

XENON AIFM S.A.

2024 Sustainability Report

LETTER TO STAKEHOLDERS

We are pleased to welcome you to Xenon AIFM S.A.'s very first Sustainability Report.

As highlighted in our Xenon AIFM S.A. ("Xenon") ESG Policy ("ESG Policy"), we believe that the management of environmental, social, and governance ("ESG") issues is critical to ensuring the long-term success of any business today. We are equally mindful of the impact that our decisions can have on ESG factors and the broader environment, society, and governance structures. Ultimately, the management of ESG factors is intrinsic to our fiduciary duties toward our clients and integrating ESG considerations—such as climate change and human rights risks and opportunities—leads to more resilient and better-performing investments, while fostering positive long-term outcomes for all stakeholders.

This report highlights our continued commitment to embedding sustainability into every aspect of our investment strategy and decision-making process. At Xenon, we are dedicated to operating with the utmost integrity and managing ESG factors throughout our due diligence processes, the management of our investments, and in providing ongoing support to our portfolio companies.

In recent years, we have made significant strides in embedding ESG factors into our operations, supported by our ongoing commitment to the **Principles for Responsible Investment ("PRI")**, the continued implementation of our **ESG Policy**, and more recently our adherence to the **UN Global Compact**, which focuses on universal principles surrounding labor, the environment, human rights, and anti-corruption, guiding our efforts to align with these critical global standards. Overall, our approach ensures that the companies in our portfolio not only perform financially but also operate responsibly and sustainably for the long-term.

With ESG issues encompassing a wide array of themes and having a transversal impact and applicability across all investments, we recognized the need for greater dedicated focus and oversight. To this end, we strengthened our ESG governance structure with the establishment of a **Sustainability Committee** and appointed **ESG resources** within our investment teams to oversee and support the integration of the ESG Policy across all funds.

LETTER TO STAKEHOLDERS

To further consolidate our position in the Italian private equity market and to enhance our ESG commitments within the company, we launched a new sector focused investment vehicle, **Xenon FIDEC SCA SICAV-RAIF (Xenon FIDEC)**, a private equity fund with sustainable investment as its objective, in line with **Article 9** of the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088). Additionally, we also launched **Xenon Private Equity VIII SCA SICAV-RAIF (Xenon VIII)**, in line with **Article 8** of the same Regulation.

In 2024, we developed a structured approach to **ESG management and engagement** with our portfolio companies. Through the Flagship Fund and Xenon FIDEC, we worked with our portfolio companies to initiate ESG data monitoring and reporting, and to define initial ESG targets and Sustainability Plans to deliver real strategic positive impact.

Within Xenon itself, recognizing the gender disparity that is still present within the private equity industry, we have taken active steps to **improve gender representation** within our company. This includes the appointment of three female investment team members and the appointment of **Sylvie Rodrigues** as an Independent Director within Xenon's Board.

We acknowledge that there is still more work to be done, and we are committed to identifying areas for improvement across the management of our investments. This report provides an overview of the initiatives we have undertaken so far and outlines our commitments for the future, with the goal of ensuring greater transparency and fostering ongoing dialogue on ESG integration.

Building on the actions Xenon has taken throughout 2024, the company aims to continue advancing sustainability integration by strengthening ethical practices in compliance with regulations. This will be achieved through ongoing administrative action by supervisory and governing bodies, embracing a broader sustainability approach and implementing a proactive risk management system for investments.

Independent Board Member

Andrea Drescher

Co-CEOs Xenon AIFM S.A.

Daniilo Mangano Franco Prestigiacomo

HIGHLIGHTS

INVESTMENTS

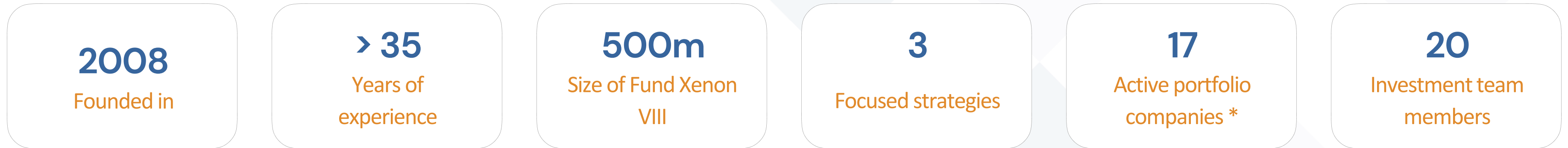
34-year track record	2.8x gross MOIC across all Prior Funds
Realised gross returns of 3.8x MOIC from 44 exits	15 platforms currently in portfolio over 3 funds
3 active Funds with focused strategies in the lower-mid market	8 Generations of funds managed by the team
€1.1 bn aggregate commitments currently managed	Most active investors in the Italian market in the last decade
100% of dealflow out-of-auction in family-owned businesses	High intensity interaction with investee companies

ESG

Signatory of the PRI	Participant of the UN Global Compact (UNGC)
Sustainability Committee	2 x Dedicated ESG Professionals
ESG Policy	Diversity Statement and targets
Xenon VIII Article 8 SFDR Fund	Xenon FIDEC, Article 9 SFDR Fund
Active ESG Training both at company and portfolio-level	Xenon VIII and Xenon FIDEC SDGs-alignment

COMPANY OVERVIEW

* Main platforms, does not include add-ons



Xenon AIFM S.A. (“Xenon Private Equity” or “Xenon”) is an Alternative Investment Fund Manager (“AIFM”) authorized by the Commission de Surveillance du Secteur Financier (“CSSF”) in Luxembourg following the European Directive 2011/61.

The Xenon Private Equity team has accumulated three decades of experience in teaming up with family-owned companies looking for operational support to manage transformation projects to spur growth, mainly via Mergers & Acquisitions (“M&A”), replacing shareholders or exploiting transition opportunities.

Xenon is a fully independent private equity firm, wholly owned by its Partners. The origins of Xenon go back to the early 1990s with the establishment of private equity operations focused on sourcing and making control buyout investments of lower mid-market companies in Italy. This operation grew substantially over the years and in 2008 Xenon was established as a fully independent firm.

Today, Xenon manages three distinct LBO strategies targeting build-ups in different market segments, with diverse equity tickets and a specific proposition addressed to the sellers.

The three fund platforms are:

The Xenon Flagship fund

Pursues up to €50 million investments in specialised manufacturing and light Business to Business (“B2B”) services.

The Xenon Small Cap fund

Pursues up to €10 million investments in young, innovative B2B service specialists and knowledge intensive business services (“KIBS”).

The Xenon FIDEC fund

Pursues up to €15 million investments in technologies fostering the energy transition or circular economy.

OUR PRINCIPLES AND VALUES

At Xenon we believe in the following core principles:

- ▶ Our firm's assets are our people, our investor franchise and our reputation.
- ▶ Success is measured by the tangible and sustainable long-term improvement in the competitive position of our portfolio companies, which shall transform into more resilient competitors. The return to our investors is our first priority.
- ▶ Teamwork and open collaboration is the core of our modus operandi. We believe that the team has greater impact than the sum of the impact of the individuals.
- ▶ We nurture a winning culture with a strong entrepreneurial team spirit and with individuals characterized by drive, creativity, dedication, and common goals. Like the business leaders with whom we partner, we are not afraid of taking calculated risks.
- ▶ We always face up to the sheer facts and tell the truth as we see it, with direct communication, within our firm, in our portfolio companies and to our investors.
- ▶ Our investment policy points to promote a sustainable growth in the investee companies not because it has become a fashionable concept but because we consider this feature a positive contributor to value creation and a critical issue on exit.

OUR PRINCIPLES AND VALUES

OUR GOVERNANCE POLICIES & PROCEDURES

At Xenon we place a high priority on adopting sound governance structures to ensure transparency, accountability, and ethical conduct across our operations.

To guide our activities and reinforce our commitment to responsible business practices, we have established key documents such as our ESG Policy, Diversity Statement, and Book of Procedures. The Book of Procedures includes comprehensive policies on risk management and compliance, which help us effectively identify, assess, and mitigate potential risks, while maintaining fairness and integrity in all aspects of our business.

Our governance framework is designed to promote long-term sustainability and align our actions with the expectations of stakeholders, contributing to a positive social and environmental impact.

In alignment with the Sustainable Finance Disclosure Regulation (“SFDR”), we have established a dedicated section on our website to transparently publish and store our sustainability-related disclosures. This initiative reflects our commitment to providing stakeholders with easy access to comprehensive, up-to-date information on our ESG practices, ensuring compliance with regulatory requirements and reinforcing our dedication to sustainable and responsible business operations.



[Sustainability-related Disclosures](#)



[ESG Policy](#)



[Diversity Statement](#)

OUR TEAM

Xenon's team is comprised of various members who, in aggregate, have worked together for an average of more than 15 years. The Investment Teams are highly experienced and primarily made up of senior individuals to ensure that every aspect of the investment process is handled by a Partner, guaranteeing that all portfolio companies receive senior attention.

In line with its Diversity Statement and focus on team growth, Xenon is committed to increasing gender representation within the Investment Team and hiring more junior talent. This commitment is reflected in the hiring of three female investment team members between 2023 and 2024, as well as four colleagues below the age of 30 since 2023.

