from due diligence to reporting. Our portfolio companies are regularly monitored by our Investment Team, and when necessary, we work with our investees to implement changes and corrective actions. We will continue to provide shareholders with regular and transparent updates on our internal ESG strategy, and on the activities of our portfolio.

As a responsible business, we also strive to offer our employees an inclusive and healthy workplace, with the facilities and opportunities to help them develop the skills, knowledge and expertise to become tomorrow's leaders. We are committed to creating a positive long-term impact within our communities. To date we support local charities, including Fondazione Francesca Rava and Bocconi University's 'A Possible Challenge 2016-2020' programme. We have also awarded two scholarships to help talented students pursue their academic studies. We seek to act with the highest level of integrity

and part of this involves supporting and guiding our portfolio to behave as a truly responsible business. This commitment involves sharing best practices ESG guidance and promoting the UNPRI principles. Our Board champions responsible investing within the wider industry and we regularly speak at conferences on sustainability and the importance of ESG analysis.

We will continue to communicate, engage and advocate on behalf of our shareholders, portfolio and employees to ensure our responsible investing strategy continues to offer long-term value for people and the planet.

Our portfolio: a sustainable map for the future



A business strategy and investment thesis rooted in responsible business



Q&A with Umberto della Sala, Chairman of FSI

1 What makes FSI's approach to responsible investing different from other asset owners'?

- U.d.S.** • We use our influence as an investor to encourage portfolio companies to report on their ESG activities and strategy. We have a rigorous approach in assessing and managing sustainability-related risks in our portfolio. We also make a limited number of investments each year, allowing us to be very selective in our approach to new investments.
- As a business, we have a medium to- long term investment horizon. We are well placed to drive sustainable growth in our portfolio through the continuous assessment, monitoring and management of ESG risks.

2 Why is ESG analysis integral to your investment strategy?

- U.d.S.** • Since 2017, we have been signatories to the UNIPRI (UN Principles for Responsible Investment). We have adopted a robust due diligence process which identifies material ESG risks. If we do identify a risk, we either do not invest or we put in place a remedy plan to mitigate and prevent future risks. This forms the basis of an action plan that is developed against set objectives within a specific time period.
- ESG analysis is an integral part of our investment strategy because we want to comply with all applicable local and international laws and regulations. We are committed to upholding the highest standards of business integrity and strong corporate governance.

3 How are you promoting ESG practices within the industry?

- U.d.S.** • Monitoring and evaluation is a key part of managing the performance of our portfolio companies. To show our commitment to ESG reporting, for the first time we have included a sustainability section within our corporate report.

4 What has been your greatest achievement to date?

- U.d.S.** • I'm very pleased that this year we have included a sustainability section in our corporate report. We have invested a significant amount of resources in developing our strategy, through charitable partnerships, employee training and increased engagement within our portfolio. The publication of our new, integrated report is a major milestone for FSI and I'm excited to see how we can further develop our sustainability strategy.

5 Looking ahead into 2020 and beyond, what do FSI and the wider industry need to do to advance action on issues such as climate change, diversity and corporate governance?

- U.d.S.** • At FSI, our business strategy and investment thesis is rooted in being a responsible business and good corporate citizen. We strive to embed responsible business practices throughout our organization and actively explore how we can contribute to our industry. We expect our employees to act with integrity, be accountable for their behaviour, and follow the highest ethical standards.
- As a business we have a relatively low direct environmental impact. Nonetheless, we are committed to minimizing our environmental impact and to improving our environmental performance wherever possible.
- Our strategy is focused on:
- minimising waste and maximizing recycling;
 - working with our landlord to improve the energy efficiency of our workplace;
 - considering environmental factors within our procurement processes.
- FSI is an equal opportunity employer and prohibits unlawful and unfair discrimination. We will continue to create, through our culture and policies, a work environment that helps to bring out the best in our employees.

Integrating our ESG strategy within our portfolio

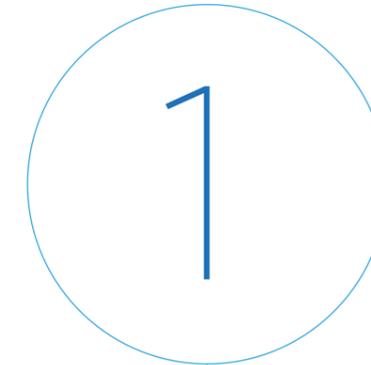
At FSI, we seek to act with the highest level of integrity and take a responsible approach when interacting with portfolio companies, investors, advisors and our wider stakeholders. We want to make sure all of our investments adhere to the highest governance standards and have a positive impact on our environment and society.

