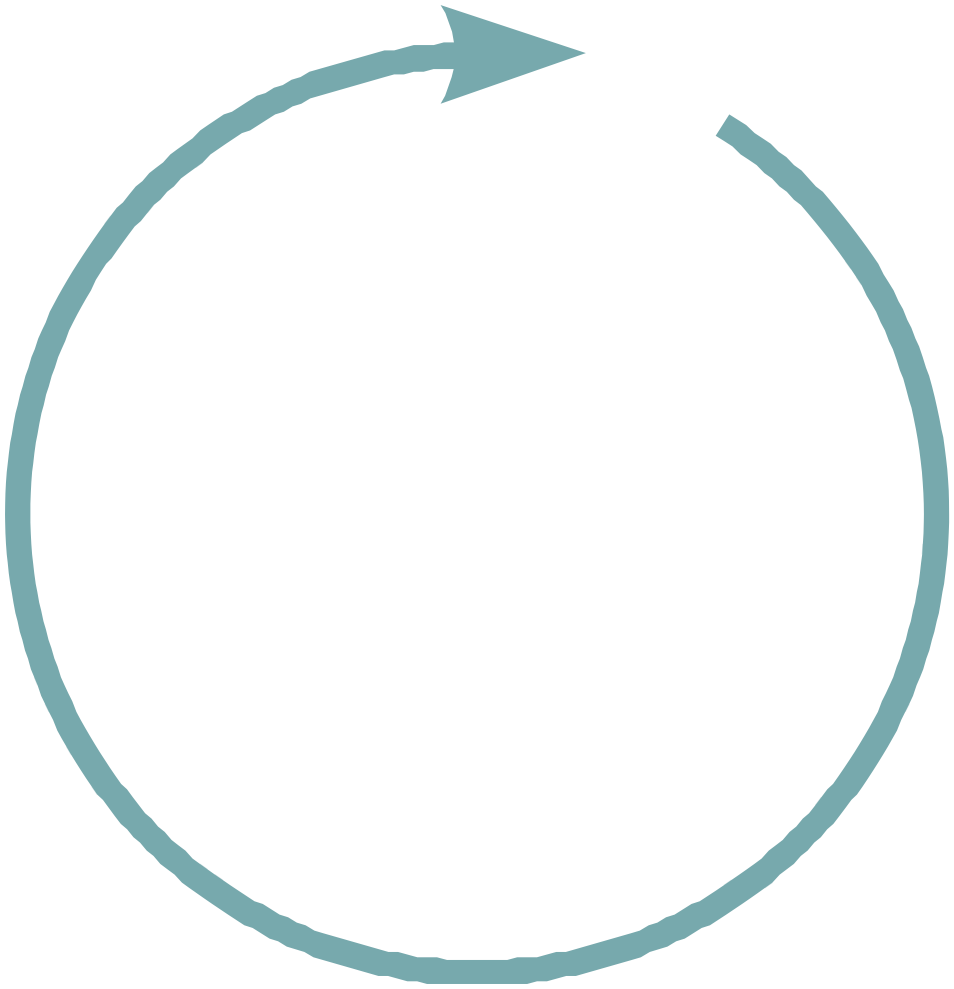
TCFD Report
21 Invest SGR S.p.A.



21 Invest

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1. Introduction

Founded in 1992, 21 Invest has grown as a European private equity platform guided by a long-term vision that combines Institutionalization, Growth and Sustainability. We view sustainability as a strategic lever for value creation and risk management, embedding ESG principles across our activities. As a PRI signatory since 2009, we have strengthened our Group Sustainability Policy and integrated SFDR requirements across our funds to advance responsible investment in a consistent, transparent way.

This second TCFD report explains why climate matters to a mid-market private equity platform like 21 Invest and how we intend to make disclosures decision useful for investors. It covers the 21 Invest Italian portfolio as of 31st December 2025, applying a materiality lens consistent with TCFD recommendations across different time horizons and scenarios, tailored to the life of our assets. Compared with the first edition, the scope of consolidation has been extended to include the healthcare fund deployed during the year, and the analysis has been deepened in three areas: a tail-risk metric presented alongside average expected losses, a like-for-like reading of physical risk exposure against the prior year, and disclosure of the coverage rate underlying our emissions data.

