

The responsible approach

DeA Capital Alternative Funds SGR



ESG REPORT **2021**

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ESG REPORT 2021
The responsible approach

DEA CAPITAL
ALTERNATIVE FUNDS SGR

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Letter from the CEO

Dear Stakeholders,

2021, a very complex year to navigate also in terms of sustainability, has been full of innovations and ultimately extremely rewarding.

Investing heavily in responsible approach and fronting the increasing challenges coming from our stakeholders, confirmed that the decision taken years ago to integrate ESG issues and themes into our business model was the right choice, producing **solid results in terms of value creation**.

In our view, it is extremely encouraging to see that our internal processes work effectively and that they can be activated quickly and respond expeditiously to external changes.

2021 gives the opportunity to review the functioning of internal mechanisms and roles, to make a comprehensive assessment of our ESG infrastructure and introduce possible fine tunings. All our investment teams work ESG naturally, ESG Policy is applied carefully for all products and at all investments' stages. Compliance is punctual and always rigorous.

Our portfolio companies share and appreciate our ESG approach. As a result, **in terms of aggregate private equity platform, the performance of compliance management (90%), social maturity (65%) and**

environmental level (57%) of portfolio companies has increased significantly.

I am also proud of DeA Capital Alternative Funds' launch last year of Sviluppo Sostenibile Fund, the first direct sustainable product with a portion of carried interest linked to ESG performance as assessed by an independent appraisal, further **aligning our interests with our community**.

On the other side, within our Board of Directors, there is an increasing number of chances to discuss on sustainability themes: another sign that the non-financial issues have now achieved the same relevance as the financial ones.

Furthermore, in these very tough times, we are closer and closer to our portfolio companies, primarily through our management teams, whose ESG approach leads to **a strong support even during exceptional events**.

On the **human rights** side, new progress has been made, with DeA Capital Alternative Funds adhering formally to the principles of the UN Global Compact, a framework with which we have always identified.

Our commitment to sustainability issues and especially the timing with which we try to approach major changes

and challenges, has been appreciated by our stakeholders and strengthens our desire to **further accelerate our sustainability path**. In 2022 we will continue our journey, increasing our efforts in terms of investments, projects, and community involvement.



Gianandrea Perco
CEO



Letter from the Head of ESG

2021 here at DeA Capital Alternative Funds was marked by a reinforcement of the progress made in the past years on the ESG and sustainability framework, fronting **new challenges and new goals**: to coordinate the activities and objectives of the management teams, to engage with stakeholders, to update the Board of Directors on a timely basis on the progress made and, from time to time, to face the new objectives coming from the SFDR challenge and the evolution in the asset management industry.

The result was very satisfactory, thanks to **new activities and investments that strengthened the commitment of the company and its people**. A robust ESG framework was extended to all asset classes, including Funds of Funds and NPL Funds. A tailored approach was developed customizing the depth analysis throughout Value Creation Tool dedicated modules. A strong engagement with target companies was deployed.

In particular, the investment team for each product applies the ESG policy very diligently, both in the Due Diligence phase of potential new investments and throughout the monitoring phase. ESG data are collected in the Value Creation Tool and, especially for companies that have been in the portfolio for several years, their ESG story begins to be complete.

Each management team is also committed to reporting all sustainability aspects or, if any, weaknesses of individual investments, in order to make the ESG Action Plans more effective.

Stakeholder engagement is increasingly complex and challenging and follows **the growing importance that ESG and sustainability issues hold in today's asset management**. We listened to and analyzed all requests, taking many ideas to enrich our activities. These include the collection of quarterly data from portfolio companies and a greater commitment to stewardship, which is also required by the PRI. In this background, the introduction of the SFDR did not find us unprepared.

After several years characterised by the explosive growth of ESG issues and their detailed impact on the asset management long term investments, we can witness that the sustainability approach is the key for stable returns, good policies, and, in a nutshell, a resilient growth. **For our portfolio companies, our stakeholders, our community.**



Alessandra Patera
Head of Marketing, Institutional Sales, ESG



Key Figures



FUNDS OF FUNDS



DIRECT FUNDS



TURNAROUND



NPL



DeA Capital Alternative Funds is the main independent alternative asset manager in Italy. Founded in 2006, the company is wholly owned by DeA Capital. With an initial focus on **Funds of Funds** for global markets, the company has progressively expanded its strategies by launching private equity **direct funds** - generalist and specialized - and then special investment programmes dedicated to **turnaround**, unlikely to pay (UTP) and **non-performing loans** (NPL).

Data as of 31 December 2021.

ESG Highlights



UN Global Compact signatory



UN PRI Signatory since 2019
(Last Score **A**)



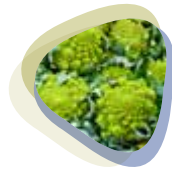
Engagement with **Invest Europe** association
which aims to create **healthy and sustainable**
companies across Europe



Engagement with AIFI to promote PE
responsible investment in Italy



**Member of "Forum per
la Finanza Sostenibile"** to promote ESG
integration into financial products



100% of funds covered by the **ESG**
performance evaluation tool



All portfolio companies
appointed an **ESG Manager**



All Direct investments
collect quarterly ESG data



ESG Action plans launched
for 6 portfolio companies



Sviluppo Sostenibile and Taste of Italy 2
classified as Art. 8 under SFDR Reg. 2019/2088



Sviluppo Sostenibile, that invests also in
hydrogene value chain, implemented a specific
ESG Framework at fund level



IDeA Agro manages **about 1,100 hectares**
for a total of **more than 990 k** of new plants



Pieralisi (IDeA CCR II) adopted a **Circular**
Thinking approach



Survey submitted to Multimanager Funds'
General Partners and to NPL servicers



Taste of Italy Funds focus
on energy saving and governance



100% of top management and
employees trained on ESG



93% of employees have
a **permanent contract**



Partner-Mentors4U non-profit initiative to
help talented university students



Social Project **"1+1=3 Insieme per un
Progetto sociale"**



The Next Project -
New Empowerment for young talents

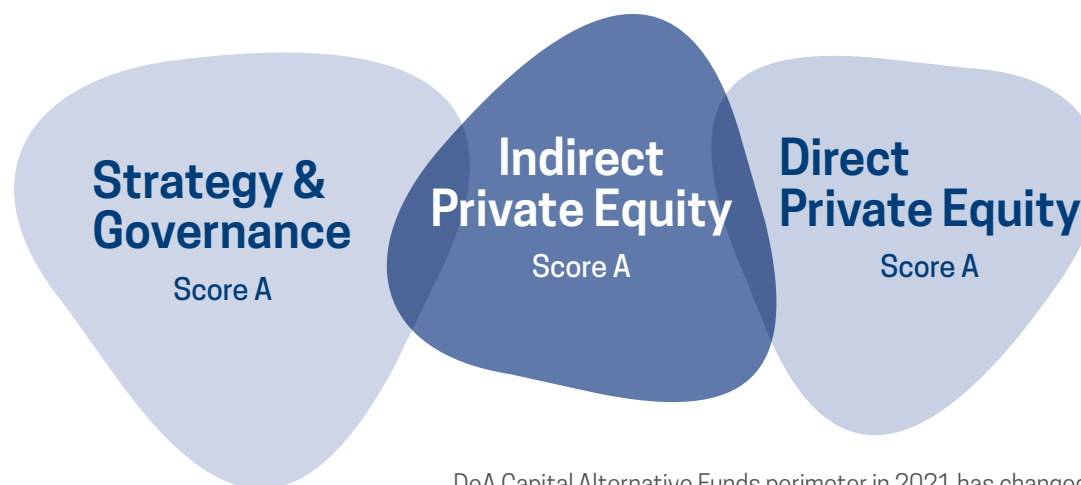
UN PRI ESG Performance

The **UN PRI in 2021 changed its methodology** in order to further integrate the Asset Managers framework with the underlying products.

The mission of the new PRI three-year strategy is “**Building a bridge between financial risk and real-world outcomes**”, aiming at the recognition and full understanding by the signatories of interdependencies between financial markets and real-world outcomes, based on an investor perspective.

Within this new assessment, the rating score for all signatories will be the same as 2020 until the UN PRI will release the new public scores (2023).

In order to be fully compliant with the “new UN PRI assessment”, DeA Capital Alternative Funds in 2021 has worked to adapt and refine its sustainability methodologies, following the indications of the PRI and its stakeholders. The aim is to become a **best practice in stewardship** being able to correctly calculate the impact of all its activities on the environment. In addition, the progress made in 2021 in terms of engagement with its portfolio companies highlights the effort that the **SGR's business model is now finally fully integrated into ESG issues**.



DeA Capital Alternative Funds perimeter in 2021 has changed as follows:

1. more effective **engagement** with **portfolio** companies;
2. the commitment to make its **headquarters more efficient**;
3. two funds under **art.8** according to SFDR;
4. its framework has been further enhanced through a **development of the Value Creation Tool (VCT)**.

In 2021, the UN PRI assessment has covered also the **NPL business** unit so that **100%** of funds have been covered by **ESG policy**.

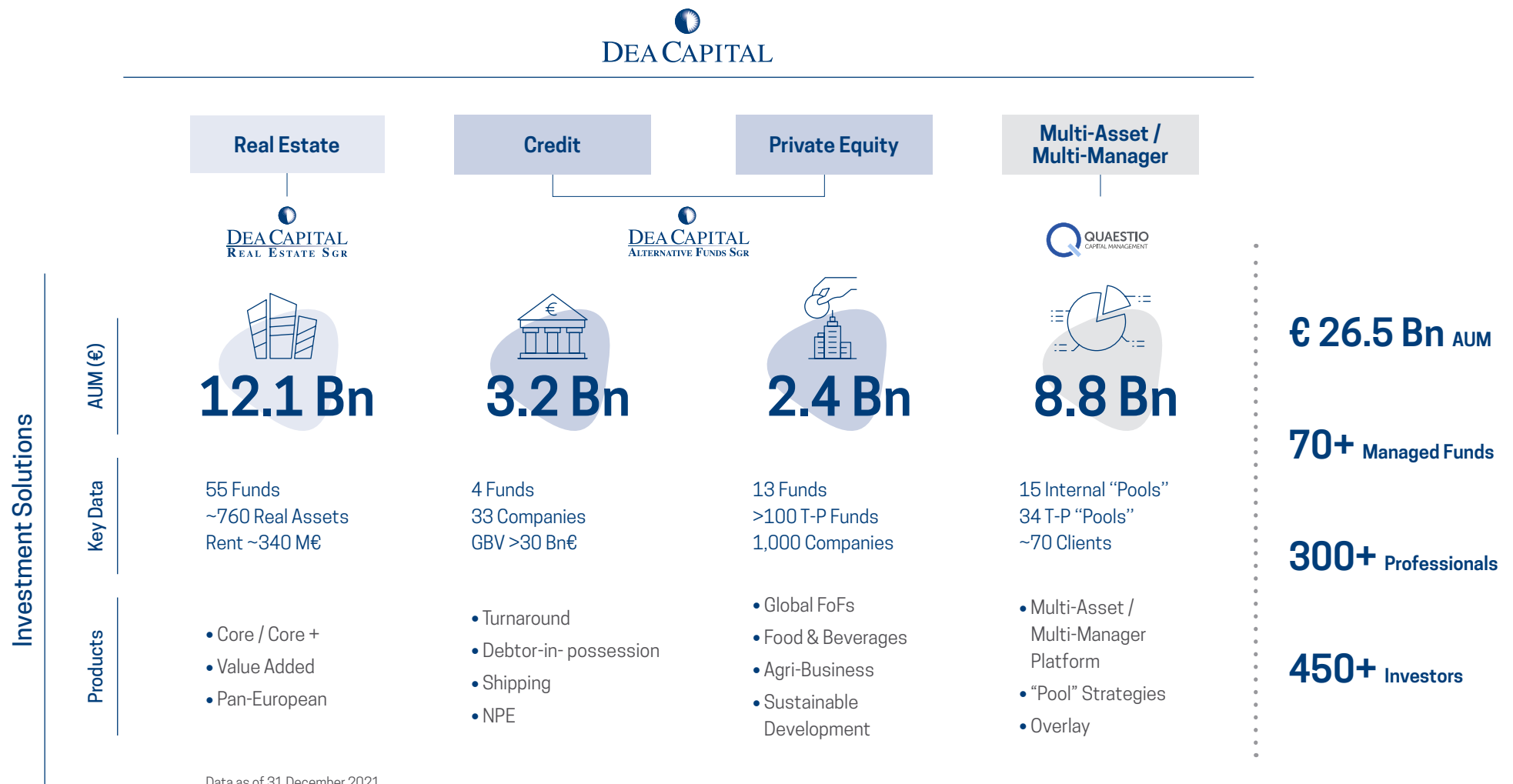


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DeA CAPITAL ALTERNATIVE FUNDS AT A GLANCE

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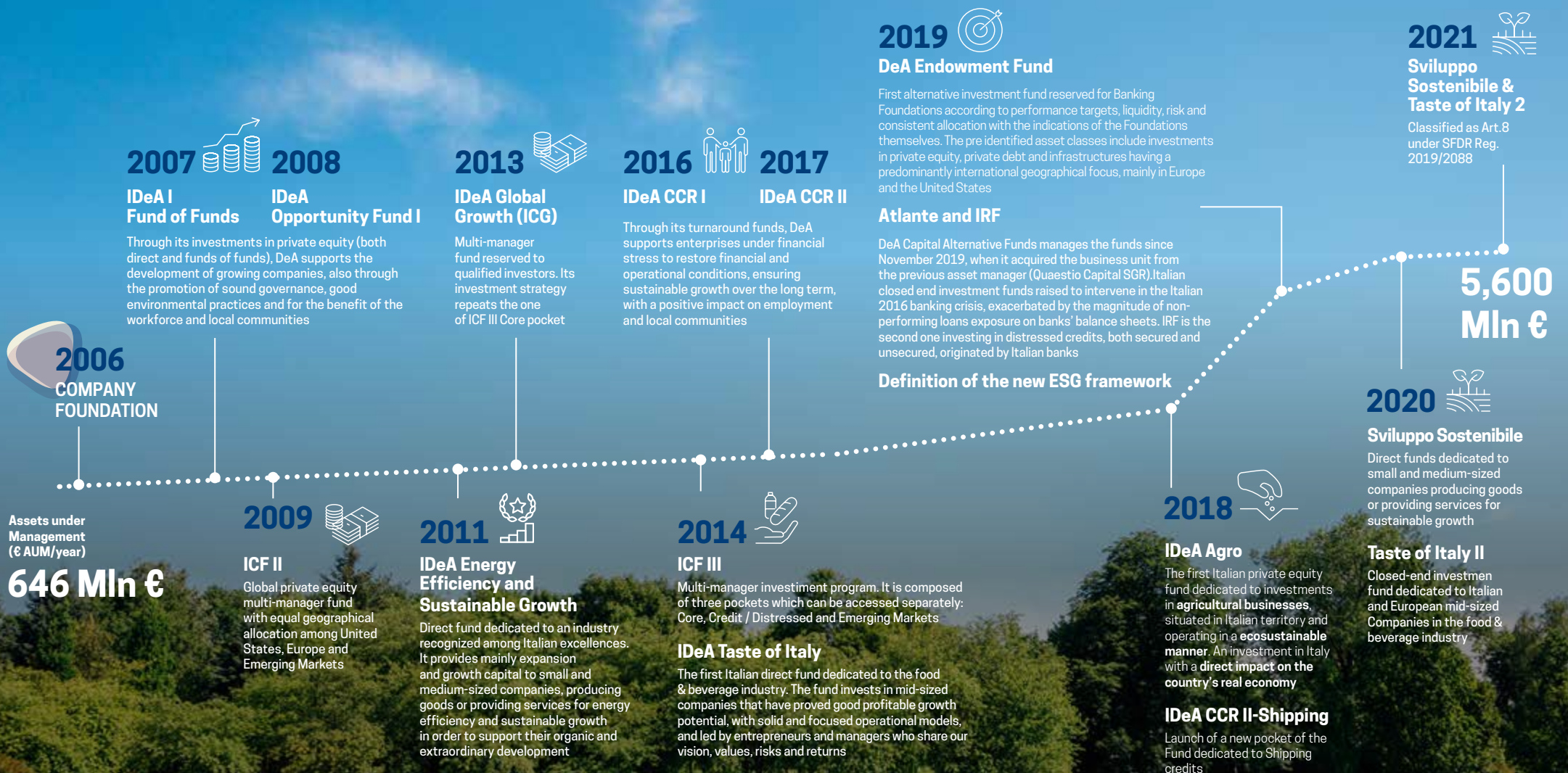
Our Key Figures: DeA Capital Platform



Our investments history

At the heart of DeA Capital Alternative Funds' investment approach lies a commitment to create **long-term value** in a responsible way. Since its inception in 2006, DeA Capital

Alternative Funds' strategy has been centered on the **expansion and diversification of its investment funds offering**, focusing on products that can foster sustainable growth.



Our Investments

FUNDS OF FUNDS



Funds

1000+ Companies worldwide

100+ Funds

53 Countries



Portfolio

- IDeA I Fund of Funds (2007)
- ICF II (2009)

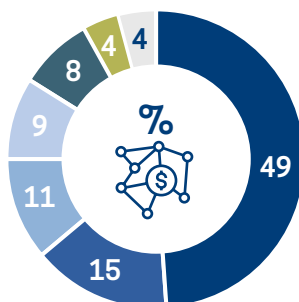
- IDeA Global Growth (2013)
- ICF III (2014)

- DeA Endowment Fund (2019)
- Managed Accounts

Long-standing and ongoing relationships with more than 100 private equity fund managers worldwide.

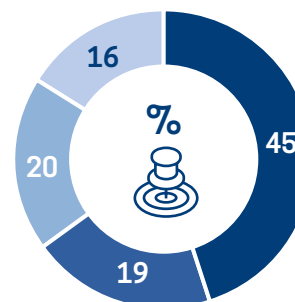
Investments by strategy

- Buyout
- Distressed, turnaround, special situations
- Infrastructure
- Credit
- Growth
- Venture Capital
- Other



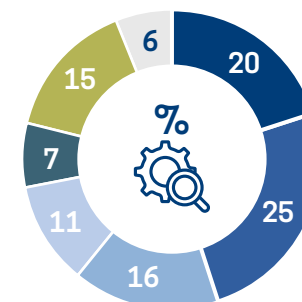
Investments by geographical area

- Europe
- US
- Global
- Rest of the world



Investments by vintage

- Pre-2005
- 2006-2008
- 2009-2011
- 2012-2014
- 2015-2017
- 2018-2020
- 2021



Our Investments

DIRECT FUNDS



Funds

21 Direct Portfolio companies

6,500+ Employees

€ 1.2 Bn+ Revenues



Portfolio

- IDeA Opportunity Fund I (2008)
- IDeA Energy Efficiency and Sustainable Growth (2011)

- IDeA Taste of Italy (2014)
- IDeA Agro (2018)

- Taste of Italy 2 (2020)
- Sviluppo Sostenibile (2020)

More than 12 years of direct investment experience, focusing on sectors of excellence in Italy.

Current Investments



Realized Investments



Our Investments

TURNAROUND FUNDS



Funds

33 Turnaround companies

12,500+ Employees

€ 2.8Bn+ Revenues



Portfolio

• IDeA CCR I (2016)

• IDeA CCR II (2017)

• IDeA CCR II - Comparto Shipping (2018)



Dedicated to the relaunch of Italian companies. To date, the programme has made it possible to restructure companies preserving over 12 thousand employees.