“ Our team's dedication and collaboration are key drivers behind our strong financial performance. It is the collective strength of our people, their expertise, and commitment to excellence that empowers us to achieve both financial success and positive environmental and social impact. Together, we are building a resilient and future-proof business that delivers sustainable growth for all. “

Danilo Mangano & Franco Prestigiacomo



90% historical retention rate



3 new Female Investment team hires in the last two years



Diversity Statement issued with Diversity & Inclusion commitments

Sustainability at XENON

OUR ESG COMMITMENT

Xenon is committed to delivering resilient and better-performing businesses, with a focus on long-term growth. The effective management of ESG factors is considered a key enabler in achieving these goals.

Our [ESG Policy](#) forms the foundation for this management and integration approach, outlining the principles and investment strategies to which we adhere. The ESG principles outlined in the Policy are implemented firm-wide, with additional fund-specific ESG targets aligned with the overarching strategies and regulations defined for each fund. Corporate-wide principles have been established for Environmental, Social, and Governance issues, with concrete actions the firm aims to take, including but not limited to:

- ▶ promoting greater environmental responsibility through concrete actions;
- ▶ promoting greater diversity & inclusion;
- ▶ supporting the elimination of discrimination in employment and occupation as well as all forms of forced, compulsory and child labour;
- ▶ assuring safe and secure working conditions for employees and third parties;
- ▶ conducting business with honesty integrity, fairness, diligence and respect;
- ▶ promoting transparency and accountability grounded in sound business ethics.

OUR ESG COMMITMENT

OUR PRI COMMITMENT

Xenon has been a signatory of the UN-backed Principles for Responsible Investment (“PRI”) since 2018. Over the years, we have aimed to integrate the PRI’s principles into our investment management process and to continuously improve our approach.

In 2024, we included specific references to our commitment to the PRI within our ESG Policy to reinforce accountability. Additionally, we sought to enhance our transparency and evaluate further areas for improvement by participating in the PRI Questionnaire, despite it being a voluntary reporting year.

Our efforts toward ESG integration are reflected in the 2024 assessment:

- Policy, Governance and Strategy: 66 (+44 compared to 2023);
- Direct – Private Equity: 83 (+11 compared to 2023);
- Confidence building measures: 80 (+47 compared to 2023).

UN GLOBAL COMPACT

Since 2024 Xenon has also become a participant of the UN Global Compact (“UNGC”). The UNGC includes Ten Principles that are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. These principles are commonly divided across four key areas: Human Rights, Labour, the Environment, and Anti-Corruption.

As a participant in the UNGC, Xenon is committed to considering and implementing these principles within its activities and the management of portfolio companies.



OUR ESG JOURNEY



OUR ESG MANAGEMENT & GOVERNANCE STRUCTURE

Xenon's Board of Directors has ultimate responsibility for overseeing the ESG integration activities and the effective implementation of the ESG policy.

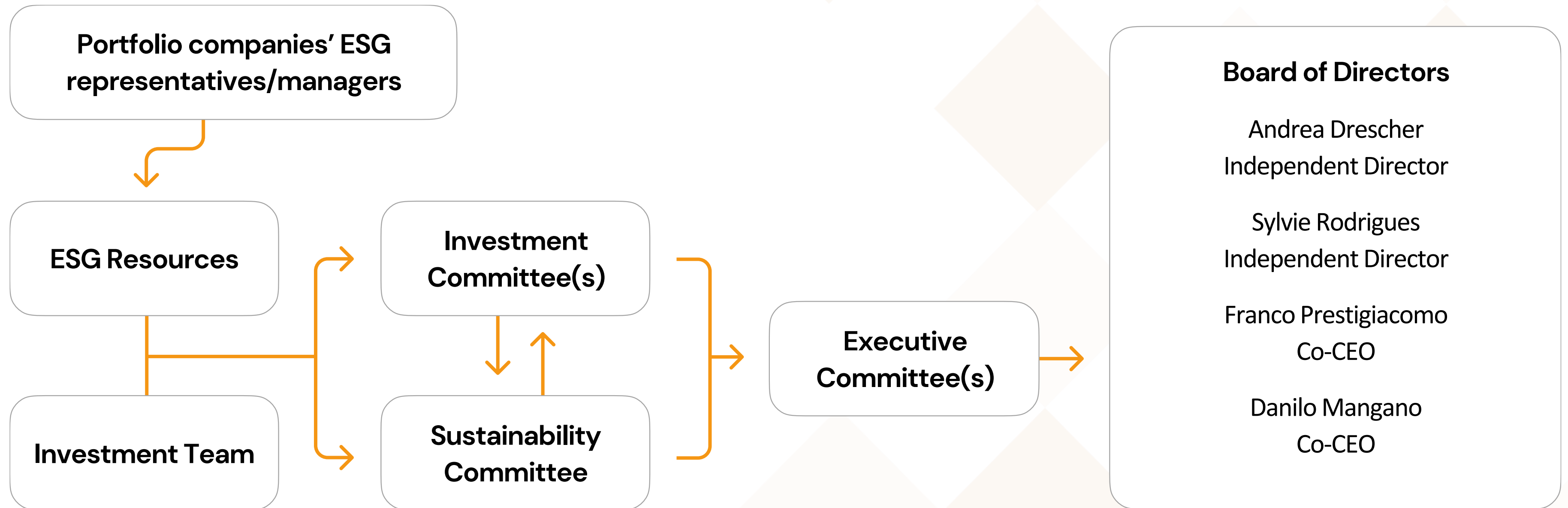
In June 2023, to strengthen its commitment to and focus on ESG factors, a dedicated Sustainability Committee was established to assist the Board of Directors, as well as the Executive and Investment Committees, in assessments and decisions related to sustainability issues affecting the company, its funds, and target companies. Among its various responsibilities, the Committee:

- ▶ examines and evaluates policies based on sustainable business principles and identifies opportunities to create value over time in a medium-long term horizon for stakeholders over issues such as ethics; environmental protection, the health, safety and well-being of people; the protection of human rights; and diversity and inclusion;
- ▶ examines the implementation of the ESG policy in business initiatives;
- ▶ reinforces the cultivation of the culture of sustainability among employees, shareholders, commercial partners, customers and, more generally, stakeholders.

In addition to the governance forums, dedicated ESG resources have been appointed within the investment teams to support the effective integration of ESG activities at both the firm and portfolio levels, and to inform the Sustainability and Investment Committees accordingly. All of Xenon's employees are responsible for embedding and monitoring the policy, its underlying principles, and commitments, and for seeking support from ESG resources where necessary.

Portfolio companies are also responsible for ensuring the appropriate implementation of the policy's principles and for developing ESG strategies that reflect their business models. To facilitate ongoing engagement with portfolio companies on ESG issues, ESG representatives and points of contact (POCs) have been nominated across the portfolio.