Publishing this second TCFD aligned report consolidates the transparency journey we began last year. Building on the structured alignment process undertaken to meet Banca d'Italia's Supervisory Expectations on climate and environmental risks, including the development of a dedicated ESG Due Diligence process, regular ESG policy updates, and targeted training, this report represents a further evolution in our approach. Our climate risk analysis continues to be supported by Altitude, a highly specialized software solution designed for advanced scenario analysis and risk assessment, now in its second annual application, which for the first time allows a year-on-year reading of how the exposure of the portfolio evolves. By embedding climate-related risks and opportunities into our governance, strategy, risk management, and metrics & targets, we not only fulfill regulatory requirements but also pursue our objective of continuously strengthening our climate and environmental risk management framework. This ongoing commitment supports informed dialogue with investors and stakeholders and reinforces our dedication to resilient, sustainable value creation.

2. Governance

21 Invest has established a structured governance framework to ensure that climate-related risks and opportunities are effectively integrated into decision-making processes. This framework defines clear roles and responsibilities at both the Board and management levels, ensuring oversight, accountability, and alignment with the firm's sustainability strategy.

Board Oversight

The Board of Directors plays a central role in overseeing climate-related issues. It reviews and approves the Sustainability Policy and the various sustainability reports published annually, ensuring that climate considerations are embedded in strategic planning, major action plans, risk management policies, budgets, and significant investments. The Board is regularly informed about climate-related developments through formal reporting processes and monitors progress against any sustainability goal and target. Oversight also includes evaluating how climate-related risks and opportunities influence long-term value creation and resilience, particularly in relation to investment decisions and portfolio management. The Board ensures that climate-related objectives are aligned with the overall business strategy and that appropriate governance mechanisms are in place to track implementation and performance.

Management's Role

Management is responsible for implementing the sustainability strategy and integrating climate-related considerations into day-to-day operations and the investment cycle. The Sustainability Officer coordinates ESG activities, monitors regulatory developments, and ensures that climate risks are assessed during screening, due diligence, and portfolio monitoring. This role also facilitates internal coordination between the investment team and control functions such as Risk Management, Compliance, and Internal Audit.

The Sustainability Policy Coordination Committee, which includes senior executives and the Sustainability Officer, meets at least annually to review progress, update policies, and address emerging issues. The investment team applies ESG and climate criteria throughout the investment process, from pre-investment screening to exit, supported by proprietary tools and external experts when necessary. Management also promotes capacity building by providing annual sustainability training to all employees and embedding sustainability objectives into performance evaluations, reinforcing accountability across the organization.

3. Strategy

21 Invest has been raising awareness about sustainability at the management company and portfolio level for more than 15 years and it maintains an active role in promoting sustainability best practices as value creation drivers.

Since 2025, 21 Invest has integrated climate considerations into its strategic planning through systematic scenario analysis using Altitude. This approach evaluates transition and physical risks, as well as opportunities, across short and longer-term horizons. Unless otherwise specified, the physical analysis refers to the SSP2-4.5 scenario, which represents "a medium pollution-control scenario with air pollutant emissions following current trends" according to the IPCC[1]. This analysis is applied at the level of each fund: our investment strategy is fund-specific, with objectives, risk appetite and KPIs defined per product, and is anchored in 21 Invest's Group Sustainability Policy. The Policy sets the principles, exclusions and processes that guide screening, due diligence, active ownership and reporting, ensuring that ESG data can be translated into fund-level investment theses, value-creation plans and engagement priorities.

Risks and opportunities for different timeframes

Based on the data provided by Altitude, 21 Invest has estimated the physical risks and associated Average Annual Losses (AAL) across its portfolio. Under the SSP2-4.5 scenario at the 2030 horizon, the hazards assessed at a high-level concentrate on hailstorm and clay shrink-swell, which are material for a majority of portfolio companies, followed by flood. At a medium level, exposure is more widespread: changing air temperatures and extreme heat are recorded across virtually the entire portfolio, together with subsidence for most portfolio companies. Exposure to sea level rise, changing wind patterns and extreme cold remains consistently low; the AAL table below covers the hazards for which Altitude quantifies a loss function, which are not necessarily those assessed at the highest hazard level.

