

# The responsible approach

DeA Capital Alternative Funds SGR



ESG REPORT **2023**

# Our Concept

**A constant dialogue among the three essential dimensions of growth, inclusion and sustainability.**

## Sustainability

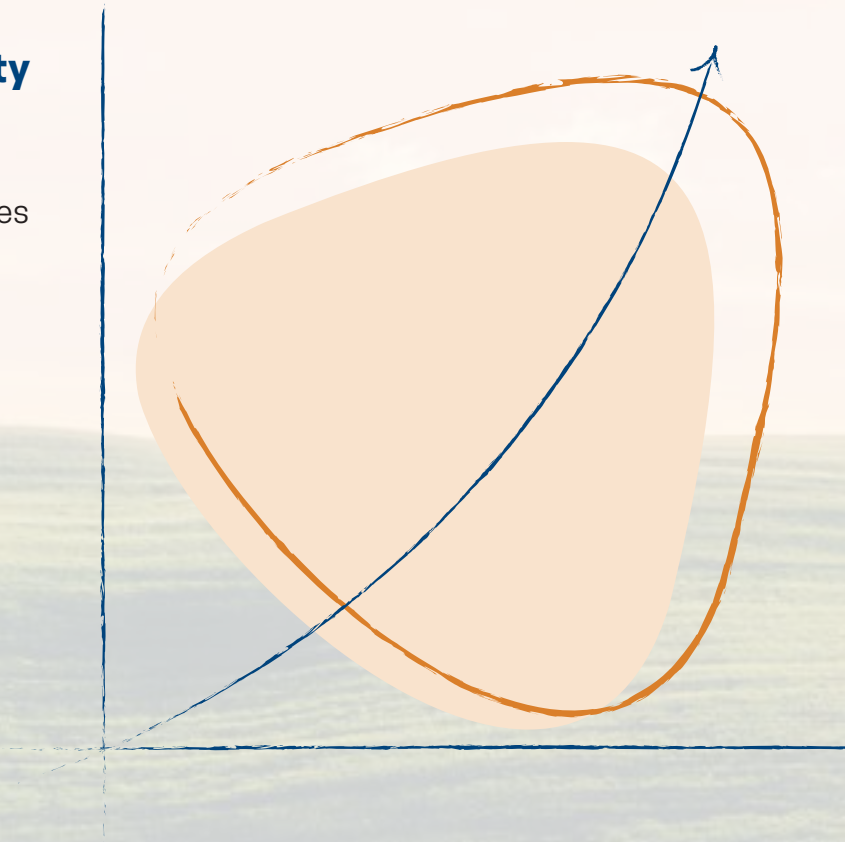
as a milestone route made by conscious choices and meticulous monitoring

## Growth

as a meeting point between sustainability and inclusion

## Inclusion

the horizontal sharing of common values between DeA and the portfolio companies



# Letter from the CEO

2023 presented significant challenges. DeA Capital Alternative Funds, like its peers, has had to accommodate its approach to the changing interest rates environment, with central banks continuing to hike rates aiming to tame inflation. Moreover, geopolitical conflicts in both Europe and the Middle East have continued to disrupt financial markets, impacting strategic planning and operational adjustments across all investment portfolios.

Despite these challenges, DeA Capital Alternative Funds has successfully navigated these turbulent market conditions, whilst deepening its longstanding attention to sustainability. This unwavering commitment was crucial in implementing strategies to adhere to the industry's best practices.

To ensure comprehensive integration of sustainability, our management team has implemented a robust framework within our investment strategies, in line with our revised ESG policy. This framework extends beyond traditional financial analysis to include in-depth ESG due diligence. For each potential investment, key ESG strengths and areas for improvement are identified, crafting a tailored action plan. Throughout the year, the progress of these action plans is actively tracked to ensure the targets are effectively realized, reinforcing our sustainable investing practices.

A notable example of this commitment is the incorporation of climate and environmental risk assessments into the processes and business strategy, as requested by Banca d'Italia. The capability to quickly adapt stemmed from a longstanding process that enabled the funds to integrate such measures effectively and quickly. The further updates to our Value Creation Tools are a proof of the ongoing development and sophistication of our approach. Reflecting the growing importance of ESG criteria in the

financial landscape, along with the evolving regulations highlighted the need for responsible investing practices. Three of our active funds — Taste of Italy 2, Sviluppo Sostenibile, and Flexible Capital — are under Article 8 of the SFDR.

Additionally, in 2023, we launched DeA Agro II, a fund under Article 9 of the SFDR set to start operations in 2024. This fund aims to oversee integrated food supply value chains from production to primary food processing/distribution. DeA Capital Alternative Funds has diligently focused on enhancing relevant ESG KPIs, reflecting its strong commitment to sustainability. Thanks to these efforts, the overall maturity score for Social factors in our portfolio has increased from 76% to 81%, for Compliance Management there was an increase from 86% to 89%, whilst the Environmental topics remained unvaried with a positive scoring of 74%.

In conclusion, 2023 has been a year of reinforcing our ESG commitments and adapting to new regulatory frameworks. These efforts, rooted in past initiatives, have positioned us well to navigate the complexities of the modern financial landscape and pursue sustainable growth.

Gianandrea Perco  
CEO



# Letter from the Head of ESG

In 2023, DeA Capital Alternative Funds navigated a year of adaptation, responding to new regulations, evolving client sustainability demands, and the implementation of new organizational strategies.

Despite these challenges, our structured approach facilitated effective management and sustained success. Anticipating market needs proactively enabled the development of sustainability strategies aligned with current trends.

Recent regulatory changes in Europe have established essential frameworks that mandate sustainability in business operations, ensuring a structured approach to long-term investment stability.

Our approach is built as a constant dialog among the three essential dimensions of Growth, Inclusion and Sustainability: Sustainability as a milestone route made by conscious choices and meticulous monitoring, Inclusion as the constant sharing of common values between DeA and the portfolio companies, Growth as the goal and the path as a meeting point between progress and inclusion.

Integrating ESG processes into all operational activities has not only improved decision making but also enhanced the sustainability journeys of portfolio companies, that are now better equipped to meet and advance the goals of their respective ESG action plans. UN PRI recognized our efforts and assigned us, for the third consecutive year, the 5 Star rating.

We've focused our efforts on upgrading our tools to accurately calculate the Principle Adverse Impacts (PAIs) and monitoring the climate change impact on the investments' portfolio conducting an extensive

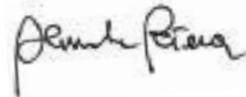
climate risk analysis for our funds, both currently and prospectively. This protocol will extend to future funds, including the Art 9 DeA Agro II, the successor fund to Idea Agro, the first Italian private equity program exclusively dedicated to agribusiness.

Active engagement with ESG Managers across various portfolio companies has strengthened effectiveness during data collection and the implementation of ESG action plans. A strong relationship and the biyearly data collection have been instrumental in this process, providing them with a clear view of sustainability steps and developments.

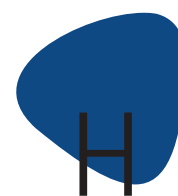


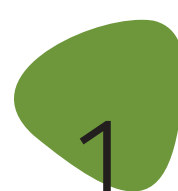


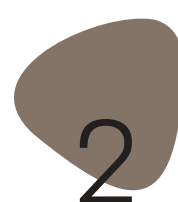

This collaboration is pivotal as Investors increasingly demand for assets to be managed sustainably and have developed a sharper ability to evaluate these efforts, considering not only ESG reporting and accuracy, but, above all, the strategic vision of a shared path of sustainable growth.

Looking ahead, DeA Capital Alternative Funds is positioned for continued success, leveraging a robust foundation able to adapt and thrive in a rapidly evolving financial landscape. The firm remains committed to ensuring that it remains at the forefront of responsible investing and stakeholder satisfaction.

Alessandra Patera  
Head of Marketing, Institutional Sales, ESG



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**SHAPING NATURE THROUGH AN  
AGRICULTURAL APPROACH THAT  
PROTECTS AND RESPECTS IT**



## HIGHLIGHTS

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# Key Figures

  
**€ 6 Bn\***  
AUM

  
**70 +**  
Professionals

  
**21**  
Funds

## CLIENT SOLUTIONS

  
**€ 1.5 Bn** AUM

  
**6** Professionals

  
**8** Funds

## DIRECT FUNDS

  
**€ 1.1 Bn** AUM

  
**23** Professionals

  
**7** Funds

## SPECIAL SITUATION

  
**€ 1.2 Bn** AUM

  
**13** Professionals

  
**4** Funds

## NPL

  
**€ 2.2 Bn** AUM

  
**9** Professionals

  
**2** Funds

**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 **Special Situation, unlikely to pay** (UTP) and **non-performing loans** (NPL).

\*Since inception. Data as of 31/12/23\*

# ESG Highlights

Environmental		Energy supply from <b>renewable sources</b> for all DeA Capital Alternative Funds' <b>buildings</b>		All direct funds covered by a <b>Climate Risk Analysis</b>		<b>GHG Emissions</b> (Scope 1 and 2) calculated for all the companies within the direct funds portfolios		All Portfolio Companies of all Funds engage in <b>environmental initiatives</b> which improve their <b>mitigation</b> and <b>adaptation</b> strategies regarding Climate Change		IDeA AGRO Portfolio Companies have a total of over 900k plants and over 1000 hectares planted		
Social		<b>98.6%</b> of <b>employees</b> have a <b>permanent contract</b>		Training on topics such as <b>cyber security</b> and <b>compliance</b> is provided to all employees.		<b>1+1=3</b> "Insieme per un Progetto Sociale"		Top management and employees receive <b>ESG training</b>		The <b>NEXT Project</b> (New Empowerment for young Talent)		
Governance		<b>Sviluppo Sostenibile, Taste of Italy 2</b> and <b>Flexible Capital</b> classified as <b>Art. 8</b> under SFDR Reg. 2019/2088		All <b>portfolio companies</b> appointed an <b>ESG Manager</b>		All Article 8 Funds are following and maintaining their <b>ESG Action Plans</b>		Establishment of DeA Agro II <b>Article 9 SFDR</b> Fund, to be launched in 2024		<b>Review of ESG Policy</b> and initial draft of an ESG Procedure.		The SGR <b>updated</b> and <b>revised</b> the ESG strategy in light of new Italian and EU regulatory updates
Engagement		PRI Signatory <b>5★</b> for <b>Direct Private Equity</b> activities with a score of <b>98/100</b> and in <b>Direct-Fixed income</b> -Private debt with a score of <b>91/100</b>		Portfolio companies were engaged through a presentation, sharing Value Creation Tool results and discussing <b>ESG initiatives</b>		<b>Engagement with AIFI</b> to promote private equity responsible investment in <b>Italy</b>		<b>UN Global Compact Signatory since 2019</b>		Member of " <b>Forum per la Finanza Sostenibile</b> " to promote ESG integration into financial products		

# UN PRI ESG Performance

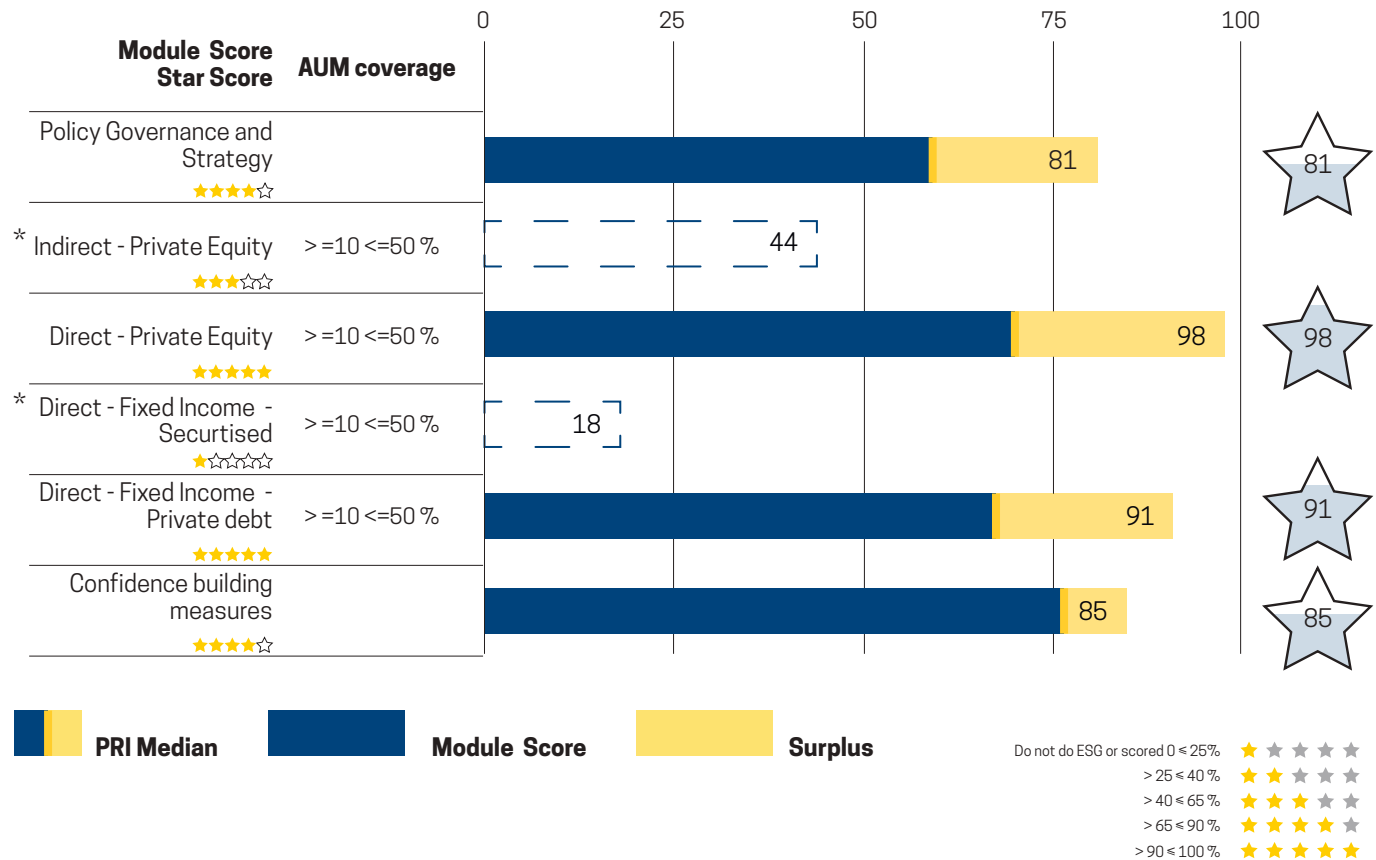
## Assessment Review



### DeA Capital Alternative Funds Score

DeA Capital Alternative Funds achieved a score of 5 stars in the "Direct - Private Equity" and "Direct - Fixed Income - Private debt" sections, with a score of 98/100 and 91/100.

Three of the modules evaluated by the PRI obtained a scoring well above average.



\* scoring only partially applicable



**A MUTUAL AND CONTINUOUS  
PATH TOWARDS THE CREATION  
OF ESG VALUES**

**1**

**DEA CAPITAL ALTERNATIVE  
FUNDS AT A GLANCE**

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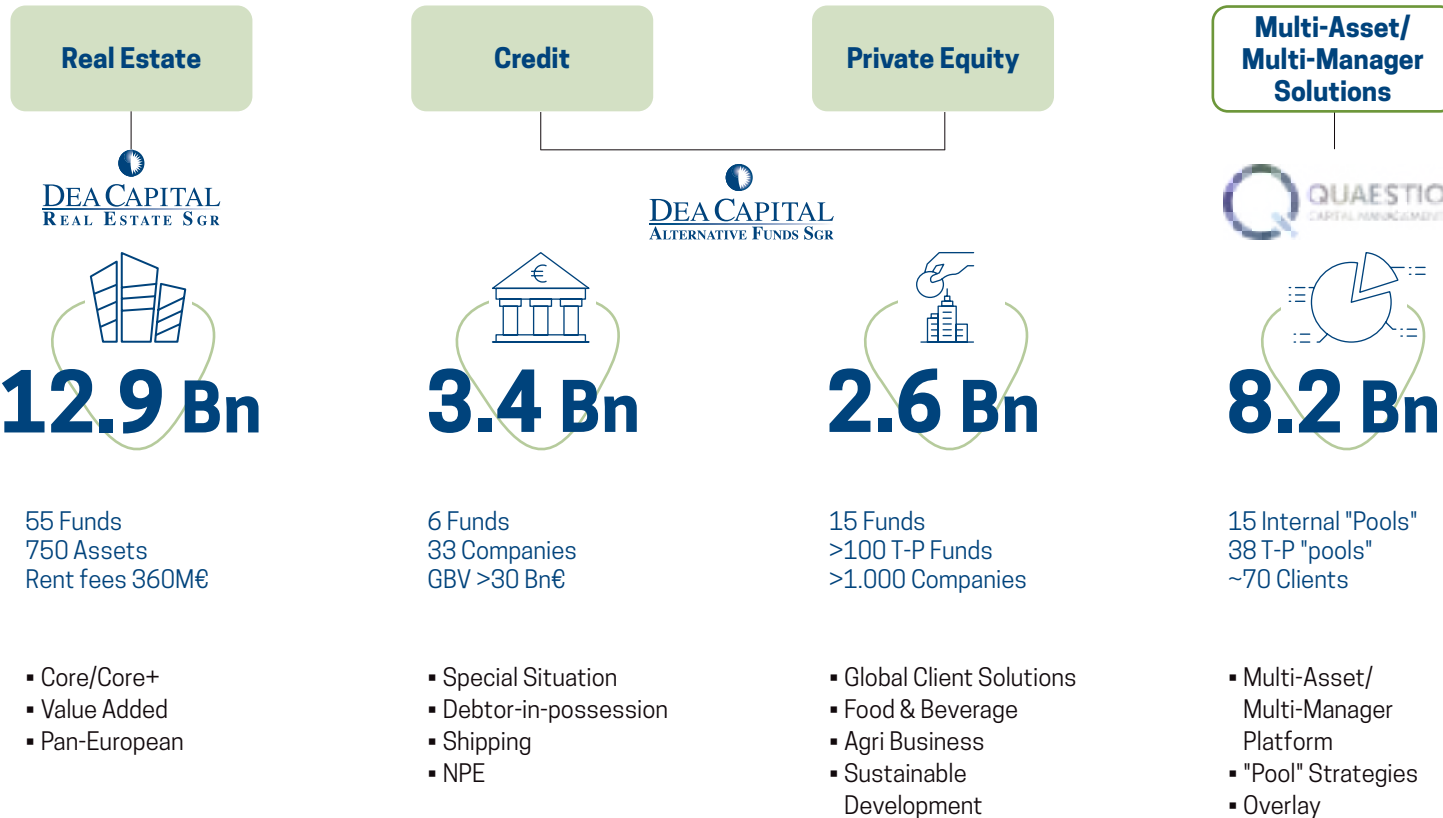
# Our Key Figures: DeA Capital Platform

€ 6.0 Bn

21 Managed Funds

70+ Professionals

300+ Investors

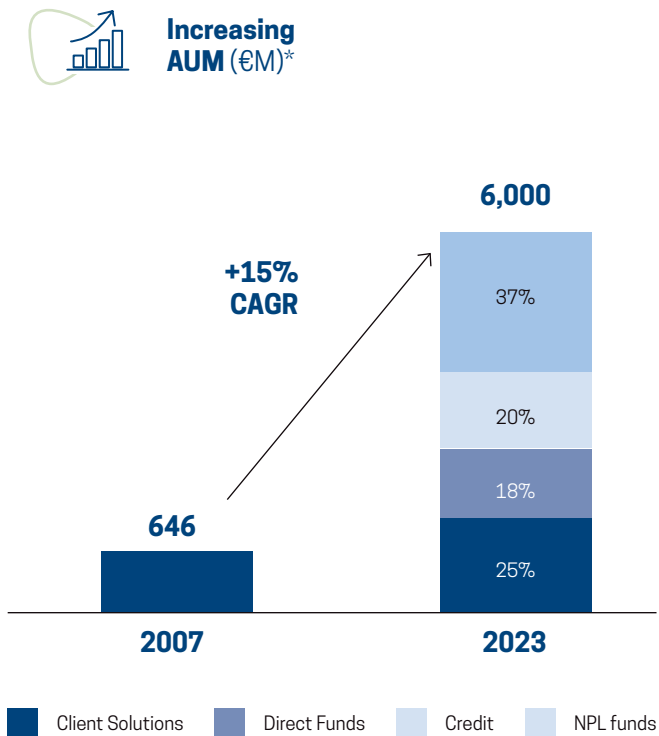


Investment Solutions

Data as of 31/12/23

# DeA Capital Alternative Funds

Our investment idea combines **profit and social responsibility**. We meet the challenges of the global transition by supporting our partners with sustainable, diversified and customized solutions that benefit investors, communities and the planet. This makes DeA Capital Alternative Funds the leading partner in Italy for investments in private equity (direct and indirect), Special Situations and NPLs.



\* Since inception. Data as of 31/12/2023  
\*\* Including Investitori Associati IV  
\*\*\* Including mandates

**21 Funds**  
7 Direct funds\*\*  
8 Client Solutions\*\*\*  
4 Special Situation  
2 NPL funds

**€6 Bn\* AUM**  
First Private Equity SGR in Italy

**35+ Portfolio companies**  
with revenues of +3 Bn€

**70+ Professionals**  
with solid experience

**300+ Investors**  
including institutional investors and successful entrepreneurs

**5★ - Direct Private Equity and Direct - Fixed Income - Private debt**



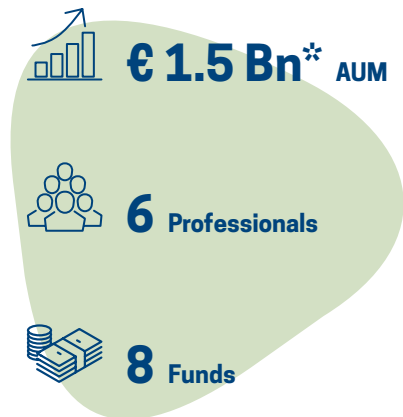
# Our investments history

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 and focusing on products that can foster sustainable growth.

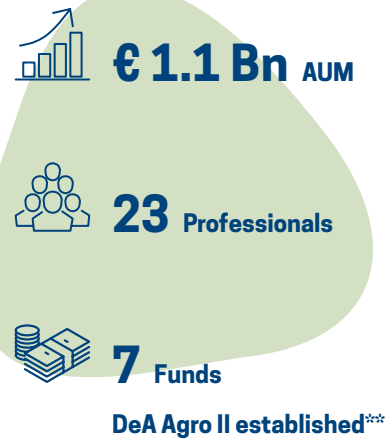


# Our investments

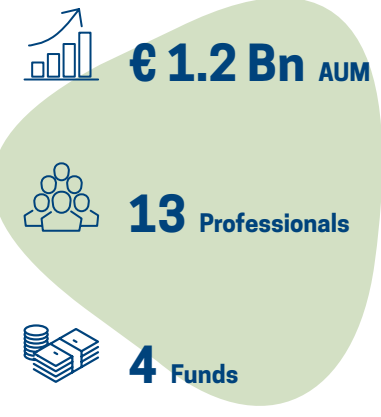
## CLIENT SOLUTIONS



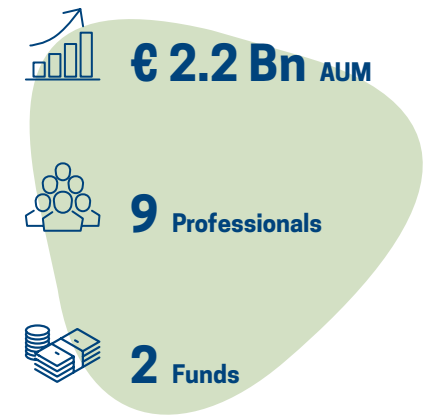
## DIRECT FUNDS



## SPECIAL SITUATION



## NPL

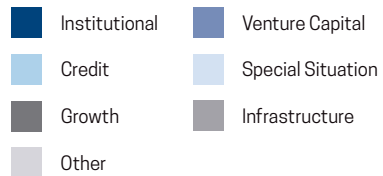
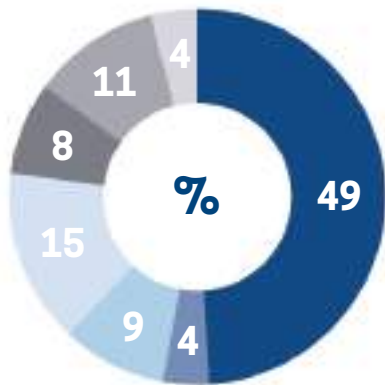


\* Since Inception

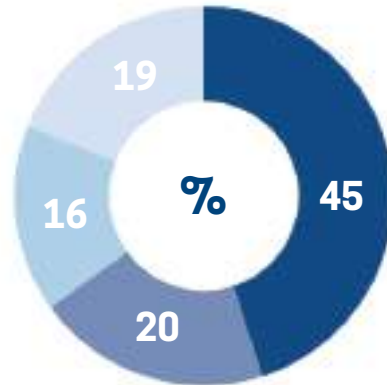
\*\* DeA Agro II was established in 2023 but will be officially launched in 2024

# CLIENT SOLUTIONS

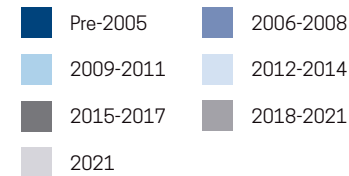
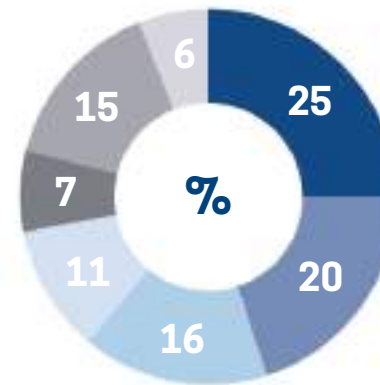
**Commitments by strategy**



**Commitments by geographical area**



**Diversification by vintage**



**KEY DATA**



## CLIENT SOLUTIONS



### IDEA I FUND OF FUNDS (2007)

**€ 646 M**

DeA's first Global Private Equity Fund of Funds, focusing on buyout, venture capital, expansion & growth and distressed funds.  
Status: Winding down phase.



### ICF II (2009)

**€ 281 M**

Global Private Equity Fund of Funds focused on buyout, special situation, expansion and venture capital and other strategy.  
Status: Ongoing divestment phase.



### IDEA CRESCITA GLOBALE (2013)

**€ 55 M**

Fund of Funds dedicated to retail investors.  
Status: Fully realized through a secondary transaction (continuation vehicle).



### ICF III (2014)

**€ 67 M**

First multi-pocket Fund of Funds under Italian law.  
Status: Ongoing investment phase.



### AZIMUT MULTISTRATEGY I (2022)

**€ 28 M**

Fund of Debt Funds dedicated to private banking networks. Co-managed with Azimut.



### ADVISORY (2020)

**€ 140 M**

Advisory on a dedicated program for an Italian banking foundation. Focused on the infrastructure sector.



### AZIMUT PRIVATE DEBT (2019)

**€ 76 M**

Fund of Debt Funds dedicated to private banking networks. Co-managed with Azimut.



### DEA ENDOWMENT FUND (2019)

**€ 132 M**

Fund of Funds dedicated to banking foundations, invested in private equity, credit and infrastructure funds globally.  
Status: Fully invested.



### DEA ENDOWMENT FUND II (2023)

**€ 50 M**

Fund of funds dedicated to banking foundations. Multi-asset.  
Status: Ongoing investment period.



### AZIMUT MULTISTRATEGY II (2023)

**€ 13 M**

Fund of Debt funds dedicated to private banking networks. Co-managed with Azimut.



### DEA LIQUIDITY SOLUTIONS IV (2023)

Fundraising in progress

Secondary Fund of Funds . Dedicated to institutional investors and HNWI.  
Status: Fundraising

## DIRECT FUNDS

### Current Investments



### Divestments



### CURRENT PORTFOLIO

**26** Portfolio Companies

**€ 1.1 Bn** Revenue

**6,500+** Employees



#### IDEA OPPORTUNITY FUND (2008)

More than 10 years of experience in direct investments, focusing on the sectors of excellence of Italy. Currently in winding down phase.

#### IDEA EFFICENZA ENERGETICA E SVILUPPO SOSTENIBILE (2011)

Sector fund, dedicated to significant minority investments in companies dedicated to energy efficiency, primarily in Italy.



#### IDEA TASTE OF ITALY (2014)

Sector fund, dedicated to majority and significant investments in food & beverage companies, primarily in Italy. Ongoing divestment phase.

#### IDEA AGRO (2018)

Sector fund that comprises a diversified portfolio across farmland and primary food processing companies with vertical integration of the value chain and more than 1,000 cultivated hectares across Italy.



#### TASTE OF ITALY 2 (2020)

Second investment program dedicated to Food & Beverage companies, mainly in Italy and Spain. Ongoing investment phase.

#### SVILUPPO SOSTENIBILE (2020)

Generalist fund focused on social and financial value creation, evolution of the first investment program. ESG focus, with prevailing target in Italy. Ongoing investment phase.



#### DEA AGRO II (2024)

Article 9 Fund, established in 2023 and will be launched in 2024, it will be the first Italian private equity program fully dedicated to Farmlands and Food Processing.

# SPECIAL SITUATION

## Current Investments (equity)



## Divestments



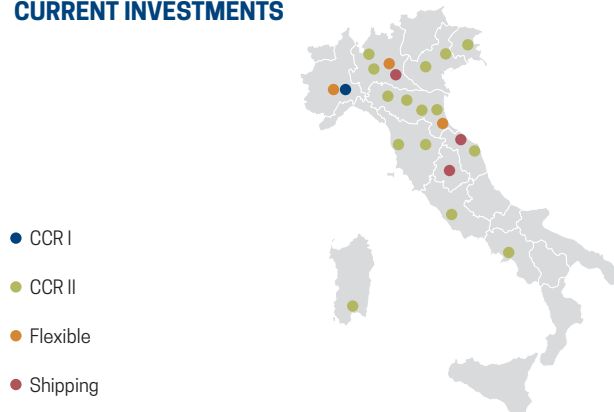
## CURRENT PORTFOLIO

**35** Portfolio Companies

**€ 2.8 Bn** Revenue

**15,000+** Employees

## CURRENT INVESTMENTS



### IDEA CORPORATE CREDIT RECOVERY I (2016)

First multi-pocket fund of DIP (Debtor-in-Possession) Financing.

7 Banks conferred their credits towards 8 companies, whose relaunching plans have been financed by "new equity".



### IDEA CORPORATE CREDIT RECOVERY II (2017)

Second multi-pocket fund of DIP (Debtor-in-Possession) Financing promoted in continuity with CCR I.

The 8 main Italian banking groups have conferred the credits claimed towards 32 companies belonging to 9 Italian industrial groups.



### IDEA CORPORATE CREDIT RECOVERY II - COMPARTO SHIPPING (2018)

Fund dedicated to the Shipping sector.

Multiple banks conferred in the fund credits claimed towards 9 shipping companies.



### FLEXIBLE CAPITAL FUND (2022)

Fund focused on the Italian market of Special Situation companies characterized by adequate development prospects despite temporary assets or financial imbalances.

## NPL - NON PERFORMING LOANS



### FONDO ATLANTE (2019)

Fondo Atlante is a **private alternative investment fund** established under the direction of the Italian government to address banking crises caused by a significant volume of non-performing loans held by institutions. It aims to **support recapitalization and take over non-performing loans**.



### ITALIAN RECOVERY FUND (2019)

Italian Recovery Fund (formerly atlante II) is a **closed-end securities alternative investment fund (AIF)** under Italian law, reserved for professional investors.

The Fund was established to **invest mainly in portfolios of doubtful loans**, from Italian banks, through financial instruments issued by securitization vehicles, mainly mezzanine and junior notes.

### CURRENT PORTFOLIO



**€ 30 Bn** GBV purchases  
(c. euro 21 bn as of 31st December 2023)



**70** Institutional investors



**€ 2.4 Bn** Invested in Equity

# 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**.



## Annual Investor Day

DeA Capital Alternative Funds hosts an annual **Investor Day**, featuring the CEO's overview of the previous year's results and insights into the current business environment. The event includes a **detailed presentation on portfolio performance and key shareholdings**. The Fund engages with stakeholders through **tailored ESG questionnaires**, addressing specific inquiries from investors.



## CEOs Conference

In March 2023, the **CEO Conference** provided an **exclusive platform** for selected portfolio company CEOs to engage in discussions and share insights. The focus was on exploring the fund's impact on each company's strategy, especially regarding **ESG**.



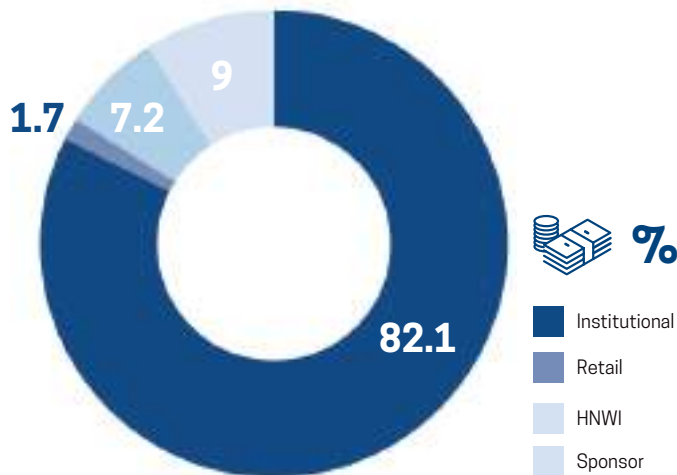
## Web Portal Monitor

**The Monitor** is an important source of updates for investors where news about business performance, new acquisitions 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.



