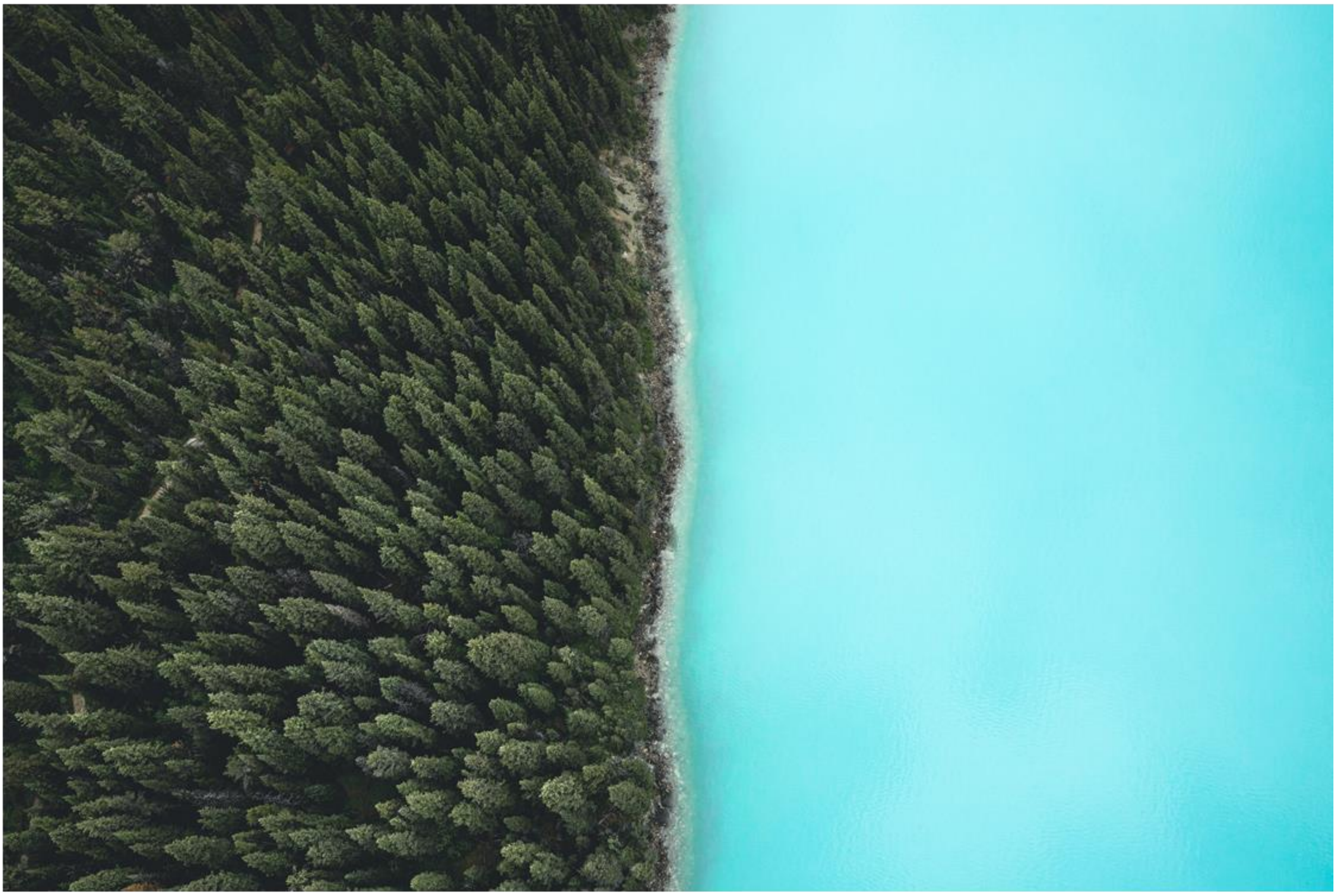
IMPACT REPORT 2021



FONDO ITALIANO PER L'EFFICIENZA ENERGETICA Sgr

Table of contents

LETTER TO STAKEHOLDERS

"The EU can and must perform a guiding role in achieving the objectives set by the Paris agreements, implementing a profound transformation of the economy and society to reach climatic neutrality."

- A new strategic agenda for 2019-2024, adopted in June 2019

With these words the European Council urged for greater efforts towards fighting climate change and asked the European Commission to work towards an EU with zero climate impact. Precisely to achieve these goals, the European Commission presented the European Green Deal at the end of 2019: a new growth strategy aimed at turning the EU into a modern economy, efficient under the profile of resources as well as competitive.

To achieve the objectives of climate neutrality by 2050 it will be necessary to transform European society and economy, a transition that must be efficient in terms of costs, fair and socially balanced.

In this European panorama, the role of the Fondo Italiano per l'Efficienza Energetica SGR S.p.A. (hereinafter "SGR" or "Company") and its managed Funds, the Fondo Italiano per l'Efficienza Energetica (hereinafter "FIEE I") and Italian Energy Efficiency Fund II (hereinafter "IEEF II", jointly the "Funds"), becomes crucial.

Since their foundation, both Funds have had their own management regulation, in order to guarantee the maximum transparency of investments. These regulations implement the correct management of the portfolios: from the traditional exclusion of controversial sectors to the more recent and innovative sustainable finance.

This approach is the result of a choice that SGR has implemented, by completing the adhesion process to the UN PRI (United Nations Principles for Responsible Investment) in 2019 and by integrating the sustainability risk assessment, as defined by regulation (EU) 2019/2088, within the framework of their investment process, in order to identify and manage sustainability risks that are susceptible to creating potential impact for the Company and the Funds.

In line with its mission, the Company has started a journey of transparency and responsibility, adopting a policy of social and environmental management and setting the objective of preparing certified Sustainability Reports for the Funds that report on sustainable and responsible investment policies of the capital collected by the signatories. The Company also intends to pursue its commitment to achieving the *Sustainable Development Goals* (hereinafter "SDGs"), promoted under the framework of Agenda 2030, especially through SDGs 7, 9, 11, and 13 which directly involve the core business of the Funds.

Plus, in view of global cooperation towards the achievement of the sustainable development objectives and choosing to begin a virtuous and shared journey, the Company has chosen to publish the second edition of the Impact Report. The purpose of the report is to show the environmental and social results achieved through the investments made by the Funds over the course of 2021, providing an overview of the Company's activities and highlighting how these activities comply with the adopted principles and policies and pursue some of the objectives of the SDGs.

Andrea Marano	**Raffaele Maria Mellone**
CEO	CEO

THE EVOLUTION OF SUSTAINABLE FINANCE

«"Sustainable finance" generally means the process of taking into due consideration, in the implementation of investment decisions, the environmental and social factors, to achieve greater investments in sustainable and longer term activities.»[1]

When we talk about sustainable finance, we are referring to the union between sustainable development and financial activity aimed at the creation of long-term value, through investment decisions that are able to generate positive impacts. The European Union, in its attempt to direct capital towards activities that generate an economic appreciation and are also useful to society without harming the environmental system, published an **"Action Plan on Sustainable Finance" IN MARCH 2018.** The plan sets out which strategies and measures to adopt to create a financial system that promotes authentically sustainable development under the economic, social and environmental profile, helping to implement the Paris Agreement on climate change and the UN's Agenda 2030 for sustainable development. In 2019, the European Union presented the **Green Deal**, i.e. a "strategy" made up of a series of measures - which also include new regulations and investments - to make energy production and the lifestyle of European citizens more sustainable and less harmful for the environment. Along with the Green Deal, the European Union has also adopted a series of measures intended for companies and participants in financial markets, for the purpose of raising themes of disclosure and reporting and, therefore, improving transparency in relation to ESG themes. These Regulations and Directives, such as the **EU Sustainable Finance Disclosure Regulation (2019), Non-financial Reporting Directive (2021), EU Taxonomy Regulation (2020)** represent the European Union's Plan of Action to fight climate change through the use of sustainable finance and financial tools.

[1] European Commission, ***"Action Plan on Sustainable Finance"***, published 8 March 2018.

THE EUROPEAN GREEN DEAL

As of 2019, Europe began presenting itself as the world leader in terms of sustainable finance through the presentation of the Green Deal, an action plan aimed at promoting the efficient use of resources and the circular economy through the finding of projects dedicated to ecologic transition.

The main goal is to make Europe ***climate-neutral*** by **2050**. Doing so will require between **175** and **290** billion euros in investments to achieve the following objectives set forth in the Paris Agreements and included in the **Taxonomy of the European Union and in the Eco-Compatible activities:**

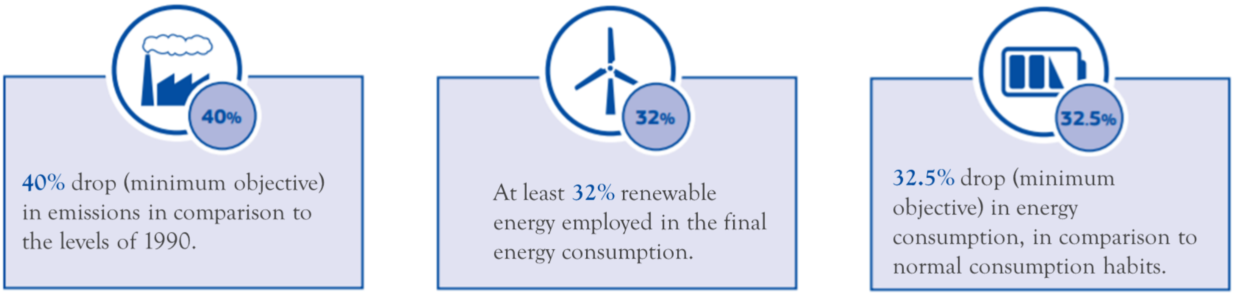
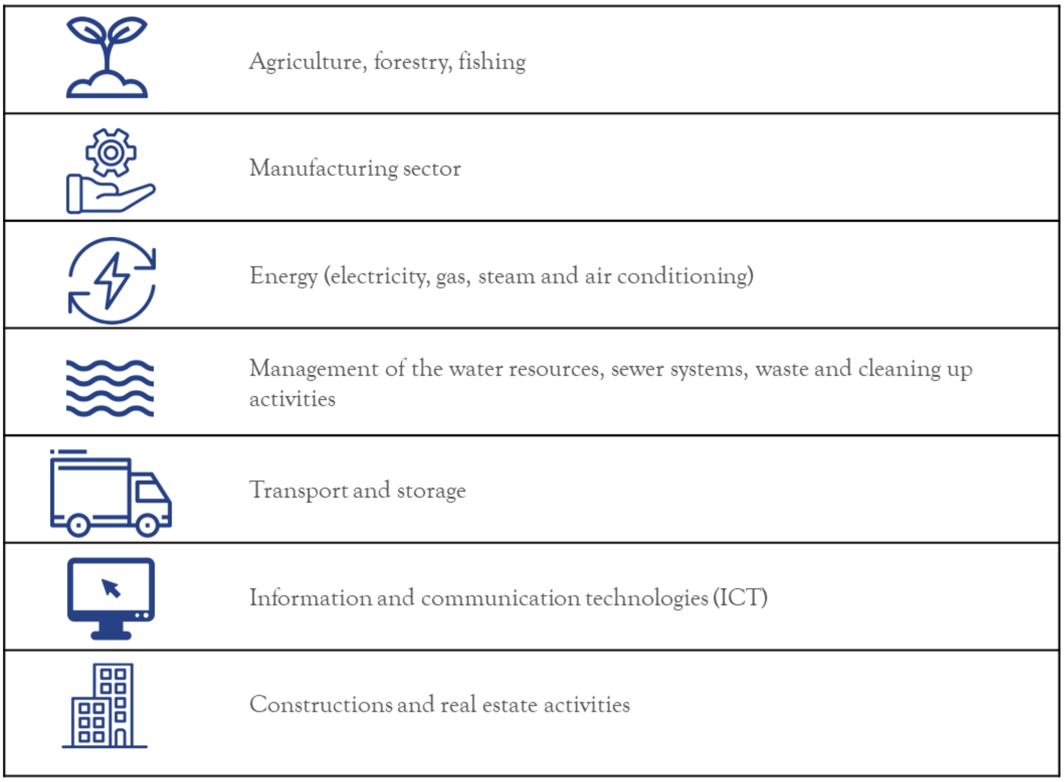