Despite this exposure, the modelled AAL from property damage remains contained. At the 2030 horizon under SSP2-4.5 it represents 0.18% of the aggregate value of the physical assets of the portfolio companies, rising only marginally to 0.19% by 2050 even under the most pessimistic scenario (SSP5-8.5). Business interruption losses are similarly limited, at 0.19% of aggregate asset-related revenues at 2030, increasing to 0.26% under SSP5-8.5 at the same horizon and to 0.66% by 2050 under that scenario. Percentages are expressed as aggregate modelled losses over the aggregate value of the physical assets reported by portfolio companies (property damage), and over aggregate asset-related revenues (business interruption); they are therefore portfolio-weighted ratios and not averages of company-level percentages. Notably, no actual incidents of property damage or business interruption have been reported to date. A comprehensive overview of all the Altitude's modelled potential AAL by risk type, timeframe and scenario can be found in the following table.

Risk category	Risk type	2026 – SSP2	2030 – SSP2	2030 – SSP5	2050 – SSP2	2050 – SSP5
Property damage (in % of asset value)	Flood	0.10%	0.10%	0.10%	0.11%	0.11%
	Storm	0.06%	0.06%	0.06%	0.06%	0.06%
	Tropical cyclone	0.01%	0.01%	0.01%	0.01%	0.01%
	Earthquake	<0.01%	<0.01%	<0.01%	<0.01%	<0.01%
	Wildfire	<0.01%	<0.01%	<0.01%	<0.01%	<0.01%
	All risks	**0.18%**	**0.18%**	**0.18%**	**0.19%**	**0.19%**
Business interruption (in % of asset revenues)	Flood	0.05%	0.05%	0.05%	0.05%	0.05%
	Storm	0.01%	0.01%	0.01%	0.01%	0.01%
	Extreme heat	0.09%	0.10%	0.18%	0.23%	0.58%
	Tropical cyclone	0.01%	0.01%	0.01%	0.01%	0.01%
	Drought	0.01%	0.01%	0.01%	0.01%	0.01%
	All risks	**0.17%**	**0.19%**	**0.26%**	**0.31%**	**0.66%**

The AAL is, by construction, the mean of the annual loss distribution: it integrates the entire probability curve and therefore describes the recurring cost of climate hazards rather than the consequence of a severe event. A very low AAL indicates a highly diluted level of risk, but it does not allow the full extent of the exposure associated with an extreme climate event to be appreciated. For this reason, the analysis also includes the physical Climate Value at Risk at the 99% confidence level (VaR), which Altitude derives from the same loss-probability curve.

[1] IPCC Sixth Assessment Report - Working Group 1: The Physical Science Basis – Technical Summary, TS.1.3.1 Climate Change Scenarios.

The VaR is read on the same loss-probability curve, which associates each possible level of loss with the probability of exceeding it in a given year. Where the AAL is the mean of that curve, the VaR 99% is a single point on it: the level of loss whose annual probability of being exceeded is 1%, that is, the loss associated with a one-in-a-hundred-year event. The two therefore answer different questions: the AAL, what climate hazards are expected to cost in an ordinary year, the VaR, how severe a rare year would be. Being a point on the curve rather than an average of what lies beyond it, the VaR is neither a maximum loss, since the tail above that threshold is not bounded by a certain value, nor an expected loss, which is what the AAL measures: it is the threshold at which the worst one per cent of years begins.

At the 2030 horizon under SSP2-4.5, the aggregate Physical Climate VaR 99% in property damage represents 1.05% of the aggregate value of the physical assets of the portfolio companies and 1.02% of aggregate asset-related revenues in business interruption. Consistently with the methodology applied by Altitude at asset and company level, company figures are consolidated assuming that severe events affecting different companies are independent of one another. Values are gross of insurance coverage and of the mitigation and adaptation measures already in place at portfolio companies, which are reviewed through the annual ESG monitoring process.

Comparison with the prior year

A comparison with the analysis performed last year shows movements in the exposure of the portfolio that are only partly attributable to the portfolio itself. At the nearest horizon under SSP2-4.5, aggregate modelled losses moved from 0.15% to 0.18% of asset value for property damage, and from 0.21% to 0.17% of asset-related revenues for business interruption. Two factors act at the same time. First, the composition of the portfolio evolves: acquisitions completed during the year, including build-ups carried out by existing portfolio companies, change the geographical footprint of the assets and therefore the hazard profile, at times materially. Second, the underlying models and hazard databases are continuously refined; while climate models agree on the increase in global average temperature, at local scale the differences between successive vintages can be more pronounced. Acute physical risks remain, by their nature, extreme events that are difficult to anticipate, all the more so because hazard levels available at local scale are based on past data and cartography. A year-on-year variation in modelled exposure should therefore be read as the combined effect of portfolio evolution and model refinement, rather than as a change in the physical reality of the sites. 21 Invest keeps internal track of which hazards are modelled in each annual analysis, so that the comparability of successive exercises can be assessed.