As a signatory to UNPRI we have formally agreed to:

- ① Integrate ESG topics into investment analysis and decision-making processes;
- ② Be an active promoter of ESG topics in shareholder policy and practice;
- ③ Require adequate disclosure of ESG aspects from the companies in which we invest;
- ④ Promote the sharing and application of RI principles in the investment industry;
- ⑤ Cooperate to extend the application of RI principles;
- ⑥ Communicate the activities carried out and the progress made in the application of RI principles.

To achieve this, we have established a robust due diligence process which allows us to review a company's ESG risk profile and understand how we can help them improve and grow. Working with our portfolio, we regularly monitor ESG factors and encourage our investments to communicate their ESG strategy and objectives.

The FSI Investment Team is responsible for the inclusion of ESG factors within the analysis of all prospective investments. Our team combines entrepreneurialism with professionalism to ensure all our investments are actively managed to the highest standards.



Pre-investment phase

- Independent consultants assess raw ESG data and sector data
- FSI Investment Team reviews ESG culture and reporting standards
- Opportunity to request the implementation of a corrective action plan



Post-investment phase

- Ongoing monitoring and management of ESG objectives and risks
- Critical ESG themes are addressed as part of a corrective plan
- Portfolio companies are encouraged to communicate ESG factors to internal and external stakeholders



Reporting

- Provide investors and portfolio companies with timely and accurate information on ESG strategy
- Maintain high standards of transparency in conducting ESG activities



Q&A with Emilio Carbonera Giani, General Manager of Missoni

1 How does responsible investing fit within your company strategy and culture?

- E.C.G.** • Concepts like sustainability and inclusiveness have always been part of our product DNA and business strategy. Our founders, Ottavio and Rosita Missoni, decided to headquarter the company in Sumirago's countryside. In the 1960s and 1970s, the Missoni family launched a recruitment and training program focused on improving the skills within our local community. The Company played an important role in the development of the area and has always provided employment possibilities for female workforce, having a positive impact both economically and socially. Sustainability has always been a part of Missoni's creative process and design. From the artistic and aesthetic development of an item might be based on existing yarns or fabrics, but thanks to experimentation, research and innovation it is possible to obtain something unique and innovative. The first Missoni product was created by recycling leftover yarn from the warehouse of an existing family company and our unique patchwork style was born the same way. Reuse is a value for Missoni, an incentive to exploit creativity as art.

2 What makes Missoni's approach to ESG different from other luxury fashion brands?

- E.C.G.** • Sustainability is a particularly complex aspect in the fashion industry, and it has severe transversal implications from fast fashion to luxury. Fashion is based on trends and seasonal collections, for this reason, the product lifecycle is very short, and it is difficult to talk about recycling. Moreover, it is often challenging to assess the respect of the standards along the production chain due to its extension. Missoni's approach to fashion is based on the "slow fashion concept" which is focused on creating unique, timeless pieces, characterized by our distinctive style which has always set us apart. The Missoni brand has always differentiated itself thanks to the courage to offer such style against the logic that fashion must change according to seasons. Another distinctive aspect is represented by the fact that we are one of the few companies that own our weaving and packaging manufacturing production, a "Made in Sumirago" more than a "Made in Italy". This allows us to control the entire chain not only from a quality point of view, but also regarding the respect of the environment and of the working conditions.

3 Do you consider risks and opportunities within your ESG analysis?

- E.C.G.** • We believe that the opportunities coming from a proper ESG strategy exceed the risks. For a clothing company, like Missoni, materials recycling can represent a remarkable savings solution. An important challenge in our industry is the development of the customer's needs. Customers are more aware, and they not only consider the value for money, but they also demand guarantees regarding product intrinsic quality, supply chain traceability, and environmental sustainability. Being able to prove the accurate implementation of ESG policies becomes more and more pivotal for the Company's reputation and business continuity. Risks may be identified in the lack of innovative materials and, to a certain extent, in the higher cost of some "chemical-free" yarns and fabrics, though these risks are strongly mitigated by a very fast development of a wide "sustainable product" offer on the market.

4 How have ESG initiatives helped create value?

- E.C.G.** • An open, welcoming and staff-friendly environment is a particularly critical aspect for Missoni which, due to its size and location, might appear less attractive than other luxury companies. An appropriate ESG policy can be very helpful in attracting new talented resources and offer them the right environment to achieve their full potential, with a positive impact on the area. Moreover, being a sustainable company means experimenting and implement technological solutions in order to create value through the optimization of the available resources and through products with a reduced environmental impact that respect employees' rights and health and safety conditions. For Missoni, sustainability is born from the founders' will to always manage the supply chain directly and responsibly, from raw material development to design, production and distribution. We offer safe products for our customers and every item is characterized by its cultural identity and history.

5 What are your ambitions for the future?

- E.C.G.** • Next year we will further develop our reporting and measuring process. We will publish our first integrated sustainability report which will involve the entire Company. The report will prove our persistent commitment to the reduction of environmental impacts of production activities, our attention to decreasing office waste and our dedication to employees development. This is a major milestone for Missoni, and we are excited to inform our stakeholders about our sustainability and environmental achievements.

