

The responsible approach

DeA Capital Alternative Funds SGR



ESG REPORT 2022

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Letter from the CEO

2022 has been a very challenging year. If on one hand COVID 19 was finally managed, on the other hand world has been facing geopolitical (first the war in Ukraine) and macroeconomic dynamics which were unexpected, at least in term of magnitude. A stable high inflation and a sharp increase in interest rates - which seems to potentially slow down but not reduced so far - have put huge pressure and uncertainty on investments decisions both at portfolio companies and funds levels.

In this uneasy environment DeA Capital Alternative Funds and its portfolio companies have further increased the **efforts to reach** both our short and medium-term **sustainability goals**. Furthermore, other investment areas were identified to confirm ourselves within the ESG best practices of the global asset gatherers industry.

Sustainability has become very frequently discussed at our Board of Directors' level. The Board has made a commitment to all **ethical and human rights issues** with a focus on **climate change and all physical and transitional risks** that our investments might face. A dedicated team and procedures were set up to properly monitor risks and address them in advance in cooperation with management teams and portfolio companies' management.

The management company has made **huge efforts to fully integrate sustainability within the investment processes of all our strategies**: analysis of financials and prospects goes together with a deep ESG Due Diligence. ESG pros and cons are scrutinized and an action plan for each investment is identified to set a route to improvement. The delivery of the plan is constantly monitored during the year.

Current ESG regulations have been fully embraced: most of our direct funds - **Taste of Italy 2, Sviluppo Sostenibile** and the newly issued **Flexible Capital** fund - are under **Article 8** of the **SFDR**. All new funds/strategies under development will be at least Article 8, having all managed products with a very high minimum ESG standard in the short term. This commitment goes to our portfolio companies as well to incentivize management to run their business in a responsible and ESG compliant manner.

Funds of Funds will increasingly turn to investments in Article 8 and 9 funds. The management team has considerably increased the ESG methods of engagement with GPs and especially the stewardship process.

Among direct funds **IDeA Agro** - a sustainable fund itself because most of its investments consists of crops - can have an **overall significant positive impact on the environment**. Our goal is to be able to concretely use the benefits produced by our crops (consumption of CO2) to transfer them to businesses or companies that need credit instead.

In 2022 we did a **complete review** of our proprietary assessment and monitoring tool, the **Value Creation Tool**, to address the most recent changes in the ESG regulatory framework. We have been constantly monitoring and reviewing, through our ESG team and the ESG champions, the implementation of the portfolio companies plans and their performances.

In 2022 the management company has reduced its gender gap getting to a **37% female working population**. Always in 2022 Board of Directors and Board of Statutory Auditors have been renewed addressing the gender gap as well.

2023 will be a year of further ESG investments. We will continue deploying resources to bring on our journey toward a more sustainable environment in which all our firm and our portfolio companies strongly believe.



Gianandrea Perco
CEO



Letter from the Head of ESG

2022 was a busy year, characterised by changes in the **regulatory and legal environment, increased investor sensitivity to sustainability, and increased in-house activities.**

We continued to focus on the **Value Creation Tool (VCT)**, our proprietary valuation and monitoring tool, which in the future may be moved to a digital platform to facilitate its use by portfolio companies that are asked to update data periodically. The VCT has been integrated with the **PAIs (Principal Adverse Impacts)**, mostly for specific products falling under Article 8 of the SFDR.

The Article 8 funds have become three, with the launch of Flexible Capital Fund, and more are planned from 2023 onward.

We tackled two other relevant issues:

- the commitment to monitor **climate and transition risks**, as requested by the Bank of Italy and the PRI;
- the upgrading of the **NPL** framework with the new questionnaires to Special Servicers, also useful in defining the new policies the management team wants to fulfill in the future.

I proudly observe that the **ESG process has now been fully integrated into all operational activities:**

- on one hand, management teams that analyze any investment taking into account environmental Due Diligence, reputational analysis, and the costs

required to bring the investment up to ESG best practice levels;

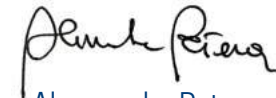
- on the other hand, portfolio companies that are systematically strengthening governance and climate risk commitment also through energy efficiency projects and social topics as well.

In 2022, we had the **PRI's assessment** of the different types of products, and we were very proud of the performance of **Private Equity Direct Funds (5 stars)**.

Once again, it was interesting to note how, in the evolutions of the subject, there is always further attention from all the stakeholders involved. And here, in Dea Capital Alternative Funds, we have **the privilege of a unique observatory:**

- our **investors**, with a growing interest in ensuring that their assets are effectively managed with a view to promoting sustainability and who, over time, have also developed a strong critical capacity and judgement;
- our investments, **portfolio companies**, real players in the delivery and implementation of ESG strategies in many different sectors. Intense engagement has allowed us to build a strong relationship with the ESG Managers of each company and touch upon their commitment;
- **the regulatory and legal framework** that, on a European geographical basis, dictates the lines of an area that has been in need of regulation.

I would also add our competitors, with the progress that the entire PE industry has achieved, so **that the achievements of one are a benefit to all.**



Alessandra Paterna
Head of Marketing, Institutional Sales, ESG



Key Figures



CLIENT SOLUTIONS



DIRECT FUNDS



SPECIAL SITUATION



NPL



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

Date as of 31/12/22

ESG Highlights



Environmental



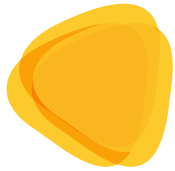
Energy supply from **renewable sources** for all DeA Capital Alternative Funds' **buildings**



Climate Risk Assessment performed for **Art. 8** SFDR funds



About **1,100 hectares** for a total of more than **990 K** of new **plants** under **IDEA AGRO** fund



Social



The **NEXT Project** (New Empowerment for Young Talent)



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



98.5% of **employees** have a **permanent contract**



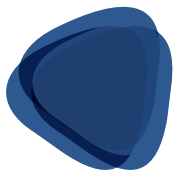
All **Direct investments** collect **semi-annual ESG data**



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



100% of top management and employees **trained on ESG**



Governance



Proprietary tools for the **evaluation** of investments ESG performance with Principle Adverse Impact Indicators (**PAI**)



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



All **portfolio companies** appointed an **ESG Manager**



ESG Action plans launched for all **Article 8 funds'** portfolio companies



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



Engagement



PRI Signatory **5 ★** for **Direct Private Equity** activities



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



UN Global Compact Signatory



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



Engagement with **AIFI** to promote PE responsible investment in **Italy**

UN PRI ESG Performance

Assessment Review

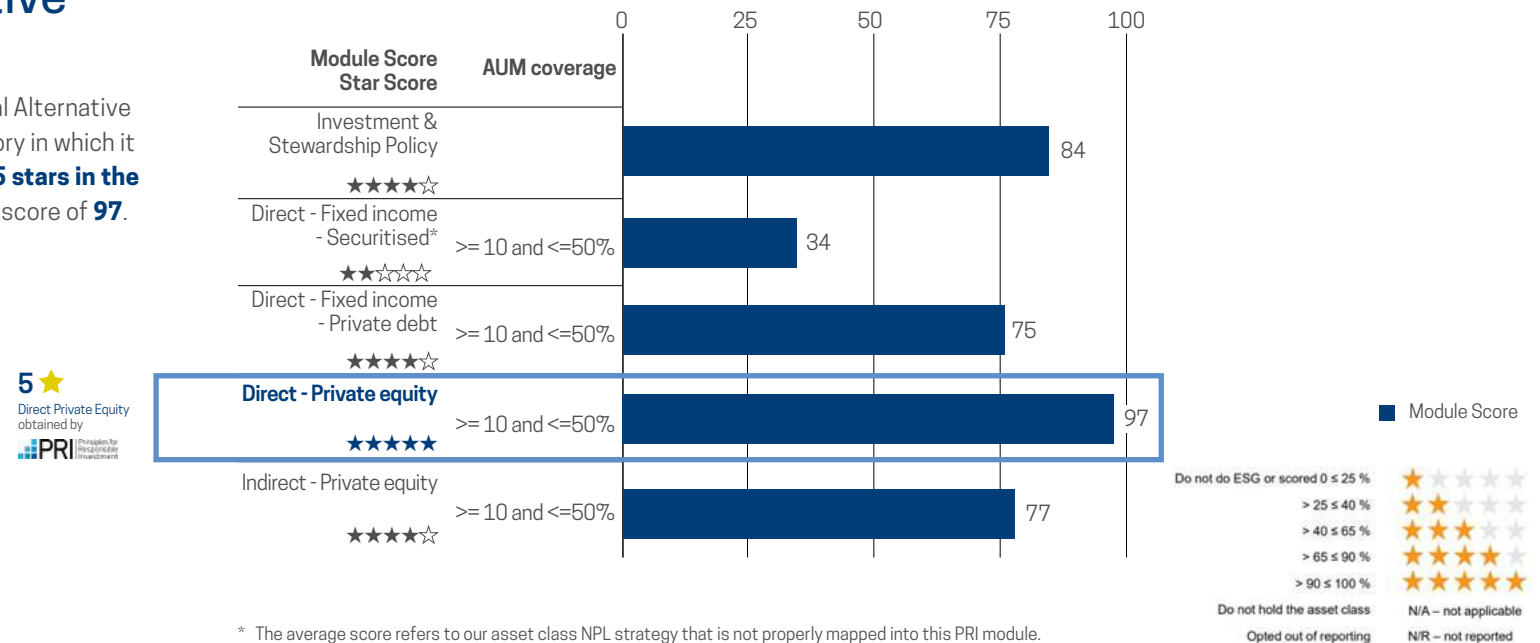
The **PRI assessment was revised in 2021** in line with broader changes to the Reporting Framework and to take into account the current state of responsible investment and future progress.

- The form grading system changed from alphabetical (A+ to E) to numerical (**1 to 5 stars**)
- **Absolute ranking** was taken to obtain a more balanced distribution of scores.

The scoring thresholds define at which percentage boundary a grade is allocated:

DeA Capital Alternative Funds Score

As we can see from the table DeA Capital Alternative Funds got 4 stars in almost every category in which it was evaluated. Of particular note is the **5 stars in the "Direct - Private Equity"** section with a score of **97**.



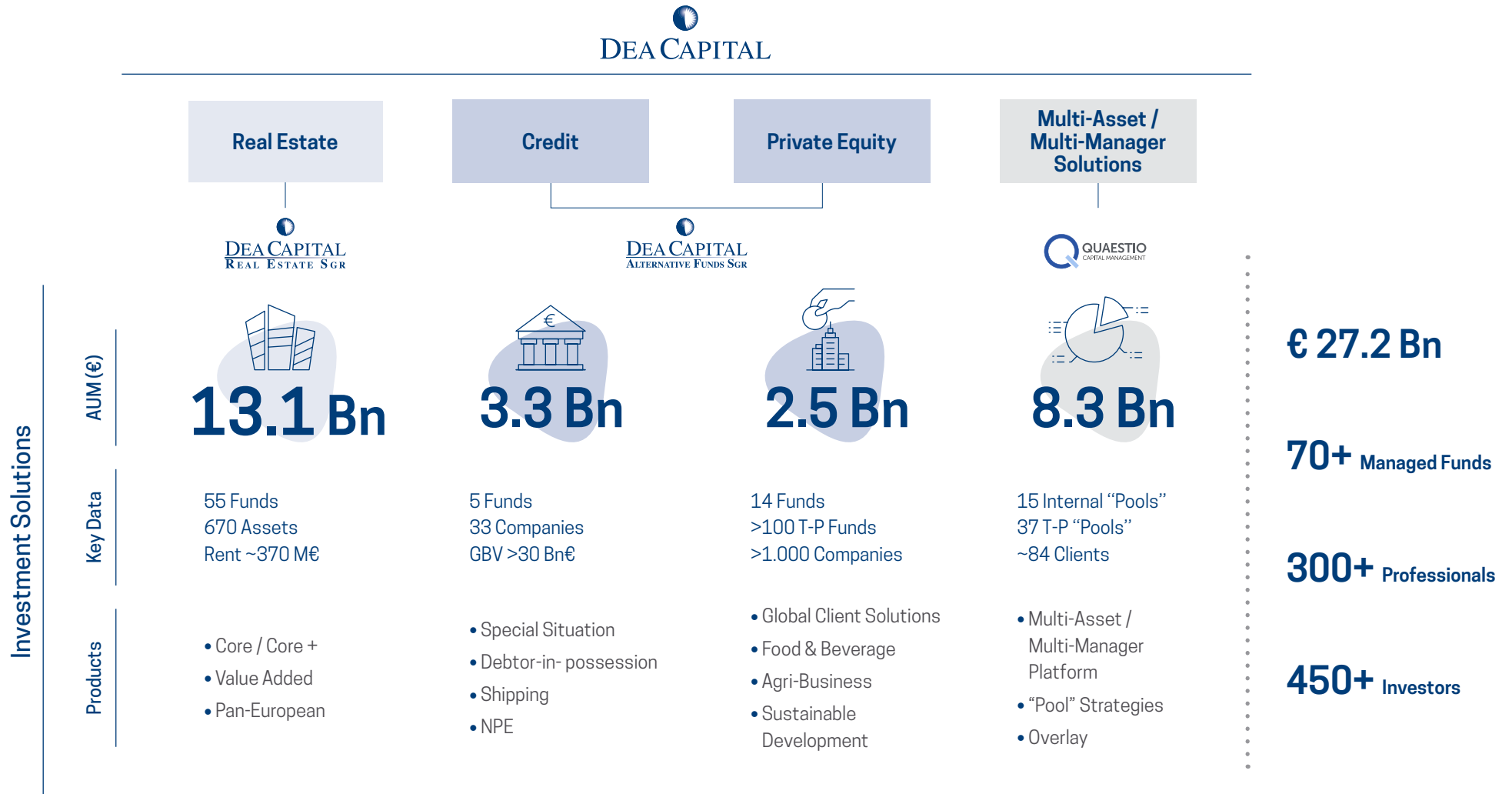
* The average score refers to our asset class NPL strategy that is not properly mapped into this PRI module.