Transition risk and opportunity analysis is presented under the Nationally Determined Contributions (NDCs)[2] scenario at the 2030 horizon. This choice reflects the nature of the asset class: a private equity fund holds its investments for a defined period, typically five to seven years, and its climate-related exposure is therefore the exposure that materialises within the holding period and is priced at exit. Scenarios that diverge materially only after 2040, and policy pathways that assume commitments beyond those currently legislated, describe a world in which 21 Invest will, in most cases, no longer be the owner of the asset. The NDCs pathway represents the trajectory implied by policies that governments have actually adopted, and 2030 is the horizon over which today's portfolio decisions are made, financed and exited. Longer horizons and more ambitious pathways are retained in the underlying analysis and are used to test the resilience of the strategy, but they are not the basis on which capital is allocated. The horizon applied to physical risks is deliberately longer: physical hazards attach to the asset and persist beyond the holding period, so the relevant horizon is that of the asset, whereas transition risks materialise in margins, prices and regulatory costs during ownership, so the relevant horizon is that of the fund.

Under the NDCs scenario at the 2030 horizon, 21 Invest portfolio is not broadly exposed to any major transition risk. The only risk assessed at a high level is the potential increase in raw material costs, and it concerns a small minority of portfolio companies. Regulatory pressure on energy efficiency and product certification, shifts in customer preferences and the increase in energy and electricity prices are recorded at a medium level for part of the portfolio; notably, each one of these risks concerns less than half of portfolio companies. The pricing of GHG emissions is the most widely recorded risk, but it is assessed at a low level for most of the companies concerned.

Conversely, under the same scenario, the 21 Invest portfolio shows potential for climate transition opportunities. The adoption of lower-emission energy sources and the expansion of low-emission product lines are the only opportunities assessed at a high level, and are identified across a significant part of the portfolio. Adapting to evolving customer preferences and improving production and distribution efficiency follow at a medium level, alongside more efficient buildings and operations, access to new markets and the use of recycling.

[2] This scenario includes all pledged policies even if not yet implemented. It is referred in the Analysis as the "Business As Usual" (BAU) scenario and, unless differently specified, it is the considered scenario.

Impact of risks and opportunities on the business strategy and financial planning

Climate-related risks and opportunities influence investment priorities, operational decisions, and capital allocation. Transition considerations translate into capital deployed at portfolio company level, most visibly in on-site renewable generation: 82% of portfolio companies now operate at least one photovoltaic installation, up on the previous year. The effect of this investment is reflected in the energy and emissions metrics presented in the following section. Physical risks act on the same decisions from the opposite direction, informing site selection, insurance arrangements and water efficiency programs where the scenario analysis identifies a material exposure.

Not every indicator moved in the same direction. Average water intensity increased by 10% over the year. At individual company level, one of the activities materially exposed to water stress reduced its water intensity by more than 20% over the same period, following targeted investment and dedicated efficiency actions. The share of portfolio companies with a formalized environmental policy fell from 30% to 18%; no company discontinued its policy during the year, the change reflecting the exit of a company that had one and the entry of newly acquired companies that have not yet adopted one.

Resilience across different climate scenarios

The resilience of 21 Invest's strategy is also tested against moderately and highly more ambitious scenarios, like the "Net Zero 2050"; in that regard, 21 Invest is actively promoting the management of physical risks posed by climate change, implementing adaptation and resilience strategies at multiple levels. Portfolio companies are engaged in adopting preventive measures, including strengthening infrastructure, diversifying supply chains, and implementing more flexible management systems. Initiatives are also being promoted to enhance the efficient use of natural resources and increase the capacity to respond to adverse climate events. These actions are guided by scenario analysis results and aim to reinforce operational strength and long-term competitiveness, ensuring alignment with the objectives of transitioning toward a more sustainable economy.