OUR ESG MANAGEMENT & GOVERNANCE STRUCTURE

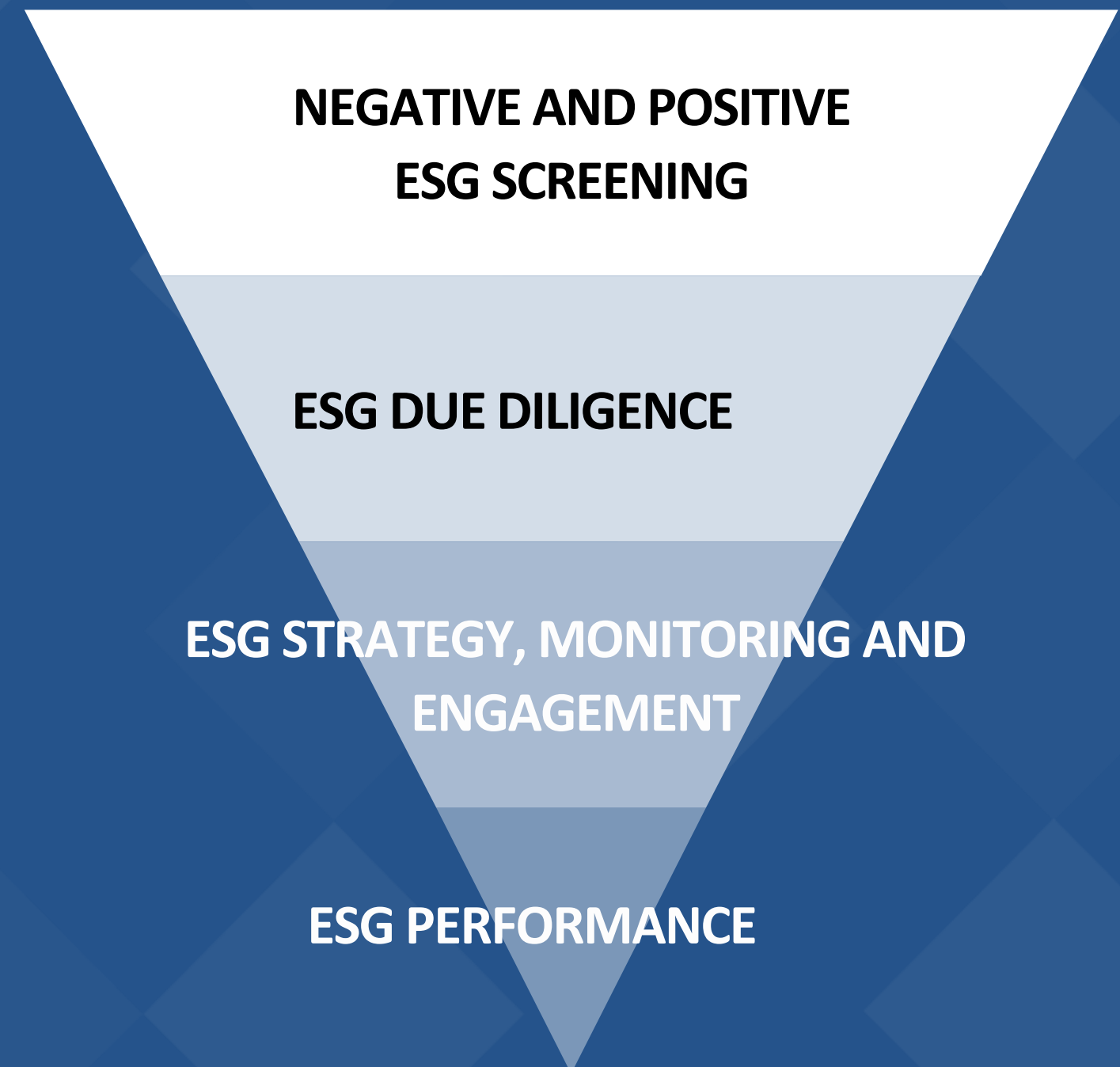


OUR ESG INVESTMENT APPROACH

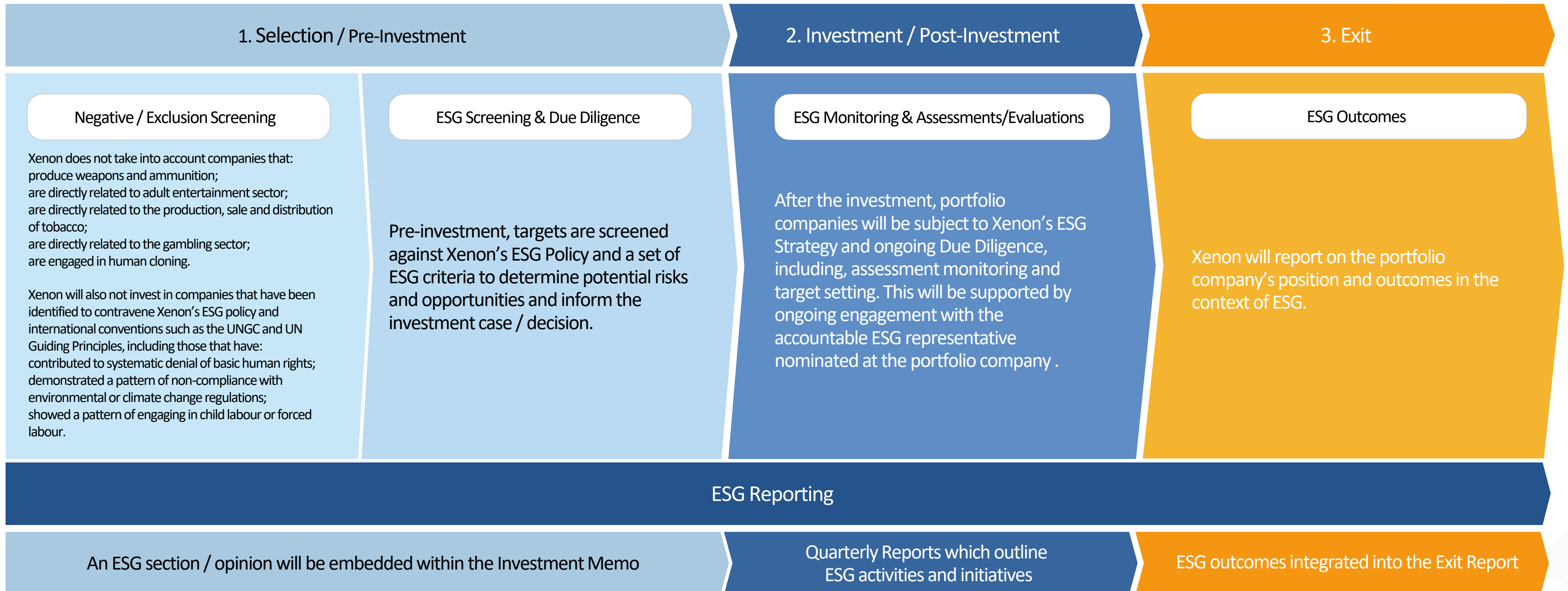
As detailed in our ESG Policy, Xenon’s approach to ESG is embedded in all aspects of its investment process, from selection to value creation and ultimately at exit, with a focus on ensuring a sustainable long-term ownership structure. As a result, Xenon has developed a structured ESG integration approach that actively considers ESG issues and activities across the full investment lifecycle: pre-investment, investment, and exit.

In managing its investments, Xenon is committed to conducting its business activities with the highest standards of conduct, complying with relevant regulations and best practices, and adhering to the principles of the PRI and UNGC. Most of Xenon’s ESG integration activities are driven internally; however, when and where deemed appropriate, Xenon will seek support from external advisors and consultants across the various investment stages and activities.

To support the effective implementation of the policy’s principles and commitments, Xenon actively engages with portfolio companies on an ongoing basis to ensure the integration, monitoring, and measurement of ESG considerations and key performance indicators, and to encourage the disclosure of ESG matters for public review. Xenon establishes appropriate ESG practices for the review of portfolio companies, including but not limited to human rights, sanctions, anti-corruption, health and safety, climate change, labor practices, and, where appropriate and feasible, similar issues related to their supply chains.



OUR ESG INVESTMENT APPROACH



CLIMATE-RELATED DISCLOSURE

Climate risks are becoming increasingly critical for the private equity sector, as they can significantly impact investment value and long-term returns.

These risks can be categorized into **physical risks**, such as extreme weather events (for example, floodings or extensive droughts) or resource scarcity, and **transition risks**, like regulatory changes and shifts toward a low-carbon economy (for example, the incremental regulations being defined by the European Union surrounding the Green Deal).

Ignoring climate risks can lead to unforeseen liabilities, reputational damage, and ineffective investment strategies. Conversely, integrating climate considerations into investment processes, including at entry and during the management phase, can uncover new opportunities, enhance resilience, and ensure sustainable growth, leading to key competitive advantages.

As investors increasingly prioritize ESG factors, understanding and managing climate risks is essential for driving long-term value in private equity portfolios.

GOVERNANCE

At Xenon, the Board holds ultimate responsibility for both overseeing and implementing our ESG Policy, which includes the management of climate risks. This responsibility ensures that climate-related considerations are embedded within the organization's overall strategy and decision-making processes.

The Sustainability Committee supports the Board by providing specialized expertise and guidance on ESG matters, including climate risks and opportunities.

To ensure effective management, the investment team's ESG resources manage day-to-day integration activities related to ESG and climate risks, collaborating with external advisors as needed for additional insights.

Relevant climate risk information, whether through ESG Due Diligence findings or regular ESG reporting within the investment management phase, is relayed to the investment team and Committees, ensuring that these factors are consistently integrated into investment decisions and strategies.

STRATEGY

As a private equity fund, the material risks and opportunities related to climate change primarily stem from our portfolio companies, as they are directly impacted by climate-related factors that could affect their business models, strategies, and financial performance. All portfolio companies are managed in accordance with our ESG Policy, ensuring that ESG and climate-related risks and opportunities are consistently integrated into their operations and decision-making processes. Our ESG resources are responsible for overseeing the management of these risks, ensuring they are identified and addressed through thorough ESG due diligence processes, tailored ESG strategies, and ongoing monitoring and engagement with portfolio companies.

External consultants are often hired to perform detailed ESG due diligences, including climate risk assessments, to ensure that these risks are fully considered before making investment decisions. ESG strategies for specific funds are then designed to incorporate the identified climate-related risks, aligning with our investment goals while ensuring sustainability and resilience. ESG regulations, including climate-related policies, are continuously monitored to ensure compliance and proactive risk management. This integrated approach helps ensure that our portfolio companies are well-positioned to navigate climate-related challenges, such as policy shifts or extreme weather events, making our investment strategy resilient in the short, medium, and long term.

RISK MANAGEMENT

We identify and assess climate-related risks through a comprehensive approach that runs through our entire investment management cycle. This begins with conducting thorough due diligence on potential investments, where ESG, and therefore climate-related risks, are assessed alongside other financial and operational factors.

Once identified, we work with our portfolio companies to develop tailored strategies to mitigate these risks, which may include adjustments to business models, investments in sustainable practice, or compliance with relevant regulations. Ongoing monitoring and engagement with portfolio companies ensure that these climate risks are continually addressed, with mitigation actions being updated as necessary to adapt to evolving climate conditions and regulations.

We use a combination of internal expertise and external consultants to evaluate both physical risks (e.g., exposure to extreme weather events, resource scarcity) and transition risks (e.g., changes in regulations or market shifts toward low-carbon solutions). These risks are then incorporated into our overall risk management framework, which integrates climate risk assessments into our broader enterprise risk management processes, ensuring that climate-related risks are treated with the same level of importance as other key financial and operational risks.

METRICS AND TARGETS

At Xenon, we measure and monitor a range of climate-related metrics to track the environmental performance of our portfolio companies.