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Our key figures: DeA Capital Platform

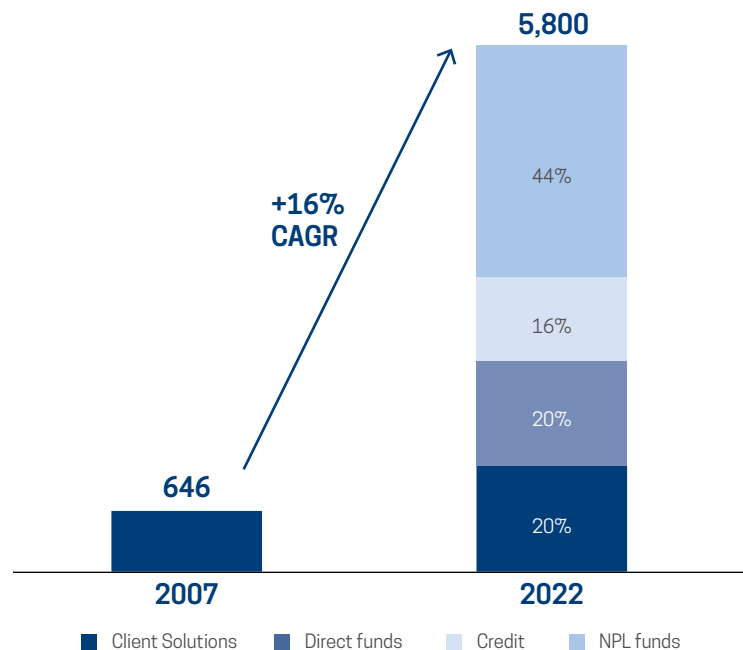


Date as of 31/12/22

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.

 **Increasing AUM (€M)***



 **19** Funds
7 Direct funds**
7 Client Solutions***
3 Special Situation
2 NPL funds

 **€5.8 Bn** AUM
First Private Equity SGR
in Italy

 **+30** Portfolio companies
with revenues of +3 Bn€

 **+65** Professionals
with solid experience

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

 **5** ★ - Direct Private Equity
obtained by
 **PR**I Principles for
Responsible
Investment

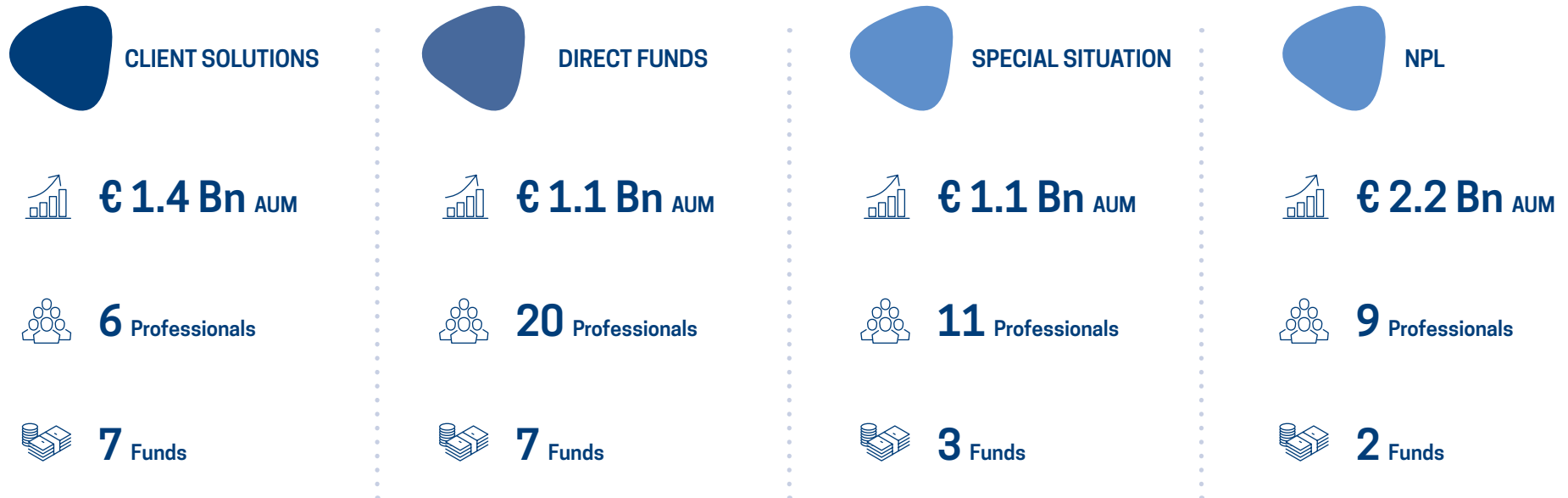
* Date as of 31/12/2022
** Including Investitori Associati IV
*** Including mandates

Our investments history

At the heart of DeA Capital Alternative Funds' investment approach lies a commitment to create **long-term value in a responsible way**. Since its inception in 2006, DeA Capital Alternative Funds' strategy has been centered on the expansion and diversification of its investment funds offering, focusing on products that can foster sustainable growth.

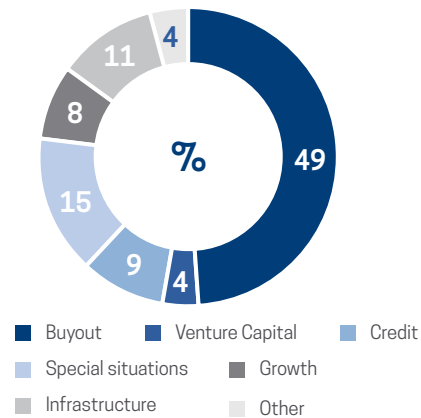


Our investments

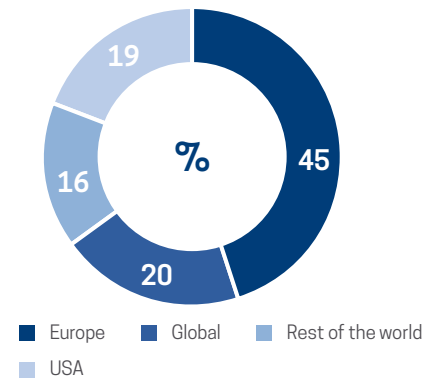


CLIENT SOLUTIONS

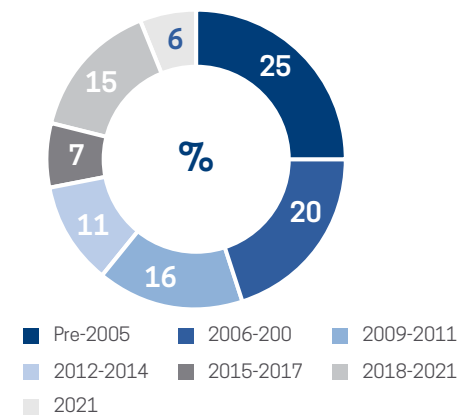
Commitments by strategy



Commitments by geographical area

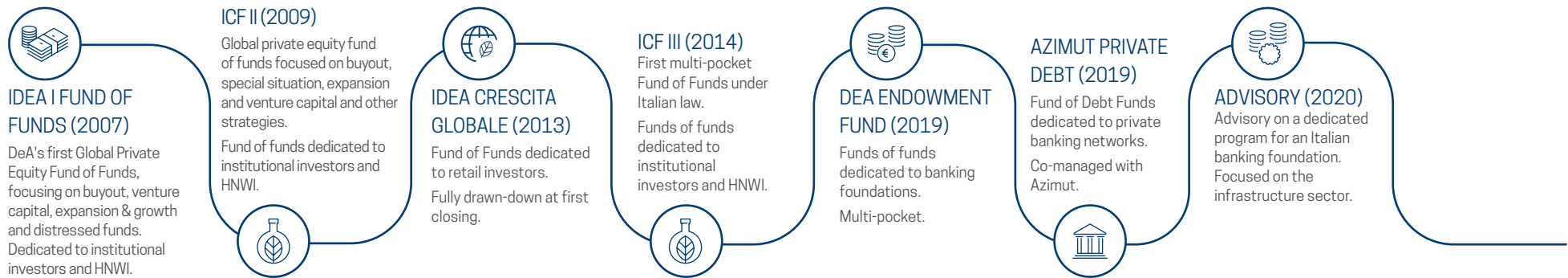


Diversification by vintage



KEY DATA

- +100 Funds**
- +1,000 Portfolio companies**
- 53 Countries**



DIRECT FUNDS

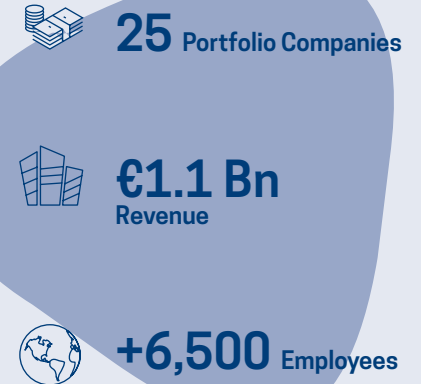
Current Investments



Divestments



CURRENT PORTFOLIO



IDEA OPPORTUNITY FUND (2008)

More than 10 years of experience in direct investment, focusing on sectors of excellence in Italy.

IDEA EFFICIENZA 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)

Sectoral fund, dedicated to majority and significant minority investments in food & beverage companies, primarily in Italy.

IDEA AGRO (2018)

Sector-focused fund, dedicated to companies operating in specific agricultural production chains.



TASTE OF ITALY 2 (2020)

Second investment program dedicated to food & beverage companies, mainly in Italy and Spain. Three investments made.

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.



SPECIAL SITUATION

Current Investments (equity)



Divestments

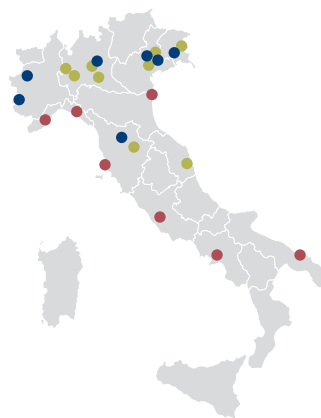


CURRENT PORTFOLIO

28 Portfolio Companies

€1.8 Bn Revenue

+15,000 Employees



- Companies IDeA CCR I
- Companies IDeA CCR II
- Companies IDeA CCR II



IDEA CORPORATE CREDIT RECOVERY I (2016)
First Italian 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 24 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 asset or financial imbalances.

NPL - NON PERFORMING LOANS



FONDO ATLANTE (2019)

Fondo Atlante is a formally private alternative investment fund established under the impetus of the Italian government to intervene in banking crises, caused by the large amount of doubtful loans held by institutions, by supporting their recapitalization and taking over non-performing loans.

Main investor of the Italian Recovery Fund.



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



70
Institutional investors

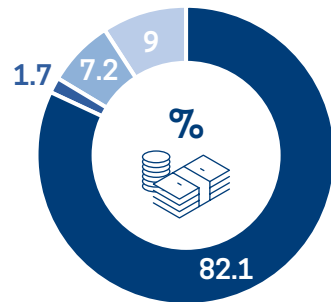


€2.4 Bn
Invested in Equity

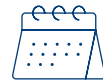


Engagement with stakeholders

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.**



■ Institutional ■ Retail
■ HNWI ■ Sponsor



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

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



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

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



The engagement process with portfolio companies, such as a post-acquisition **action plan**, collection of **semi-annual ESG data** and support to **enhance governance** has therefore been the result of a **transparent and sustainable** pattern adopted by the company and its investors.

Similarly, DeA Capital Alternative Funds has continued to invest in people over the years through new hires, dedicated training activities and an increasingly comprehensive welfare system.

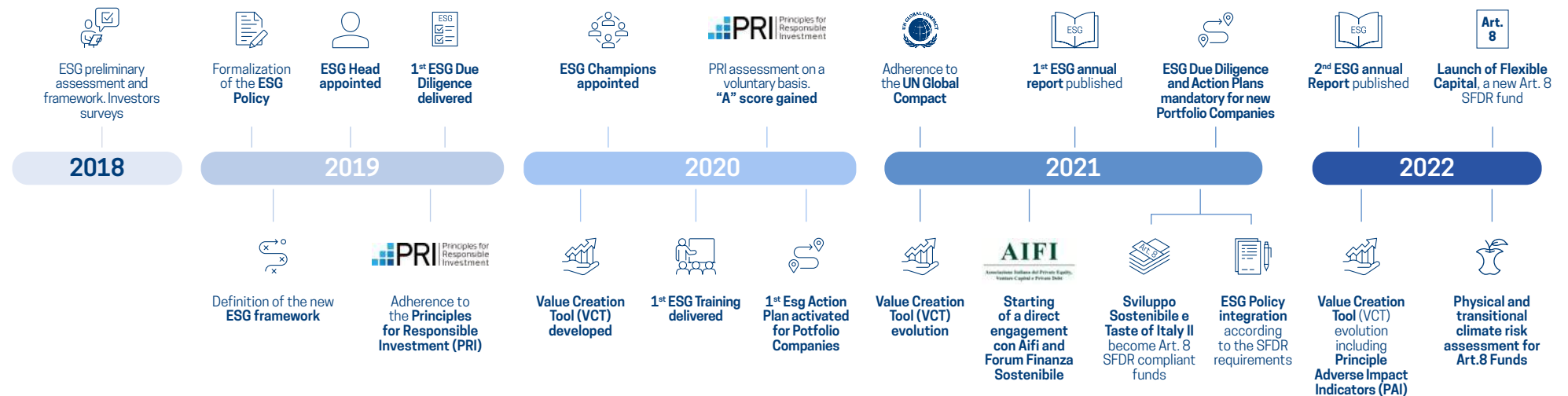
Each investor is a valuable story

Our sustainable path

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

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

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** in order to increase awareness and enhance their expertise on ESG issues. In 2021 DeA Capital AF became a signatory of **UN Global Compact**.

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

Our sustainable path - 2022



Continuous ESG data reporting

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



Value Creation tool Evolution

DeA Capital Alternative Funds **enhanced its proprietary tool** to analyze and monitor ESG data of portfolio companies. In particular, the number of KPIs has increased and they are **consistent with the Principle Adverse Impact** Indicators required by the **SFDR**.



Climate Risk Assessment

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).



New Art. 8 SFDR fund

The company defined the strategy for a new Art. 8 SFDR fund "**Flexible Capital**". The Fund, with a focus on the **Italian market**, focused on **business transformation**, capable of investing in **both equity and hybrid-debt instruments**. This pioneer fund seeks to drive value by meeting the rising capital demand from companies in the post-pandemic scenario, by furnishing them with the resources and expertise needed to succeed in their transformation process (optimization, product diversification, foreign markets entry, managerial engagement).