Figure 1 - European Commission Factsheet, "Financing sustainable growth", 8 January 2020

Within the taxonomy the main sectors that can contribute to mitigating climate change are also identified, as shown in the graph below:



In conjunction with the Taxonomy, which is required to classify economic activities according to specific environmental criteria, the European Union adopted **Delegated Regulation 2019/2088**

(**Sustainable Finance Disclosure Regulation - SFDR**), which specifies the exact content, method, and presentation of the information to be disclosed, thereby improving its quality and comparability. The aim of the Regulation is to broaden and standardise the information provided to investors on ESG financial products, i.e. those investment products that take into account environmental, social and governance aspects. Thanks to this information, it should be easier for investors to compare different investment products and understand the level of sustainability, reducing any information asymmetries that may arise. Compliance with sustainability policies will help strengthen investor protection and reduce what is known as “greenwashing”. Ultimately this will support the financial system's transition to a more sustainable economy.

As of 1 August 2022, the **EU Delegated Regulation 2021/1255 ("Regulation 1255")** entered into force, i.e. the regulation implementing the reference European directive AIFMD (Alternative Investment Fund Management Directive) for alternative investment funds established and managed by the Company, through the inclusion of sustainability risks presented in Delegated Regulation (EU) No. 2019/2088. This Regulation clarifies that Alternative Investment Fund Managers (AIFM) must, in relation to investors, take the sustainability risks into account. In order to implement the requirements of the Regulation, the investment Funds will therefore need onboard the technical expertise, processes, systems and internal controls to continuously monitor potential and/or actual ESG risks related to portfolio decisions.

FIT FOR 55

'Fit for 55', the package of proposals for sustainable development presented by the European Commission in July 2021, represents the legislative strategy adopted by Europe to achieve the goals set forth by the Green Deal. The European Union provided an example by setting ambitious targets to reduce net emissions by at least 55 % by 2030 compared to the 1990 levels, and to become the first climate-neutral continent by 2050. These goals are no longer aspirations or ambitions, but obligations confirmed by Europe's first climate legislation, creating new opportunities for innovation, investment and employment.

With this in mind, the 'Fit for 55' package of proposals aims to ensure that Europe is ready to cut emissions by 55 % by 2030 and to implement the necessary transformational economic, social and industrial changes. It is a collective responsibility and an opportunity open to everyone: innovators and investors, businesses and cities, consumers, families and individuals

More precisely, 'Fit for 55' consists of a series of interconnected proposals directed towards a single objective: ensuring a fair, competitive and green transition by 2030 and the years thereafter. Where possible, it makes existing legislation more ambitious and, if necessary, offers new proposals. Overall, the package strengthens eight existing pieces of legislation and presents five new initiatives in a series of strategic and economic sectors: climate, energy and fuels, transport, construction, land use and forestry.

The legislative proposals are accompanied by an impact assessment analysis that takes into account the interconnections of the entire package. The analysis shows that an over-reliance on enhanced regulatory policies would lead to unnecessarily high economic costs, while carbon pricing alone would not resolve persistent market failures and non-market barriers. The chosen combination of policies is therefore characterised by a delicate balance among price setting, objectives, standards and support measures.

HOW THE COMPANY INTEGRATED THE ESGS INTO ITS INVESTMENTS

In adherence with **Regulation (EU) 2019/2088** ("SFDR") of the European Parliament and Council of 27 November 2019, SGR has published a disclosure on **Articles 3, 4, 5 of the financial market sustainability.**

Art. 3 - Transparency of policies concerning sustainability risk

The company is among the first Italian providers to deal specifically with energy efficiency, and, in this context, it pays particular attention to the issue of sustainability and the impact of its investment activities. For this purpose the Company agreed to the Principles for Responsible Investment adopted by the United Nations and integrated the sustainability risk assessment, as defined by Regulation (EU) 2019/2088, within the framework of their investment process, in order to identify and manage sustainability risks that are susceptible to creating potential impact for the Company and the managed Funds.

In particular, the regulations of the Funds managed by the Company require it to exclude investments in sectors of activity characterised by greater exposure to sustainability risks because to their specific features.

In other respects, the identification, analysis and management of sustainability risks is also integrated into the Company's investment process through the adoption of specific procedures that require the Company to identify, during the evaluation and selection of investment opportunities, sustainability risks that may be relevant in relation to the specific characteristics of the potential investment, of the target company and of the economic sector or geographical areas it operates in. For this purpose, in the pre-investment phase, these processes require that prior to pursuing an investment opportunity, a due diligence activity is carried out by external advisors with the aim of assessing the risks and opportunities, including with reference to sustainability risks. The results of this analysis are included in specific due diligence reports, which are examined by the Management Team, the risk management department and the Environmental & Social Officer appointed by the Company. These documents, together with the risk report prepared by the risk management department, which also highlights any sustainability risks associated with the potential transaction, represent, in addition to the other assessment elements, the set of documents that is used by the Board of Directors to make its decisions on the relative investment opportunity.

Lastly, during the holding period of a shareholding, the Company periodically monitors sustainability factors on the basis of information provided directly by the companies in their portfolio, in relation to specific sustainability KPIs.

Art. 4 – Transparency of negative effects for sustainability at the level of the individual

SGR does not currently take into consideration the negative effects of investment decisions, nor has it defined policies regarding the identification and prioritisation of the main negative effects for sustainability and the relative indicators, considering the difficulty of defining, at present, objective indicators and metrics with which to make a realistic assessment of the potential negative impacts of its investment activity on the environment, social issues or in relation to factors - not limited to - concerning personnel, respect for human rights and issues related to the fight against active or passive corruption.

The Company currently does not consider the Principal Adverse Impacts ("PAIs") of investment decisions concerning sustainability factors but, following the entry into force and adoption of the regulatory technical standards, which will establish detailed requirements on the content, methods and presentation of information on the sustainability indicators identified by the SFDR, and following the clarification of relevant currently-pertinent interpretation issues, the Company will reassess its position in relation to the publication of adverse impacts on sustainability factors and, if it decides to provide such information, will update the website accordingly.

Art. 5 – Transparency of remuneration policies with regard to the integration of sustainability risks

The Company is required to adopt sound and prudent remuneration and incentive policies that reflect and promote sound and effective risk management and that do not encourage risk-taking that goes against the risk profiles and regulations of the Funds it manages. In application of this principle, the Company's remuneration policies do not encourage taking sustainability risks.

In particular, the assessment of the results taken into account by the Company for the purposes of awarding variable remuneration is carried out net of any negative impacts arising - before or after - from the risks taken on by the Company, including any sustainability risks.

Lastly, SGR obtained an opt-in from the Bank of Italy, upon completion of the application procedure for voluntary subjection to the regime of ordinary SGRs and the marketing procedure, carried out pursuant to Article 43 of the Consolidated Law on Financial Intermediation.

In addition to the foregoing, it should be noted that the Company has suspended funding activities pending the completion of the procedure for the voluntary observance of the regime of ordinary SGRs (opt-in) and the marketing procedure carried out pursuant to Article 43 of the Consolidated Law on Financial Intermediation. Also, in light of the above, IEEF II does not classify, at this time, as a product under Art. 8 or 9 of the SFDR and therefore qualifies as a product under Art. 6 of the SFDR.

Art. 8 - Transparency of the promotion of environmental or social characteristics in the pre-contractual information note

Both FIEE SGR-managed funds, FIEE I and IEEF II, promote environmental or social characteristics but do not have sustainable investment as an objective. Rather, they invest in projects that contribute to the energy transition and decarbonisation process ("Qualified Projects"), within the limits and according to the methods identified by internal regulations and procedures, including investments in:

- energy efficiency projects;
- renewable energies projects.

In accordance with the requirements of the Regulation, SGR only invests in projects that comply with fundamental requirements and, according to its internal procedures, requires that certain investments must comply with even stricter environmental and/or social criteria (the "Eligible Investments") and that these investments represent, within the Investment Period, a majority percentage of the Fund's Invested Capital.

The indicators identified by SGR to monitor the fund's sustainability performance are as follows:

- **Continuity of business:** the commitment of the Investee companies to maintain a high economic and financial profile;
- **Combating corruption:** the mechanisms implemented to prevent phenomena of corruption between private individuals and towards the Public Administration;
- **Health and safety in the workplace**: create and maintain a health and safety management system to reduce accidents and commit to creating awareness of the importance of safety among employees and key suppliers;
- **Compliance with environmental regulations**: compliance with municipal, regional and national regulations with regard to environmental issues related to the energy service activities of the Fund's investee companies;
- **Waste management**: efficient management of waste produced during the energy service activities of the Fund's investee companies;
- **Training and skills**: investments in training employees;
- **Energy efficiency and avoided emissions:** start-up of strategies to increase energy efficiency operations and the relative reduction of greenhouse gas emissions in relation to the services offered by the Fund's investee companies; three additional specific indicators were identified within this indicator:
  - **Energy savings**: this defines energy savings achieved through the implementation of energy efficiency projects by the Fund's investee companies;
  - **Avoided CO2 emissions**: this defines the tonnes of CO2 emissions avoided through the implementation of Energy Efficiency Projects and Renewable Energy Projects by the Fund;
  - **Electrical energy from renewable sources**: this quantifies the production of electrical energy from photovoltaic sources.

In compliance with the requirements of the Regulation, SGR has adopted an ESG Policy, implemented into its operating procedures, which requires the analysis and management of the sustainability risk in the due diligence and assessment phase of each investment opportunity and in the subsequent monitoring phase of the companies in the portfolio. In 2022, the risk macro categories considered by SGR's Risk Management Policy were supplemented by board decisions to take into account sustainability risk factors.