For our Flagship Fund, we have designed an ESG Questionnaire that captures a suite of ESG metrics, including key climate-related indicators such as GHG emissions, pollution, water consumption, waste management, and energy consumption. However, as there is varying maturity across our portfolio companies in terms of assessing and monitoring this data, we work closely with each company to support the development of their ESG and climate risk management strategies and data-monitoring activities, ensuring that data collection and reporting are aligned with their specific capabilities and progress. For our Xenon VIII Fund, climate and environmental data monitoring will focus particularly on energy consumption and the percentage of renewable energy used; waste management and recycling efforts; and water consumption relative to its recycling. These metrics will start being systematically tracked from 2025 and will be enhanced as more companies are added to the portfolio, ensuring consistent measurement and reporting across the fund as it grows.

METRICS AND TARGETS

For Xenon FIDEC, an SFDR article 9 fund, we monitor KPIs, including GHG emissions, in a more systematic way across all portfolio companies, ensuring a robust and standardized approach to climate risk management.

Climate-related strategies and targets are commonly defined on a portfolio company-specific basis, dependent on the findings of the due diligence process and the pertinent risks identified for each company. This approach allows us to set tailored climate-related targets for each portfolio company, aligning them with our broader investment goals while addressing their unique climate challenges. We track progress toward these targets through regular reporting, periodic reviews, and performance assessments, ensuring full transparency and accountability in our efforts to meet our climate goals.

METRICS AND TARGETS

For our Small-cap fund, which predominantly invests in B2B digital services companies, climate risks are generally less impactful due to the nature of these businesses. However, we still recognize the importance of monitoring and managing climate-related risks.

As these companies typically have lower direct exposure to physical climate risks or transition risks compared to other sectors, our approach to climate risk monitoring and target-setting is more qualitative. We assess potential risks through regular engagement with portfolio companies, focusing on factors such as energy consumption and overall environmental impact. While the climate-related metrics for these companies may not be as extensive as those in other sectors, we ensure that relevant risks are identified and addressed where applicable, helping to maintain sustainability and resilience in line with our broader ESG goals.

Portfolio overview

Note: across the portfolio companies' ESG overviews the «number of incidents» refers exclusively to material governance-related incidents. Health and safety metrics are not indicated. Revenue figures have been rounded to the nearest million.

OUR INVESTMENT STRATEGY

PROACTIVE ORIGINATION

At Xenon, we adopt a systematic approach to origination, with three Origination Partners dedicated to sourcing off-market transactions. As a result, over its 33 years of history, the firm has always managed to avoid any full-blown auction process.

The Origination team is constituted of three team members with a diversity of past experiences that have enabled them to build up an impressive network of contacts with the aim of identifying attractive sub-sectors and niches, develop competitive landscapes, and facilitate introductions to prospective target companies.

We believe that our proactive origination approach and ability to source off-market transactions result in reduced time pressures during negotiations and improved relationships with entrepreneurs, thereby reducing execution risk.

360
company contacts*

158
company visits*

*from August 2023 to July 2024

Overall, our original approach enables:

- 1) Proprietary deal flow:** high percentage of deals sourced off-market;
- 2) Low execution risk:** since 1990, more than 80% of all potential investments that entered the due diligence phase were completed. Of the investments that were not completed, the reason was never due to competition from another financial buyer;
- 3) Senior engagement with entrepreneurs:** given Xenon's all-senior Team, entrepreneurs will always interact with a senior professional from the beginning to the end of a prospective investment;
- 4) Development of long-term relationships with entrepreneurs:** Xenon will typically engage with target companies and cultivate relationships for 24 months on average prior to making an investment.

Portfolio overview 

XENON FLAGSHIP FUND

XENON FLAGSHIP FUND

The Flagship Fund adopts a rigorous investment process that the Fund team follow to ensure high-performing investment opportunities.

The Fund team consists of twelve members, including the two Co-CEOs and the Origination team, with expertise in industrial, operational, financial, consulting, and ESG areas. This diverse mix ensures a rich source of ideas and experience, which is leveraged in sourcing and assessing potential opportunities, as well as in creating value within portfolio companies.

The Flagship Fund has consistently focused its investment strategy on control buy-outs of lower mid-market companies based predominantly in Northern Italy. In so doing, the Team has executed 63 platform investments and 140 add-on acquisitions of sophisticated manufacturing or asset-light, knowledge based B2B services. While each of Xenon’s portfolio companies has its own individual profile, they will typically share the common characteristics of:

- ▶ providing “mission-critical” components or services to a global customer base;
- ▶ capitalizing on some form of IP/know-how in manufacturing their products or delivering their services;
- ▶ offering an enabling technology to customers.

Note: Xenon VI companies not included

PORTFOLIO XENON VII



PORTFOLIO XENON VIII



Unrealised or partially realised portfolio companies/groups as at 31 December 2024

XENON VII – EXCELLERA ADVISORY GROUP

2022

Year of
investment

56

2024 Revenues
(M€)

295

Number of
Employees

66

% of Female
Employees

0

No. of Incidents,
Including corruption



XENON VII – EXCELLERA ADVISORY GROUP

XENON FLAGSHIP FUND

COMPANY OVERVIEW

Excellera Advisory Group was founded in 2022 through the aggregation of professional realities active in the space of government affairs, reputation management, and communications, with the aim of creating the largest Italian group focused on these key consulting activities. Starting with Cattaneo, Zanetto, Pomposo & Co. (*an industry leader in Italy in public affairs, lobbying and political intelligence*) and Community (*a multidisciplinary group operating 360° in reputation management*), the Group has now expanded to include Barabino & Partners (*Italian leader in the business communication consulting market*), Value Relations (*Italian Healthcare Agency at the side of all stakeholders in health and healthcare*), Public Affairs Advisors (*consulting firm specialized in the design and implementation of Institutional Relations Plans, Lobbying and Advocacy*) and Intwig (*Data Intelligence firm*).

ESG OVERVIEW

Recognizing the importance of establishing a strong governance structure, the Group has defined a Code of Conduct and it has adopted an Organizational Model pursuant to D. Lgs. 231/01.

The Group also developed its multi-year Sustainability Plan and initiated the process of producing its first Sustainability Report. Over the years, the companies within the Group have also taken individual steps to integrate sustainability practices into their management processes and strategies. Cattaneo, Zanetto, Pomposo & Co. has become a participant in the UN Global Compact and obtained the Gender Parity certification, while Community and Barabino & Partners became Società Benefit and published their respective *Relazione d’Impatto*.

2024 ESG HIGHLIGHTS

- ▶ Developed a Code of Conduct [Excellera Advisory Group];
- ▶ Adopted the Organizational Model pursuant to D. Lgs. 231/01 [Excellera Advisory Group];
- ▶ Calculated the gender pay gap of the Group;
- ▶ Initiated approach to draft its first Group Sustainability Report.