## Engagement

The engagement process with portfolio companies, such as a post-acquisition **action plan**, collection of **semi-annual ESG data** and support to **enhance governance** is 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.

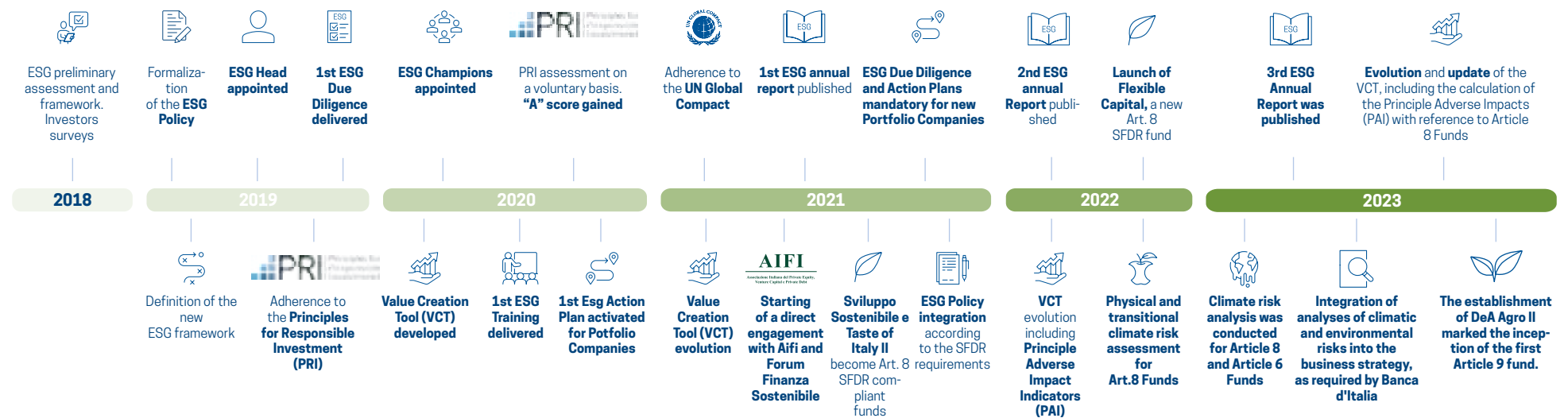


**Each investor is a valuable story**



# 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 five years DeA Capital Alternative Funds has built **strong and specific expertise** in responsible investments, strengthening the integration of ESG factors in business decisions.



# Our sustainable path

2018

2019

2020

2021

2022

2023

## 5 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 the proposition of **ESG Action plans**.

The Company started to deliver all its employees **ESG training** 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**. Consistently, the new fund Flexible Capital was launched in **2022 as Art. 8**.

In 2022 DeA Capital Alternative Funds performed a **climate risk assessment** for its **Art. 8 funds**. Moreover, the Value Creation Tool was improved to integrate the **Principal Adverse Impact Indicators of SFDR**.

In 2023, DeA Capital Alternative Funds published its **third ESG Annual Report**, showcasing commitment to ESG principles. The launch of **three Article 8 funds**, and **DeA Agro II as the Article 9 fund**, reflects a response to the growing importance of ESG considerations. The **Value Creation Tool evolved**, calculating Principle Adverse Impacts for Article 8 Funds, emphasizing commitment to sustainability. **Climate risk analyses were conducted for Article 8 and Article 6 Funds**, showing a proactive approach in addressing potential climate-related risks. DeA Capital Alternative Funds integrates analyses of climatic and environmental risks into core processes, **aligning with regulatory requirements from Banca d'Italia**. This underscores the fund's commitment to responsible investment practices and adapting to the evolving landscape.

# Our sustainable path - 2023



In 2023, DeA Capital Alternative Funds published the **third ESG Annual Report**, marking a significant milestone in DeA Capital Alternative Funds' commitment to environmental, social, and governance (ESG) principles.



## Continuous ESG data reporting

The management team is continuously engaging with portfolio companies to release ESG data in order to map the individual KPIs.



## Update of the Value Creation tool

Furthermore, there has been a notable evolution and update of the Value Creation Tool, encompassing the calculation of the Principle Adverse Impacts (PAI) specifically in relation to Article 8 Funds. This enhancement underscores the fund's dedication to measuring and managing its impact on sustainability. In particular, the number of KPIs has increased and are consistent with the Principle Adverse Impact Indicators required by the SFDR.



## Climate Risk Assessment

Climate risk analyses were conducted for both Article 8 and Article 6 Funds. Highlighting the broader strategic direction, DeA Capital Alternative Funds has embarked on the integration of analyses related to climatic and environmental risks into its core processes and business strategy. This initiative aligns with the regulatory requirements set by Banca d'Italia. DeA Capital Alternative Funds performed a Climate Risk Assessment for two funds' portfolio companies: "Sviluppo Sostenibile" and "Taste of Italy 2" (Art. 8 SFDR Funds).



## DeA Agro II

Following the launch of three Article 8 funds and in response to the increasing importance of ESG considerations in the financial sector, along with evolving legislations that underscore responsible investment practices, DeA Agro II, the Article 9 fund, was introduced.

# DeA Agro II

DeA Agro II was established in 2023 and will be launched in 2024, it will be the first Italian private equity program fully dedicated to Farmlands and Food Processing. DeA Agro's objective is to: Control integrated food supply value chains from production to the primary food processing/distribution phase; Build a diversified portfolio with a focus on high-yielding, high-margin permanent crops.

## OUR MISSION

### Integrated Supply Chain

Obtaining full control over the supply chain by investing in greenfield projects and primary processing companies, while creating a wide range of synergies along different sectors within the Agroindustry.

### Carbon Neutrality

Reach carbon neutrality\* by offsetting the emissions of primary processing companies with the absorptions generated by the 1Mn+ plants of our greenfield projects. Our goal is to reach negative emissions in order to face climate change.

### Regenerative Agriculture

Utilising farming systems that enhance the biodiversity of farmland, improve soil health and water quality by utilising technological solutions that aim to accelerate the transition to regenerative agriculture.

### Organic Agriculture

Satisfying the forever-growing demand by consumers for healthier, organic, and more sustainable products by implementing precision farming techniques free of pesticides and fertilisers.



## IMPACT THESIS

Decarbonize and increase the resilience and efficiency of the Italian agriculture sector ensuring access to healthy products for the people and the environment, while promoting social characteristics.

## GOALS

1. Decarbonise and increase resilience and efficiency of agricultural companies faced with changing climate conditions;
2. Support the production of healthy products for consumers with favourable impacts to the environment.

## SOCIAL PROMOTION

1. Training for professional qualification and development
2. Improving the working conditions and well-being of workers
3. Workers' inclusion for cohesion and reduced disparities

## SDGs



\*Currently in the process of calculating emissions and absorptions through a specialised consulting company



**ACTIONS DETERMINED BY THE  
MEASURE OF RESPONSIBILITY  
AND BUSINESS ETHICS**



2

## A RESPONSIBLE COMPANY

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# Governance, ethics and transparency

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

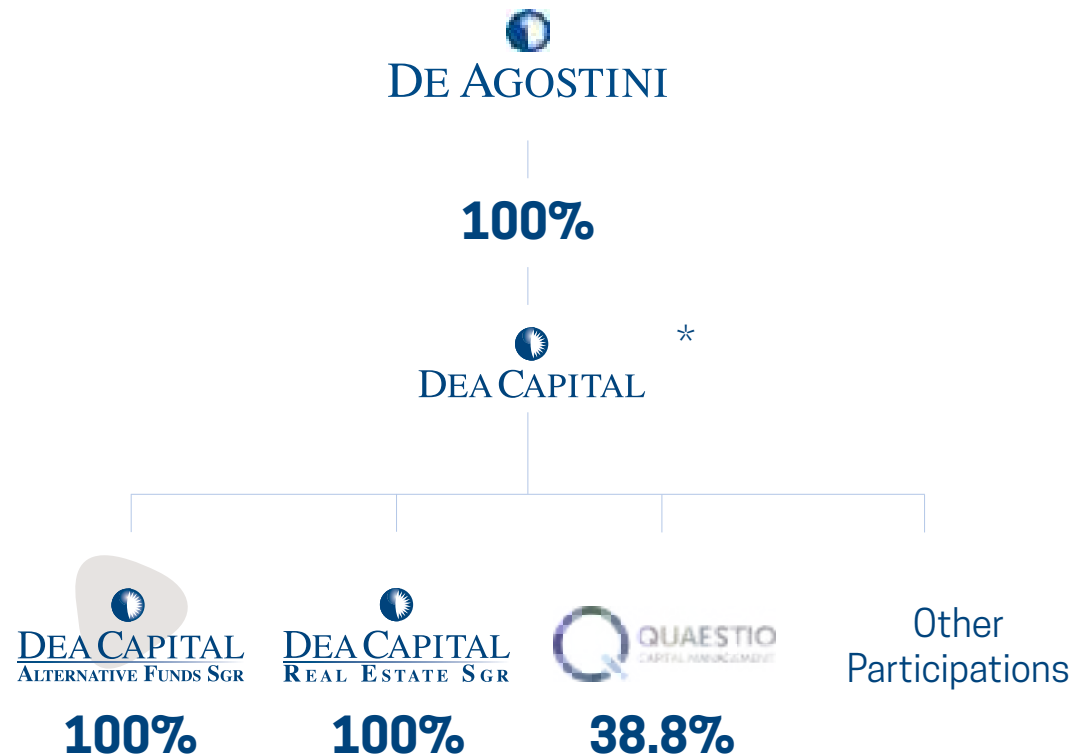
**Board of Directors**

**Board of Statutory Auditors**

**Supervisory Body**

Capital Alternative Funds is wholly owned by DeA Capital, the leading independent **Alternative Asset Management platform, active in Real Estate, Private Equity investments, and NPL.**

## Ownership structure

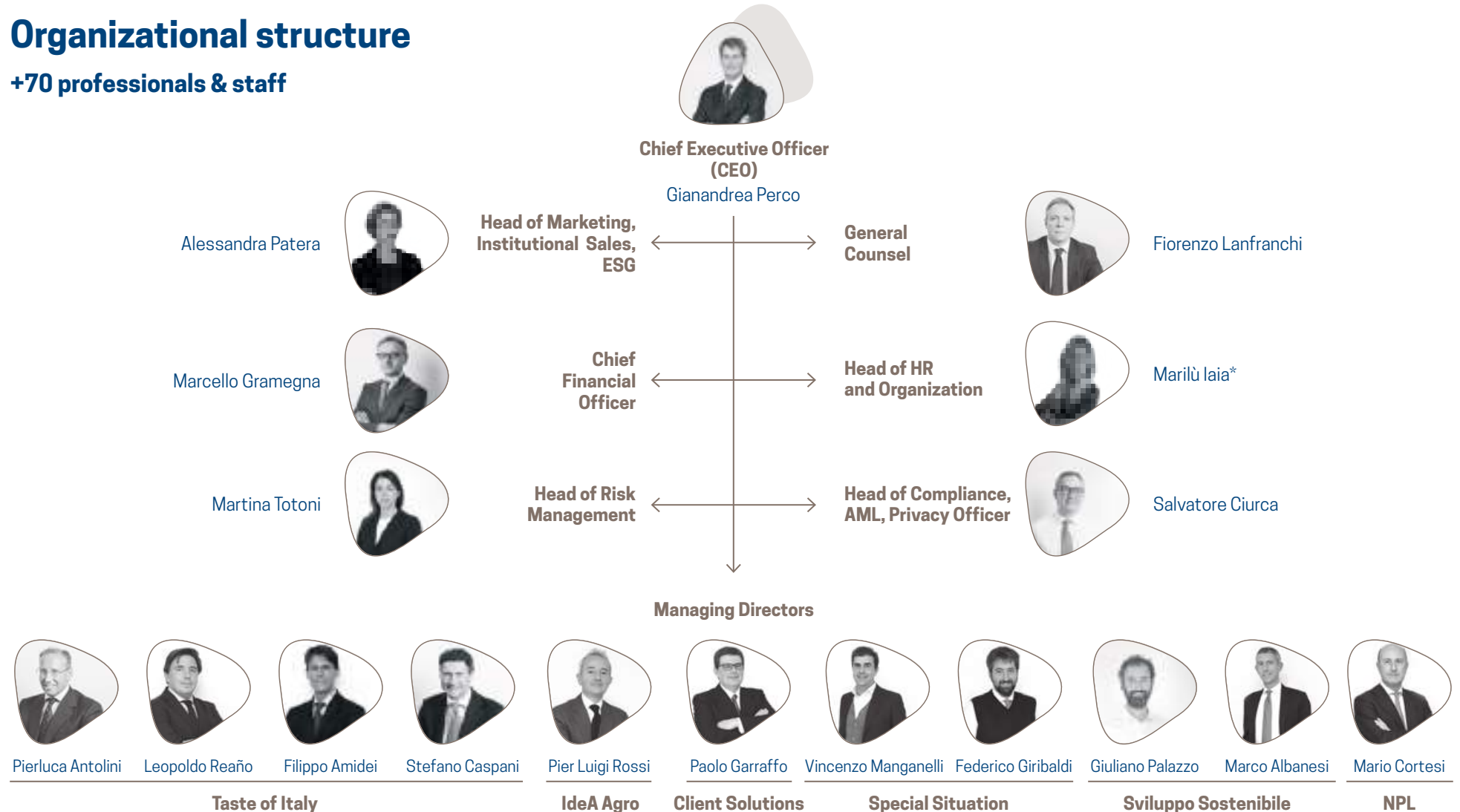


\* Delisted in March 2023.

# Governance, ethics and transparency

## Organizational structure

+70 professionals & staff



\*appointed on April 2024

# 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.

<b>Gianluca Grea</b>	Chairman
<b>Gianandrea Perco</b>	Chief Executive Officer and General Manager
Andrea Casarotti*	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.

<b>Gian Piero Balducci</b>	Chairman
Marco Squazzini 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:

<b>Gian Piero Balducci</b>	Chief of Board
Maurizio Bortolotto	Component
Davide Bossi	Component

To ensure ethical behavior, 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;



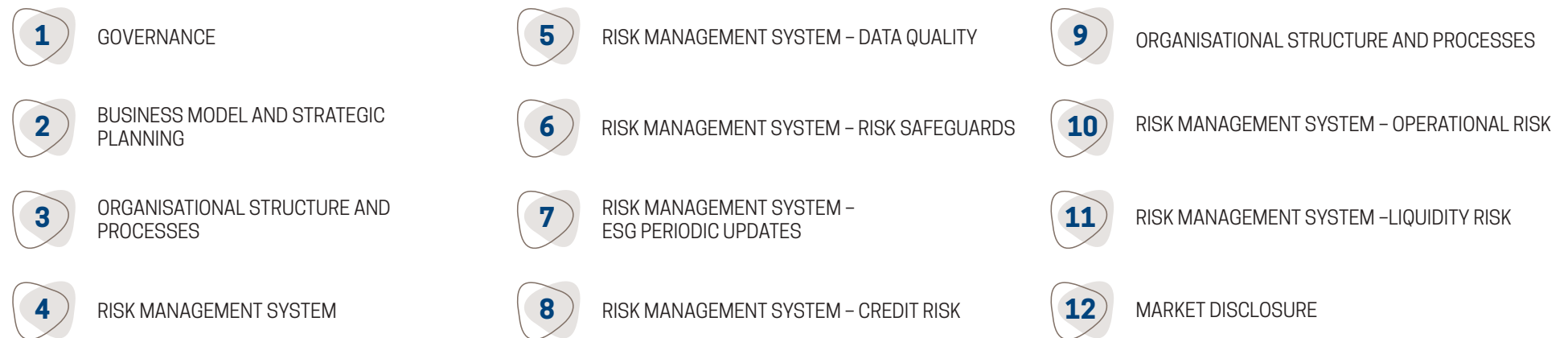
Publishes an **informative document** pursuant to the Regulation on intermediaries adopted by Consob with resolution no. 20307 of 15 February 2018 and subsequent amendments and additions.

\*appointed on 30th January 2024

# Governance, ethics and transparency

The Bank of Italy communicated to non-bank financial intermediaries about **climate** and **environmental risks** based on a survey conducted with self-assessment questionnaires. This follows earlier supervisory expectations issued in April 2022. The communication highlighted critical areas and requested intermediaries to prepare a medium-term action plan, specifying actions, priorities, and timelines considering risk exposure and business complexity.

These actions will be implemented between 2023 and 2025.



In 2023 the following actions were implemented with regards to the requests of the Bank of Italy:

- The SGR **integrated ESG sections into biannual fund performance reports** and implemented **ad hoc reporting for significant ESG events**. Reports are now directed to internal control functions, the ESG Manager, the CEO, and the Board of Directors annually. **The Responsible Investment Policy and internal regulations have been revised accordingly.**
- Involvement of Control Functions (Compliance & AML and Risk Management) in **bi-monthly operational meetings on ESG matters** ("ESG Team Meetings").
- Revision of Value Creation Tools to include **specific modules for managing climate risks**:
  1. For indirect funds: Adding **climate risk assessment** measures to the questionnaire for managers.
  2. For direct funds: Screening target companies for **climate risks during ESG Due Diligence**, with consideration for specific risk mitigation actions if necessary.

# Governance, ethics and transparency

## ESG Policy

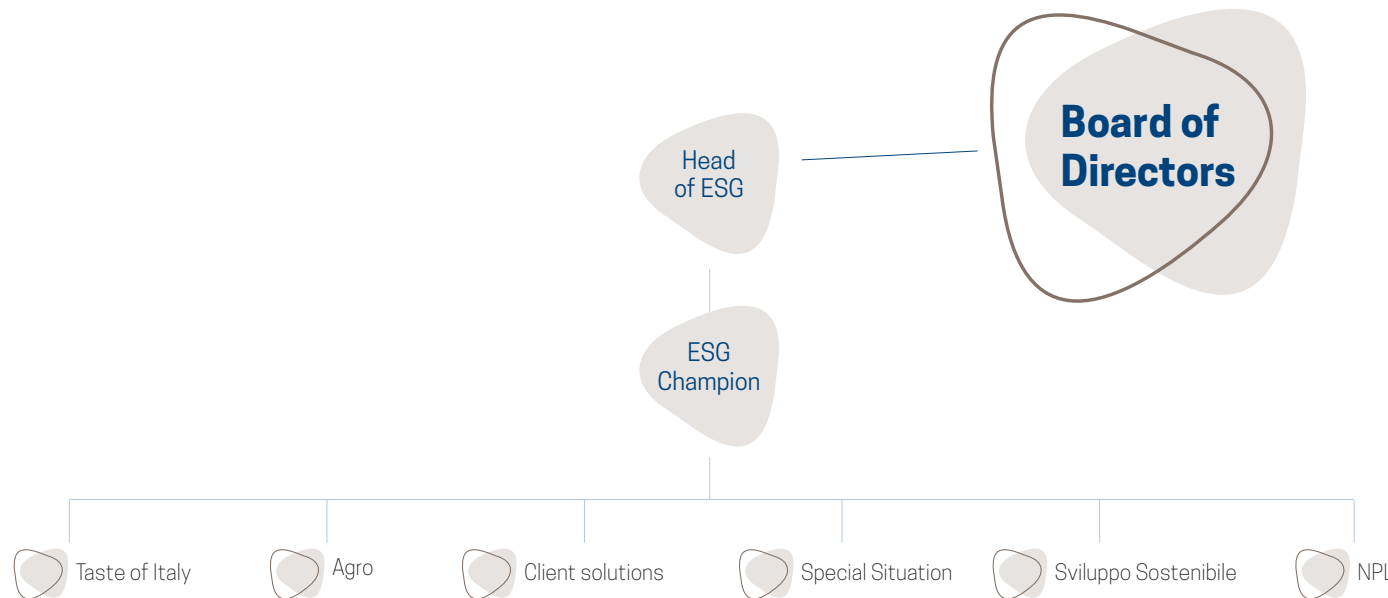
Approved by the Board of Directors of DeA Capital Alternative Funds in 2019, its ESG Policy governs the **overall framework, sustainability commitments and stakeholder relations**. The Policy also provides for the integration of all general principles into the procedures, internal rules, including an ESG Committee where applicable, 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** and in 2022 with the **addition of the Responsible Marketing Action**. Lastly, the Policy was updated in 2023 (November) regarding the integration of climate and environmental risks into business processes.

## ESG Procedure

DeA Capital AF is **updating** and **implementing** an ESG Procedure, integrating it across all investment processes and fund-related procedures. This includes **ESG Due Diligence, investment, and exit strategies**, alongside **climate risk assessment** for Article 6 and Article 8 funds, in accordance with regulatory requirements such as **SFDR** and **Banca d'Italia**. A section is dedicated to specific controls, in order **to use sound and reliable** data for VCT and PAI measurements. Moreover, the existing value creation tool has been revised to incorporate climate risk assessment alongside **monitoring ESG KPIs**. The ESG procedure will also include the details for the Article 9 Fund DeA Agro II once it is launched.



# Governance, ethics and transparency



## 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 Head of ESG 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 **Head of ESG** 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' Head of ESG 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 undergoes specialized training and receives guidance from the Head of ESG at DeA Capital Alternative Funds. Additionally, the fund leverages subject-matter experts for due diligence and to assist portfolio companies in formulating and executing action plans.

# Our sustainable path

## 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 Ciorca**  
Head of Compliance & AML, Privacy Officer



**Martina Tottoni**  
Head of risk management



**Chiara Pariani**  
IR Manager & ESG



**Cristina Ugazio**  
Office Manager



**Benedetta Tantalo**  
ESG Specialist

ESG Champions  
investments  
Portfolio Level



**Silvia Moffa**  
Taste of Italy Analyst



**Chiara Semeraro**  
Client Solution Associate



**Laura Filippi**  
Special Situation Investment Manager



**Lorenzo D'Andria**  
Idea Agro Associate

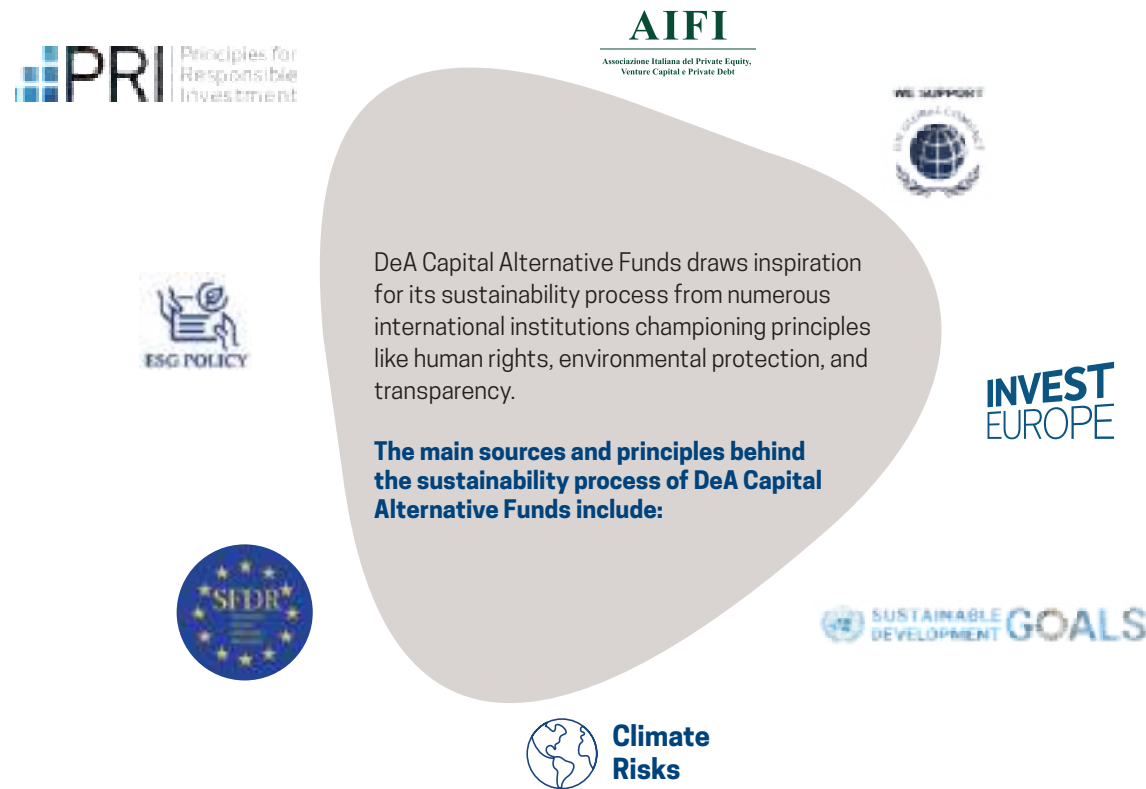


**Dario Brichese**  
Sviluppo Sostenibile Associate



**Matteo Conte**  
NPL Investment Director

# ESG Sources and Principles



To ensure alignment between internal guidelines and industry best practices, the Fund is dedicated to periodic reviews of its sources, maintaining consistency with established codes and regulations.

# 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.

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

## Industry engagement

DeA Capital Alternative Funds also adheres 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, 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.



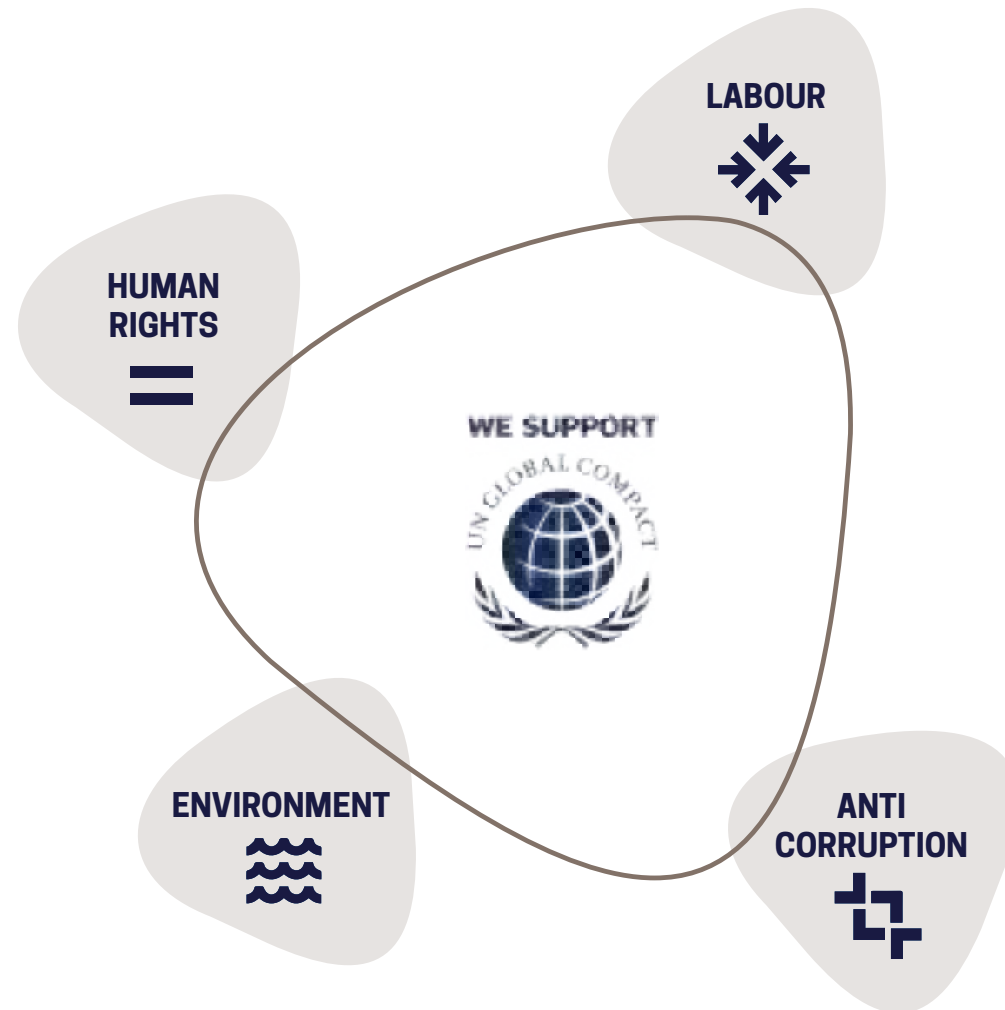
# ESG Sources and Principles

## 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.**



# ESG Sources and Principles



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.



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.

14 hours of training per employee.

New Art.9 SFDR fund launched.

Sviluppo Sostenibile, TOI 2 and Flexible Capital Fund investment funds are sustainable products classified as Art. 8 under SFDR.

NPL servicers questionnaire carried out.

Code of Ethics implemented to all portfolio companies. Organizational, Management and Control Model implementation (231 Model) to all portfolio companies.

UN PRI Signatory, Engagement with AIFI to promote responsible investment in Italy, Member of "Forum per La Finanza Sostenibile".



**CREATING THE CONDITIONS  
FOR PEOPLE TO EXPRESS  
THEIR POTENTIAL  
ACCORDING TO BUSINESS  
NEEDS**



**SUSTAINABLE DEVELOPMENT  
AND HUMAN CAPITAL**

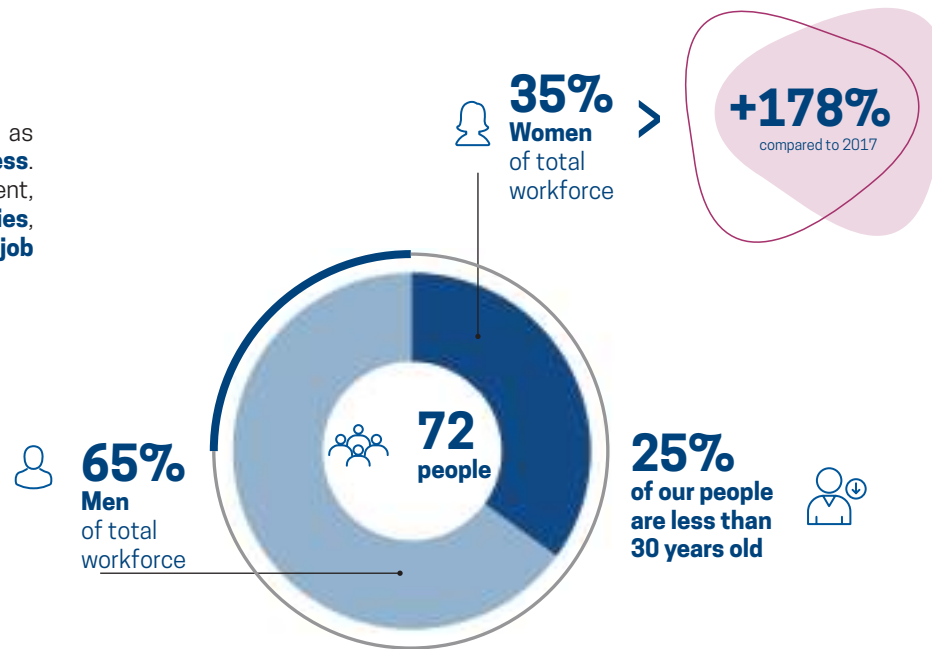
Empowering people  
Value creation for the community

38  
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# Empowering people

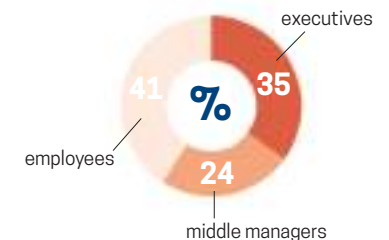
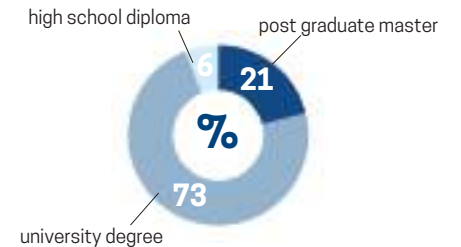
## Social maturity

DeA Capital Alternative Funds values its people as the paramount asset crucial for **business success**. This involves cultivating a positive work environment, offering **career development opportunities**, and providing the necessary tools for optimal **job performance**.



## Our people by education level in 2023

percentage



## Employment

As of 2023, **the company employs 72 people**, an increase on previous years (68 in 2022, 63 in 2021 and 58 in 2020). Women account for 35% of the total workforce.

An encouraging 25% of the workforce is under 30, in line with previous years. This percentage will tend to increase in the coming years thanks to the **numerous initiatives aimed at “young talent”**.

At the end of 2023, 94% of employees hold a **high level of scholarship** through graduate, post-graduate or master’s degree programs.



# Empowering people

## Training

DeA Capital Alternative Funds' commitment towards its people is reflected in the promotion and implementation of training activities 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 2023, besides the training provided to all the employees, **a special ESG and responsible investment training was held for the company**, with the aim of aligning them with all activities and regarding regulatory changes.

Training sessions on cyber security topics were also held during the year for all the employees.