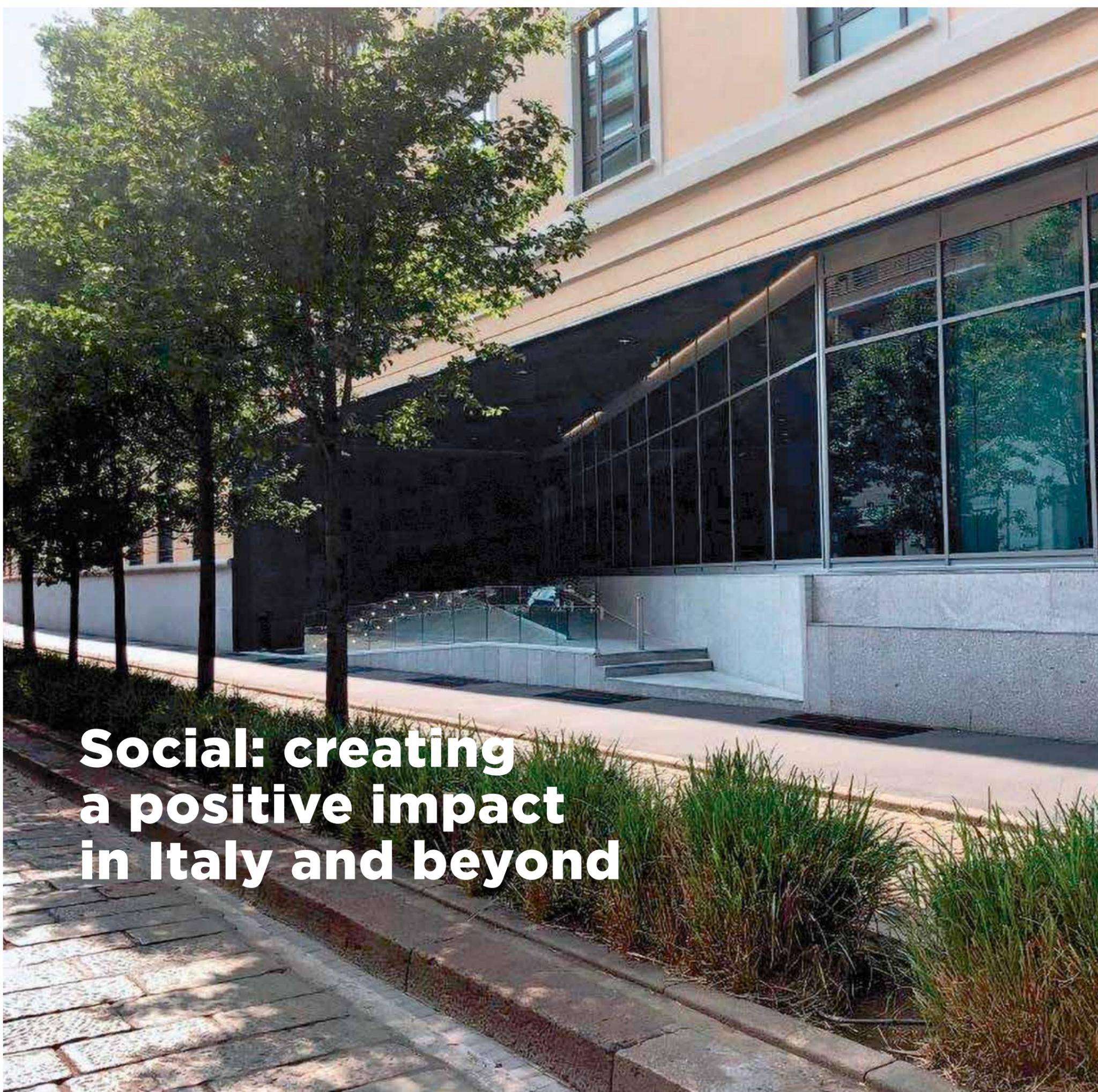
Workplace

At FSI, we have a zero-tolerance policy towards discrimination and recognise the importance of creating an inclusive culture that celebrates our diverse workforce. We endeavour to foster a working environment in which personal and cultural views are respected and valued. For us, this is the key to our success.

Professional development and enrichment are essential to the long-term growth of our business. At FSI we offer training for all employees across the business. From our recent graduates to senior management, we continuously offer our team a selection of resources and programmes to help them excel in their careers at FSI.

Our new graduates programme lasts from six to 12 months and our graduates learn from some of the best investors in the European mid-market. From day one, newly hired graduates are welcomed into an induction program to help them understand our business and develop the skills to shine in their careers. All graduates are allocated a mentor to help them as they start their journey at FSI. To support our managers, we have devised a bespoke coaching programme to identify their development needs and ensure they have the knowledge, competencies and training to grow future generation FSI leaders.