XENON VII – MICROTEST GROUP

2022

Year of
investment

59

2024 Revenues
(M€)

409

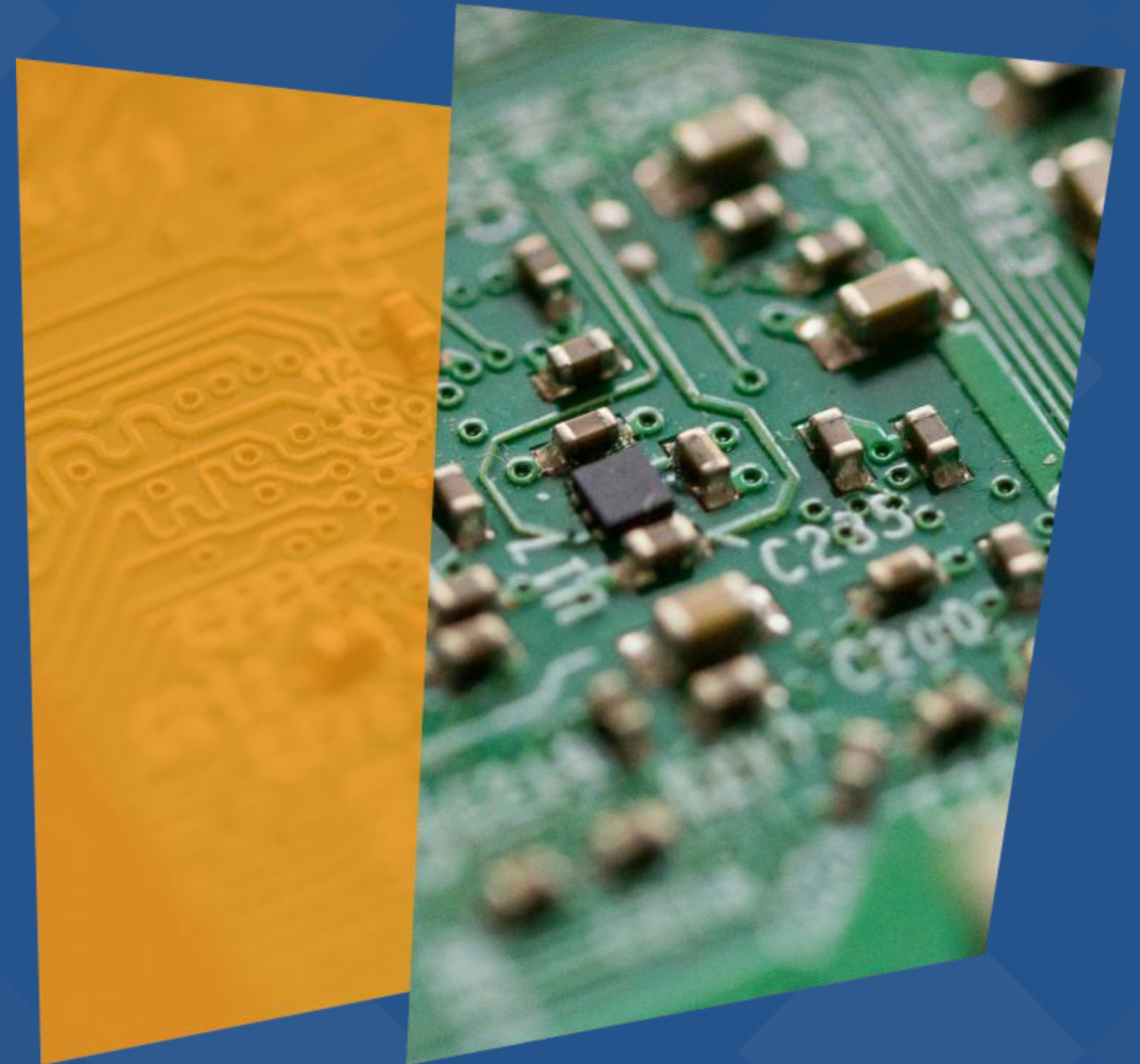
Number of
Employees

26,7

% of Female
Employees

0

No. of Incidents,
Including corruption



XENON VII – MICROTTEST GROUP

COMPANY OVERVIEW

Microtest S.p.A was founded 25 years ago to become a leader in the creation of test systems and in the testing of microchips and silicon wafers. Already present both in Italy and in Malaysia (through Microtest Pacific), in the last two years it has expanded its geographical and product/service offering through five strategic acquisitions, Roodmicrotec (Germany), ipTEST (UK and Malaysia), Gedec (Italy), Focused Test (U.S.A. and Philippines) and TestInspire (Netherlands), enabling the creation of Microtest Group. The Group has now established itself as a worldwide strategic partner in the creation of the most innovative test programs and ATE, and as a supplier of semiconductor players of Standard ATE, very high parallelism; Special ATE, for special application; testing services in Italy, Germany and Malaysia; test program development; IC's Design Services; and Ovenless Burn in.

ESG OVERVIEW

Over the years, Microtest S.p.A. has established and implemented a series of key ESG activities, including the creation of an ISO 14001 management system, adherence to the SA 8000 standard, and the disclosure of a Code of Conduct and Supplier Code of Conduct aligned with the Responsible Business Alliance.

XENON FLAGSHIP FUND

These initiatives have laid the foundation for the effective management of sustainability issues within the company. To drive continuous improvement, Microtest is now focused on expanding its ESG management process both internally and across the Group, with the goal of standardizing and effectively integrating ESG initiatives throughout all its companies.

2024 ESG HIGHLIGHTS

- ▶ Defined a Group-wide Diversity & Inclusion Policy;
- ▶ Calculated the carbon footprint associated with the provision of services of two of its ATE machines [Microtest S.p.A];
- ▶ Updated the Code of Conduct [Microtest S.p.A].

XENON VII – GREEN SILENCE GROUP

2022

Year of
investment

41

2024 Revenues
(M€)

178

Number of
Employees

21

% of Female
Employees

0

No. of Incidents,
Including corruption



XENON VII – GREEN SILENCE GROUP

XENON FLAGSHIP FUND

COMPANY OVERVIEW

Green Silence Group represents an all-Italian pole that combines excellent skills in the design and production of intelligent electro-hydraulic systems for the industrial world and the electric mobility sector. The Group is composed of Settima Meccanica, a Piacenza-based company with over forty years of experience in the hydraulics sector, best-known for having invented the ultra-silent ‘Continuum®’ pump and 4Q®Continuum® regenerative hydraulic machine; Spin, which has a long history of excellence in the design of advanced motors, many of which are used daily in cars and household appliances; and Motive, an important Brescia-based manufacturer of industrial electric motors, mechanical speed reducers, and electronic drives for power transmission, which is recognised for its constant quest for innovation and improvement.

ESG OVERVIEW

Thanks to the synergy between the three companies, the Group has positioned itself as a strategic partner in the electrification of industrial and automotive companies, focusing on energy efficiency, energy recovery, noise abatement, and the high environmental impact. Over the years, Settima Meccanica has also

undertaken a series of initiatives aimed at improving its environmental and quality management processes, obtaining ISO 9001 and ISO 14001 certifications, and disclosing an Environmental Policy.

2024 ESG HIGHLIGHTS

- ▶ ISO 9001 [Spin];
- ▶ Kicked-off monthly team-building initiatives [Settima & Spin];
- ▶ Employee satisfaction survey [Settima & Spin].

XENON VII – MINERVAHUB

Partially-realized

2019

Year of
investment

167

2024 Revenues
(M€)

1.340

Number of
Employees

44,1

% of Female
Employees

0

No. of Incidents,
Including corruption

Current estimate pending finalization of the financial statements



XENON VII – MINERVAHUB

COMPANY OVERVIEW

Incorporated in 2019, MinervaHub is the first Italian industrial reality in the fashion sector specialized in cutting-edge finishes, materials and processes for fashion haut de gamme accessories with a portfolio that includes over 1000 customers and 20 of the top luxury brands. MinervaHub include the following companies: Audasit (USA), Conceria Zuma Pelli Pregiate (Pisa), Deadema (Forlì-Cesena), Elettrogalvanica Settimi (Macerata), Estro Lab (Forlì-Cesena), Galvanica Formelli (Arezzo), Goretti (Ancona), Gruppo Meccaniche Luciani (Macerata), Interlinea2 (Treviso), ITTTAI (Treviso), Jato 1991 (Bologna), Just Gators Inc. (USA), Koverlux (Bergamo), MA.GUI (Arezzo), LTM (Forlì-Cesena), New and Best H.F. (Barletta), Oroplac (Florence), Quake (Vicenza), Sagiwa (Treviso), Sp Plast Creating (Fermo), Teknomabel S.r.l. (Bergamo), Trapuntatura Belpunto (Treviso) and Zeta Catene (Arezzo).

ESG OVERVIEW

MinervaHub has a strong economic, technical, creative and productive commitment to social and environmental responsibility, and it recognizes the impact it has with respect to ESG issues. As such since its establishment the

Group has initiated and defined a suite of ESG policies and processes, including a Diversity & Inclusion Policy, Animal Welfare Policy, Chemical Management Policy, and a Supplier Code of Conduct. The Group has also defined a multi-year sustainability plan to ensure a continued integration of ESG issues.

2024 ESG HIGHLIGHTS

- ▶ 2023 Sustainability Report;
- ▶ Biodiversity, ESG and Human Rights policies;
- ▶ ISO 50001 [Zuma Pelli Pregiate, SP Plast, Galvanica Formelli];
- ▶ ISCC system and GRS [Gruppo Meccaniche Luciani];
- ▶ Gender equality certification [Galvanica Formelli];
- ▶ ESG supply chain monitoring pilot project.

XENON VII – RELIFE GROUP

Partially-realized

Re-invested in Xenon VII

2021

Year of
investment

375

2024 Revenues
(M€)

941

Number of
Employees

19,34

% of Female
Employees

0

No. of Incidents,
Including corruption



XENON VII – RELIFE GROUP

XENON FLAGSHIP FUND

COMPANY OVERVIEW

ReLife with its divisions – Recycling, Refuel, Paper Mill, Paper Packaging and Plastic Packaging – is a global partner offering a comprehensive approach towards the concept of minimizing waste disposal at the service of small, medium and large companies and environmental service agencies. The Group offers recovery services and recycling of waste and waste materials, as well as producing new packaging and other goods through the transformation of what would otherwise constitute environmental damage and an additional burden on the community. ReLife's growth model is based on sharing the principles of circular economy and creating synergies with companies that design and produce consumer goods with a view towards their new use.

ESG OVERVIEW

Circular economy and sustainability principles reside at the heart of ReLife Group's operations. The corporate philosophy of the Group is supported by investments in technologies aimed to reduce the carbon footprint and environmental impact of industrial activities, contributing towards introducing environmentally friendly products back into the economic cycle.

To support its wider sustainability ambitions over the years the Group has implemented a Sustainability Plan with targets across the three ESG macro-areas, and its Sustainability Report is now at its third iteration. Amongst its various ESG activities, the Group has appointed a Group-wide ESG team; it has performed an EcoVadis and GRESB assessment; it has finalized its GHG inventory, including Scope 3 emissions; and it has become a participant of the UN Global Compact.

2024 ESG HIGHLIGHTS

- ▶ 2023 Group Sustainability Report;
- ▶ Group-wide ESG Policy;
- ▶ New resource added within the Group's ESG team;
- ▶ Finalised the Group's GHG Inventory.

XENON FLAGSHIP FUND

XENON VIII ESG INVESTMENT STRATEGY

Xenon VIII fund promotes specific environmental ("E") and social ("S") characteristics, or a combination of said characteristics ("E&S") whilst ensuring strong governance practices.