In 2023, each employee received 14 hours of training (including ESG topics), and an additional 40 hours of training on specific topics were provided for all employees.



**14**  
hours of training per employee  
(including ESG topics)

## 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 contracts to fixed-term ones as a means of promoting human resources **retention** and **development**. The well-being of employees is prioritized and the importance of a healthy lifestyle is recognized", for example, in 2023, the company partnered with a network of gyms, offering all employees the flexibility to choose from a range of subscription plans to support their fitness goals. 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 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 to encourage self-awareness of their soft skills, strengths and areas of improvement through a consolidated methodology.



# Value creation for the community



The De Agostini Foundation decided to expand its established ceremony where it presents students in the last year of high school that stood out based on academic merit with a **scholarship**. The competition is organized internally among all children of the employees of the De Agostini Group, and it aims to **support and incentivize students to continue their studies at university**. This year, thanks to the number of valid candidates a **total of eight scholarships** were given out: three had a value of 5.000 Euro whilst five more had a value of **3.000** Euro.



INSIEME PER UN PROGETTO SOCIALE

Every year The "1+1=3 Together for a social project" initiative sponsors projects proposed by employees, focusing on **integrating vulnerable individuals into the workforce**. This year, winning projects include **"Orto dei Sensi"**, offering food-related courses, **"Gerla 2.0"**, providing agricultural job opportunities, and **"Al lavoro per i diritti!"** offering legal counsel to homeless individuals.



During these difficult times, the De Agostini Group, alongside the De Agostini Foundation launched a fundraising campaign to all employees. The final amount raised was **60.000 Euro**, donated from the Foundation to the "CIA Agricoltori Italiani" and to the "Diocesi di Faenza - Modigliana".



# Value creation for the community



The "Global Giving Month" initiative, a month-long program launched by the De Agostini Foundation in collaboration with various associations, coordinates volunteer events for De Agostini Group employees. The objective is to **engage all Group employees** in activities that contribute to supporting those in need. **Over 75%** of the De Agostini Group's workforce participated in this initiative, collectively dedicating nearly 2,500 hours to 11 different associations across three cities: Milan, Rome, and Novara.



## Project "Secondhand" with Comunità Sant'Egidio



The Comunità Sant'Egidio is an international movement dedicated to **assisting and supporting the most vulnerable groups**.

The Secondhand project is born with a dual mission:

- Support for non-profit organizations;
- Reduction of environmental impact by giving a "second life" to materials destined for disposal.

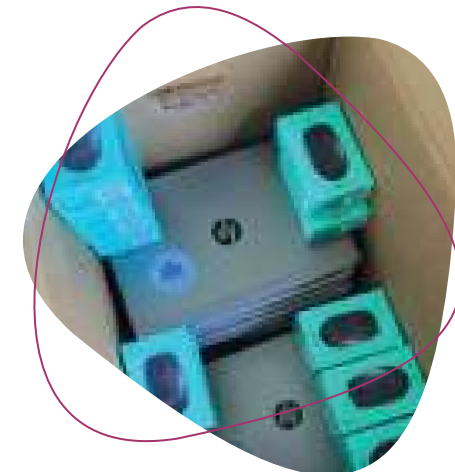
Throughout 2023, DeA Capital strengthened its collaboration with several volunteer organizations by donating unused furniture in excellent condition. These items found new allocation, relieving both non-profit organizations from the costs of purchasing such materials and DeA Capital from the expenses associated with their disposal.



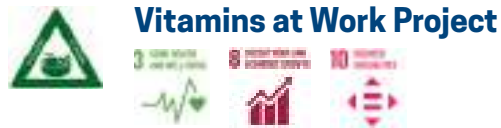
## RigeneraMI Project



DeA Capital has partnered with the Rotaract Club Milano Sforza and the Rotary Club Milano Villoresi to support the RigeneraMI Project. They **donated 20 unused PCs** to refurbish and donate to those in need, primarily young people. RigeneraMI aims to provide technological support to non-profit organizations and individuals while reducing environmental impact by refurbishing PCs, tablets and smartphones. **This initiative aligns with the UN 2030 Agenda for Sustainable Development**, focusing on responsible consumption and production to address environmental concerns.



# Value creation for the community



## Vitamins at Work Project

The Vitamins at Work project stems from the desire to provide the DeA Capital staff with a **healthy and tasty break**. The commitment of DeA Capital for 2023 resulted in the delivery of almost 2 tons of fresh fruit, primarily sourced from Italy.

DeA Capital has partnered with the Improntas Group as part of the Vitamins at Work project, aimed at **supporting individuals with disabilities**. The Gruppo L'Impronta mission is to empower disabled individuals by creating educational relationships and providing employment opportunities through initiatives like the social cooperative Via Libera.

**2,000 kg**  
+35% vs 2022



## Green Mobility

DeA Capital strengthens its commitment to promoting a culture of **sustainable mobility** by encouraging the use of public transportation and advocating for the purchase of hybrid company vehicles. More than half of the company's fleet consists of mild-hybrid, plug-in hybrid, or full-hybrid models.

In 2023, DeA Capital Group decided to study the daily commuting habits of employees and their propensities to change. This is why the Home-Work Travel Plan 2023 was conceived. The **Home-Work Travel Plan** is a document to study corporate mobility in order to be able to make effective decisions to improve home-work travel, to have a positive impact on the environment and to develop corporate awareness by positioning itself among the companies with zero environmental impact.



## Green Coffee Break

DeA Capital strengthens its commitment to promoting responsible and sustainable coffee consumption by joining the project **"Da Chicco a Chicco"** promoted by Nespresso, which involves:

- Separating used coffee grounds from aluminum capsules;
- Transforming used coffee grounds into compost;
- Using the compost for rice production;
- Purchasing the rice produced by Nespresso and donating it to the Food Bank of Lombardy and Lazio.





**THE ESG FRAMEWORK  
ARTICULATED IN THE  
VARIOUS AREAS AND  
BUSINESS PROCESSES**

**4**

**RESPONSIBLE INVESTING**

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# ESG framework

## Background

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 DeA Capital Alternative Funds is aware that investing in people and training is the key to increase the value of its activities over the years.

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. It is updated every year in order to deal with the continuous regulatory updates.

The Value Creation Tool (“VCT”) used for our funds highlights the evolution of KPIs and key metrics during in the last years by collecting half-yearly data from the portfolio companies. Moreover, starting from H2 2022, the Principal Adverse Impact Indicators are taken into consideration within the VCT. In 2022 DeA Capital Alternative Funds has been fully committed to define, measure, and analyze its environmental KPIs and metrics at SGR level.

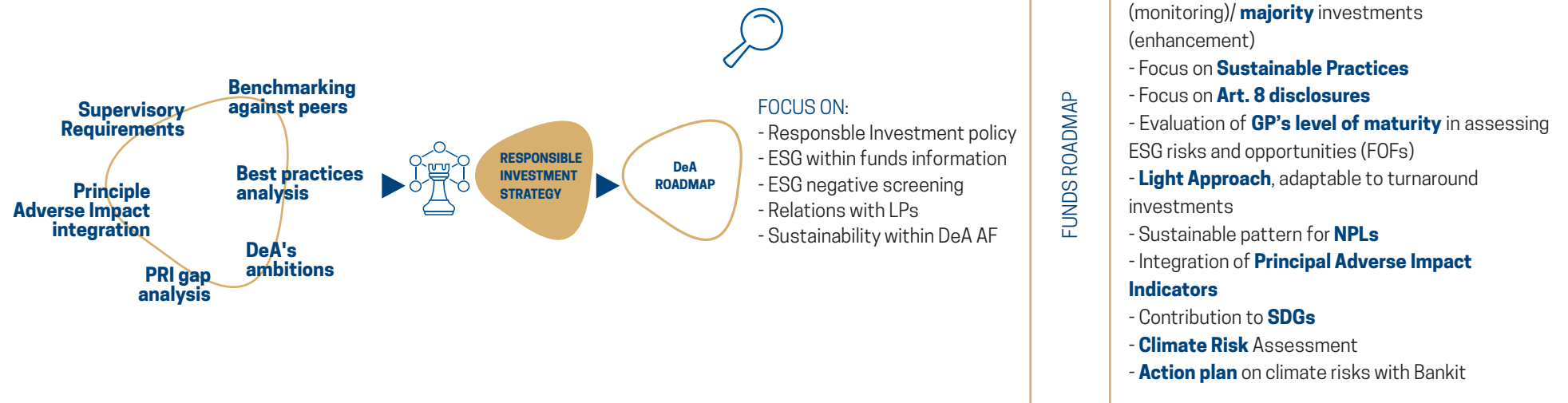
In 2023 Climate risk assessments were undertaken for both Article 8 and Article 6 Funds, showcasing a proactive stance towards mitigating potential climate-related risks. DeA Capital Alternative Funds seamlessly incorporates evaluations of climatic and environmental risks into fundamental procedures, ensuring compliance with regulatory standards set forth by Banca d'Italia.



# ESG framework

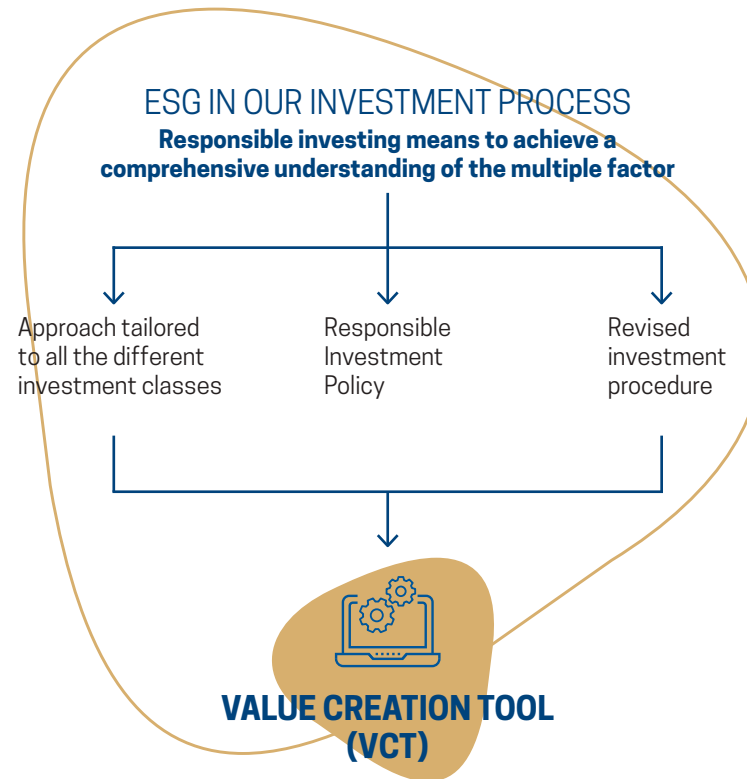
## ESG Framework

The development of the **ESG framework**, initiated in 2019, has seen inputs gathered from Investor Relations, Compliance Officer, and Investment teams. Sector trends, investors' expectations, and PRI recommendations were analyzed, alongside benchmarking with responsible investment practices internationally. This collaborative effort resulted in the **formulation of tailored ESG road-maps for various types of investments: private equity direct investments, indirect investments** (funds of funds), and turnaround funds. These road-maps now serve as the foundation for our **SGR's formal integration of ESG considerations** into the investment process and governance.



# ESG in the investment process

**Responsible investing extends beyond mere compliance with regulatory norms. It involves gaining a holistic understanding of various factors influencing the investment portfolio, recognizing underlying risks and opportunities. The goal is to maximize long-term value sustainably.**



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, our proprietary analytics system designed for **analyzing** and **monitoring** individual portfolio company data, is **tailored** for each fund and investment company. This customization ensures that both qualitative and quantitative Key Performance Indicators (KPIs) align with the **specific industry characteristics**.

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

Each phase of the investment lifecycle is reconsidered from an **ESG point of view**.

# ESG in the investment process

## ESG approach implementation along investment phases

### Pre-Investment

Direct investments (Private equity, special situation funds)  
Through the ESG tool the ESG champion selects the material topics  
- Majority investments undergo ESG Due Diligence  
- Minority investments utilize a tailored questionnaire for periodic updates

Client solution (funds of funds, managed accounts)  
- ESG Champions assess potential General Partners (GPs) using a questionnaire and public information to gauge their ESG awareness, integration, and commitment.

**Each portfolio company appointed an ESG Manager in 2021 who collaborates with DeA Capital AF**

### Ownership

Direct investments (Private Equity, Special Situation Funds)  
- By 2020, all direct investments report ESG KPIs. By 2021, majority investments develop ESG action plans, monitored by the ESG Champion.

Client solution (funds of funds, managed accounts)  
- The ESG Champion monitors investment ESG performance by reviewing annual GP-provided information and engaging with them to communicate DeA Capital Alternative Funds' ESG strategy.

**DeA Capital Alternative Funds ensures incident identification and resolution through Board representation and active management by Investment Teams. All investments must submit annual ESG reports.**

### Exit

Direct investments (Private Equity, Special Situation Funds)  
- In the divestment phase, DeA Capital Alternative Funds prepares a Memorandum consisting in a summary of main ESG information.

Client solution (funds of funds, managed accounts)  
- An ESG assessment tracks performance enhancements and residual risks throughout ownership and the ESG champion oversees monitoring during the investment lifecycle, ensuring ESG considerations are integrated into exit processes.

# Compliance and risk management process

The **European Commission's Sustainable Action Plan** is introducing **new regulations to incorporate sustainability considerations** into existing directives and regulations. Notably, **Regulation (EU) 2019/2088**, known as the Sustainable Finance Disclosure Regulation (SFDR), came into effect on March 10, 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 risk management activities, **the analysis of ESG factors is integrated into the entire process** and considers the peculiarities of the investments, for each asset class of managed funds:

- At establishment of a new fund, ex-ante estimation of the impact of sustainability risks in relation to fund performance.
- 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 the 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.

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 remains vigilant to regulatory and contextual shifts. New regulatory measures play a pivotal role in enhancing awareness of ESG topics and prompting industry-wide action. The fund management **actively defines indicators and metrics** to assess potential negative impacts, closely monitoring evolving regulatory frameworks. Consequently, the fund **commits to providing timely updates on these aspects**.

# Compliance and risk management process

## “ARTICLE 8” INVESTMENT FUNDS (REGULATION (EU) 2019/2088)

**Taste of Italy 2, Sviluppo Sostenibile** and **Flexible Capital Fund** 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. All 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.

**Portfolio managers select key Environmental or Social indicators** with the aim of improving these indicators during the fund entire lifetime, in particular:

- **Taste of Italy 2** promotes: (i) fighting climate change; (ii) resource efficiency and circular economy; (iii) employee growth, health and well-being; (iv) Diversity, Equity & Inclusion.
- **Sviluppo Sostenibile** promotes: (i) definition of energy efficiency strategy of investee companies; (ii) reduction of gender pay gap; (iii) adoption of the highest standards of health and safety on the workplace; (iv) development of welfare programs.
- **Flexible Capital** promotes: (i) improvement of knowledge and skills of employees; (ii) supporting growth and development of local communities; (iii) ensuring equality and rejection of any form of discrimination; (iv) improvement of energy efficiency.

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

## “ARTICLE 9” INVESTMENT FUNDS (REGULATION (EU) 2019/2088)

DeA Agro II was established in 2023 but will be officially launched in 2024.

DeA Agro II is a fund classified as an **Article 9** fund under the Sustainable Finance Disclosure Regulation (SFDR). Article 9 funds are investment products that promote environmental or social characteristics, or have a sustainable investment objective, according to the SFDR. These funds are specifically designed to have a **substantial positive impact on sustainability factors** and are subject to stricter disclosure requirements compared to other types of funds. DeA Agro II adheres to these rigorous standards, emphasizing its commitment to sustainability and responsible investing practices.

The Fund aims to make sustainable investments that contribute to **mitigating** climate change, **adapting** to it, **preventing**, and **reducing** pollution, as well as **protecting and restoring** biodiversity and ecosystems. In particular, the Fund's sustainable investments target the decarbonization and increased resilience and efficiency of the Italian agricultural and agri-food sector, ensuring access to healthy products for people and the environment, while simultaneously promoting social characteristics, in line with the ESG strategy specifically defined by the asset management company for the Fund.

The Fund also promotes the following **social characteristics**:

- (i) training aimed at qualification and professional development;
- (ii) improvement of working conditions and worker well-being;

The aim of all funds is to exclusively support companies dedicated to perpetuating their investments and operations in a sustainable manner.

# Principle Adverse Impact Indicator Disclosure

As part of the **European Sustainable Finance Action Plan, financial market participants** (FMPs) that offer financial products in the EU are required to **comply with the Sustainable Finance Disclosure Regulation (SFDR)**, which has been introduced in phases, starting March 10, 2021. **The aim is to increase market transparency and direct capital to more sustainable businesses.**

The principal adverse impacts (or PAIs) are essentially a **set of mandatory indicators and metrics** designed to show financial market participants how certain investments pose sustainability risks. Under these new rules, fund managers, financial advisors and other financial institutions will have to collect ESG data and disclose any sustainability risks associated with their investments and financial products.

The reporting requirements cover the entity and product level, with entities consisting of a company's policies and decision-making on sustainability risks. Financial products include (but are not limited to): investment and mutual funds, UCITS, insurance-based investment products, private and occupational pensions, insurance, and investment advice.

## Entity level disclosures (Article 4 SFDR)

These disclosures are **based on a “comply or explain” principle** urging FMPs to indicate whether they consider the principal adverse impacts on sustainability factors of their investments and include a statement on their due diligence policies with respect to such impacts. FMPs which do not consider PAIs must explain the reasons being their decision and, where relevant, whether they will consider them in the future. The **first entity level PAI reports were due in June 2023**, based on the reference period of January 1st 2022 to December 31st 2022.

Hence, (and starting in June 2023) by 30 June each year financial market participants shall publish the information referred to paragraphs 1(a), 2, 3 and 4 of Article 4 of the SFDR on their websites.

The SGR maintains its "explain" approach and reaffirms this stance regarding the PAI discipline, though with actions aimed at achieving compliance in the medium term.

## Product level disclosures (Article 7 SFDR)

**From December 30 2022, FMPs** which consider **PAIs** on sustainability factors will be **required to disclose how each of their financial products considers such impacts in their pre-contractual disclosure documents**. FMPs which do not consider principal adverse impact will be required to explain the reasons for that decision in their pre-contractual disclosure documents, effective from 10 March 2021.

Product level disclosures must be included in a firm's relevant pre-contractual disclosures and periodic reports.

The SGR initiated monitoring of active PAIs for the three Article 8 funds. In January, a disclosure was prepared covering the period up to December 31, 2023, marking the first informative report on the PAIs for the Article 8 funds. This report provided an initial overview of the PAIs.



# Principle Adverse Impact Indicator Disclosure

## DeA Capital Alternative Funds Commitment

In order to easily deal with the regulatory requirements, DeA Capital Alternative funds made an enhanced of its Value Creation Tool, introducing the Principal Adverse Impact Indicators to report the necessary data for each of its Funds, including several sector specific KPIs which may vary depending on the Fund.



### General Data (Mandatory) KPIs

- Initial investment in the Company
- Current value of investment
- Investment Shares
- Enterprise Revenues
- Enterprise Value



### Environmental (Mandatory) KPIs

- Total GHG emissions
- Total Scope 1 GHG emissions
- Total Scope 2 GHG emissions
- Total Scope 3 GHG emissions
- Total electricity consumption from non-renewable sources
- Electricity consumption from renewable sources
- Self-generated electricity
- Total natural gas consumption
- Total LNG (Liquefied Natural Gas) consumption
- Total LPG (Liquefied Petroleum Gas) consumption
- Total fuel oil consumption
- Other non renewable fuel consumption (e.g. coal)
- Total Renewable Gases (e-fuels, green hydrogen...)
- Total Bio Fuels (biogas, biomethane...)
- Heating purchased (i.e. District heating)
- Cooling purchased (i.e. District cooling)
- Is the Company active in the fossil fuel sector?
- Does the Company operate premises located in biodiversity-sensitive areas, having negative impacts on such areas?
- Does the Company operate in or near a high impact climate sector, as defined by Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council?
- Total hazardous waste generated
- Total non hazardous waste generated
- Does the Company have water management policies in place?
- Tonnes of emissions to water of priority substances



### Social & Governance (Mandatory) KPIs

- Female board members
- Male board members
- Unadjusted Gender Pay Gap
- Number of work-related injuries
- Lost days due to work-related injuries
- Has the company been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises?
- Has the company put in place some policies to monitor compliance with the UNGC principles or the OECD Guidelines for Multinational Enterprises?
- Is the company involved in the manufacturing or selling of controversial weapons?

# Value Creation Tool

## Value Creation Tool Alternative Funds

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

In 2022, a KPI section was integrated with the aim to collect data for the calculation of the 14 mandatory Principle Adverse Impact (PAI) indicators plus some sector specific indicators that the funds report within the data tool to deal with the SFDR regulation.

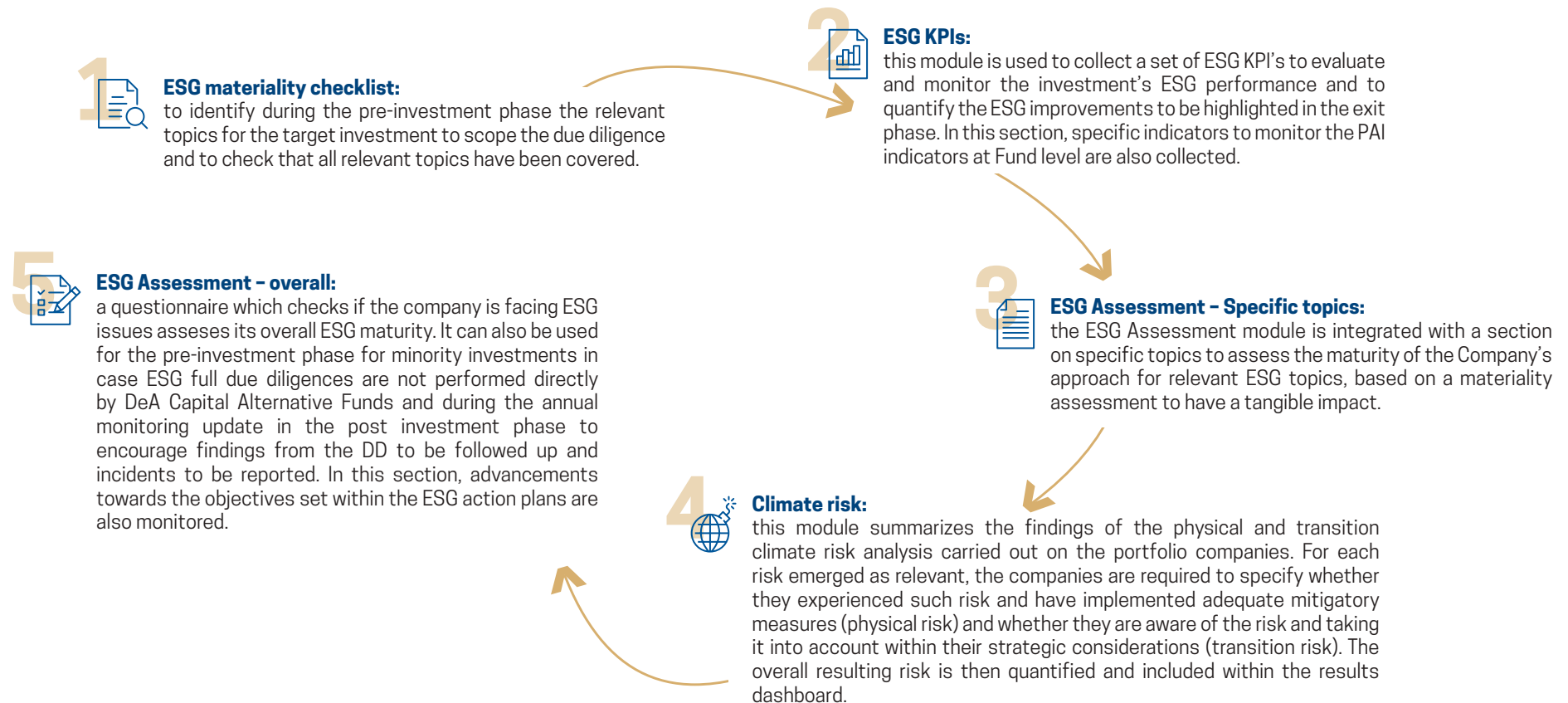
In 2023, a climate-related risk section of the tool was developed, with the aim to gather relevant information from the portfolio companies on their **climate-related risk exposure** and **mitigation measures** (refer to Climate Risk section for further information). Furthermore, the VCT was supplemented in 2023 to include questions to assess climate and environmental risks.

### DETAILS OF VALUE CREATION TOOL SUMMARY RESULT OF OVERALL MATURITY

ESG TOOL			
	Activity - ESG checklist	Timeframe	Coverage
NEXT STEPS	1. - Identify the <b>relevant topics for the Target investment</b> - For the <u>investments for which an ESG due diligence is performed</u> , <b>verify all relevant topics are covered.</b>	Pre-investment	All
	2. Activity - ESG Due Diligence Check if the Company is <b>facing major ESG issues</b> and <b>assess the overall maturity of the Company</b>	- Pre-investment - Annual update post-investment	All
	3. Activity - ESG Specific Topic Check the <b>maturity of the Company's approach</b> for relevant ESG topics	- Pre-investment - Annual update post-investment	All
	4. KPIs Collect relevant KPIs for PCs	Post investment	All

# Value Creation Tool

The ESG tool consists of 5 modules:



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. This section introduced the 14 principle adverse impact indicators for reporting data from the SFDR.

# Value Creation Tool

## The materiality checklist of Value Creation Tools

As part of the ESG tool utilized during pre-investment screening and due diligence phases, DeA Capital Alternative Funds may assess the target company across various ESG topics. Each topic is accompanied by **guidance questions** to aid the investment team in **assessing its significance**. Moreover, these topics are **linked** to **Sustainable Development Goals (SDGs)** where the firm believes it can actively contribute and effect change through consistent and programmatic 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

- 6 7 12
- 15
- 7
- 7 13
- 6
- 3
- 3
- 14 15 3
- 12 15
- 6 14
- 12 2
- 6 14 15 3
- 12
- 14 15
- 13

### 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

### SDGS

- 5 8 10
- 4 5 8 10
- 3
- 17
- 3
- 3
- 3 9 11 12 7

### GOVERNANCE

- Supply chain management

- 5 8 17

# Overall ESG Maturity Results

DeA Capital Alternative Funds has demonstrated a robust commitment to **enhancing its sustainability practices**, with a particular focus on essential ESG aspects. By gathering semi-annual data from their portfolio companies, the VCTs reflect the progression of KPIs and significant metrics through **2022 and 2023**.

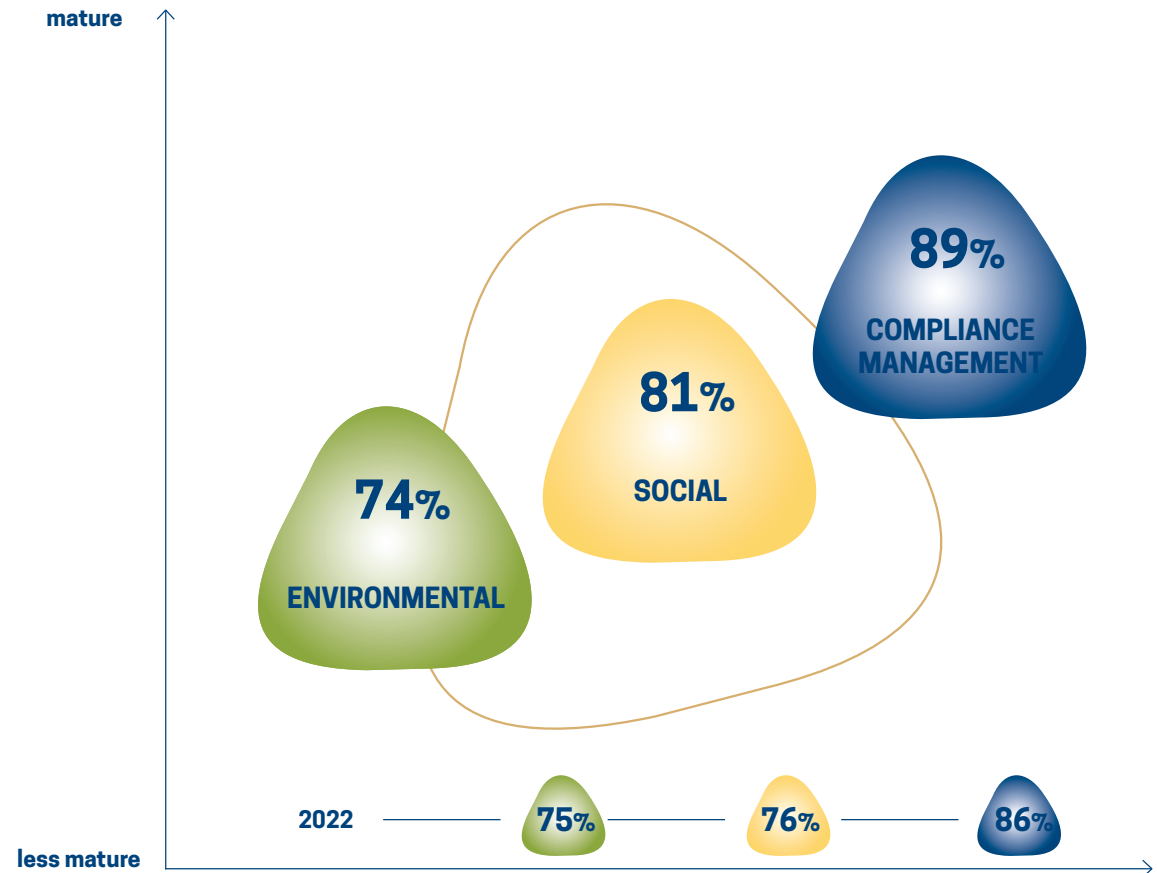
On the environmental front, DeA Capital Alternative Funds diligently works to progressively improve the Carbon Footprint for both the Asset Manager and its stakeholders. The company also recognizes the critical role of investing in employee training and development to enrich the value of its operations over time. In 2023, DeA Capital Alternative Funds was actively engaged in defining, measuring, and analyzing its environmental KPIs and metrics at the Asset Manager level.

The compliance management process, which ensures adherence to industry-specific health and safety standards, was reported at **89%**. Furthermore, the VCT for the direct funds was consolidated by considering all their portfolio companies, showing an **Environmental Maturity average of 74%** and a **Social Maturity at 81%**.

Quantitative data are calculated using a weighted average of the value of each Key Performance Indicator (KPI) included in the Environmental part of the questionnaire, such as GHG Scope 1 Emissions. This is done by considering the proportion of each company's value within the fund's AUM and adjusting it against the company's revenues. For the Agro fund, this adjustment is not made against revenues as most companies are startups without revenue.

Qualitative data are determined by calculating the simple average maturity of each company across various ESG dimensions.

Compared to 2022, the number of companies under DeA Capital Alternative Funds changed, since some were acquired while others were sold. Therefore, **the companies that were evaluated in 2023 are not identical to 2022**.



## OVERCOMING UNPREDICTABLE CLIMATE RISKS



### CLIMATE RISK

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A climate risk analysis: project methodology	58

# Taking care of climate risks

DeA Capital Alternative Funds has always **prioritized climate issues**, recognizing their significance in European and Global policies. The commitment to environmental concerns extends to portfolio companies through ongoing initiatives and thorough climate assessments. In early 2022, the Bank of Italy distributed a self-assessment questionnaire on climate and environmental risks to various financial intermediaries, including DeA Capital Alternative Funds. Subsequently, these intermediaries were requested to implement a three year ESG action plan. DeA Capital Alternative Funds has responded to this directive by **developing and submitting its plan by the required deadline of March 31st, 2023.**

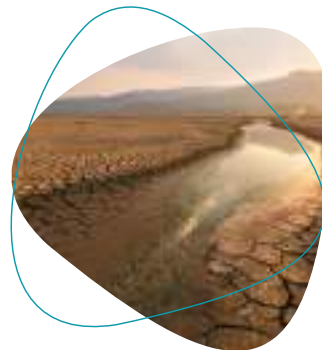


# A climate risk analysis: project methodology

In 2023, DeA Capital Alternative Funds voluntarily initiated a project to evaluate climate risks, in response to requests from the Bank of Italy. Portfolios compliant with **SFDR Article 8 underwent a comprehensive Climate Risk Assessment using a specialized platform**, offering detailed insights into relevant climate-related risks and opportunities within the funds' portfolios. Meanwhile, funds aligned with **SFDR Article 6 underwent a High-level Climate Screening** based on international and publicly available databases. This screening provided an overview of potential risks and opportunities for the portfolios, rather than a detailed assessment. When fully implemented, climate and environmental risk assessments will be conducted ex-ante at the due diligence stage for each new investment.

Two categories of **climate related exposure** are considered in the Climate Portfolio Screen:

**1** **Transition:**  
risks and opportunities associated with the low carbon economy transition



**2** **Physical:**  
risks and opportunities associated with changing physical climate, with the potential to physically damage infrastructure, assets and people. Can be both acute and chronic.