2

A RESPONSIBLE COMPANY

- Governance, ethics and transparency

Governance, ethics and transparency

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

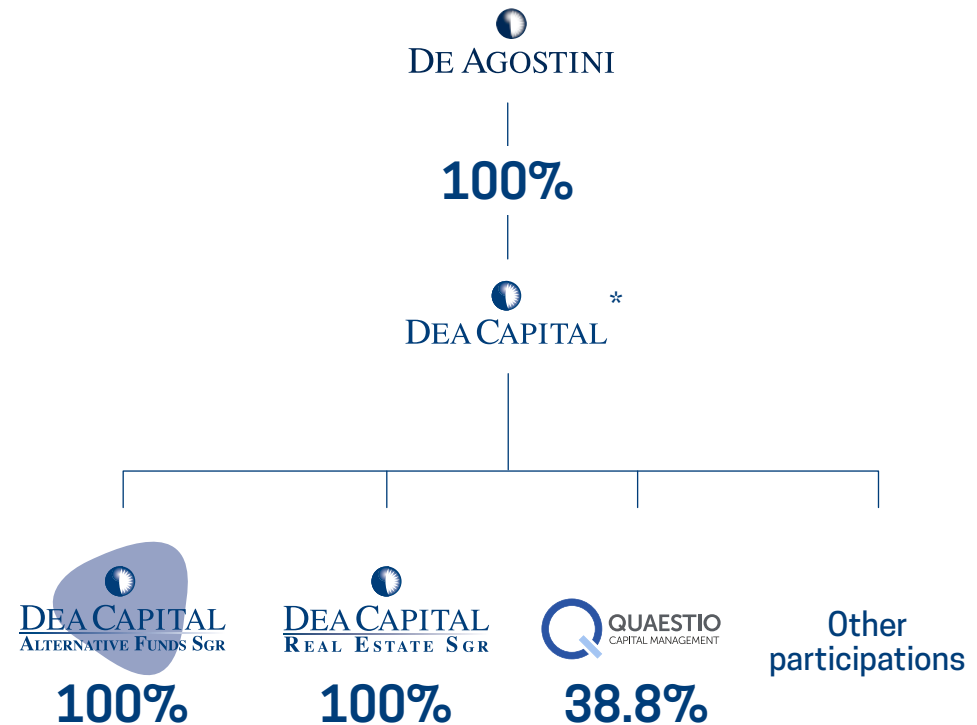
Board of Directors.

Board of Statutory Auditors

Supervisory Body

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

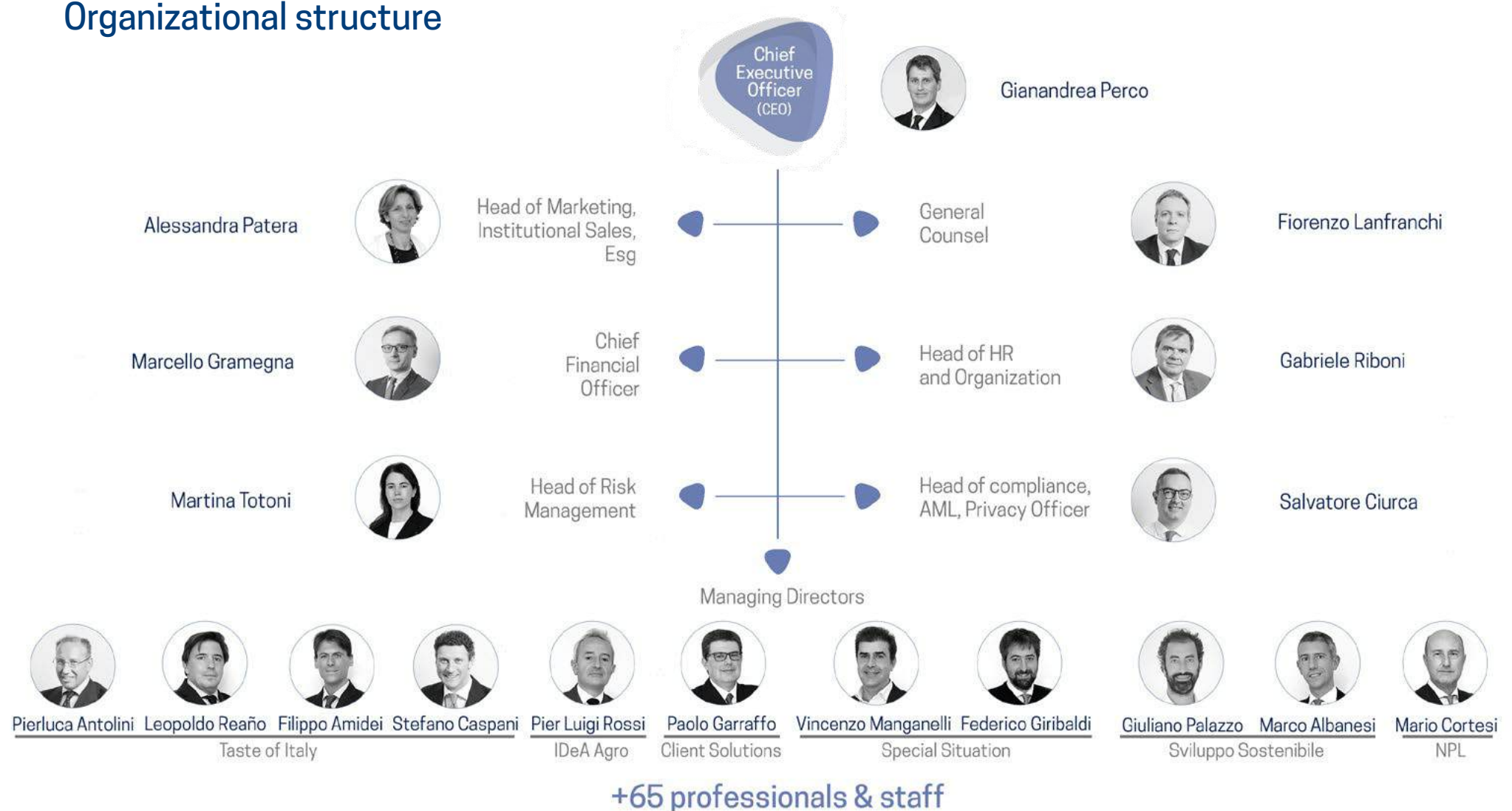
Ownership structure



* Delisted in March 2023.

Governance, ethics and transparency

Organizational structure



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.

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

Board of Statutory Auditors

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

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

Supervisory Body

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

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

To ensure ethical 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 by Shareholders Meeting on 12 April 2023, as Independent Member.

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 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**.

Board of Directors

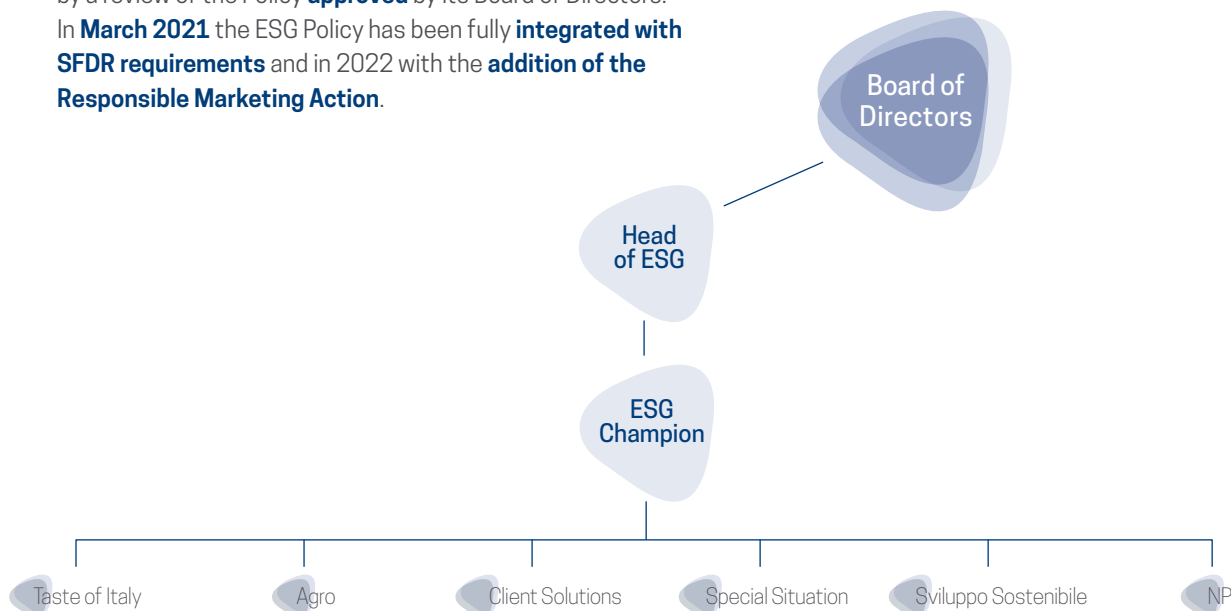
The Board of Directors is responsible for approving the ESG Policy and the ESG strategy. Moreover, using insights provided by the Head of ESG, it defines the **materiality of ESG issues** that might impact the company, its investments and stakeholders. DeA Capital Alternative Funds adhered to the principles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

Head of ESG

The ESG Manager reports to the Board of Directors and is **responsible of supervising the implementation** of DeA Capital Alternative Funds' **ESG policy**, through collection and analysis of information produced by the **ESG Champions**. The **ESG Manager** is tasked with ensuring engagement and commitment on ESG issues, disclose initiatives to investors and oversee the UN PRI reporting process and investors' surveys on responsible investment. Similarly, DeA Capital Alternative Funds' ESG Manager will actively follow the different commitments of the UN Global Compact activities.

ESG Champion

Appointed within the Investment Team of each fund, DeA Capital Alternative Funds' ESG Champion is **responsible for the assessment and monitoring of sustainability risks and opportunities** throughout the investment lifecycle (covering pre-investment, acquisition, ownership and divestiture). The ESG Champion is subject to a dedicated ESG training and receives instructions from the Head of ESG. DeA Capital Alternative Funds also relies on subject-matter experts for due diligences and to support portfolio companies in the definition and implementation of action plans.



Governance, ethics and transparency

ESG Team



Regular monthly meetings between the ESG team

Head of ESG



Alessandra Patera

Head of Marketing, Institutional Sales, ESG

ESG Support Team GP Level



Salvatore Ciurca

Head of Compliance & AML, Privacy Officer



Martina Totoni

Head of risk management



Chiara Pariani

IR Manager & ESG



Cristina Ugazio

Office Manager

ESG Champions Investments Portfolio Level



Stefania Boroli

ESG Champion (ToI)
Investment Director



Federica Loguercio

ESG Champion (FoF)
Investment Manager



Laura Filippi

ESG Champion (CCR)
Legal Counsel



Lorenzo D'Andria

ESG Champion (Agro)
Associate



Dario Brichese

ESG Champion (SS)
Associate



Matteo Conte

ESG Champion (NPL)
Investment Director



3

SUSTAINABLE DEVELOPMENT AND HUMAN CAPITAL

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Empowering people

Social maturity

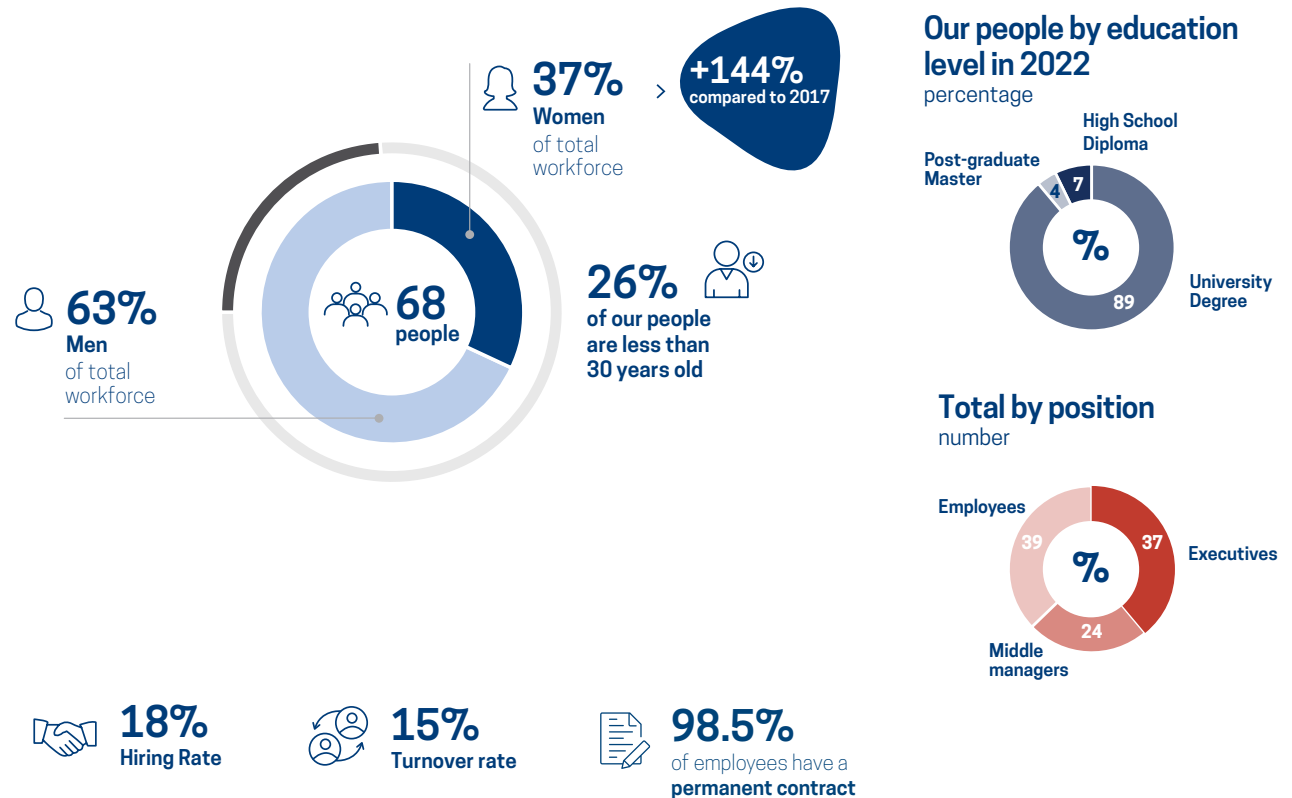
DeA Capital Alternative Funds recognizes that its people are the most important asset and key to business success. Creating a good working environment, providing its people with career development opportunities and with the tools necessary to perform their work in the best possible way.

Employment

As of 2022, the company employs 68 people, an increase on previous years (63 in 2021, 58 in 2020 and 45 in 2019). Women account for 37% of the total workforce.

An encouraging 26% of the workforce is under 30, +2% compared to 2021. This percentage will tend to increase in the coming years thanks to the numerous initiatives aimed at “young talent”.

At the end of 2022, 93% 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 in order to strengthen individual skills and to develop better management skills. Starting in 2019, **training on ESG and sustainability themes become an integral part of DeA Capital Alternative Funds's training activities**. In 2022, 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.