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**Social: creating
a positive impact
in Italy and beyond**



Health

We care deeply about our employees wellbeing, and over the years have developed a number of initiatives to support the mental and physical health of our team. From yoga courses to accredited emergency medicine courses and workshops we strive to create the best possible working environment for our staff.

All of our female employees receive a competitive maternity package, and we also support working parents by providing a three-year base nursery contribution when they return to work. This policy extends to employees who have adopted a child or who have been assigned the custody of a child. In 2018, 6% of our employees benefited from compulsory and optional maternity leave.

Each year, the company also offers all its employees a comprehensive preventive health check-up.



Fondazione Francesca Rava,
Children's Hospital NPH Saint Damien

Local communities

As a responsible business, we are committed to supporting our local communities through charitable partnerships and fundraising activities. Currently, we are working with several charities and social enterprises that provide health, education and welfare services to children and young people around the world.

In 2018, FSI supported the Francesca Rava Foundation, a charity committed to help children living in challenging conditions in Italy and around the world through child sponsorship, awareness campaigns for children's rights, and volunteering projects.

FSI also provides intellectual capital to the world-class teaching hospital, Beth Israel Deaconess Medical Center (BIDMC), one of the Harvard Medical School's Hospitals in the world. The Center brings together over 4,000 physicians across multiple academic medical centers and teaching hospitals to expand access to great care and advances the science and practice of medicine through ground-breaking research and education. FSI's contribution is helping to position Italy as the centre of a European collaboration with Harvard Medical School.



Environment

Although the nature of our portfolio's core business has a low direct impact on the environment, we are eager to further reduce our environmental footprint.

Throughout FSI, we have implemented initiatives to decrease our environmental impact by reducing single use plastics and incentivising employees to recycle office equipment and waste. We have also reduced our energy consumption in our new headquarters by replacing all traditional lighting with energy efficient LED lighting and lighting motion detectors. Our energy usage is regularly monitored, and we have ambitious targets to reduce our overall consumption.

We work in close collaboration with the city of Milan to promote sustainable improvements to our local communities and contribute to the improvement of public green areas. As a business, we have adopted a strict travel policy for our employees to encourage more sustainable forms of corporate travel. At FSI, we also actively promote the use of energy efficient hybrid vehicles.



Israel, Mizpe Ramon desert

ESG data: reporting across our business and portfolio

We have been actively reporting against set KPIs to assess our ESG profile as well as our portfolio.

22,944	Ton CO ₂	Total scope 2
259,59	Gj	Total electricity consumption
711,15	Gj	Total energy consumption
0.197	Ton	Total waste
30		Total employees
18		Male
12		Female
220	hours	Employee training
YES		Code of Conduct/Ethics
YES		Sustainability Report

Not covered in 2018, but our 2019 reporting will include

- Total scope 1
- Total water consumption
- Diversity Policy
- Health & Safety Policy
- Environmental Policy
- Anti-Corruption Policy
- Corporate Governance Policy

Case studies

Cedacri Group

The Cedacri Group strives to act as a sustainable and socially responsible business to ensure it delivers its business strategy whilst mitigating potential ESG risks.

Starting in 2016, the company's sustainability reporting activity resulted in drafting the 2018 Cedacri S.p.A. Sustainability Report, in accordance with the GRI Standards. The project allowed the Company's ESG performance to be assessed, and its sustainability objectives to be defined pursuant to the United Nations Sustainable Development Goals of the 2030 Agenda.

Cedacri and the wider ICT sector face diverse sustainability challenges. To keep abreast of technological innovation and maintain its leadership position, Cedacri has invested heavily in ICT technologies to protect the business against cyber-attacks and data breaches.

Cedacri has also actively tried to reduce its environmental impact across energy consumption and greenhouse gas emissions, and to help the industry progress towards a low-carbon economy and implement the Paris Agreement. Drawing upon the expertise of Cedacri's Sustainability Team, the company has decreased its environmental footprint across three core areas: energy, emissions, and waste.

Cedacri continually assesses the business's overall ESG performance and has set key objectives to further enhance its sustainability credentials and support with the delivery of the United Nations Sustainable Development Goals. Cedacri has been actively developing initiatives to reduce its consumption of energy, emissions, and waste. In 2018, the company developed and completed a project to modernize its offices UPSs in Bari and Brescia. The project involved replacing the current devices with new-generation, energy-efficient versions. Over the next few years, Cedacri will also replace its UPS equipment in the Collecchio and Castellazzo Bormida data centers as part of its wider sustainability strategy.