# A climate risk analysis: project methodology

## Climate risk categories: physical and transition risk

Two categories of climate-related exposure are considered in the Climate Portfolio Screen:

### 1 Transition:



#### OPERATIONAL COMPLIANCE

Evolving legal requirements on international, national and regional level, implying new costs.



#### MARKET & TECHNOLOGY

Reduced market demand for high carbon products and commodities. New technologies disrupt markets.



#### BRAND & REPUTATION

Growing expectations for responsible conduct from stakeholders. Risks for reputation, brand value and trust in management.

### 2 Physical:



Extreme Heat



River and coastal flooding



Extreme Cold



Extreme rainfall flooding



Tropical cyclones



Rainfall induced landslides



Wildfires



Water stress & drought

## Reference Frameworks

The Climate Portfolio screen was carried out in accordance to a series of internationally recognized frameworks:

**Task Force on Climate-Related Financial Disclosures (TCFD):** Global initiative established by the Financial Stability Board (FSB) to develop a set of recommendations for companies and organizations to disclose information on the risks and opportunities posed by climate change.

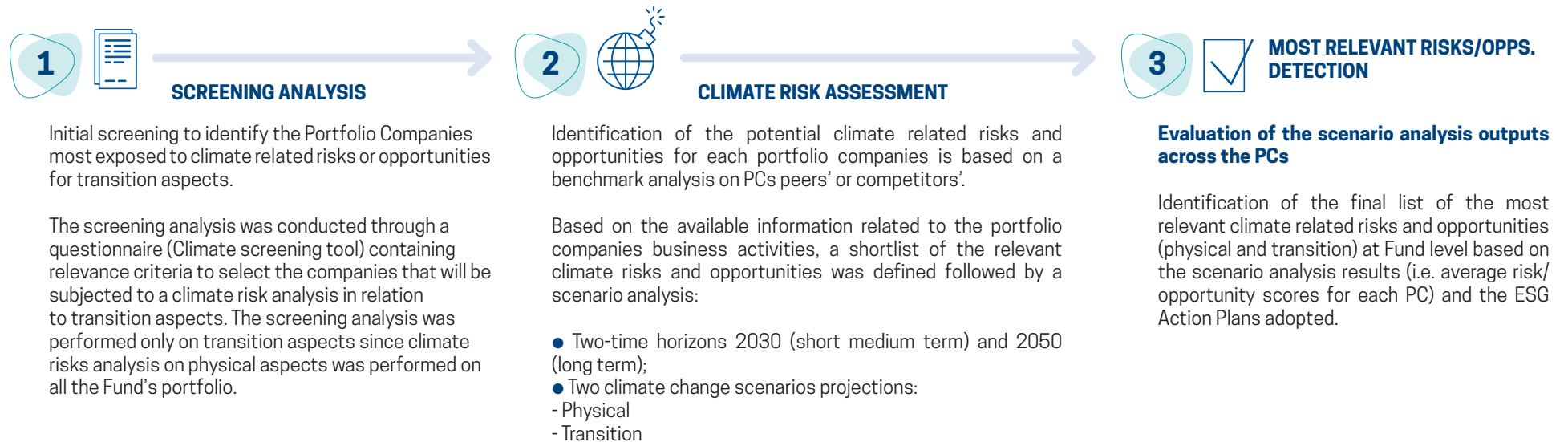
**Climate Disclosure Project (CDP):** Non-profit organization encouraging companies to disclose climate-related impacts. Where available, the context analysis was based on CDP Questionnaire responses.

**IPCC and IEA:** Scenario analysis performed were based on scenarios from the Intergovernmental Panel on Climate Change, a UN body providing scientific assessments on climate change impacts and adaptation, and the International Energy Agency, an intergovernmental organization providing research and analysis on energy policy, markets, and technologies to promote sustainable energy systems.



# A climate risk analysis: project methodology

## Overall approach to perform the climate risk assessment



# A climate risk analysis: project methodology

## Approach to performing the Climate High Level Screening

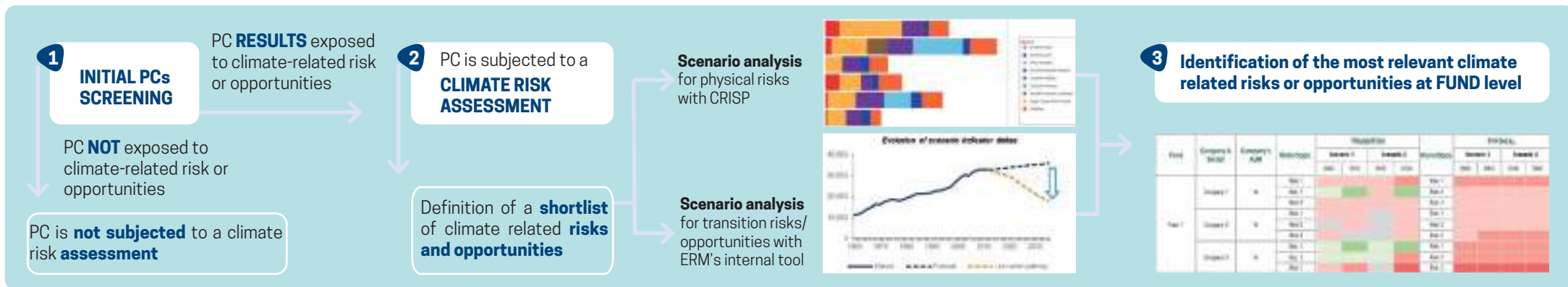
### TRANSITION SCREENING ANALYSIS

Initial screening to identify the Portfolio Companies most exposed to climate related risks or opportunities for transition aspects. The screening analysis is conducted through a questionnaire

### PHYSICAL RISK ANALYSIS

Locations of each PC site are gathered, and the NACE code which indicates the type of economic activity carried out by the Company is associated to the type of operations carried out. Public datasets are then consulted, and the resulting hazard score is assigned to each physical hazard typology. At that point, each NACE code automatically adjusts the hazard score associated to chronic hazards based on vulnerability considerations.

Finally, the combination of hazards scores and vulnerability considerations is associated to the percentage of the current investment value of the PC, which is representative of DeA's exposure to the risk.





**ADAPTING ESG PRINCIPLES  
TO THE DIFFERENT NEEDS OF  
PORTFOLIO COMPANIES**

6

**OUR INVESTMENT FUNDS**

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## IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Flexible Capital Fund

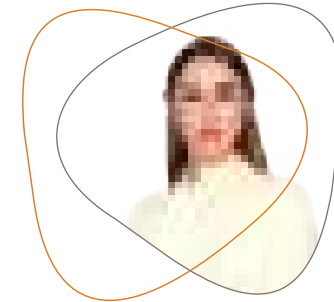
Client Solutions (Funds of Funds)

NPL

# IDeA Taste of Italy

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**.



**ESG CHAMPION**  
SILVIA MOFFA  
Analyst

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# IDeA Taste of Italy | ESG highlights



## ENVIRONMENTAL



Wisecap - **Silver medal** obtained on the **EcoVadis** platform



Wisecap - relocation of the Florence site facilities to Piacenza resulted in a **reduction of energy consumption by approximately 10%**



## SOCIAL



Alice Pizza - continues its collaboration with Too Good To Go, selling **45%** of unsold food through the app



Wisecap - carried out and passed the **Sedex Smeta audit**



Alice Pizza - engagement with Italian NGOs for the **search and selection** of personnel representing **marginalized individuals** seeking employment strengthened



## GOVERNANCE



Turatti - **smart working** policy maintained for 2023



Wisecap and Turatti- have a **Code of Ethics**



**All companies** have an Organizational Model ex D.Lgs 231/2001

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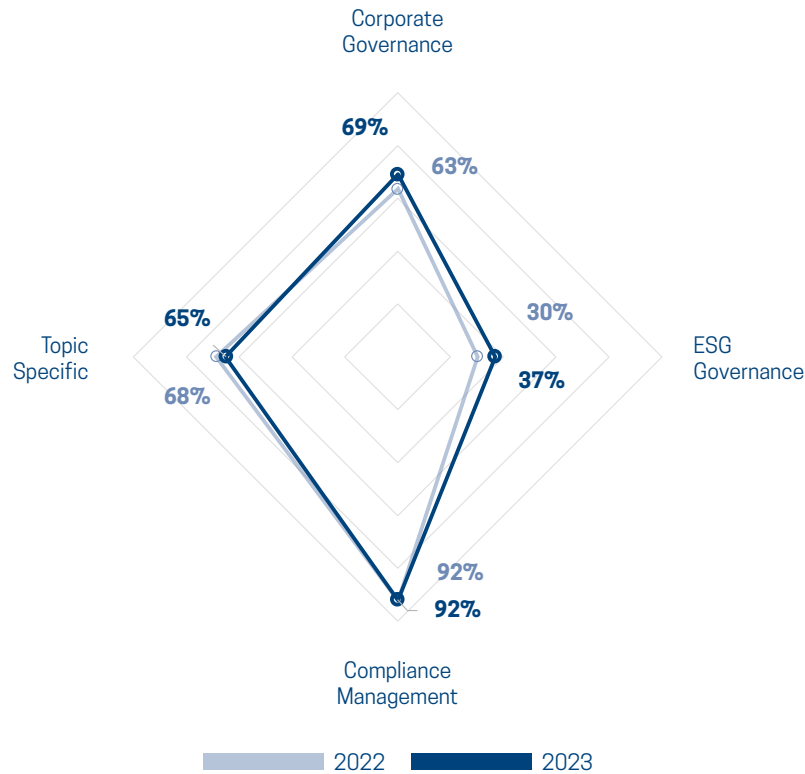
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# IDeA Taste of Italy

## VCT ESG Maturity results

### OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

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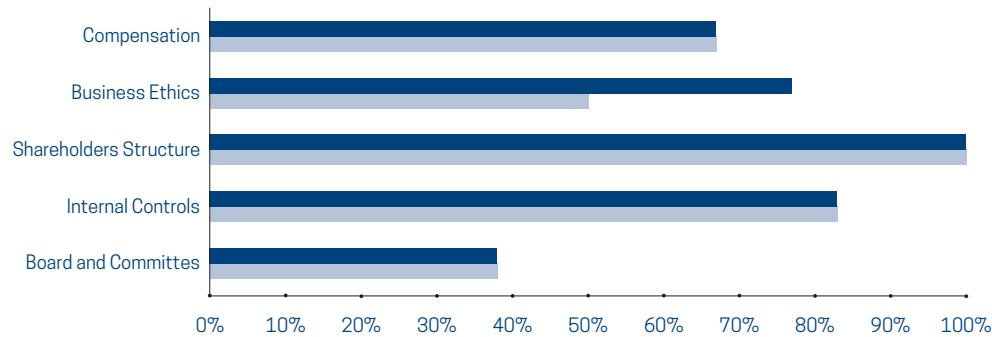
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# IDeA Taste of Italy

## VCT ESG Maturity results

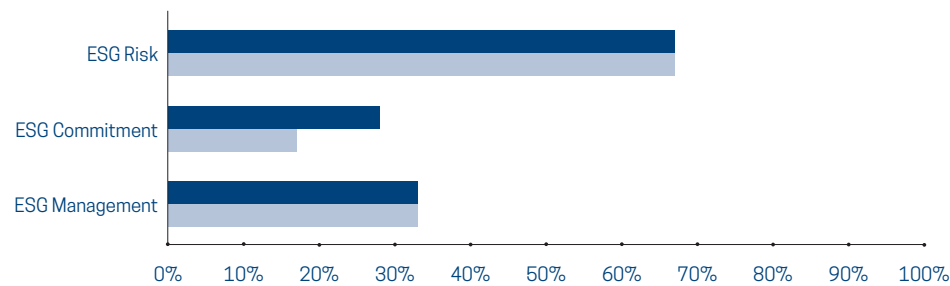
### 1. CORPORATE GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- 2 out of 3 companies link remuneration with company performance
- 2 out of 3 companies have CEO and Chairman as the same figure
- 2 out of 3 companies have <20% independent board members
- All companies have a Board of Auditors
- All of the companies adopt the Organizational Model ex D.Lgs 231/2001

### 2. ESG GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- Most of the companies partially include the ESG risk in the risk management
- 2 out of 3 companies do not have an ESG policy
- 2 out of 3 companies implement CSR initiatives
- 2 companies have a responsible for ESG related topics

2022 2023

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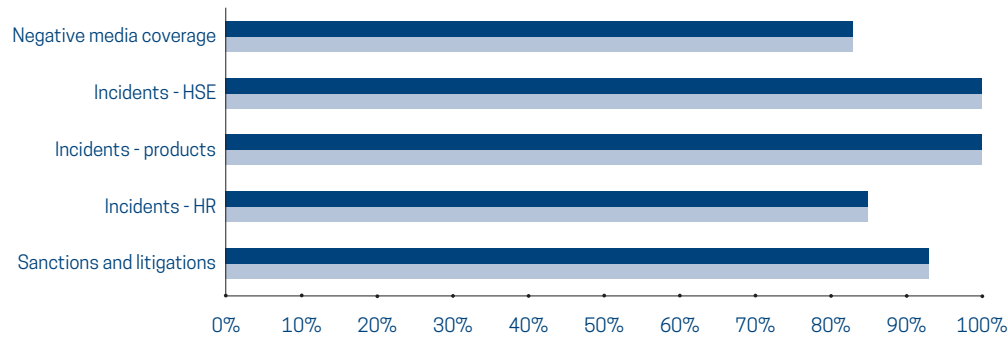
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# IDeA Taste of Italy

## VCT ESG Maturity results

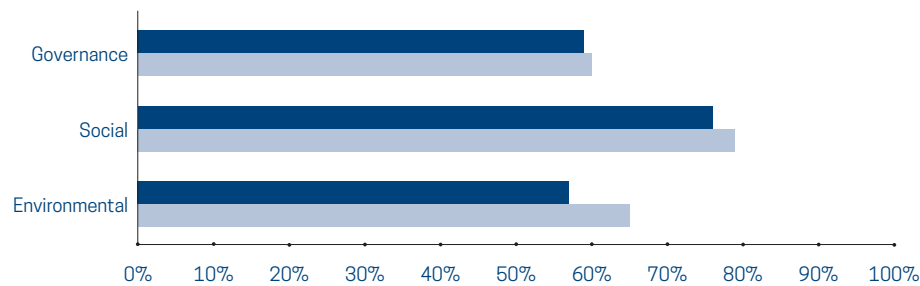
### 3. COMPLIANCE MANAGEMENT (2022 VS 2023)



#### Key Highlights:

- Most of the companies have a compliance monitoring system
- None of the companies have received claims
- Only one company have a high turnover
- None of the companies had product recalls
- None of the companies were subject to negative ESG campaigns

### 4. TOPIC SPECIFIC ( 2022 VS 2023)



#### Key Highlights:

- Only one company has certifications specifically regarding product and service quality
- 2 out of 3 companies have procedures/ policies for Health & Safety and Quality
- All companies have a person responsible for different ESG issues and topics

2022 2023

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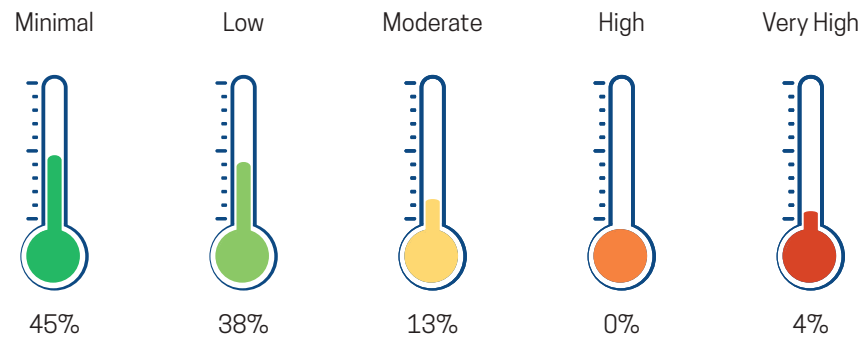
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# IDeA Taste of Italy

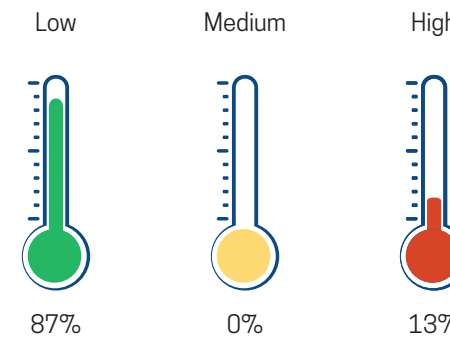
A **Light Climate Risk assessment** has been carried out for all **Article 6 Funds**. The analysis aimed to assess **physical** and **transition** risks faced by Portfolio Companies (PCs) in the Funds. Questionnaires were developed to **screen exposure to climate risks** based on **geographic location and sector**. Results were aggregated at the Fund level to evaluate portfolio exposure. The percentages show the physical (average of current and future) and transition risk exposure of the TOI 1 portfolio in terms of percentage of investment value.

## Physical Risks



- The greatest physical risk currently faced by companies is Wildfires, which is the only risk considered as Very High.
- The companies are also exposed to a Moderate level of various other risks, mainly Rainfall-induced landslides. These remaining identified risks represent 13% of the portfolio risks.

## Transition Risks



- The Funds' portfolio companies emerged as highly exposed to the risks of "Brand & Reputation" due to some of the PCs presence in a sector highly exposed to public scrutiny.
- Some of the companies may result as energy intensive with potentially high-emission suppliers.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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# IDeA Taste of Italy



## 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. Wisecap produces over 12 billion closures annually.**



Investment  
**MARCH 2017**

Wisecap prioritizes environmental sustainability, consistently investing in research and development focused on lightweight closures and innovative products. Their objective is to minimize energy consumption and streamline the process of collecting and recycling plastic goods. These endeavors ensure Wisecap's adherence to environmental regulations and position the company as a leader in reducing carbon footprint.

### Main ESG initiatives implemented by Wisecap in 2023 were:

- Product line conversion according to EU Directive 2019/904 - SUP (single use plastic). In fact, from July 2024 caps will only be allowed to be placed on the market if they remain attached to the containers for the duration of use. The purpose of the decree is to prevent and reduce the incidence and dispersion of certain plastic products in the environment, particularly in the aquatic environment;
- Silver medal obtained on the Ecovadis platform;
- Obtained ISCC Plus certification, a voluntary certification for the implementation and certification of sustainable supply chains, thus certifying that Wisecap can use bio-based, circular (fossil-based) and renewable raw materials in its process, guaranteeing their traceability along the entire supply chain;
- Adhesion to the OCS (operation clean sweet) or zero pellet loss program, which is a voluntary initiative encouraging companies to implement and harmonize measures to prevent plastic pellet losses into the environment;
- For a major customer, Wisecap carried out and passed the Sedex Smeta audit - The Smeta audit covers mainly parameters such as ethics and occupational health and safety;
- The relocation of the Florence site facilities to Piacenza resulted in a reduction of energy consumption by approximately 10%.



**ESG MANAGER**  
ANDREA POLITI



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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 marketing feature of Alice Pizza is the lightness of the product. The recipe for the dough, which has remained unchanged for almost 30 years, is in fact based on a reduced quantity of top-quality yeast, which makes the product tasty thanks to the quality of the ingredients, but at the same time easily digestible. The characteristics of Alice Pizza and its products are easily adapted to a sustainable approach.

The most relevant **Alice Pizza's ESG facts & figures in 2023** were:

- Implementation of the organizational model of the Italian Legislative Decree 231/2001;
- 53% of total workforce are women;
- A welfare platform has been established with a result-based bonus mechanism that allocates funds based on the performance of each store;
- With regards to the welfare platform a significant initial investment in communication was made to promote it among employees, followed by proactive outreach to individuals who did not use it to address any encountered issues;
- In 2023 engagement with various Italian NGOs for the search and selection of personnel representing a range of marginalized individuals seeking employment was strengthened, offering training and employment helping their integration in the working environment;
- Ongoing collaboration with "Too Good To Go", an innovative food waste management app that allows distributing unsold products to those in need;
- In 2024, there are plans to implement a survey aimed at identifying staff priorities that can enhance employee experience, such as offering Italian language courses for foreign employees.



**ESG MANAGER**  
GIANLUCA IPPOLITI



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# IDeA Taste of Italy



## TURATTI GROUP

**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.**

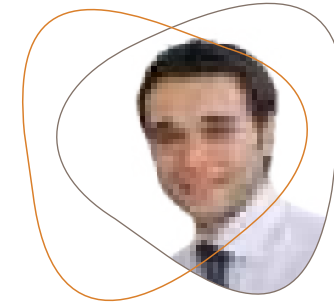


Investment  
**DECEMBER**  
2019

Inspired by the UN's 17 Sustainable Development Goals, Turatti focuses on **sustainable management** of food and energy resources, waste reduction, and responsible consumption. Their **advanced technologies** are designed for durability, fault prevention, and lifecycle optimization, **reducing environmental impact** and lowering costs through waste minimization and efficiency improvement. This approach, starting in the factories and extending to the supply chain, **enhances product quality and shelf life** while **reducing emissions**.

The most relevant **Turatti's ESG facts & figures in 2023** were:

- Relocation to a new BREEAM-certified factory, that enables the production of 80% of the energy required for operations from solar panels;
- At the company statute level, partners collaborated to assess and propose equal pay for different genders, resulting in the adoption of this resolution;
- The two most energy-intensive machines, the laser, and the press, have been upgraded to newer, more efficient models, significantly reducing energy consumption;
- Training sessions covering diverse topics such as sustainability and IT modules were conducted via a web-based platform accessible to all employees;
- The factory has been elevated and equipped with drainage basins encircling it, serving to collect rainwater and prevent flooding, functioning akin to an underground moat capable of containing high water levels;
- All company trucks or vans adhere to Euro 6 or Euro 6.2 standards, signifying a reduction in pollution and fleet size through the retirement of older vehicles;
- The smart working policy introduced in 2022 for all employees was maintained in 2023.



**ESG MANAGER**  
GIUSEPPE PISCITELLI



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IDeA Taste of Italy

## Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Flexible Capital Fund

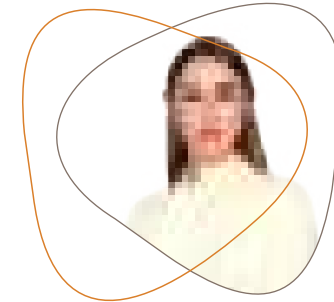
Client Solutions (Funds of Funds)

NPL

# Taste of Italy 2

Taste of Italy 2 fund (Tol 2) invests in the **food & beverage sector** and its **production chain**. Target companies should have between €20 and €200 million in turnover, with good fundamentals, implicit sustainability principles and 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 highly **active stewardship** with the portfolio companies. Taste of Italy 2 aims to invest **up to 30%** in other European markets, in **Spain**.

The fund is classified under **Article 8 of the SFDR** (Sustainable Finance Disclosure Regulation). Idea Taste of Italy 2 invests in a sector that allows the identification of investments that fall within the sustainable principles, sensitive towards stakeholders and with **strong elements of circularity** of the production factors. Many of the identified target companies have already integrated these principles into their business models. Tol 2 management team's objective and commitment is to continue **improving portfolio companies KPIs** identified on both a specific and aggregate basis over time.



**ESG CHAMPION**  
SILVIA MOFFA  
Analyst

Tol

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# Taste of Italy 2 | ESG highlights



## ENVIRONMENTAL



Roscio - waste compactors were installed to minimize volumes and reduce frequency of materials transported, **significantly decreasing CO2 emissions**



Alnut - switched from regular packaging to **recyclable packaging**, using **sustainable materials**



EKAF - produces **mono-component packaging**, previously bi-component, which can be disposed of and recycled in plastic waste



Pizzerias Carlos - transitioned to a **renewable electricity supplier**



## SOCIAL



Alnut - donated an increased number of products to **people in need**



Demetra - Rollout of an **HR welfare initiative**



International Food - confirmed its engagement in local community activities, promoting a mini club dedicated to children with engaging activities.



## GOVERNANCE



EKAF - Board of Directors approved the **implementation of the Model 231** which will be implemented in 2024



Demetra - Launch of a dedicated **Whistleblowing** portal in compliance with regulatory mandates



International Food -adoption of **the Model 231** is underway



Roscio - In 2023 the **Model 231** was implemented, together with the **code of ethics** and **whistleblowing** procedure.

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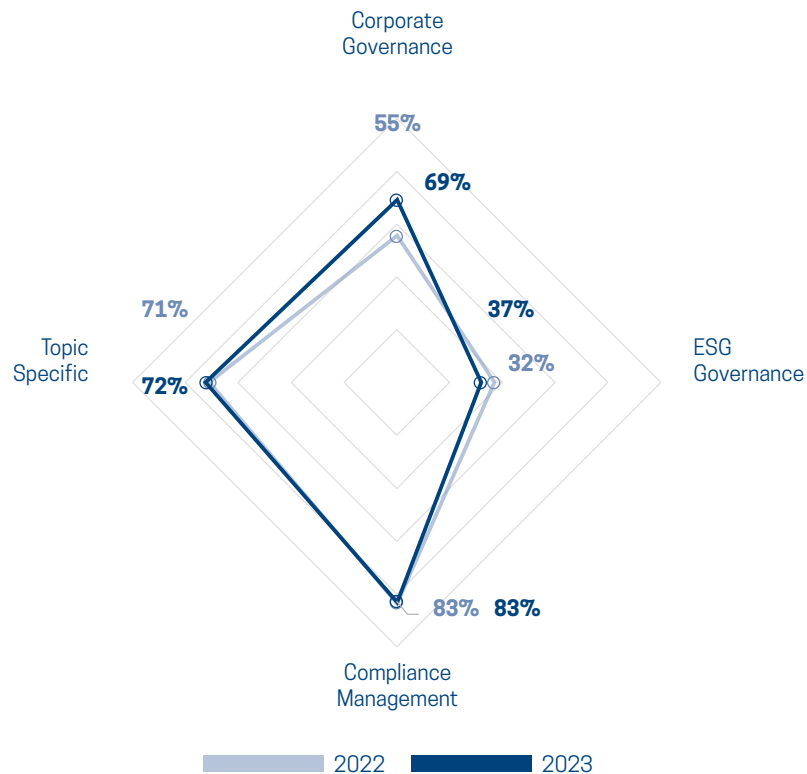
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# Taste of Italy 2

## VCT ESG Maturity results

### OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

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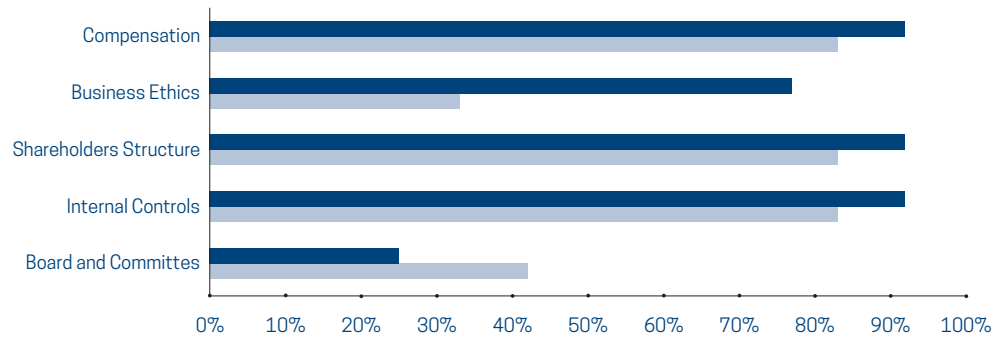
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# Taste of Italy 2

## VCT ESG Maturity results

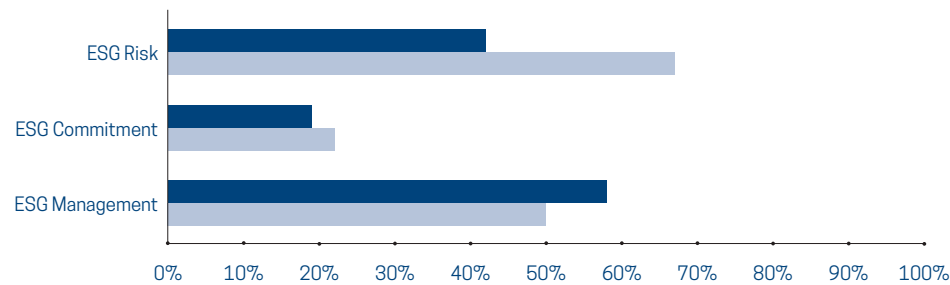
### 1. CORPORATE GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- In most companies the CEO and Chairman are separate entities
- All companies have a % of independent members of the board below 20%
- External auditors are in place in all companies, and whilst most have a Board of auditors
- Improvement of overall maturity from 55% to 68%, especially thanks to the Business Ethics factor

### 2. ESG GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- Half of the portfolio companies have an ESG policy/statement
- Most of the companies did not yet implement any CSR initiatives
- All companies designated at least one person responsible to manage ESG topics, who is, however, in charge of other non related ESG topics as well
- Most companies consider ESG risks at least partially within their risk management plans.

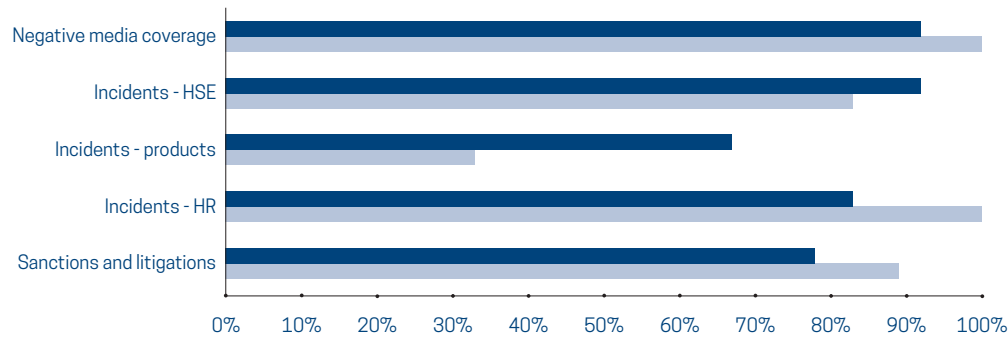
2022 2023

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# Taste of Italy 2

## VCT ESG Maturity results

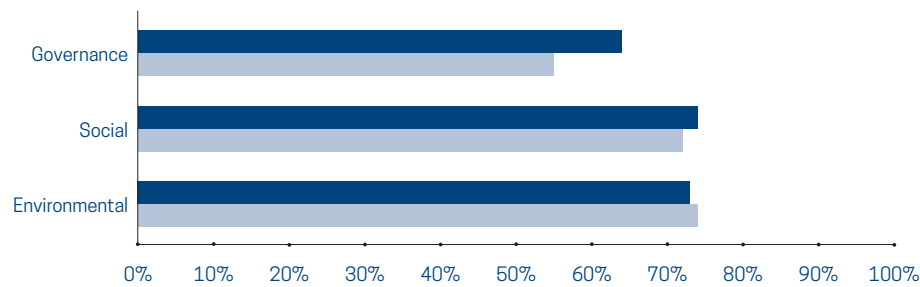
### 3. COMPLIANCE MANAGEMENT (2022 VS 2023)



› **Key Highlights:**

- All the companies have at least a partial compliance monitoring system
- One company had a high turnover rate
- One company had a relevant strike in the last three years
- A single company had soil contamination in the vicinity of the production site which was subsequently taken care of
- A single company was subject to negative ESG campaigns which were handled and resolved

### 4. TOPIC SPECIFIC ( 2022 VS 2023)



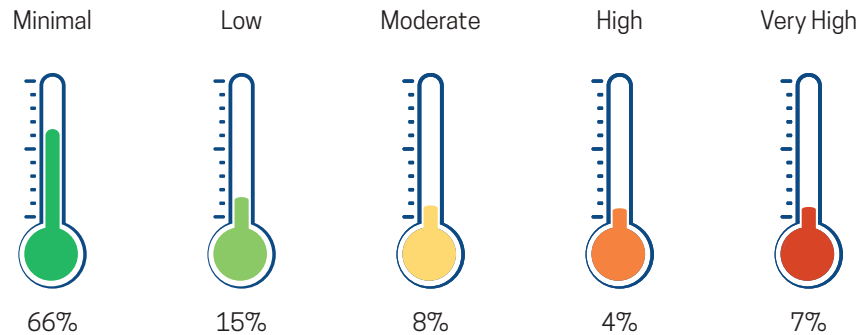
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# Taste of Italy 2

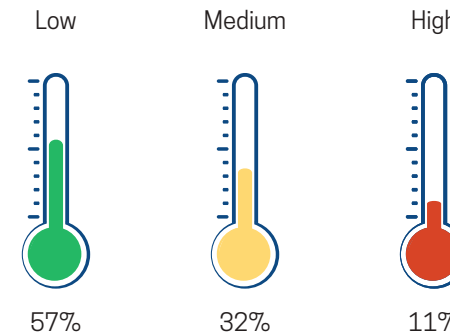
A **Climate Risk assessment** has been carried out for all **Article 8 Funds**. The results indicate the different percentages of risk levels for **Physical Risks** (average of current and future) and **Transition Risks** for the TOI 2 Fund, based on the results of the **scenario analysis** conducted.

## Physical Risks



- Extreme Rainfall, Flooding, Rainfall-Induced Landslides and Extreme Heat are the most significant risks to which some of the Fund's portfolio companies are exposed to.
- The assessment has also identified Wildfires and Water Stress and Drought as two Very High risks within the Fund.