Current Investments*



* Only equity investments

Realized Investments



NPL



Funds

€ 2.4Bn of Equity invested

€ 30Bn of GBV acquired

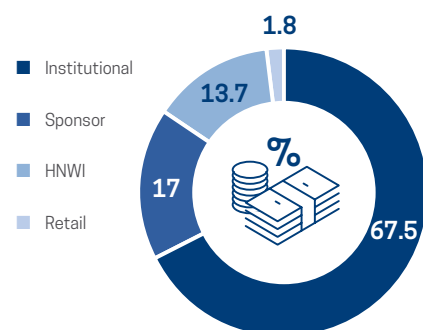
70 Institutional Investors

• Fondo Atlante (2019)

• Italian Recovery Fund (2019)

Engagement with stakeholders

DeA Capital Alternative Funds engagement activities with its stakeholders take place on a regular basis. A detailed reporting system as well as meetings with the investment teams allows investors to **constantly track their investments**.



DeA Capital Alternative Funds organizes an **annual Investor Day**, where the CEO describes the past year results and shares his view on the evolution of the business environment in the current year and take turns with a detailed description of the portfolio performance and the main shareholdings.

One of the most important forms of engagement with many of its stakeholders is now **ESG customized questionnaires**, according to investors' requests.



Web Portal Monitor is an important source of updates for investors where news about business performance, new acquisition or the reference context are periodically published.

From an ongoing process of engagement, DeA Capital Alternative Funds has gathered ideas and suggestions **to broaden stewardship with portfolio companies** with the ambitious goal of providing them with an **ESG framework** that will enable them to have the **best practice** in their industry cluster.



The engagement process with portfolio companies, such as a post-acquisition **action plan**, collection of **quarterly ESG data** and support to **enhance governance** has therefore been the result of a **transparent and sustainable** pattern adopted by the company and its investors. Similarly, DeA Capital Alternative Funds has continued to invest in people over the years through new hires, dedicated training activities and an increasingly comprehensive welfare system.

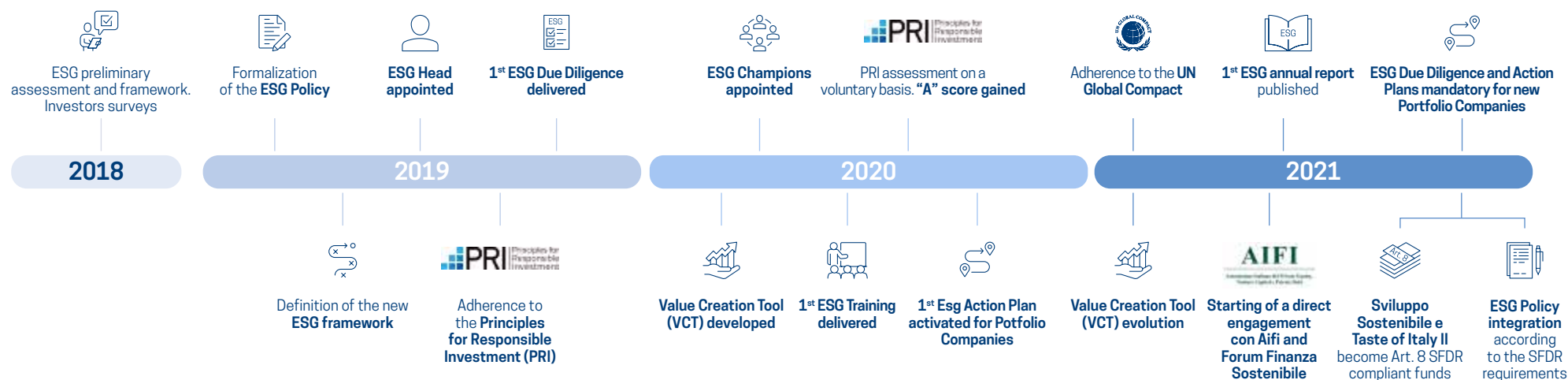
Each investor is a valuable story

Our sustainable path

Since joining the UN PRI, DeA Capital Alternative Funds has focused on **encouraging a sustainable and responsible approach** in all its products and activities.

Through an **active and long-term approach** to investment, over the past three years DeA Capital Alternative Funds has built **strong and specific expertise** in responsible investments, strengthening the integration of ESG factors in business decisions.

4 years of ESG integration achievements



After the preliminary ESG activities in 2018, starting from 2019 DeA Capital Alternative Funds sustainability goals have included the formalization of the **ESG policy**, the **ESG framework** and the setup of its **ESG Governance structure**.

In 2020, DeA Capital Alternative Funds started to measure **ESG performance** and to engage actively with investee

companies through the development of its Value Creation Tool (VCT) and through the proposition of **ESG Action plans**.

The Company started to deliver all its employees **ESG training** in order to increase awareness and enhance their expertise on ESG issues. In 2021 DeA Capital AF became a signatory of **UN Global Compact**.

In addition, in compliance with the new **SFDR Directive**, the company have classified its Sviluppo Sostenibile and Taste of Italy 2 Funds under **art.8**.

Our sustainable path - 2021



ESG data quarterly reporting

Starting in the first quarter of 2021, the management teams have engaged **portfolio companies** to release **ESG data on a quarterly basis** in order to map the individual KPIs. The **companies** are engaged to **represent** and **improve** their **non-financial data**. To this end, they have appointed their own **ESG manager**.



Portfolio companies action plans

The **collection of quarterly ESG data** for the portfolio companies is part of a broader project: DeA Capital Alternative Funds's helping its investee companies **to express their full ESG potential**. DeA Capital Alternative Funds generally invests in companies with strong local roots and activities that are well integrated with the typical characteristics of Italian-made products.

The **action plans implemented** after the acquisition have two main objectives.

- to highlight the **sustainable potential** of the companies.
- to support them in **building an ESG framework** especially on the governance side, integrated into their business model.



Value Creation Tool (VCT) evolution

The proprietary tool used by DeA Capital Alternative Funds to **analyze and monitor the ESG data** of each portfolio company from the pre-acquisition phase, evolved further in 2021 with the introduction of new UN PRI guidance. In particular, the **number of KPIs has increased** and they consist of cross-cutting KPIs that apply to all investments and specific KPIs that are consistent with the company's business model and industry. DeA Capital Alternative Funds VCT built for each fund, becomes a management software that includes all the data of each individual company, facilitating monitoring and action plans.



Compliance with the SFDR Regulation (EU) 2019/2088

The new Sustainable Finance Disclosure Regulation (SFDR) **came into force in March 2021**, as a result of a process that started with the Paris Agreement in 2015. DeA Capital Alternative Funds started the integration of SFDR regulations into its ESG Policy and procedures. **Taste of Italy 2** and **Sviluppo Sostenibile** are both **compliant with Article 8** of the SFDR.



Adherence to the United Nations Global Compact

In **June 2021** DeA Capital Alternative Funds adhered to the UN Global Compact Principles, which were subsequently **integrated into its ESG Policy**.

As a result of this adherence, DeA Capital Alternative Funds **reinforces its commitment to sustainable practices and policies** not only internally and with its investment companies, but also with wider effects for all its stakeholders.



Development of a fund entirely based on sustainable investments

In 2020, DeA Capital Alternative Funds launched Sviluppo Sostenibile, a new fund to complement its current coverage of the dynamic Italian mid-market and to offer both Institutional Investors and Family Offices access to Italian SMEs combining an Institutional and entrepreneurial approach. Sviluppo Sostenibile's objective is to have a **sustainable impact** while creating financial value through growth, digitalisation, internationalisation and development of competences, with a particular attention to ESG factors. The fund's framework requires **ESG due diligence** in the pre-acquisition phase, followed by an **ESG action plan** once acquired. The aim is to stimulate portfolio companies from the acquisition phase towards what is defined as best practice in data quality. Sviluppo Sostenibile has its **ESG Committee**, composed of external members supporting the team. A portion of Carried Interest granted to the team is linked to ESG performance of the portfolio.



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A RESPONSIBLE COMPANY

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Governance, ethics and transparency

Ownership structure

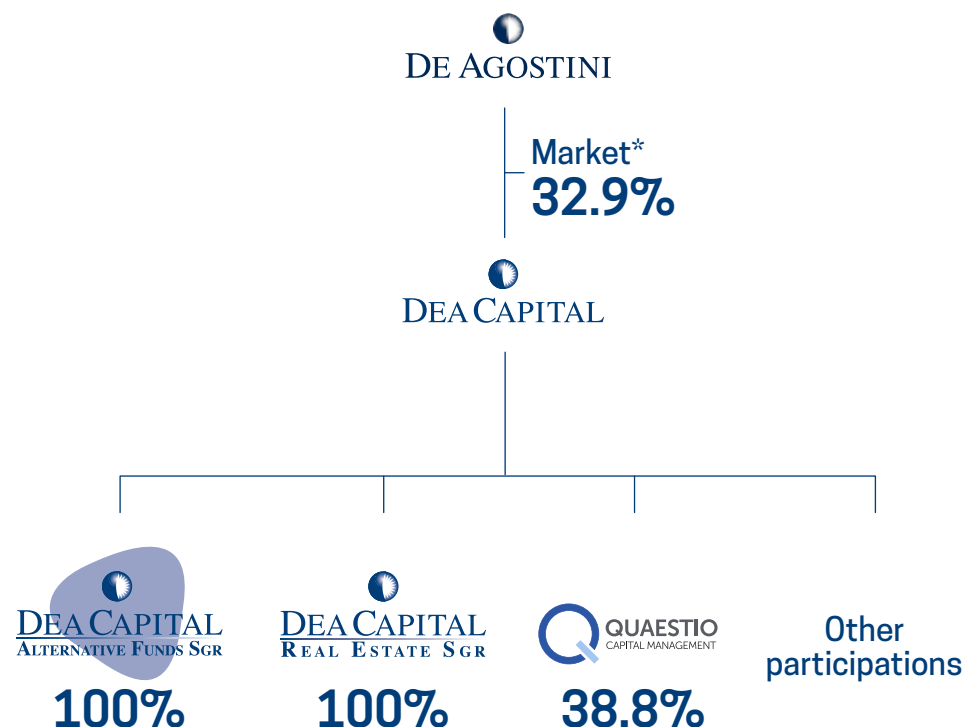
DeA Capital Alternative Funds's governance structure is composed by the following bodies:
Board of Directors and Board of Statutory Auditors.
An independent auditing firm has also been appointed.

Board of Directors.

Board of Statutory Auditors

Supervisory Body

DeA Capital Alternative Funds is wholly owned by DeA Capital SpA, the leading independent **Alternative Asset Management platform, active in Real Estate, Private Equity investments, and NPL**. DeA Capital is listed on the STAR segment of the Milan Stock Exchange.



*Including 2.2% of DeA Capital Treasury Shares as of 31/12/21

Governance, ethics and transparency

Board of Directors*

The Company is managed by a Board of Directors - comprising **7 members of which 4 independent directors** - which is invested with wide powers for ordinary and extraordinary management of the Company.

Paolo Ceretti	Chairman
Gianandrea Perco	Chief Executive Officer and General Manager
Manolo Santilli	Board Member
Daniele Ferrero	Independent Board Member
Emilio Barucci	Independent Board Member
Piero Galli	Independent Board Member
Romina Guglielmetti	Independent Board Member

Board of Statutory Auditors*

The Board of Statutory Auditors **monitors the Company's compliance** with the law, with the principles of proper administration and the adequacy of the organizational, administrative and accounting structure and its functioning, as well as the independence of the independent auditors.

Gian Piero Balducci	Chairman
Marco Sguazzini Viscontini	Statutory Auditor
Annalisa Donesana	Statutory Auditor

Supervisory Body

The Board of Directors has also appointed a Supervisory Body that **has the duty of supervising the function**, observance and updating of the Model 231. The Supervisory Body, endowed with autonomous powers of initiative and control, is composed as follows:

Gian Piero Balducci	Chief of Board
Maurizio Bortolotto	Component
Davide Bossi	Component

To ensure ethical behaviour, compliance with law and the overall Company's reliability, DeA Capital Alternative Funds SGR has adopted a **Code of Ethics and an Organizational, Management and Control Model** pursuant to Italian Legislative Decree 231/2001.

Moreover, in accordance with the requirements of the legislative regime outlined by **Directive 2014/65 / EU** relating to financial instrument markets (the so-called **MiFID II**) to ensure and promote transparency, DeA Capital Alternative Funds:



- Has adopted a **policy on conflicts of interest** for the management of transactions executed as a counterparty with related parties and / or in potential conflict of interest.



- Publishes an **informative document** pursuant to the Regulation on intermediaries adopted by Consob with resolution no. 20307 of 15 February 2018 and subsequent amendments and additions.

* Appointed by Shareholders Meeting on 13 April 2022

Governance, ethics and transparency

Organizational structure



60+ professionals and staff

Governance, ethics and transparency

In 2019, as part of the ESG framework and as set in the responsible investment policy, DeA Capital Alternative Funds adopted an **ESG governance structure** which includes the following bodies and figures:

ESG Policy

Approved by the Board of Directors of DeA Capital Alternative Funds in 2019, its ESG Policy governs the **overall framework, sustainability commitments** and **stakeholder relations**.

The Policy also provides for the integration of all general principles into the procedures, internal rules and functions of DeA Capital Alternative Funds.

The various changes in current international regulations and the related updating of activities and commitments by the SGR will be accompanied by a review of the Policy **approved** by its Board of Directors.

In March 2021 the ESG Policy has been fully **integrated with SFDR** requirements.

Board of Directors

The Board of Directors is responsible for approving the ESG Policy and the ESG strategy. Moreover, using insights provided by the Head of ESG, it defines the **materiality of ESG issues** that might impact the company, its investments and stakeholders. DeA Capital Alternative Funds adhered to the principles of **UN Global Compact**, becoming a signatory in 2021.

Head of ESG

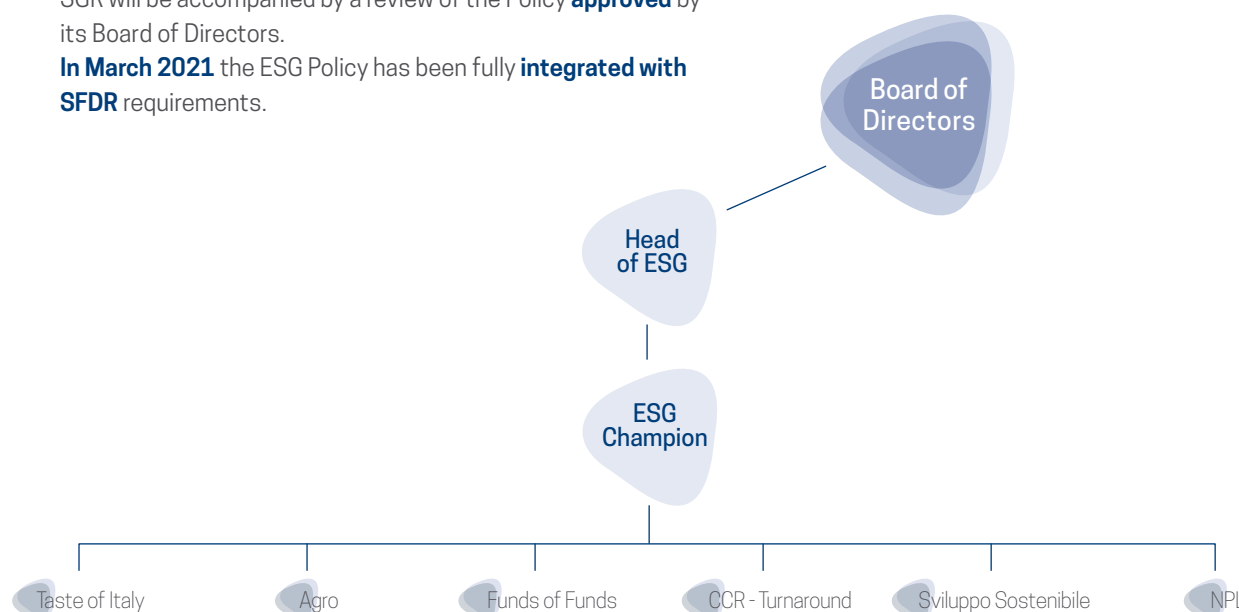
The ESG Manager reports to the Board of Directors and is **responsible of supervising the implementation** of DeA Capital Alternative Funds' ESG policy, through collection and analysis of information produced by the **ESG Champions**.

The ESG Manager is tasked with ensuring engagement and commitment on ESG issues, disclose initiatives to investors and oversee the UN PRI reporting process and investors' surveys on responsible investment. Similarly, DeA Capital Alternative Funds' ESG Manager will actively follow the different commitments of the UN Global Compact activities.

ESG Champion

Appointed within the Investment Team of each fund, DeA Capital Alternative Funds' ESG Champion is **responsible for the assessment and monitoring of sustainability risks and opportunities** throughout the investment lifecycle (covering pre-investment, acquisition, ownership and divestiture).

The ESG Champion is subject to a dedicated ESG training and receives instructions from the Head of ESG. DeA Capital Alternative Funds also relies on subject-matter experts for due diligences and to support portfolio companies in the definition and implementation of action plans.



Governance, ethics and transparency

ESG Team



Regular monthly
meetings between
the ESG team

Head of ESG



**Alessandra
Patera**

Head of Marketing, Institutional Sales, ESG

ESG Support Team GP Level



**Salvatore
Ciurca**

Head of Compliance &
AML, Privacy Officer



**Chiara
Pariani**

IR Manager & ESG



**Cristina
Ugazio**

Office Manager

ESG Champions Investments Portfolio Level



**Stefano
Caspani**

ESG Champion (ToI)
Investment Director



**Federica
Loguercio**

ESG Champion (FoF)
Investment Manager



**Laura
Filippi**

ESG Champion (CCR)
Legal Counsel



**Marco
Forcellini**

ESG Champion (Agro)
Associate



**Filiberto
Basile**

ESG Champion (SS)
Investment Manager



**Matteo
Conte**

ESG Champion (NPL)
Investment Director

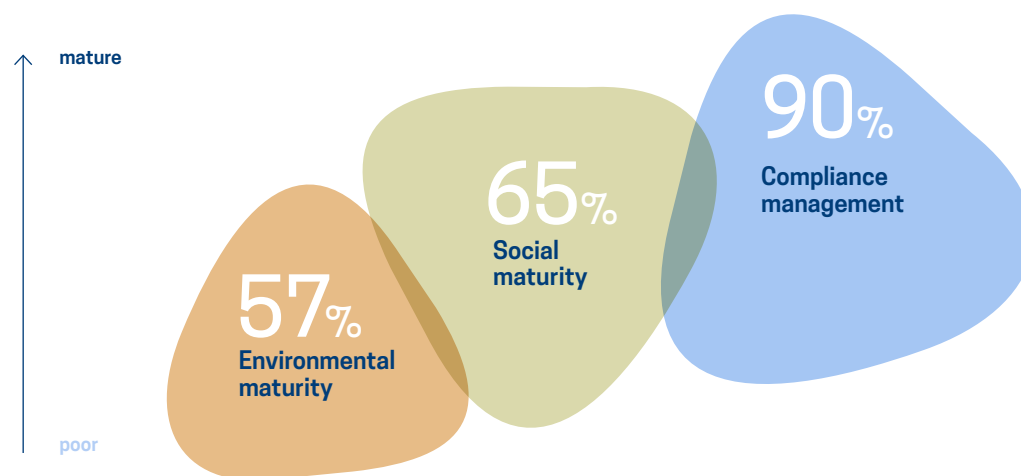
Protecting the planet and empowering people

In order to strengthen its approach to sustainability, DeA Capital Alternative Funds has always placed great emphasis on **key ESG issues**. On the environmental side, DeA Capital Alternative Funds is committed to **improving over time** the **Carbon Footprint of both the SGR and stakeholders**.