In 2022, employees received an average of **11 hours of training**.



11
hours of
training
per employee → **47%**
of training on
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 contract to fixed-term ones as a means of promoting human resources retention and development.

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

The Next Project

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

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



Value creation for the community



To further commit towards employee's wellbeing and to pay the right attention towards its community, DeA Capital Alternative Funds has decided to participate into an **internal competition** organized by De Agostini Foundation for the assignment of **scholarships in 2022** to capable students and children of employees of Italian companies controlled by the De Agostini Group. The competition will assign three scholarships worth **5,000 euros** each and it is reserved for the students that attend last year of high school, as an incentive to continue their studies.



DeA Capital, with its employees, participated in the **7-a-side soccer tournament** that sees teams made up of athletic professionals and businessmen compete on the green carpet. Now in its 11th edition, the event, this year dedicated to the passing untimely death of the daughter of a member of Jus Milano, aims to **support the activities** that the CAF Association carries out on a daily basis in **favor of minors who are victims of serious abuse and mistreatment**, guests of its Residential Communities.



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

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

Each Group employee can propose and **support a Third Sector entity** that operates **in the field of disability**, both physical and intellectual, by presenting, individually or in groups, a project related to disability issues.

The most voted project was "Everybody Out", promoted by the Arcobaleno Rho Odv association, presented by Sandro Calvi of DeA Capital Real Estate SGR, to which a budget of 30,000 euros will be allocated.



Project – Noi stiamo con gli ucraini

In March 2022, given the situation known to all, DeA Capital Group decided to **support the Ukrainian people by activating a fundraising initiative**, whereby **every donation** made by employees was **matched by one of equal amount from the Group**.

The **total amount**, which DeA Capital Group employees and companies donated to the Ukrainian people, was **40 thousand euros**.

This helped to support various organizations/associations that have been active on behalf of the Ukrainian people with aid of all kinds: food, medicine, basic necessities.



Mentors for you

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

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

Value creation for the community

Vitamins at Work Project

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

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

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

 **1,484 Kg**
+63% vs 2021



Green Coffee Break

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

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

Spent coffee is separated from the aluminum capsule, is subsequently recycled and turned into **compost**. The compost is purchased and used for the **cultivation of rice**. The rice, purchased by Nespresso, is donated to **Banco Alimentare** in Lombardy and Lazio.

Green Mobility

One of the activities included in the Green Procurement programme of DeA Capital Alternative Funds is Green Mobility. Since 2020 the SGR is **increasing and encouraging the choice of hybrid cars** with low environmental impact: out of a current total of 25 company cars, **64% is mild hybrid**. In an impact analysis, the substitution of petrol and diesel cars by "so called" green cars makes it easy to calculate CO₂ savings given the number of kilometres driven.

In 2022, the **savings in terms of emissions** resulting from the new internal policy increased significantly. DeA Capital Alternative Funds' **shift towards green mobility** is consistent and aligned with the whole DeA Capital Group.

ESG Sources and Principles

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

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

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



ESG Sources and Principles

UN Principles for Responsible Investment (PRI)

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

Principles for Responsible Investments



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

Industry engagement participation to ESG focus groups

DeA Capital Alternative Funds participate to the following initiatives:

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

WE SUPPORT



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

HUMAN RIGHTS

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

LABOUR

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

ENVIRONMENT

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

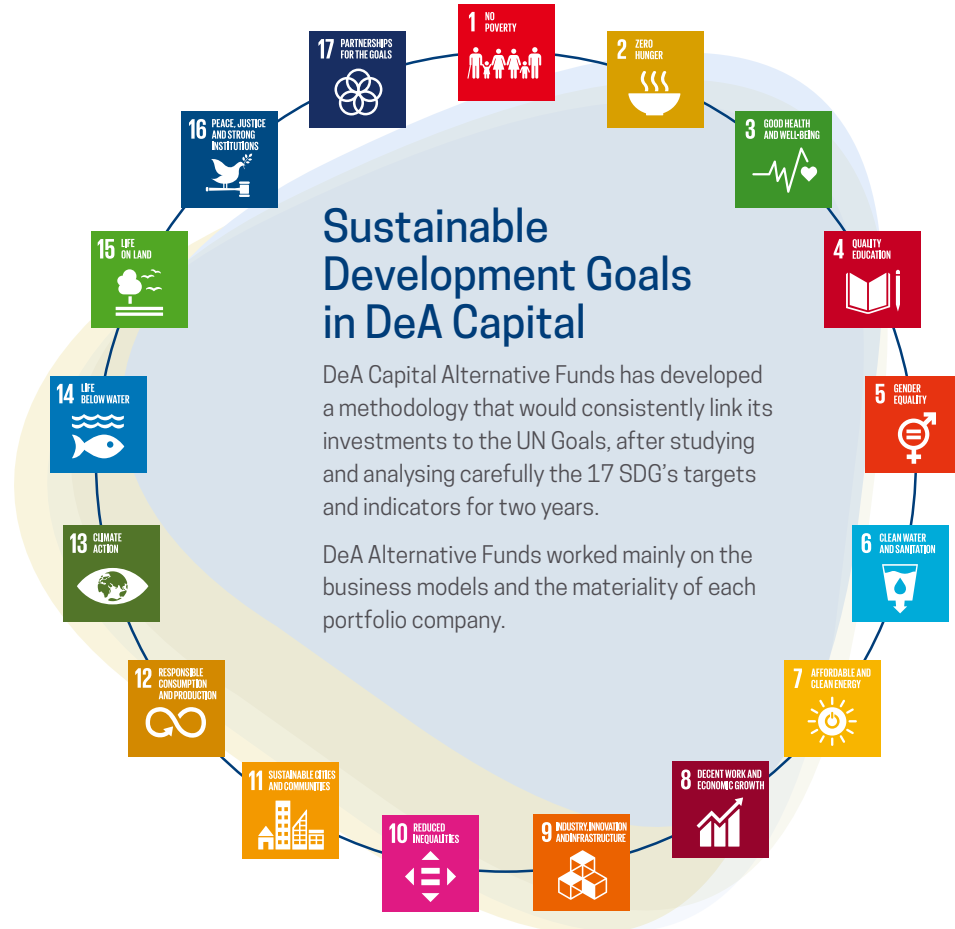
ANTI-CORRUPTION

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

ESG Sources and Principles

Sustainable Development Goals at SGR level

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



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



Human Capital
Employee Engagement,
Diversity & Inclusion

Social Capital
Selling Practices & Product
Labeling

Business Model & Innovation
Product Design & Lifecycle
Management

Leadership & Governance
Business Ethics



4

RESPONSIBLE INVESTING

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ESG framework

Background

In order to strengthen its approach to sustainability, DeA Capital Alternative Funds has always placed great emphasis on key ESG issues.

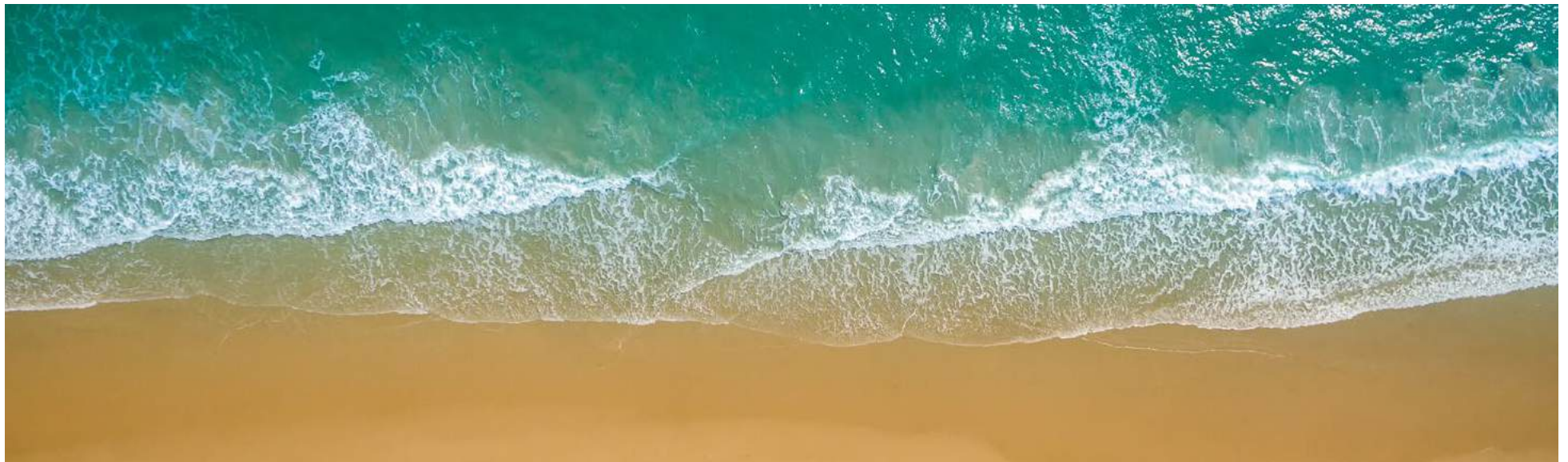
On the environmental side, DeA Capital Alternative Funds is committed to **improving over time the Carbon Footprint of both the SGR and stakeholders.**

Similarly, the 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 2022 DeA Capital Alternative Funds has been fully committed to define, measure and analyze its environmental KPIs and metrics at SGR level.

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, we take into consideration the Principal Adverse Impact Indicators within the VCT.



ESG framework

ESG Policy

DeA Alternative Funds' ESG Policy, **reviewed in March 2021 according to SFDR directive**, and **in 2022 with the addition of the Responsibly Marketing Action**, states and clarifies how the Responsible Investment Principles subscribed by DeA Alternative Funds are **integrated into its investment process**.

The scope of the Policy includes all direct and indirect investment activities performed by the SGR, through **each phase of the investment lifecycle**, from pre-investment through ownership to exit.

The ESG Policy also sets the governance of responsibilities within DeA Alternative Funds and outlines an implementation approach tailored for each asset class.

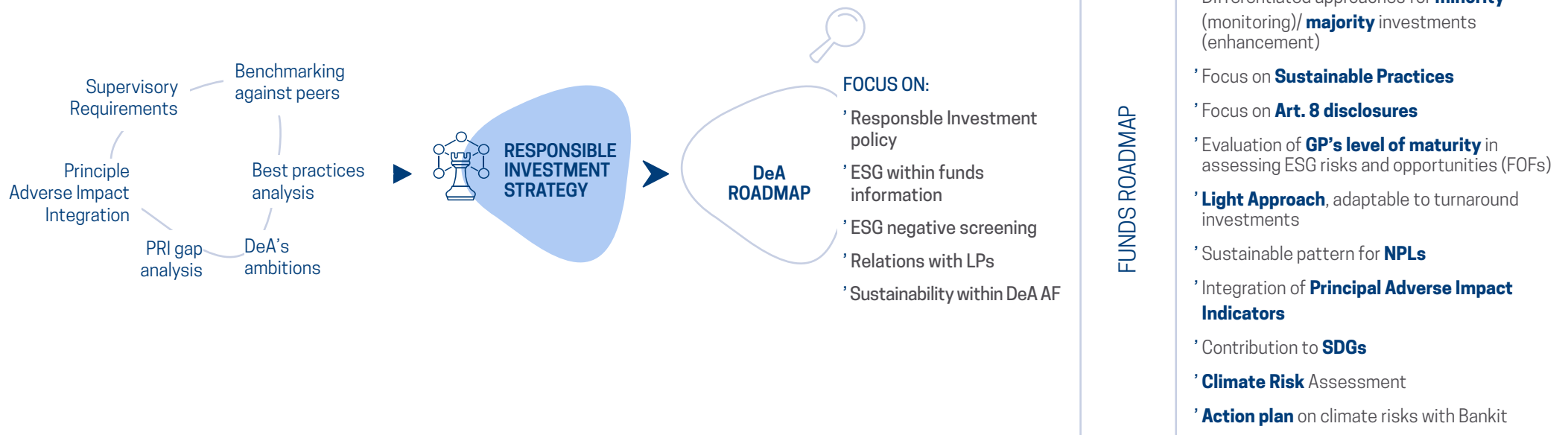
ESG framework

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

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

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

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



ESG framework



Category	Item	Year	Status
ESG management system	RI Policy drafted and communicated	2019	Achieved
	Asset class-RI guidelines drafted and communicated	2019	Achieved
	All new fund placement documents including RI reference	2019	Achieved
	ESG Head appointed	2019	Achieved
	Training plan drafted and training contents defined	2019	Achieved
	ESG Champions appointed	2020	Achieved
	100% investment team trained on ESG	2020	Achieved
	Remuneration Policy drafted and communicated	2021	Achieved
	ESG data quarterly reporting for direct funds	2021	Achieved
	Implement ESG monitoring at NPL portfolios	2022	Achieved
	Climate Risk Assessment for Art. 8 funds	2022	Achieved
	VCT integration with dedicated sections for climate and environmental risk assessment	2023	To be started
	Light Climate Risk Assessment for Art. 6 funds	2024	To be started
	Communication & transparency	ESG general approach presented to investors	2019
Procedure for managing and reporting incidents drafted		2019	Achieved
1 report per year on ESG performances distributed to investors		2020	Achieved
ESG approach and details on performances presented to investors		2021	Achieved
SFDR compliant		2022	Achieved
ESG at SGR	Development of ESG Action Plans to portfolio companies	2021	Achieved
	Data integration of Principal Adverse Impact Indicators	2022	Work in progress
	Improvement of diversity in the industry	2023	To be started
	Review of the Responsible Investment Policy	2023	To be started
	Integration of the disclosures prepared semi-annually with the performance of each fund, with a specific ESG section	2023	To be started
	Enhancing quality assurance on data from portfolio companies, Funds and Special Servicer	2023	Work in progress
	Climate and environmental risk mapping and implications for sustainability risk measurement	2023	Work in progress
Compliance & AML and Risk Management fully involved in ESG-related operational meetings	2023	Work in progress	