## Transition Risks



- A number of portfolio companies resulted having low, medium and high risk sensitivity to climate transition aspects.
- The companies that are large enterprises operating in the food sector the following risks appear to be more relevant:
  - i) decarbonization of the transport sector;
  - ii) new stricter environmental and climate policies and regulations affecting the companies due to national and european regulations.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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# Taste of Italy 2



## ROSCIO

**Gastronomica Roscio is a market-leading player in the production and distribution of ready-to-eat meals. Roscio product portfolio includes fresh and frozen ready-to-eat meals. The company's clients include Italian and international retailers, as well as market-leading foodservice operators.**



Investment  
**NOVEMBER**  
2020

Roscio has long been the chosen company for renowned international brands, thanks to superior R&D capabilities and higher quality standards. Roscio was the first fund's portfolio company to implement an ESG action plan. The plan was finalized in May 2021.

These are the main ESG actions implemented in 2023:

- The company adopted the Code of Ethics and the Organization, Management, and the Model 231 as a primary initiative in ethical and social areas;
- The Code of Ethics governs corporate behavior, rights, duties, and responsibilities, addressing both external and internal stakeholders, promoting principles of equality, fairness, confidentiality, protection of individuals and the environment, honesty, impartiality, and transparency;
- Waste compactors were installed to reduce volumes and transports, significantly decreasing CO2 emissions;
- In 2023, the company donated 10 tons of food products to charitable organizations and non-profits, effectively curbing waste and diverting it from being discarded.



**ESG MANAGER**  
FRANCO BIAGINI



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# Taste of Italy 2



**Alimentación y Nutrición Familiar S.L. (“Alnut”) is a private label producer of different varieties of baby food, mainly in pouches and pots, sold in the modern trade channel in Spain and Europe.**



Investment  
**DECEMBER**  
2020

Alnut's focus on sustainability has always been a priority for the company substantiated in the definition of an ESG strategic plan approved by the Board of Directors. As a result of this commitment, an internal ESG policy was drafted, an ESG Manager nominated and ESG quarterly meetings were organized.

These are the main ESG actions implemented in 2023:

- Alnut joined a project in 2023 that will end in 2025 in collaboration with a technological institute and another company to develop a system to improve the recyclability of the multilayer film they use to seal their plastic pots. The project aims to develop a procedure to separate the various layers of the film, allowing the manufacturer of the film to reuse the different layers to create new raw materials, effectively integrating a currently wasted material into the circular economy;
- In 2023 Alnut switched from regular packaging to recyclable packaging, using sustainable materials. In addition to the positive environmental impact, the implementation of recyclable packaging and sustainable materials can also generate significant economic benefits through production processes that can lead to substantial long-term savings;
- In 2023 the Renewable Energy program, characterized by the gradual installation of solar energy systems, has effectively procured a significant portion of the company's energy from solar and gas sources. Additionally, efforts to reduce the energy footprint include the promotion of circular economy practices, where collaboration with suppliers results in the allocation of 100% of waste towards secondary product production;
- An increased number of products was donated to people in need.



**ESG MANAGER**  
RUBÉN PARRILLA



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# Taste of Italy 2



## EKAF

**Ekaf Group produces and distributes roasted coffee, coffee capsules and pods. The company is well balanced among product range, sales channels, and geographic areas.**



Investment  
**FEBRUARY  
2021**

Ekaf has always been committed to product and process innovation to improve their sustainability profile.

Ekaf group in 2023 implemented several ESG actions, including:

- Ekaf now has mono-component packaging, previously bi-component, which can be disposed of in plastic, making it recyclable for all products weighing a kilo;
- The development of new products includes compatible capsules now available in both plastic and aluminum (where aluminum can be separated and recycled), with the year 2023 dedicated to developing compostable capsules (both capsule and lid), set for launch in 2024;
- ISO 14000 certification has been progressed;
- The Board of Directors approved the implementation of the Model 231 which will be implemented in 2024;
- Training sessions were conducted on Microsoft Office packages and the company's new information system;
- A part of the marketing department and quality manager have followed update courses on sustainability topics;
- Ekaf continued to purchase clean energy, 100% green electricity;
- Ethical Code and whistleblowing system were implemented;
- A study was conducted on the possibility of using heat of the coffee roasters as energy for the phase that follows the roasting of coffee beans.



**ESG MANAGER**  
GIUSEPPE BODRERO



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# Taste of Italy 2



## PIZZERIAS CARLOS

**Pizzerías di Carlo S.L. is an American-style pizza chain based in Spain. The company operates in a mix model with both directly operated and franchised store, with a network of ca. 90 stores across Spain, most of which are directly operated.**



Investment  
**MAY**  
2022

Pizzerias Carlos' management is strongly committed to ESG topics, through various aspects such as implementation of more efficient and sustainable technologies in their processes to minimize their carbon footprint or working with responsible local suppliers to ensure their ingredients are sustainable and worker rights are respected. The Company also promotes waste separation in their locations collaborating with specialized recycling companies. Furthermore, staff training regarding ESG topic.

Following the main ESG actions of 2023:

- The board convened meetings to deliberate on project objectives concerning ESG initiatives, aiming to align corporate strategies with sustainability goals;
- The company transitioned to a renewable electricity supplier, ensuring that all their energy consumption is sourced from renewable sources, in line with their commitment to environmental sustainability;
- The company maintains an ongoing partnership with Ecoembes, a recycling company, to enhance their recycling efforts and promote a circular economy;
- Electric vehicles were introduced in 2023 as part of the company's commitment to sustainability, and they remain a top priority in their efforts to reduce carbon emissions and promote cleaner transportation options.



**ESG MANAGER**  
MIGUEL SAN MARTIN



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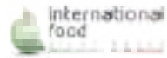
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# Taste of Italy 2



## INTERNATIONAL FOOD

**International Food is a producer of plant-based beverages. Founded in 2016 in Santarcangelo di Romagna by the Gallo family (active in plant-based food since 1977), the Company is focused on co-packing for retail and distributors, generating 70% of revenues abroad.**



Investment  
**SEPTEMBER  
2022**

International Food's activity naturally aligns with ESG principles and with a "better for you, better for the planet" approach through the production of beverages with premium raw ingredients aimed at supporting people's wellbeing. The Company's attention to ESG is represented also by the several prestigious certifications achieved through the years such as the Bio Suisse, BRC, IFS, EU Organic, Kosher Parve, Veganok, Checkfruit and Sedex certification.

The main ESG activities carried out in 2023 are the following:

- The welfare plan has been confirmed for 2023, ensuring continued support for employee well-being;
- Employees have the option to utilize smart working for up to 5 days per month, promoting flexibility in work arrangements;
- The Gatteo mini club, slated for 2023, provides a structured environment in a shaded public garden, catering to children over 4 years old with engaging activities like games, recycling workshops, music, and educational sessions;
- The target audience of pig breeders eligible to receive the by-product (washout waste) has been expanded, enhancing sustainability efforts in waste management;
- A contribution was made to the municipality of Santarcangelo for the "New Year in 1 square kilometer" event, fostering community engagement and providing a safe environment for locals and visitors to celebrate the holiday season in the historic center;
- The preparation of the 231 model is underway, with implementation scheduled in 2024.



**ESG MANAGER**  
LUCA GALLO



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# Taste of Italy 2



## DEMETRA

Demetra is a company specializing in the design, manufacturing, and distribution of agricultural machinery and equipment. Established in 2018, it was formed through the merger of Agrimaster and Breviagri, renowned Italian manufacturers with a long history in the agricultural machinery sector. Additionally, Demetra Group includes Dalbo A/S, a Danish company renowned for its expertise in designing, producing, and distributing seedbed preparation machines.



Investment  
**FEBRUARY**  
2023

Demetra has been shaped, in its growth path and in its productive styles, in full symbiosis with the environment, obtaining several awards through the years.

The Company has been the first in Italy to obtain the ISO 9001:2000 Quality Certification; and one of the few obtaining an ISO 14001:2004 Environmental Quality Certification. Also at product development level, the Company invested in technologies lowering the environmental impact of its products and processes, further enhanced by the installation of three photovoltaic plants.

The main ESG achievements of 2023 were:

- Implementation of a state-of-the-art vertical automated warehouse for enhanced efficiency and safety protocols.
- Introduction of a long-term incentive scheme targeting top and middle management aimed at bolstering company value during the exit phase.
- Rollout of an HR welfare initiative at the Molinella facility, empowering employees to convert production bonuses into a range of welfare benefits, fostering well-being.
- Launch of a dedicated Whistleblowing portal in compliance with regulatory mandates, facilitating confidential reporting processes.



**ESG MANAGER**  
MATTEO LIBERATI

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IDeA Taste of Italy

Taste of Italy 2

**Sviluppo Sostenibile**

IDeA Agro

Special Situation: Corporate Credit Recovery

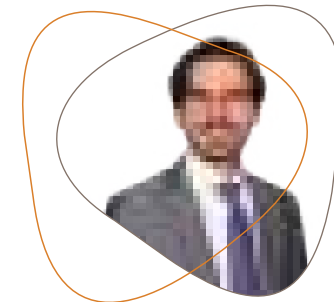
Flexible Capital Fund

Client Solutions (Funds of Funds)

NPL

# Sviluppo Sostenibile

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 and provides an opinion on the consistency of the investment with the Fund's ESG policy. This approach defines target companies from time to time, to guarantee the **pursuit of the Fund's sustainable and responsible investment objectives**.



**ESG CHAMPION**  
DARIO BRICHESE  
Associate

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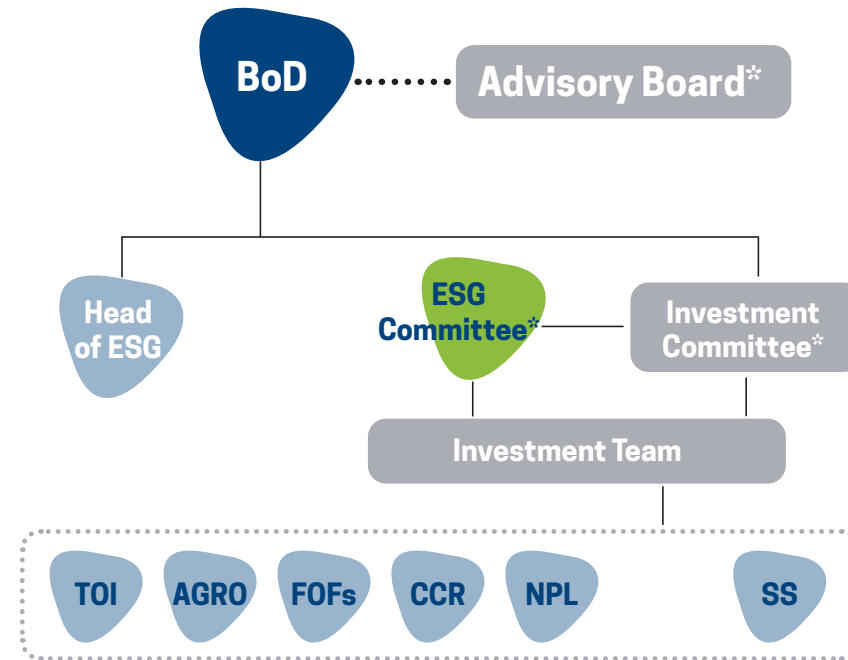
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# Sviluppo Sostenibile

The ESG Committee is composed of **5 members**, mostly independent and in charge for three years, appointed by the SGR. All members are selected considering the **specific experience** gained in the assessment and management of ESG issues as well as responsible investments, in multisector industrial contexts including services, asset management and research. The Fund's Managing Directors and other team members are invited to attend the ESG Committee meetings and any relevant third party needed to support the **discussion of specific ESG issues**.



\*Advisory body

- ToI
- ToI2
- SS**
- AGRO
- CCR
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- FOF
- NPL

# Sviluppo Sostenibile | ESG highlights



## ENVIRONMENTAL



Zephyr - Signed an agreement with its main energy provider to receive electricity **100%** generated from **renewable energy** sources



Magic - Launched new product (**Compad**) to promote the recycling of domestic organic waste, already a finalist for the **2023 Packaging Oscars** as Best Primary Packaging



Tecnoplast - Joined the **PrintReleaf** initiative



## SOCIAL



OMB Saleri - Received the UNIPDR125:2022 certification on **gender equality**, confirming OMB's commitment to DE&I issues



Magic - adopted **accident insurance** policy and **performance bonus** for employees



## GOVERNANCE



Ledworks - Started the activities to adopt the of **Organizational Model 231** and the **whistleblowing** channel



Tecnoplast - Adopted the **Organizational Model 231** and set up **whistleblowing** channel

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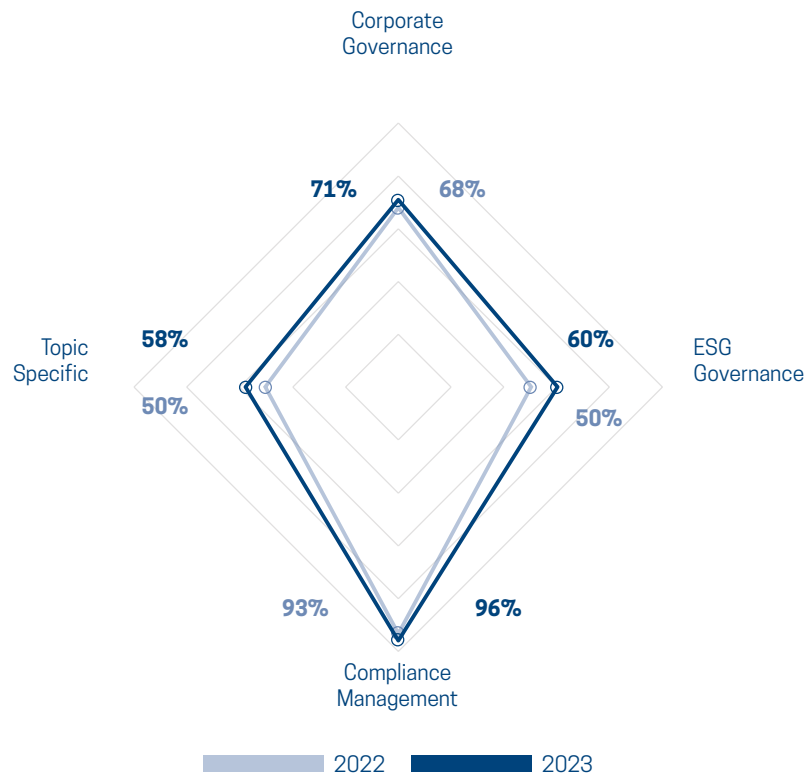
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# Sviluppo Sostenibile

## VCT ESG Maturity results

### OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

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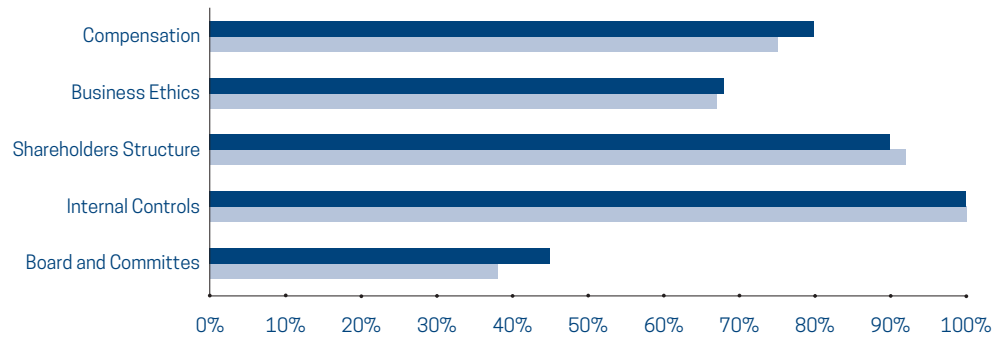
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# Sviluppo Sostenibile

## VCT ESG Maturity results

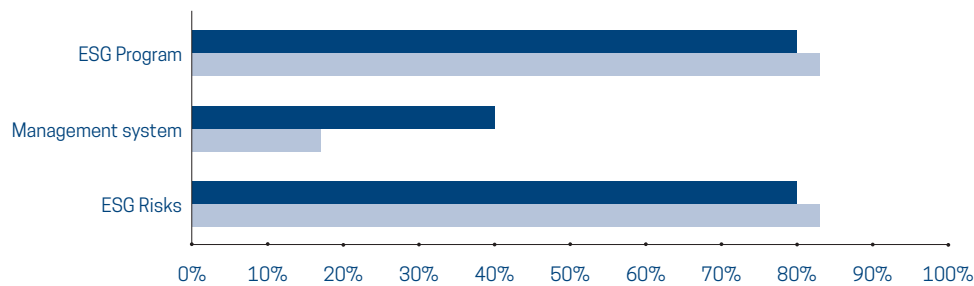
### 1. CORPORATE GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- Almost all companies have CEO and President as separate figures
- Almost all companies have a % of independent members on the board of directors of less than 20%
- All companies have a board of auditors
- Almost all companies have a code of ethics

### 2. ESG GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- All portfolio companies have an ESG policy/statement (even if only partial)
- Less than half of the companies have an environmental/H&S management system
- All companies include ESG risk at least partially within their risk management systems

2022 2023

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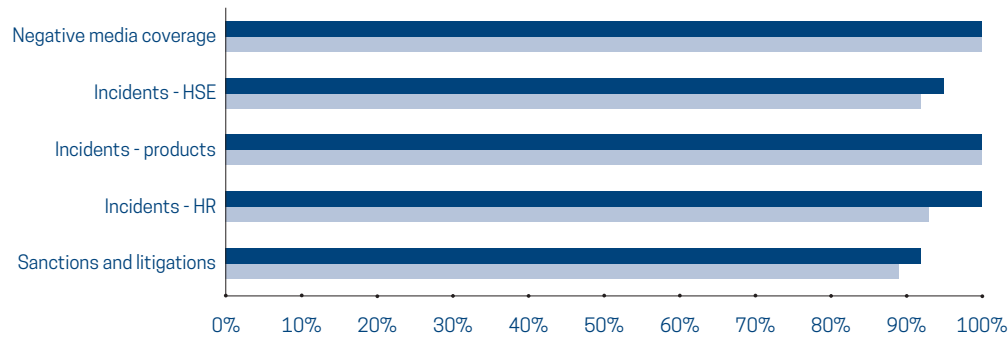
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# Sviluppo Sostenibile

## VCT ESG Maturity results

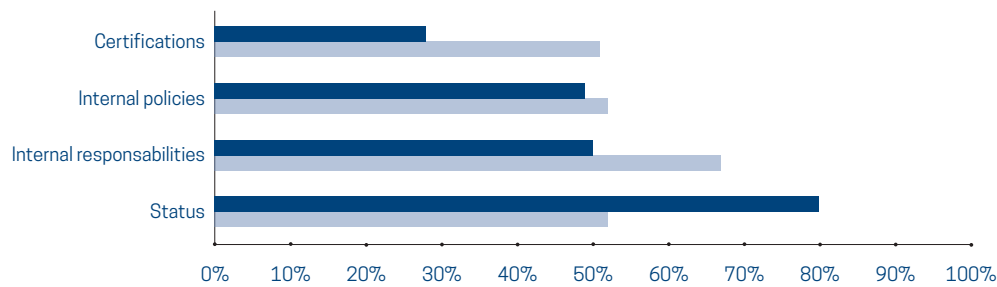
### 3. COMPLIANCE MANAGEMENT (2022 VS 2023)



#### Key Highlights:

- All companies (except Ledworks) have a compliance monitoring system
- No company has suffered any sanctions, claims or lawsuits
- Only OMB Saleri is located on/near contaminated sites, but this is appropriately managed by the company and does not affect the quality of products/services
- None of the companies have been subject to negative ESG campaigns

### 4. TOPIC SPECIFIC ( 2022 VS 2023)



#### Key Highlights:

- More than half of the companies have at least one environmental or social certification
- 3 out of 5 companies (Zephyr, OMB Saleri and Tecnoplast) have a person responsible for the various environmental and social areas
- An ESG Action Plan has been started in all companies

2022 2023

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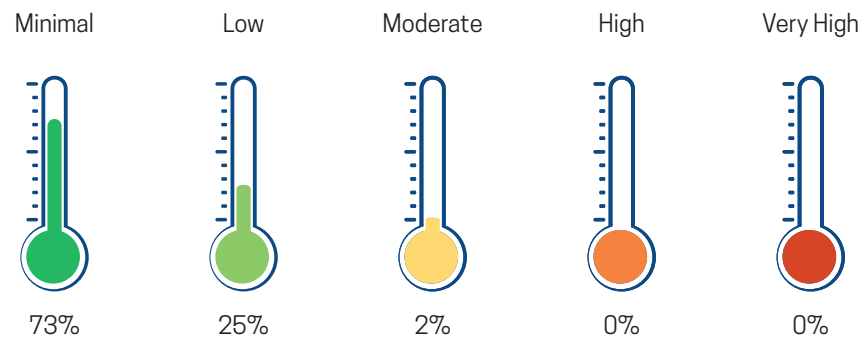
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# Sviluppo Sostenibile

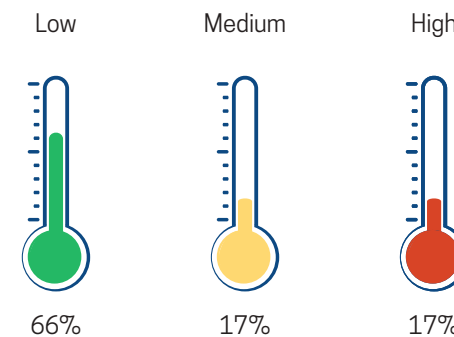
A **Climate Risk assessment** has been carried out for all **Article 8 Funds**. The results indicate the different percentages of risk levels for **Physical Risks** (average of current and future) and **Transition Risks** for the Sviluppo Sostenibile Fund, based on the results of the **scenario analysis** conducted.

## Physical Risks



- All Sviluppo Sostenibile companies do not appear to be exposed to physical risks in all time intervals for any of the scenarios analyzed.
- Some of the Portfolio Companies resulted to have a "Moderate" risk level in "Extreme Heat" and "Water stress & drought".
- None of the portfolio companies are exposed to risks such as "River flooding", "coastal flooding", "extreme winds", and "rainfall-induced landslides".

## Transition Risks



- Overall, the Fund's transition risk is low.
- Ledworks and Tecnoplast: moderate transition profile, exposed to stricter environmental policies and risks related to brand and reputation if they fail to align with stakeholder expectations on climate change.
- Zephyr is the only company exposed to Market & Technology risk, linked to the transition towards lower-emission technologies, imposing additional costs to remain competitive.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

# Sviluppo Sostenibile



## ZEPHYR GROUP

**Zephyr Group is one of the main European companies active in the distribution of spare parts for merchant ship engines and slow ferries, and engines active in power plants. Thanks to the acquisition of a Spanish competitor (SKV) and the acquisition of a Dutch competitor "PK OEM), Zephyr Group consolidated its leadership position in Europe among independent distributors.**



Investment  
**JUNE 2021**

Every year Zephyr Group serves more than 2,000 client, thanks to its high product know-how and level of service which makes the group a point of reference in the sector. The turnover is generated mainly in Italy, Spain, Northern Europe, and Latin America.

After DeA's investment in 2021, Zephyr Group started adopting best-practice actions in governance, with the establishment of a Board of Directors, introducing a long-term incentive plan for key management and, following the ESG Action Plan, implemented the corporate organizational and management model as per the Italian Legislative Decree 231/2001.

Among the 2023 ESG activities:

- Established the Sustainability section on the website and shared the Sustainability Policy;
- Continued the engagement in the Sustuntech project, a consortium of companies from the marine sector working together to support the reduction of GHG emissions linked to fishing activities;
- Signed an agreement with its main energy provider to receive electricity 100% generated from renewable energy sources;
- Started a collaboration with local high schools to support work/school partnerships and offering of internships to young talents;
- Supported the "Sport for All at School" initiative to promote sports activities among young students.



**ESG MANAGER**  
EMANUELE SANGUINETI



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# Sviluppo Sostenibile



## OMB SALERI SOCIETA' BENEFIT

**OMB Saleri was founded over 40 years ago as a manufacturer of gas safety valves for domestic use. Over the years, OMB 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 valves and pressure regulators for hydrogen applications.**



Investment  
**AUGUST  
2021**

OMB Saleri is a company devoted to innovation with a cutting edge manufacturing and has become the reference partner for leading transportation OEMs (including Trucks, Buses, Trains, Airplanes) and TIER 1 system integrators. OMB generates most of its revenues in foreign markets, including but not limited to United States, India, Egypt, China.

In April 2022, OMB officially entered in the Aerospace business through a partnership with Safran, as part of the agreement signed by Airbus and CFM International (CFM) to work together on a hydrogen program, which aims to decarbonize the Aerospace industry using hydrogen in airplanes' engines: the first flight tests are expected as early as 2025.

Among the 2023 ESG activities realized by OMB Saleri:

- Received the UNIPDR125:2022 certification on gender equality, confirming OMB's commitment to DE&I issues;
- Recognized as a "Company that promotes health" within the #WHP Workplace Health Promotion project. The acknowledgment stems from the good practices implemented at OMB to encourage healthy lifestyles among its collaborators;
- Participated in the opening of the "European Platform of Diversity Charters Meeting," organized by Fondazione Sodalitas in collaboration with the European Commission. The event is dedicated to highlighting the decisive contribution of organizations in building a society free from prejudices and capable of inclusion. OMB is among the 52 Italian companies featured in the report "D&I in the workplace: Italian companies' good practices," which showcases the best practices on Diversity - Equity and Inclusion;
- Participated in the PMIDAY project organized by the Small Industry Committee of Confindustria Brescia. PMIDAY aims to promote and disseminate a culture of work in educational institutions.



**ESG MANAGER**  
GIOVANNA MONTIGLIO



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# Sviluppo Sostenibile

## twinkly LEDWORKS

Founded in 2016, Ledworks makes and distributes smart light products under the brand Twinkly for indoor and outdoor decoration. Twinkly's products feature the ability to map and control each individual light spot in space via smartphone camera (proprietary and patent-protected technology), thus enabling the creation of animations of lights and colors.



Investment  
**SEPTEMBER**  
2022

Twinkly business has grown rapidly in recent years thanks to its innovative technology and its premium positioning, exporting more than 90 percent of its sales on international markets (to mainly the United States and Canada). End-markets served include the Festivities segment, followed by smart decorative lighting solutions with applications in Professional and Home Design.

Ledworks is also expanding and diversifying its product range, having successfully launched several partnerships in the Gaming & Entertainment business with the likes of Razer and HP Gaming.

Among the 2023 ESG activities:

- Started the activities to adopt the Organizational Model 231 and the whistleblowing channel;
- Attended universities job fairs to recruit fresh graduates from STEM disciplines;
- Actively participated in the LGBTQ+ Pride events in New York and Rome with dedicated installations.



**ESG MANAGER**  
LARA BATTISTELLA



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# Sviluppo Sostenibile



## MAGIC

**Magic S.p.A. manufactures non-woven absorbent products for the food packaging, medical, and personal care sectors: innovative and eco-friendly materials.**



Investment  
**APRIL  
2023**

Each domain demands products with tailored absorption capabilities, a challenge to which Magic dedicates its efforts.

Between 2016 and 2020, the company invested 10,500 hours (about 1 year 2 and a half months) in research and development, testing different materials, simulating processes, analyzing, and comparing results. This process of continuous research led to the industrialization of Spongel, the first organic, compostable super-absorbent powder, and laid the foundation for the company's future products.

In 2020, the plant was enhanced with a dedicated line to produce Airgel, a biodegradable Spongel-based non-woven fabric. This expansion marked a significant milestone in Magic's recent history, transitioning from converters to producers of airlaid materials.

Among the 2023 ESG activities:

- Achievement of ISO 14001 certification, which certifies a sustainable environmental management model;
- Conducted Life Cycle Assessment (LCA) analysis on the company's two main products (Spongel and Airgel);
- Launch of a new product (Compad) with the aim of promoting the recycling of domestic organic waste, already a finalist for the 2023 Packaging Oscars as Best Primary Packaging;
- Accident insurance policy and performance bonus for employees.



**ESG MANAGER**  
MARA GALLI



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# Sviluppo Sostenibile



**Tecnoplast was founded in 2003, when Enzo Cammillini decided to launch a new business venture, convinced that PVC was the future of window frames. The company was formed in Urbino, initially in a workshop just a few square meters in size: and in just twenty years it has become one of the most important Italian manufacturers of PVC aluminium windows.**

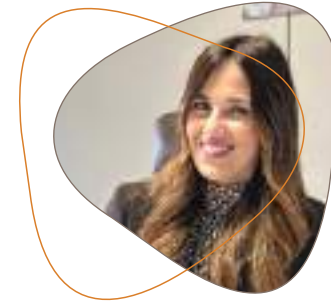


Investment  
**SEPTEMBER  
2023**

In 2021 Tecnoplast moved to Pesaro, with a surface area covering 40,000 m<sup>2</sup> to satisfy emerging growth requirements and a well-organised, professional production plant capable of delivering more than 600 windows a day and able to offer a full range of windows realized with the highest level of manufacturing quality.

Among the 2023 ESG activities:

- Developed an ESG Action Plan;
- Adopted the Organizational Model 231 and set up the whistleblowing channel;
- Joined the PrintReleaf initiative, the industry leader in automated environmental offsets. If your business prints on paper or uses fiber-based materials, PrintReleaf enables you to offset your environmental impact through certified reforestation and carbon offset projects;
- Semi-annual monitoring of employee satisfaction conducted by Tecnoplast through a questionnaire;
- Designed and implemented the External and Internal Mobility Plan to guarantee the highest standards of workers' safety.



**ESG MANAGER**  
VALENTINA OLIVIERI



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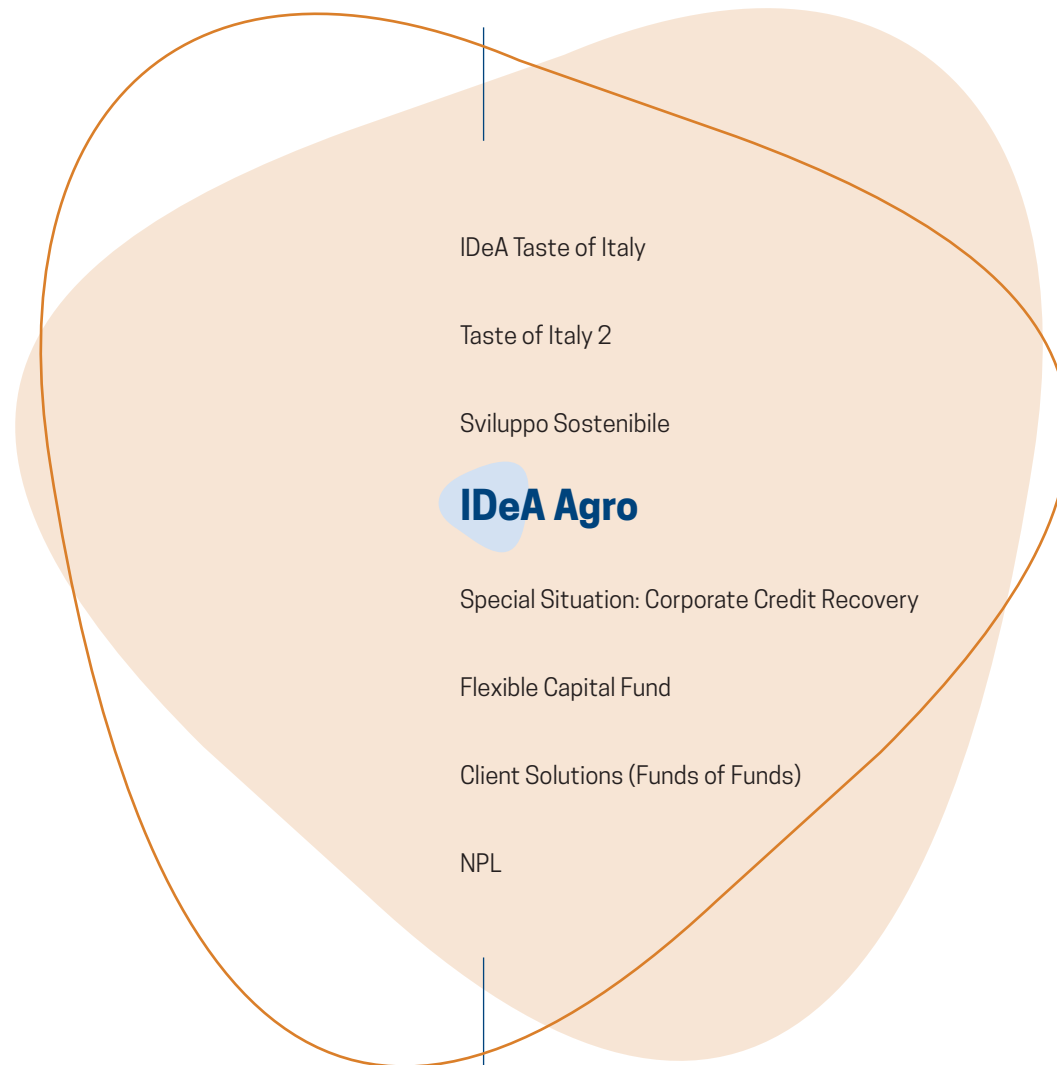
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IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

**IDeA Agro**

Special Situation: Corporate Credit Recovery

Flexible Capital Fund

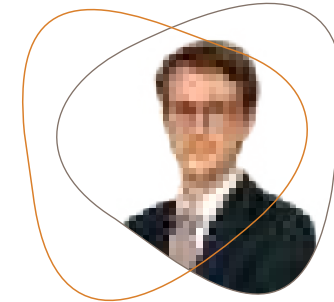
Client Solutions (Funds of Funds)

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# IDeA Agro

Established in 2018, IDeA Agro stands as the pioneering and one of the largest private equity funds exclusively **committed to investments in agribusinesses and farmlands**, encompassing buyouts, buy-ins, growth capital, including Proof of Concept (POC), both as a majority and qualified minority shareholder. It focuses particularly on developing **greenfield agricultural projects** for selected high-margin crops and investing in food processing companies operating in the upstream segment of the food chain. The fund's investment criteria target agricultural companies possessing a minimum of 100 hectares in landholdings, to be managed with innovative farming techniques, and primary production/processing companies associated with local and short supply chains, generating a turnover of at least €10 million. Its strategic approach involves aligning the sectorial expertise of the management team with that of leading operating partners possessing unparalleled crop knowledge, who co-invest in projects and oversee day-to-day operations.