This risk factor is presented in the following classes:

- ESG safeguards adopted by target Companies (e.g. legal measures and/or disputes related to ESG issues, adoption of policies);
- Environmental (e.g. obtained environmental certifications, carbon emissions, hazardous waste generation);
- Social (e.g. workplace safety, gender diversity ratio, local community involvement, customer satisfaction, employee training);
- Governance (e.g. BoD gender diversity, BoD independent Directors, incentive plan with sustainable objectives, BoD negative hits).

On 6 April 2022, the European Supervisory Authorities (ESAs) **published the final version of the technical standards concerning SFDR**. The Regulatory technical standards (RTS) include **templates and indicators for the reporting of principal adverse impacts** (PAI) at company level and the mandatory pre-contractual/periodic templates for products pursuant to SFDR Articles 8 and 9. The Regulation with the technical standards will **enter into force on 1 January 2023**. Until the effective date of entry of the RTS, FIEE SGR is committed to collecting the necessary data to provide the necessary indications on the percentage of alignment of its investments to the Taxonomy.

Art. 10 - Transparency of the promotion of environmental or social characteristics and sustainable investments on websites

Italian Energy Efficiency Fund II (the "Fund"), established by Fondo Italiano per l'Efficienza Energetica SGR S.p.A. ("SGR"), promotes environmental and/or social characteristics through investment in projects that contribute to the energy transition and decarbonisation process. The financial product promotes environmental or social characteristics but does not have sustainable investment as the objective.

The Fund's investment strategy laid down in its management regulations (the "Regulation") pursues the promotion of environmental or social characteristics through:

- limitations to the investment in companies that are not in line with these characteristics;
- the integration of particular environmental, social and governance criteria in the choice of investments;
- the implementation in the investee companies of transparency principles and reporting practices that allow for constant monitoring.

Investments are exclusively allocated to companies that comply with the limitations set by the fund's investment policy summarised above. Investee companies are monitored periodically on the basis of information provided by the companies in the portfolio and is reflected in the sustainability reports that SGR sends to its investors. Sustainability performance is measured through specific sustainability indicators of a general nature and three specific indicators related to energy efficiency and emission reduction. Correspondence to the environmental and/or social characteristics identified in the Regulation is carried out at the pre-investment stage when, prior to pursuing an investment opportunity, due diligence is carried out by specialised advisors in relation to these aspects.

ESG – A NEW SUSTAINABILITY MODEL

The Company is committed to generating, through the management of Funds, effects that have positive externalities on the environment and society, with the aim of contributing to the sustainable development of the country, the EU and the planet. SGR's actions are inspired by four pillars progressively defined by the foundation and implemented over the years.

First pillar

Sustainable Development Goals

On 25 September 2015, more than 150 international leaders met at the United Nations to contribute to global development, promote human well-being and protect the environment.

The community within the United Nations has approved the Global Agenda for sustainable development and its 17 Sustainable development goals, SDGs, itemised into 169 targets. The SDGs aim to end poverty, promote social and economic development, and fight inequality. Furthermore, the SDGs pertain to aspects of fundamental importance for sustainable development such as combating climate change and building peaceful societies by the year 2030.

The SDGs are universally valid, and all countries are called upon to contribute, according to their capacities, to the effort to guide the world onto a sustainable path, no longer distinguishing between developed, emerging and developing countries.

The Company supports the SDGs and aligns company objectives, policies and Fund regulations with the objectives of sustainable development with a view to incorporating ESG themes into its business and financial activities. Below are the pursued objectives.

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

FIEE SGR helps reach Sustainable Development objectives 7, 9 and 13 suggested by the UN through Free Genera, PLT energia and Corre Energy, leaders in the sector of energy production from renewable sources and innovative energy storage systems.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

FIEE SGR helps reach Sustainable Development objectives 9, 11 and 13 suggested by the UN through the activities of City Green Light, Comat, PlanGreen2e, Selettra, Cremonesi, Cold Chain Capital and Metrotermica, active in the public lighting, energy efficiency, HVACR (heating, ventilation and air conditioning) sectors, heat and private lighting management.

Principles of responsible investment

In 2005, the then UN Secretary Kofi Annan started the process that led to the establishment of the UN PRI (United Nations Principles for Responsible Investment), a voluntary initiative aimed at creating guidelines for investing in endowment capital sustainably and responsibly. Since 2006, the first year of PRI membership, the number of signatory companies has steadily increased year after year, from less than 200 in 2006 to over 3,000 in 2020 and more than 4,900 in 2021.

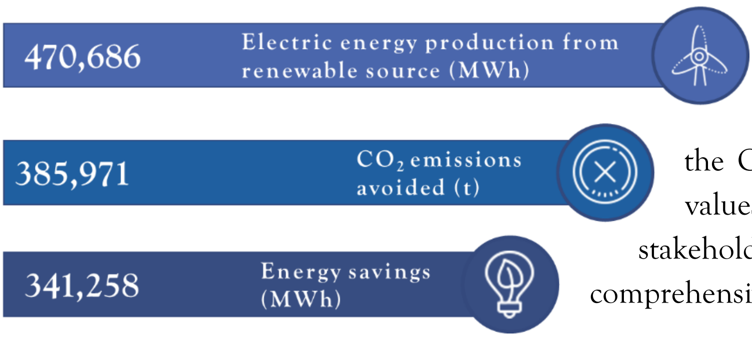
The project, in partnership with Global Compact and the UN EPFI (United Nations Environment Programme Finance Initiative) and through the support of a group of 70 experts, set forth the following six principles:

1. Integrating ESG themes into investment analysis and decision-making processes
2. Being active shareholders and incorporating ESG themes into our policies and active share ownership practices
3. Demanding adequate communication about ESG themes from the bodies we invest in
4. Promoting the acceptance and application of the Principles in the financial sector
5. Working together to improve our effectiveness in applying the principles
6. Communicating our activities and progress in applying the principles

In December 2019, the company formalised its adherence to the PRIs as part of the journey, initiated with the implementation of the environmental and social management system, of integrating ESG themes into investment choices. For SGR, observing the PRIs represents the natural evolution of its journey, which has always been distinguished by the ethical and responsible management of the capital raised and invested.

Second pillar

The Environmental and Social Management System



The environmental and social management system implemented by SGR allows the Company to communicate its values and decisions to its stakeholders in a concise and comprehensive manner. One of the objectives of this management system is to disseminate to the Funds' investee companies an approach of close analysis of ESG themes that may be relevant for improving their sustainability, financial and ESG risk management performance. In this regard, the main risks identified by the Company from an ESG point of view are:

- **Reputational risk**, identified in the risk for the Funds' investee companies of a negative reputation in the eyes of stakeholders, due to the failure to apply and comply with social and environmental regulations.

- **Legal risk**, identified in the risk of losing or reducing the value of the portfolio activities due to failure to comply with environmental and social regulations.

- **Environmental** and **social risk**, where environmental risk means the potential risk to the environment caused by negative consequences attributable, for example, to waste disposal and the decommissioning of plants; social risk means the potential risk to people attributable to the negative consequences of the incorrect management of health and safety in the workplace.

Step 01	**Identification and selection of investment opportunities**	The Investment Team ensures that the selected investment opportunities do not include businesses from the sectors excluded by the VIA Directive. Based on the activity carried out by the Target Company, the ESO identifies which reference Directive to apply.
Step 02	**Preliminary analysis**	The Environmental and Social Officer (ESO) draws up a preliminary report to assess the social and environmental impact of the selected investment opportunity and the subsequent risks. The results highlighted by the report are shared with the Investment Team in order to identify which attention points to resolve before the investment is made.
Step 03	**Investigation stage**	• The ESO and the Key Manager appoint an external subject to produce a social and environmental due diligence. The ESO aids the Key Manager in the contract preparation stage to include suitable social and environmental-related forecasts.
	Assessment of the **Risk Management** department	• The ESO updates the preliminary report and shares the results with the Investment Team and the *Risk Manager*. Said Risk Manager assesses the risk rating of the investment taking into account the results of the social and environmental assessment activities conducted by the ESO with a focus on the potential legal and reputational risks.
	Decision of the BoD	• The BoD, during the investment approval stage, checks that the assessment of the social and environmental impacts has been conducted in full, he/she then shares the results and any identified risk mitigation measures.
Step 04	**Pre-closing and closing activities**	The ESO verifies that the prepared contracts correctly implement the agreed clauses regarding social and environmental terms, and that any relative commitments are upheld.

In addition, SGR appointed an *Environmental and Social Officer* ("ESO"). The ESO is responsible for environmental and social management, which, in light of monitoring the Funds' investee companies, aims to establish a virtuous model for monitoring environmental, social and reputational issues within the Funds' shareholding structure and investee companies. The ESO firstly assesses the investment and subsequently monitors the investee companies, in order to verify and maintain the levels necessary for the environmental and social management system of the investee companies to be in line with the *mission* of the Funds. In particular, the Company follows these steps to define its investment choices:

In the investment process, social-environmental variables are also taken into account, if necessary, as part of verifying the applicability of the provisions set forth in the EIA Directive (Directive 2011/92/EU for Environmental Impact Assessment), the Habitats Directive (Directive 92/43/EEC), the Birds Directive (Directive 2009/147/EC) and/or any other directive that is subsequently issued on the subject and that is applicable to investment activities. In this context, the Company has embarked, also through the implementation of this management system, on a path of inclusion of the variables attributable to sustainability. Today sustainability has become a determining factor for operating in the markets in an increasingly close and regulated regulatory framework. Sustainability is an added value for the correct management of the managed investments and the risks inherent in the business model. Adopting a sustainable management approach contributes to significantly reducing
both financial and non-financial key risks. For SGR, operating and investing in a sustainable manner means adopting a multi-faceted vision rooted in the consideration of environmental and social risks, in order to generate not only profits, but above all value and prosperity in the context that it operates in.
An additional fundamental activity carried out by SGR, once the investment process has been concluded, is the constant monitoring of the investee companies through the collection of information provided in relation to specific sustainability KPIs.

Health and safety in the workplace: all of the investee companies fulfil the Consolidated Safety Act (Lgs. D. 81/08). Plus, City Green Light and PLT have implemented a specific management system (BS OHSAS 18001) and the relative procedures, while Comat is completing the transition from OHSAS 18001 to ISO 45001 and Selettra has already implemented the ISO 45001 model.	**Episodes of non conformity with national and Community law:** none of the investee companies have recorded, during the reporting period, episodes of non conformity with national and Community laws.	**Episodes of non conformity with environmental and health and safety in the workplace laws:** none of the investee companies have recorded, during the reporting period, cases of non conformity with environmental and health and safety in the workplace laws.	**Environmental management (water resources, waste, etc):** each of the investee companies fulfils the requirements of the Consolidated Environmental Act (Lgs. D. n. 152/2006). Nevertheless, City Green Light, Comat, PLT and Selettra have implemented a specific management system (ISO 14001) and the relative procedures.

