

Sustainability disclosure

FOF Private Equity Italia Tre – FOF PEI Tre

Disclosure pursuant to Article 10 of Regulation (EU) 2019/2088

Summary

The closed-end Italian Alternative Investment Fund named “FOF Private Equity Italia Tre – FOF PEI Tre” (hereinafter, the “FOF” or the “Fund”) promotes environmental and social characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 (or “SFDR Regulation”), but does not have the objective of making sustainable investments.

In particular, the FOF promotes environmental and social characteristics by favoring investment in Italian companies that follow good governance practices and respect human capital. The environmental and social characteristics promoted by the Fund are:

- **Environmental characteristics:** mitigation, directly or indirectly, of greenhouse gas emissions from companies in the portfolio;
- **Social characteristics:** promotion of social responsibility at work and respect for labor rights.

The compliance with the environmental and social characteristics promoted by this financial product is measured through indicators defined based on the specific characteristics of each target company and derived from the main international standards available in the field. For monitoring purposes, the Fund directly requests the necessary data from the companies, through specific tools and on a periodic and regular basis, regarding the performance related to sustainability indicators: these data are analyzed and processed, also with the support of specialized third parties, to assess the need for further investigation with the individual companies and, ultimately, the compliance with the promoted environmental and social characteristics. To this end, the Fund undertakes to ensure that all investee companies are able to provide all the necessary data and within the required timeframes, for the purposes of periodic reporting and consolidation of indicators at the FOF level.

To ensure the promotion of the environmental and social characteristics selected by the SGR, during the selection phase of the investment opportunity, it is ensured that the Scheme manager provides for a due diligence activity at the target companies to verify that there are no critical issues from an environmental, social, and governance perspective and that there are requirements consistent with the promoted environmental and social characteristics. In addition, it is verified that the Scheme managers are characterized by good governance practices. Finally, to allow for complete and effective monitoring, engagement activities may also be provided to establish a constructive dialogue with the investee companies and align business models with the promoted environmental and social characteristics.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have a sustainable investment objective.

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund are:

- **Environmental characteristics:** mitigation, directly or indirectly, of greenhouse gas emissions from companies in the portfolios of the invested Schemes;
- **Social characteristics:** promotion of social responsibility at work and respect for labor rights.

The compliance with the environmental and social characteristics promoted by this financial product is measured through indicators defined based on the specific characteristics of each target company and derived from the main international standards available in the field published by recognized market entities and institutions. In particular, for this Fund, the following indicators are mainly used:

- **For environmental characteristics:**
 - Percentage of investee companies of each invested Scheme that have adopted a greenhouse gas emission reduction plan;
 - Emission intensity of the invested portfolios, considering Scope 1 and 2 greenhouse gas emissions weighted on revenue;
 - Percentage of electricity procurement from renewable sources, covered by Guarantees of Origin or self-produced, of the investee companies of the invested Schemes on the total electricity consumed.
- **For social characteristics:**
 - Amount spent per employee on social responsibility initiatives towards workers (Welfare Plans, Training Plans, parental support, family support) (€/employee), except as provided by law or applicable collective labor agreements;
 - Percentage of employees of the investee companies of each invested Scheme hired on a permanent basis;
 - Accident frequency index, [No. of accidents recorded as of 31.12 / No. of hours worked * 1,000,000], excluding commuting accidents.

Furthermore, the Fund will promote good governance practices during its investment activities, through the adoption by the investee companies of policies aimed at ensuring ethical and transparent business management and ESG policies.

Investment Strategy

The Fund's primary objective is to make primary and secondary investments - typically medium to long-term - in financial instruments and other assets such as (i) instruments representing participation in Investment Schemes that qualify as products under Article 8 or Article 9 of the SDR Regulation and equity and quasi-equity instruments of holding companies; (ii) any other securities that allow the acquisition of the instruments mentioned in the previous point; (iii) option contracts for the purchase and/or subscription of the instruments indicated in points (i) and (ii); (iv) money market instruments and/or other debt financial instruments, for liquidity management purposes.

The FOF invests, in particular, in Schemes that qualify as products under Article 8 or Article 9 of the SFDR Regulation and aim to invest in companies with clear plans for organic growth and/or external lines, namely: (i) creating "champions" capable of competing at both national and international levels through processes of organic growth and/or aggregation; and/or (ii) promoting aggregations of supply chains and/or sectors of excellence. This approach allows for the indirect construction of a diversified portfolio by production and commodity sectors, according to the ESG principles of the SGR and consistent with the qualification of the FOF as a product under Article 8 of the SFDR Regulation.