Two new energy-saving storage systems were also installed this year, which contributed to energy savings of over 30%. Cedacri also upgraded 200 servers to more energy-efficient versions, reducing energy con-

sumption by 30%. These projects follow the completion of a new high-density Data Centre at the Collecchio offices in Italy, which allowed for energy savings of 40% compared to a traditional data center.

Cedacri is committed to reducing CO2 emissions related to the Company's fleet by promoting car-pooling projects, purchasing hybrid and electric vehicles and encouraging public transport subscriptions for its employees. Moreover, Cedacri launched a recycling project in the Group's offices.

In order to improve employees' welfare and strengthen their development of professional skills, Cedacri offers its employees a corporate welfare service package and flexible benefits plan and it promotes smart working. Furthermore, the company supports several employees engagement activities and continuous training, thanks to the Cedacri Academy. Cedacri cooperates with its external stakeholders through projects with local schools and universities, as well as volunteering and social inclusion initiatives (Cedacri 4 Social and the IncluSitting project). Finally, Cedacri takes part in a local corporate network related to Sustainability matters (CSR Lab Emilia Ovest) and promotes food recovery for local foundations in the Collecchio soup kitchen.



Adler Pelzer Group

The Adler Pelzer Group's Corporate Social Responsibility policies have been developed according to the following guidelines, in accordance with the "people first" principle:

1. People at work – goal: improve safety conditions and completely avoid accidents at work;
2. Working with other people – goal: Code of Ethics and stakeholder Code of Conduct with the following aims:
 - Manage areas with potential high ethics risk;
 - Develop employee guidelines to identify and address ethical matters;
 - Maintain a culture of integrity, honesty, and responsibility within the Company;
3. People development – goal: community economic development;
4. People environment – goal: develop processes and solutions that allow the use of zero-impact materials, the reduction of energy consumption, waste minimization and the achievement of a sustainable recycling process;
5. People future – goal: compliance and anticipation of laws and regulations or customer requirements.

Adler Pelzer Group works to achieve a positive impact within local communities and contribute to a better society in which social and business issues are integrated. Adler Pelzer Group aims to develop processes and solutions that encourage the use of zero-impact materials, reduce energy consumption, minimize waste and improve recycling standards.

The Group's Research & Development department has developed innovative new recycling initiatives to establish a closed-loop recycling system across the business. For example, the Group uses PET and Cotton Wool recycling systems in its plants, which are used to produce fibres to help insulate components of its vehicles. The Group endeavours to achieve the highest quality products with the lowest possible levels of waste.

The Adler Pelzer Group is leading the com-

mittee for the development of "Borgo 4.0" a "smart city" with intelligent infrastructure, necessary for experimenting the unmanned car on the road. The project aims to represent an example of an "open laboratory" in which to analyse uses of complementary technologies in different application fields, such as energy efficiency, environment, safety, tourism. To collaborate in this project, international experts in the automotive, aeronautics, infrastructure architecture, telecommunications technology, cybersecurity, integration and development of complex technological architectures have been brought together. Lot of companies in the automotive sector, universities and local institutions collaborate in the project as partners. The "Borgo 4.0" will be established in Irpinia, in Lioni (Avellino), with the aim of transforming it into a digital city, where to experiment autonomous driving with advanced intelligent mobility technologies and real-time monitoring.



Missoni

The fashion industry has become increasingly conscious about sustainability thanks to the customer's attention not only to product quality and price but also to the traceability of the production chain. These aspects represent a big challenge which implies the development of the organization in relation to its production and transversal processes, its production design and its supply chain. Top-of-the-range and Made in Italy symbolize an important competitive advantage.

With ESG policies as an integral aspect of its business, Missoni has always strived to promote several social and environmental initiatives. The shareholders are extremely aware of sustainability matters and of the decisive role they must play in the Company decision-making process.

Supply chain management is managed directly and responsibly, as requested by the founders, from production to distribution. This guarantees compliance with high standards both regarding personnel and environmental management. All suppliers must certify a non-polluting supply chain as an essential aspect of the selection process.

Within the plants, waste management and disposal are carried out in compliance with the current legislation; recycling has been separated since 2012, and in 2018 the Company started a project aimed at reducing the use of single-use plastic containers.

In 2015, Missoni signed an agreement with the Province of Varese and Cesvip to support people with disabilities through training programs aimed to favor their inclusion in the professional environment. This project opens five or more internship opportunities within the company in order to teach specific company functions and to give the possibility to work with the support of department managers. Missoni also subsidized 100% the cost of a tutor to lead the project for one year, helping to support the interns during their training.

Since the programme's launch, Missoni has hired three interns into full-time positions.

Thanks to the Ottavio and Rosita Missoni

Foundation, Missoni promotes exhibitions, cultural events, conferences, studies, publications and educational projects in Italy and abroad. The company operates with the support of Italian and international institutions and of relevant bodies in the textile, fashion and arts fields.