For example, in 2021, the fund embarked on a **new venture to cultivate yellow kiwi fruit of the G3 (Zespri) variety** on an approximately 100-hectare area in the province of Latina, in collaboration with Agrintesa Cooperativa Agricola, a global leader in kiwifruit commercialization, now serving as the operational partner. By investing in greenfield projects, primary processing, and potentially AG tech companies, the fund **aims to establish complete control over various supply chains**, fostering synergies across different sectors within the agroindustry. Additionally, a key objective of the fund is to implement farming systems that **promote farmland biodiversity, enhance soil health, and improve water quality** by leveraging technological solutions aimed at accelerating the transition to regenerative agriculture, thereby positioning IDeA Agro as a **highly sustainable venture**.



**ESG CHAMPION**  
LORENZO D'ANDRIA  
Associate

**AGRO**

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# IDeA Agro | ESG highlights



## ENVIRONMENTAL



Agro Nocciole - 99 kWp photovoltaic system was built (and is about to be commissioned), which will be used to generate **electricity for self-consumption**



Agro Noce - Implementation of a **4.0 Irrigation System** that maximizes water resources, minimizes waste, and enhances efficiency through advanced data collection and processing



Gruppo Tarulli - **Dry stone walls** were built as an ecological perimeter **fostering local flora and fauna**



Atena - construction of the new oil mill on-site **reduced emissions** related to transportation



## SOCIAL



Agro Nocciole - **redevelopment of the farmstead** in the Minetto sub-lot in Felizzano began, aimed at providing **accommodation** for non-EU workers upon request



Gruppo Tarulli - The GLOBALG.A.P. Risk Assessment on **Social Practice** certification was obtained



Gias - **advances the cost of seeds** to the producer and provides **on-site assistance** and **advice** through their team of agronomists working directly with producers



Miele Vangelisti - Initiation of an **integrated Italian supply chain project** based on the definition of an SQN (National Quality System) specification together with beekeepers' associations



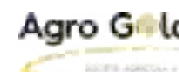
## GOVERNANCE



Gruppo Ingino - a **production organization chart** has been implemented, delineating 4 departmental coordinators and 1 technical manager



Miele Vangelisti - **Completion of civil and structural fire prevention** procedures



Agro Gold - obtained **Global GAAP** (Good Agricultural Practices) certification for current production

AGRO

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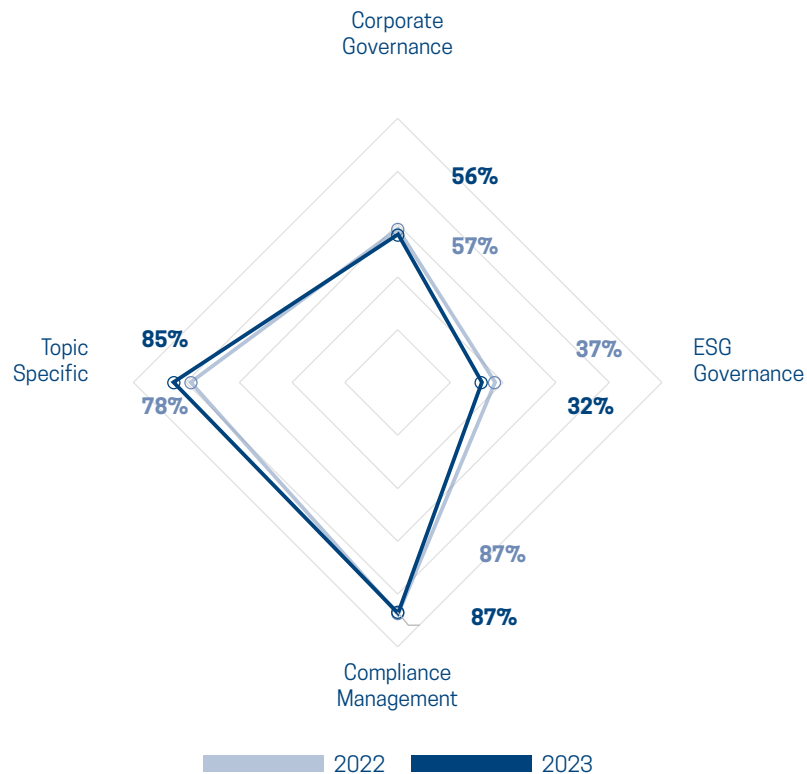
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# IDeA Agro

## VCT ESG Maturity results

### OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

Tol

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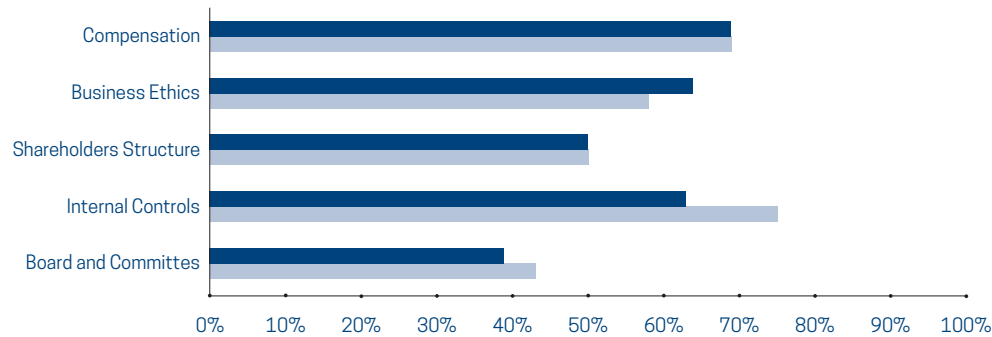
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# IDeA Agro

## VCT ESG Maturity results

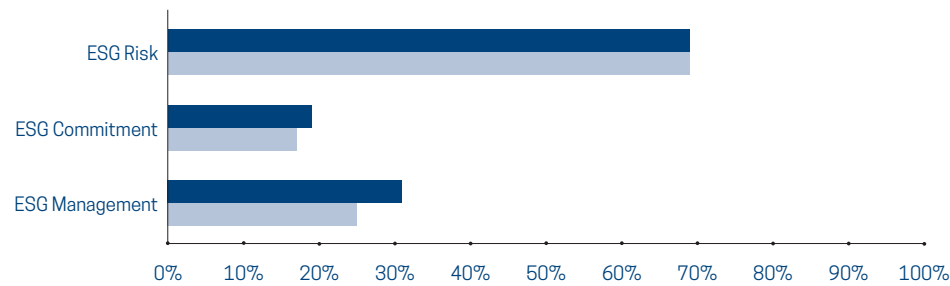
### 1. CORPORATE GOVERNANCE (2022 VS 2023)



› **Key Highlights:**

- More than half of the companies have CEO and Chairman as the same figure
- Half of the companies have less than 20% independent board members
- More than half of the companies have a board of auditors and an external auditor
- Half of the companies adopt Model 231
- Half of the companies have a code of ethics/conduct

### 2. ESG GOVERNANCE (2022 VS 2023)



› **Key Highlights:**

- Almost all companies have not yet adopted ESG policies
- Almost all companies do not have an ESG section on the website yet
- More than half of the companies have not yet implemented CSR initiatives
- More than half of the companies do not have an ESG manager yet
- Almost all companies include, at least partially, ESG risks in their risk management system

2022 2023

Tol

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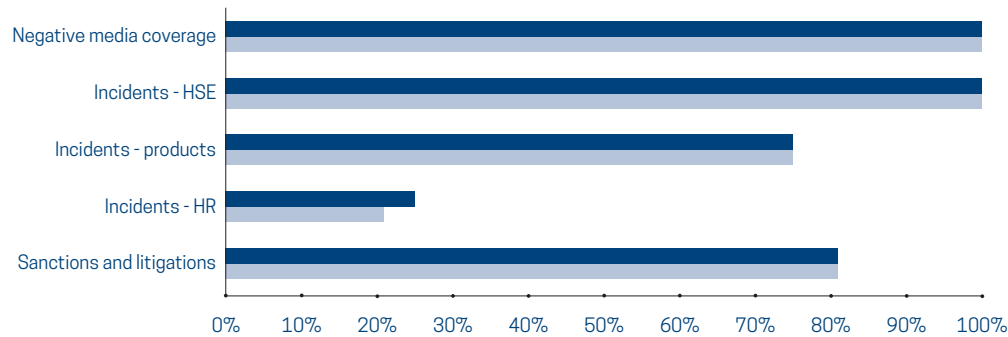
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# IDeA Agro

## VCT ESG Maturity results

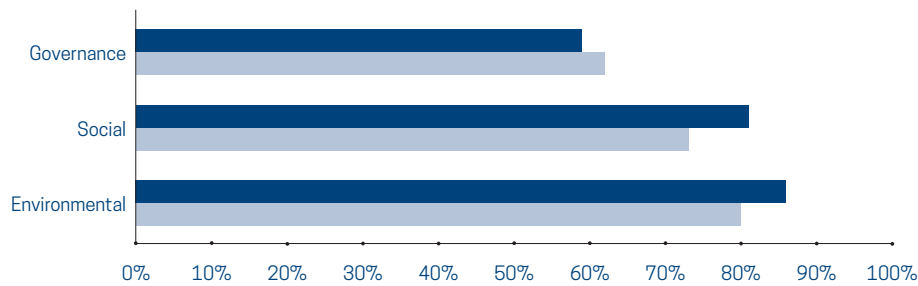
### 3. COMPLIANCE MANAGEMENT (2022 VS 2023)



› **Key Highlights:**

- All companies have at least a partial compliance monitoring system
- 1 company has suffered sanctions related to ESG issues which were appropriately taken care of
- 2 companies have suffered claims related to corruption issues or labor practices which were appropriately addressed
- 1 company has pending authorizations for fire practices which are being appropriately managed
- 1 company has had product recalls which have been taken care of

### 4. TOPIC SPECIFIC ( 2022 VS 2023)



2022 2023

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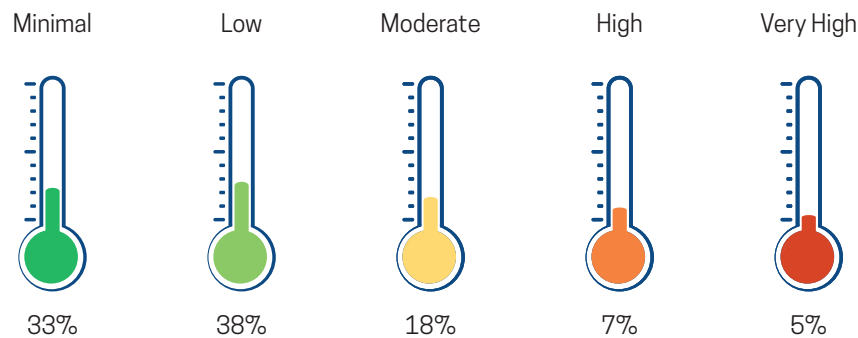
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# IDeA Agro

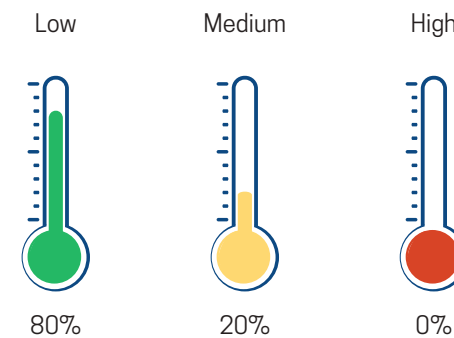
A **Light Climate Risk assessment** has been carried out for all **Article 6 Funds**. The analysis aimed to assess **physical** and **transition** risks faced by Portfolio Companies (PCs) in the Funds. Questionnaires were developed to **screen exposure to climate risks** based on **geographic location** and **sector**. Results were aggregated at the Fund level to evaluate portfolio exposure. The percentages show the physical (average of current and future) and transition risk exposure of the Agro portfolio in terms of percentage of investment value.

## Physical Risks



- The greatest risk currently faced by the companies is Wildfires, classified as Low with an exposure percentage of 38%.
- River flooding risk, classified as Very High at 7%.

## Transition Risks



- For the companies, no transitional risk is classified as High, while both Market & technology and Brand & reputation are both Medium.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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- AGRO**
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# IDeA Agro



## AGRO NOCCIOLE

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



Investment  
**MAY  
2019**

Through Ascopiemonte, the company is taking part in the Italian Hazelnut Project launched by Ferrero Hazelnut Company whose goal is to develop a quality Italian hazelnut value chain. The agreement with Ferrero entails the off taking of at least 75% of the production for 15 years at a price that guarantees certain levels of profitability for Agro Nocciole.

Roughly 600 plants per hectare have been planted of the Tonda Gentile Trilobata and Tonda di Giffoni varieties. The planting of the last plots has been completed by the end of 2022, including the development of a small experimental field that includes the introduction of innovative varieties.

From 2024, Agro Nocciole will adhere to the integrated production specification (as the period of adherence to organic farming is over), which provides for the reduction of chemical inputs compared to conventional management. Hazelnuts are grown using water thanks to the latest agriculture 4.0 technologies. Water and nutrient supply are provided through advanced precision fertigation systems, which allow the right amount of water and nutrients to be administered according to the actual needs of each individual plant, avoiding any waste.

The hazelnut groves designed and managed by Agro Nocciole sequester CO2 in the same way as a forest, in fact, they promote a positive carbon footprint by helping to absorb emissions released into the atmosphere.

In 2023 Agro Nocciole has implemented several sustainable measures, including:

- Two out of seven weather stations have been installed in batches to monitor soil moisture and thermopluviometric parameters, including temperature trends, humidity, and daily as well as cumulative precipitation (monthly and annually). These stations facilitate tailored water supply based on the plants' actual requirements. It is planned to install 3 additional weather stations equipped with software for the point measurement of meteo-climatic data;
- In 2023, a 99 kWp photovoltaic system was built (and is about to be commissioned), which will be used to generate electricity for self-consumption (shed lighting, start-up of irrigation pumps, etc.);
- Between the end of 2023 and the beginning of 2024, the redevelopment of the farmstead in the Minetto sub-lot in Felizzano began, primarily aimed at providing accommodation for non-EU workers upon request; additionally, plans are underway to establish an office and a small canteen for the use of Agro Nocciole employees. Agro Nocciole's workforce comprises individuals from both EU and non-EU backgrounds, and the company is committed to offering employment and hospitality to foreign workers (in this case, from Morocco), providing assistance with obtaining seasonal work permits in Italy;



**ESG MANAGER**  
SIMONE DI GIACINTO



**150K+**  
plants



**~300**  
hectares



Tol

Tol2

SS

**AGRO**

CCR

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# IDeA Agro



**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 purchased 170-hectares of land in Bondeno, in the province of Ferrara, an area particularly suited to walnut cultivation. planted.**



Investment  
**AUGUST  
2019**

The Agro Noce project entails 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.

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 the local walnut production.

The main 2023 ESG practices are:

- The installation of the "Covariance Eddy Tower" facilitates the measurement of CO2 exchange in agricultural ecosystems, crucial for assessing sustainability. This method estimates the net ecosystem exchange (NEE), reflecting the ecosystem's carbon absorption capacity;
- Implementation of a 4.0 Irrigation System that maximizes water resources, minimizes waste, and enhances efficiency through advanced data collection and processing thus reducing diesel consumption;
- Adhesion to the RDP measure SRA04 - ACA4, to enhance agricultural soil quality through direct application and maintenance of organic substances, such as fertilizers and soil conditioners. This practice improves soil quality, reduces erosion, and enhances resilience to extreme weather events by using compost derived from processing municipal solid waste
- Adhesion to RDP measure SRA01 - ACA1, allowing the farm to commit to the implementation of technical provisions outlined in the Integrated Production Specifications for the cultivation phase, aligning with the National Integrated Production Quality System (SQNPI). These provisions enhance agricultural practices, promote carbon sequestration, and support adaptation to climate change, enhancing resilience and sustainability;
- In Eco Scheme 2, maintaining herbaceous cover between tree rows for at least 9 months provided environmental and agronomic benefits, including erosion prevention, soil improvement, water retention, and support for mechanical harvesting, while also encouraging beneficial insects;
- On the site, three "maceri" cover approximately 1.5 hectares, fostering the nesting of native poultry fauna due to the maintenance of adjacent tree strips and collecting rainwater and runoff to regulate water levels;
- All sprayers are equipped with anti-drift nozzles, ensuring optimized and efficient application of plant protection products with a 50% reduction in product drift, leading to cost savings and decreased environmental impact;
- Experimental testing is ongoing for a 'bioreactor' technique aimed at treating and reducing nitrate and phosphate levels in drainage water.



**ESG MANAGER**  
UMBERTO BELLUCCI



**50K+**  
plants



**160**  
hectares



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# IDeA Agro



## GRUPPO TARULLI

**Antonio Tarulli S.r.l. 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 establishment of the business over 20 years ago, specializing in the organic, and more recently the biodynamic (8% of turnover), segment of the market.

Throughout the years, OP Tarulli has obtained many certifications affirming the quality of its products and practices. Among other, Tarulli's products possess various organic certifications such as BIO SUISSE and DEMETER as well as quality certifications such as BRC and IFS that meet the requirements of the most attentive and demanding customers.

In 2023 Gruppo Tarulli has implemented several sustainable measures, including:

- Biodynamic agriculture processes;
- The GLOBALG.A.P. Risk Assessment on Social Practice certification;
- New, more modern tractors were purchased;
- Dry stone walls were built as an ecological perimeter, since spontaneous vegetation growing between the stones or close to the walls themselves, constitutes an important ecosystem for many species. The presence of dry-stone walls in arid areas not only helps combat soil erosion but also plays a key role in combating desertification and soil salification.



**ESG MANAGER**  
ARIANNA PISCITELLI



**282K+**  
plants



**120**  
hectares



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# IDeA Agro



**Società Agricola Atena S.r.l was founded in 2019 by the IDeA Agro team with the aim of purchasing land and converting it into olive groves. The company has purchased over 380 hectares, 235 of which have been converted to the intensive cultivation of olive groves, ultimately producing Extra Virgin Olive Oil (EVO), in collaboration with the Buccelletti Family, leaders in olive and plant production.**



Investment  
**DECEMBER**  
2019

The project was proposed by the Buccelletti family, operative partners in the venture with consolidated experience in the production, construction, and management of intensive olive groves with a cultivation technique based on the Spanish model. With a full production of over 3.200 tons of olives, the plant is one of the most important in central Italy, an area of excellence for extra virgin olive oil production.

In 2023, the Agricola La Piana company was acquired, comprising approximately 40 hectares already planted with super-intensive olive groves in the Castiglion del Lago area, bringing the total surface area to approximately 420 hectares, of which 280 are planted.

Furthermore in 2023 Atena has implemented several sustainable measures, including:

- A method to process waste which is circular economy-based, thanks to the disposal of all processing waste, including greywater, a biodigester;
- Water consumption has been minimized by the two-phase extraction method, which eliminates the need for process water used in the three-phase system. This reduces natural resource use and eliminates wastewater production, cutting down the operating costs of olive mills;
- Through the construction of the new oil mill on-site, emissions related to transportation are reduced;
- Preservation of nature reserves to encourage wildlife presence through the "creation" of 60 hectares of buffer zones (areas left untouched) as a requisite of Natura 2000;
- The oil is sold in bulk to industrial customers in reusable and washable IBC containers, while to retail customers, it is sold in recycled cardboard bag-in-box packaging.



**ESG MANAGER**  
MICHELE BUCCELLETTI



**350K+**  
plants



**420**  
hectares (280 planted)



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# IDeA Agro



**The Ingino Group is active in processing and marketing fresh and frozen chestnuts and 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 because of small acquisitions of competing companies.**



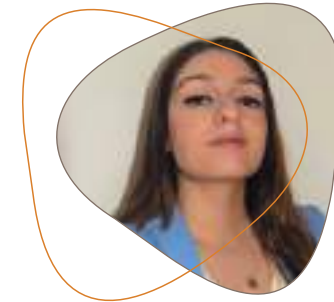
Investment  
**MAY**  
2020

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

The Ingino Group, among other things, is strongly focused on R&D to continuously optimize its entire production process. This is prevalently the case for technologies aimed at preserving fruit products in the various stages of processing, post harvesting, sanitizing, and innovative packaging to reduce waste.

In 2023 Gruppo Ingino has implemented several sustainable measures, including:

- In the 'Social & Governance' domain, a production organization chart has been implemented, delineating 4 departmental coordinators and 1 technical manager;
- In the 'Environment' sphere, ISO 50001 certification for energy efficiency has been attained, with a scheduled renewal in July 2024. An Energy Team has also been established, comprising energy managers who are directly embedded within the company;
- Integration of the automated warehouse with power generation meters has been executed to ensure continuous monitoring of consumption and CO2 emissions;
- The Global G.A.P. G.R.A.S.P. certification has been renewed, encompassing 10 to 15 producers directly supervised by the company in the field, covering aspects of good agricultural practices, safety, and environmental concerns;
- A circular waste economy system has been implemented, repurposing processing waste for biomass or biogas production.



**ESG MANAGER**  
NOEMI BIONDI



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# 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**

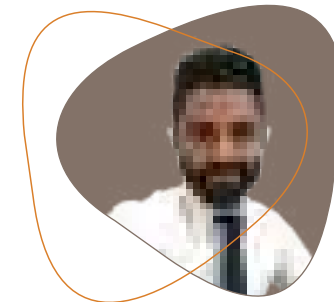
The main supplier of agricultural raw materials and semi-finished products is the COTRAPA agricultural cooperative, which brings together around 60 members located in Puglia, Calabria, and Basilicata and with which a multi-year supply chain contract is in place. The quality of certifications is of crucial 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 fertilizers to a minimum and consequently to limit the impact on the environment.

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.

Among others, the following are some of Gias' most significant initiatives/characteristics in relation to ESG aspects:

- In the ongoing expansion project, Gias plans to build a 40-meter-high refrigerated cell with a storage capacity of 26,000 pallet positions. It will be a fully automated refrigerated warehouse for storing food products, with an attached low-rise building, a structure for managing shipments, and a refrigerated tunnel for rail transport of pallets between different production areas of the company and the automated cell;
- Regarding the supply chain, a cooperative producing vegetable product, supplying 100% of the fresh raw materials is located adjacent to Gias;
- Currently, there are 2MW of rooftop PV in place, with additional plans to install another 2 MW on the ground, alongside the existing 0.5 MW already installed on the ground, enabling self-generation of 25-30% of consumption;
- Gias advances the cost of seeds to the producer and provides on-site assistance and advice through their team of 5 agronomists working directly with producers;
- Gias will implement an energy vector monitoring system, aiming to optimize the systems serving the new automated cell, using technology based on artificial intelligence.



**ESG MANAGER**  
FRANCESCO LAURIA



Tol

Tol2

SS

**AGRO**

CCR

FC

FOF

NPL

# IDeA Agro

## Agro Gold AGRO GOLD

**IDeA Agro, through Agro Gold Società Agricola srl, embarked on the “yellow kiwi project”, its latest green-field project. This consists of the long-term lease of about 140 hectares of land to be converted to produce SunGold kiwi in the Province of Latina, the most suitable area in Italy for kiwi fruit. Agro Gold is one of the largest SunGold kiwi farms in Europe.**

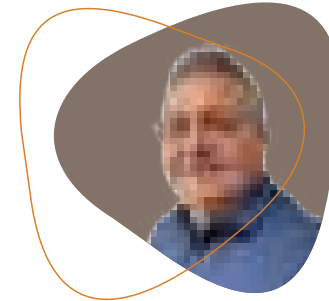


Investment  
**JANUARY  
2021**

Agrintesa, the operational partner of the project, is one of the four Italian licensees of the Zespri consortium. Agrintesa does not only manage the packaging and distribution to Zespri but also takes 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. Zespri is the world leader in the marketing of kiwi fruit, with a total turnover of > € 2.5 bn and is the owner of the property rights and genetics of the SunGold variety.

In 2023 Agro Gold has implemented several sustainable measures, including:

- obtaining Global GAAP (Good Agricultural Practices) certification for current production;
- construction of a new water system with sensors in the field and by sector, allowing targeted, precision irrigation with waste minimization and monitoring of any leaks;
- restoration of rainwater collection basins (collection capacity of 55,000 cubic meters);
- development of a project to manage only 30% of the grassland with herbicides; the remainder is controlled mechanically, reducing the use of chemicals, and encouraging the establishment of beneficial insects; this establishment will also be favored by replacing armed windbreaks with hedges (approximately 800 poplars will be planted as windbreaks in February 2024).



**ESG MANAGER**  
VINCENZO BELVISI



**160K+**  
plants



**140**  
hectares



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# IDeA Agro



## MIELE VANGELISTI

**Founded in 1929 by Pietro Vangelisti, Apicoltura Vangelisti S.r.l. is headquartered in Stia (Arezzo) and is a family business specializing in the processing and marketing of honey for the confectionery, pharmaceutical and food industries and for large-scale retail trade, active in the Italian market.**



Investment  
**NOVEMBER**  
2022

Vangelisti favors an extensive catalogue of products, with sales both under its own brand (premium positioning) and as private label. Among the extensive list Vangelisti produces organic honeys which are harvested in strictly selected areas, far from possible forms of pollution and environmental contamination. The extraction and transformation processes are conducted exclusively according to cold technology, which Vangelisti was the first to develop worldwide.

In addition, over the years the company has contributed to the market with several innovations such as honeys dedicated to cooking, easily spreadable honeys, spreadable cream milk and honey based, and many others.

Vangelisti is also a reference point in the market for:

- Guaranteeing the origin of the honey with total supply chain control;
- Testing 100% of purchased batches at accredited third-party Laboratories to check quality and origin.

Since the acquisition of IDeA Agro in late 2022, a figure dedicated to ESG topics has appointed who will oversee quarterly ESG data collection.

In 2023 Gruppo Miele Vangelisti has implemented several sustainable measures, including:

- Participation and acceptance in the Tuscany region's agri-solar grant involves constructing a rooftop photovoltaic system expected to fulfill over 70% of the energy consumption needs, with installation scheduled between 2024 and 2025;
- Interventions on plant and machinery for the electrical instrumental part to reduce consumption;
- Interventions for the improvement of wastewater management;
- Initiation of an integrated Italian supply chain project based on the definition of an SQN (National Quality System) specification together with beekeepers' associations;
- Completion of civil and structural fire prevention procedures;
- Evaluation of primary and secondary packaging with an increasing percentage of recycled material inside;
- Initiation of ISO 14000:2015 certification process (Environmental Certification).



**ESG MANAGER**  
GIACOMO TEI



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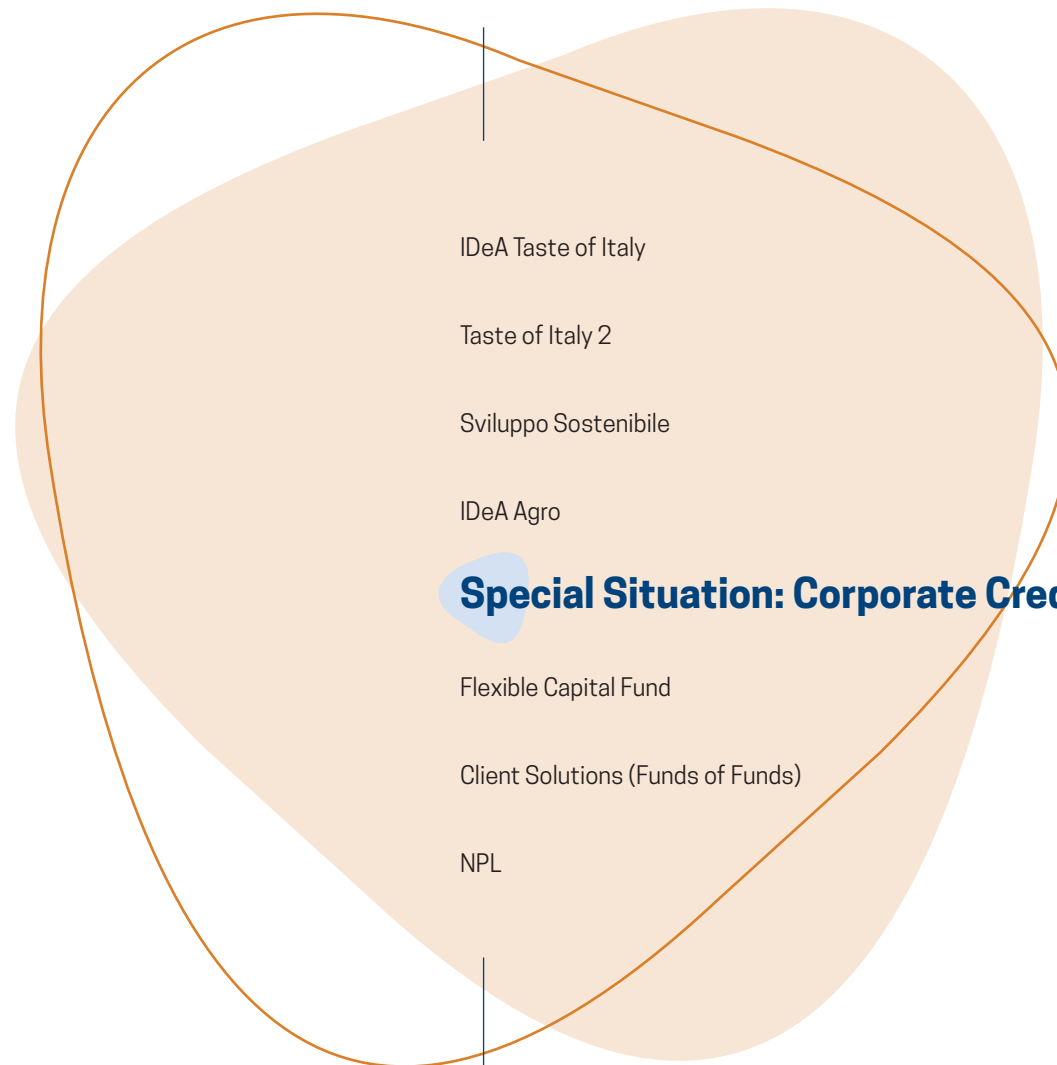
**AGRO**

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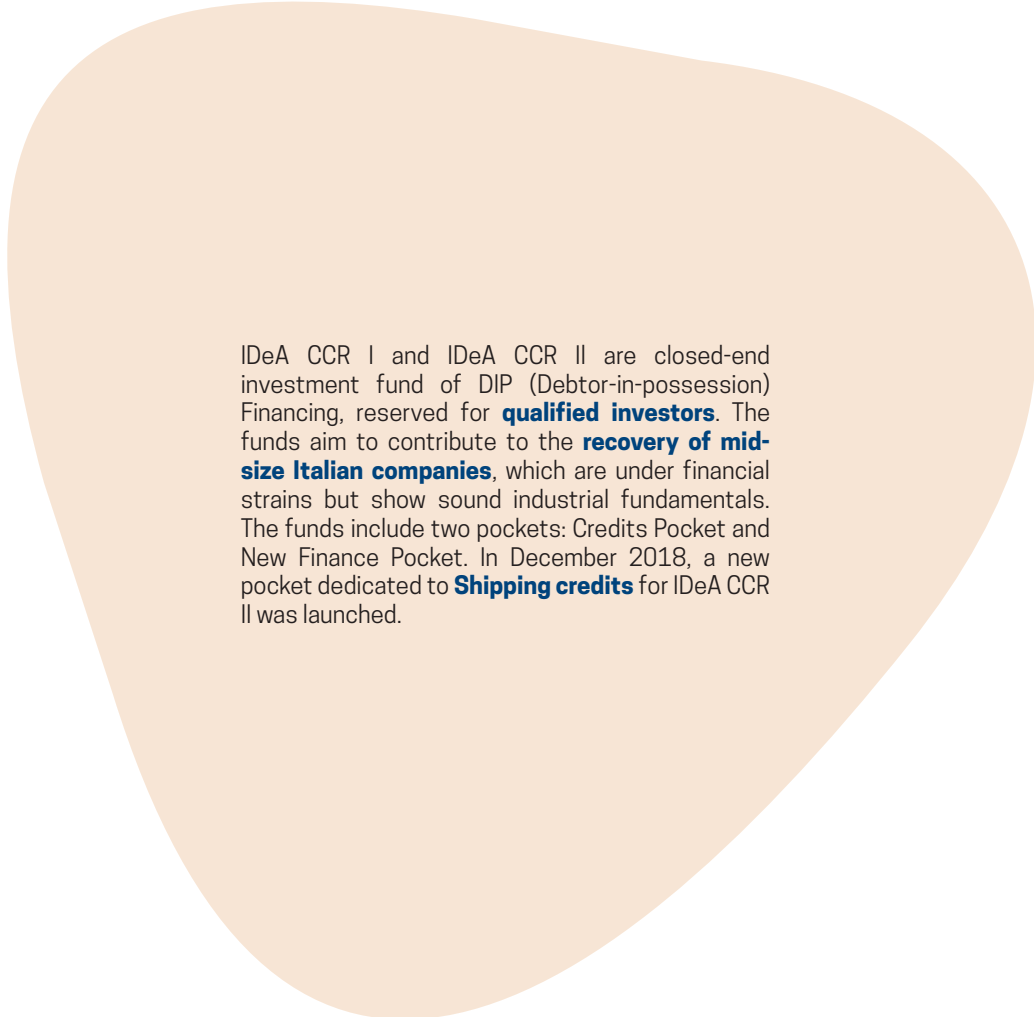
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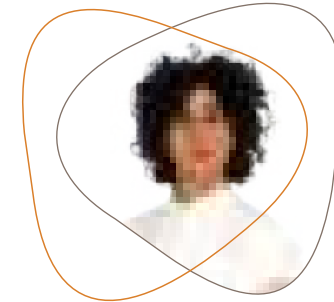
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# Special Situation: Corporate Credit Recovery



IDeA CCR I and IDeA CCR II are closed-end investment fund of DIP (Debtor-in-possession) Financing, reserved for **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 include two pockets: Credits Pocket and New Finance Pocket. In December 2018, a new pocket dedicated to **Shipping credits** for IDeA CCR II was launched.