To achieve this, ESG factors are integrated into the decision-making process at all stages of the investment life cycle. Xenon VIII is subject to defined exclusion criteria and monitors ESG risks and opportunities, negative externalities and the ESG performance of its portfolio companies. Due diligence is carried out at all stages of the investment process, and ESG performance is tracked through ongoing engagement. This is supported by bespoke ESG assessment tools and plans that integrate both cross-portfolio and portfolio-specific targets, aligned with the principal adverse impact ("PAI") indicators, the sustainable development goals ("SDGs"), and relevant international standards.

In assessing the portfolio companies, ESG issues are considered and monitored, with key objectives focused on areas such as health and safety at work, environmental management and compliance, diversity & inclusion, human rights and ethics and anti-corruption.

[Xenon VIII SFDR Disclosure available here for more information](#)

11 SDGs COVERED



XENON FLAGSHIP FUND

XENON VIII ESG INVESTMENT STRATEGY

PRE-ACQUISITION PHASE

Negative Screening: Xenon VIII will be subject to a variety of investment-related restrictions and exclusion criteria outlined in Xenon's ESG Policy and the Fund's prospectus, including restricting investments in companies that have engaged in child labour and that have demonstrated a pattern of non-compliance with environmental regulations.

ESG Screening: Xenon VIII will assess the ESG risks and opportunities of the target company and its related sector, alongside a thorough assessment of the company's governance practices, including business ethics and compliance, in accordance with the SFDR regulations.

ACQUISITION PHASE

Once consistency of a potential investment with Xenon VIII's responsible investment strategy is ensured, a comprehensive assessment is conducted. This will include a Due Diligence assessment, which provides a first evaluation of the target companies' sustainability level and identifies any potential red flag.

XENON FLAGSHIP FUND

XENON VIII ESG INVESTMENT STRATEGY

MANAGEMENT PHASE

Sustainability Plans: following the acquisition, a Sustainability Plan will be developed. Each Sustainability Plan will encompass opportunities and targets, which will enable the ongoing monitoring of the companies' ESG performance.

Stewardship: to ensure the achievement of the Sustainability targets, great importance will be placed on active ownership. Xenon VIII will maintain constant dialogue with the companies' management teams and will actively monitor their ESG practices and performance.

EXIT PHASE

At exit, a final assessment of the portfolio company sustainability level will be carried out. The final assessment is key to evaluate the ESG progress made by the portfolio company during the ownership process and will represent a useful tool for the company itself, underlining the progresses made and identifying any areas for further improvements.

XENON VIII – SOLANA

2024

Year of
investment

73

2024 Revenues
(M€)

24 FTE / 80 Seasonal

Number of
Employees

60

% of Female
Employees

0

No. of Incidents,
Including corruption

As at 30 June 2024, in line with Solana's campaign and Financial Balance Sheet

Data exclusively from Solana S.p.A



XENON VIII – SOLANA

XENON FLAGSHIP FUND

COMPANY OVERVIEW

Founded in 2001 and located in Northern Italy (Maccastorna, Lodi), Solana is an Italian modern producer of high-quality tomato-based products. Solana embodies the pinnacle of Italian quality, offering an extensive assortment of premium products, covering both paste, pulp and strained tomatoes derivatives, as well as pumpkin purée. From field to final product, raw materials are 100% Italian-sourced and processed, leveraging on long-standing relationships with local farmers in Northern Italy. To consolidate its position in the food processing industry in late 2024 Solana acquired Suncan S.p.A, an Italian player active in the production and distribution of high-quality fruit preserves (in syrup) and other vegetable preserves (special tomato varieties, basil), both branded and private label for the B2B market.

ESG OVERVIEW

Over the years Solana has adhered to various sustainability-related projects and initiatives such as project Life PREFER, aimed at assessing the environmental footprint of its products, project ARCADIA by ENEA to conduct its Life Cycle Assessment, and project ORIENTING, to perform a Life Cycle Sustainability

Assessment of its products, considering environmental, social and economic pillars. Solana also places due attention on health & safety, having implemented structured training programmes, and on its environmental footprint, with energy, water consumption and Scope 1 and 2 emissions actively monitored.

2024 ESG HIGHLIGHTS

- ▶ Defined a Sustainability Plan;
- ▶ Appointed a Sustainability Manager;
- ▶ Expanded the photovoltaic plant;
- ▶ Updated and disclosed its Environmental & Energy Policy.

XENON VIII – MIORELLI SERVICE

2024

Year of
investment

102

2024 Revenues
(M€)

5.051

Number of
Employees

73,17

% of Female
Employees

0

No. of Incidents,
Including corruption



XENON VIII – MIORELLI SERVICE

XENON FLAGSHIP FUND

COMPANY OVERVIEW

Since 1981 Miorelli Service, headquartered in Mori (TN), offers soft facility services to public and private clients nationwide. Miorelli Service's core business relates to Cleaning and Environmental Hygiene Services, whilst also offering Pest Control, Porterage and Reception, and Porterage and Handling services. Miorelli Service presents itself as a strategic partner for services of soft facility management with a strong innovative traction, with the aim of ensuring a service designed and engineered on customers' needs while maintaining a high level of flexibility and adaptability in every situation.

ESG OVERVIEW

Miorelli Service recognizes the importance of managing and integrating sustainability within its operations and as such it has implemented a number of certifications across the three E S G macro-areas over the years, including the ISO 14001 and ISO 37001, and it has published a series of plans, processes and policies, such as the Code of Ethics and, most recently, its multi-year Sustainability Plan.

The company also aims to apply a culture of safety, key to safeguard its large pool of employees, and therefore it has constituted a Health and Safety Committee, it has implemented the ISO 45001 management system, and it has introduced the “Stop Work Policy” available to employees to flag any potential risks.

2024 ESG HIGHLIGHTS

- ▶ 2023 Sustainability Report;
- ▶ Defined a Sustainability Plan with quantitative and qualitative ESG targets, disclosed within the Sustainability Report;
- ▶ Obtained the ISO 14064 Carbon Footprint certification;
- ▶ Winner of the 2024 Sustainability Awards in the TOP 100 ESG Integrated Finance category.

Portfolio overview 

XENON SMALL CAP FUND

XENON SMALL CAP FUND

In 2019, to leverage the Xenon team’s origination capabilities in the Italian small cap space, the team launched Xenon Small Cap fund.

Xenon Small Cap’s strategy focuses on management buy-outs of small Italian companies which represent the following characteristics:

- ▶ Innovative and technological B2B service businesses;
- ▶ Asset light manufacturing with proprietary technologies;
- ▶ EBITDA ranging from €1 m to €3 m;
- ▶ Strong financial fundamentals, digital transformation enablers and first-generation entrepreneurs.

Two Managing Directors joined the team to run the Small Cap Fund’s day-to-day operations with the support of an Investment Director.

Xenon believes that the Small Cap fund introduced a differentiated proposition in the Italian market, with an extremely focused investment strategy and a strong expertise to position itself as the ‘partner of choice’ for young entrepreneurs in the knowledge intensive business services (“KIBS”).

PORTFOLIO









8
deals

12
add-on
operations

3,1x
gross multiple across
all investments

Unrealised or partially realised portfolio companies/groups as at 31 December 2024

E.C.S.

2021

Year of
investment

7

2024 Revenues
(M€)

24

Number of
Employees

43

% of Female
Employees

0

No. of Incidents,
Including corruption



COMPANY OVERVIEW

Founded in 2004 and based in Brivio (Lombardy), ECS produces and markets sanitization packaging materials and systems for hospitals and dentists. The Company manufactures, with own designed and engineered machineries, a complete product offering of sterilized packaging (58% of revenues), sterilization controls (36% of revenues) and sterilization products (6% of revenues).

ESG OVERVIEW

ECS has obtained certifications such as ISO 9001, ISO 13485, and ISO 14001, which serve to enhance its quality, environmental, and health & safety management systems. These certifications demonstrate ECS's commitment to maintaining high standards and continuously improving processes. In addition to these, ECS has taken a proactive approach to managing ESG issues by adopting its own dedicated ESG Policy. To further strengthen its corporate governance framework, ECS also adopted the Organizational Model pursuant to D. Lgs. 231/01 in 2022.

2024 ESG HIGHLIGHTS

- ▶ Source 100% of energy from renewable sources;
- ▶ Continuous improvement of the Organizational Model pursuant to D. Lgs. 231/01.

A.I.GEN

2022

Year of
investment

29

2024 Revenues
(M€)

250

Number of
Employees

34

% of Female
Employees

0

No. of Incidents,
Including corruption

a.i.
gen.



A.I.GEN

XENON SMALL CAP FUND

COMPANY OVERVIEW

A.I.Gen is a provider of digital solutions, proprietary products and consultancy services based on advanced analytics and artificial intelligence. A.I.Gen, is a platform holding 100% of: BiD, specialized in complex data analytic projects for customers in banking, insurance, fashion and utilities and data cleansing and enrichment specialist; Kettydo+, customer engagement and loyalty program designed for consumers companies; HicMobile, mobile georeferenced digital media campaign; Urbistat, geomarketing and market research for the retail and real estate sectors; and Youthquake, data-driven digital media agency.