Achieved

Work in progress

To be started

ESG in the investment process

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

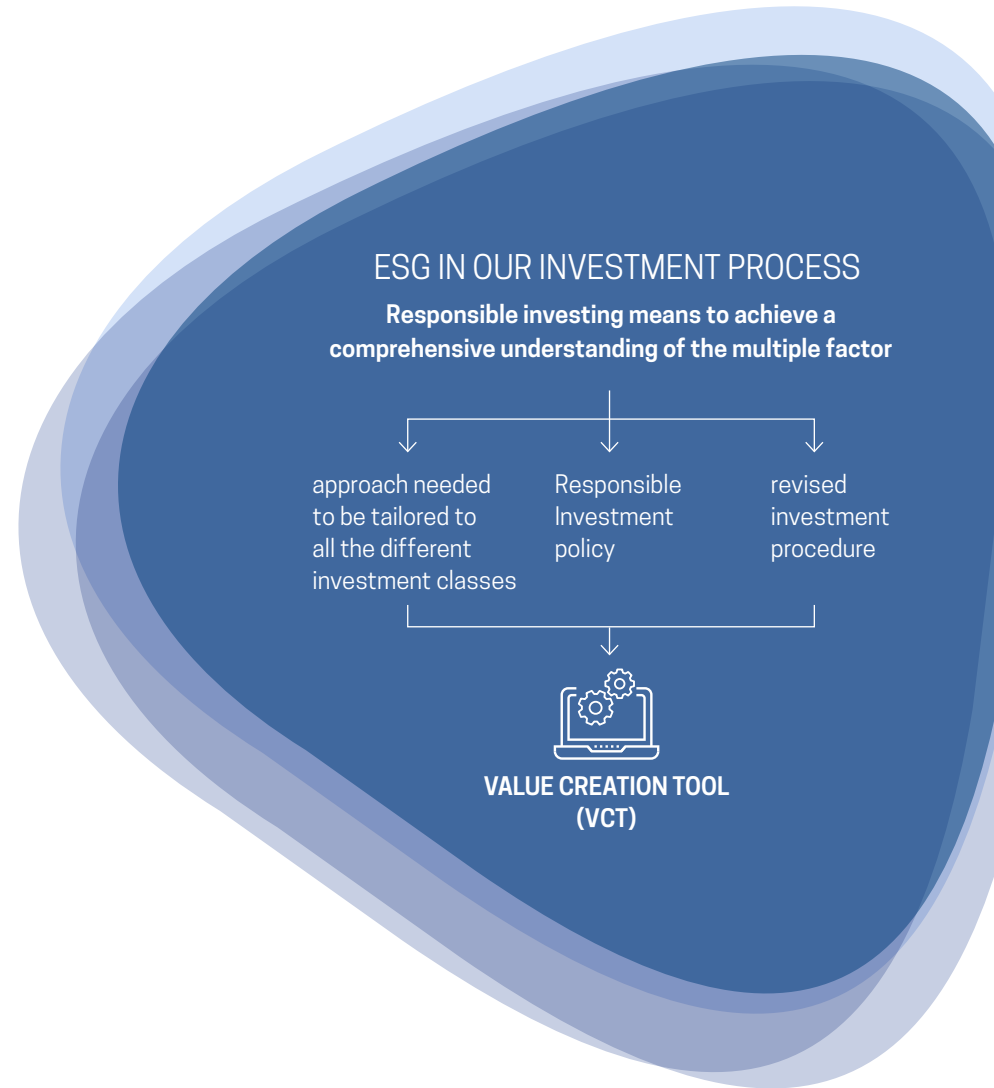


DeA Capital Alternative Funds ESG Policy, with its revised investment procedure and its developed tools **differentiates the approach** considering the peculiarities of the **different investment classes**.

The **Value Creation Tool**, the proprietary tool developed for the analysis and monitoring of the data of the individual portfolio companies is customized for each fund and for any investment company so that **each qualitative and quantitative KPIs depend on the industry** to which they belong.

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

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



ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment > Ownership > Exit

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

DIRECT INVESTMENTS

Private Equity, Special Situation Funds



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



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



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

CLIENT SOLUTIONS

Funds of Funds, Managed Accounts



Using a **proprietary questionnaire**, the relevant ESG Champion engages with the potential GP to understand the **awareness and maturity of the GP on ESG areas** and how ESG factors are integrated in the investment process.

Commitment by the GP on these areas is also assessed by review of public information, including adherence by GP to networks and/or associations promoting responsible investments and sustainable finance.

ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment > **Ownership** > Exit

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

DIRECT INVESTMENTS

Private Equity, Special Situation Funds

The **Board of Directors** of the portfolio companies are responsible for the **management of ESG** issues.

The **ESG Champion** shall monitor the **ESG performance of the investments**, through the review of the reports to be provided by the portfolio companies and by actively engaging with them.

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

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

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

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

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

CLIENT SOLUTIONS

Funds of Funds, Managed Accounts

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

ESG INCIDENTS

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

ensure that **incidents are adequately identified and addressed**. Finally, all investments are required to fill in the annual reporting on ESG, which also

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

The ESG Champion of each fund **oversees the collection of incident reports from portfolio companies**.

ESG in the investment process

ESG approach implementation along investment phases

Pre-Investment > Ownership > **Exit**

DIRECT INVESTMENTS

Private Equity, Special Situation Funds



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

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

CLIENT SOLUTIONS

Funds of Funds, Managed Accounts



An **ESG full assessment** with performance improvements connected with initiatives carried out during ownership and any residual ESG risk that might exist. In line with the monitoring activity performed by the ESG champion throughout the whole investment lifecycle, also during the harvesting phase of the underlying portfolio the team monitors that the funds' managers **incorporate ESG considerations in the exit processes**. This latter activity may have different applications, depending on the specific type of underlying funds and the related strategy (i.e. infrastructure, private equity, private credit).

Compliance and risk management process

The **European Commission's Sustainable Action Plan** is adopting **new rules for integrating sustainability considerations** to already implemented regulations or directives. Among them the **Regulation (EU) 2019/2088**, the Sustainable Finance Disclosure Regulation (SFDR), which entered into force on 10 March 2021. This regulation, directed to financial market participants, includes **transparency requirements** and **integration of sustainability risks** for all funds. The SFDR also requires the investment funds to declare themselves as either funds with a sustainable objective (Article 9), **funds that promote ESG characteristics (Article 8)**, or "standard" investment funds (Article 6) and able to provide investors sufficient information to understand the investment process.

Sustainability Risk integration

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

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

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

Transparency of adverse sustainability impacts at entity level

DeA Capital Alternative Funds pays **constant attention to regulatory and context changes**.

New regulatory interventions can contribute actively to increase sensitivity to ESG topics and the consequent action on the part of the whole industry. The SGR maintains a **proactive approach** in defining the indicators and metrics with which determine the aforementioned negative impacts, also monitoring the evolution of regulatory provisions of reference. Thus, the SGR will be responsible for providing **promptly updates** on this aspect.

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

Taste of Italy 2, **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**.

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 in paragraphs 1(a), 2, 3 and 4 of Article 4 of the SFDR on their websites.

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.



Principle Adverse Impact Indicator Disclosure

DeA Capital Alternative Funds Commitment

In order to easily deal with those regulatory requirements, DeA Capital Alternative funds made an enhancement of its Value Creation Tool, introducing the Principal Adverse Impact Indicators to report those data for each of its funds with some sector specific indicators different for each 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

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**.

In 2022, DeA Capital Alternative Funds made an **improvement to the Value Creation Tool** by introducing 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 Sustainable Financial Disclosure (SFDR) regulation.

The ESG tool consists of 4 modules:



ESG materiality checklist:

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



ESG Assessment - overall:

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



ESG Assessment - Specific topics:

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



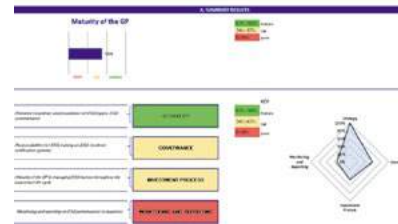
ESG KPIs:

this module is used to collect a set of ESG KPI's to evaluate and monitor the investment's ESG performance and to quantify the ESG improvements to be highlighted in the exit phase. In this section the company made the enhancement and introduced the PAIs mandatory indicators.

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.

DETAILS OF VALUE CREATION TOOL

SUMMARY RESULT OF OVERALL MATURITY



DUE DILIGENCE



ESG OVERALL CHECK



Value Creation Tool

The materiality checklist of Value Creation Tools

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



ESG TOPICS

ENVIRONMENT

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

SDGs



ESG TOPICS

SOCIAL

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

GOVERNANCE

- Supply chain management

SDGs



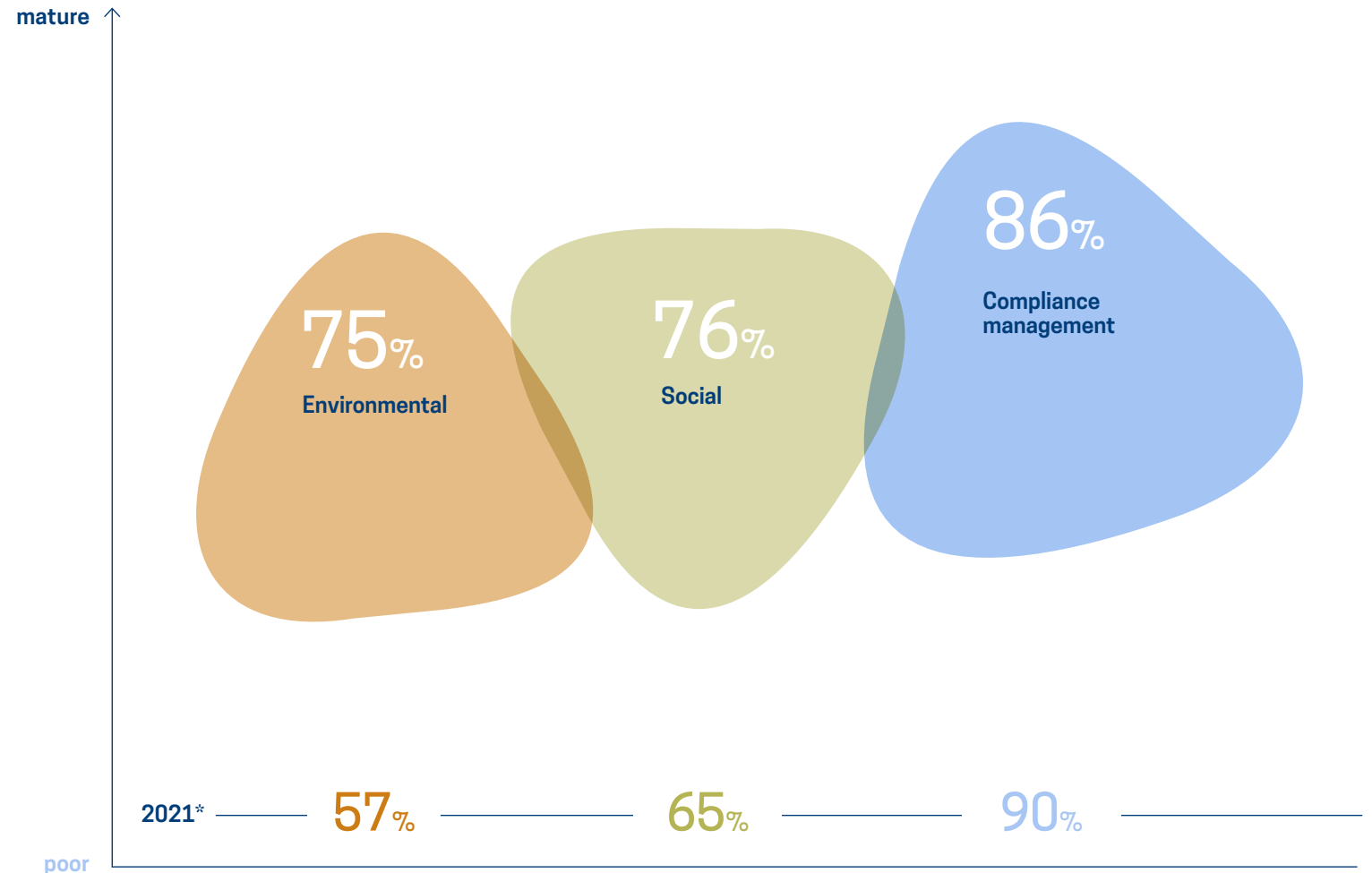
Overall ESG Maturity Results

In order to strengthen its approach to sustainability, DeA Capital Alternative Funds has always placed **great emphasis on key ESG issues**. On the **environmental side**, DeA Capital Alternative Funds is **committed to improving over time the Carbon Footprint** of both the SGR and stakeholders. Similarly, the company is aware that **investing in people and training is the key to increase the value** of its activities over the years. In 2022 DeA Capital Alternative Funds has been fully committed to define, measure and analyze its environmental KPIs and metrics at SGR level.

The **VCT** used **highlights the evolution of KPIs** and key metrics during 2021 and 2022 by collecting **semi-annual data from the portfolio companies**.

Analysing the chart, **the compliance management** - i.e. the analysis process that verifies compliance with the health and safety standards of the respective industry of the single companies- shows a percentage of **86%**.

At the environmental level, the VCT of the above direct funds have been aggregated considering all their portfolio companies. The **Environmental Maturity** shows an average percentage of **75%**. Similarly, **Social Maturity** shows a percentage of **76%**.



*Maturity in 2021 includes only Agro, Taste of Italy funds, while the 2022 figure also includes Sviluppo Sostenibile and Corporate Credit Recovery funds



5

CLIMATE RISK

- Taking care of climate risks 50
- A climate risk analysis:
project methodology 51

Taking care of climate risks

DeA Capital Alternative Funds has always been **sensitive to climate issues**. Climate change is the main focus of European and Global policies and DeA Capital Alternative Funds will spread the **commitment to environmental issues to its portfolio companies with continuous actions and valuable climate assessments**.

In **early 2022, Bank of Italy** sent to some financial intermediaries, including DeA Capital Alternative Funds, **a self-assessment questionnaire** regarding supervisory expectations on climate and environmental risks.

Consequently, Bank of Italy requested them **to implement the ESG action plan**. In this regard, DeA Capital Alternative Funds has taken steps drafting its plan and submitting it, as required by the Bank of Italy, by March 31, 2023.



A climate risk analysis: project methodology

During 2022 DeA Capital Alternative Funds, on a voluntary basis, undertook a project to **assess climate risks in line with requests from the Bank of Italy**.

The Climate Risk Assessment they underwent consists of an assessment that provides an overview of the most relevant climate-related risks and opportunities in two selected alternative funds of DeA Capital Alternative Funds SGR (DeA Taste of Italy 2 and Sviluppo Sostenibile funds).

Specifically, DeA designated these two funds for climate risk assessment both Article 8 according to SFDR and have a strong positioning with respect to sustainability issues.

As part of this assessment:

- Transition and physical scenario indicators are chosen to give a view of climate related risk and opportunity on the selected funds;
- Key and emerging climate related risks and opportunities are identified between different scenarios and timeframes;
- Site specific assessments for selected funds are conducted using ERM's Climate Risk, Impacts and Solutions Platform to provide more granular results and further understand the potential impact on sites within the assets, as a result of physical climate events under current and future conditions.
- The Task Force on Climate Related Financial Disclosures has called for organizations to assess, manage and disclose their exposure to climate related risk and opportunities. The Funds' portfolios may be exposed to a range of climate related risks and opportunities.