4. Risk Management

21 Invest formalized the role of the Risk Management function in a specific internal Policy. The Risk Management function, in collaboration with the Investment Team, conducts an analysis of the key elements related to the sustainability of the relevant portfolio company. Among the sustainability aspects considered, a risk analysis is carried out, both current and forward-looking, related to climate change and environmental degradation. Therefore, physical and transition risks are assessed.

As part of a continuous improvement approach and oversight of the activities carried out by 21 Invest in the area of climate and environmental risk monitoring, the Company periodically conducts a materiality assessment aimed at identifying its exposure to such risks, as well as the related impacts and any mitigation actions.

Identification and assessment of climate-related risks

The identification and assessment of climate-related risks occur throughout the investment lifecycle, starting from the initial screening phase. Pre-screening excludes sectors with significant environmental and social impacts, with particular focus on high- impact climate sectors. Detailed sectoral analysis shows that 0% of our investments operates in fossil fuel sectors, demonstrating the effectiveness of the exclusion process. During due diligence, climate risks are analyzed using structured tools like the ESG Risk Mapping Test, which assigns a risk score and integrates the results into the Risk Management Report. The analysis covers both physical and transition risks and, where relevant, includes the measurement of greenhouse gas emissions (Scopes 1, 2, and 3) and, when appropriate, life-cycle assessments. These steps provide a clear, data-driven basis for estimating the potential magnitude and likelihood of climate-related risks, ensuring that they are considered alongside financial and operational factors in investment decisions.

Management of climate-related risks

Risk management actions are tailored to the findings of the due diligence process. A Sustainability Action Plan may be developed for approved investments to address identified risks, focusing on initiatives such as energy efficiency, renewable energy sourcing, water resource management, and reduction of environmental impacts across the value chain. During the holding period, an annual ESG monitoring process is carried out to track progress and identify emerging risks. This monitoring combines quantitative and qualitative data collection through questionnaires, interviews, and public sources, ensuring that corrective actions are implemented and performance improvements are documented. Results are consolidated into periodic reports for internal governance and investor disclosure, reinforcing accountability and continuous improvement.

Integration of climate-related risks into overall risk management

Climate risk management processes are fully embedded into the broader enterprise risk framework through standardized workflows, digital tools for ESG data collection and analysis and within the Risk Management Policy. Outputs from due diligence, such as risk scores, emissions metrics, and mitigation requirements, are incorporated into the Risk Management Report alongside other financial and operational risk assessments. During the holding period, ESG indicators are updated via a centralized digital platform that enables data traceability, portfolio-level aggregation, and dashboard reporting. These insights feed into the overall risk indicator at fund level, support periodic risk reviews, and inform strategic decisions on capital allocation, deal structuring, and exit planning. This integration ensures that climate-related risks are managed with the same rigor and governance as other material risks across the organization.

5. Metrics and Targets

Environmental Metrics for the Italian Portfolio

21 Invest systematically monitors climate-related metrics across its portfolio to track progress, inform strategic decisions, and ensure transparency for stakeholders. This section presents key environmental performance indicators and outlines the firm's targets and commitments for addressing climate-related risks and opportunities.

Over the last three years, the 21 Invest Italian portfolio experienced growth primarily through several buildups and standalone acquisitions within the manufacturing sector, and during 2025 through the deployment of a dedicated healthcare fund, whose portfolio companies are now included in the scope of consolidation. This expansion in activities contributed to a further increase in Scope 1 emissions, which rose by 5% over the year after the 28% increase recorded in the previous one. Scope 2 emissions continued to decline, reflecting both the increase in renewable electricity consumption and the changes in portfolio composition. Because aggregation follows the SFDR methodology and is weighted on enterprise value and investment value, figures remain comparable between years.

Looking ahead, 21 Invest's portfolio management and investment strategy lean towards business models that are less carbon- and energy-intensive. While the timing and outcome of individual transactions cannot be anticipated, this orientation is expected to support, over time, a reduction in the portfolio's Scope 1 and Scope 2 emissions and in its overall energy intensity.

