Website sustainability-related disclosures pursuant to Article 10 of Regulation (EU) 2019/2088 (“SFDR”)

ENTG II SMART INDUSTRY FUND

This document sets out the sustainability-related information required under Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") in respect of ENTG II SMART INDUSTRY FUND (the "Fund"), managed by Entangled Capital SGR S.p.A. ("Entangled Capital" or the "AIFM").

The Fund is classified as a financial product under Article 8 SFDR, as it promotes environmental characteristics as part of its investment strategy, provided that the portfolio companies follow good governance practices. Specifically, an Article 8 Fund under SFDR is defined by the European Regulation as "a financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices".

This document describes the environmental characteristics promoted by the Fund and how these characteristics are integrated into the investment process, monitored throughout the holding period and assessed through relevant sustainability indicators.

A. SUMMARY

The Fund is classified as a financial product under Article 8 SFDR, as it promotes environmental characteristics as part of its investment strategy. The Fund does not have sustainable investment as its objective and does not commit to making a minimum proportion of sustainable investments within the meaning of Article 2(17) of SFDR.

Consistently with its Smart Industry investment focus, the Fund promotes environmental characteristics relating to: (i) climate change and decarbonization, (ii) energy management and efficiency, (iii) resource optimization and the circular economy. The relevance and applicability of each environmental characteristic is assessed based on the specific activities, business model, sector and operational profile of each portfolio company.

Entangled Capital has developed dedicated processes and proprietary tools aimed at identifying, monitoring and promoting the identified environmental characteristics throughout the investment lifecycle, from the initial assessment of investment opportunities to the exit phase. These include ESG due diligence, dedicated ESG Action Plans, active engagement with portfolio companies and the annual collection and monitoring of ESG data.

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental characteristics but does not have sustainable investment as its objective.

C. ENVIRONMENTAL CHARACTERISTICS PROMOTED BY THE FUND

In accordance with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), the Fund promotes specific environmental characteristics as part of its investment activities.

Table 1: Environmental characteristics promoted by the Fund

Environmental Characteristic	Description	Related KPIs
Climate change and decarbonisation	Address the challenges posed by climate change by encouraging portfolio companies to monitor their Scope 1 and Scope 2 greenhouse gas (GHG) emissions and to identify and implement measures to reduce their carbon footprint through the integration of renewable energy and the adoption of low-carbon production processes.	• Average portfolio GHG emissions intensity (tCO_2e/output) • Total number of initiatives implemented to reduce GHG emissions
Energy management and efficiency	Promote efficient energy management by encouraging portfolio companies to monitor and optimise their energy consumption through, for example, advanced and automated production systems, smart manufacturing technologies, and digital tools for real-time monitoring and process optimisation, with the aim of reducing energy consumption per unit of output.	• Portfolio energy intensity (MWh/output)
Resource optimisation and circular economy	Promote the adoption of circular economy and resource efficiency practices by supporting portfolio companies in optimising the use of materials and resources within their operations, including through the reuse, recovery and use of recycled materials, as well as the development of products and technologies aimed at reducing resource consumption and waste generation throughout the lifecycle.	• Total number of initiatives supporting the circular economy

Although the Fund does not expressly promote social characteristics for the purposes of Article 8 SFDR, Entangled Capital recognizes the relevance of social matters in the context of its investment activities. Relevant social aspects will therefore be periodically monitored during the holding period and, where appropriate, portfolio companies will be encouraged to improve their practices.

D. INVESTMENT STRATEGY

The Fund primarily invests through management buy-outs, management buy-ins and development capital transactions, supporting companies with significant growth and value creation potential, with a specific focus on the Smart Industry sector.

As set out in Entangled Capital's Responsible Investment Policy, ESG considerations are integrated throughout the Fund's investment lifecycle. In particular, the Fund's investment strategy is implemented through the following stages.

Pre-investment

During the pre-investment phase, Entangled Capital assesses the ESG profile of target companies to identify material ESG risks, opportunities and potential areas for improvement. The preliminary assessment may be supported by a proprietary tool developed with reference to recognized ESG standards (i.e., SASB Standards). The tool supports the preliminary identification of potentially material ESG matters.

The ESG matters identified as potentially material are further assessed through an ESG due diligence process, conducted with the support of external expert ESG consultants. The ESG due diligence is intended to provide a more detailed understanding of the material ESG risks and opportunities associated with the prospective investment. For the purposes of the Fund's classification under Article 8 SFDR, the due diligence also includes a materiality-based assessment of the target company's potential to contribute to the environmental characteristics promoted by the Fund. The relevance and applicability of each environmental characteristic are assessed based on the target company's specific activities, business model, sector and operational profile.