Figure 2 The compliance of the companies of the FIEE I and IEEF II Funds as at 31.12.2021

THIRD PILLAR

BUILDING THE PORTFOLIO

The Company's investment choices are governed by internal guidelines that SGR has adopted, which include strict eligibility requirements in relation to both the nature and the sector of the projects. Specifically, the Company, through its Funds, only invests in Qualified Projects that have decarbonisation and energy transition as their goal, and in the Qualified Sectors below:

1. Energy efficiency, with a focus on projects related to: public lighting, smart cities, residential energy services, co-generation and tri-generation plants; production of electricity, heat or energy carriers from low-carbon sources; energy efficiency technologies and products.
2. Renewable energy: plants, products and related technologies.

In addition, particularly strict guidelines have been created, listing the characteristics of the sectors that SGR, because of its mission, cannot take into account when assessing the investment decision. These guidelines are summarised in specific documents attached to the regulations of the two Funds, which are binding for the management of FIFE I and IEEF II:

Fundamental requirements. Contracts, environmental and social aspects

- Legal compliance requirement: the companies taken into consideration must, as a basic requirement, comply with national legislation and, within the EU territory, with the applicable Community regulations (including contract, environmental and social regulations). This compliance is assessed through specific due diligence operations and contractual obligations undertaken by each Investee Company;
- Fundamental requirements - contracts: the Company ensures that Community contract regulations are complied with for each investment transaction in EU territory. For investment procedures implemented under a concession scheme, SGR ensures that the appointment procedure complies with the requirements of transparency, publicity, fairness, equal opportunities and fair risk sharing. For all other investment procedures, the Company ensures compliance with the procedures in force for private tenders;
- Fundamental environmental and social requirements - standards: the Company places an additional constraint on compliance with national and Community legislation in relation to environmental and social legislation. In addition, a contractual obligation must be obtained from each Investee company to comply with these obligations on an ongoing basis and to report any violations.

Eligible Investments/Eligibility of investments

Eligible Investments are defined as Investment Transactions carried out through the direct or indirect acquisition of Instruments issued by the Investee Companies, which:

- comply with the annexes of the Funds' Regulations;
- comply with the "Eligible Investments" sections in "Greenfield Infrastructures" or "Eligible Investments" sections in "Brownfield Infrastructures" set forth in the Funds' annexes.

The annex to the IEEF II Regulation sets out the criteria for eligible investments.

Excluded Sectors

Because of its mission, the Company cannot invest in sectors that produce negative effects on the environment or society. For this reason, the following is a list, by way of example and not exhaustive, of sectors considered to be outside the Company's sphere of interest:

- Production or activities involving the use of forced or child labour;
- Tobacco production and/or trade;
- Production of and/or trade of arms, ordnances and ammunition of any kind;
- New palm oil plantations.

In addition to these three guidelines, there are two more that are only binding towards IEEF II:

Forbidden Activities

- Power generation projects with greenhouse gas emissions exceeding the EIB's emission performance standard (EPS) of 250 gCO2 equivalent per kWh-e;
- Non-validated technologies, TRL8 and below, as defined by EU Commission Horizon 2020.

Annex 5: Technical and Economic Criteria

For both main investment sectors, i.e. Renewable Energy and Energy Efficiency, the Company has set forth technical-economic criteria that companies must fulfil in order to proceed with the investment. In general, these are requirements regarding emissions into the atmosphere, compliance with international standards, respect for water and soil resources, certifications.

FOURTH PILLAR

THE SUSTAINABILITY REPORT OF THE TWO FUNDS

FIEE I's first Sustainability Report, with the aim of reporting on the economic, social and environmental performance of its investments, was prepared based on data from the first half of 2019. The second Sustainability Report of FIEE I was published on 31 December 2019. In 2020 with the launch of IEEF II, SGR decided to prepare both annual Sustainability Reports as of 31 December 2020. Both reports were prepared following the standards laid down in 2016 by the Global Reporting Initiative (GRI), according to the "core" reporting option. In 2021, SGR continued to prepare the Sustainability Reports of both Funds, in keeping with the previous year.

The Company prepares the Sustainability Reports of its Funds to prove its commitment to sustainable development. Given the nature of the two Funds, it is clear that it is important to report their results not only in a purely economic stance, but with a focus on the environment, society and territory that the Funds operate in. At the level of Corporate Responsibility, a Sustainability Report is a useful and functional tool to demonstrate the achieved results while communicating the commitment to environmental issues to your stakeholders. By preparing these reports, the Company pursues an image of an ethical and sustainable business, which naturally develops from the constant achievement of the objectives it sets itself internally. This commitment is also confirmed by the choice of certification by an external body. As of 31 December 2019, EY S.p.A. has been performing the limited assurance activity in line with auditing standard ISAE 3000 Revised on the sustainability reports issued by SGR for both Funds.

Fondo Italiano per l'Efficienza Energetica SGR S.p.A. is an asset management company, providing investment services as per article 33, paragraph 1 of the Consolidated Law on Financial Intermediation, and as a sub-threshold asset management company, pursuant to article 35-undicies of the Consolidated Law on Financial Intermediation.

On 15 July 2016, the company established FIEE I, a reserved alternative investment fund with a duration of twelve years starting 8 September 2016. On 4 May 2020, the Advisory Board of FIEE I decided on the early closure of the investment period in accordance with the relative Management regulations.

Also in 2020, SGR founded the Italian Energy Efficiency Fund II. The placement activity with Italian professional investors led to a first closing of IEEF II on 15 August 2020 of 127.5 million euro, exceeding the minimum threshold of 100 million euro. On 15 January 2021, a second closing was finalised of a further 22.2 million euro, bringing the total capital raised to 149.7 million euro.

On 15 September 2021 the Board of Directors of the Company decided the third closing of the Fund, with entry into force on 4 October 2021 for an additional 16.7 million euros that led to the overall collection of 166.4 million euros. It is necessary to highlight how on 22 December 2021 the Board of Directors of the company decided the final closing of the Fund, with entry into force on 26 January 2022 for an overall collection of 201.4 million euros.

The purpose of both Funds is to invest in projects that contribute to the energy transition and decarbonisation process.