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, e.g. the shift to electric vehicles, and increasing carbon prices.

2

Physical risks and opportunities associated with changing physical climate, including acute hazards, such as storms or floods, and chronic changes, such as sea level rise.

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



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.

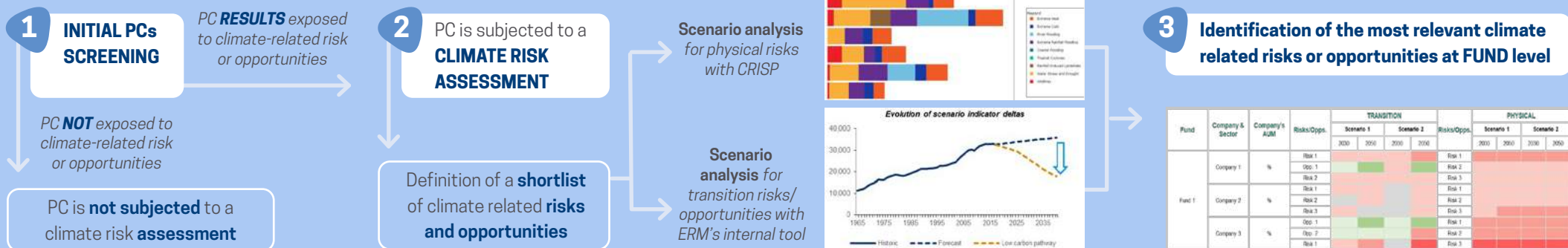
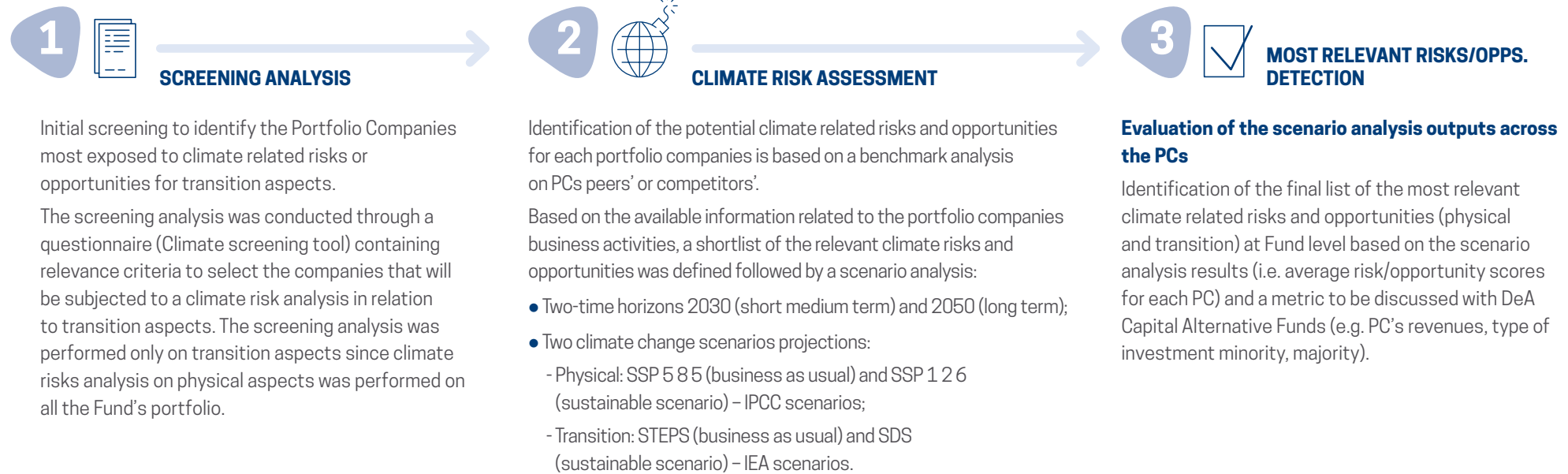


IPCC and IEA: Scenario analysis performed were based on scenarios from the Intergovernmental Panel on Climate Change, a UN body providing scientific assessments on climate change impacts and adaptation, and the International Energy Agency, an intergovernmental organization providing research and analysis 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





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Our investment funds

- IDeA Taste of Italy 55
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IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL



IDeA Taste of Italy

DeA Capital Alternative Funds developed an **ESG roadmap for all its investment funds**. Since 2019, DeA started requesting its **portfolio companies to make sustainability a priority**, by soliciting a greater disclosure of key ESG risks and metrics. Furthermore, DeA's team started assisting and supporting the companies in the process of undertaking major sustainable improvements.

IDeA Taste of Italy, launched in 2014 is the company's **first fund entirely focused on investments in the food & beverage sector** and all the industrial supply chains that specifically serve it. The fund focuses on **Italian SMEs**, looking for investments with a mix of **"made in Italy", technological excellence** and **potential for growth**.

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

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



ESG CHAMPION
STEFANIA BOROLI
Investment Director

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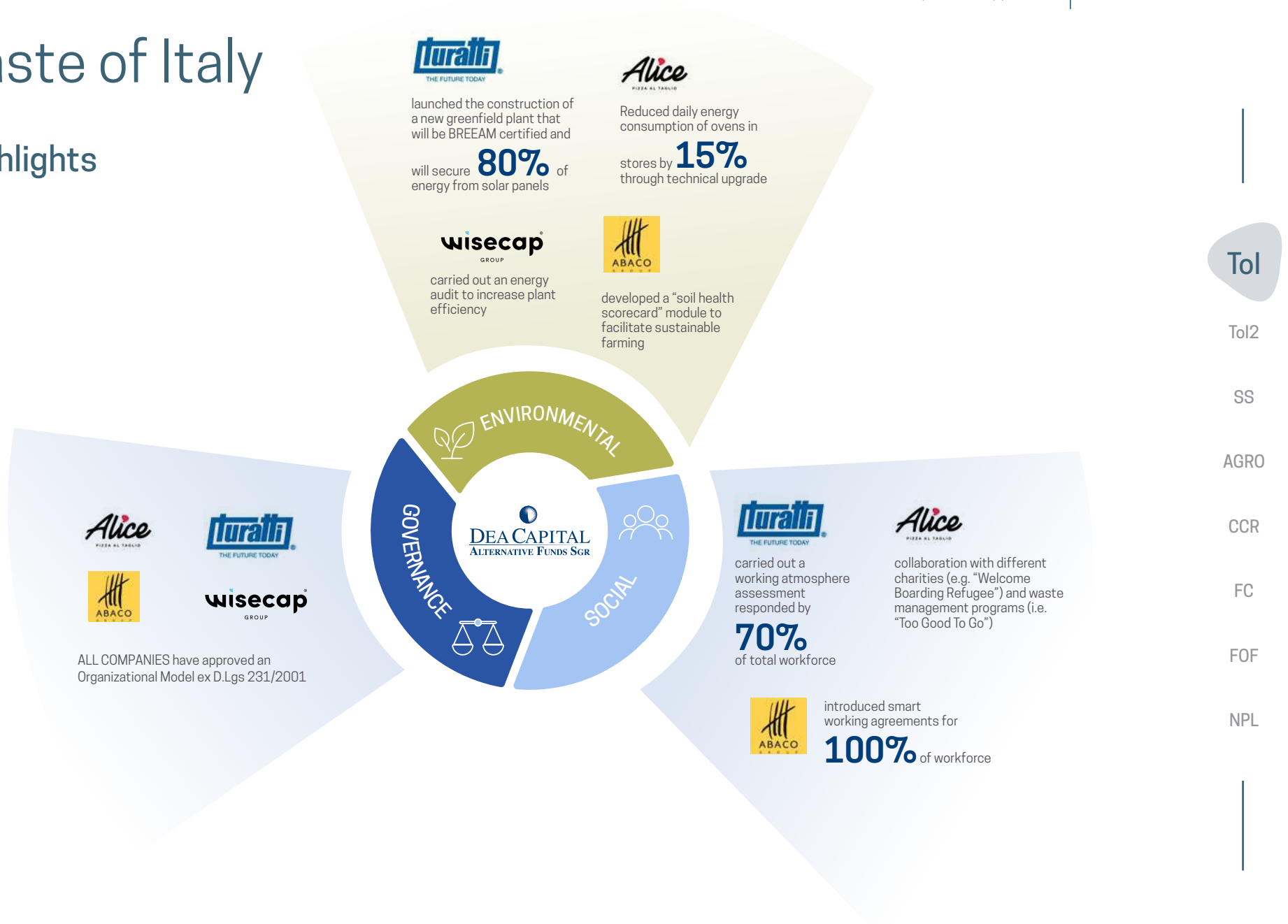
✔ Achieved ⚙ Work in progress ▶ To be started

IDEA TASTE OF ITALY ROADMAP

Phase	Task	Year	Status
Pre-investment	ESG checklist drafted and approved	2019	✔
	100% ESG DD performed on majority investments	2019	✔
	Questionnaire to assess ESG risks and opportunities for target investments drafted and approved	2022	✔
	Draft Investment Memorandum ESG info template	2022	✔
	100% Investment Memorandum containing ESG information	2020	✔
	Draft ESG clauses template for investment documentation	2022	✔
Ownership	100% investment documentation containing ESG clauses	2020	✔
	100% portfolio companies with ESG reference person identified and corporate governance minimum requirements	2020	✔
	Data collection tools developed for both majority and minority investments	2019	✔
	100% portfolio companies with data annually collected	2021	✔
	100% majority investments with approved ESG Action Plans	2021	✔
	Value Creation Tool integration with PAI	2022	✔
Exit	Light climate risk assessment	2023	⚙
	100% exit memorandum/data room including ESG information for majority investments	2022	✔

IDeA Taste of Italy

ESG highlights



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IDeA Taste of Italy

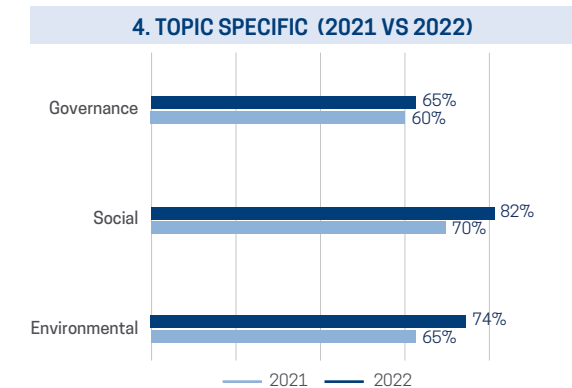
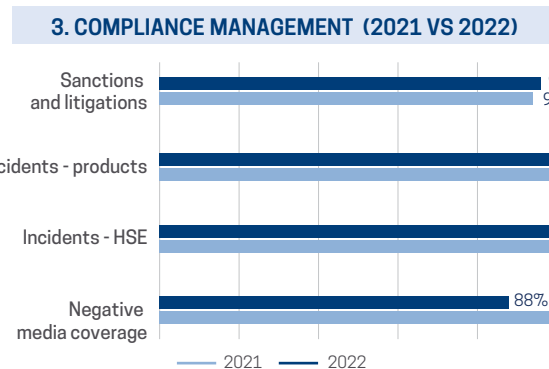
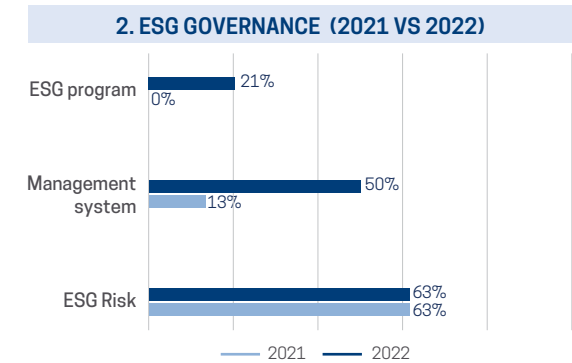
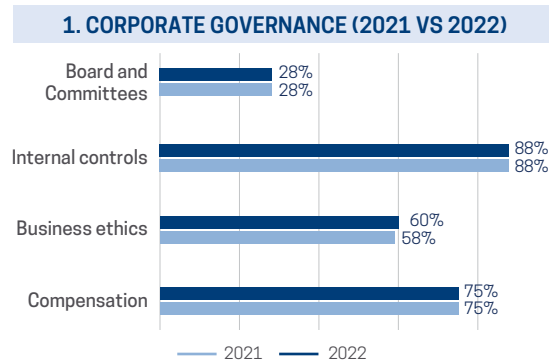
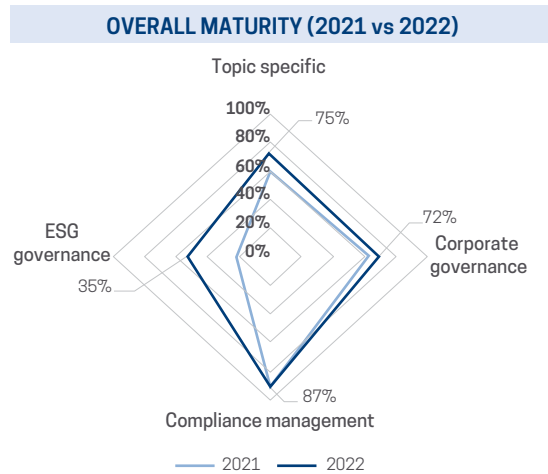
VCT ESG Maturity results

• **Corporate Governance:** the Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce the risks.

• **ESG Governance:** investment maturity in terms of sustainability programs and risk management tools.

• **Compliance management:** investment maturity to ensure compliance. Tools in place and incidents, violations, sanctions and negative media campaigns.

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



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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

On the Governance side, since IDeA Taste of Italy acquisition, Wisecap has adopted an Organizational and Management Model (based on Legislative Decree 231, 8 June 2001) as part of a broader Corporate Governance Policy, sensitive towards the ethical principles of corporate management.

Main ESG initiatives implemented by Wisecap in 2022 were:

Energy audit: in 2022 an external consultant carried out an energy audit in the Spanish production facility to identify the most relevant projects for energy efficiency. The Company is hiring a new Energy Manager in order to follow 5 selected energy initiatives. Currently, is still under evaluation to extend the efficiency project of this efficiency project to other Wisecap plants and, more specifically, in the Piacenza facility.

Photovoltaic system: under evaluation projects to install solar panels for photovoltaic energy production in the main Wisecap production facilities.