Similarly, the SGR is aware that **investing in people and training is the key to increase the value of its activities over the years**.

In 2021 DeA Capital Alternative Funds has been fully committed to define, measure and analyze its environmental KPIs and metrics at SGR level.

Social & environmental maturity of direct investments*



* Sviluppo Sostenibile's portfolio companies will be monitored starting from 2022Q1.

The VCT used for direct funds such as IDeA Taste of Italy, Taste of Italy 2, IDeA Agro by DeA Capital Alternative Funds, highlights the **evolution of KPIs and key metrics during 2021** by collecting quarterly data from the portfolio companies. Analysing the chart, the **compliance management** - i.e. the analysis process that verifies compliance with the health and safety standards of the respective industry of the single companies- shows a percentage of **90%**. At the **environmental level**, the VCT of the above direct funds have been aggregated considering all their portfolio companies. The Environmental Maturity (i.e., the difference between the result of the ESG questionnaire and the ESG topic enhancement and the overall result of direct investments) shows an average percentage of **57%**. Similarly, **Social Maturity** shows a percentage of **65%**. The environmental and social actions required more time to be implemented compared to the previous one.

Protecting the planet and empowering people

Social maturity

DeA Capital Alternative Funds recognizes that its **people are the most important asset** and key to business success.

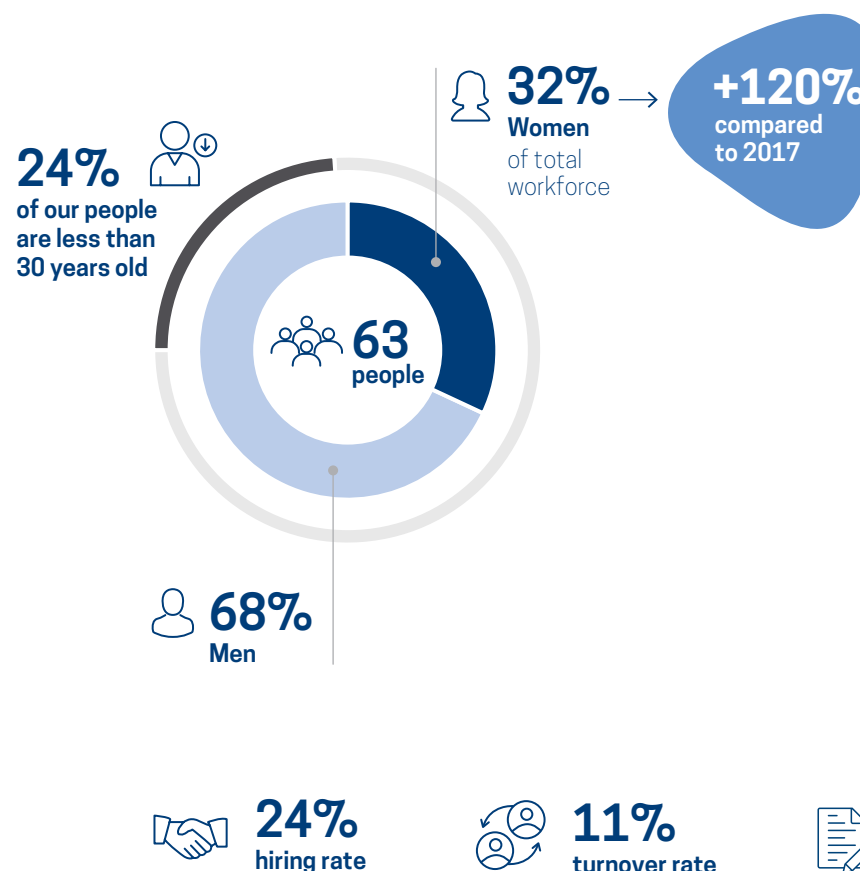
Creating a **good working environment**, providing its people with **career development opportunities** and with the tools necessary to perform their work in the best possible way, is therefore of paramount importance to DeA Capital Alternative Funds.

Employment

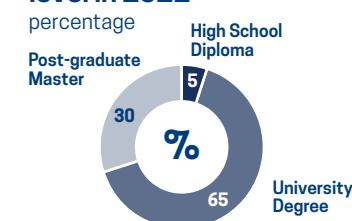
As of 2021, the company employs 63 people, an **increase on previous years** (58 in 2020 and 45 in 2019). **Women** account for **32% of the total workforce**, over 100% more compared to 2017. DeA Capital Alternative Funds' **workforce by age** shows that the mean and median are concentrated in the **30-50 age range**, which include approximately 63% of employees.

An encouraging **24% of the workforce** is **under 30**, a percentage that will tend to increase in the coming years thanks to the numerous initiatives aimed at "young talent".

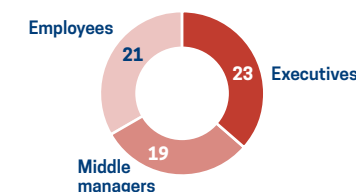
At the end of 2021, **95%** of employees hold a **high level of scholarship** through graduate, post-graduate or master's degree programs.



Our people by education level in 2021



Total by position



Protecting the planet and empowering people

Training

DeA Capital Alternative Funds's commitment towards its people is reflected in the promotion and implementation of training activities **in order to strengthen individual skills** and to develop **better management skills**.

Starting in 2019, **training on ESG and sustainability** themes become an integral part of DeA Capital Alternative Funds's training activities.

In 2021, besides the training provided to all the employees, a special ESG and responsible investment training was held **for the Board of Directors** of the SGR, with the aim of aligning them with all activities and regarding regulatory changes.

In 2021 employees received an average of 19 hours of training.

DeA Capital Alternative Funds pays **great attention to environmental issues** also through a **careful selection of certified suppliers** who are sensitive to sustainability issues and through group purchasing with a view to optimizing

costs. The company also implements a **great awareness of differentiated waste collection**.



19
hours of
training
per employee → **36%**
training ESG

Welfare initiatives

DeA Capital Alternative Funds is committed to **implementing employment policies** oriented towards stability and **long-term collaboration** with its employees. As such, DeA Capital Alternative Funds privileges permanent contract to fixed-term ones as a means of promoting human resources retention and development.

Moreover, DeA Capital Alternative Funds has developed and implemented a **corporate welfare model** consisting of a vast selection of services, from insurance coverage to the possibility to convert individual bonuses into tax-free welfare services.

The Next Project

DeA Capital Alternative Funds together with DeA Capital Group implemented and launched with the support of a qualified HR external partner the NEXT Project (**New Empowerment x Talent**).

The aim of the project is, on the one hand, to **assess the growth potential** and **development needs** of our youngest resources (**up to 35 years of age** and with at least **1 year of seniority** in the company) and, on the other, to encourage self-awareness of their soft skills, strengths and areas for improvement, through a consolidated methodology and the use of ad hoc selected tools..



Value creation for the community

DeA Capital Alternative Funds is committed **to support the communities** in which it operates, financing local projects and initiatives **to create value**.



To further commit towards employee's wellbeing and to pay the right attention towards its community, DeA Capital Alternative Funds has decided to participate into an **internal competition** organized by De Agostini Foundation for the assignment of **scholarships in 2021** to capable students and children of employees of Italian companies controlled by the De Agostini Group. The competition will assign three scholarships worth **5,000 euros** each and it is reserved for the students that attend last year of high school, as an incentive to continue their studies.

Social Project: 1+1=3 Insieme Per Un Progetto Sociale

"1+1=3 Together for a social project" is a solidarity initiative promoted by the De Agostini Group and the **De Agostini Foundation** and aimed at all employees.

The idea stems from the desire to bring the Group's employees closer to the activities of the Foundation, which has been working for more than ten years in the field of social inclusion, disability, education and emergencies. The project also represents an **opportunity to share the values** that animate the Group and inspire the Foundation's daily work.

Each Group employee can propose and **support a Third Sector entity** that operates **in the field of disability**, both physical and intellectual, by presenting, individually or in groups, a project related to disability issues. In January 2022, the Foundation will evaluate the projects received and draw up a short list of the most convincing ones, which will be submitted to the vote of all employees to choose the winners.



Mentors for you

DeA Capital Alternative Funds is partner of Mentors4u, a **non-profit organization** founded **to connect supply and demand of Mentoring** in Italy: on one side **university students** confused about future career options, on the other side **successful professionals**.

The objectives of the initiative are:

- To **unleash the talent** of motivated and deserving young people, so that the context of and incomplete information do not become a constraint on their ambitions. their ambitions.
- Create a **community based on merit** within which to encourage the exchange of ideas and content useful to the personal and professional growth of all participants.
- Contribute to the **growth and development of the country**, supporting its most important resources: young people and talents.
- To become a **reference point** and a **source of inspiration** in Italy and Europe for other mentoring programs.



Moreover, DeA Capital Alternative Funds periodically participates to **fundraising initiatives** in favor of CAF (**Centro Aiuto Minori e Famiglie**) Onlus, an association that helps children who are victims of ill-treatment and in addition offers support to families in crisis

Value creation for the community



Vitamins at Work Project

DeA Alternative Funds launched in the Vitamins at Work Project, the purchase of **fruit** made **available to employees** by selecting the freshest and most **genuine products from farms ESG oriented**.

The project follows a **careful logistic work around** a modern and efficient warehouse that allows to keep always fresh all the products.

All vans comply with the **HACCP regulations** and are designed to ensure the freshness and quality of the goods on each trip.



946 Kg
in a year



Green Coffee Break

DeA Alternative Funds has decided to adhere to the **program** promoted by the *Nespresso brand*, which involves:

- **Separate** collection of pods and capsules
- **Re-use** of aluminum capsules
- **Recycling** of used coffee.

Spent coffee is separated from the aluminum capsule, is subsequently recycled and turned into compost. The **compost** is purchased and used for the **cultivation of rice**.

The rice, purchased by Nespresso, is donated to **Banco Alimentare** in Lombardy and Lazio.



Green Mobility

One of the activities included in the Green Procurement programme of DeA Capital Alternative Funds is Green Mobility. Since 2020 the SGR is **increasing and encouraging the choice of hybrid cars** with low environmental impact: out of a current total of 18 company cars, **50%** is **mild hybrid**. In an impact analysis, the substitution of petrol and diesel cars by "so called" green cars makes it easy to calculate CO₂ savings given the number of kilometres driven. Already in 2021, the **savings in terms of emissions** resulting from the new internal policy were significant, with an estimated improvement of between 30 and 40%.

Dea Capital Alternative Funds' **shift towards green mobility** is consistent and aligned with the whole Dea Capital Group.

3

OUR WAY TO INVEST RESPONSIBLY

- ESG sources and principles 29
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ESG sources and principles

DeA Capital Alternative Funds's sustainability process was inspired by the indications of supra-national institutions such as the **United Nations**, that have created a movement based on principles such as **human rights, environmental protection, honesty, and transparency**.

To obtain coherence between internal rules and what can be defined as best practice, DeA Capital Alternative Funds is committed to checking regularly its sources aiming to be consistent with its codes and regulations.

The main sources and principles behind the sustainability process of DeA Capital Alternative Funds include:



ESG sources and principles

UN Principles for Responsible Investment (PRI)

The backbone of DeA Capital Alternative Funds' **sustainable value creation strategy** are the **six principles defined by the United Nations** – supported initiative Principles for Responsible Investments (PRI). DeA Capital Alternative Funds, **signed the PRI in January 2019**, starting its journey towards a formal integration of ESG criteria in its investment process.

As requested to all PRI signatories, DeA Capital Alternative Funds completed the **annual report on its responsible investment** practices and activities for 2019, receiving a **rating of "A"** in Governance, Indirect Investments and Direct & Active Ownership.

Industry engagement-participation to ESG focus groups

The **Strategy & Governance** module includes information on the organization's approach to responsible investment and the incorporation of ESG issues into asset allocation.

The **Indirect Investments** module comments on the incorporation of ESG criteria in the selection, appointment and monitoring of external investment managers (such as for Funds of Funds).

Finally, the **Direct & Active ownership** module applies to direct investors in portfolio companies.

In line with **PRI's principle no. 4**, on promoting acceptance and implementation of the Principles within the investment industry, DeA Capital Alternative Funds participate to the following initiatives:

From 2021, the **Head of ESG** is a **member of the steering committee on ESG of AIFI** – "Associazione Italiana del Private Equity,

Principles for Responsible Investments



- 1 DeA Capital Alternative Funds will **incorporate ESG factors** into the investment analysis and decision-making processes.
- 2 DeA Capital Alternative Funds will be the **active owner and incorporate ESG analysis** into its ownership policies and practices.
- 3 DeA Capital Alternative Funds will seek **appropriate disclosure on ESG** by the entities in which it invests.
- 4 DeA Capital Alternative Funds will **promote acceptance and implementation of the Principles** within the investment industry.
- 5 DeA Capital Alternative Funds will work together **to enhance** effectiveness in implementing the Principles.
- 6 DeA Capital Alternative Funds will **report on activities and progress** towards implementing the Principles.

Venture Capital e Private Debt" – which intends to define **common guidelines** in order to simplify and unify ESG reporting across its members.

Furthermore, with the aim of enhancing good practices and contributing to the analysis and dissemination of sustainable investments, DeA Capital Alternative

Funds became a **member of the Forum per la Finanza Sostenibile**, actively participating in ESG initiatives such as conferences, seminars and cultural events.



ESG sources and principles

UN Global Compact principles

The United Nations Global Compact (UNGC) is the world's largest strategic corporate citizenship initiative. It stems from a desire **to promote a sustainable global economy that respects human and labour rights, that protects the environment, and that fights corruption.**

It represents a voluntary initiative to adhere to a set of principles that **promote the values of sustainability through policy actions, business practices, and social and civic behaviour** that are responsible and consider future generations.

By becoming a signatory, DeA Capital Alternative Funds will operate in a way that satisfies core responsibilities **in the fields of environment, labour, human rights and anti-corruption.** By integrating the UN Global Compact's commitments into its business, DeA Capital Alternative Funds not only accepts all the principles, but can also enhance its activities.



The 10 principles of the UN Global Compact are in turn divided into macro areas depending on the area of interest

HUMAN RIGHTS

- 1** **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2** **Principle 2:** make sure that they are not complicit in human rights abuses.

LABOUR

- 3** **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4** **Principle 4:** the effective abolition of child labour; and
- 5** **Principle 5:** the elimination of all forms of forced and compulsory labour;
- 6** **Principle 6:** the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- 7** **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- 8** **Principle 8:** encourage the development and diffusion of environmentally friendly technologies.
- 9** **Principle 9:** undertake initiatives to promote greater environmental responsibility; and

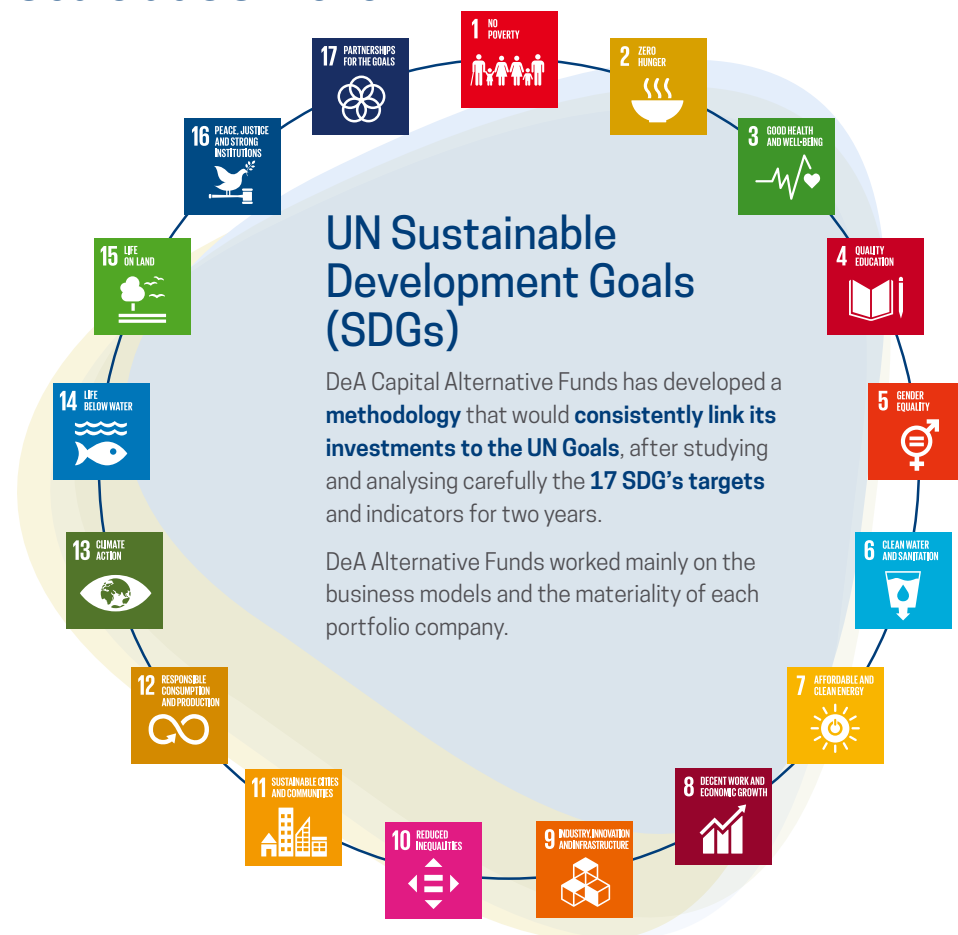
ANTI-CORRUPTION

- 10** **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

ESG sources and principles

Sustainable Development Goals at SGR level

With the aim of identifying the contribution to the Sustainable Development Goals, DeA Capital Alternative Funds explored how the UN SDGs can be examined through the lens of ESG materiality. To better understand the most relevant SDGs' contribution offered by the SGR the SASB materiality matrix has been used.



- 3** Welfare services recognized to employees such as contribution to supplementary pension scheme, reimbursement of medical expenses for spouses, children and other family members, subscriptions to sports activities and travel.
- 4** 25 hours of training per employee.
- 8** The number of permanent staff in TOI portfolio companies increased by 30% in 2021.
- 9** Sviluppo Sostenibile and TOI 2 investment funds are sustainable products classified as art.8 under SFDR.
- 11** NPL servicers questionnaire carried out.
- 16** Code of Ethics implemented to all portfolio companies. Organizational, Management and Control Model implementation (231 Model) to all portfolio companies.
- 17** UN PRI Signatory, Engagement with AIFI to promote responsible investment in Italy, Member of "Forum per la Finanza Sostenibile".



Human Capital
Employee Engagement,
Diversity & Inclusion

Human Capital
Employee Engagement,
Diversity & Inclusion

Social Capital
Selling Practices & Product
Labeling

**Business Model
& Innovation**
Product Design & Lifecycle
Management

**Business Model
& Innovation**
Product Design & Lifecycle
Management

Leadership & Governance
Business Ethics

Leadership & Governance
Business Ethics

ESG framework

ESG Policy

DeA Alternative Funds' ESG Policy, **reviewed in March 2021 according to SFDR directive**, states and clarifies how the Responsible Investment Principles subscribed by DeA Alternative Funds are **integrated into its investment process**.

The scope of the Policy includes all direct and indirect investment activities performed by the SGR, through **each phase of the investment lifecycle**, from pre-investment through ownership to exit. The ESG Policy also sets the governance of responsibilities within DeA Alternative Funds and outlines an implementation approach tailored for each asset class.