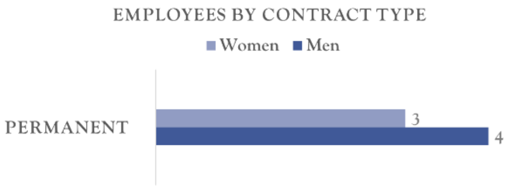
Human resource management at SGR

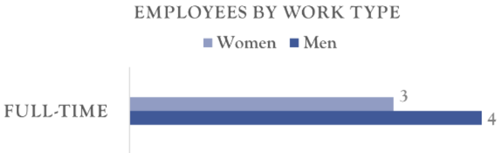
Composition of the work force

31 December 2019

Total employees: 7 Total hours worked: 13,703

3 4 5,873 7,830

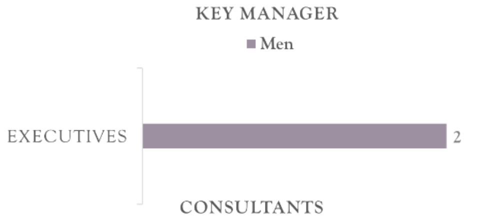


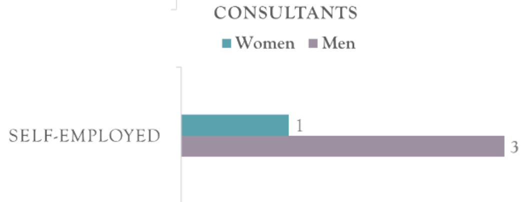


31 December 2019

Total external workers: 6 Total hours worked: 5,220

1 5 326 4,894



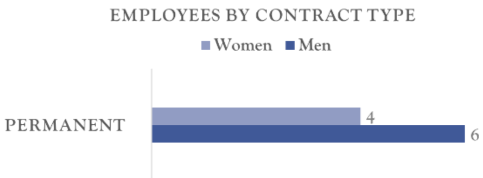


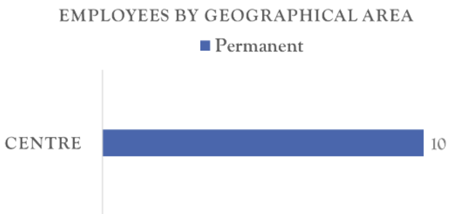
Composition of the work force

31 December 2020

Total employees: 10 Total hours worked: 15,098

4 6 6,413 8,685

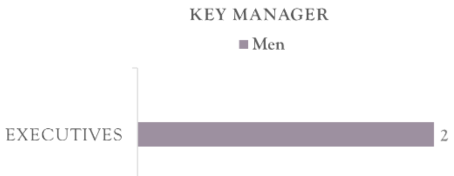


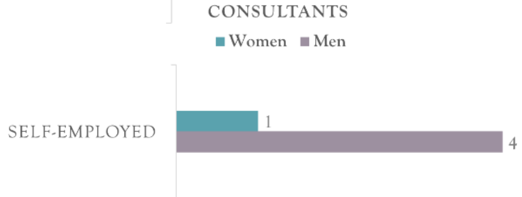


31 December 2020

Total external workers: 7 Total hours worked: 5,568

1 6 328 5,240



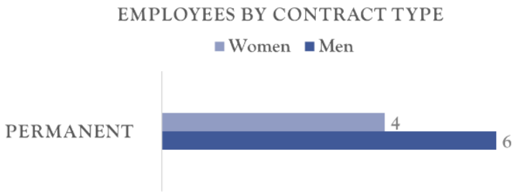


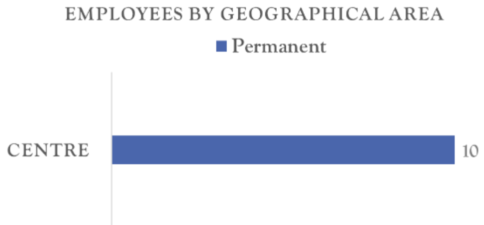
Composition of the work force

31 December 2021

Total employees: 10 Total hours worked: 17,406

4 6 6,761 10,645

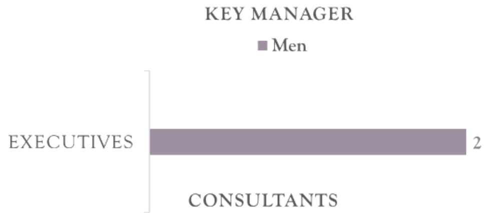


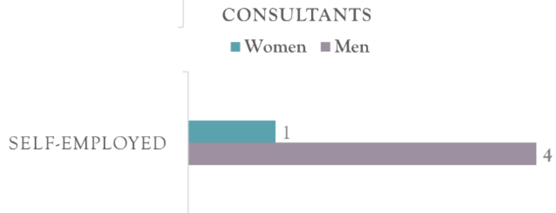


31 December 2021

Total external workers: 7 Total hours worked: 5,546

1 6 326 5,220





Hours of training

Average hours of training

31 December 2019

Average hours of training: 18

Executives

Total average hours of training: 58

Average hours of training: 0

Average hours of training: 58

Middle managers

Total average hours of training: 13

Average hours of training: 23

Average hours of training: 9

White-collar workers

Total average hours of training: 10

Average hours of training: 10

Average hours of training: 0

Average hours of training

31 December 2020

Average hours of training: 13

Executives

Total average hours of training: 12

Average hours of training: 0

Average hours of training: 12

Middle managers

Total average hours of training: 11

Average hours of training: 13

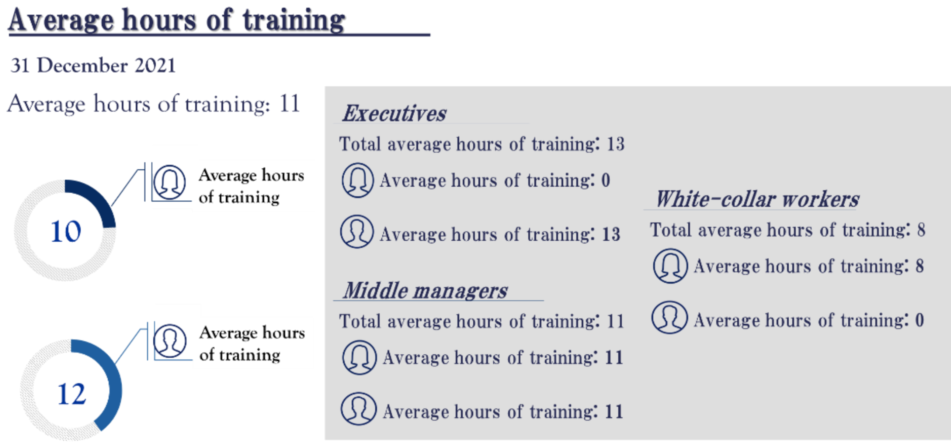
Average hours of training: 9

White-collar workers

Total average hours of training: 22

Average hours of training: 22

Average hours of training: 0



HEALTH AND SAFETY IN THE WORKPLACE

SGR is committed to preventing risks in the workplace for all of its workers, both internal and external. For this purpose, the company has created a safe and healthy working environment, adopting the safety measures required by the relative regulations (Consolidated Act on Health and Safety at Work - Legislative Decree No. 81/08). The Company is not certified and does not apply a specific management system (OH SAS 18001 or ISO 45001:2018). In particular, during the hazard identification and risk assessment phases, the company prepared the required documentation, namely the RAD (Risk Assessment Document). Furthermore, the Company is committed to constant involvement and communication through specific training at all levels. Finally, the company has appointed a physician to ensure the applicability of the regulations.

THE CORPORATE GOVERNANCE MODEL

The Company has adopted a traditional governance model, with a Board of Directors and a Board of Statutory Auditors, whose powers are defined by the regulations in force and by SGR's Articles of Association.

BOARD OF DIRECTORS

SGR has an internal structure, on the basis of which the Board of Directors covers a central role in determining the company's decision-making process, i.e. "strategic supervision". The Board of Directors also holds broader ordinary and extraordinary management powers in terms of the Company's activities, being called upon to perform any act that is deemed necessary and appropriate for the achievement of the corporate purpose, within the limits and provisions of the law. The BoD currently consists of seven members, one of whom is an Independent Director, and who also holds the position of anti-money laundering officer. All members of the BoD meet the necessary requirements of professionalism and integrity, as set forth by current sector regulations.

Board of directors

Fulvio Conti
Chairman

Andrea Marano
CEO

Raffaele Mellone
CEO

Andrea Longatti
Member

Gianfilippo Mancini
Member

Maurizio Cereda
Member

Giorgio Catallozzi
Independent member

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors currently consists of five members, three being acting and two alternates, appointed at the Shareholders' Meeting. The five members of the Board of Statutory Auditors, including the two alternates, meet the necessary requirements of professionalism, integrity and independence laid down by current legislation.

Board of statutory auditors

Giuseppe Ascoli
Chairman

Silvia Lirici
Acting auditor

Guido Zavadini
Acting auditor

Michele Farina
Alternate auditor

Giorgia Carrarese
Alternate auditor

SUPERVISORY BODY

The Company's Supervisory Body consists of two external members, both of whom have the necessary qualification in terms of the law and necessary control issues. This composition ensures, on the one hand, the presence of people who are able to ensure the best contribution to the pursuit of the Supervisory Board's objectives, and on the other hand, the existence and effectiveness of the requirements of autonomy, independence and continuity required by law and the prevailing view taken by the courts. Lastly, the members of the Supervisory Board meet the requirements of integrity and absence of conflict of interest, together with professional profiles that guarantee impartiality, authority and ethicality.

MODEL 231

SGR, with the aim of ensuring fairness and transparency in the conduct of its operations, to protect its responsibility, image and shareholders, deemed it appropriate to proceed, on 25 May 2017, with implementing the Organisation, Management and Control Model pursuant to Lgs. D. 231/2001, updated to the current regulation, case law, corporate best practices and the guidelines prepared by Assogestioni, ABI and Confindustria.

THE CODE OF ETHICS

The Company has its own Code of Ethics, approved by the Board of Directors on 25 May 2017. The Code identifies the shared ethical and behavioural principles that all recipients (corporate bodies, employees, suppliers, etc.) are required to observe, so that SGR's operations comply with the reference legislation, and is carried out with transparency, fairness, integrity and to professional standard, also in order to spread the culture of legality through training and information activities. The Company's objective is to also ensure that the Code of Ethics is considered as a standard for best practice, for business conduct by stakeholders that the Company has long-term relationships with. Lastly, in the context of relationships with its suppliers, SGR selects them on the basis of a meticulous evaluation of objective technical-economic criteria, using the parameters of the analysis of products/services, competence and reliability.

THE FUNDS OF FIEE SGR S.P.A.

I – FONDO ITALIANO PER L'EFFICIENZA ENERGETICA

FIEE I was founded on 15 July 2016, and its placement activity led to a first closing of 86 million euro on 8 September 2016 and a final closing of 166 million euro on 22 December 2017, thus exceeding the initial target of 150 million euro. The duration of FIEE I is 12 years from the first closing, plus any grace period which may extend up to a maximum of three years. During this time, the objective of FIEE I is to generate investor returns of 10-12%, achieved through the use of established technologies and limited financial leverage.

FIEE I is a private equity fund dedicated to financing energy efficiency projects in partnership with energy service companies ("ESCo"), which play an industrial role and are entrusted with the operational management of the projects.

The final beneficiaries of energy efficiency measures are both public and private bodies. Nevertheless, the focus of FIEE I is to also pursue the sustainability of investments that contribute to environmental and social development. FIEE I is independent and focuses on the sector of energy efficiency and renewable energy.

THE COMPOSITION OF THE FIEE I FUND

CITY GREEN LIGHT S.R.L. ("CGL")

City Green Light ("CGL"), based in Vicenza, is the leading private operator in Italy in the public lighting sector. CGL operates mainly in the sector of development, efficiency and management of public lighting installations across the nation. CGL holds a significant order portfolio and was awarded four Consip Luca 4 Service Lots in recent years, specifically: Lot 5 (Liguria and Emilia-Romagna Regions), Lot 3 (East Lombardy and Trentino Alto-Adige Regions), Lot 4 (Veneto and Friuli Venezia-Giulia Regions), Lot 10 (Apulia, Basilicata and Calabria Regions). The company is continuing its activity of acquiring municipalities with reference to the aforementioned lots.

COMAT SE S.P.A. ("COMAT SE")

Comat Servizi Energetici S.p.A. ("CSE" or "Company") is the leading operator in the residential sector and is mainly focused on energy efficiency services in the following areas of specialisation:

- heat management for residential customers;
- energy requalification and seismic improvement projects pursuant to the Eco Bonus, Sisma Bonus and Superbonus regulations;
- operation and technical maintenance for residential and industrial customers.

CREMONESI S.R.L. ("CREMONESI")

Cremonesi S.r.l. ("Cremonesi" or "Company") deals with the design, installation, operation and maintenance of heating systems in the residential sector. It also plays the role of general contractor in the replacement of air conditioning systems and the thermal insulation of surfaces (Eco-Superbonus). As of 1 January 2022, the company merged by incorporation with COMAT SE S.p.A., due to the similarity of the businesses of the two companies, both specialised in the energy efficiency sector.

PLANGREEN 2E S.R.L. ("P2E")

Plangreen 2e S.r.l. ("P2e") is an ESCo operating in the energy efficiency sector for private operators, mainly in Large-Scale Retail ("LSR"). The company was founded on 10 May 2017 following the contribution of 35 energy efficiency contracts signed with companies operating in large-scale retail in the Centre North (including Conad Centro Nord) by the industrial partner Plangreen S.r.l. ("Plangreen").

PLT ENERGIA S.R.L. ("PLT")

PLT engineering performs the role of EPC contractor, managing the development and optimisation of projects, anemology analyses and feasibility studies, preliminary, definitive and executive planning, up to the installation and turnkey supply of systems. It also plays the role of Operation Maintenance Contractor for maintaining the assets in operation.

SELETTRA S.P.A. ("SELETTRA")

Selettra S.p.A. ("Selettra"), an ESCo operating for over 35 years in the Public Lighting and Cemetery Management market. The main geographical areas served are Basilicata, Apulia and Cilento (not overlapping with the areas of City Green Light). The company operates mainly through Project Financing, which guarantees profitability and an average contract duration that is longer than Consip tenders, and through its sales network it proposes efficiency measures to the target municipalities, obtaining the title of «Promoter».

CERTIFICATIONS OF FIEE I FUND COMPANIES

As illustrated in the internal procedures, the Company, by setting up and maintaining the Environmental and Social Management System, is committed to ensuring that FIEE I complies with national and EU environmental and social legislation, also through the implementation of

corporate management systems in the areas of energy, quality, environment and health and safety. Given the above, the investee companies are therefore in possession of the following certificates:

[2]Given the peculiar nature of Plangreen 2e S.r.l., which was founded as a corporate vehicle between Plangreen and FIEE I, certifications relative to management systems for quality, environment, energy, health and safety in the workplace are not necessary for the performance of its activities.

[3] Comat SE S.p.A. has started the processes to obtain ISO 50001:2018 and ISO 45001 certifications.

[4] Given the nature of the company, no E.S.Co. certification is required. Moreover, the company still has not obtained UNI EN ISO 50001:2011 certification.

II – Italian Energy Efficiency Fund II

2020	July	The Italian Energy Efficiency Fund II (IEEF II) was established. The second closed type of alternative investment fund promoted and managed by FIEE SGR.
2020	August	First closing of 127.5 million euro, above the original objective of 100 million euro.
2020	September	Investment in Cold Chain Capital Holdings Europe S.p.A.
2020	October	Investment in Free Genera Ingegneria S.p.A.
2020	October	Investment in Metrotermica S.p.A.
2021	January	Second closing of 149.7 million euro.
2021	March	Investment in PLT energia S.r.l.
2021	June	Investment in Corre Energy B.V. through convertible debt issues.
2021	October	Third closing of 166.4 million euro.
2022	January	Final closing of 201.4 million euro, above the original objective of 200 million euro.