Following the digitalization of the Missoni Archive, more than 30,000 items among clothing and accessories, schools, universities, and institutions have access to images, magazines, drawings, prints and knitwear studies. The Missoni Archive constantly cooperates with important universities such as Università Statale di Milano (Fashion history and documentation course) and Politecnico di Milano (Knitwear design faculty).

Finally, in 2019 Missoni aims to carry on its sustainability strategy through several new initiatives:

- A capsule collection co-branded with an important fashion firm who is a leader in the production of recycled and cruelty-free items (Save the duck);
- A co-branding project for the production of footwear in Ethiopia with www.sawashoes.com;
- The production of limited capsule collections using fabrics and yarns recovered and reused from Missoni's and Missoni Home's obsolete stock.



Lumson

Lumson is the Italian leader in primary packaging for the cosmetics industry. The company, founded in 1975 and controlled by the Moretti family, offers both standard and customized packaging solutions to a large customer base, which includes well-known national and international cosmetic brands.

A key factor driving Lumson's investment in technology is the company's considerable research investment. The company is focused on an endless effort to test for new recycled or recyclable plastic materials. The business constantly updates its production equipment to help reduce its energy consumption.

The assessment of potential environmental impacts is carried out by the monitoring of the legislation regarding greenhouse gas emissions and waste management within the production plants, the use of efficient control tools and the development of recyclable and safely disposable products. The Company also promotes the use of renewable resources, thanks to its new photovoltaic plant and provides training to its employees in order to improve the waste management process. Recently, Lumson worked on the construction of a new landfill.

Thanks to these initiatives, in 2012, Lumson obtained its first ISO 14001:2004 environmental certification for its main production site in Capergnanica, Italy, which was updated to the 14001:2015 version in August 2018. In July 2018, Lumson decided to join the voluntary certification platform EcoVadis, which assesses the respect of workers rights, the Company's ethics conduction and the sustainability of its supply chain. Lumson was awarded a "Silver Medal" and was ranked amongst the top 30% companies in the cosmetics sector.

Each year Lumson allocates resources to help support local redevelopment (e.g. green areas for primary schools and conservation projects) as well as initiatives intended to improve health and wellbeing within local communities. Moreover, Lumson's suppliers are also monitored to assess their technical and professional requisites and to ensure they comply with environmental regulations.

Finally, Lumson promotes the diversity respect and integration within its offices, pursuing the belief that the only way to reach its business goals is through a working environment free of prejudices, cultural barriers and based on the enhancement of people's values. The new plant is 100% accessible for people with disabilities thanks to the removal of architectural barriers. Within Lumson, "historic" employees and new hired are encouraged to share experiences and mutually develop their skills. Training budgets are established in order to constantly update the personnel.

The Company is considering the implementation of a Diversity Manager and it planned the introduction of a corporate Welfare Management Programme, for which the platform selection process is underway.

During 2019, Lumson will identify a Corporate Social Responsibility Manager and the Company will draft its 2019 Sustainability Report. Lumson is committed to the realization of production plants with a reduced environmental impact through the implementation of energy-saving solutions in its new Capergnanica production plant.



Outlook

FSI pillars for a better business

This is the first year FSI has reported on its sustainability strategy, and while this is an important first step for the business, we know there is still plenty of work to be done.

We are committed to providing long-term, sustainable value to our shareholders and we care deeply about the environmental and social contribution of both our business and portfolio. We have therefore set targets to advance our business and the portfolio's ESG strategy over the next year.

We promise to:

- 
Establish an ESG sub-committee
- 
Continue to help our portfolio companies develop their ESG policies
- 
Develop a proprietary due diligence process to further support our analysis
- 
Increase our ESG reporting metrics and broaden sustainability KPIs across our business and portfolio
- 
Promote the integration of ESG metrics and analysis within the industry
- 
Support investments that promote the development of the circular economy
- 
Further develop our philanthropic initiatives and invest in new sustainable projects

Dialogue with stakeholders

Transparency is a key value in FSI communications with stakeholder

Dialogue with stakeholders is part of our culture. We partner with stakeholders to jointly develop and contribute to sustainable and inclusive growth.

As a global Equity House, we are aware that we can contribute to our stakeholders' environmental footprint by supporting portfolio companies to develop their sustainability credentials.

At FSI, the sustainability journey means regular and meaningful dialogue with stakeholders, an activity that is essential to conducting activities responsibly, and that enables us to:

- understand stakeholders needs;
- anticipate global trends or regulations that may impact our business or portfolio;
- minimise risks and identify business opportunities at an early stage;
- share information on sustainability priorities and performance, identifying opportunities for collaboration towards common goals and mutual commitments.