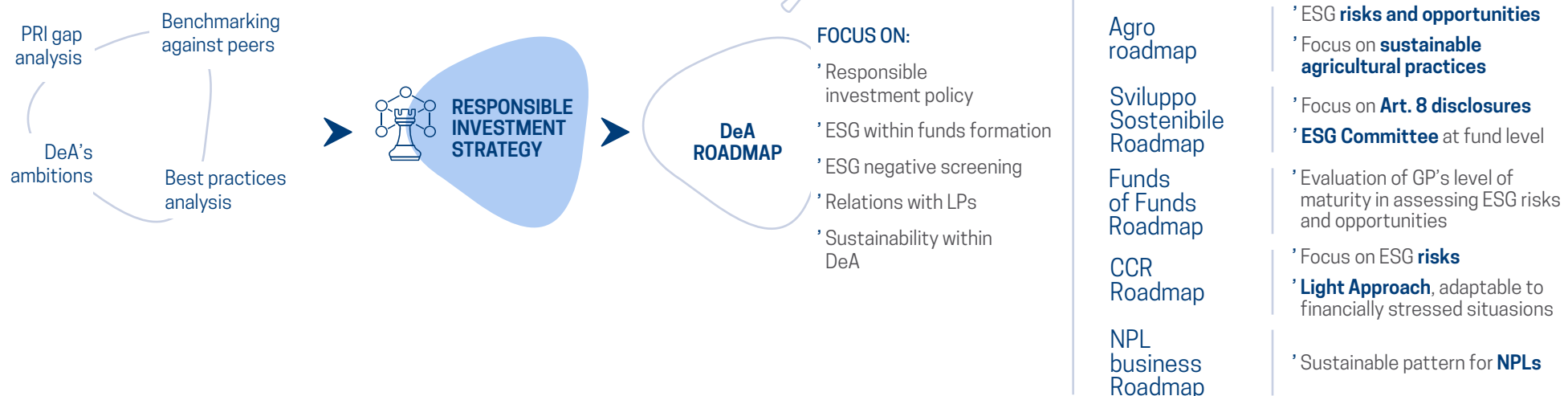
ESG framework

The **development** of the ESG framework **started in 2019**:

- **inputs collected** from the Investor Relations, the Compliance Officer and Investment teams;
- **analysis** of **sector trends, investors' expectations** and **PRI recommendations**;
- **benchmarking with responsible investment practices** within the broader international industry.

The work described above resulted in the **definition of our ESG roadmaps tailored to main type of investment**: private equity direct investments, indirect investments (funds of funds), turnaround funds.

Finally, the different roadmaps, serving as an initial ESG action plan for the SGR, set the steps to complete the formal integration of ESG considerations in the investment process and governance.



ESG framework



ESG management system

RI Policy drafted and communicated	2019	✓
Asset class-RI guidelines drafted and communicated	2019	✓
All new fund placement documents including RI reference	2019	✓
ESG Head appointed	2019	✓
ESG Champions appointed	2020	✓
Training plan drafted and training contents defined	2019	✓
100% investment team trained on ESG	2020	✓
Remuneration Policy drafted and communicated	2021	✓
ESG data quarterly reporting for direct funds	2021	✓
Implement ESG monitoring at NPL portfolios	2022	▶

Communication & transparency

1 report per year on ESG performances distributed to investors	2020	✓
ESG general approach presented to investors	2019	✓
ESG approach and details on performances presented to investors	2021	✓
Procedure for managing and reporting incidents drafted	2019	✓

ESG at SGR

Improvement of diversity in the industry	2023	▶
Development of 3 ESG Action Plans to portfolio companies per annum	2021	✓
Data integration of Principal Adverse Impact Indicators	2023	⚙️

✓ Achieved

⚙️ Work in progress

▶ To be started

ESG in the investment process

Responsible investing is more than a matter of compliance with the regulatory framework. It means to achieve a comprehensive understanding of the multiple factors that may affect the investment portfolio, the underlying risks and opportunities aiming at maximizing value in the long term in a sustainable way.



When evaluating the best way to implement such principles, DeA Capital Alternative Funds realized that **each phase of the investment lifecycle**, from investment selection through ownership, to divestiture, **may be reconsidered from any ESG point of view**.

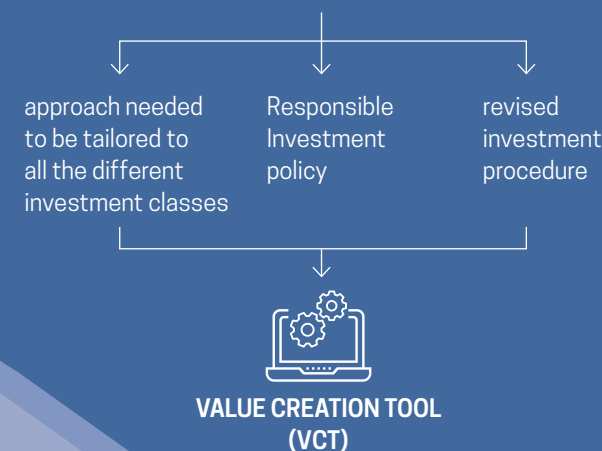
DeA Capital Alternative Funds ESG Policy, with its revised investment procedure and its developed tools differentiates the approach considering the **peculiarities of the different investment classes**. The **Value Creation Tool**, the proprietary tool developed for the analysis and monitoring of the data of the individual portfolio companies **is customized for each fund** and for any investment company so that each qualitative and quantitative KPIs depend on the industry to which they belong.

DeA Capital Alternative Funds' VCT is constantly evolving and will be further developed and customized in the coming years.

On the right side, a description of DeA Capital Alternative Funds' ESG approach implementation along the different investment phases is provided.

ESG IN OUR INVESTMENT PROCESS

Responsible investing means to achieve a comprehensive understanding of the multiple factor



ESG in the investment process

Value Creation Tool Alternative Funds

In 2019, DeA Capital Alternative Funds developed **internally an ESG proprietary tool** to support the investment teams in ESG **assessment**, to **monitor** and to **enhance companies** in line with its new ESG framework. The tool was developed considering the **international standards** such as **UN PRI**, **SASB** and the **Global Reporting Initiative Standards**.

DETAILS OF VALUE CREATION TOOL

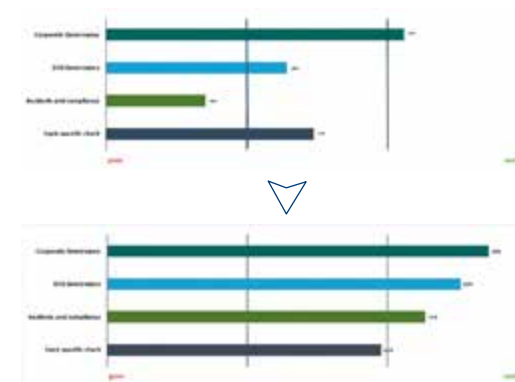
SUMMARY RESULT OF OVERALL MATURITY



DUE DILIGENCE



ESG OVERALL CHECK



A similar tool has been also developed **for the Funds of funds, to assess the maturity of General Partners** of the funds DeA Capital Alternative Funds invests in.

The ESG tool consists of 4 modules:



ESG materiality checklist:

to identify -during the pre-investment phase- the relevant topics for the target investment to scope the due diligences and to check that all relevant topics have been covered.



ESG Assessment – overall:

an **ESG questionnaire** which allows to check if the company is facing major ESG issues and **to assess its overall ESG maturity**. It can also be used for the pre-investment phase for minority investments in case ESG full due diligence are not performed directly by DeA Capital Alternative Funds and during the annual monitoring update in the post investment phase to encourage findings from the DD to be followed up and incidents to be reported.



ESG Assessment – Specific topics:

the ESG Assessment module is integrated with a section on specific topics to assess the maturity of the Company's approach for relevant ESG topics, based on a materiality assessment in order to have a tangible impact.



ESG KPIs:

this module is used to collect a set of ESG KPI's to evaluate and monitor the investment's ESG performance and to quantify the ESG improvements to be highlighted in the exit phase.

The tool is equipped with a dashboard summarizing the results of the Portfolio's Company performance. In particular, the dashboard displays the overall maturity of the Company, the findings from the due diligence.

ESG in the investment process

The materiality checklist of Value Creation Tools Alternative Funds

Part of the ESG tool, during the pre-investment screening and due diligence phases, DeA Capital Alternative Funds might evaluate the target company on the following ESG topics. **Guidance questions** accompany each topic to support the investment team **in evaluating the topic materiality**. Each topic has been **linked** to those **SDGs** on which it realistically believes and makes a difference through constant and programmable commitment:



ESG TOPICS

ENVIRONMENT

- Permitting/environmental compliance
- Air emissions
- Energy
- Climate change
- Water management
- Hazardous materials
- Restricted Substances (Asbestos, PCB, ODS, Lead, etc.)
- Sustainable agricultural practices
- Waste management
- Wastewater management
- Food waste
- Soil & groundwater contamination
- Product packaging and single-use plastics
- Protected areas, landscape, biodiversity
- Natural hazards & exposure to physical risks of climate change

SDGs



ESG TOPICS

SOCIAL

- Labour conditions (*forced labour, child labour, free association*)
- Human resources development (*training, turnover, development program*)
- Health and safety
- Local communities engagement
- Consumer safety /product regulations (*food safety, food contact*)
- Product Labelling (*origins, ingredients, allergies*)
- Sustainable products

GOVERNANCE

- Supply chain management

SDGs



ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment > Ownership > Exit

The main conclusions from the ESG screening and due diligence process, together with the analysis of the Risk Management Department, are included in the investment memorandum submitted to DeA Capital Alternative Funds's Board of Directors for approval.

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds

Using the **ESG tool**, the **ESG Champion** compiles a **checklist** to identify **material topics**.

Eligible majority investments are analyzed through an **ESG Due Diligence** process to assess the existence and severity of potential ESG concerns and to identify risk mitigation measures and untapped ESG opportunities. This process typically includes an **assessment of the maturity of the company's approach in managing material issues**, a reputational check and a benchmarking exercise to gain an understanding of the company's positioning on sustainability. The ESG Due Diligence is performed through review of public documentation.

For **prospect minority investments**, a **tailored questionnaire** is sent to the company, aimed at gaining a better understanding of the company's practices and management of potential material issues and will serve as a monitoring tool through periodic update and engagement.

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts

Using a **proprietary questionnaire**, the relevant ESG Champion engages with the potential GP to understand the **awareness and maturity of the GP on ESG areas** and how ESG factors are integrated in the investment process. Commitment by the GP on these areas is also assessed by review of public information, including adherence by GP to networks and/or associations promoting responsible investments and sustainable finance.

ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment > **Ownership** > Exit

DeA Capital Alternative Funds constantly engages with its portfolio company's top management to promote a proactive approach on sustainability and ESG-related incidents prevention and reporting. For this reason, each portfolio company has appointed an ESG Manager in 2021.

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds

The **Board of Directors** of the portfolio companies are responsible for the **management of ESG issues**. The **ESG Champion** shall monitor the **ESG performance of the investments**, through the review of the reports to be provided by the portfolio companies and by actively engaging with them.

As established in DeA Capital Alternative Funds' Private equity and CCR ESG roadmaps, by 2020 **all direct investments** are subject to **periodic data collection** and required to **report on selected cross-**

portfolio ESG KPIs. These KPIs will serve as fund monitoring tool to highlight trends and to report risk mitigation measures if necessary.

By 2021 **majority investments** are required to develop **ESG action plans** to enhance their ESG performance on material topics, including the closure of any due diligence findings if relevant. The action plan is **developed through an analysis of the company's value chain**, a benchmark with peers on ESG issues and the **identification of best practices for the specific sector**.

The plan defines objectives, activities to be performed, targets, timeframes and responsibilities and its application is monitored through the periodic reporting tools that DeA Capital Alternative Funds has put in place for all its investments.

For **minority investments** and **CCR funds**, **reporting requirements** and recommended actions **are fine tuned to the degree of pervasiveness** which DeA Capital Alternative Funds can implement depending on the Governance of the investment.

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts

The relevant ESG Champion monitors the **ESG performance** of the investments, **through the review of the information** that the **GPs provides annually**, and **by actively engaging** with GPs to explain DeA Capital Alternative Funds' ESG strategy and goals.

ESG INCIDENTS

Where applicable, DeA Capital Alternative Funds has **Board representation in its Portfolio Companies** and actively manages them through

the Investment Teams to ensure that **incidents are adequately identified and addressed**. Finally, all investments are required to fill in the annual

reporting on ESG, which also includes information on incidents. During the annual ESG training for the investment team, a specific exercise

was performed on incidents reporting. The ESG Champion of each fund **oversees the collection of incident reports from portfolio companies**.

ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment



Ownership



Exit

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds



In the divestment phase, DeA Capital Alternative Funds reports an **information Memorandum** consisting in a summary of:

- **ESG factors** that the SGR deemed relevant **for the specific investment**;
- **relevant ESG performance** registered during ownership;
- **potential improvements**;
- **current initiatives** in the ESG area.

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts



An **ESG full assessment** with performance improvements connected with initiatives carried out during ownership and any residual ESG risk that might exist.

In line with the monitoring activity performed by the ESG champion throughout the whole investment lifecycle, also during the harvesting phase of the underlying portfolio the team monitors that the funds' managers **incorporate ESG considerations in the exit processes**. This latter activity may have different applications, depending on the specific type of underlying funds and the related strategy (i.e. infrastructure, private equity, private credit).

Compliance and risk management process

The **European Commission's Sustainable Action Plan** is adopting **new rules for integrating sustainability considerations** to already implemented regulations or directives. Among them its the **Regulation (EU) 2019/2088**, the Sustainable Finance Disclosure Regulation (**SFDR**), which entered into force on 10 March 2021.

This regulation, directed to financial market participants, includes **transparency requirements** and **integration of sustainability risks** for all funds.

The SFDR also requires the investment funds to declare themselves as either funds with a sustainable objective (article 9), **funds that promote ESG characteristics (article 8)**, or "standard" investment funds (article 6) and able to provide investors sufficient information to understand the investment process.

Sustainability Risk integration

With reference to investment activities, **the analysis of ESG factors is integrated during the entire process** and considers the peculiarities of the investments, for each asset class of managed funds:

- During the **investment phase**, eligible opportunities, considered compatible with the selection criteria by DeA Capital Alternative Funds, are analyzed through an ESG due diligence process to evaluate the possible presence of ESG criticalities to identify the mitigation measures of potential risks.

- The **monitoring phase** of portfolios is based on strong interaction with the ESG representatives of the investee companies and is carried out on a recurring basis.
- In the **divestment phase**, DeA assesses the ESG initiatives implemented during the management phase.

In particular, DeA evaluates the **improvement of the ESG profile of the investment** and the **degree of residual ESG risk**, identifying, among the viable exit options, the one that can best guarantee, in the medium-long term, the correlation between financial value and social value of our investments.

Transparency of adverse sustainability impacts at entity level

DeA Capital Alternative Funds pays **constant attention to regulatory and context changes**. New regulatory interventions can contribute actively to increase sensitivity to ESG topics and the consequent action on the part of the whole industry.

The SGR maintains a **proactive approach** in defining the indicators and metrics with which determine the aforementioned negative impacts, also monitoring the evolution of regulatory provisions of reference. Thus, the SGR will be responsible for providing **promptly updates** on this aspect.

"ARTICLE 8" INVESTMENT FUNDS (REGULATION (EU) 2019/2088)

Taste of Italy 2 and **Sviluppo Sostenibile** have been classified under **art. 8** funds and are **committed to invest in companies that promote Environmental or Social characteristics** and demonstrate appreciation and commitment to sustainability throughout their activities. Both funds aim to invest in companies with **strong ESG profiles**, meaning they manage ESG risks or have serious ESG commitments in place compared to their peers and competitors.

The ESG commitment is demonstrated through exclusion of companies in the investable universe according to DeA Capital Alternative Funds ESG policy. These exclusions range from investments industries to markets where business practice is controversial, where human rights are not respected and where more generally confidence is low in adherence to sustainability principles.

In addition, **portfolio managers select key Environmental or Social indicators** with the aim of improving these indicators during the fund entire lifetime:

- **Taste of Italy 2**, Sectorial fund specialized in the Food&Beverage sector, selected **Environmentally challenging indicators** (i.e., GHG emissions, environmental pollution, habitat destruction and species extinction).
- **Sviluppo Sostenibile**, selected **Social challenging indicators** instead.

Both funds aim **to support** only those **companies** which are focusing on continuing their **investments and activities in a sustainable way**.

4

OUR INVESTMENT FUNDS

• IDeA Taste of Italy	44
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• IDeA Agro	67
• IDeA Corporate Credit Recovery	78
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Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

Tol

SS

AGRO

CCR

FOF

NPL

IDeA Taste of Italy

DeA Capital Alternative Funds developed an **ESG roadmap for each main type of investment fund**.

Encouraging its portfolio companies to **make sustainability a priority** by requesting a greater disclosure of key ESG risks and metrics and by assisting and supporting the companies in the process of undertaking major sustainable improvements.

IDeA Taste of Italy, launched in 2014 is the company's **first fund entirely focused on investments in the food & beverage sector** and all the industrial supply chains that specifically serve it.

The fund focuses on Italian SMEs, looking for investments with a mix of **"made in Italy", technological excellence and potential for growth**.

The fund's underlying strategy was mainly based on the **enormous potential** in terms of the number of investments offered by the **agri-food sector in Italy**, also fragmented into dozens of highly specialized sectors.

In addition, the strategy sought to identify **small or medium-sized companies with a leadership position** in their respective market niche, that would facilitate future aggregations and a possible increase in size.

Tol

SS

AGRO

CCR

FOF

NPL

IDEA TASTE OF ITALY ROADMAP

- ✓ Achieved
- ⚙ Work in progress
- 🕒 To be started

Pre-investment

- ESG checklist drafted and approved
- 100% ESG DD performed on majority investments
- Questionnaire to assess ESG risks and opportunities for target investments drafted and approved
- Draft Investment Memorandum ESG info template
- 100% Investment Memorandum containing ESG information
- Draft ESG clauses template for investment documentation
- 100% investment documentation containing ESG clauses

- 2019 ✓
- 2019 ✓
- 2019 ⚙
- 2019 ⚙
- 2020 ✓
- 2019 ⚙
- 2020 ✓

Ownership

- 100% portfolio companies with ESG reference person identified and corporate governance minimum requirements
- Data collection tools developed for both majority and minority investments
- 100% portfolio companies with data annually collected
- 100% majority investments with approved ESG Action Plans

- 2020 ✓
- 2019 ✓
- 2020 ✓
- 2021 ✓

Exit

- 100% exit memorandum/data room including ESG information for majority investments

- 2021 ⚙

IDeA Taste of Italy

ESG highlights based on KPIs



Tol

SS

AGRO

CCR

FOF

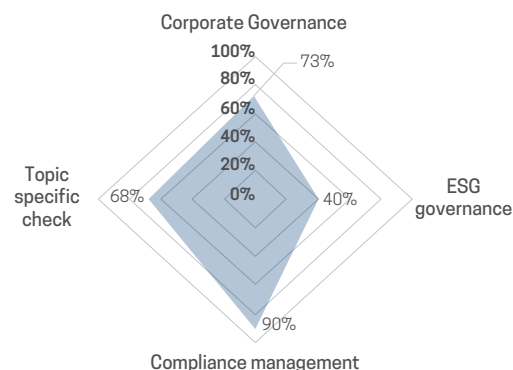
NPL

IDeA Taste of Italy

DIRECT FUNDS - IDeA Taste of Italy

IDeA Taste of Italy is a closed-end investment fund dedicated to the food & beverage industry. The fund invests in mid-sized companies that have proved good profitable growth potential, with solid and focused operational models.