Metric	Unit	2023	2024	2025
Scope 1 GHG emissions[3]	**tCO2e.**	**3,610.60**	**4,636.19**	**4,888.23**
YoY variation		*+9%*	*+28%*	*+5%*
Scope 2 GHG emissions[3]	**tCO2e.**	**4,471.13**	**3,614.27**	**3,527.20**
YoY variation		*-3%*	*-19%*	*-2%*
Scope 3 GHG emissions[34]	**tCO2e.**	**370,240.90**	**213,669.76**	**196,041.44**
YoY variation		*+79%*	*-42%*	*-8%*
GHG intensity	**tCO2e. / €mln. of sales**	**1,019.37**	**496.21**	**419.95**
YoY variation		*-48%*	*-51%*	*-15%*
Share of non-renewable energy consumption	**%**	**96%**	**93%**	**90%**
YoY variation		*0%*	*-3%*	*-4%*
Energy intensity[5]	**MWh / €mln. of sales**	**86.15**	**93.03**	**71.41**
YoY variation		*-12%*	*+8%*	*-23%*

The figures above are based on data reported by all portfolio companies in scope: the coverage rate of emissions reporting for the Italian portfolio was 100% for Scope 1, Scope 2 and Scope 3 in each of the three years presented. 21 Invest considers the disclosure of this coverage rate to be an integral part of the disclosure of the emissions themselves, since an aggregate figure built on partial reporting is not comparable with one built on complete reporting.

Environmental Targets and Commitments

[3] Calculated as defined in the RTS Regulation (EU) 2022/1288, supplementing Regulation (EU) 2019/2088.
[4] Scope 1 and 2 emissions have been calculated using an activity-based methodology while scope 3 emissions have been calculated using a proxy, hence the reduction from 2023, when an average emissions-data methodology had been applied instead.
[5] Calculated using the formula indicated in the RTS Regulation (EU) 2022/1288, supplementing Regulation (EU) 2019/2088, for GHG intensity.

21 Invest has set out a series of environmental commitments and targets for the whole Group, committing to define a GHG emissions reduction trajectory and submit science-based targets (SBTs) for approval, with the objective of reaching at least 30% of investments (in value) covered by approved SBTs by 2030. While quantitative reduction targets are not yet formalized, 21 Invest continues to monitor and report GHG emissions and other environmental indicators annually, with the intention to set reduction objectives once a robust baseline and methodology are established.

6. Conclusions

This second TCFD report demonstrates 21 Invest's commitment to comprehensive climate risk management and transparent disclosure. Through a second full year of portfolio analysis, the firm has strengthened its ability to identify, assess, and manage climate-related risks and opportunities, and is now able to read its exposure not only in level but also in direction of travel.

Key messages

The analysis leads to a few clear messages, whose practical implications can be discussed with the portfolio companies concerned through the annual ESG monitoring, choosing measures site by site:

- Physical climate risk for the portfolio is low: in an average year, modelled losses amount to less than 0.2% of the value of physical assets and, even in a severe year of the kind expected once in a century, they would remain around 1%, before insurance coverage and the protective measures already in place;
- the most severe losses would come almost entirely from flooding at a limited number of sites. Since this exposure depends on where assets are located rather than on how the climate evolves, protecting those sites is the most effective action and pays off immediately: assessing flood risk site by site, raising critical equipment and preparing plans to keep production and deliveries running;
- extreme heat is the risk that grows over time. It does not damage assets but can slow down or interrupt operations, and it is already the main source of modelled losses from business interruption. Protecting workers during heatwaves, adapting shifts and keeping production lines, warehouses and sensitive equipment cool, where possible with solar generation, are the main responses;
- hailstorms and ground movement are the most widespread hazards across the portfolio, and are addressed through regular inspection and reinforcement of roofs, skylights, solar panels and building structures, good drainage, and an assessment of ground conditions before building or extending sites;
- over our holding period, the energy transition is more a source of opportunities than of risks, particularly in cleaner energy sources: 82% of portfolio companies already produce part of their electricity with on-site solar panels.

Next steps

Looking ahead, 21 Invest intends to:

- refine the calculation of emissions, starting from value chain emissions (Scope 3), which account for most of the footprint and are still largely estimated, in order to build a reliable baseline and define, with the portfolio companies concerned, concrete actions to reduce them, consistently with its commitment to science-based targets;
- consider screening the climate exposure of sites during the due diligence of new investments, including add-on acquisitions;
- review the most exposed sites together with the companies concerned;
- encourage newly acquired companies to adopt a formal environmental policy within the holding period.

As environmental challenges continue to evolve, 21 Invest remains dedicated to continuous improvement, enhanced transparency practices, and maintaining its leadership position in responsible investment.