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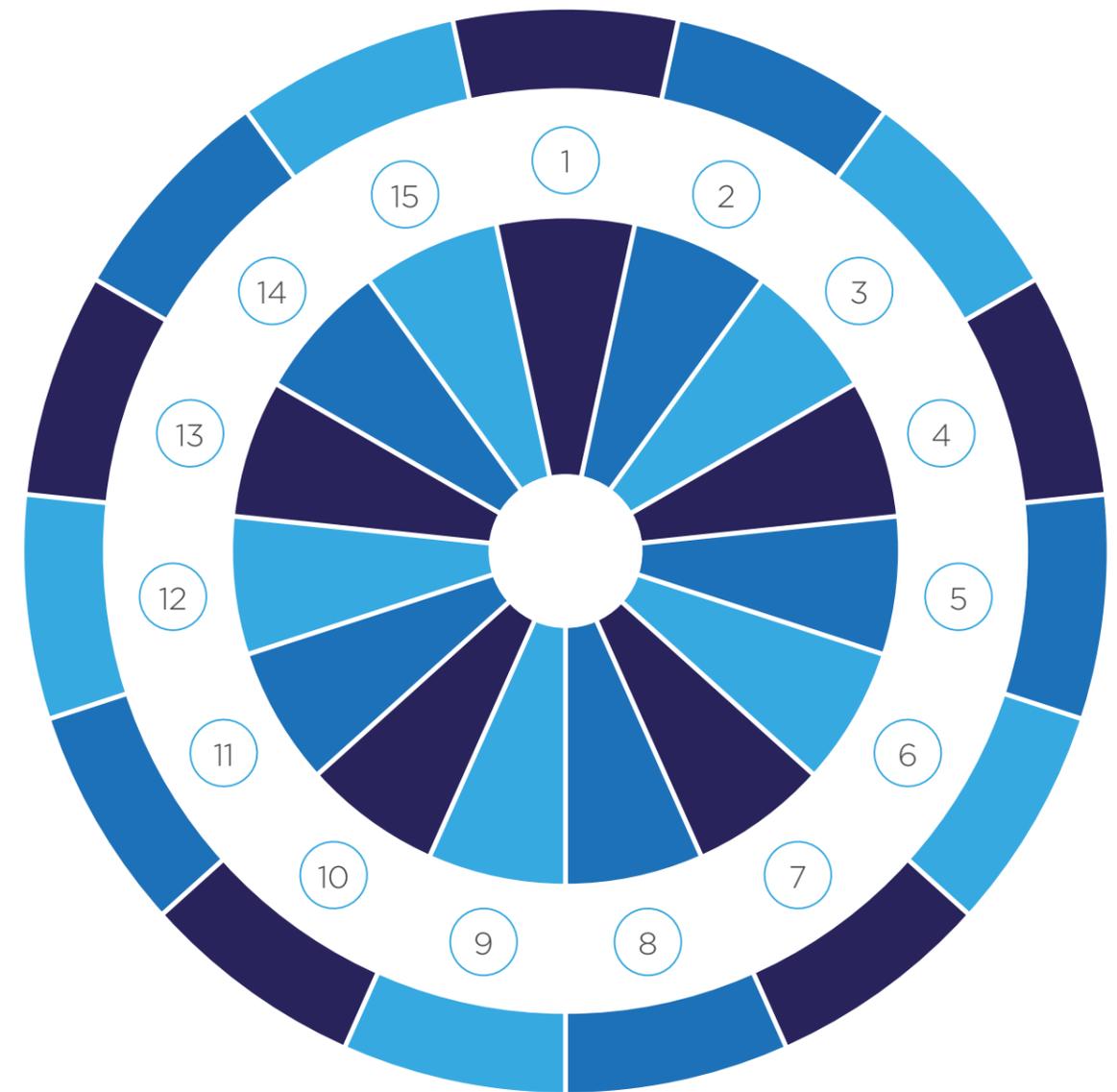
As a strategic priority, FSI intends to improve its dialogue with stakeholders by introducing materiality assessments, sustainability management and annual sustainability reporting.

FSI believes in transparency, dialogue, integrity and honesty, as these values can help the firm pursue its sustainable growth targets. We maintain high ethical standards in everything we do, and we are proud to live by these standards, both as FSI employees and in our personal lives. These ethical standards are transferred in the way we deal with our stakeholders, including Investors, Employees, Advisors, Board Members, and members of the underlying portfolio companies in which we invest.

Transparency and truth are key in our dialogue with investors, and by observing these principles we deliver our corporate and investor communications, according to a number of best practices:

- Quarterly Reports - Investors receive activity reports every quarter;
- Two Advisory Boards per year - FSI advisory board meets twice a year;
- AGMs - Every year the team meets investors in a general meeting, in order to have face to face updates, and to share new ideas and visions;
- Investors Meeting - management and team regularly hold meetings with the financial community;
- Management and team regularly hold meetings or seminar with the legal and financial community;
- Business trip and events with portfolio companies - the team organizes 1-2 events with FSI portfolio companies every year with focus on specific topics;
- Roadshows - the team organizes one to one meetings with key investors, which include visits to the portfolio companies offices and plants;
- Relationships - the team develops relationship with other investors to generate intelligence on FSI and its investment formula considering their potential future investment in a new FSI Fund.