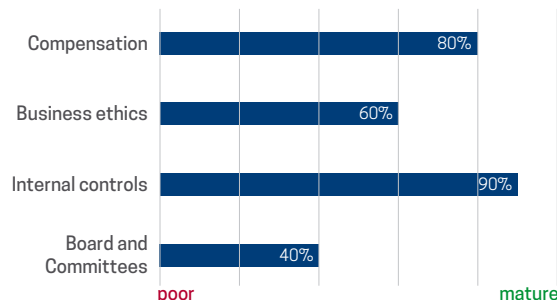
SUMMARY RESULTS OF OVERALL MATURITY CHECK*



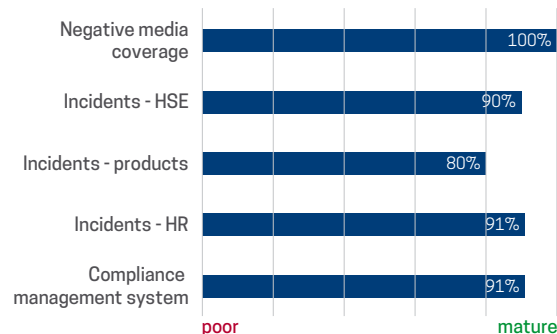
- **Corporate Governance:** the Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce risks.
- **ESG Governance:** Investment maturity in terms of sustainability programs and risk management tools.
- **Compliance management:** Investment maturity to ensure compliance. Tools in place and incidents, violations, sanctions and negative media campaigns.
- **Topic specific check:** how the Investment manages the ESG specific topics: findings from the due diligences, management systems and certifications, monitoring systems and improvement plans in place.

* The chart defines the maturity of the fund in terms of Corporate Governance, ESG Governance and Compliance Management. Maturity is the difference between the aggregate data of the single portfolio companies and the respective best practice in each area and KPI, assuming a different ranking among the KPIs.

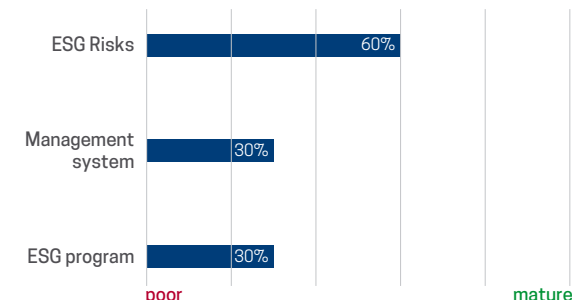
1. CORPORATE GOVERNANCE DETAILS



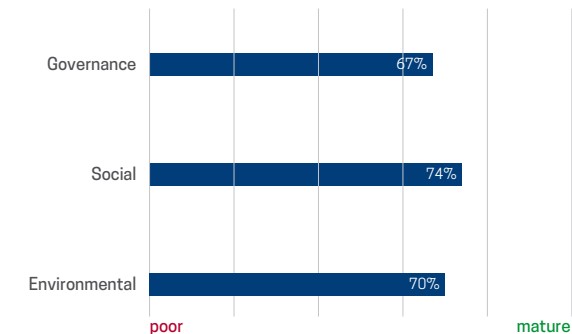
3. COMPLIANCE MANAGEMENT DETAILS



2. ESG GOVERNANCE



4. TOPIC-SPECIFIC CHECK



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IDeA Taste of Italy

Alice PIZZA

Alice Pizza is a primary food retail chain with more than 170 stores in Italy offering sliced pizza. Founded in 1990 in Rome, the company expanded in Italy mainly through franchising until the acquisition of IDeA Taste of Italy with the aim of boosting Direct Stores opening mainly in Northern Italy.



Investment:
March 2019

The most relevant Alice Pizza's ESG facts & figures in 2021 were:

- Adoption of an organizational model by appointing new managers in each critical function. The Company aims at adopting a L.231 Model in 2022.
- The introduction of a welfare system involving all in-store employees in order to increase the brand loyalty and the average compensation based on selected monthly KPIs.

Retail Store



Sliced Pizza Selection

Launch of Project Welcome in cooperation with **Welcome. Working for refugee integration**, an international association rewarding companies that have hired asylum seekers and beneficiaries of international protection or have favored their job placement through internship and training programs (7 new hires so far).

The **plastic free conversion** of all disposable items in the store.

The **adoption of a waste sorting system** through dedicated bins in each store.



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IDeA Taste of Italy



Turatti Group, located in the Italian region of Veneto, is a world-leading designer and manufacturer of machinery and complete processing lines for the food industry, specifically for fresh cut vegetables.

Investment:
December 2019

Turatti's ESG activity was particularly intense in 2021, especially following an ESG action plan implemented in 2020.

A new organizational and Management model was launched (based on Legislative Decree 231, 8 June 2001) as part of a broader corporate governance policy, sensitive towards the ethical principles of corporate management.

In addition to 231 Model, Turatti's most relevant ESG facts & figures in 2021 were:

Replaced all the old euro **1-2-3-4 cars and trucks.**

Completed all the **safety training** for all employees.

Set up continuous learning and **training on soft and hard skills** for all employees.

Kick off the Lean Manufacturing set up (to be completed by June 2023).

Fresh cut complete lines



Reduced the scrap of the steel in production by **40%.**

New website and communication plan with the sustainability at the center of all communication (Go live by December 2021).

Introduced the electro polishing technology reducing **90%** of the acid used.

Dismissed obsolete machine tooling, parts and component.

Introduced the **new Vortex H and 1050 v.21** with upgraded Hygienic design.

Completed the cleaning of the backyard with the recycling of all the recyclable material (**180** tons) and properly disposal of **9** tons of special waste not recyclable.



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IDeA Taste of Italy

wisecap[®] WISECAP

Founded in 1977, Wisecap is a leading European producer of closures for the beverage industry. The company operates in five production facilities located in Italy, Spain, Czech Republic and Poland. It produces over 11 billion closures annually.

Investment:
March 2017

On the Governance side, since IDeA Taste of Italy inception, CDS has adopted an **Organizational and Management model** (based on Legislative Decree 231, 8 June 2001) as part of a broader corporate governance policy, sensitive towards the ethical principles of corporate management.

Wisecap[®] was able to **significantly reduce the energy consumption per tons** of transformed resin over the last 10 years, with a 60% reduction of CO₂ emissions. Wisecap has also focused its investments on sustainable caps and closures such as extra-small caps, reducing materials and emissions.

Example of sustainable caps



Furthermore, Wisecap supports **collection, recycling** and **circular economy initiatives**, partnering with customers and industry associations to promote a wise use of plastic.

Wisecap's most relevant ESG facts & figures in 2021 were:

The substitution of two older production lines with a new more efficient one, with **65%** of energy saved.

An annual incentive and welfare plan involving **30** employees implemented.

The **launch of a new fully recyclable** product line in aluminum.

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IDeA Taste of Italy



GELATO D'ITALIA

Gelato d'Italia is a primary producer of private label ice-cream mainly distributed in modern trade chains in Italy and co-developer for major international player in the ice-cream market. Based in Reggio Emilia, the production site covers an area of 25,000 sqm, with more than 20 state-of-the-art production lines.



Investment:
June 2016

Gelato d'Italia has adopted an Organizational and Management model (based on Legislative Decree 231, 8 June 2001) as part of a broader corporate governance policy, sensitive towards the ethical principles of corporate management. Gelato d'Italia is compliant with the rigorous International Food standards (IFS) and the British Food Standard (BRC) for the English market.

Headquarter and production site in Reggio Emilia



Gelato d'Italia's most relevant ESG facts & figures in 2021 were:

acting as a CMO/CDMO, the company is always required to keep up with both the production lines (e.g. production efficiency, lower power consumption, less production waste) and the packaging (e.g. new environmental friendly solutions, single materials packaging). The company already purchases **100%** of energy from renewable energy sources.

Several investments completed in 2021 allow to address some key ESG issues:

The semi-automation of two new mixing systems for ice-cream and ice-based products allows raw material savings due to **perfect dosage and less risks** related to human movement of big boxes.

New ammonia cooling system for the entire production site which allows an increase in capacity, eliminating nitrogen cooling tunnels replaced with a much cheaper form of energy.

New extrusion line replacing the old one (installed before 2000) with energy savings in the range of **€20k** per year.

New HQ with best building technologies allowing heating and electrical saving (e.g. full LED lighting to reduce energy consumption).



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IDeA Taste of Italy



ABACO GROUP

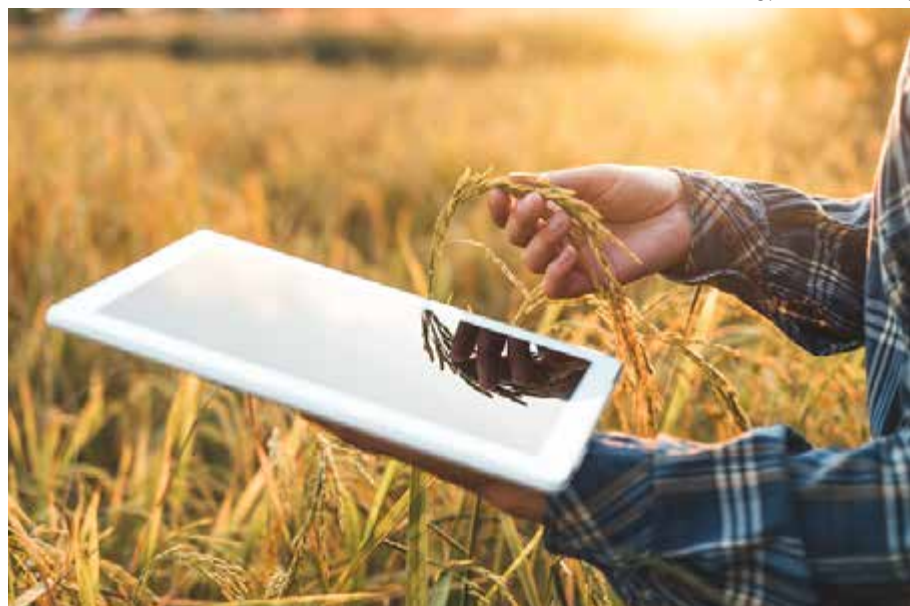
Founded in 1990, Abaco Group is a leading European player in software for agriculture. Company solutions include software for managing public grants to the farmers, precision farming and supply chain control and product traceability for the F&B industry. The company has offices in Italy and England and generates 50% of revenue abroad.



Investment:
June 2019

Abaco has adopted an Organizational and Management model (based on Legislative Decree 231, 8 June 2001) as part of a broader corporate governance policy.

Monitoring product traceability



Innovation in agriculture

In 2021 Abaco Group continued its virtuous ESG path:

Implementing a long-term incentive plan for employees. The plan is currently available to **10%** of the workforce and has a total value of €1 million at a money multiple of 2x at exit (growing for larger values of the exit money multiple).

Holding an advanced course on "leadership and management" for **50%** of total employees.

Developing a software for **tracking organic waste in agriculture**.

Developing a software for **tracking areas undergoing deforestation**.

Developing a software for **tracking and reducing plastic at sea**.



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Taste of Italy 2

Taste of Italy 2 fund invests in the **food & beverage sector and its production chain**. Target companies have between €20 and €200 million in turnover, with good fundamentals, implicit sustainability principles and generally need an anchor investor to make the dimensional leap. The fund aims to invest in 9 to 12 majority or minority positions in companies with

positive EBITDA. The management team considers of greatest importance a **very active stewardship with the portfolio companies**.

Taste of Italy 2 aims to invest up to 30% in other European markets, in particular in Spain. The fund is classified under **Article 8 of the SFDR**.

In fact, on the one hand, it invests in a sector that allows the **identification of investments that largely fall within the sustainable principles**, sensitive towards stakeholders and with strong elements of circularity of production factors. Many of the identified target companies has already **integrated** these principles **into their business models**. On the other

hand, the management team's objective and commitment is **to continue improving the KPIs of the investments** and the fund identified on both a specific and aggregate basis over time.

Tol

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TASTE OF ITALY ROADMAP

- ✓ Achieved
- ⚙ Work in progress
- 🕒 To be started

Pre-investment

- ESG checklist drafted and approved 2019 ✓
- 100% ESG DD performed on majority investments 2019 ✓
- Questionnaire to assess ESG risks and opportunities for target investments drafted and approved 2019 ⚙
- Draft Investment Memorandum ESG info template 2019 ⚙
- 100% Investment Memorandum containing ESG information 2020 ✓
- Draft ESG clauses template for investment documentation 2019 ⚙
- 100% investment documentation containing ESG clauses 2020 ✓

Ownership

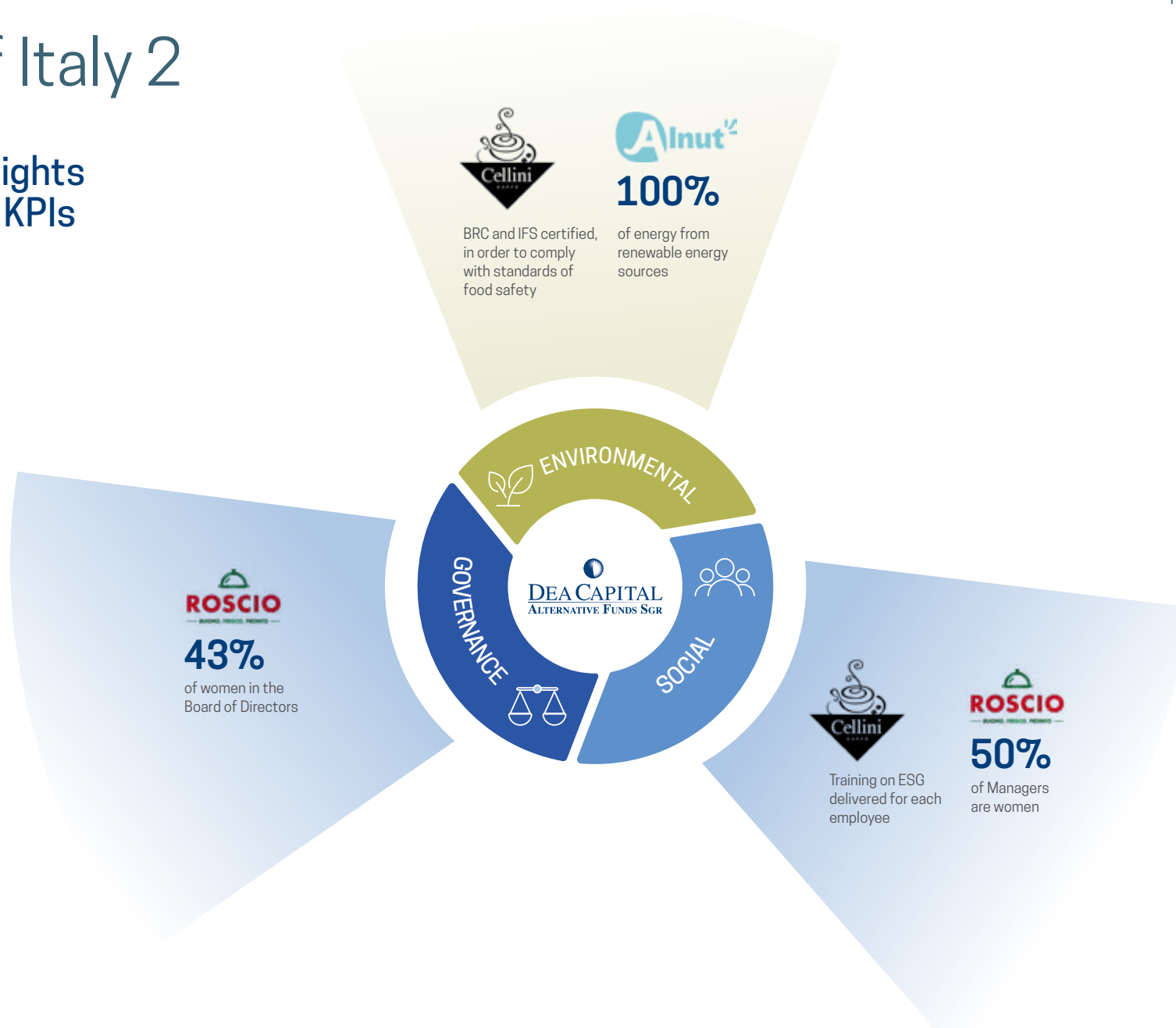
- 100% portfolio companies with ESG reference person identified and corporate governance minimum requirements 2020 ✓
- Data collection tools developed for both majority and minority investments 2019 ✓
- 100% portfolio companies with data annually collected 2020 ✓
- 100% majority investments with approved ESG Action Plans 2021 ✓

Exit

- 100% exit memorandum/data room including ESG information for majority investments 2021 ⚙

Taste of Italy 2

ESG highlights based on KPIs



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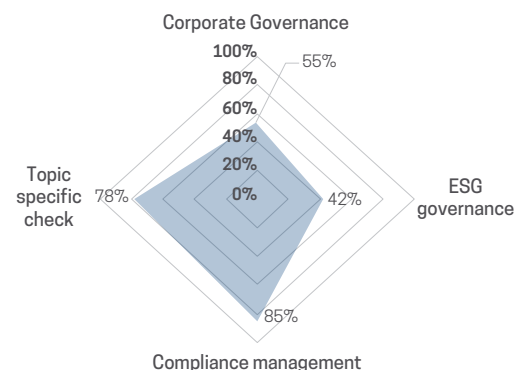
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Taste of Italy 2

DIRECT FUNDS - Taste of Italy 2

Taste of Italy 2 ("Tol 2") is a closed-end investment fund dedicated to the food & beverage industry. The fund invests in mid-sized companies that have proved good profitable growth potential, with solid and focused operational models. The fund is classified as Art.8 under SFDR Regulation.

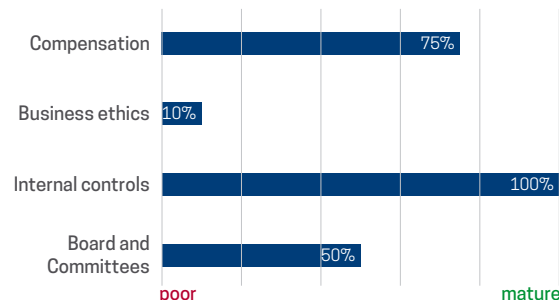
SUMMARY RESULTS OF OVERALL MATURITY CHECK*



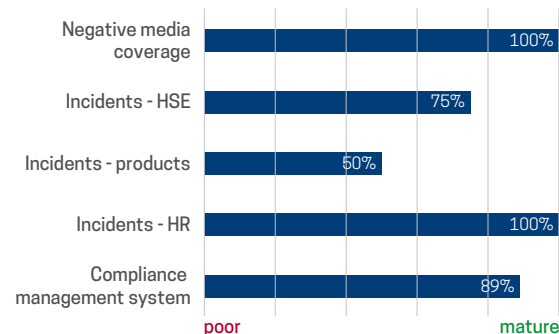
- **Corporate Governance:** the Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce the risks.
- **ESG Governance:** Investment maturity in terms of sustainability programs and risk management tools.
- **Compliance Management:** Investment maturity to ensure compliance. Tools in place and incidents, violations, sanctions and negative media campaigns.
- **Topic specific check:** how the Investment manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

* The chart defines the maturity of the fund in terms of Corporate Governance, ESG Governance and Compliance Management. Maturity is the difference between the aggregate data of the single portfolio companies and the respective best practice in each area and KPI, assuming a different ranking among the KPIs.