The Fund's investment strategy involves selecting companies that do not operate in controversial sectors and activities. In particular, the Fund cannot invest in companies that are involved (or that control, directly or indirectly, other companies involved) in one or more of the sectors (so-called "excluded sectors") indicated in Article 4.10 of the Regulation¹.

¹ i. companies or other entities whose activity consists of an illegal economic activity; ii. companies or other entities whose activity does not clearly guarantee respect for human rights or otherwise manifestly violates these rights; iii. companies or other entities whose activity consists of the production or commercialization of asbestos and/or its derivatives; iv. companies or other entities whose activity consists of research on human cloning for reproductive purposes, activities aimed at modifying the genetic heritage of humans that could make such alteration hereditary, and/or activities aimed at creating human embryos solely for research purposes or for the procurement of stem cells, including through the transfer of somatic cell nuclei; v. companies or other entities (1) involved in the production and/or commercialization of goods usable only for the death penalty, torture, or other cruel, inhuman, or degrading treatment or punishment, or (2) whose activity consists of the production and/or commercialization of common firearms, light weapons, and small caliber weapons, unless the operation: (a) is exclusively intended for the armed forces and/or police, or (b) is exclusively aimed at R&D activities and improving the environmental/social impact of business processes, or (c) concerns weapons produced/commercialized exclusively for sporting use, or (d) concerns weapons commercialized in EU countries; vi. companies or entities that directly and/or indirectly, through controlled/affiliated and/or controlling companies pursuant to Article 2359 of the Italian Civil Code, engage in the production, trade, storage, sale, transfer, import, export, or technological research related to controversial weapons and/or their key components and/or any service associated with such weapons. Controversial weapons include the following categories: nuclear weapons, chemical weapons, biological weapons, depleted uranium weapons, anti-personnel mines, anti-tank mines, cluster munitions/bombs or (cluster) munitions. Regarding unconventional weapons, it is understood that the FOF cannot invest in Schemes that engage – directly or indirectly, through controlled/affiliated and/or controlling companies pursuant to Article 2359 of the Italian Civil Code – in activities prohibited under Law No. 220 of December 9, 2021; vii. companies or other entities whose activity consists of the production or commercialization of pornographic material and related infrastructure, services, and media; viii. companies or other entities whose activity consists of the cultivation, production, processing, or distribution of tobacco and its derivatives, unless used for medical purposes; ix. companies or other entities whose activity consists of managing casinos, or other businesses dedicated to gambling and betting, or the production and commercialization of related products; x. companies or other entities whose activity consists of or is otherwise related to the extraction of fossil fuels; xi. companies or other entities whose activity consists of energy production through coal or oil; xii. companies or other entities whose activity consists of real estate development activities, meaning activities aimed solely at the renewal and re-leasing or resale of existing buildings, as well as the construction of new projects; however, activities in the real estate sector aimed at social purposes, such as investments in energy efficiency projects or social housing, are admissible; xiii. companies or other entities whose activity consists of banking, financial, or insurance activities subject to reserve and supervision by the Bank of Italy, IVASS, or other similar foreign supervisory authorities; xiv. companies or other entities whose activity consists of research, development, production, or commercialization or technical applications related to electronic solutions, programs, electronic data systems, or other activities, which (a) are specifically aimed at supporting any of the activities mentioned in the previous letters of this paragraph; or (b) are specifically aimed at enabling illegal access to electronic data networks and/or illegally downloading electronic data.

Investments in Schemes whose investment policy allows for direct or indirect investment are also excluded: a) in listed financial instruments for trading purposes, it being understood that this limitation does not apply to listed instruments received by the Schemes as a result of a conversion of portfolio instruments or as consideration for the transfer of portfolio instruments; b) in newly established companies or other entities (so-called start-ups) – not including newcos specifically created for a new investment – or otherwise in the early stages of development; in collective investment schemes, Italian or foreign, except for temporary liquidity investments in money market funds and collective investment schemes dedicated exclusively to structuring investments in a single target company; or in companies or other entities in a state of crisis or insolvency pursuant to the Business Crisis and Insolvency Code, including cases where they are subject to negotiated crisis composition or crisis and insolvency regulation instruments pursuant to the aforementioned code, or to similar measures, agreements, and procedures provided for by applicable legislation, excluding companies or other entities that have returned to solvency after completing a turnaround process.