ESG OVERVIEW

The underlying companies of A.I.Gen have implemented key activities and processes to effectively manage ESG issues within their businesses: BiD has implemented the ISO 9001, ISO 14001, ISO 45001 and ISO 27001 and it has adopted a Diversity & Inclusion Policy; both BiD and Kettydo+ have obtained the Ecovadis certification; and BiD has completed the Synesgy certification. Over the last year, with the establishment of the A.I.Gen holding a programme of standardization has been kicked-off and key ESG policies and documents have also been established for A.I.Gen as illustrated below.

2024 ESG HIGHLIGHTS

- ▶ Adopted the Organizational Model pursuant to D. Lgs. 231/01 [A.I.Gen];
- ▶ Defined a Code of Ethics [A.I.Gen];
- ▶ Signed a contract with LifeGate Energy to source 100% of energy from renewable sources across A.I.Gen and all underlying companies;
- ▶ Issued the first Employee Satisfaction Survey.

WEBRAVO

2022

Year of
investment

50

2024 Revenues
(M€)

80

Number of
Employees

63

% of Female
Employees

0

No. of Incidents,
Including corruption



WEBRAVO

XENON SMALL CAP FUND

COMPANY OVERVIEW

Founded in 2015 and headquartered in Florence, WeBravo S.r.l is a company active in web marketing services, specifically in the affiliate marketing industry and in the comparison-shopping services (“CSS”). Bravo Savings Network promotes the best offers available online through coupon codes and deals, helping consumers to save money. The company has expanded internationally, and now covers 15 countries, each covered by a proprietary platform to offer on-line sales couponing and discount codes through partnership with affiliate networks on behalf of merchants. Following three add-on acquisitions in 2024, WeBravo is now an integrated performance digital marketing group offering its customers digital couponing, lead generation and CSS solutions.

ESG OVERVIEW

In 2024, recognizing the importance of implementing an ESG policy aimed at measuring and benchmarking its environmental, social, and ethical impact, and aware of the increasing significance of these issues and how sustainability is essential for corporate health and employee well-being, the Company has adopted a Code of Ethics and an Organizational Model pursuant to D.Lgs. 231.

The objective is to achieve a certified ESG Rating in the future, ensuring the company’s compliance with environmental, social, and governance criteria. As a long-time advocate for gender equality, the company is actively and successfully working to promote it within its business operations. The significant representation of women at WeBravo and the commitment to equal pay are clear examples of this dedication. Additionally, the company has started the process of obtaining the UNI/PdR 125 Gender Equality certification.

2024 ESG HIGHLIGHTS

- ▶ Defined a Code of Ethics;
- ▶ Adopted the Organizational Model pursuant to D.Lgs. 231/01.

FIFTH BEAT

2023

Year of
investment

24

2024 Revenues
(M€)

100

Number of
Employees

60

% of Female
Employees

0

No. of Incidents,
Including corruption



FIFTH BEAT

XENON SMALL CAP FUND

COMPANY OVERVIEW

Fifth Beat is a digital design innovation studio focusing on user experience design. The company studies and improves actual processes related to customers or to internal people using the best technologies available and its own IT subsidiary (Fast Loop) project management software. Fifth Beat clients are diversified in terms of industries, ranging from utilities to retail, from consultancy to furniture and recently the company succeeded in acquiring foreign customers. During IH 2024, Fifth Beat completed two add-on acquisitions, a merchants of record company focused on Amazon and a digital marketing agency.

ESG OVERVIEW

In 2024 Fifth Beat has initiated an ESG program, obtaining the ISO 14001, ISO 9001 and ISO 27001 certifications. Additionally, the organization has implemented a series of management best practices and is working towards adopting international standards as illustrated in the 2024 ESG highlights section.

2024 ESG HIGHLIGHTS

- ▶ Adopted the Organizational Model pursuant to D. Lgs. 231/01;
- ▶ Adopted the international standard for health and safety at work - ISO 45001 – Certification to be achieved by Q1 2025;
- ▶ Implemented the guidelines on the management system for gender equality – UNI/PdR 125:2022 – Certification to be achieved by Q1 2025;
- ▶ Started Working on a Group-level Welfare plan aimed at further improving Employee wellbeing – To be launched by H1 2025.

EKOFUTURE

2024

Year of
investment

9

2024 Revenues
(M€)

60

Number of
Employees

67

% of Female
Employees

0

No. of Incidents,
Including corruption



EKOFUTURE

EKOFUTURE

COMPANY OVERVIEW

Ekofuture is a leading Italian environmental consultancy and training platform created through the integration of TuttoAmbiente S.r.l. and Ecoricerche S.r.l. TuttoAmbiente is an expert in environmental law consultancy, training, and publishing, boasting over 20 years of experience. It supports clients in risk prevention, regulatory compliance, and sustainability. Ecoricerche complements TuttoAmbiente by specializing in compliance services, laboratory analyses, and workplace safety, offering consulting and training, including manufacturing and building management firms.

ESG OVERVIEW

Both companies are active in bringing forward the discourse on ESG integration and management, providing consultancy services on a variety of ESG issues. The organizations themselves have also undertaken various steps to integrate ESG management within their businesses. TuttoAmbiente has implemented an Organizational Model pursuant to D. Lgs. 231/01, a Code of Ethics and it has produced on a voluntary-basis its first Sustainability Report in 2024. Ecoricerche has implemented the ISO 9001 management system and a whistleblowing programme to support employees.

XENON SMALL CAP FUND

2024 ESG HIGHLIGHTS*

- ▶ Ecovadis Silver Sustainability Rating (2024) [TuttoAmbiente];
- ▶ 2024 Sustainability Report [TuttoAmbiente].

*Activities carried out pre-Xenon's investment

AZEROUNO

2024

Year of
investment

5

2024 Revenues
(M€)

29

Number of
Employees

27,5

% of Female
Employees

0

No. of Incidents,
Including corruption



Azerouno
SOFTWAREHOUSE

AZEROUNO

XENON SMALL CAP FUND

COMPANY OVERVIEW

Azerouno S.r.l. is a leading ERP software company specializing in solutions for the sheet metal working sector. The flagship ERP software, Concept, is a comprehensive solution covering all key business processes such as manufacturing, inventory, and invoicing, tailored to the needs of SMEs (up to 100 employees) in sheet metal processing. Founded in 2008, Azerouno has grown to serve 650 active customers, with a mix of direct sales (50%) and distributor partnerships (50%). The company benefits from strong customer retention due to relatively high switching costs and a substantial base of recurring revenue (30%).

ESG OVERVIEW

Azerouno has placed particular emphasis on its employees, implementing a welfare plan and ensuring ongoing training. The company has also implemented its Code of Ethics, with a series of social-related principles. Recognizing the need to further strengthen its ESG practices, the company is aiming to adopt other policies and processes such as the Organizational Model pursuant to D. Lgs. 231/01.

2024 ESG HIGHLIGHTS*

- ▶ Dedicated training programme for all employees on communication and artificial intelligence.

*Activities carried out pre-Xenon's investment

Portfolio overview 

XENON FIDEC FUND

XENON FIDEC FUND

Xenon FIDEC (“FIDEC” or the “Fund”) is a private equity fund with sustainable investment as its objective, in accordance with art. 9 of Sustainable Finance Disclosure Regulation – Regulation (EU) 2019/2088 (the “SFDR”).

As an art.9 SFDR fund the consideration and management of ESG factors is central to the investment strategy, and the fund aims to combine strategic impact with a commitment to achieve sustainable development goals.

The Xenon FIDEC team is comprised of six members with experience in circular economy, decarbonization and energy projects, finance, and sustainability management, with oversight from Luca Dal Fabbro, Managing Director, who has accumulated 30-years’ experience in the energy sector. The Fund invests in Italian companies acting in the energy transition and circular economy. As a fund specialized in decarbonization and circular economy, Xenon FIDEC will therefore invest primarily in targets that enable decarbonization processes or circular business models, or in targets where the Fund can improve the circularity or reduce the carbon footprint, with the aim of:

- ▶ Extending the useful life of products and raw materials;
- ▶ Promoting renewable energy and recycled materials;
- ▶ Regenerating natural capital and biodiversity;
- ▶ Decarbonizing the economy cycles and production.

PORTFOLIO



To date, the Fund has developed three priority investment platforms, each targeting crucial sectors for sustainability:

- ▶ The first platform (Sostelia) is dedicated to Water and Wastewater Treatment, focusing on improving technologies for water treatment, ensuring the efficient and sustainable management of water resources;
- ▶ The second platform (ORION) is related to Environmental Monitoring, developing advanced technologies for monitoring emissions, air and water quality and ensuring correct water management in the distribution infrastructure;
- ▶ The third platform (ORIM) is dedicated to the recovery of Critical Raw Materials, essential to produce green technologies, thus promoting the circular economy and reducing dependency on non-renewable resources.

XENON FIDEC FUND

XENON FIDEC ESG INVESTMENT STRATEGY

Xenon FIDEC considers the ESG factors central not only to risk mapping, but also to the value creation process. For this reason, ESG factors are integrated into decision-making at all stages of the investment process of the fund and ESG performance is monitored and reported in the same way as financial performance. To underline the centrality of ESG factors, FIDEC is among the first funds to link its remuneration and the remuneration of the target companies' top management to sustainability and non-financial results.

To ensure an appropriate ESG integration approach, the FIDEC team, supported by an Independent ESG Advisor, define Sustainability Plans for each portfolio company, which include a set of Sustainability Targets created to address the unique circumstances of each company and that focus on the most material ESG factors.