SGR launched its second fund, "Italian Energy Efficiency Fund II" in 2020. IEEF II's collection target is 175 million euro, with a hard cap of 200 million euros. The placement activity of IEEF II with qualified Italian investors resulted in a first closing of 127.5 million euro on 15 August 2020, exceeding the minimum threshold of 100 million euro. On 15 January 2021, the second closing of IEEF II was finalised with a total funding of 149.7 million euro. On 15 September 2021 the Board of Directors of the Company decided the third closing of the Fund, with entry into force on 4 October 2021 for an additional 16.7 million euros that led to the overall collection of 166.4 million euros.

It is necessary to highlight how on 22 December 2021 the Board of Directors of the company decided the final closing of the Fund, with entry into force on 26 January 2022 for an overall collection of 201.4 million euros.

The purpose of IEEF II is to invest in projects that contribute to the energy transition and decarbonisation process, to be carried out in partnership with energy service companies ("ESCo"), i.e. directly in the share capital of the target companies.

Founding IEEF II represents a further element of acceleration of the growth of the energy transition sector, allocating financial resources to projects carefully selected on their merits, and helping to foster the growth of the size of the companies operating within the sector itself.

THE COMPOSITION OF THE IEEF II FUND[5]

COLD CHAIN CAPITAL HOLDINGS EUROPE S.P.A. ("CCCHE")

Cold Chain Capital Holdings Europe S.p.A. ("Cold Chain Capital") is a company that currently owns 100% of Roen Est S.p.A. ("Roen Est"), a company based in the province of Trieste that produces heat exchangers, and Enex S.r.l. ("Enex"), a company based in the province of Treviso that produces refrigeration systems with natural fluids. During 2021, Cold Chain Capital finalised the acquisition of two Companies: Arctic, which is active in the assembly and sale of ammonia-fuelled refrigeration racks, and Kobol, operating in the production of evaporators and condensers, both located in Spain.

FREE GENERA INGEGNERIA S.P.A. ("FREE GENERA")

Free Genera Ingegneria ("Free Genera") is a leading "ESG Company" in the multidisciplinary engineering sector with considerable experience and know-how in the supply and construction of facilities for the Renewable Energy, Energy Efficiency, Natural Resources and Industrial sectors, and offers its services in a sustainable and socially responsible manner.

The company operates along the entire renewable sources value chain, from engineering to the development of new energy installations, to the design and construction of complete "turnkey" systems for renewable source, industrial installations, infrastructures, public and private buildings. In June 2022, a transaction was concluded whereby FIEE acquired the shares of the minority shareholders, resulting in 100% ownership of the company. Plus, the company name was changed to Comunità Energetiche S.p.A.

METROTERMICA S.P.A. ("METROTERMICA")

Metrotermica S.p.A. ("Metrotermica") deals with the design, installation, operation and maintenance of heating systems in the residential sector. Metrotermica has been operating in the market since 1977: in addition to the classic maintenance and operation activities, Metrotermica also carries out activities relative to the execution of redevelopment, regulatory compliance and restructuring.

PLT ENERGIA S.R.L. ("PLT")

PLT engineering performs the role of EPC contractor, managing the development and optimisation of projects, anemology analyses and feasibility studies, preliminary, definitive and executive planning, up to the installation and turnkey supply of systems. It also plays the role of Operation Maintenance Contractor for maintaining the assets in operation.

[5] In March 2021, the IEEF II fund also invested in PLT. For information on PLT, refer to the description in chapter "I – Italian Energy Efficiency Fund".

CORRE ENERGY B.V ("CORRE ENERGY")

corre.energy
hydrogen based energy storage

Corre Energy develops, builds and manages underground grid-scale energy storage infrastructures using hydrogen-powered compressed air with storage and production of green hydrogen in Northern Europe.

With 11 green hydrogen storage projects in the pipeline, Corre Energy provides solutions for large-scale renewable energy integration.

CERTIFICATIONS OF IEEF II FUND COMPANIES

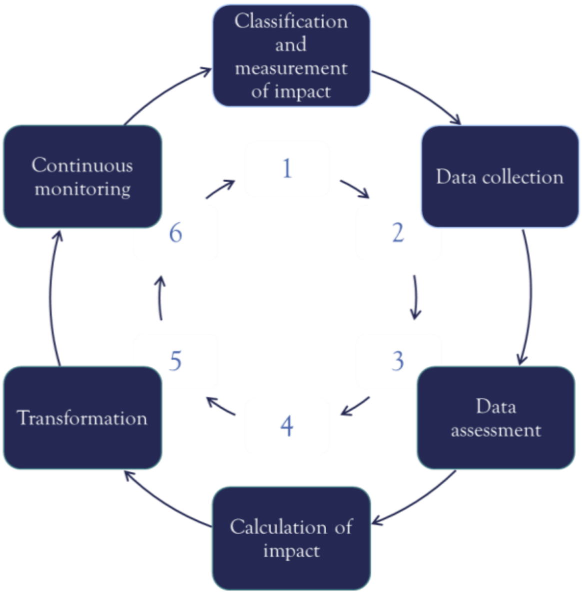
As with the FIEE I fund, also for the IEEF II fund, in order to guarantee compliance with the Environmental and Social Management System, the Company is committed to ensuring compliance with national and EU environmental and social legislation, also through the implementation of corporate management systems in the areas of energy, quality, environment and health and safety. Given the above, the investee companies are therefore in possession of the following certificates:

PLT energia S.r.l.	Certified Company ISO 9001:2015	International Organization for Standardization ISO 14001	ISO 45001:2018	Ethically Correct Certified Company SA 8000
Metrotermica S.p.A.	Certified Company ISO 9001:2015			
Free Genera Ingegneria S.p.A.	Certified Company ISO 9001:2015	International Organization for Standardization ISO 14001	ISO 45001:2018	
Cold Chain Capital Holdings Europe S.p.A[6]	Certified Company ISO 9001:2015	International Organization for Standardization ISO 14001		Occupational Health & Safety OHSAS 18001

[6] As detailed in the paragraph dedicated to the investee company, Cold Chain Capital Holdings owns two companies: Roen Est S.p.A. and Enex S.r.l.. Enex is in possession of UNI EN ISO 9001: 2015 certification. In addition to possessing UNI EN ISO 9001: 2015, Roen Est holds the other certifications identified in the graph.

MEASURING IMPACTS

SGR measures its impacts through a continuous process of data analysis and monitoring in order to ensure the accuracy of the results obtained over time.



1. **Classification and measurement of impacts:** data relative to the activities of the subsidiaries are divided according to the environmental theme that they belong to. Impacts are measured through specific indicators that quantify the results obtained as a result of SGR's intervention in the share capital of its subsidiaries.
2. **Data collection:** data collection is a continuous process throughout the reporting year, conducted on a quarterly basis. At the end of each quarter, the ESO of the investee company sends the KPIs identified to assess and quantify the social and environmental impact generated by its industrial activity, to the ESO of SGR.
3. **Data assessment:** The ESO of SGR performs its own checks on the basis of the documentation received from the ESO of the investee company. The outcome of the above inspections, the social and environmental impact generated by the industrial activities of the investee companies and any suggested identified risk mitigation measures are brought to the attention of SGR's Board of Directors at least once a year for sharing and evaluating possible actions to be taken. At the end of the reporting year, some aggregated data are included in the sustainability reports of the two Funds. These reports and the relative data are certified by auditing company EY S.p.A.
4. **Calculation of impact**: the energy saving calculation is defined through the energy savings achieved thanks to the implementation of energy efficiency projects by the Fund's investee companies. The avoided CO_2 *emissions* are calculated through the identification of

a conversion factor[7]. This multiplier determines the tonnes of CO_2 emissions avoided through the implementation of projects concerning energy efficiency and energy production from renewable sources by the Funds' investee companies. For *social KPI* calculation, refer to the guidelines set forth by the Global Reporting Initiative (GRI). As for the calculation of the CO_2 emissions avoided by Cold Chain Capital Holdings Europe S.p.A, once the conversion has been carried out, the difference between the emissions produced by the old plants compared to the newly installed ones is calculated.

5. **Transformation:** after the aggregation process, the data are correlated to the SDGs that they refer to and reprocessed in a way that is easy to understand.
6. **Quarterly monitoring:** the generated impact is continuously monitored by analysing the output of the subsidiaries and their results on a quarterly basis.

[7] The following coefficients are used to calculate avoided emissions: **Key social-economic and energy indicators 2017**, Terna (City Green Light S.r.l., Cremonesi S.r.l., Free Genera Ingegneria S.p.A., Plangreen 2e S.r.l., PLT energia S.r.l., Selettra S.p.A.); **CO_2 emissions and emission factors for heat production by fuel type - natural gas 2016**, ISPRA (Comat SE S.p.A., Cremonesi S.r.l., Metrotermica S.p.A.); **Standard parameters - fuels/materials- natural gas 2018, ISPRA** (Metrotermica S.p.A.); **EU FS-Gas Regulation** (Cold Chain Capital Holdings Europe S.p.A.)

FIEE I AND IEEF II IN NUMBERS: GENERATED IMPACT

Using the investments made by the Funds as an instrument, the Company has produced positive impacts in several areas of sustainable development, each of them related to a specific SDG of the UN 2030 Agenda.

2019

0.05
incidence of injury on 290 employees

0
injury on 511 external workers

10,498
provided hours of training

36
average hours of training

416,357 mWh
produced from renewable energy sources, to reduce the amount of energy produced from fossil fuels with increasing commitment

294,968 mWh
saved thanks to energy efficiency works

177,529
replaced bulbs, contributing to the modernisation of city infrastructures

221,335 tonnes
of CO2 avoided and as a direct result, significant drop in the produced environmental impact

51%
of hazardous waste is sent to recycle

36%
of hazardous waste is sent to reuse

10%
of non hazardous waste is sent to recycle

23%
of hazardous waste is sent to reuse

2020

0.02
incidence of injury on 787 employees

0
injury on 930 external workers

10,111
provided hours of training

13
average hours of training

402,103 mWh
produced from renewable energy sources, to reduce the amount of energy produced from fossil fuels with increasing commitment

293,445 mWh
saved thanks to energy efficiency works

278,878
replaced bulbs, contributing to the modernisation of city infrastructures

-62%
of produced waste

300,923 tonnes
of CO2 avoided and as a direct result, significant drop in the produced environmental impact

95%
of hazardous waste is sent to reuse

16%
of non hazardous waste is sent to recycle

19%
of non-hazardous waste is sent to reuse

2021

0.01
incidence of injury on 918 employees

13,570
provided hours of training

0.003
injury on 761 external workers

15
average hours of training

470,686 mWh
produced from renewable energy sources, to reduce the amount of energy produced from fossil fuels with increasing commitment

341,258 mWh
saved thanks to energy efficiency works

371,752
replaced bulbs, contributing to the modernisation of city infrastructures

59%
of waste produced in comparison to previous year

385,971 tonnes
of CO2 avoided and as a direct result, significant drop in the produced environmental impact

69%
of hazardous waste is sent to reuse

70%
of non hazardous waste is sent to recycle

9%
of non-hazardous waste is sent to reuse

Focus on Impacts

Energy Efficiency

Energy efficiency is defined as the ratio, within a given system (heating, cooling, lighting), between the output and the input of the used energy. Improving the energy efficiency of a system ensures that it consumes less energy to provide the same output, improving its performance in environmental and economic terms. The Company's activity in this area is part of an EU framework for action started in 2007, when EU leaders first set themselves the target of reducing energy consumption by 20% by 2020, a target that was later raised to 32.5% by 2030. According to Enea's 10th Energy Efficiency Report[8], 7,400 ktoe[9] were saved in Italy alone in the period from 2014 to 2020 thanks to the implemented energy efficiency measures.