The FOF also does not invest in Schemes (w) established in Black List countries, (x) whose manager has its legal headquarters in Black List countries or is subject to or affected by sanctions that inhibit its financial and/or commercial operations, (y) resident in, or organized under the law of, Embargoed Jurisdictions, or (z) that may invest in companies with legal headquarters in Black List countries, or resident in, or organized under the law of, Embargoed Jurisdictions, or that are subject to or affected by sanctions that inhibit their financial and/or

The promotion of the Fund's environmental and social characteristics is achieved through the implementation of the investment strategy defined by Fondo Italiano d'Investimento and presented within the SGR's Responsible Finance Policy available at the following link. Specifically, after verifying consistency with the exclusion list, the investment strategy followed by the Fund is articulated in the following phases:

1. **Preliminary assessment (ex ante):** For indirect investments, the Fund conducts an ESG Due Diligence to assess the commitment of the Scheme managers, examining the policies adopted and the degree of integration of ESG criteria (including climate risks) in the various stages of the investment process. During the selection phase of investment opportunities, it is verified that the manager conducts thorough Due Diligence to identify any environmental, social, and governance issues and that there are requirements in line with the promotion of at least one of the environmental or social characteristics identified by the FOF. Finally, the FOF ensures that the Scheme managers adopt good governance practices.
2. **Participation management period:** In this phase, the Fund will actively support the integration of ESG criteria within business activities, with the aim of meeting the requirements or compliance with the SGR's Responsible Finance Policy. Additionally, periodic sharing of information on the ESG performance of the Schemes and investees is required, considering the ESG aspects related to the Scheme. Monitoring includes the collection of all indicators (KPIs) representing the environmental and social characteristics promoted by the FOF for periodic reporting and consolidation of indicators at the FOF level.
3. **Engagement and stewardship activities:** The Fund engages in engagement and stewardship activities with the Scheme managers to promote the integration of ESG criteria in investment management. The promotion of environmental and social characteristics will be articulated according to a principle of materiality, based on their relevance to the investment strategy, ensuring that each Scheme strives to promote at least one of the environmental and social characteristics.
4. **Divestment:** During the divestment phase, the Fund ensures that the exit documentation includes a report on the ESG performance of the Scheme in terms of promoting environmental and social characteristics, comparing the pre-investment (ex-ante) and post-investment (ex-post) situations. These analyses play an essential role in compiling dedicated Reports that document the ESG activities implemented by the company during the management period.

Finally, the good governance practices of the investment beneficiaries are evaluated during the pre-investment and management phases to assess the solidity of the management structures. Specifically, the mentioned practices are evaluated during due diligence, prior to the investment, and subsequently, continuously, through the monitoring of the beneficiaries themselves, with particular reference to solid management structures, employee relations, employee remuneration, and compliance with tax obligations.

Investment Quota

Except for the portion of the Fund's assets that the Management Company may hold in liquid assets for treasury needs and considered marginal, and taking into account the Fund's investment strategy, a minimum quota of at least 80% of the Fund's total investments will be allocated to financial products used to meet

commercial operations, as resulting from the due diligence activity carried out by the relevant Scheme manager. Additionally, in the founding documentation, managers commit to considering, in making investment decisions, as reasonably practicable from a commercial perspective, evident direct negative impacts on: (i) the significant deterioration of areas particularly deserving of protection (e.g., UNESCO World Heritage sites, wetlands registered by the Ramsar Convention, critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) in categories I and II; deforestation activities involving rainforests or tropical forests); and/or (ii) the survival of endangered species listed in the IUCN Red List of Threatened Species, to the extent that such impacts are significant according to the prudent judgment of the Portfolio Scheme managers. These analyses will be carried out by the Portfolio Scheme managers during due diligence, taking into account the specific sector of operation and geographical focus of the company being evaluated.

environmental and social characteristics (#1 Aligned with characteristics), and the remaining maximum 20% may not be aligned with environmental and social characteristics, nor considered sustainable investments (#2 Other). The “#1 Aligned with characteristics” category includes only investments aligned with environmental or social characteristics that are not considered sustainable investments. The “#2 Other” category may include financial assets not aligned with the environmental and/or social characteristics promoted by the financial product. However, even for investments included in this category, a responsible investment process will be promoted, also aimed at ensuring the minimum safeguards provided by the Responsible Finance Policy.