**ESG CHAMPION**  
LAURA FILIPPI  
Investment Manager

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- Tol2
- SS
- AGRO
- CCR**
- FC
- FOF
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# SS: Corporate Credit Recovery | ESG highlights



## ENVIRONMENTAL



Util – achieved **Bronze EcoVadis** ranking in 2023, highlighting its commitment to sustainable business practices



Snaidero – **expanding of waste codes** to facilitate the recovery of higher-quality waste generated by plant operations



Costa - **100%** of the Group's electricity is backed by **Origin Guarantees**, ensuring that **100%** of the Group's electricity is sourced **sustainably**



## SOCIAL



Util - **wellbeing surveys** were conducted through the company HR platform



Costa - **Educational** and **outreach** activities aimed at the public within **conservation** and **sustainability projects**



## GOVERNANCE



Pieralisi - Implementation of the **health, safety, and environment** management system



Costa - Voluntary drafting of the **Integrated Report** (for the tenth year)

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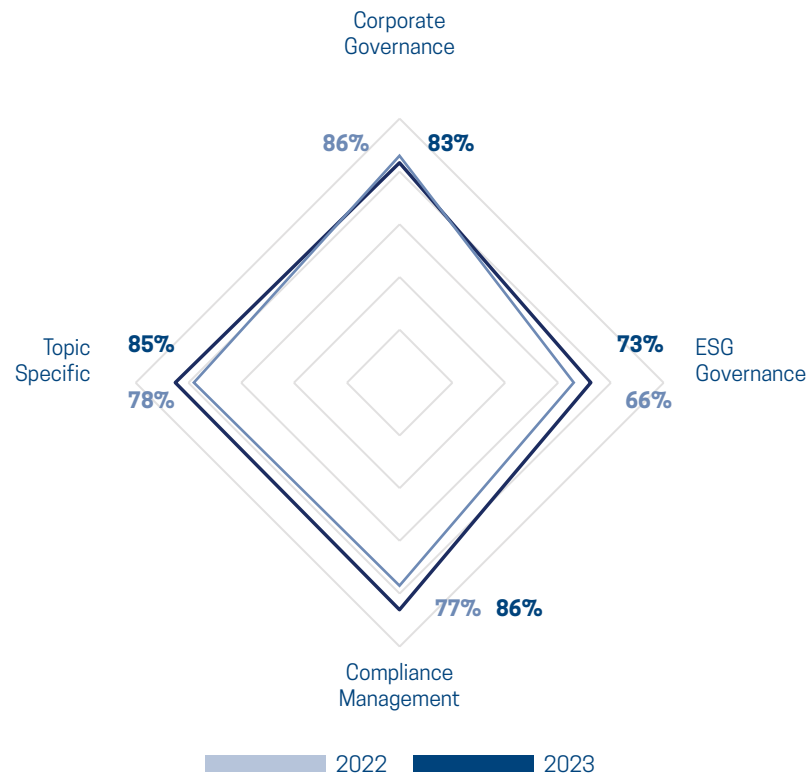
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# Special Situation: Corporate Credit Recovery

## VCT ESG Maturity results

### OVERALL MATURITY (2022 vs 2023)



› **Corporate Governance:** the Governance structure adopted by the portfolio companies and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

The changes in percentages of maturity of the 4 ESG areas can also be due to the entry or exit of Portfolio Companies in the related Fund.

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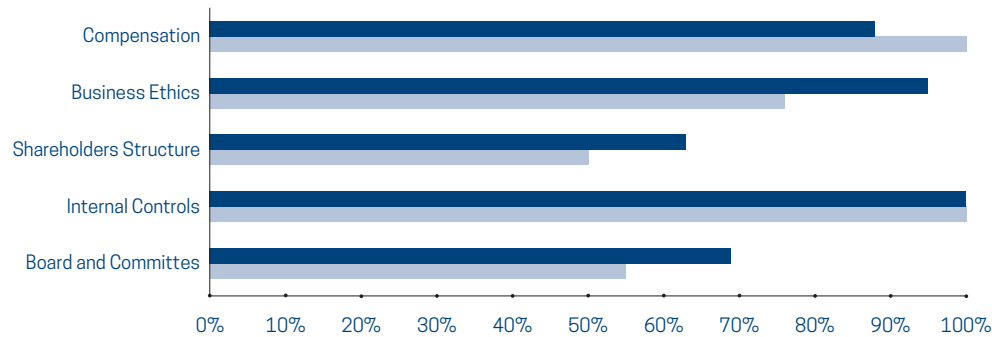
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# Special Situation: Corporate Credit Recovery

## VCT ESG Maturity results

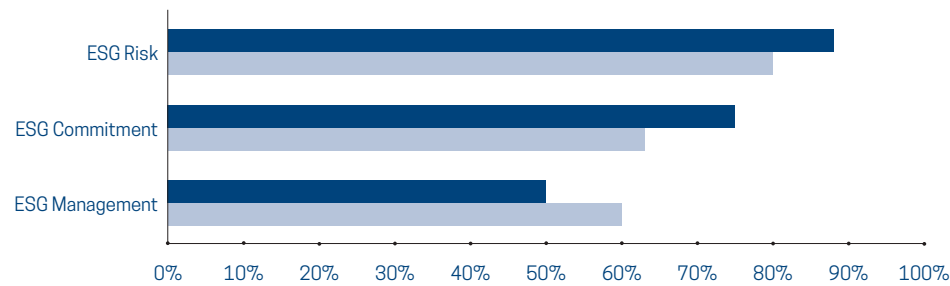
### 1. CORPORATE GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- All companies had the president and CEO as separate figures for most of the reporting period;
- All companies have >30% independent board members;
- All companies have an external auditor;
- All companies adopted the Organizational Model ex D.Lgs 231/2001;
- All companies have a code of ethics;
- All companies have executive compensation tied to performance and do not have "nonperformance incentives".

### 2. ESG GOVERNANCE (2022 VS 2023)



#### Key Highlights:

- All companies have at procedures or policies partially covering ESG topics;
- 3 out of 4 companies have an ESG section on the website, whilst for the remaining one it is in progress;
- All companies have CSR initiatives in place, some of the companies do so only through direct financial support;
- All companies have a person in charge of sustainability issues (not all have a figure specialized only on ESG matters);
- All companies partially consider ESG risks in their risk management system.

2022 2023

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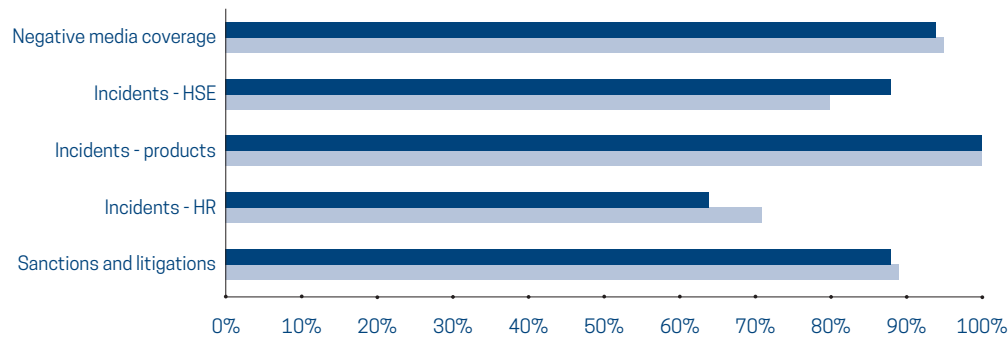
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# Special Situation: Corporate Credit Recovery

## VCT ESG Maturity results

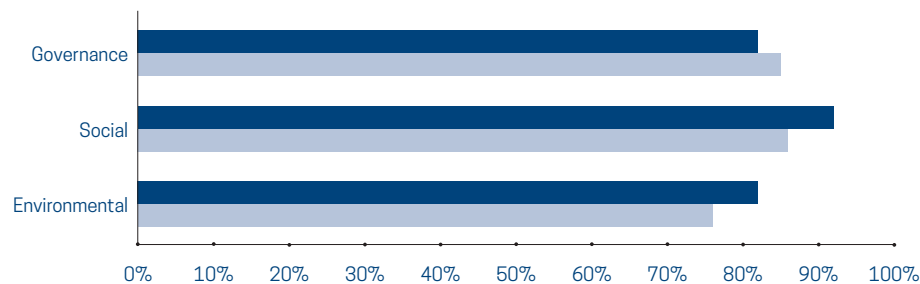
### 3. COMPLIANCE MANAGEMENT (2022 VS 2023)



#### Key Highlights:

- All companies have a complete or partial compliance monitoring system;
- No company has been subject to claims and/or sanctions in the ESG area;
- 1 company has had strikes in the last 3 years, which have been handled appropriately;
- 2 companies have had a high turnover;

### 4. TOPIC SPECIFIC ( 2022 VS 2023)



#### Key Highlights:

- All companies have obtained at least one ESG certification in the areas of Environment, H&S, Quality or Labor;
- All companies have at least one policy or procedure in the ESG area;
- All companies have a manager covering ESG issues;
- All companies have a system to monitor performance in the ESG area.

2022 2023

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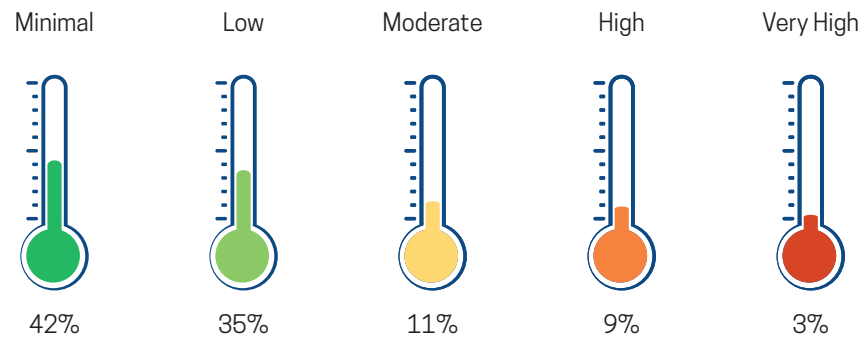
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# Special Situation: Corporate Credit Recovery

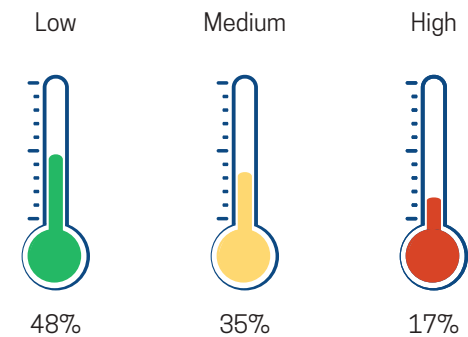
A **Light Climate Risk assessment** has been carried out for all **Article 6 Funds**. The analysis aimed to assess **physical** and **transition** risks faced by Portfolio Companies (PCs) in the Funds. Questionnaires were developed to **screen exposure to climate risks** based on **geographic location and sector**. Results were aggregated at the Fund level to evaluate portfolio exposure. The percentages show the physical (average of current and future) and transition risk exposure of the CCR portfolio in terms of percentage of investment value.

## Physical Risks



- The major physical risk currently faced by the companies is Wildfires, being the only one considered Very High.
- The companies are also exposed to a High level of Extreme Rainfall flooding and Extreme cold. These two risks represent 9% of the portfolio risks.

## Transition Risks



The Transition risks can be explained as follows:

- High-energy-intensity companies are potentially subject to CSRD and positioned in a supply chain with high climate impacts
  - High-energy-intensity companies are potentially subject to CSRD regulation
- Overall the Fund is not significantly exposed to high transition risks

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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# Special Situation: Corporate Credit Recovery



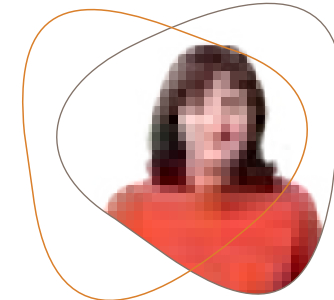
**Util Group is a company founded in 1959 and active in the production of metal parts processed in fine and traditional blanking, mainly intended for the automotive brake market. Particularly, it is the leading manufacturer of plates and shoes for vehicle braking systems, providing products and services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



Investment  
**APRIL  
2017**

Below the main ESG activities that Util implemented during 2023, as part of its path towards industry best practices:

- The Group has installed a 1.7 MW Photovoltaic system, enhancing energy efficiency across its operations, and fostering sustainable energy practices;
- As part of its commitment to gender diversity and leadership development, the Group actively participated in the Consea Women's Leadership Development Program, engaging five female employees;
- To assess its environmental impact, the Group conducted a Product Carbon Footprint analysis for Scope 1 and 2 emissions in collaboration with Enel X;
- Enel X conducted an in-depth ESG assessment for the Group, providing valuable insights into its Environmental, Social, and Governance practices;
- Recognizing its environmental stewardship, the Group achieved a Bronze EcoVadis ranking in 2023, highlighting its commitment to sustainable business practices;
- The Group became a member of the Carbon Disclosure Project, furthering its commitment to transparency and accountability in carbon emissions reporting;
- The Group's ISO 14001 certification was confirmed, underscoring its adherence to international environmental management standards;
- A comprehensive training system to identify, monitor, and integrate training needs was integrated into the Group's annual training plan, ensuring continuous skill development and employee growth;
- To prioritize employee wellbeing, the Group conducted wellbeing surveys through its HR platform, fostering a supportive and healthy work environment for its workforce



**ESG MANAGER**  
ELENA MARTIN



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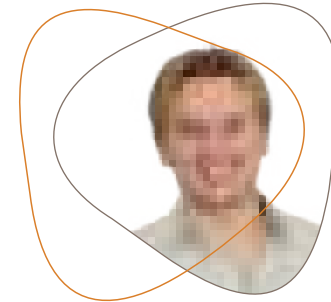
# Special Situation: Corporate Credit Recovery



The Pieralisi Group, whose origins date back to 1888, produces and globally 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. The design and production of the machines are mainly carried out by Peralisi Maip S.p.A. in the plants located in Jesi (Marche, Italy). The Group sells products and related after-sales services through the network of commercial companies operating in various geographic markets (Mediterranean area, Brazil, Northern Europe, and North America).



Investment  
JULY  
2020



ESG MANAGER  
MATTEO MELCHIORRE

In 2023, Pieralisi carried out several activities in the area of sustainability:

- Replacement of R407 refrigerant with the environmentally friendly R32 refrigerant in the air conditioning system, allowing for a significant improvement in environmental compliance;
- Reduction in transportation of semi-finished products by external carriers following the centralization of activities previously carried out at the facilities in Via Ancona and Montecarotto, now consolidated into a single facility adjacent to the main plant, where assembly and shipment of the finished product take place.
- Implementation of the health, safety, and environment management system, improving the management of ESG topics.

Confirmation of the ISO 14001 and 9001 certifications.



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# Special Situation: Corporate Credit Recovery



## SNAIDERO

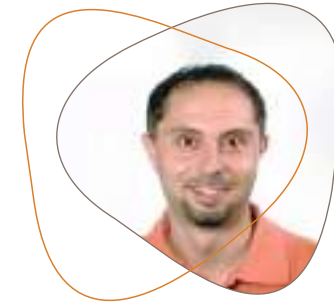
**Founded in 1946 in Majano (Udine), Snaidero is one of the most renowned Italian manufacturers of modular kitchens, as well as an established distributor in Europe. Snaidero boasts a strong international presence mainly because of its care in craftsmanship and technological research, elements that have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



Investment  
**JUNE**  
**2018**

In 2023, Snaidero implemented the following ESG initiatives and projects to continue working towards their sustainability journey:

- A gradual transition to high-efficiency LED lighting has been initiated, aiming to enhance energy efficiency and reduce environmental impact.;
- To optimize energy usage, an advanced monitoring system for electricity consumption has been installed, enabling the identification and implementation of targeted energy-saving measures.;
- Efforts to enhance waste management practices include expanding waste codes to facilitate the recovery of higher-quality waste generated by plant operations.;
- Safety measures have been bolstered with the installation of walkways on two painting cabins, ensuring secure access for regular maintenance activities.
- Addressing environmental concerns, the plant has undertaken the remediation of an asbestos roof, prioritizing worker safety and environmental sustainability;
- In a commitment to eco-friendly practices, the plant is exploring the use of water-based paints with a biological foundation, aligning with its sustainability objectives and reducing environmental impact.



**ESG MANAGER**  
PAOLO DELLA ROSA



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# Special Situation: Corporate Credit Recovery



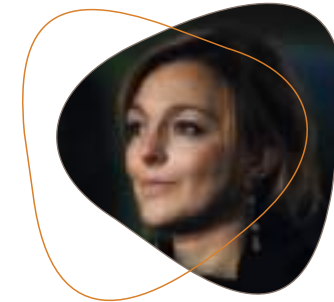
**Costa Edutainment S.p.A. is a leader in Italy in the management of public and private facilities dedicated to recreational, cultural, educational, study and scientific research activities. The leadership of the company, founded in 1997, is rooted in the original entrepreneurial spirit linked to the Costa family name, which was born in the cruise tourism sector, establishing itself as one of the most important and quality brands in Italy and the world, and acquiring over the years a cross-sector know-how. Costa Edutainment aims to respond to the growing demand for a qualitative use of leisure time, combining culture, education, entertainment, excitement, and fun with unique and meaningful experiences.**



Investment  
**JULY  
2022**

Main ESG achievements of 2023:

- 100% of the Group's electricity is backed by Origin Guarantees, which ensure that 100% of the Group's electricity is sourced sustainably, resulting in zero CO2 equivalent emissions for scope 2 market-based activities;
- In 2023 energy efficiency improvements were made;
- Utilization of self-produced energy through a photovoltaic system for the location of Italy in Miniature;
- The Group's activities include conservation efforts encompassing rescue operations, rehabilitation programs, reproduction initiatives, and reintroduction projects both in natural habitats (in situ) and controlled environments (ex situ);
- Commitment to animal welfare, including environmental protection, biodiversity conservation, and ensuring the well-being of all individuals housed within the facilities.
- Several sustainability projects were carried out:
  - Innovative project on circular economy for recycling old wetsuits;
  - The Water Code on marine pollution;
  - PLASTIFINIAMOLA on the issue of plastic waste in the oceans.
- Educational and outreach activities aimed at the public within conservation and sustainability projects were conducted;
- Board induction on ESG topics, updating regulatory framework, and contextual developments;
- Integration of ESG activities and projects into the Group's industrial plan;
- Supply Chain: adoption of the NEXT Index for supplier evaluation based on sustainability criteria.
- Collaboration with local institutions and communities for regional sustainability strategies.
- Voluntary drafting of the Integrated Report (for the tenth year) according to the IIRC Framework with Limited Assurance and progressive alignment with the principles of the CSRD (Corporate Sustainability Reporting Directive) (inclusion of the Value Chain, Impact Materiality, initial assessment of Group activities' eligibility for the European Taxonomy).



**ESG MANAGER**  
SIMONA BONDANZA



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IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

**Flexible Capital Fund**

Client Solutions (Funds of Funds)

NPL

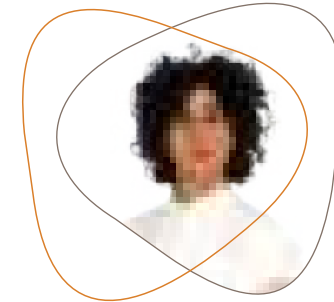
# Flexible Capital Fund

Flexible Capital Fund is the latest private equity fund launched by DeA Capital Alternative funds under **Art. 8 SFDR**. The fund primarily promotes, among other factors, **social characteristics**, through the strengthening and safeguarding of major Italian businesses, and through the integration of social elements such as (i) the **improvement of the expertise and knowledge** of the personnel engaged within the companies in which the Fund invests; (ii) **supporting local communities'** growth and development; and (iii) **ensuring equality and countering any form of discrimination**.

Flexible Capital Fund was established with investment policies and objectives consistent with the purposes of article 27 of Decree Law 34/2020 and article 3 of the Decree of the Minister of the Economy and Finance, No. 26 of 3 December 2021, meaning **supporting** and **reinvigorating** Italy's economic and productive system.

Flexible Capital Fund was established in September 2022. To date, the fund has finalized two investments, respectively in Legami S.p.A. and Costa Experience S.p.A. Before the investments occurred, the investment team performed a **specific ESG due diligence**, with the support of external advisors.

Since the companies have been included in the portfolio, the Investment Team and the ESG Champion have maintained a **constant interaction** to assess the investments' ESG performance. On this respect, a specific VCT for Flexible Capital Fund has been implemented during 2023, taking into consideration: (i) international standards as the **United Nations-backed Principles for Responsible Investment**, the **Sustainability Accounting Standards**, the **Global Reporting Initiative Standards**, and **15 of the 17 Sustainable Development Goals** that the United Nations set up in 2015, and (ii) ESG performance indicators common to all societies within the portfolio, potentially complemented by supplementary indicators for individual target companies, based on their particular features (iii).



**ESG CHAMPION**  
LAURA FILIPPI  
Investment Manager

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# Special Situation: Flexible Capital Fund | ESG highlights



## ENVIRONMENTAL



LEGAMI - purchased a 3-hectare plot of land, called "Dreamland" where **600 plants** and **shrubs** of **40 different native species** were planted, divided into **11 different forest areas**



Costa - **100%** of the Group's electricity is backed by **Origin Guarantees**, ensuring that **100%** of the Group's electricity is sourced **sustainably**.



LEGAMI - **Carbon neutrality** status was maintained



## SOCIAL



LEGAMI - **welfare platform** accessible to all employees with permanent and apprentice contracts



Costa - **Educational** and **outreach** activities aimed at the public within **conservation** and **sustainability** projects



## GOVERNANCE



LEGAMI - transformed into **LEGAMI S.p.A. SOCIETÀ BENEFIT**



Costa - Voluntary drafting of the **Integrated Report** (for the tenth year)



**LEGAMI** - published its **first sustainability report**

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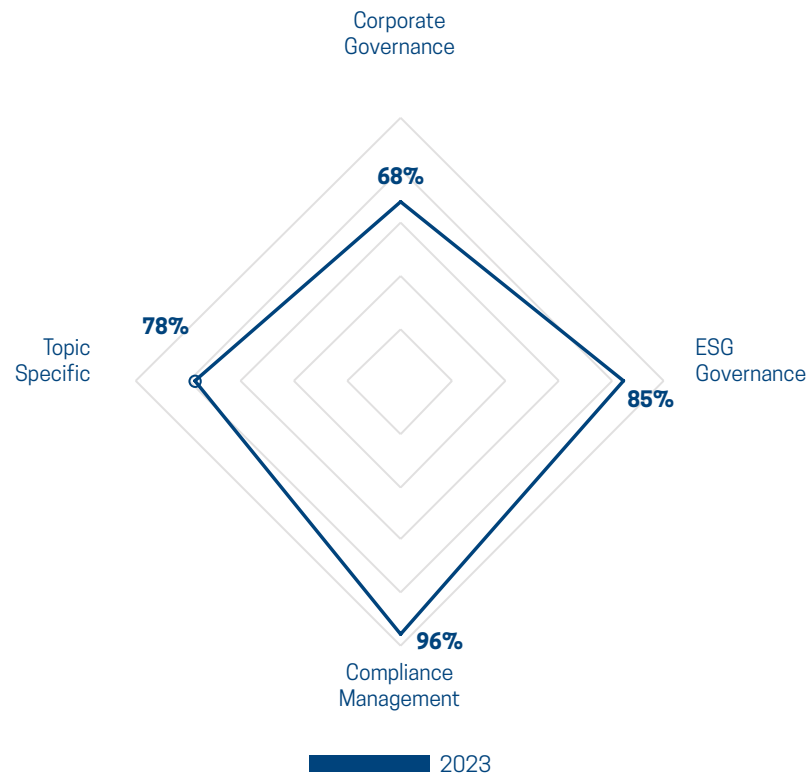
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# Special Situation: Flexible Capital

## VCT ESG Maturity results

### OVERALL MATURITY 2023



› **Corporate Governance:** the Governance structure adopted by the portfolio company and the related tools and system implemented to improve the management and reduce the risks.

› **ESG Governance:** portfolio company maturity in terms of sustainability programs and risk management tools.

› **Compliance management:** portfolio company maturity to ensure compliance and tools in place to manage incidents, violations, sanctions and negative campaigns.

› **Topic specific check:** how the portfolio company manages the ESG specific topics: findings from the due diligences, management systems, certifications, monitoring systems and improvement plans in place.

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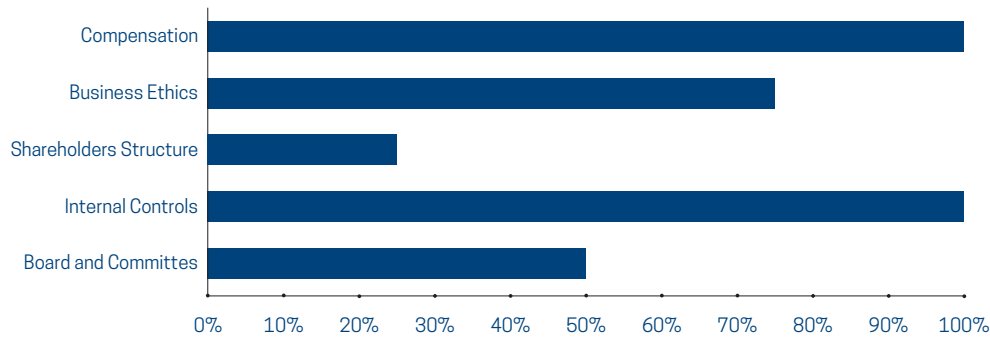
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# Special Situation: Flexible Capital

## VCT ESG Maturity results

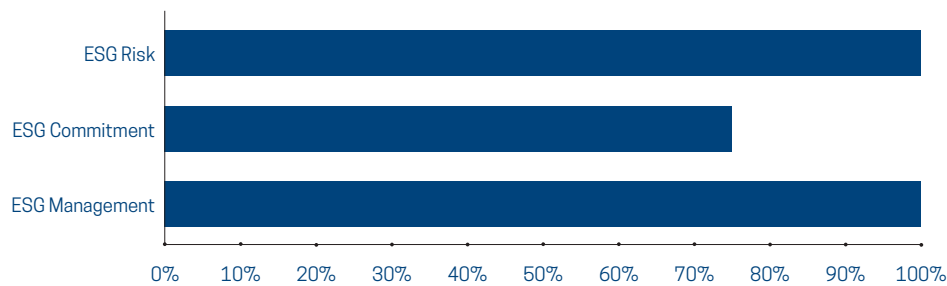
### 1. CORPORATE GOVERNANCE 2023



› **Key Highlights:**

- All companies have separate President and CEO roles.
- The percentage of independent Board members in companies ranges from <20% to >30%.
- All companies have an external auditor.
- All companies have at least partially implemented a Model 231.
- Executive remuneration in all companies is tied to performance and they do not have "non-performance incentives."

### 2. ESG GOVERNANCE 2023



› **Key Highlights:**

- Half of the companies have at least partial procedures/policies in the ESG area.
- All companies have an ESG section on their website.
- All companies have initiated CSR initiatives.
- All companies have a role dedicated to some sustainability issues (not all are specialized roles).
- All companies consider ESG risks in their risk management.

2023

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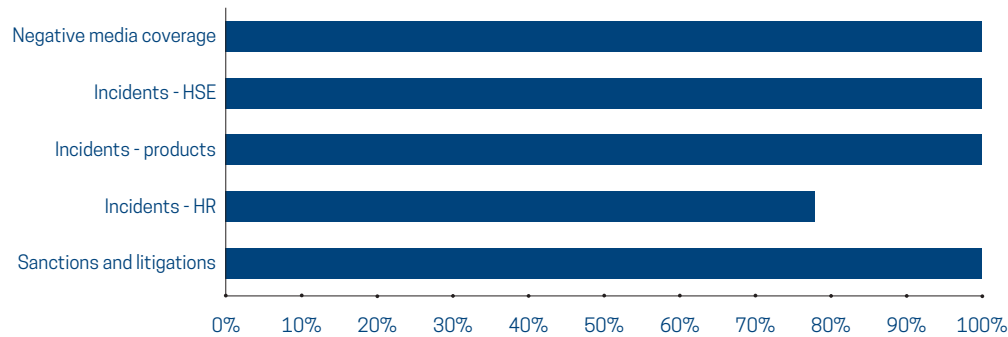
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# Special Situation: Flexible Capital

## VCT ESG Maturity results

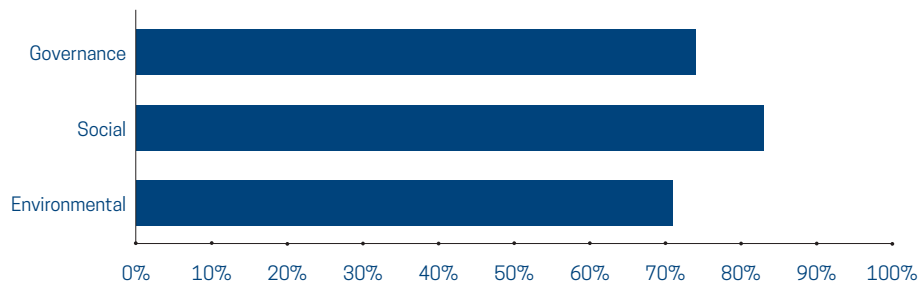
### 3. COMPLIANCE MANAGEMENT 2023



› **Key Highlights:**

- All companies have a compliance monitoring system.
- No company has been subject to ESG claims and/or sanctions.
- No company has experienced strikes in the last 3 years.
- One company has had high turnover.
- No company has had product recalls.

### 4. TOPIC SPECIFIC 2023



› **Key Highlights:**

- All companies have obtained at least one ESG certification (Environment, H&S, Quality, Labor).
- One company has a policy/procedure in the Energy area.
- All companies have a manager covering at least one ESG theme (Energy and/or H&S).
- All companies have a system to reduce Energy impact.

2023

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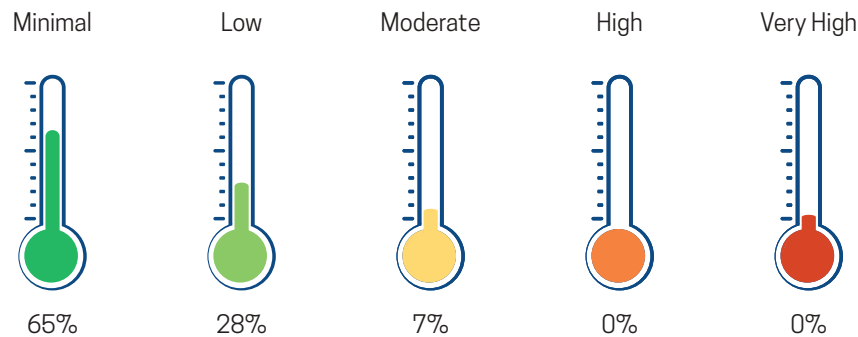
FOF

NPL

# Special Situation: Flexible Capital

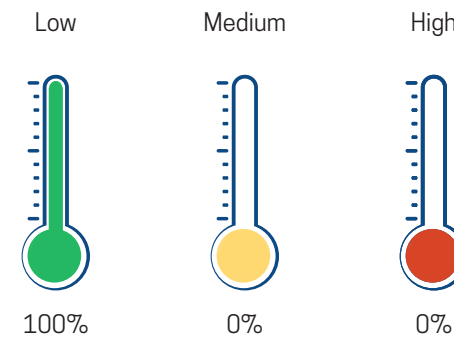
A **Climate Risk assessment** has been carried out for all **Article 8 Funds**. The results indicate the different percentages of risk levels for **Physical Risks** (average of current and future) and **Transition Risks** for the Flexible Fund, based on the results of the **scenario analysis conducted**.