Case study – City Green Light

City Green Light S.r.l. is an E.S.Co (Energy Service Company) operating in the field of energy saving and efficiency through the integrated management of public lighting services across the nation. CGL supports its customers through the process of energy and digital transition by proposing development models for public lighting and related smart services.

The Company's core business includes the management of public lighting, traffic lights and tunnel lighting systems, integrated with the typical Energy Management instruments (regulatory compliance and energy efficiency interventions, the installation of the consumption control and monitoring system) and with the supply of the energy vector. Through the use of innovative, high-tech lighting solutions, it is possible to set up the perfect functioning of the offered service with the containment of costs and consumption.

Alongside the public lighting sector, City Green Light offers a range of services designed to meet the sustainable development needs of local areas, from environmental solutions to mobility, energy communities, connectivity and other smart city services.

Thanks to its knowledge of the local area and its infrastructures, its extensive network of maintenance providers, and its ability to reconcile financing instruments with the needs of public administrations, City Green Light is able to offer made-to-measure services and consultations for local authorities.

The main business lines are public lighting, traffic lights and video surveillance systems, including street, monumental and urban lighting, the management of traffic light systems and variable-message signs, tunnel management (from lighting to ventilation, fire-fighting and video

[8] Annual Energy Efficiency Report, Enea, 2021.
[9] Tonne oil equivalent in thousands.

surveillance), and the development of Video Analytics &AI solutions for the automatic processing of flows and events.

The Company serves the market by offering services that can be grouped into two lines of action:

- **Energy and support in the management of the integrated energy cycle:** the areas that the Company operates in are design and installation of electrical systems, electrical substations, tele-management and control systems, maintenance and management of technological systems.

- **Global Service, Energy and Environment (ESCO):** The Company acts as the sole interlocutor for the customer, taking care to relieve said customer from any contractual liability arising from the relationship with the service providers in question. Experience, structure and reliability enable City Green Light to correctly interpret such a delicate role, acting as a single reference with the Customer/Client.

FIEE I became part of CGL's capital in 2018, as of today it holds a 59%[10] share in the Company, also taking into account IPIN2e's share. Thanks to the intervention of FIEE I, CGL significantly increased the frequency of its operations and improved its performance. In numbers, 44% more light bulbs were replaced between 2018 and 2021, which directly resulted in energy savings and a 17% decrease in CO2 emissions into the atmosphere.

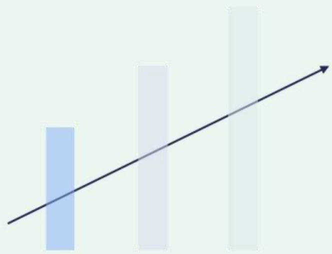
THE AVOIDED TONNES OF CO_2 HAVE GONE UP BY 17% IN THE THREE-YEAR PERIOD 2019-2021

[10] Including the share held by IPIN2e S.p.A. (24.49%), vehicle owned 100% by FIEE I.

EVERY QUARTER, THE NUMBER OF REPLACED BULBS GOES UP BY 13% ON AVERAGE

2019	2020	2021
109,208	192,820	277,965

218,170 MWH SAVED BETWEEN 2018 AND 2021



2019	2020	2021
153,469 mWh	186,415 mWh	218,170 mWh

THE RESULTS OF CITY GREEN LIGHT IN 2021

- **0** cases of corruption
- **2++** Legality rating

- **-71,560** TONNES OF CO_2 PER YEAR SAVED THANKS TO INVESTMENTS IN ENERGY EFFICIENCY IN THE 2011-2021 PERIOD
- **218,170** MWH PER YEAR SAVED THANKS TO INVESTMENTS IN ENERGY EFFICIENCY IN THE 2011-2021 PERIOD
- **700,500** MANAGED LIGHT FIXTURES
- **56%** ENERGY FROM RENEWABLE SOURCES TO SUPPLY THE MANAGED MUNICIPALITIES
- **21,8** MLN EURO IN INVESTMENTS IN 2021 IN ENERGY EFFICIENCY PROCESSES

- **107** EMPLOYEES
- **94%** PERMANENT WORK CONTRACTS
- **100%** OF WORKERS ARE COVERED BY THE HEALTH AND SAFETY IN THE WORKPLACE MANAGEMENT SYSTEM
- **+30%** HIRINGS IN COMPARISON TO 2020
- **+53%** MORE WOMEN IN THE WORKFORCE IN COMPARISON TO 2020
- **20%** WOMEN EXECUTIVES IN 2021

- **4** MLN RESIDENTS SERVED
- **10** COLLABORATIONS WITH CITIES THROUGH INITIATIVES OF CULTURAL AND SOCIAL VALUE
- **8** QUALITY CERTIFICATIONS OBTAINED

RENEWABLE ENERGIES

The need to change the energy production sector is on the European agenda, in conjunction with the need to push energy efficiency. In fact, Europe had set objectives in the renewable energy sector for each member country to be reached by 2020, to be re-modulated for the next decade. Italy achieved very good results, in fact in 2020 the share of total gross final consumption covered by RES was 20.4[11]%. This is a higher value (for the seventh year running) than the overall target of 17% assigned to Italy by Directive 2009/28/EC. FIEE I recognises and shares the urgency of the need to rethink the way energy is produced, which is why it has made renewable energy one of its core investment sectors.

CASE STUDY – PLT ENERGIA

PLT energia is an industrial holding company that operates in the renewable energy sector. It has always been involved in the **development, construction and management of wind, photovoltaic and biomass plants as well as the sale of electricity and gas**.

Growing in harmony with the environment by producing and selling electricity to end Customers through the design, construction and management of plants powered by renewable sources; this is PLT energia's mission. The Group's focus is to responsibly manage its resources to generate shared value, to build strong relationships with all players that are directly or indirectly involved in the Group's initiatives.

By capitalising on entrepreneurial and organisational skills, technical and financial know-how, risk management, and time and cost optimisation, PLT Energia has equipped itself with an array of top skills and professionalism, enabling it to take a leading role in providing an innovative boost to the renewable energy market.

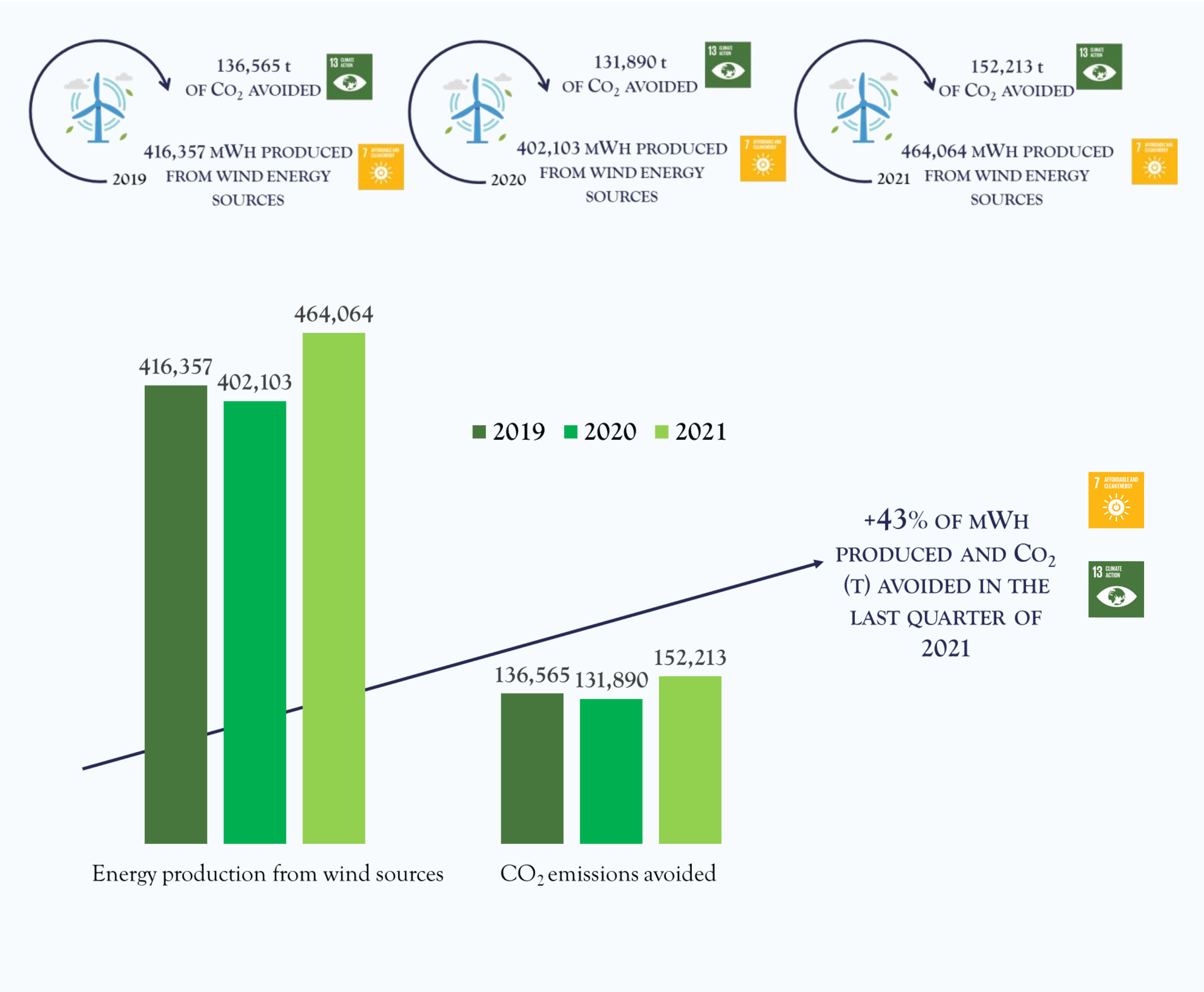
2021

- An increase in capital of **18 million euro**, reserved to partner **FIEE Sgr**, of 15 million euro for partner **So.firis. S.r.l.**, 3 million euro for PLT energia, with the signing of a multiline loan contract for **92,300,000 euro overall** in support of wind energy projects (**95 MW**) and a multiline loan contract for **43.950.000 euro overall** in support of the re-financing of a wind energy portfolio (**74 MW**)
- The founding of **PLT Spagna S.I.** and the acquisition of Cuellar de la Sierra S.I, for a wind energy project in the province of Soria
- PLT energia has signed a multiline loan contract for 92,300,000 euro overall in support of wind energy projects (95 MW) and a multiline loan contract for 43.950.000 euro overall in support of the re-financing of a wind energy portfolio (74 MW).