A critical component of this strategy is also robust ESG monitoring. The FIDEC team will track and report on Principal Adverse Impact ("PAI") metrics to assess the real-world outcomes of the ESG initiatives. This monitoring process will be continuous, allowing us to identify emerging risks, ensure compliance with our sustainability targets, and take timely corrective actions when necessary.

[Xenon FIDEC SFDR Disclosure available here for more information](#)

Xenon FIDEC's overall goal is not to create a separate corporate agenda for ESG, but rather to highlight how the correct management of ESG factors can translate into superior corporate performance compared with peers and to integrate sustainability into corporate decision-making.

PRE-ACQUISITION PHASE

FIDEC identifies potential targets not only based on financial performance, but also based on their:

- Alignment with FIDEC's art. 9 SFDR sustainable strategy and main investment sectors;
- ESG Performance.

Current sustainability levels, circularity and ESG opportunities are assessed alongside an alignment with the green transition.

ACQUISITION PHASE

During the due diligence phase the **Circularity & ESG Scorecard** is used to perform a first evaluation of target companies' sustainability level and to identify any potential red flag. The Circularity & ESG Scorecard clusters **17 key ESG factors** for FIDEC in 3 macro areas: **Environment, Social and Governance**.

FIDEC's goal is to **map and identify the most recurrent** and therefore most relevant ESG factors for the evaluation of sustainability performance of target companies.

MANAGEMENT PHASE

FIDEC's team, supported by an Independent ESG Advisor, drafts a **Sustainability Plan** tailored to each portfolio company.

The Sustainability Plan is approved by the **target company's Board of Directors** following the input of FIDEC's Investment Committee.

Each Sustainability Plan is made up of a different number of Sustainability Targets, specifically designed for each company:

- to ensure a **holistic approach** to sustainability;
- to be **coherent with the SDG(s)**;
- to have a **multi-year horizon** with yearly milestones.

EXIT PHASE

The Independent ESG Advisor certifies the results achieved before exit. The **final assessment** is key not only to evaluate the ESG progress made by the portfolio company during FIDEC's ownership, but also to **compute the results on the Sustainability Plan**. The final ESG assessment allows to:

- track ESG performance throughout the ownership phase;
- compare the ex-ante situation with the ex-post one;
- check improvements in the company ESG profile;
- highlight the company ESG activities supported or promoted by FIDEC;
- identify any area for further improvements.

SOSTELIA

2023

Year of investment

88

2024 Revenues (M€)

327

Number of Employees

23,19

% of Female Employees

0

No. of Incidents, Including corruption

1.555.000

GHG Emissions (kgCO2e)

394

Electricity Consumption (MWh)

86%

Renewable Electricity Consumption Quote



Water Pollution Reduction



Access to a safer water, promoting public health



Water Resources Saving and Conservation



Regulatory Compliance Assurance



COMPANY OVERVIEW

Sostelia is the Italian leader in water and wastewater treatment. Combining the expertise of eight companies across Italy, Sostelia is a specialist covering all water treatment needs, both industrial and municipal, whilst also offering groundwater remediation services.

In 2024, the Group generated close to €90 million in revenue, leveraging proprietary treatment technologies, the management of more than 700 plants and a strong focus on sustainability through efficient water treatment solutions and water reuse, innovation and zero liquid discharge (ZLD) plants.

ESG OVERVIEW

Thanks to cutting-edge technological solutions, Sostelia directly contributes to the achievement of SDG number 6 “Clean water and sanitation”, which promotes universal access and sustainable water management.

2024 ESG HIGHLIGHTS

- ▶ Defined a Sustainability Plan;
- ▶ Updated the Code of Ethics;
- ▶ Adopted the Organizational Model pursuant to D. Lgs. 231/01;
- ▶ Implemented a Whistleblowing System;
- ▶ Appointed a Sustainability Manager;
- ▶ Appointed a female member within the Board;
- ▶ Achieved a Diversity & Inclusion certificate.

ORION GROUP

2024

Year of
investment

65

2024 Revenues
(M€)

345

Number of
Employees

20

% of Female
Employees

0

No. of Incidents,
Including corruption

3.945.000

GHG Emissions
(kgCO₂e)

264

Electricity Consumption
(MWh)

67%

Renewable Electricity
Consumption Quote



Air and Water Pollution
Reduction



Safeguarding
Public Health



Climate Change
Mitigation



Regulatory Compliance
Assurance



COMPANY OVERVIEW

The Orion Group is a leading Italian platform in the environmental monitoring sector. The Group operates in three market segments: air quality monitoring, emission monitoring, and water quality and leak detection systems.

In 2024, the Orion Group generated more than €65 million in revenue operating as a system integrator, offering a comprehensive range of solutions that integrate cutting-edge technologies for environmental monitoring, predictive data analysis and sustainability, covering everything from the design and implementation of monitoring systems to post-sale maintenance, repair services and data analysis and validation.

ESG OVERVIEW

Orion Group's core business focuses on both the public and private validation sectors, contributing directly and concretely to the achievement of SDG 13 "Climate Action", which promotes the adoption of urgent actions to combat climate change.

2024 ESG HIGHLIGHTS

- ▶ Defined a Sustainability Plan;
- ▶ Updated the Code of Ethics;
- ▶ Adopted Organizational Model pursuant to D. Lgs. 231/01;
- ▶ Implemented a Whistleblowing System;
- ▶ Appointed a Sustainability Manager;
- ▶ Appointed a female member within the Board.

ORIM

2024

Year of
investment

26

2024 Revenues
(M€)

60

Number of
Employees

35,48

% of Female
Employees

0

No. of Incidents,
Including corruption

354.000

GHG Emissions
(kgCO₂e)

759

Electricity Consumption
(MWh)

52%

Renewable Electricity
Consumption Quote



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Natural Resources Conservation

Circular Economy Valorization

Energy Transition Accelerator

Less Dependence on Foreign Supplies

13 CLIMATE ACTION

COMPANY OVERVIEW

Orim is a specialized company in the treatment, recycling, and disposal of industrial waste, with a focus on extracting non-ferrous metals from exhausted catalysts.

Founded in 1982 and located in the Marche region of Italy, Orim generated more than € 26million in revenue in 2024 with 60 employees. Supported by Xenon FIDEC, Orim is establishing itself as a key partner for chemical and petrochemical players in the recovery of critical raw materials like vanadium, nickel, and molybdenum from spent catalysts, enhancing the circularity of industrial processes and ensuring a supply of secondary raw materials to bolster European strategic autonomy in the value chain for rare earths and metals.

ESG OVERVIEW

Orim's core business contributes directly to the achievement of SDG 12 "Responsible Consumption and Production", promoting responsible consumption and end-life practices, through the reuse and recycling of critical resources.

2024 ESG HIGHLIGHTS

- ▶ Conducted a Co2 reduction feasibility study;
- ▶ Updated the Code of Ethics;
- ▶ Adopted Organizational Model pursuant to D. Lgs. 231/01;
- ▶ Implemented a Whistleblowing System;
- ▶ Appointed a Sustainability Manager;
- ▶ Appointed a female member within the Board.

Our next steps

OUR NEXT STEPS

As outlined in previous sections of this report and within our ESG Policy, at Xenon we are committed to continuously evolving our ESG program. We aim to strengthen our integration approach and overarching ESG strategy by actively participating in the global discourse on ESG matters, investing in the education and training of our employees, and in supporting the implementation of sustainable policies.

While significant progress has been made over the years, we recognize that we are still at the early stages of our ESG integration journey. We are committed to further enhancing this effort through close collaboration and engagement with our portfolio companies and wider stakeholders.

In line with this commitment, Xenon is dedicated to:

- ▶ Standardizing the ESG Policy integration approach across all Xenon Funds, adopting a consistent approach toward ESG Policy compliance and engagement across the Flagship Fund, Xenon Small-Cap, and Xenon FIDEC;
- ▶ Supporting portfolio companies in achieving the targets identified within their sustainability plans (where applicable);
- ▶ Continuing to assist portfolio companies of Xenon VIII and Xenon FIDEC in enhancing their ESG data collection, monitoring, and reporting activities, as well as in defining sustainability plans;

- ▶ Evaluating the applicability and impact of upcoming ESG regulations, including the CSRD regulation, and supporting our portfolio companies toward compliance;
- ▶ Creating platforms for portfolio companies to share best practices on ESG issues, encouraging collaboration and peer learning across our portfolio;
- ▶ Launch a new article 8 SFDR compliant Small-cap fund.;
- ▶ Identifying areas for improvement to further strengthen the integration of the PRI principles into our investment process;
- ▶ Moving beyond a qualitative-focused view of ESG reporting by initiating a quarterly monitoring process for quantitative ESG targets for Xenon VIII, to be shared with investors;
- ▶ Providing dedicated ESG training sessions also to senior decision-making forums such as the Board;
- ▶ Strengthening our governance policies and procedures with explicit ESG integration to foster stronger corporate governance practices;
- ▶ Enriching future iterations of Xenon's Sustainability Report to illustrate year-on-year progress.

XENON AIFM S.A.

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Registered in Luxembourg, at Trade
and Companies Register: B185230

Regulated by the Commission
de Surveillance du Secteur Financier

No. A00000862