## Physical Risks



Legami has the highest revenues within the portfolio. Taking this into account, the physical risk of "extreme heat," which emerged as a high risk for the company in 2050, appears to be the most significant for the Flexible fund. Note that this risk is present to the same degree on Costa.

## Transition Risks



Overall, the results of the transition risk analysis show a low exposure to climate risk or related opportunities.

The only transition risk identified is classified as "Moderate" for Legami and relates to "Brand & reputation". This risk pertains to stakeholder expectations regarding the company's climate performance.

Note: The percentages represent the distribution of the invested value in the Fund across all risk levels. These figures are adjusted based on whether portfolio companies have implemented specific mitigation measures to reduce each physical risk they face. The same applies to the percentage of invested value exposed to low, medium, or high transition risks. In this case, the level of risk has been reduced if the portfolio company has demonstrated adequate monitoring of transition risk. Please be aware that this visualization, resulting from an in-depth quantitative analysis of each portfolio company, simplifies the analysis to provide insights into the Fund's overall exposure to physical and climate transition risks, as well as their severity.

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# Special Situation: Flexible Capital



## LEGAMI

**LEGAMI designs, develops, and distributes products, creating messages through graphics, patterns, inspirational phrases always in line with current trends and applied to everyday products.**



Investment  
**JUNE 2023**

From calendars and diaries to stationery items, from tech items to household items, up to games, beauty accessories, travel essentials: more than 4000 products placed in 15 different and constantly changing worlds, with a price accessible to all and aimed at a transversal public, because positive sentiments are a universal language all over the world.

LEGAMI operates in diversified distribution channels: Wholesale, direct Boutiques, proprietary e-commerce and through marketplaces LEGAMI is present in 70 countries, with 33 proprietary Boutiques in Italy (figure updated on 31.05.23) and 2 Boutiques abroad, more than 400 corners and hundreds of points of sale.

LEGAMI is present in strategic locations (city centers, railway stations, airports), in the most prestigious bookshops and the best shopping centers, in Italy and worldwide.

A critical success factor is the unique and unmistakable style of the LEGAMI brand that provides a unique shopping experience.

LEGAMI's main ESG achievements in 2023 include the following:

- Since August 1, 2023, Legami has transformed into LEGAMI S.p.A. SOCIETÀ BENEFIT, becoming one of the pioneering companies in its sector to embrace the concept of Benefit Corporations in Italy;
- At the end of May 2023 Legami decided to publish its first sustainability report, drawing inspiration from various sustainability reporting frameworks, standards, and indicators;
- In May 2023 LEGAMI purchased a 3-hectare plot of land, called "Dreamland" where 600 plants and shrubs of 40 different native species were planted, divided into 11 different forest areas. In one of these areas, a 250-square-meter wetland will be created, playing a crucial role by harboring biodiversity and serving as a focal point for important migratory routes and particularly sensitive ecosystems. This initiative's objectives are to counteract the loss of biodiversity and urban natural capital, mitigate temperature, and improve air quality. Access to the area is not permitted to preserve it from human intrusion and violation, and to become Bergamo's new green lung where flora and fauna can regenerate and thrive;
- Carbon neutrality status was maintained;
- The company offers a welfare platform accessible to all employees with permanent and apprentice contracts, whether they work in-store or at headquarters. At headquarters, this benefit extends to employees up to level 1, whereas in-store it applies to Store Managers with less than one year of seniority.



**ESG MANAGER**  
NATASCIA GHILARDI



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# Special Situation: Flexible Capital



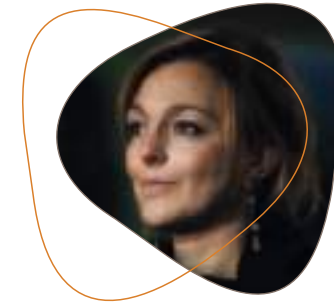
**Costa Edutainment S.p.A. is a leader in Italy in the management of public and private facilities dedicated to recreational, cultural, educational, study and scientific research activities. The leadership of the company, founded in 1997, is rooted in the original entrepreneurial spirit linked to the Costa family name, which was born in the cruise tourism sector, establishing itself as one of the most important and quality brands in Italy and the world, and acquiring over the years a cross-sector know-how. Costa Edutainment aims to respond to the growing demand for a qualitative use of leisure time, combining culture, education, entertainment, excitement, and fun with unique and meaningful experiences.**



Investment  
**SEPTEMBER  
2023**

Main ESG achievements of 2023:

- 100% of the Group's electricity is backed by Origin Guarantees, which ensure that 100% of the Group's electricity is sourced sustainably, resulting in zero CO2 equivalent emissions for scope 2 market-based activities;
- In 2023 energy efficiency improvements were made;
- Utilization of self-produced energy through a photovoltaic system for the location of Italy in Miniature;
- The Group's activities include conservation efforts encompassing rescue operations, rehabilitation programs, reproduction initiatives, and reintroduction projects both in natural habitats (in situ) and controlled environments (ex situ);
- Commitment to animal welfare, including environmental protection, biodiversity conservation, and ensuring the well-being of all individuals housed within the facilities.
- Several sustainability projects were carried out:
  - Innovative project on circular economy for recycling old wetsuits;
  - The Water Code on marine pollution;
  - PLASTIFINIAMOLA on the issue of plastic waste in the oceans.
- Educational and outreach activities aimed at the public within conservation and sustainability projects were conducted;
- Board induction on ESG topics, updating regulatory framework, and contextual developments;
- Integration of ESG activities and projects into the Group's industrial plan;
- Supply Chain: adoption of the NEXT Index for supplier evaluation based on sustainability criteria.
- Collaboration with local institutions and communities for regional sustainability strategies.
- Voluntary drafting of the Integrated Report (for the tenth year) according to the IIRC Framework with Limited Assurance and progressive alignment with the principles of the CSRD (Corporate Sustainability Reporting Directive) (inclusion of the Value Chain, Impact Materiality, initial assessment of Group activities' eligibility for the European Taxonomy).



**ESG MANAGER**  
SIMONA BONDANZA



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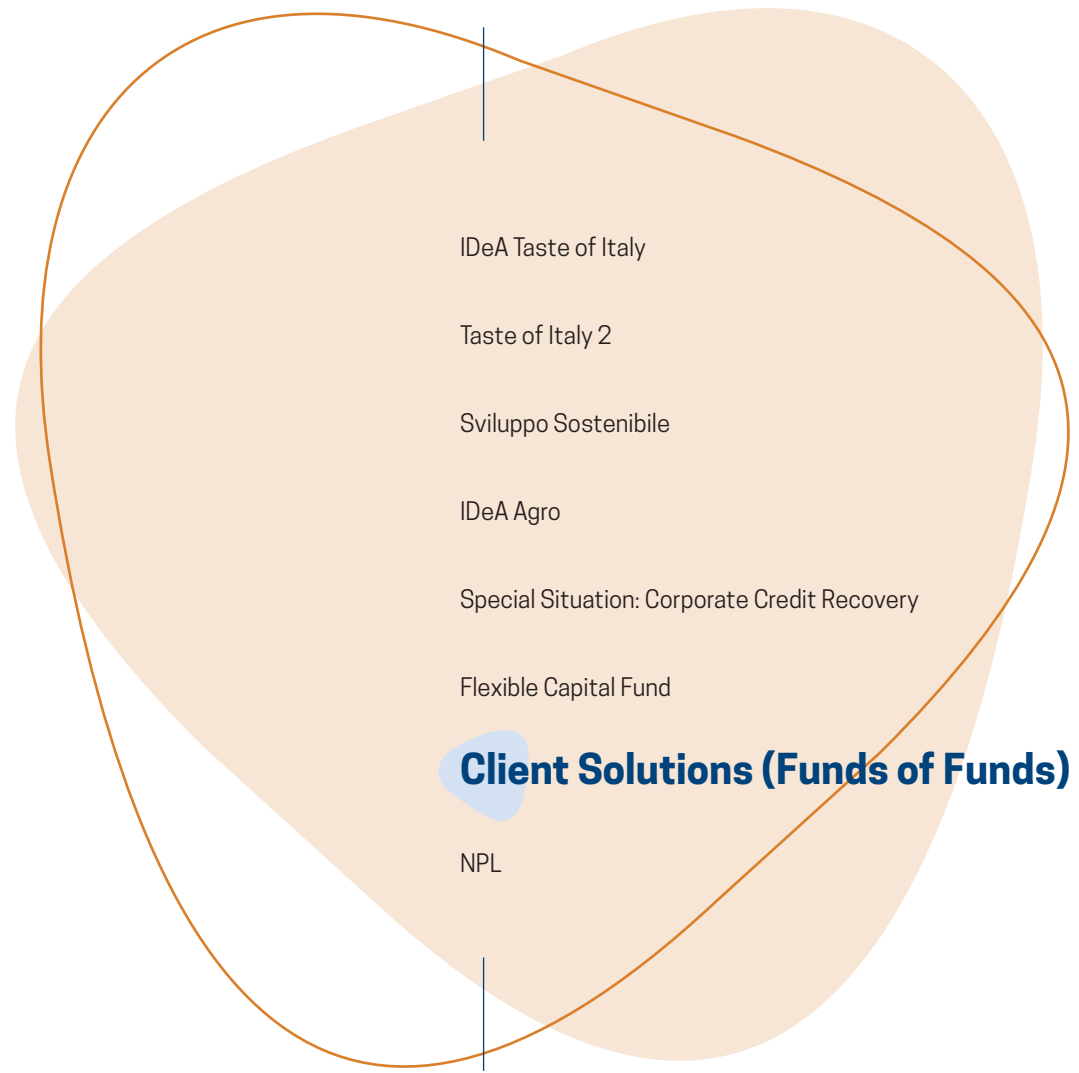
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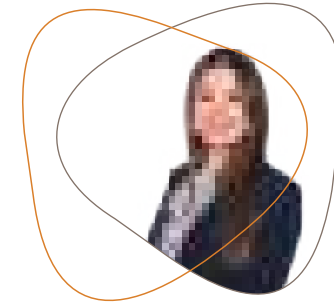
# Clients Solutions (Fund of Funds)

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 to 2007 and the latest, DeA Liquidity Solutions IV, currently being the seventh, is a Secondary Fund of Funds established in mid-2023 and still in fundraising, has already started its investment period. Across the multiple funds, the management team weighed the strategies differently in each case.:

- IDeA I Fund of Funds (2007), Small/Mid buyout: 61% of the portfolio.
- ICF II (2009), Small/Mid buyout: 56% of the portfolio.
- IDeA Global Growth - CF (2013), Buyout, including large companies: 57%. of the portfolio.
- ICF III (2014), Buyout, including large companies: 48% of the portfolio, in addition to a compartment entirely dedicated to credit and distressed strategies.
- DeA Endowment Fund (2019), Private Credit: 48% of the portfolio. 88% of the portfolio signatory of the UN Global Compact;
- DeA Endowment Fund II (2022), fund of funds dedicated to banking foundation; capital allocated to private equity and infrastructure funds;
- DeA Liquidity Solutions IV (2023), dedicated to secondary GP-stakes and LP-led transactions.

The contribution of DeA Capital Alternative Funds' management team to **sustainability principles** consists of a **very active stewardship activity**. The active approach is done by sending questionnaires to the managers, in which **adherence to the fund's ESG principles is highlighted**. In the DeA' questionnaire all main ESG topics are examined, with specific requests on Governance, Engagements, Stewardship, and a significant number of Social and Environmental KPIs. Similarly, all KPIs received were included in the VCT for **analyses, monitoring, and statistics**. The questionnaires were enhanced during 2023 to include other topics.

- Signatory of the UN Global Compact;
- Implementation of a Human Rights policy;
- Participation to Net Zero initiatives;
- Commitment to Climate Change;
- Climate Risks.



**ESG CHAMPION**  
CHIARA SEMERARO  
Associate

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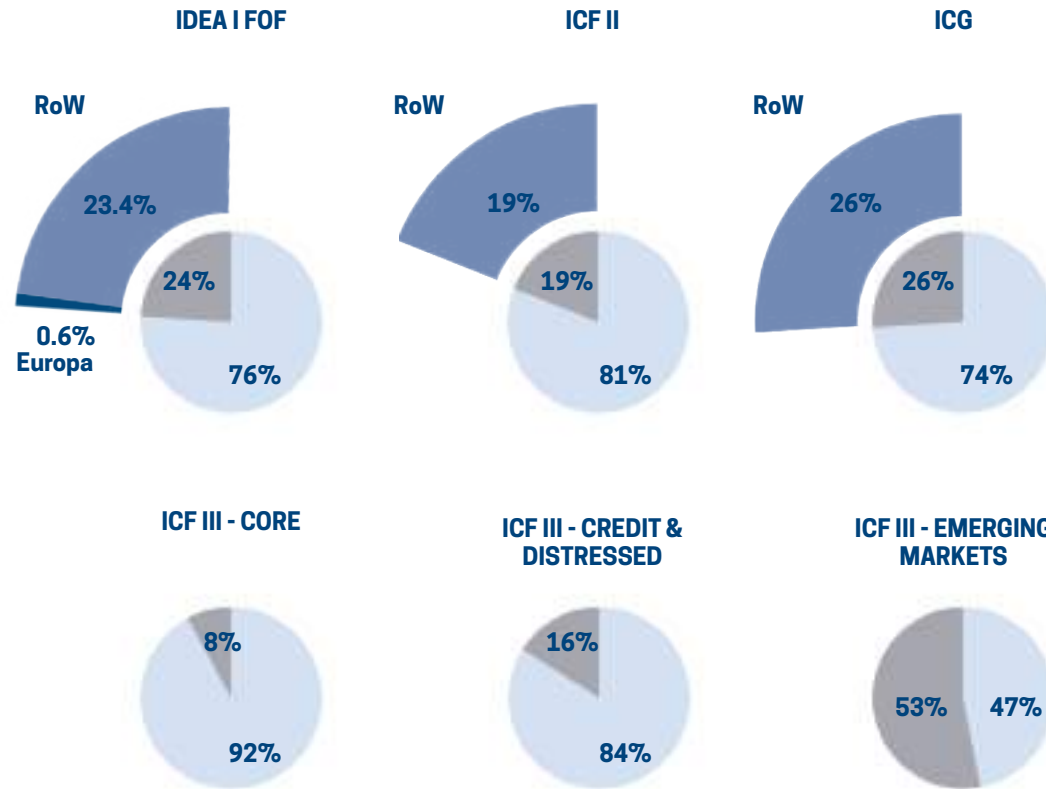
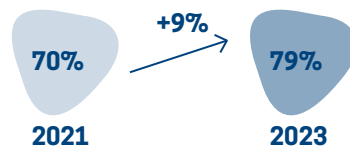
# Clients Solutions (Fund of Funds)

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.

Over the past year, the team screened **the portfolios of all funds** invested before the adoption of the UN PRI (Principles for Responsible Investment) and the VCT tool. This assessment was conducted **to evaluate the ESG efforts made by all General Partners within the portfolios**. The results indicate that the funds in the portfolios have initiated an **important process towards enhancing their ESG practices**. On average, **79%** of the funds in the total portfolio **are Active in the ESG space**, as evidenced by their implementation of an ESG policy and/or the sharing of ESG reports with Limited Partners. This figure is in line with the results obtained in 2021 and 2022, highlighting the importance of ESG themes for the funds in the portfolio.

While most of the portfolio demonstrates active commitment to ESG objectives, a **small portion of the overall portfolio remains Not Active** in pursuing ESG metrics. Notably, GPs (general partners) operating in emerging markets, as depicted in the accompanying graphs, and/or within the private credit asset class display the lowest level of ESG activity.

## % funds in the total portfolio that are Active in the ESG space



Note (I) Composition based on NAV at FMV of the funds in the portfolio as at Q4 2023

- Tol
- Tol2
- SS
- AGRO
- CCR
- FC
- FOF**
- NPL

# Clients Solutions (Fund of Funds)

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Tol2

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FC

**FOF**

NPL

## 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 was the **first multimanager program** initiated **after the adoption of the UN PRI and the related ESG VCT tool**. Every investment of the Fund has been subject to a specific ESG due diligence, and to a periodic monitoring program aimed at measuring the level of ESG maturity and effort of each GP and fund.

## Other programs

As mentioned in the introduction, in 2023, **two new programs were launched**: DeA Endowment Fund II and DeA Liquidity Solutions IV, which have just begun their investment period.

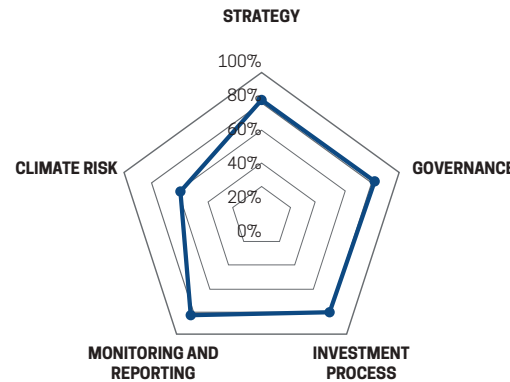
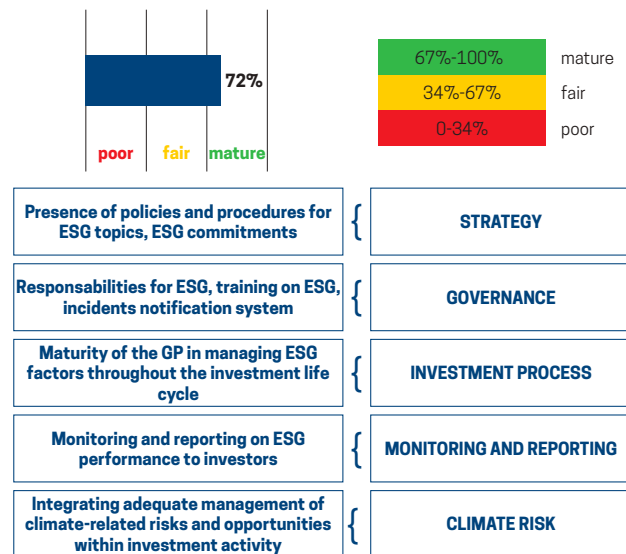
Although we are in the preliminary stages of investment life and the fund portfolios are only minimally invested, the team has already begun monitoring the ESG performance of the underlying funds through the VCT.

In particular, the DeA Endowment Fund II has achieved a very **satisfactory score of 82%**. To date, it has invested in European private equity and infrastructure funds, **all classified under Article 8 of the SFDR**.

As for the DeA Liquidity Solutions IV, which has a different strategy from the other programs by acquiring funds or portfolios of funds on the secondary market, that may have been launched before the SFDR came into effect, **the score reaches 63% (classification using our VCT as “fair”)**. However, being in the fund’s first year of operation and having invested only a small portion of its target size, the result is very preliminary.

# Clients Solutions (Fund of Funds)

## Focus on DeA Endowment Fund



The **ESG scoring** is calculated considering five macro-areas:

- **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.
- **Climate Risk:** Analysis and monitoring of climate-related risks

The total portfolio, as of December 2023, reached an **overall score of 72%** and a subsequent classification as “Mature” in our specific screening tool, indicating a collective effort by GPs to integrate ESG topics into their operations. The score is not comparable to last year's as refinements have been made to our VCT to include the new section on **climate risks**. If we had used the 2022 tool, the score would have been consistent with last year's results (78%). This difference arises from the fact that the funds in the portfolio are in the initial phase of implementing policies for monitoring and reporting climate risks in their investment guidelines.

As further evidence of the integration of sustainability into our investment policies, we emphasize that our portfolio funds have **invested over €5.5 billion in renewable energy production** facilities worldwide.

Furthermore, to emphasize the importance of ESG considerations in our investment decisions, we highlight that **30% of our European investments are classified according to Article 8 of the SFDR** (Sustainable Finance Disclosure Regulation).

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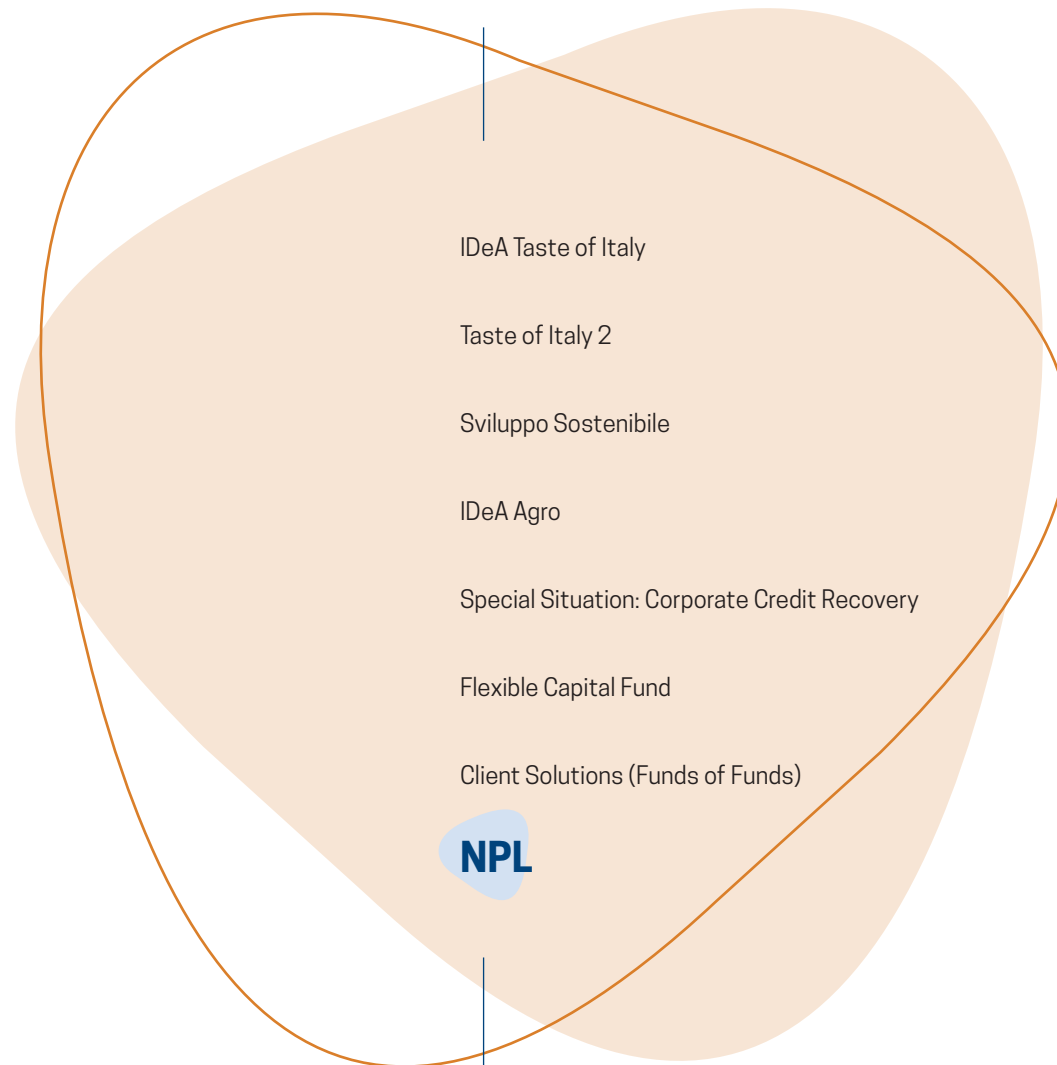
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# NPL

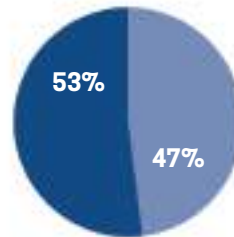
DeA Capital Alternative Funds entered into the NPL business in November 2019 following the acquisition of the NPL business division from Quaestio SGR.

**Italian Recovery Fund (“IRF”)**, now managed by DeA Capital Alternative Funds, is one of the largest NPL fund in Europe that acquired c. EUR30bn (original notional amount) of non-performing loans from Italian banks in different transactions. 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.

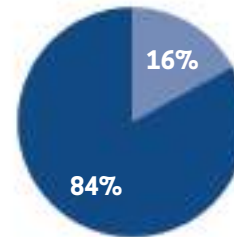
## Portfolio Stratification 31/12/2023 (GBV c. EUR21.6bn)

**Borrower Type (Sec/Unsec)**



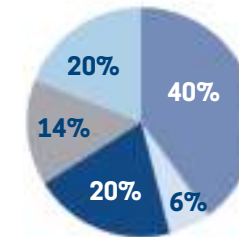
■ Secured  
■ Unsecured

**Borrower Type (Corp/Ind)**



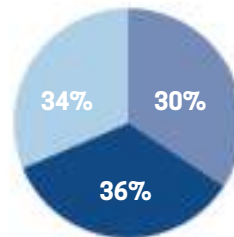
■ Corporate  
■ Individual

**Geographic Area**



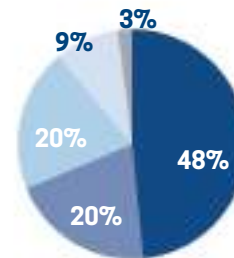
■ North East ■ South  
■ Center ■ Islands  
■ North West

**Vintage**



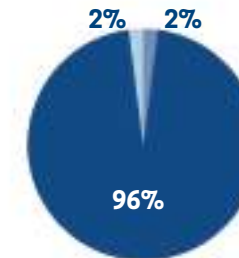
■ 2012-2014 ■ After 2014  
■ Before 2012

**GBV size**



■ 01.>1500K ■ 04.50-150K  
■ 02.500-1500K ■ 05.<50K  
■ 03.150-500K

**Type (NPL/UTP/Leasing)**



■ Sofferenze ■ UTP  
■ Leasing



**ESG CHAMPION**  
**MATTEO CONTE**  
Investment Director

Tol  
Tol2  
SS  
AGRO  
CCR  
FC  
FOF  
**NPL**

# NPL

## Questionnaire to Special Servicers

The primary area of "sensitivity" in the NPLs business is the compliance with **ESG best practices, codes, and policies** by special servicers who directly handle credit management and recovery activities. Hence, the NPL Investment team of DeA Capital Alternative Funds has focused the ESG assessment at special servicers' level. The Servicing & Collection Policy stands as a critical element in fostering sustainability within the complex NPL business. Moving forward, the goal is to further enhance the principles and methods employed in the NPL collection process by these servicers.

Similarly to previous year, a proprietary questionnaire was developed, containing a series of detailed questions that assess various ESG dimensions to evaluate the servicers' awareness and maturity. The feedback received indicates that all servicers adhere to the primary ESG standards. The most notable ESG facets that emerged from the servicers' responses to the questionnaire include:

- All servicers utilized by DeA Capital Alternative Funds incorporate energy efficiency systems.
- 80% are adopting **Green Mobility**.
- On average, servicers employ more women than men, accounting for 51% of the workforce.
- Over 95% of employees are on **permanent contracts**.
- **All servicers implement Model 231**, complete with associated policies and a compliance system that aligns with best practices.
- More than **40% of out-of-court settlement cash collections**, which tend to be quicker, less burdensome, and more debtor-friendly.
- Where technically feasible, **attempts for out-of-court settlements (Discounted Payoff, DPO) are nearly always pursued**.
- **No board members** are involved in any litigations.

In keeping with practices from the previous years, DeA Capital Alternative Funds continued to engage directly with its primary Servicer. This engagement entailed regular meetings, the exchange of **key documents related to ESG topics**, and sharing of NPL best practices. Through ongoing dialogue, DeA Capital Alternative Funds ensured alignment and responsiveness to evolving **ESG practices, enriching its partnership and operational effectiveness**.

The data gathered from the questionnaires underscores that the key ESG aspects are upheld by all special servicers:

- **Environmental:** Servicers are aware of the environmental impact of their operations, particularly emphasizing Green Procurement practices such as utilizing renewable energy, energy conservation, and reducing paper and plastic use.
- **Social:** Servicers are committed to ethical debt collection practices, ensuring borrowers are treated with respect and dignity. Moreover, they engage in social initiatives that support local communities and/or charitable organizations.
- **Governance:** Through established policies and procedures, servicers strive to align their interests and objectives with all stakeholders, including clients, borrowers, regulators, and local communities.

\*this % excludes Gardant

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NPL

**THE REPETITIVE MOTION  
OF THE SEA AS A  
CONSTANT ACTION THAT  
IS REPLICATED IN THE  
FUTURE**



**MORE INFORMATION ABOUT  
THIS REPORT**

# Next Steps

This year we have taken significant steps to become an **increasingly responsible investor**, by improving our already existing ESG framework and formalizing our ESG commitments as transparently described in this report, also aligning ourselves with the Banca d'Italia requests.

A **significant enhancement** includes the integration of a **Climate Risks section** into the **Value Creation Tool**, evaluating the Climate Risk exposure of portfolio companies within Article 6 and Article 8 funds. In the upcoming year, we aim to further fortify our responsible investment strategy, aligning with the objectives outlined in our individual ESG roadmaps for each fund. Specifically, we are dedicated to enhancing our ESG data collection through the introduction of a web-based tool, which will streamline the process and elevate our monitoring capabilities. This new platform will replace our current Value Creation Tool, offering a more sophisticated approach to data collection.

Moving forward, a central focus for us remains steadfast support for all our Portfolio Companies in executing the **ESG action plans collaboratively** developed with them, fostering enduring value across all ESG dimensions.

Furthermore, we aim to further **promote Responsible Investment** across the industry through active engagement with associations and organizations, fostering collaborative efforts to advance ESG principles and practices. Additionally, we will continue to prioritize the development of our employees' soft and technical skills related to ESG topics through ongoing training, workshops, and knowledge-sharing initiatives. Through these endeavors, we strive to **deepen our commitment to ESG integration** and **create long-term value** for our stakeholders and the broader community.

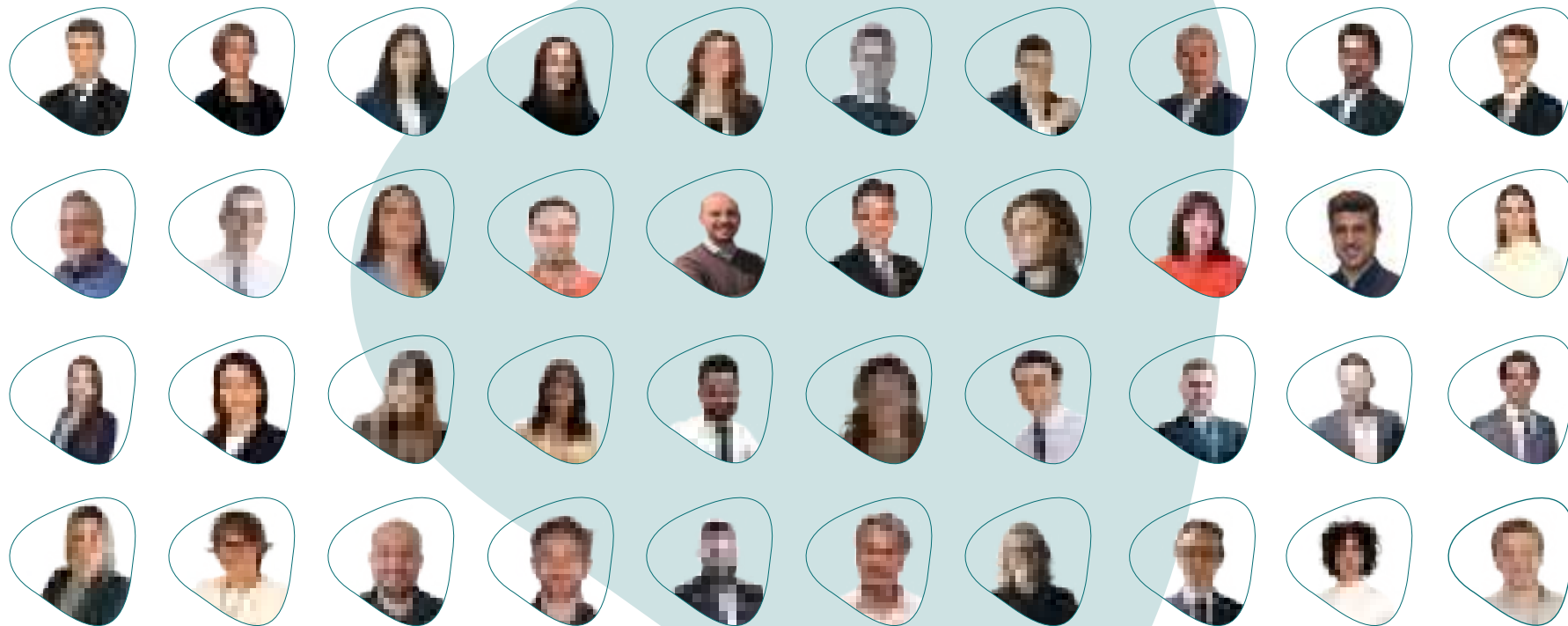


# Our ESG Partners

**ARWIN &  
PARTNERS**



# The Power of people



# Contacts

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

Our ESG team at  
**[esg-af@deacapital.com](mailto:esg-af@deacapital.com)**