FSI key stakeholders: partnering for impact



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- | | | |
|---------------------------------|--------------------------------|--------------------------|
| 1 Portfolio companies | 6 University & research center | 11 Business Advisor |
| 2 Retail | 7 Financial Community | 12 Employees |
| 3 Regulator | 8 Institutional Investors | 13 Citizens |
| 4 Media & Influencer | 9 Private investors | 14 Partners |
| 5 National & Local Institutions | 10 Suppliers | 15 Institutional Clients |

Methodological note

Premise

This document consists of two sections: one related to the description of FSI (hereinafter “FSI” or the “Company”) and portfolio companies (Cedacri, Adler Pelzer Group, Missoni, Lumson) profiles and a second part that consists of the FSI Sustainability Report (hereinafter “Report”). The Report represents an important tool for the empowerment and communication of the commitments adopted in 2017 following the UNPRI (Principles for Responsible Investment) which guide the Company in every investment choice.

Reporting period

The Report includes the information and the non-financial data for the 2018 reporting year, from January 1st to December 31st. The Company plans to publish its Report on a yearly basis and next year the Report will include a trend analysis.

Reporting scope

The reporting scope includes FSI and, with reference to the “Human capital development”, “Diversity and Human Rights protection” and “Environmental impacts reduction” material topics, the Report includes qualitative information regarding the portfolio companies, if available.

Materiality and reporting guidelines

The Working Group, composed of FSI's main management functions and those of the associated companies, coordinated the reporting process and document drafting.

The report was prepared in compliance with the Sustainability Reporting Standards guidelines published by the Global Reporting Initiative (GRI), according to the “Referenced” option.

As required by the adopted standards, this Report includes the material information for FSI management and for the associated companies, in compliance with the comparability, clarity, accuracy, timeliness and reliability principles. The Working Group coordinated the process defining the material topics. Specifically, the Working Group carried out benchmark activities on the main industrial peers and an internal analysis aimed at elaborating on the stakeholder point of view. The process resulted in a mapping of the material topics that determined the document's structure.

The indicators selected for drafting the Sustainability Report are reported in the table below.

Approval and publication

The Sustainability Report was approved by the Board of Directors held on October 1st 2019. The document is available on the Company's website: <https://www.fondofsi.it>. Please contact sustainability@fondofsi.it for further requests related to the document.

The indicators selected for the drafting of the Sustainability Report are reported in the table below.

Report correlation table - Indicators		
Chapters	GRI Standards (2016)	Indicator
FSI Corporate Overview	102-1	Name of the organization
	102-2	Activities, brands, products and services
	102-3	Location of headquarters
	102-5	Ownership and legal form
	102-7	Scale of the organization
	102-16	Values, principles, standards, and norms of behavior
	102-18	Governance structure
	102-47	List of material topics
FSI Sustainability Report		
Letter to the stakeholders	102-14	Statement from senior decision-maker
Social: creating a positive impact in Italy and beyond	405-1 (103)	Diversity of governance bodies and employees (Management approach)
	403-2 (103)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (Management approach)
	302-4 (103)	Reduction of energy consumption (Management approach)
ESG data: reporting across our business and portfolio	302-1	Energy consumption within the organization
	305-2	Energy indirect (Scope 2) GHG emissions
	306-2	Waste by type and disposal method
	102-8	Information on employees and other workers
	405-1	Diversity of governance bodies and employees
	405-1 (103)	Diversity of governance bodies and employees (Management approach)
	403-2 (103)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (Management approach)
	302-4 (103)	Reduction of energy consumption (Management approach)
Dialogue with stakeholders	102-40	List of stakeholder groups
Methodological note	102-45	Entities included in the consolidated financial statements
	102-46	Defining report content and topic Boundaries
	102-50	Reporting period
	102-52	Reporting cycle
	102-53	Contact point for questions regarding the report
	102-54	Claims of reporting in accordance with the GRI Standards

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Methodological and reporting consultancy:

PricewaterhouseCoopers Advisory SpA

Designed, produced and coordinated by:

Havas Pr Milan, Maitland AMO

Editorial Coordination:

Havas Pr Milan

Cover:

Matteo Berton

Photos:

Stefano dal Pozzolo, FSI archive



The 2018 Report was printed on:

Fedrigoni Paper - Symbol Freelifa Satin. A triple blade coated paper with a satin finish, environmentally-friendly paper, FSC® certified. It is completely biodegradable and recyclable.





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