BRC certificate: increased trainings provided to blue-collar workers, in order to maintain the BRC certificate, which is an international initiative whose main purpose is to strengthen and promote food safety throughout the supply chain. Wisecap has a very high rating equal to AA+.

Warehouse Automation Program is a key aspect for improving safety and efficiency. The Group is increasing the number of automatic vehicles such as automated guided vehicles (AGVs) and laser guided vehicles (LGVs).



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 2022** were:

- Implementation of the organizational model ex D.Lgs 231/2001.
- 50% of total workforce are women, including 7 out of 12 management team.
- Implemented a technical software upgrade to all ovens to improve energy efficiency by allowing higher flexibility in settings, resulting in a reduction by 15% of daily consumption for each oven.
- Update of the "Welcome Boarding Refugee" program, including agreements with national charities to offer training and temporary employment to refugees to help integrate in the working environment.
- Ongoing collaboration with "Too Good To Go", an innovative food waste management app that allows to distribute unsold products to those in need.



ESG MANAGER
GIANLUCA IPPOLITI



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IDeA Taste of Italy



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

 Investment:
June 2019

In 2022 Abaco implemented a Corporate ESG Dashboard with updated information about company performances on HR, Environment, Health and Safety and Governance, that will be available to all employees and will be published on the corporate website.

The Abaco Product innovation strategy has been set to grow in the private sector focusing on improving sustainability and traceability in agriculture.

Main 2022 ESG products development are:

The “**Soil Health Scorecard**”, establishing a common baseline to measure and interpret soil health to allow farmers to develop site-specific management plans and support profitable and sustainable farming systems.

The “**Georeferenced Planning System**” to manage and report on maintenance of photovoltaic system.



ESG MANAGER
GLORIA GHILARDI



Main 2022 ESG improvement are:

Extension of a long-term management incentive plan, including 16 directors and employees that will take part to the value creation at exit.

Sponsorization of 100% of company project managers for PMI certification.

Activation of **company welfare** for all employees.

All employees included in **smart working agreement**, up to 65% of the working time.

Organization of an **annual corporate event** with 100% of company employees from three headquarters, with role play games aimed at facilitating networking across seniority and sites.

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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

Turatti business is very much focused on environment and sustainability, as the machinery produced by the company allow to:

- Save up to **90% of water** generally used to wash fresh salad.
- Increase **shelf life** to reduce product waste.
- Progressively **reduce the use of chlorine-based products** to sanitize the product.
- Recycle **process muds**, reducing waste.

The most relevant **Turatti's ESG facts & figures in 2022** were:

A **rebranding campaign** to include a new payoff "**Natural Innovation**", stressing the commitment to provide innovative solutions to customers, in order to help them treating in the most natural and sustainable way the vegetable products they process.

Kicked off the construction of a new greenfield plant in Cavarzere that will be completed in 1H 2023 and will be **BREEAM certified**. The new plant will increase efficiency and sustainability of company operations (80% of energy from solar panels), and will provide to employees a more sustainable working environment.

The main focus of R&D investments in 2022 was on (i) **developing technologies for the indoor farming business** and (ii) **upgrading the cooling tunnels** to increase energy saving in the process and shelf life of final product.



ESG MANAGER
LUCA BOSCOLO



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Within a **green mobility programme**, the company **purchased electric cars** to reduce CO₂ emissions for management trips, implemented the charging stations in both plants.

Implementation of a **long-term management incentive plan** including 7 directors and employees that will take part to the value creation at exit.

Organization of a **working atmosphere assessment** (promoted by Veneto region), responded by 70% of total workforce to identify areas of improvement to create an ideal working environment.

Introduction of a **smart working** and maintained Covid bonus to blue collars.

IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

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 generally need an anchor investor to make the dimensional leap. The fund aims to invest in 9 to 12 majority or minority positions in companies with positive EBITDA. The

management team considers of greatest importance a **very active stewardship** with the portfolio companies. Taste of Italy 2 aims to invest up to 30% in other European markets, in particular in Spain. The fund is classified under **Article 8 of the SFDR**.

IdeA Taste of Italy 2 invests in a sector that allows the **identification of investments that largely fall within the sustainable**

principles, sensitive towards stakeholders and with strong elements of circularity of 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
STEFANIA BOROLI
Investment Director

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TASTE OF ITALY2 ROADMAP

Pre-investment	ESG checklist drafted and approved	2019	✓	AGRO	
	100% ESG DD performed on majority investments	2019	✓		
	Questionnaire to assess ESG risks and opportunities for target investments drafted and approved	2022	✓		CCR
	Draft Investment Memorandum ESG info template	2022	✓		
	100% Investment Memorandum containing ESG information	2020	✓		FC
	Draft ESG clauses template for investment documentation	2022	✓		
100% investment documentation containing ESG clauses	2020	✓	FOF		
100% ESG DD performed on majority investments	2020	✓			
Ownership	Questionnaire to assess ESG risks and opportunities for target investments drafted and approved	2019	✓	NPL	
	Draft Investment Memorandum ESG info template	2020	✓		
	100% Investment Memorandum containing ESG information	2020	✓		
	Draft ESG clauses template for investment documentation	2021	✓		
	100% investment documentation containing ESG clauses	2022	✓		
	Value Creation Tool integration with PAI	2022	✓		
Climate risk assessment	2023	⚙️			
Exit	100% exit memorandum/data room including ESG information for majority investments	2023	⚙️		

✓ Achieved ⚙️ Work in progress ▶ To be started

Taste of Italy 2

ESG highlights

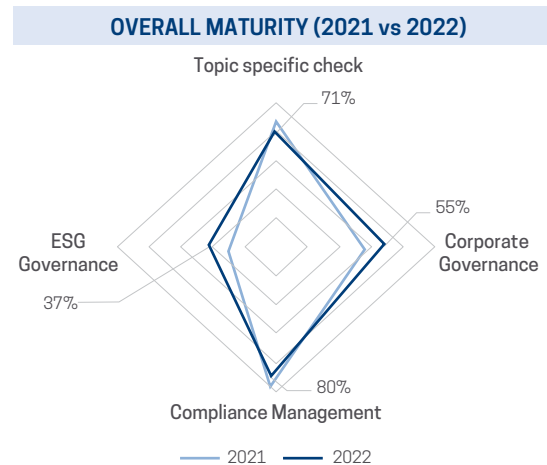
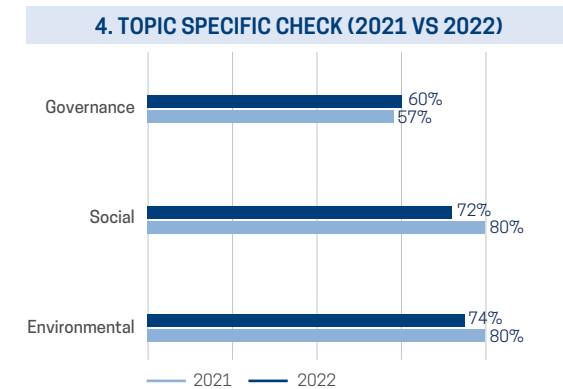
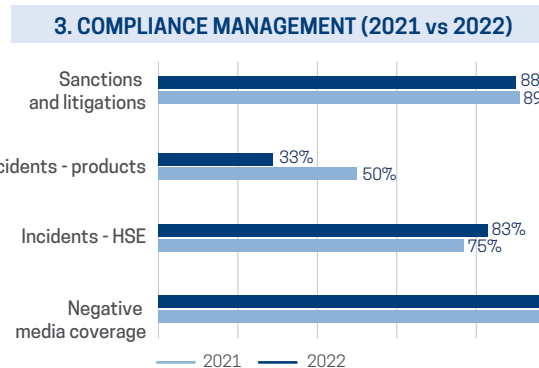
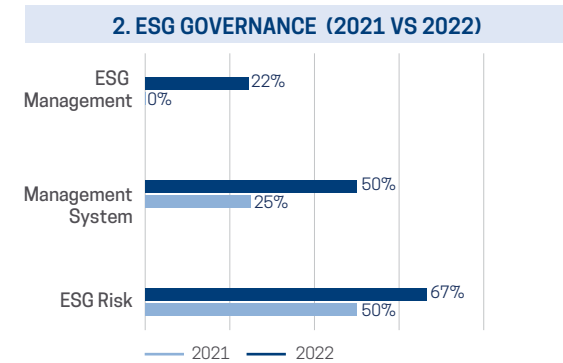
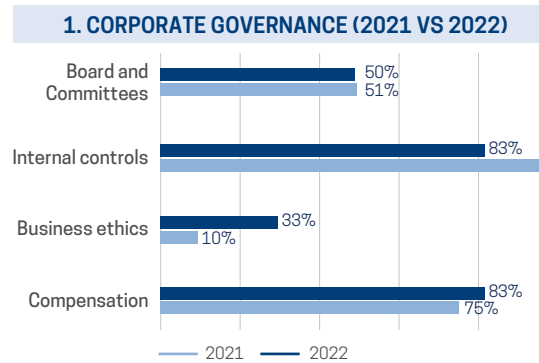


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Taste of Italy 2

VCT ESG Maturity results

- › **Corporate Governance:** the Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce the risks.
- › **ESG Governance:** investment maturity in terms of sustainability programs and risk management tools.
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Taste of Italy 2



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 also worked for many years as a co-packer for renowned international brands, developing and producing ready-to-eat meals. Thanks to these long-established relationships, Roscio developed strong R&D skills, enabling cross-selling towards modern trade and foodservice clients. Gastronomica Roscio was the first fund's portfolio company to implement an ESG action plan. The plan was finalised in May 2021.

Main 2022 ESG actions include:

Launched the implementation of an **organizational model ex Law 231/2001**.

Energy: carried out an analysis aimed at improving **energy efficiency** following which the obsolete thermal systems were replaced. Specifically, a hot water generator serving the offices and air handling units of Plant "A" (1994) and a hot air generator serving the workshop department (1991) were replaced, both with low efficiencies and operation without modulation with burners always at 100% consumption.

The new plant was designed to replace both, with three thermal modules for a total of 370Kw, managed by an electronic control unit that considers the outside temperature and the required heat load, with the advantage of being able to modulate the power allowing considerable energy savings.

Soil & ground water contamination: carried out periodic monitoring of the diesel tank to ensure the integrity and quality of the 7,000-liter underground diesel tank, which had previously undergone a maintenance intervention through vitrification by a specialized company.

Training: about 470 hours dedicated to training employees in order to professionalizing and enhancing the their skills.



ESG MANAGER
FRANCO BIAGINI



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Machinery safety: initiation of the activities necessary to carry out the certification of all machinery.

ESG Management: in order to raise awareness, cycles of quarterly meetings focusing on ESG issues were organized.

Consumer safety: according to Reg 2073/2005 management of a monitoring plan every year on different finished products in order to verify and ensure their compliance with regulations in force.

Food contact material: according to the Regulation update the monitoring plan. In particular:

- update of supplier compliance documentation;
- evaluation of externalization of material analysis through an external laboratory..

Product Labelling (origins, ingredients, allergies): is constantly updated according to DL 1169 and subsequent amendments by dedicated staff.

Taste of Italy 2



ALNUT

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



ESG MANAGER
TERESA AMOROS

The company is in line with the main “mega-trends” of the market, technologically positioned to deliver high quality, BIO certified natural products with high nutritional value to support babies’ development.

Alnut ESG plan continued its implementation in 2022, following the approval by the Board of Directors of an internal ESG policy, the nomination of an ESG Manager and the organization of ESG quarterly meetings.

Main ESG activities in 2022 were:

- **Implementation of an energy efficiency plan** during the second semester for the reduction of gas per Kg produced. **Ratio improvement by 19% H2 vs H1.**
- **Start-up of a system for the recovery of purges from the steam generation boiler.**
- Study for the **expansion of the solar electric generation capacity** by an additional 800kW (completed the solar installation that produces 114Kw, 5% of electricity consumed). 100% of energy consumed by the company comes from **renewable sources.**
- **Reduction in the use of non-returnable containers** through bulk supply thanks to the installation of two high-capacity warehouses.
- Creation and implementation of the **food safety culture plan.**
- **Updating of the equality and harassment plan**, endorsed by the public authorities.
- Adoption of measures for **work life balance.**



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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, sale channels and geographic areas.



Investment:
February 2021



ESG MANAGER
GIUSEPPE BODRERO

Ekaf Group with the help of DeA Capital Alternative Funds' management team, in 2022 implemented several ESG actions, including:

ESG linked financing: in place since 2021 an S-Loan ESG with Intesa Sanpaolo, created by the bank to support mid-market companies intended to improve their sustainability profile. Key terms: €2 mln amount, 84 months duration, potential margin reduction of 25bps based on the achievement of the selected KPIs
(i) Environment: introduction of a Green Procurement Policy in terms of purchasing and (ii) Governance: hours of training for each worker on environmental/ social sustainability issues per year.

ISO 14000: certification achieved.

Trash compactors: Ekaf has started the work for the installation of the 3 compactors necessary for improving separate waste collection.

Packaging: the production of beans roasted and ground is migrating to mono-material packaging and aluminium-free.

Training: implementation of a training plan for the blue-collar workers to improve their informatic skills.



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Taste of Italy 2



PIZZERIA 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. 80 stores across Spain, most of which are directly operated.



Investment:
May 2022

In 2022 Pizzeria Carlos opened 15 new stores and acquired more than 10 from franchisees. The company is vertically integrated, from pizza base production to home delivery. Pizzeria Carlos' management is strongly committed with the ESG policies, mainly through these aspects:

Emission Reduction: implementation of more efficient and sustainable technologies in their production and distribution processes to minimize their carbon footprint, currently testing the change of its fleet of motorcycles to electric ones.

Sustainable ingredient sourcing: the company is working with responsible local suppliers to ensure their ingredients are sustainable and worker rights are respected.

Recycling and waste management: promotion of waste separation in their locations and factory, and collaboration with specialized recycling companies to reduce their environmental impact (Ecoembes).

Communication and transparency: the company is improving communication with customers and suppliers about their ESG practices and will publish annual reports on their performance.

Staff training and awareness on ESG policies and promoting a culture of sustainability within the company (equality/diversity, and other protocols).



ESG MANAGER
FRANCESC ROS



Following the main ESG actions of 2022:

- New vegan pizzas
- New diversity protocols
- Transition to electric motorcycles
- Equality plan
- Ongoing recycling partnership with Ecoembes (recycling company)
- Development of an ESG plan.