Investment execution

The material findings arising from the ESG due diligence are incorporated into the overall investment analysis and considered as part of the information supporting the investment decision.

Ownership and monitoring

During the holding period, Entangled Capital maintains active and ongoing engagement with the senior management of the portfolio companies, including, where applicable, through its representation on their governance bodies. This involvement enables Entangled Capital to monitor ESG risks and opportunities, support the promotion of the relevant environmental characteristics and oversee the management of any material ESG matters or incidents.
Based on the findings of the preliminary assessment and ESG due diligence, the Fund supports each portfolio company, where appropriate, in developing a dedicated ESG action plan, outlining concrete actions aimed at mitigating ESG risks and promoting the relevant environmental characteristics.
The content and scope of the ESG action plan are tailored to the specific activities, business model, operational profile and level of ESG maturity of each portfolio company.

The ESG performance of portfolio companies is monitored annually using proprietary tools developed by Entangled Capital, including its ESG Monitoring Tool. This process includes the periodic collection of selected ESG indicators, including relevant Principal Adverse Impact (PAI) indicators set out in the SFDR Regulatory Technical Standards and the sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Fund.

Portfolio companies are also assessed annually through Entangled Capital's internal value creation performance assessment tool. The tool considers different areas of performance, including ESG performance, based on selected key performance indicators. Progress is assessed against the baseline established following the Fund's initial investment, supporting the identification and prioritization of further improvement or development measures.

Exit

During the exit phase, the ESG trajectory of each portfolio company is assessed by comparing its position at the time of the Fund's initial investment with that recorded at exit, including through Entangled Capital's internal performance assessment system. This analysis is intended to measure the progress achieved during the holding period, taking into account improvements in the portfolio company's overall ESG performance and the extent to which the environmental characteristics promoted by the Fund and applicable to the relevant portfolio company have been attained.

The ESG progress and results achieved during the holding period are reflected, where relevant, in the documentation shared with prospective buyers, with a view to providing evidence of the long-term value generated through active ownership and the integration of ESG considerations throughout the investment lifecycle.

Assessment of good governance practices

The adoption and maintenance of good governance practices form part of the responsible investment approach applied by Entangled Capital in managing the Fund.

The governance practices of target and existing portfolio companies are assessed throughout the investment lifecycle. During the pre-investment phase, good governance practices are reviewed as part of the due diligence process, with a focus on sound management structures, employee relations, compliance with applicable staff remuneration requirements, and compliance with applicable tax and regulatory obligations.

During the holding period, good governance practices are periodically monitored by Entangled Capital through its ESG Monitoring Tool and through the ongoing engagement with the management and governance bodies of the portfolio companies. Where areas for improvement are identified, appropriate measures may be incorporated into the relevant portfolio company's ESG Action Plan and monitored during the holding period.

E. PROPORTION OF INVESTMENT

The Fund's responsible investment strategy outlined above is applied to 100% of the Fund's investments, with the aim of aligning them to the environmental characteristics promoted, adopting a materiality approach. The Fund does not commit to a minimum proportion of sustainable investments within the meaning of Article 2(17) of SFDR.

F. MONITORING OF ENVIRONMENTAL CHARACTERISTICS

Entangled Capital has established an ESG monitoring system that enables the assessment of the attainment of the environmental characteristics promoted by the

Fund, both at portfolio company level and across the overall portfolio. For this purpose, Entangled Capital has developed proprietary tools based on a set of quantitative sustainability indicators. The indicators are used to assess the contribution of each portfolio company to the environmental characteristics promoted by the Fund and to monitor their evolution over the holding period, taking into account the relevance and applicability of each characteristic to the specific activities, business model and operational profile of the portfolio company.

The sustainability indicators used to monitor the attainment of each environmental characteristic promoted by the Fund are presented in in Table 1 under point c) “Environmental and social characteristics promoted by the Fund”.

G. METHODOLOGIES

Entangled Capital has developed proprietary monitoring tools that enable the annual collection of ESG data from portfolio companies for the purpose of calculating the sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Fund. The methodology is applied taking into account the relevance and applicability of each environmental characteristic to the specific activities, business model, sector and operational profile of each portfolio company.