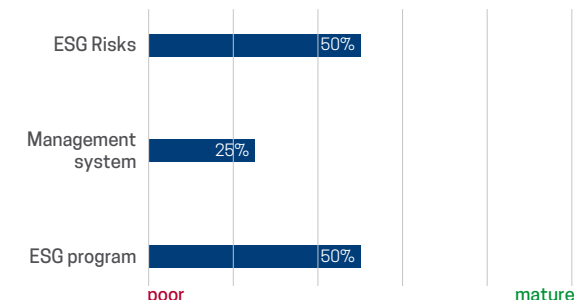
1. CORPORATE GOVERNANCE DETAILS



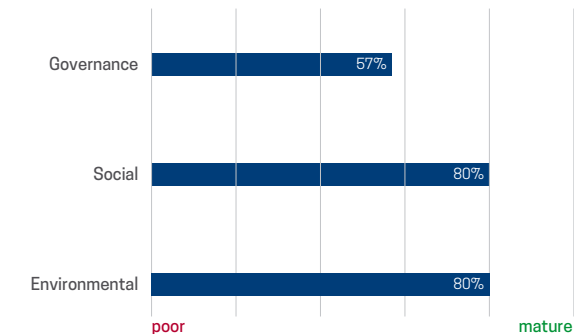
3. COMPLIANCE MANAGEMENT DETAILS



2. ESG GOVERNANCE



4. TOPIC-SPECIFIC CHECK



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Taste of Italy 2



EKAF

Eka Group produces and distributes roasted coffee, coffee capsules and pods. The company is well balanced in its product range, sale channels and geographic areas.

Investment:
February 2021

Software monitoring of production



Eka Group with the help of DeA Capital Alternative Funds' management team is implementing a series of actions, such as:

ESG linked financing: subscription with Intesa Sanpaolo of an S-Loan ESG, created by the bank to support mid-market companies intended to improve their sustainability profile. The company is free to select 2 KPIs out of 6 in the "E" "S" "G" areas.

Amount **€2 m.**

Duration: **84 months.**

Margin impact: **25bps**

reduction based on the achievement of the selected KPIs:

- Environment: introduction of a **Green Procurement Policy** in terms of purchasing
- Governance: hours of **training for each worker on environmental/ social sustainability** issues per year.

Solar panels: under evaluation project to build new coverage structures for current parking lots and install solar panel on top for photovoltaic energy production.

Trash compactors: to comply with the requirements of ISO 14000 certification the company is buying 3 different trash compactors for trash differentiation.



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Taste of Italy 2



ALNUT

Alimentación y Nutrición Familiar S.L. ("Alnut")
produces and sells different varieties of baby food.



Investment:
December 2020

The company is in line with the principal "mega-trends" of the market and approximately **50% of its SKUs are BIO certified**. In 2021 Alnut made in revenues, mainly in Spain (70%) and through private label (90%), serving leading retailers, both Spanish (mainly Mercadona) and international (such as Carrefour and E. Leclerc). Moreover, Alnut produces under its own brand, "Sun&Vegs", focused on the European market, and "Byba", focused on the APAC region.

Alnut's action plan has been implemented in 2021.

The plan included the construction of an internal framework with the ESG Policy approved by the Board of Directors as the main document.

Operationally, various activities have been implemented, especially in the environmental and social fields, to ensure maximum protection of the products given the very high sensitivity of the industry, such as:

Baby food production



• **ESG POLICY IMPLEMENTATION:** elaboration of an ESG plan. Nomination of a responsible manager in the company, also in charge of quality assurance, and a set of managers involved in the project, with quarterly meetings and a member of the investment team from DeA Capital Alternative Funds accompanying in the implementation of the ESG plan.

• ESG ACTION PLAN / FACTS & FIGURES

Innovation: **78%** of new SKUs in BIO products.

Substitution of lightning by **LEDs**.

Auto-consumption (**110 kw**) capex approved to be installed in **2021-22**.

Increase the **electricity and water** meters to detect leaks.

Add ISO 50001.

100% energy purchased comes from renewable energy sources.

New protocol for luminaries, to reduce energy consumption, including stickers in the office serving as friendly reminders to personnel.

Re-audited (internal) for **ISO 14001**.

Risk prevention and **food-defense trainings**.

Coil exchange process improvements to **reduce risk** for employees.

New draft plan for equality.



Our first investment in Spain

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Taste of Italy 2



ROSCIO

A market-leading player in the production and distribution of ready-to-eat meals. Its product portfolio includes fresh and frozen ready-to-eat meals.



Investment:
November 2020

The company's clients include Italian and international retailers, as well as market-leading foodservice operators. Roscio has also worked for many years as a **co-packer for renowned international brands**, developing and producing ready-to-eat meals.

Thanks to these long-established relationships, the company has developed **strong R&D skills**, enabling cross-selling towards modern trade and foodservice clients.

Gastronomica Roscio was the first fund's portfolio company to implement an **ESG action plan**. The plan was finalised in May 2021.

Fresh vegetables during the pre-frozen stage



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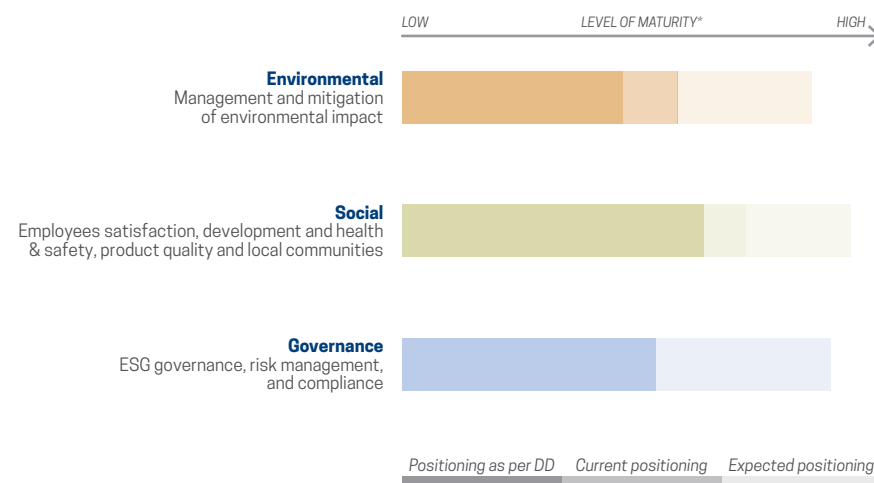
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* On the maturity scale, low represents 0% and high 100%.

Taste of Italy 2

✓ Achieved ⚙ Work in progress ▶ To be started



FOCUS ON - GASTRONOMICA ROSCIO ACTION PLAN (2022 – 2024)

BUSINESS ETHICS	231 Model and Code of Ethics	Legislative Decree no. 231 developed and implemented	2022	▶	Tol
		Company Code of Ethics and whistleblowing procedure developed and approved.	2022	▶	
	Business Ethics training	Training contents on 231 Model. Code of Ethics. Whistleblowing	2023	▶	
SUSTAINABILITY GOVERNANCE	Sustainability management and reporting system	ESG reference person responsible and sustainability related activities appointed.	2021	✓	SS AGRO CCR FOF NPL
		Sustainability reporting and monitoring system for ESG KPIs to track and evaluates company's annual performance full implemented.	2022	⚙	
		Include company's sustainability performance and initiatives in Board of Directors agenda.	2022	▶	
	Sustainability policy	Sustainability policy drafted and approved.	2023	▶	
SUPPLY CHAIN MANAGEMENT	Sustainability communication on website	Sustainability section on Gastronomica Roscio's website describing main ESG performance, results and company's overall commitments created.	2022	▶	
	Inclusion or sustainability criteria into suppliers' management	Suppliers qualification questionnaire and audit checklist updated with ESG criteria.	2023	▶	
ENVIRONMENTAL MANAGEMENT	Environmental Management System	Draft and share the Suppliers' Code of Conduct with all group suppliers.	2024	▶	
		Appoint a person responsible for Environmental aspects.	2023	▶	
		Development of an environmental management system (e.g. Policy, Procedures, Risks & Opportunities: Assessment.etc.).	2023	▶	
		Management system certified according to ISO 14001 standard.	2024	▶	

Taste of Italy 2



FOCUS ON - GASTRONOMICA ROSCIO ACTION PLAN (2022 - 2024)

✓ Achieved ⚙ Work in progress ▶ To be started

ENVIRONMENTAL MANAGEMENT	Energy Management	Assess company's energy sources and consumption to identify energy consumption reduction initiatives and related target (e.g. old machinery revamping, LED lighting substitution, etc.)	2022	▶
	Environmental Training	Training contents on environmental management system and related procedures defined.	2023	▶
PACKAGING	Definition of sustainable packaging alternatives	Identify alternative packagings and start testing them on Gastronomica Roscio's branded products to proactively address potential clients and incoming regulatory pressures.	2023	▶
RESTRICTED SUBSTANCES	Phase-out of gas R-22	Complete the phase out of R-22 gas among all the machineries.	2026	⚙
EMPLOYEES MANAGEMENT, DEVELOPMENT AND WELL-BEING	HR Responsibilities	Appoint a person responsible for HR aspects (verifying compliance with legal threshold, development of hiring plans, manage training needs, collect relevant KPIs).	2022	✓
	Employees' performance evaluation system	Update procedures to extend the performance evaluation system to all the employees.	2023	▶
		All employees covered by the performance evaluation system.	2024	▶
	Employees' training needs	Procedure to collect employee's training needs drafted and approved; This could be done integrating a set of training needs during the performance system.	2023	▶
		Define training programs based on the performance evaluation system provided.	2023	▶
	Welfare initiatives	Smart-working procedure drafted and approved.	2022	⚙
		Assessment of employees' need, wellbeing & satisfaction and smart-working effectiveness through an ad-hoc survey.	2023	⚙
STRUCTURES AND MACHINERIES	Machines safety	Plan a technical evaluation to identify deficiencies and actions to address them. Implement the action identified during the technical evaluation.	2020 2021	✓ ▶

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Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

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Sviluppo Sostenibile

Sviluppo Sostenibile is the latest private equity fund launched by DeA Capital Alternative Funds. Started with the aim of being an **Art. 8 of the SFDR**, the Fund gives **priority to scouting and preinvestment phases** to those companies **ESG oriented**.

The strategy is based on both minority and majority investments. The average equity ticket is between €10 and €30 million and may include co-investments by the Fund's Limited Partners or other investors able to bring in sector specific expertise.

The investment Fund has been structured with the aim of being **entirely dedicated to ESG** with a unique ESG framework not only characterized by the Art.8 compliance requirements, but also by:

- 1 An **ESG Committee at fund level**, which supports the Board of Directors and complements the presentation of investment proposals with an ESG perspective.

An ESG Pre-screening tool, developed with the intention of ensuring that the Investment Team avoids investing in sectors or companies which are considered incompatible with the Fund exclusion list.
- 2 The **Pre-screening tool also** indicates potential ESG issues on the basis of the industry/sector materiality.
- 3 A portion of **carried interest linked to ESG performance** of the portfolio.
- 4 An **ESG Action Plan** for each portfolio company in which the Fund invests in.

Before making the first investment in *Sviluppo Sostenibile*, an intensive exercise was carried out to identify the mandatory RTS KPIs under SFDR, which was accompanied by a selection of Environmental Additional/Opt-in KPIs.



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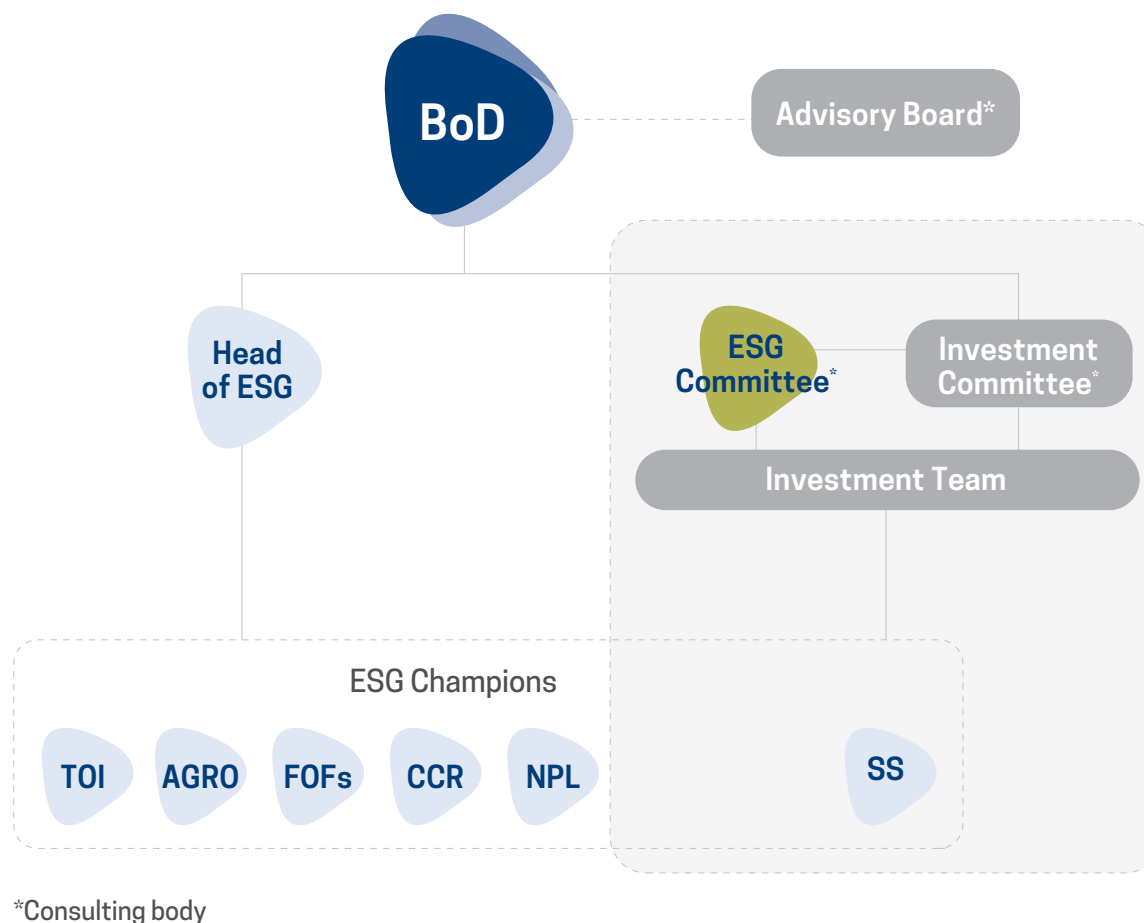
Sviluppo Sostenibile

ESG COMMITTEE

The ESG Committee of Sviluppo Sostenibile is an **advisory body supporting the Board of Directors** which integrates the presentation of investment proposals with an ESG perspective. This approach characterizes the target companies from time to time, **in order to guarantee the pursuit of the Fund's sustainable and responsible investment objectives**.

The ESG Committee is composed of **5 members**, in charge for three years: a chairman and an **independent majority**. The members are appointed by the SGR, considering the specific **experience gained in the assessment and management of ESG issues** as well as responsible investments, in multi-sector industrial contexts and services, asset management and research.

The Fund's Managing Directors and other team members are invited to attend the ESG Committee meetings if necessary/appropriate, as well as any relevant third party to support the discussion of specific issues when the investment requires it.



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Sviluppo Sostenibile

ESG highlights based on KPIs



Sviluppo Sostenibile

ZEPHYR

Zephyr Group is one of the main European companies active in the distribution of spare parts for merchant ship engines and slow ferries, as well as for engines active in power plants. In 2018, thanks to the acquisition of the Spanish competitor Skandiaverken, Zephyr Group consolidated its leadership position in Europe among independent distributors.

Investment:
June 2021

The company is able to offer a wide range of over 30,000 products, **high know-how and level of service**, representing a point of reference in the sector. In 2020, Zephyr Group served more than 2,000 ships. Additionally, 60% of its revenues came from abroad, in particular Spain, Europe and Latin America.

Since the transaction happened in June 2021, the company has adopted **best-practice actions in governance**, with the establishment of a Board of Directors. The Fund has also introduced a **long-term incentive plan** for key management within the company. In addition, the company is working with Fieldfisher in the establishment of a corporate organizational and management model as per the Legislative Decree 231.

Headquarter and warehouse



Marine shipping is the main transport mode for global trade

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Among the 2021 **ESG activities**:

The company will start its **ESG Action Plan** drafting activities in the IQ 2022.

In September 2021 Zephyr became a **signatory member of the Neptune Declaration**, which aims at improving working conditions for marine crew members and seafarers.

As of October 2021, the **Sustuntech project** is a nominee for the **Tuna Awards**, the benchmark for the international tuna industry with a focus on the sustainability efforts occurring in the sector.



Sviluppo Sostenibile



OMB Saleri was founded over 40 years ago as a manufacturer of gas safety valves for domestic use. Over the years, it has specialized in high-pressure valves, establishing itself as a primary operator in LPG and natural gas (CNG / LNG) for automotive and, since 2012, as a technological leader in the valves and pressure regulators for hydrogen applications.



OMB Saleri is a company devoted to **innovation with a cutting-edge manufacturing** and has become the reference partner for leading transportation OEMs (Heavy Duty, Bus, Train, Aerospace&Defence, Shipping) and TIER 1 system integrators, with most revenues generated from international clients. Since Sviluppo Sostenibile investment, the company has adopted **best-practice actions in governance**, with the establishment of a Board of Directors.

Following governance best practice, key managers have invested in the company alongside the Fund and the founder.

The company has also announced that in 2022 will start its work to publish a Sustainability Report from 2023.

R&D and Quality Control department



Among the 2021 **ESG activities**:

In September 2021 **OMB Saleri joined the UN Global Compact**.

Car-pooling: OMB started offering to all of its employees an internal car-pooling platform with monetary incentives to employees that share their journey towards the company.

OMB has also **offered** to some of **its employees E-Bikes** to reach OMB's premises. The company has setup the charging areas in the parking lot.

The **company has improved its best practices to reduce plastic consumption**: all employees have received metal bottles to reduce the use of plastic bottles.

Moreover, the following **training/seminars have been offered**: EY workshop "Sustainability as a key driver of business development", "ESG and relationship with stakeholders" offered by Confindustria Brescia and a course promoted by the municipality of Brescia focused on improving employees' mobility from their homes to the workplace.

OMB has also joined the Confindustria project called **"A Vaccine for all" to support fundraising activities for vaccines** destined to low-income countries.

OMB Saleri joined the **"Save the Farm"** project, adopting **50** fruit trees to support Italian farmers and helping **CO₂ reduction** (est. in 2,750kg of CO₂ equivalent yearly)

dispensers use **100%** recyclable cups and bins are made of recycled plastic.

OMB has already in place a giveback scheme with its employees, with a **15%** profit-sharing mechanism based on yearly results.

To emphasize its commitment to sustainability, OMB Saleri became **Benefit Company in its bylaws**.



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Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

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IDeA Agro

IDeA Agro, launched in 2018, invests in the **agricultural sector** and undertakes various types of investment (buy-out, buy-in, growth capital also in the form of POC) both as majority and qualified minority shareholder **to finance the development of the production chain in the agri-food field**. The investment targets are agricultural companies with **at least 150 hectares in landholdings**, to be managed with **innovative farming techniques**, and primary production/processing companies which are linked to short supply chains and have a turnover of at least €10 million. In some cases, IDeA Agro **invests directly in agricultural development of activities related to the production of fruit and vegetables**.

For example, the fund has built a new planting of yellow kiwi fruit of the G3 (Zespri) variety on an area of around 100 hectares in the province of Latina. The operation was carried out in partnership with Agrintesa Cooperativa Agricola, world leader in the marketing of kiwifruit. Due to nature of agriculture itself, it takes time for agricultural development to reach maturity. The management team tries to focus on **made in Italy, sustainability** and possibly **short supply chains** as distinctive elements. By definition, IDeA Agro is highly sustainable, especially given that the investments also often allow for the creation of white certificates- hazelnut, olive and walnut production.