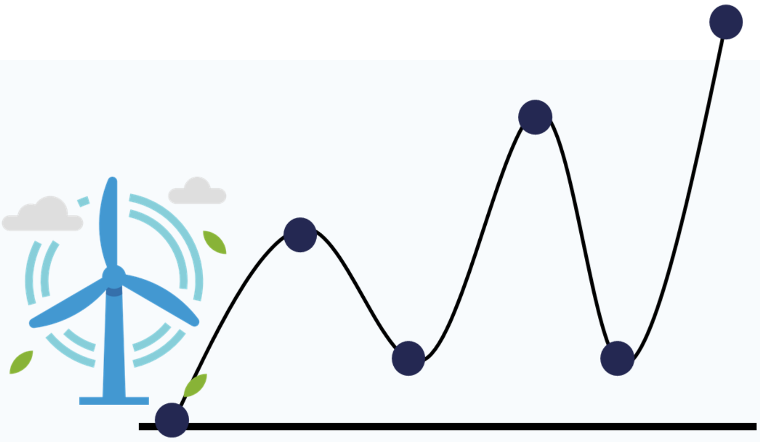
PLT Energia S.r.l. performs the activities of a holding company and, pursuant to article 2497 et seq. of the Civil Code, of technical and financial management and coordination of its investee companies. "Corporate" activities centralised in the parent company relate to the coordination, control and strategic direction of the Group's activities, to the centralised planning and management of financial resources, the management of administrative, tax and corporate requirements, and administrative-management support to the Group's companies.

[11] GSE - Statistical monitoring report pursuant to MD 11-5-15 art 7 for years 2012-2020.

FIEE SGR invested in the capital of PLT Energia in 2019 through FIEE I and in March 2021 through IEEF II. PLT owns an installed capacity of 248 MW (and a managed total capacity of 294 MW divided among wind and mini-wind plants, photovoltaic plants and biomass plants), which covers about 2% of the installed capacity of wind farms in Italy[12] and in 2021 a production of 464,064 GWh of clean energy, equal to 2% of all wind energy production in Italy[13]. Thanks to the Company's intervention, PLT energia built further wind parks and has set itself the objective of tripling its installed capacity within the next three years.



[12] Terna, Generation plants 2020, chart 8
[13] Terna, Energy Production 2020, chart 34



59% of average quarterly increase in wind energy production in 2021

The results of PLT energia in 2021

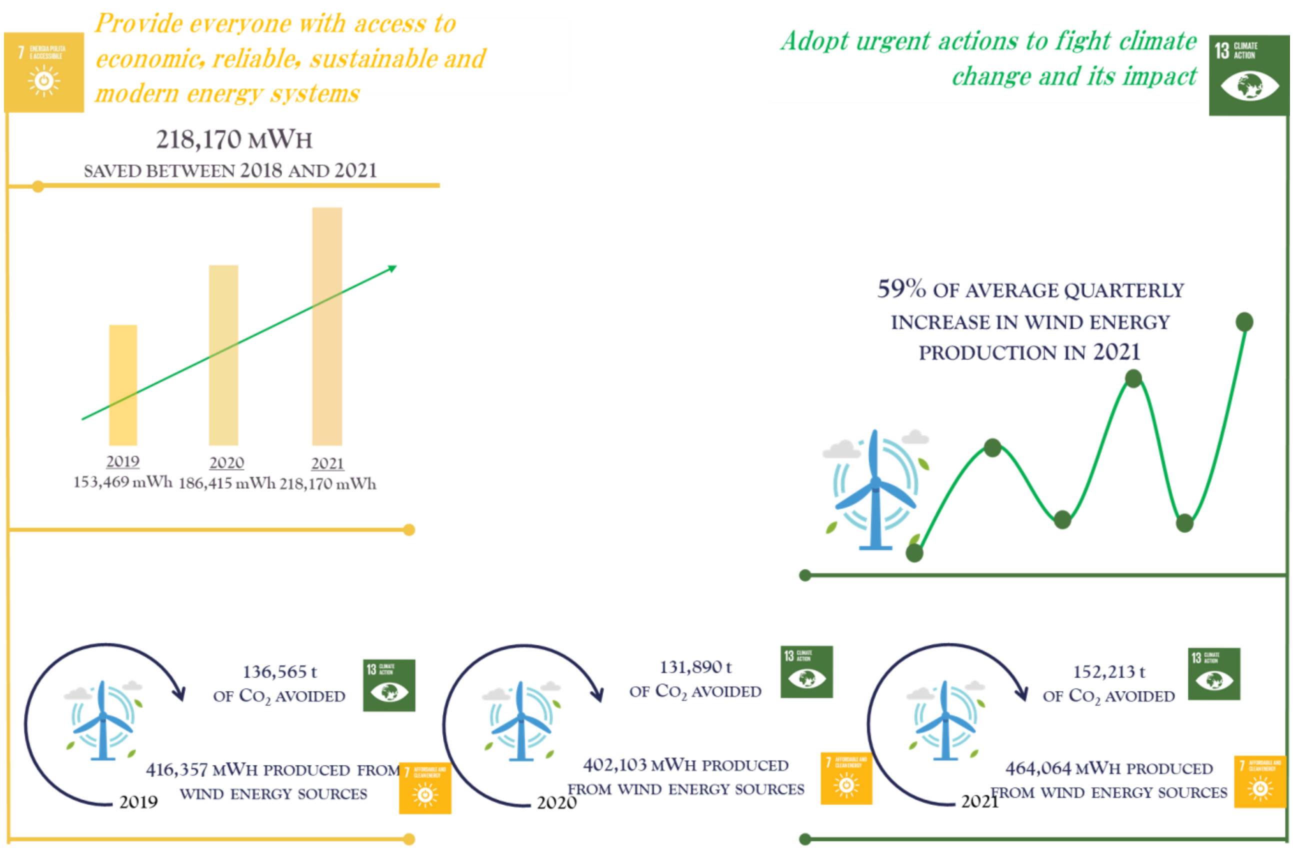
- **0** cases of corruption
- ★★★ Legality rating

- **152,213** tonnes of CO_2 saved in 2021
- **248** MW of overall installed power, ranking as the eighth operator in the sector in Italy.
- **464.1** GWh Produced from wind energy sources
- **221.5** GWh of electricity sold to the end customer
- **17.9 million M3** of gas sold to the end customer

- **114** employees
- **4,407** hours of training
- **91%** permanent work contracts
- **59%** of workers hired in 2021 are under the age of 30
- **953** hours of training concerning health and safety
- **100%** of workers are covered by the Health and Safety in the Workplace Management System
- **+30%** growth in personnel among all of the Group's companies in 2021

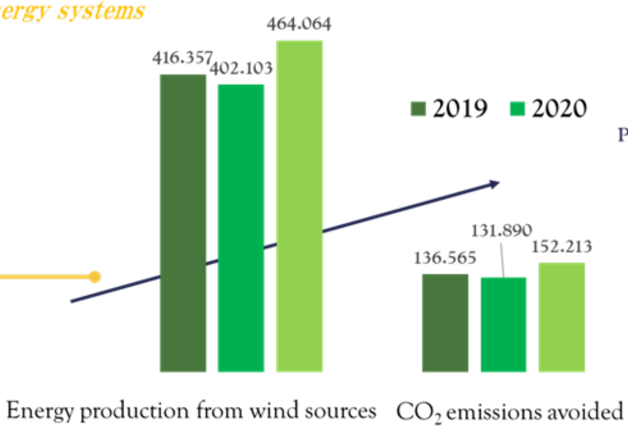
- **210,000** families whose energy requirements were fulfilled
- **87,256** points of electricity and gas supply

Generated impacts divided by reference SDGs



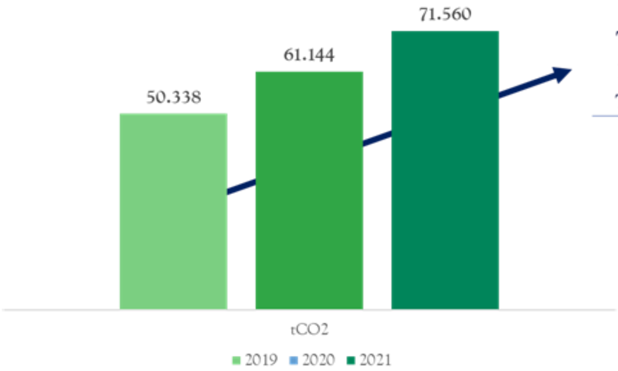
Provide everyone with access to economic, reliable, sustainable and modern energy systems

Adopt urgent actions to fight climate change and its impact



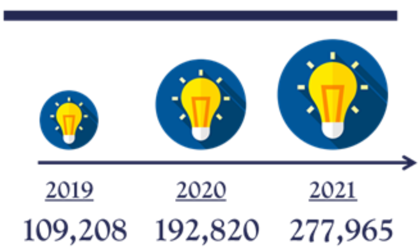
+43% OF MWH PRODUCED AND CO_2 (T) AVOIDED IN THE LAST QUARTER OF 2021

tCO_2 AVOIDED BETWEEN 2019 AND 2021



THE AVOIDED TONNES OF CO_2 HAVE GONE UP BY 17% IN THE THREE-YEAR PERIOD 2019-2021

EVERY QUARTER, THE NUMBER OF REPLACED BULBS GOES UP BY 13% ON AVERAGE



CONCLUSIONS

By drawing up this Report, SGR wishes to illustrate how the positive impact generated by its activities and the investments made by its Funds has been important and growing over the years, and how the positive externalities that have been created have grown in conjunction with the Company itself.

Since the early years, the Company has set up internal procedures in the area of investment and sustainability with the aim of creating value and prosperity through the Funds' investment activities. As the generated impacts, and thus the positive externalities, have grown, SGR's sustainability journey has become increasingly relevant and, despite the COVID-19 pandemic, it has managed to maintain its high performance.

With this Impact Report, the Company intends first and foremost to make a commitment to itself to constantly improve its output over the years, and at the same time it poses an opportunity to testify to its own contribution and that of the companies invested in sustainable development.

SGR intends to continue its sustainability journey by transferring the commitment to report on the achieved environmental and social results to the companies invested in by the Funds, as shown by the Funds' Sustainability Report and the preparation of sustainability reports by the most relevant invested companies.