Progress is assessed annually by comparing the values of the relevant sustainability indicators with those recorded in previous reporting periods. This assessment enables Entangled Capital to evaluate the evolution of each portfolio company’s performance over time and to identify potential areas for further improvement or development.

H. DATA SOURCES AND PROCESSING

The ESG data used to calculate the sustainability indicators associated with the environmental characteristics promoted by the Fund are primarily provided directly by the portfolio companies through Entangled Capital’s proprietary ESG Monitoring Tool.

During the annual data collection process, Entangled Capital engages with the portfolio companies to support the collection of the required information. Where appropriate, external ESG consultants may support Entangled Capital and the portfolio companies throughout the data collection process, including by providing guidance on indicator definitions, calculation methodologies and supporting documentation.

To support data quality, the information submitted by portfolio companies is subject to completeness and consistency checks. Where missing, incomplete or potentially inconsistent information is identified, follow-up activities are carried out with the relevant portfolio company to obtain clarifications, supporting information or updated data.

The Fund primarily relies on data directly reported by portfolio companies. Where actual data is not available, estimates may be used on an exceptional basis, based on reasonable assumptions and the information available at the time.

I. LIMITATIONS TO METHODOLOGIES AND DATA

Certain limitations may arise from the availability, quality and comparability of ESG data provided by portfolio companies, particularly during the initial reporting periods and depending on the maturity of their data collection systems. Entangled Capital seeks to address such limitations through annual data collection, completeness and consistency checks, and direct engagement with portfolio companies to obtain clarifications or updated information. These potential limitations are not expected to materially affect the Fund's ability to assess and monitor the attainment of the environmental characteristics promoted by the Fund.

J. DUE DILIGENCE

During the pre-investment phase, the Fund carries out ESG due diligence on target companies, with the support of specialized external ESG consultants, to assess the material ESG risks and opportunities associated with the potential investment.

The scope of the ESG due diligence is defined based on a preliminary assessment conducted through a proprietary tool developed with reference to recognized international standards (i.e., SASB Standards). Taking into account the target company's activities, size and sector of operations, the tool supports the identification of ESG matters requiring further assessment as part of the due diligence process. Sustainability management and business ethics are always considered material and are therefore included within the scope of the ESG due diligence.

As part of the ESG due diligence, a dedicated analysis is performed to assess potential Target Companies' alignment to the Fund' investment strategy and their level of contribution to the environmental characteristics promoted considering its alignment with art. 8 of the European Regulation 2019/2088 (SFDR), adopting a materiality approach.

The findings of the ESG due diligence are incorporated into the overall investment analysis and considered as part of the information supporting the investment decision.

Once the investment is completed, the findings of the ESG due diligence form the basis for the preparation of a dedicated ESG Action Plan. The plan identifies the measures to be implemented during the holding period to address material ESG risks and areas for improvement identified and to support the promotion of the environmental characteristics applicable to the relevant portfolio company.

External control is provided through the involvement of specialized third-party ESG consultants in the due diligence process.

K. ENGAGEMENT POLICIES

Entangled Capital promotes active and ongoing engagement with portfolio companies throughout the holding period, based on continuous dialogue and collaboration with their management teams. Such engagement is intended to support portfolio companies in improving their ESG performance and strengthening their ability to contribute to the environmental characteristics promoted by the Fund.
To this end, a dedicated ESG Action Plan is developed for each portfolio company based on the findings of the preliminary ESG assessment and ESG due diligence. The Plan identifies appropriate actions aimed at mitigating identified material ESG risks, addressing areas for improvement and supporting the promotion of the environmental characteristics applicable to the relevant portfolio company.

Entangled Capital engages with portfolio company management to facilitate the implementation and ongoing monitoring of the ESG Action Plan.

Throughout the holding period, the ESG performance of portfolio companies and their contribution to the relevant environmental characteristics are monitored through Entangled Capital's proprietary monitoring tools, which support the annual collection of ESG data and the assessment of the relevant sustainability indicators.

Based on the results of the monitoring activities, the ESG Action Plan may be reviewed and updated to address emerging ESG matters, identified gaps or additional areas for improvement, with a view to further supporting the portfolio company's ESG performance and its contribution to the environmental characteristics promoted by the Fund.

L. DESIGNATED REFERENCE BENCHMARK

Entangled Capital has not designated an index as a reference benchmark to determine whether the environmental characteristics promoted by the Fund are attained. The attainment of such characteristics is assessed through the sustainability indicators and monitoring methodology described in the sections above.