990k+
plants



1,100
hectares

Tol

SS

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✓ Achieved ⚙ Work in progress ▶ To be started

IDEA AGRO ROADMAP

Pre-investment	ESG checklist developed		
	Sustainable agriculture practices list developed	2019	✓
	Banned/restricted pesticides and fertilizers list developed		
	100% ESG DD performed	2020	⚙
	100% Investment Memorandum containing ESG information	2020	⚙
	Draft of ESG clauses template	2019	⚙
Ownership	100% investment documentation containing ESG clauses	2020	⚙
	100% investments where ESG items are discussed	2020	✓
	ESG action plans with a focus for the improvement of agricultural practices	2020	⚙
	ESG data collection tool developed	2020	✓
Exit	100% companies collecting data	2021	✓
	Enhance performances improvements, if any	2021	n.a.

IDeA Agro

ESG highlights based on KPIs

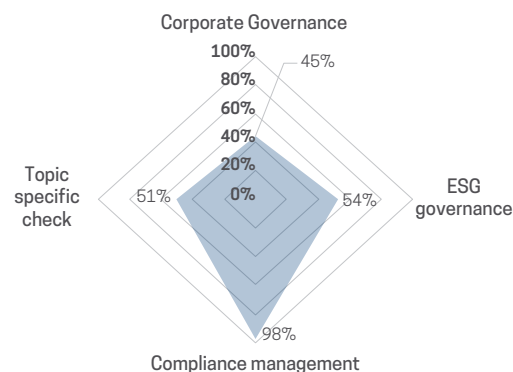


IDeA Agro

DIRECT FUNDS - IDeA AGRO

IDeA Agro is a private equity fund dedicated to investments in agricultural businesses which are situated in Italy and operate in an eco-sustainable manner. The fund manages about 1,100 hectares of land which includes about 990 thousand of new plants.

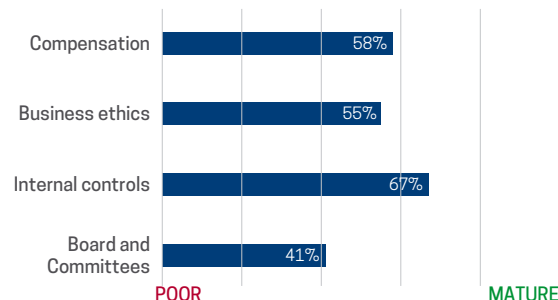
SUMMARY RESULTS OF OVERALL MATURITY CHECK*



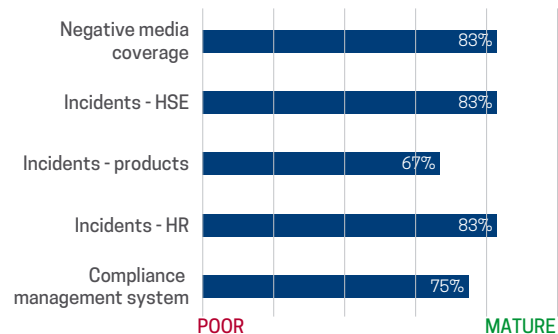
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- **ESG Governance:** Investment maturity in terms of sustainability programs and risk management tools.
- **Compliance management:** Investment maturity to ensure compliance. Tools in place and incidents, violations, sanctions and negative media campaigns.
- **Topic specific check:** how the Investment manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

* The chart defines the maturity of the fund in terms of Corporate Governance, ESG Governance and Compliance Management. Maturity is the difference between the aggregate data of the single portfolio companies and the respective best practice in each area and KPI, assuming a different ranking among the KPIs.

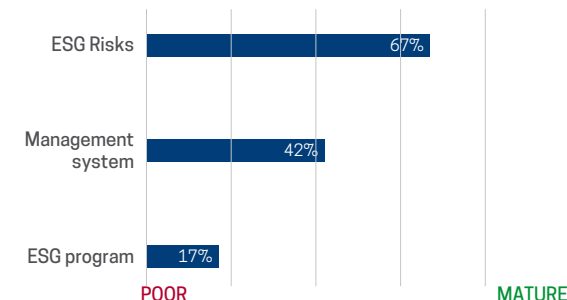
1. CORPORATE GOVERNANCE DETAILS



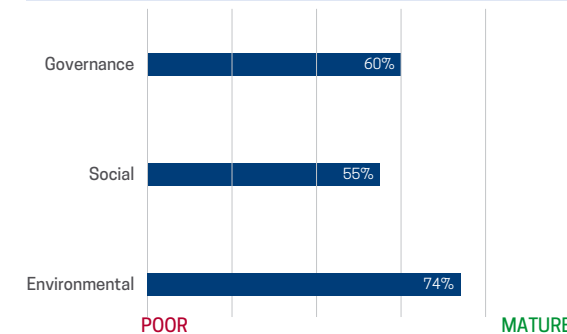
3. COMPLIANCE MANAGEMENT DETAILS



2. ESG GOVERNANCE



4. TOPIC-SPECIFIC CHECK



Tol

SS

AGRO

CCR

FOF

NPL

IDeA Agro



AGRO NOCCIOLE

Società Agricola Agro Nocciolo Srl was founded in 2019 by the IDeA Agro team to acquire arable land and convert it into hazelnut orchards. Italy is the second largest producer by volume and the first by quality of hazelnuts in the world. Agro Nocciolo currently owns approximately 300 hectares of land around Alessandria, with more than 150,000 hazelnut trees.

Through **Ascopiemonte**, the company is taking part in the **Italian Hazelnut Project** launched by **Ferrero Hazelnut Company** to encourage international cultivation, which involves purchasing 75% of the harvest from the adherents at a price that guarantees the producer a certain level of profitability based on a 15-year contract.



Ploughing hazelnut field



Investment:
May 2019

Hazelnut plants have been planted (571 plants/ha) of the Tonda Gentile Trilobata and Tonda di Giffoni varieties. The planting of the last plots acquired is currently underway, including the development of a small experimental field that includes the introduction of innovative varieties.

Measures adopted by Agro Nocciolo to **optimise the use of resources sustainably**:

All hazelnuts are equipped with a **drip irrigation system** that allows natural watering of the roots and an increase in water resource use. The systems can be programmed and controlled from the touch of a button, using a tablet or smartphone, which saves significant amounts of time and resources.

Machines and equipment are furnished with **sensors for point release of fertilisers** (barred or variable dosage) and **health and hygiene products**, which means that, in addition to reducing the use of technical equipment, distribution takes place in real time.

The **periodic use of the drone** makes it possible **to update the mapping of land**: the data acquired are cross-referenced with those collected by meteorological centres located in the fields, which can record climatic data and information on soil water requirements. It is thereby possible to obtain maps of prescriptions on which the agronomist applies farsighted interventions.



150k+
plants



300
hectares



Tol

SS

AGRO

CCR

FOF

NPL

IDeA Agro

Agro Noce AGRO NOCE

Società Agricola Agro Noce Srl was founded in 2019 by the IDeA Agro team with the aim of purchasing land and converting it into walnut groves. The company recently purchased a 170-hectare plot of land in Bondeno, in the province of Ferrara, an area particularly suited to walnut cultivation.

Investment:
August 2019

The Agro Noce project envisages the production of **two varieties of walnuts**:

“**Lara**”, the most valuable and early ripening product;

“**Chandler**”, a more common type of walnut destined for both the fresh and processed markets.

Walnuts ready for harvesting



This project is a response to the “**Emilia Romagna Regional Development Plan**”, proposed in 2010, which triggered a movement in the region by consortia and farmers to enhance local walnut production.

Agro Noce, which is currently working with **Agrintesa** on the establishment and development of a large Italian walnut-growing hub, has focused in 2021 on implementing a formal procedure for monitoring and reporting critical issues (non-compliance, sustainability, inclusiveness, health and safety risks).

50k +
plants

150
hectares



Tol

SS

AGRO

CCR

FOF

NPL

IDeA Agro



GRUPPO TARULLI

Antonio Tarulli Srl has about 130 hectares of land, mostly owned, cultivated with organic and biodynamic table grapes. The production is delivered and marketed by the OP Gruppo Tarulli, established in 2007.



Investment:
November 2019

The company, managed by the Tarulli family, has **produced table grapes** since the beginning of their business over 20 years ago, for the **organic**, and more recently the **biodynamic** (8% of turnover), segment of the market.

The aim of the company is to expand the production of table grapes to additional land owned by the company, in order to meet the demands received from the markets-mainly abroad.

The most relevant ESG issues for the Tarulli Group are **traceability** and **packaging**. With the aim of being able to trace products, a complete system has been created following latest EU Reg. which allows us to track the entire path of the product.

Beyond the implementation of quarterly ESG data collection, voluntary activities were implemented in 2021 for:

sustainable agricultural practices

(reduced use of non-organic pesticides and fertilisers).

optimisation of packaging and

reduction of material use with increased use of compostable/recyclable materials.

Tol

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NPL



Manual grapes harvest



282k+
plants



130
hectares



IDeA Agro



ATENA

The company has recently purchased about 380 hectares of land on the border between Lazio and Tuscany, of which 250 hectares can be converted to olive groves.



Investment:
December 2019

The project was proposed by the Buccelletti family, industrial partners in the venture with consolidated experience in the **production, construction and management of intensive olive groves** with a cultivation model based on the Spanish experience. With a full production of over 1000 tons of olives, the plant is one of the most important in central Italy, an area of **excellence for extra virgin olive oil** production.

Intensive olive cultivation



Secular olive trees

implementation of a control **system for health**, safety and quality aspects.

The completion of **monitoring and reporting procedures** to identify non-compliance activities.

The **reduction of diesel and electricity** consumption.



350k+
plants



380
hectares



Tol

SS

AGRO

CCR

FOF

NPL

IDeA Agro



GRUPPO INGINO

The Ingino Group is active in the processing and marketing of fresh and frozen chestnuts as well as other frozen fruits.

The Group was founded in the 1950s in Montoro Inferiore, in the province of Avellino. It accelerated its development in the 2000s, partly as a result of small acquisitions of competing companies.



Investment:
May 2020

Over the years, the Group has become a **leader** in the market **for frozen fruit and fresh chestnuts**. The latter is produced for national and European supermarkets (large-scale retail trade) and even in the USA and Canada - where it has its own commercial platform. Currently, the Ingino Group processes **over 25,000 tonnes of fruit** (60% of which is chestnuts) in one of the largest plants of its kind in Europe: a 67,000 square metre plant in Atripalda (AV).

In addition to product quality, the Ingino Group also focuses on **research** and **development** with the aim of optimising the entire process. This is based on technologies for preserving fruit products in the various stages of processing, post-harvesting, sanitising, and innovative packaging.

Chestnuts ready to be processed



Beyond the implementation of quarterly ESG data collection, voluntary activities were implemented in 2021 for:

renovation of the **purification plant** to recycle water used in the production process.

Implementation of **231** Model.

New chestnut-based product will be produced in biodegradable paper trays.

Tol

SS

AGRO

CCR

FOF

NPL



IDeA Agro



GRUPPO GIAS

Founded in 1978 in Mongrassano, in the province of Cosenza, the Gias Group operates in the frozen food market, mainly vegetable based. The company is managed by Gloria Tenuta, the founder's daughter and the company's point of contact since 2005. She is renowned both regionally and sector-wide, being made a "Cavaliere del Lavoro" in 2018.



Investment:
December 2020

The main supplier of agricultural raw materials and semi-finished products is the **COTRAPA agricultural cooperative**, which brings together around 60 members located in Puglia, Calabria and Basilicata and with which a multi-year supply chain contract is in place.

The quality of certifications is of crucial importance. The **Quality System** is certified according to the international standards for the safety of food products- BRC (British Retail Consortium) and IFS (International Featured Standards).

The numerous certifications of the **integrated pest management cultivation techniques** adopted by the company, by the contributing members and by all the other suppliers, makes it possible to reduce the use of pesticides and chemical fertilisers to a minimum and consequently to limit the impact on the environment.

Selection of products



This is a further guarantee of **safety for the health of operators, consumers** and for **the protection of the production habitat**.

The Gias Group has also developed an **innovative information technology system** to guarantee the authenticity of food products and to combat the phenomenon of Italian sounding with the support of the European Community, the Ministry of Economic Development and the PON.

Beyond the implementation of quarterly ESG data collection, voluntary activities were implemented in 2021 for:

Implementation of an integrated system consisting of a photovoltaic system with a production capacity of **600** kW/h and a trigeneration plant powered by natural gas.

Implementation of **231** Model.



Tol

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AGRO

CCR

FOF

NPL

IDeA Agro



AGRO GOLD

IDeA Agro, through Agro Gold Società Agricola srl, has recently embarked on the “yellow kiwi project”. This consists of the long-term lease of about 160 hectares of land to be converted for the production of SunGold in the Province of Latina, the most suitable area in Italy for kiwi fruit, in addition to the 60 hectares already converted.



Investment:
January 2021

Agrintesa, the operational partner of the project, is one of the four Italian licensees of the **Zespri consortium** (owner of the exclusive rights and genetics of the SunGold variety).

Agrintesa will not only manage the packaging and distribution to Zespri but will also take care of the operational management of the newly established farm. The decision to invest in a **SunGold yellow kiwi** production project is linked to several factors: this variety allows higher yields and prices than the traditional Hayward green kiwi. In addition, **Italy is the best suited area in Europe** and the largest producer of yellow kiwi fruit.

Kiwi ready for harvesting



Beyond the implementation of quarterly ESG data collection, voluntary activities were implemented in 2021 for:

implementation activities on water

assets for the full eco-sustainable use of local waters.

Implementation of procedures for the application of “agriculture 4.0” systems on water and operational control operations in general.

Tol

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160k+
plants



160
hectares



Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

Tol

SS

AGRO

CCR

FOF

NPL

Turnaround - IDeA CCR I and IDeA CCR II

IDeA CCR I and IDeA CCR II are closed-end investment fund of DIP (Debtor-in-Possession) Financing, reserved to qualified investors. The funds aim to contribute to the **recovery of mid-size Italian companies**, which are **under financial strains** but show **sound industrial fundamentals**. The funds are both composed of two pockets: Credits Pocket and New Finance Pocket. Starting from December 2018, for IDeA CCR II was launched a new pocket dedicated to Shipping credits.

✓ Achieved ⚙ Work in progress ▶ To be started

IDEA CCR ROADMAP FOR EQUITY INVESTMENT ONLY

Pre-investment

- ESG checklist developed
- 100% ESG DD performed and 100% ESG risk assessment profile developed
- 100% Investment Memorandum containing ESG information
- Draft of ESG clauses template for investment documentation
- 100% contracts containing ESG clauses

2019 ✓
2020 ✓
2020 ✓
2019 ⚙
2020 ⚙

Tol

SS

Ownership

- 100% portfolio companies where ESG items are discussed
- 100% companies with ESG risk profile monitored and updated
- ESG data collection tool developed
- 100% companies collecting data

2020 ✓
2020 ✓
2020 ✓
2021 ✓

CCR

Exit

- Enhanced ESG risk profile improvements, if any

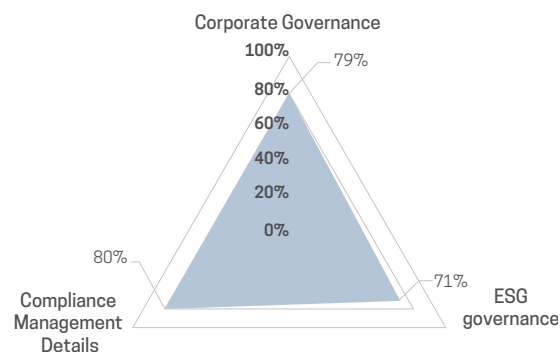
2021 ✓

FOF

NPL

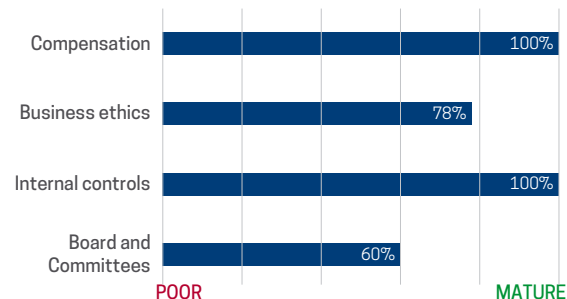
Turnaround - IDeA CCR I and IDeA CCR II

SUMMARY RESULTS OF OVERALL MATURITY CHECK*

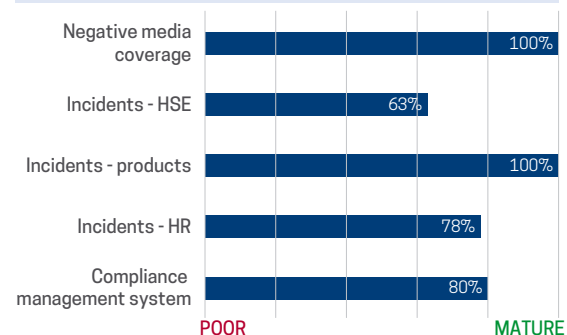


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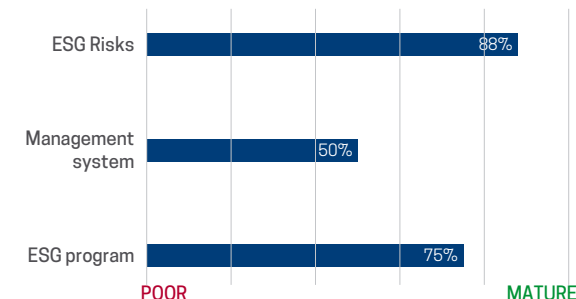
1. CORPORATE GOVERNANCE DETAILS



3. COMPLIANCE MANAGEMENT DETAILS



2. ESG GOVERNANCE



Tol

SS

AGRO

CCR

FOF

NPL

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Turnaround - IDeA CCR I

UTIL UTIL GROUP

Util Group is a company founded in 1959 and active in the production of metal parts processed in fine and traditional blanking, mainly intended for the automotive brake market. Particularly, it is the leading manufacturer of plates and shoes for vehicle braking systems, providing products and services to the whole world and meeting high standards of quality and efficiency, in full compliance with customer expectations.

 Investment:
April 2017

Manufacturing of metal parts



The customer portfolio is broad and diversified and includes important global players in the **automotive sector**, including Bosch and Continental, giving the **solidity** and **reliability** that characterize the Util brand.

The company, in addition, can boast a strong and lasting relationship with the main suppliers of friction material and Tier1 braking systems.

From an international point of view, as evidence of Util's global presence, the Company sells its products both on the OEM market but also aftermarket in Europe, America, the Middle East, Asia and Australia and, moreover, has production plants located in Italy, Canada, Mexico and China.

Tol

SS

AGRO

CCR

FOF

NPL



Turnaround - IDeA CCR I

UTIL FOCUS ON - UTIL ACTION PLAN (2022 – 2024)

In **2021** the company started, with the support of ERM, the **definition of an ESG action plan** whose implementation is currently ongoing.

The main **ESG activities** that Util implemented during 2021, as part of its path towards **industry best practices**:

Installation - to be completed in 2022 - of a **1,600 kw industrial photovoltaic plant** that will allow the Company to generate energy that will be used to meet the plant's energy needs.

Support to **Volare**, an **association** that has been active for years in **sustaining** socially useful **sports projects for people with disabilities**.