Monitoring of Environmental or Social Characteristics

Compliance with the environmental and social characteristics promoted by this financial product is measured through indicators defined based on the specific characteristics of each target company and derived from the main international standards available in the field published by recognized market entities and institutions. In particular, for this Fund, the following indicators are mainly used:

- **For environmental characteristics:**
 - Percentage of investee companies of each invested Scheme that have adopted a greenhouse gas emission reduction plan.
 - Emission intensity of the invested portfolios, considering Scope 1 and 2 greenhouse gas emissions weighted on revenue.
 - Percentage of electricity procurement from renewable sources, covered by Guarantees of Origin or self-produced, of the investee companies of the invested Schemes on the total electricity consumed.
- **For social characteristics:**
 - Amount spent per employee on social responsibility initiatives towards workers (Welfare Plans, Training Plans, parental support, family support) (€/employee), except as provided by law or applicable collective labor agreements.
 - Percentage of employees of the investee companies of each invested Scheme hired on a permanent basis.
 - Accident frequency index, [No. of accidents recorded as of 31.12 / No. of hours worked * 1,000,000], excluding commuting accidents.

The Fund regularly and periodically monitors compliance with the promotion of environmental and social characteristics through information on the ESG performance of the Schemes and the ESG management of the investee companies. Additionally, to allow for complete and effective monitoring, engagement activities may also be provided to establish a constructive dialogue with the investee companies and align business models with the promoted environmental and social characteristics.

Methodologies

The process of monitoring the adopted environmental and social characteristics is based on methodologies consistent with the SGR's Responsible Investment Policy for integrating sustainability risks into investment processes. In particular, Fondo Italiano d'Investimento periodically requests from the Scheme manager the data related to their sustainability performance and the data necessary for calculating the indicators related to the promotion of the aforementioned environmental and social characteristics.

Data sourcing and processing

The monitoring of the environmental and social characteristics promoted by the Fund and the related indicators is based on data collected directly from the managers of the portfolio Schemes on a periodic and

regular basis. Once received, these data are analyzed by the investment team, possibly with the support of specialized third parties, and verified to assess the need for further investigation with the managers of the portfolio Schemes regarding the provided information, particularly in case of omissions or inconsistencies. Currently, there is no audit/assurance process for the data provided by the managers; however, the Fund reserves the right to consider introducing such practices depending on the evolution of market best practices and regulations.

The data received from individual managers will be aggregated at the Fund level in relation to the capital invested in each investee company.

The SGR commits to using only data related to the reference period collected promptly from the fund managers, reserving the right to resort to estimated data as a last resort if, due to force majeure, such data are not available, such as in the case of investments made close to the reporting period in organizations that have not had sufficient time to implement adequate monitoring measures for the required data. In such cases, assumptions, estimates, and any exclusions from the reporting perimeter that led to the calculation of the sustainability indicator will be listed in the Fund's periodic reporting.

Limitations to the methodologies and data

There are no general limitations on the methodology and data sources used. However, there may be contextual limitations at the time of investment due to the lack of adequate monitoring measures in the investee companies for ESG performance or specific indicators related to environmental and social aspects, which the Fund commits to resolving by requiring the adoption of adequate measures to implement and ensure the correct monitoring of sustainability indicators related to the promoted environmental and social characteristics. The ESG indicators monitored by the Fund and the SGR are defined based on renowned international reporting standards (SASB, Bank of Italy, UN Principles of Responsible Investments, GRI, GHG Protocol), and if particular issues are identified in the collection of specific data, leading to assumptions, estimates, and any exclusions from the reporting perimeter, these will be duly reported to investors in the periodic reporting, ensuring maximum understanding and accuracy of the data.

Due Diligence

The Fund's investment process requires that, during the selection phase of the Schemes, once the investable universe has been defined through negative selection criteria, a due diligence activity is carried out that, alongside financial criteria, also includes the analysis of ESG aspects. In particular, the SGR conducts an ESG Due Diligence to assess the commitment made by the Scheme managers in the context of Responsible Investments, their related policies, and, in particular, the extent to which ESG criteria (including climate risks) are considered in the various stages of the investment process.

To promote at least one of the environmental and social characteristics selected by the FOF, during the selection of investment opportunities, it is ensured that the manager conducts a Due Diligence to verify the absence of environmental, social, and governance issues, and that there are requirements consistent with the promotion of the environmental and social characteristics. Additionally, the FOF verifies that the Scheme managers adopt good governance practices.

Engagement Policies

The Fund provides that, if significant ESG risks related to investments are identified, engagement activities may be initiated with the Scheme managers so that they establish a direct dialogue with the companies in their portfolio to promote a sustainable approach and positively influence their management, with particular reference to the promotion of the environmental and social characteristics promoted by the Fund.