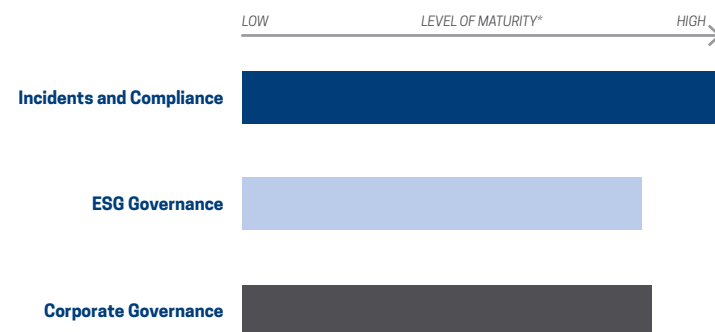
Employees - training: specific training activities and reskilling programs.

Installation of **water purifiers**.

Replacement of the cleaning operator with an **ISO 14000 certified person**.
The assignment of waste collection to them is being assessed.

Employees - training: **identified a self-assessment and goal-setting tool** for employees and officers.

Creation of a **new ESG section on the Website**.



Turnaround - IDeA CCR II



PIERALISI GROUP

The Pieralisi Group, whose origins date back to 1888, globally produces and distributes machines and plants for the extraction of olive oil - where is market leader - and machinery that develops centrifugal force for various industrial processes, such as ecology, food and beverage, recycling and recovery, mineral fuels and lubricants, chemicals and pharmaceuticals and animal product.



Investment:
July 2020

The **design and production of the machines** are mainly carried out by Pieralisi Maip S.p.A. in the **Jesi** (Marche, Italy) plants. The Group sells products and related after-sales services through the network of commercial companies operating in various geographic markets (Mediterranean area, Northern Europe, North America and Brazil).



Decanter centrifuge for solid-liquid separation

FOCUS ON - REBRANDING CAMPAIGN

ESG Communication: a rebranding campaign has been pursued based on the Pieralisi plants' commitment, which is:

to produce more
and to waste less.

to optimise
waste disposal.

to give new life and new
value to the raw materials.

This commitment is coherent to the **circular economy model**, which is "a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible". The rebranding campaign has involved the creation of a new logo which, also from a figurative perspective, is linked to the concept of circular economy;

In parallel to the **Circular Thinking Approach**, Pieralisi has introduced the strategy of **Safety Thinking** to promote a careless way for human resources.



Filter Separators with automatic water discharge



Tol

SS

AGRO

CCR

FOF

NPL

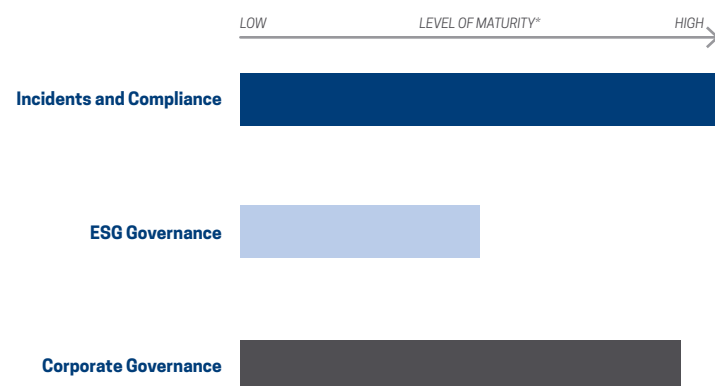
Turnaround - IDeA CCR II



FOCUS ON - PIERALISI ACTION PLAN (2021 – 2023)

The team performed a full ESG due diligence before the investment, completed in July 2020. In 2020 the company started, with the support of ERM, the definition of an ESG action plan whose implementation is ongoing.

In addition to the rebranding campaign, the main **ESG activities** that Pieralisi implemented during 2021 are:



In the context of the company's production plants re-layout- which imply, inter alia, an **optimisation of resources and higher safety** – the **extension of the existing photovoltaic system**.

Appointment of a person responsible for **ESG aspects**.

Started to implement an **ESG data collection tool** in line with internal management system and investor request.

Appointment of a person responsible for **HR aspects**.

Performed the Asbestos periodical monitoring campaign.

Implementation of a **machinery improvement plan** to raise the safety standard of the equipment.

Tol

SS

AGRO

CCR

FOF

NPL

2022

BUSINESS ETHICS

ESG MANAGEMENT

SUSTAINABLE SUPPLY CHAIN

ENVIRONMENTAL AND HEALTH & SAFETY MANAGEMENT

PERMITTINGS

RESTRICTED SUBSTANCES (ASBESTOS, PCBS, ODS, GHG)

STRUCTURES AND MACHINERIES

EMPLOYEES MANAGEMENT, DEVELOPMENT AND WELLBEING

PRODUCT COMPLIANCE AND SUSTAINABILITY

2024

Turnaround - IDeA CCR II

snaidero SNAIDERO

Founded in 1946 in Majano (Udine), Snaidero is one of the most renowned Italian manufacturers of modular kitchens, as well as an established distributor in Europe. Snaidero boasts a strong international presence mainly because of its care in craftsmanship and technological research, elements that have always been a concrete guarantee of quality and durability for Snaidero kitchens.

Investment:
July 2018

The well-groomed and innovative design, conceived as a window on the future, has established itself over time as the Company's point of strength. As proof of this, a Snaidero's kitchen has been recently awarded with the prestigious Good Design Award 2018 for the 15th time.

Snaidero "Link" Kitchen



Below are some examples of the **ESG activities** implemented in 2021:

Renewal of **14001** certification.

Various investments in fire prevention to improve current standards.

Removal of asbestos roofing in our car parks, covering a total of around **900** square metres.

Replacement of disposable plastic cutlery with steel cutlery in our dining hall.

Start of activities aimed at improving/ updating the **231 Model**.

Start of activities aimed at obtaining **ISO 45001** certification.

Feasibility study on the use of **packaging** that already contains some recycled material.

Tol

SS

AGRO

CCR

FOF

NPL



Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

Tol

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Multimanager Programs

Funds of Funds

The fund of funds as an investment class is part of the **historical DNA** of DeA Capital Alternative Funds. The first fund of funds (IDeA I Fund of Funds) dates back to 2007 and the latest, DeA Endowment Fund, currently being the sixth, has been launched in 2019 and has just reached its Final Close. Across the multiple funds, the management team **weighed the strategies differently** in each case:

IDeA I Fund of Funds (2007), the first strategy was Small/Mid buyout, with approximately **34%** of the portfolio

ICF II (2009), the Small/Mid buyout accounted for around **34%** of the portfolio.

IDeA Global Growth (2013) the Buyout (including large companies) weighed in at over **50%**.

The same strategy based on Buyouts, with over **53%**, also drove ICF III (2014).

DeA Endowment Fund (2019) is based on return, **liquidity, risk and allocation objectives that are consistent** with the requirements of its investors.

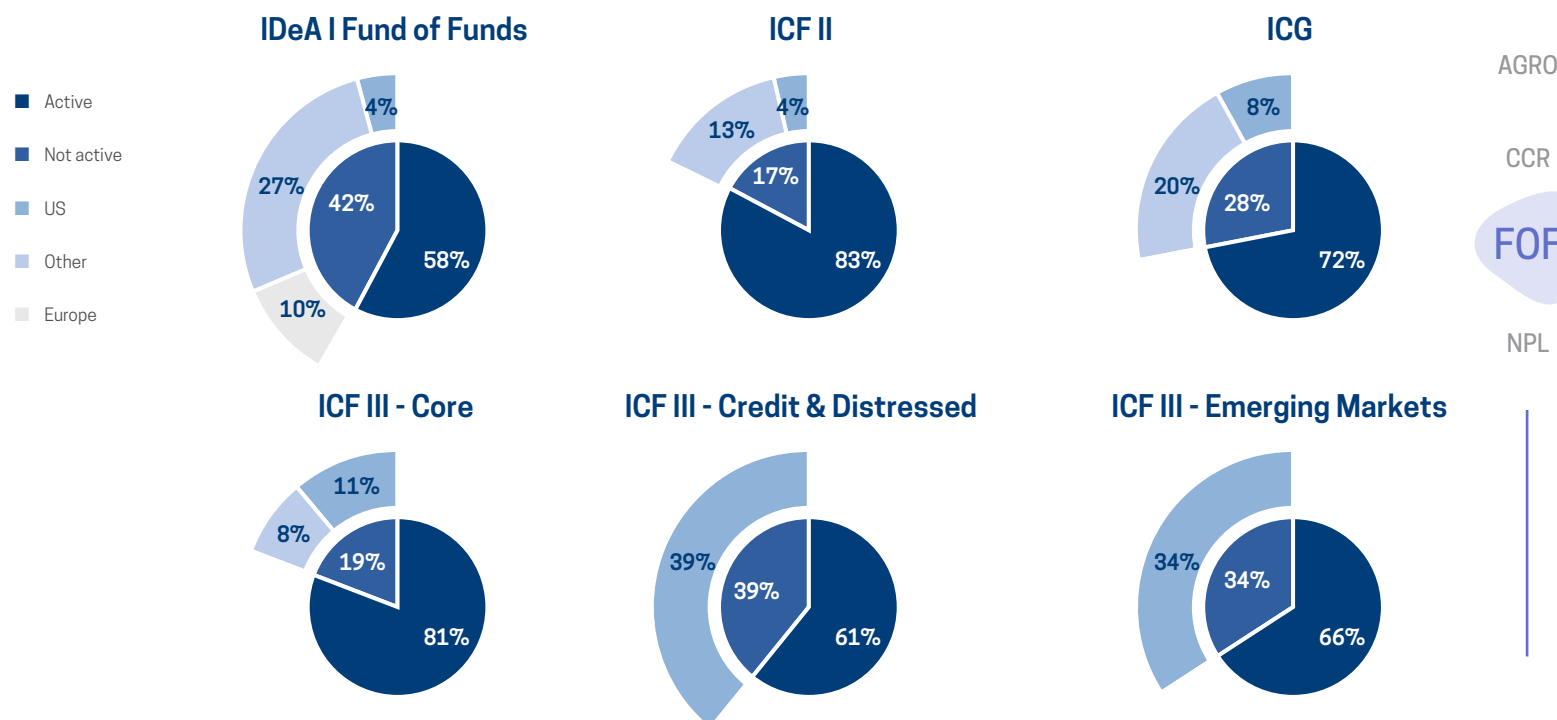
The contribution of DeA Capital Alternative Funds' management team to sustainability principles consists of a **very active stewardship activity**.

The active approach is carried out by sending **questionnaires to the managers**, in which the adherence to the ESG principles of the fund is highlighted. At the same time, the VCT is used for **monitoring and statistics**.

As required by the ESG Policy of DeA Capital Alternative Funds, the identification of investments that do not commit their portfolio companies to certain sustainability principles lead to a stricter monitoring activity with the objective of identifying any potential issue at the earliest stage, allowing the team to evaluate the correct responsive action.

During the course of the past year, the team has **screened the portfolios of all funds** that were invested before the adoption of

the UN PRI and of the VCT tool, in order to evaluate the effort of all portfolio GPs under ESG terms. The results are displayed in the graphs below: what the results show is that the funds in the portfolios have initiated a **gradual ESG improvement process** (on average, 70% of funds in each portfolio either have an ESG policy and/or have shared ESG reports), whilst the lowest level of ESG activity is being reported from GPs that operate in the emerging markets and/or in the private credit asset class.



Tol

SS

AGRO

CCR

FOF

NPL

Multimanager Programs

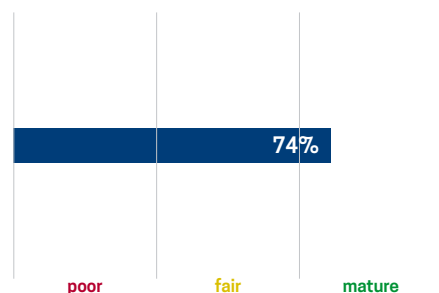
Focus on DeA Endowment Fund

DeA Endowment Fund is an alternative investment fund reserved to **Banking Foundations** according to **performance targets, liquidity, risk** and **consistent allocation** with the indications of the Foundations themselves.

The pre-identified asset classes contemplate investments in **private equity, private debt** and **infrastructure** having a predominantly **international geographical focus**, mainly in Europe and the United States.

DeA Endowment Fund has been the first multimanager program initiated after the **adoption of the UN PRI** and the related **ESG VCT tool**. As such, every investment of the Fund has been subject to a specific ESG due diligence, aimed at measuring the level of ESG maturity and effort of each GP and fund.

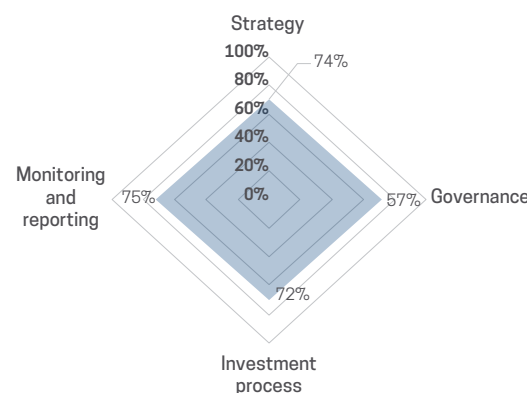
OVERALL ESG MATURITY



67% - 100%	mature
34% - 67%	fair
0% - 34%	poor

Following a weighted assessment between the ESG scoring of the funds and the amount invested by the funds, the fund obtained a scoring of 74%, an excellent level of maturity.

ESG SCORING



The **ESG scoring** is calculated taking into account of the four macro-area:

- › **Strategy:** Presence of policies and procedures for ESG topics, ESG commitments.
- › **Investment Process:** Maturity of the GP in managing ESG factors throughout the investment life cycle.
- › **Governance:** Responsibilities for ESG, training on ESG, incidents notification systems.
- › **Monitoring and Reporting:** Monitoring and reporting on ESG performance to investors.

Tol

SS

AGRO

CCR

FOF

NPL

Taste of Italy Funds

Sviluppo Sostenibile

IDeA Agro

IDeA Corporate Credit Recovery

Multimanager Programs

NPL Funds

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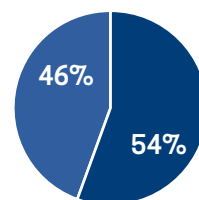
NPL Funds

DeA Capital Alternative Funds entered into the NPL business in November 2019 following the acquisition of the NPL business division from Quaestio SGR. Italian Recovery Fund, now managed by DeA Capital Alternative Funds, is one of the largest NPL fund in Europe that acquired c. EUR30bn (notional) of non-performing loans in different transactions from Italian banks. IRF typically acquired notes of different seniorities (mainly mezzanine and junior tranches) issued by SPV130 vehicles in the context of securitization transactions.

The NPL portfolios acquired by IRF are extremely variegated and diversified.

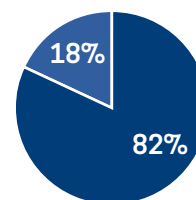
The main area of "sensitivity" for the NPLs business is the compliance with ESG best practises, codes and policies by Special Servicers to which are delegated the credit management and recovery activities.

Borrower Type (Sec / Unsec)



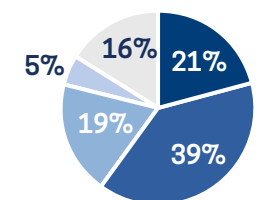
■ Secured
■ Unsecured

Borrower Type (Corp / Ind)



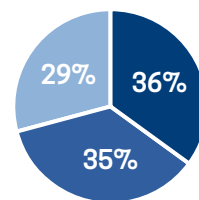
■ Corporate
■ Individual

Geographic Area



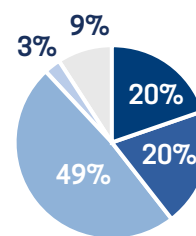
■ North East
■ Center
■ North West
■ South
■ Islands

Vintage



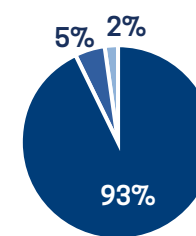
■ 2015-2017
■ 2012-2014
■ Before 2012

GBV size



■ 03.150-500K
■ 02.500-1.5M
■ 01.>1.5M
■ 04.50-150K
■ 05.50K<

Type (Npl / Utp / Leasing)



■ NPL
■ UTP
■ Leasing

Tol

SS

AGRO

CCR

FOF

NPL

NPL Funds



✓ Achieved ⚙️ Work in progress ▶ To be started

ESG Assessment and Monitoring tool

Tool to assess and monitor the ESG performance of the Special Servicers developed and launched
100% of Special Servicers assessed using the tool

2021 ▶
2021 ▶

Engagement with the Special Servicers

100 % of Special Servicers engaged on ESG (ESG assessment results, improvement areas and DeA Alternative Funds's objectives)

2022 ⚙️

Monitoring of Special Servicers

Annual monitoring of Special Servicers performances on ESG metrics and evaluation of scoring improvement (with respect 2021 assessment)

2022 ⚙️

Share ESG commitments and best practices among Special Servicers

100% of Special Services acknowledged DeA Alternative Funds's ESG Policy

2021 ▶

Organize an annual meeting/seminar with Special Servicers to share best practices

2022 ⚙️

Identify main information available for real estate collaterals

Perform an analysis to identify the available information on real estate collaterals.

2021 ▶

Evaluate the possibility to identify and assess the ESG risks of the repossessed properties in leasing, periodically monitoring them

According with the properties mapping performed in the previous phase, ESG risks assessment performed for some properties in portfolio.

2021 ▶

Increasing the annual ESG risks monitoring for selected properties in portfolio (following 2021 assessment).

2022 ⚙️

Tol

SS

AGRO

CCR

FOF

NPL

NPL Funds

Questionnaire to Special Servicers

In the ESG process, DeA Capital Alternative Funds NPL Investment team's efforts focused on the **relationship with servicers** while for the future the aim **is to increase sustainability into the NPL collection process** of those servicers.

Following the NPL business unit's acquisition, external consultants have been identified to help the investment team building a **roadmap to make the goal of a more sustainable approach** to the business more achievable.

To identify any ESG issues within special servicers, a **proprietary questionnaire** has been developed, focusing on a series of detailed questions on several ESG aspects for **the evaluation of the awareness and maturity of Special Servicers**. Feedback has been received and shows that overall, all Servicers complies with main ESG principles.

The most interesting ESG aspects that emerge from the Servicers' responses in the questionnaire are the following:

all Servicers used by **DeA Capital Alternative Funds** implement energy efficiency systems.

80% are implementing Green Mobility.

80% are improving their carbon footprint or plan to do so in short time.

The gender mix among employees is perfectly balanced (about **50%**).

90% of their employees have permanent contracts.

17 is the average training hours for person.

All Servicers have **231** Model with related policies and a compliance system in line with best practices.

>50% out-of-court settlement (on all managed portfolios historically) which is faster, less burdensome and more debtor-friendly.

Tol

SS

AGRO

CCR

FOF

NPL



5

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Our next steps

This year we have taken significant steps to become an **increasingly responsible investor**, by defining an ESG framework and formalizing our ESG commitments as transparently described in this report.

Looking ahead over the next year, we plan to continue on our path towards **strengthening our responsible investment approach in line with the objectives and targets set out in our ESG Action Plan and in the specific ESG roadmaps developed for each fund.**

In particular, in the coming years, we are committed to perform an ESG Due Diligence assessment on all our potential investments and to adopt our Value Creation Tool to monitor the ESG performance of all our investments.

In this context, a core priority for us will be **to support all our Portfolio Companies** in implementing the ESG improvement plans, also developed based on the Value Creation Tool's results.

In the coming years we want to continue to contribute to the diffusion of Responsible Investment within the industry through the **engagement with sector associations and organizations.**

Finally, to enhance our employees soft and technical skills in relation to ESG aspects we will continue to provide training and communication activities.



Our ESG Partners

ARWIN &
PARTNERS



RAMBOLL

Cerved
RATING AGENCY

Contacts

If you are interested in
receiving more information
about our ESG path and our
performance please contact:



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