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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



ESG MANAGER
LUCA GALLO



International Food activity naturally aligns with ESG principles and to a "better for you, better for the planet" approach:

Certifications already achieved by the company:

- **Bio Suisse Organic** (biological products)
- **BRC** (Global Standard for Food Safety)
- **IFS** (International Food Standard)
- **EU Organic**
- **Kosher Parve** (products without dairy or meat content)
- **Veganok**
- **Checkfruit** (Quality and Traceability)
- **Sedex certification**
- Started process for **Halal certification**.

70% of the **raw material** purchased is of **Italian origin**. Over the years, direct relationships with Italian suppliers have become increasingly consolidated. The "**short**" **supply chain** has allowed the company to be more **sustainable** in terms of transportation, to have high flexibility and timeliness in production and control over the quality standard in case of nonconformities and/or audits.

In 2022 the company installed a new **SPX Centrifuge Separator** that allows to **optimize yields and waste less raw material** (0.5-1% savings in raw material). The company also installed a refraser that allows to have **energy savings** of about 50/70 € per month.

Optimization of production cycles to reduce steam (=methane) consumption and the number of washes.

For several years the company has been **allocating production waste to pig farmers** so that, **even the waste can be reused**.

In 2022 the company has recognized **corporate welfare** to employees in order to increase and **to promote work-like balance**.

Currently, **50% of the workforce is female**.

English language courses were offered with the aim of acquiring useful skills to deal with the growing internalization process that the company has been undertaking for a few years now.

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IDeA Taste of Italy

Taste of Italy 2



Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL

Sviluppo Sostenibile



ESG CHAMPION
DARIO BRICHESE
Associate

Sviluppo Sostenibile is one of the first **SFDR Art. 8** private equity funds launched by DeA Capital Alternative Funds. During the pre-investment phase the Investment Team verifies, thanks to a proprietary **ESG pre-screening tool**, that target companies are compliant with the identified minimum ESG characteristics.

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

The Fund has been structured with the aim of being **ESG compliant with a unique framework** not limited to Art.8 requirements, but also by:

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

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SVILUPPO SOSTENIBILE ROADMAP

✓ Achieved ⚙ Work in progress ▶ To be started

Phase	Objective	Year	Status
Pre-investment	ESG checklist drafted and approved	2020	✓
	100% ESG DD performed on all investment opportunities	2020	✓
	Questionnaire to assess ESG risks and opportunities for target investments drafted and approved	2020	✓
	100% investment documentation containing ESG information	2020	✓
Ownership	100% portfolio companies with ESG reference person identified and best in class corporate governance	2021	✓
	Data collection tools developed for both majority and minority investments	2021	✓
	100% portfolio companies with ESG data collected semi-annually	2021	✓
	100% majority investments with approved ESG Action Plans	2021	⚙
	100% implementation of an organizational model ex D.lgs 231/2002	2021	⚙
	Value Creation Tool integrated with PAI	2022	✓
Exit	Climate Risk Assessment	2023	⚙
	100% exit memorandum/data room including ESG information for all investments	2023	▶

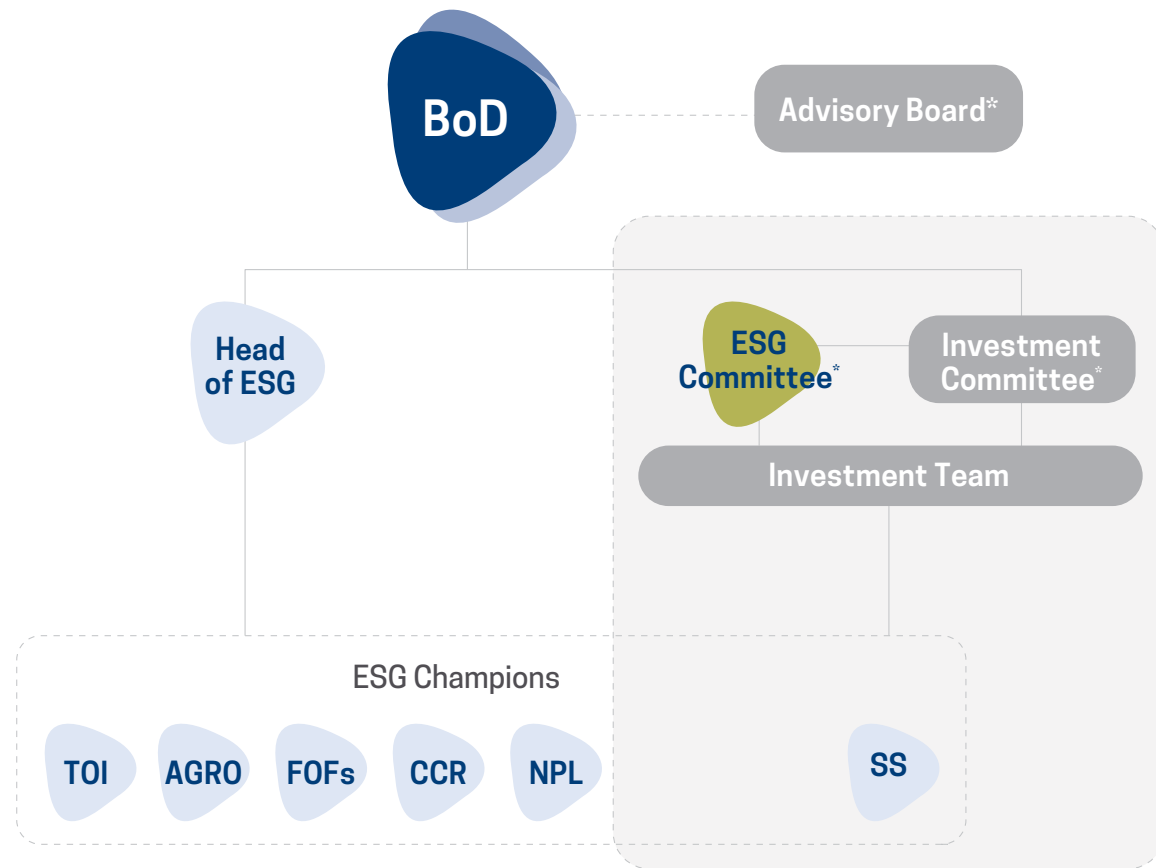
Sviluppo Sostenibile

ESG COMMITTEE

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

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 multi-sector industrial contexts and services, asset management and research.

The Fund's Managing Directors and other team members are invited to attend the ESG Committee meetings, as well as any relevant third party that may be needed to support the discussion of specific ESG issues.



*Advisory body

Sviluppo Sostenibile

ESG highlights



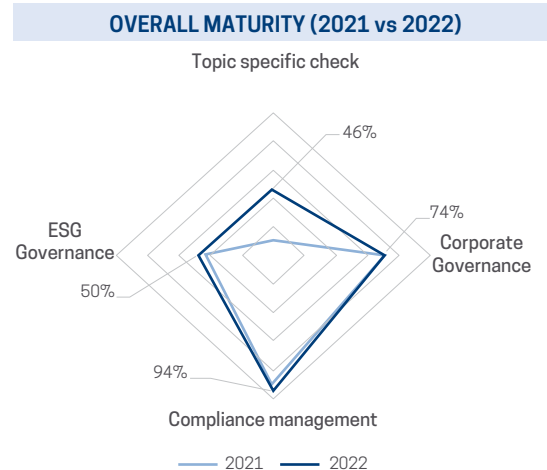
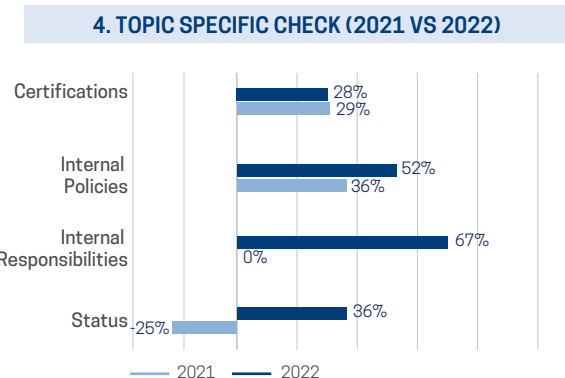
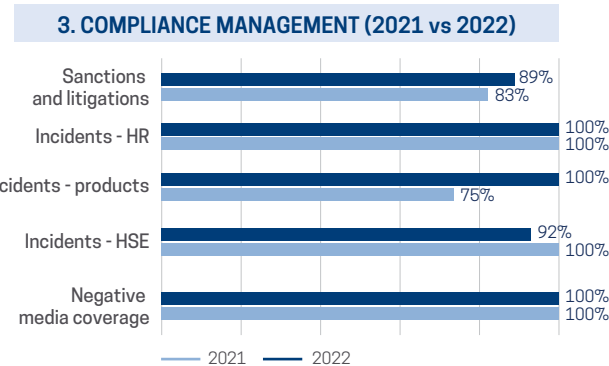
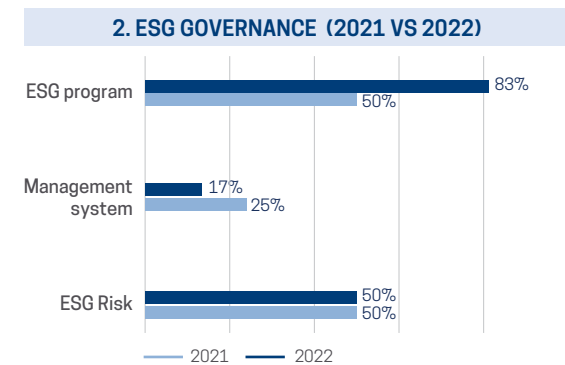
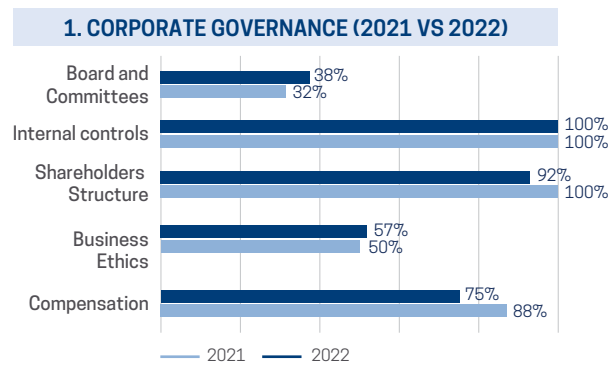
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- AGRO
- CCR
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Sviluppo Sostenibile

VCT ESG Maturity results

VCT Maturity Results

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



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Sviluppo Sostenibile

45 ZEPHYR **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, as well as for engines active in power plants. In 2018, thanks to the acquisition of the Spanish competitor Skandiaverken, Zephyr Group consolidated its leadership position in Europe among independent distributors.

 Investment:
June 2021

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

After DeA's acquisition in June 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 Legislative Decree 231.



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ESG MANAGER
EMANUELE SANGUINETI

Among the 2022 ESG activities:

Zephyr supported the “**Alkimuru Hydroelectric Power Plant**” project in Turkey, whose aim is **to reduce GHG emissions, promoting innovation in electricity production** thanks to carbon credit certificates. The overall amount of carbon credit certificates acquired offsets the GHG estimated emissions produced by Zephyr Group international outbound logistics throughout the year (Scope 3- Category 4).

The company drafted and **implemented an ESG & Corporate Sustainability Policy.**

Regarding energy consumption, **from 2023 all energy** used by Zephyr Group **will come from renewable energy sources.**

Sviluppo Sostenibile



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



ESG MANAGER
GIOVANNA MONTIGLIO

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 through the use of hydrogen in airplanes' engines: the first flight tests are expected as early as 2025.

Among the 2022 ESG activities:

- Publication of its **first Sustainability Report** (based on 2021 data).
- Implementation of an **Ethical Code for Suppliers** in line with the UN Global Compact.
- OMB won **several awards** due to its strong commitment to Sustainability issues. Among such awards are the **Welfare Index PMI** and the **Imprese Vincenti 2022**.
- The company supported an **exhibition to raise awareness against domestic violence**.



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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 colours.



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 (mainly to 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 2022 ESG activities:

Appointment of ESG & HR Manager in charge of ESG Action Plan implementation.

Additional cash bonus for all employees to help against the increasing of food and energy prices.

Planned **ESG Action Plan** drafting for 1H 2023.



ESG MANAGER
LARA BATTISTELLA



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IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL

IDeA Agro

Launched in 2018, IDeA Agro is the first and **one of the largest private equity fund fully dedicated to investments** (buy-out, buy-in, growth capital also in the form of POC), both as majority and qualified minority shareholder, in agribusinesses and farmlands, with a particular focus on developing agricultural greenfield projects on selected high margins crops and on investing in food processing companies active in the upstream segment of the food chain.

The Fund's **investment targets** are: (i) agricultural companies with at least 150 hectares in landholdings, to be managed with innovative farming techniques, and (ii) primary production/processing companies linked to local and short supply chains, which generate a turnover of at least €10 million.

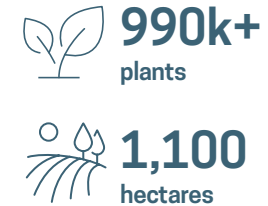
The Fund's strategy is focused on pairing the management team's **sectorial expertise** with the one of leading operating partners with

unmatched crop knowledge who co-invest in the project and oversee the day-to-day management. For instance, in 2021, the fund has developed a new cultivation of yellow kiwi fruit of the G3 (Zespri) variety on an area of ~100 hectares in the province of Latina. The deal was carried out in partnership with Agrintesa Cooperativa Agricola, world leader in the commercialization of kiwifruit, which today carries the role of operative partner.

By investing in **green-fields, first processing and potentially AG tech companies**, the fund's management team's goal is to obtain full control over **various supply chains**, while creating a wide range of synergies along different sectors within the Agroindustry. Another key objective of the fund is to implement farming systems that enhance the biodiversity of farmland, improve soil health and water quality by utilizing technological solutions that aim to accelerate the transition to regenerative agriculture, making IDeA Agro a highly sustainable vehicle.



ESG CHAMPION
LORENZO D'ANDRIA
Associate



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		✓ Achieved ⚙️ Work in progress ▶️ To be started	
Pre-investment	ESG checklist developed	2019	✓
	100% ESG DD performed	2021	✓
	100% Investment Memorandum containing ESG information	2021	✓
	Draft of ESG clauses template for investment documentation	2019	⚙️
	100% contracts containing ESG clauses	2020	⚙️
Ownership	100% portfolio companies where ESG items are discussed	2020	✓
	100% companies with ESG risk profile monitored and updated	2020	✓
	ESG data collection tool developed	2020	✓
	100% companies collecting data	2021	✓
	Value Creation Tool integration with PAI	2022	✓
	Light climate risk assessment	2023	⚙️
Exit	Enhanced ESG risk profile improvements, if any	2023	▶️

IDeA Agro

ESG highlights



IDeA Agro

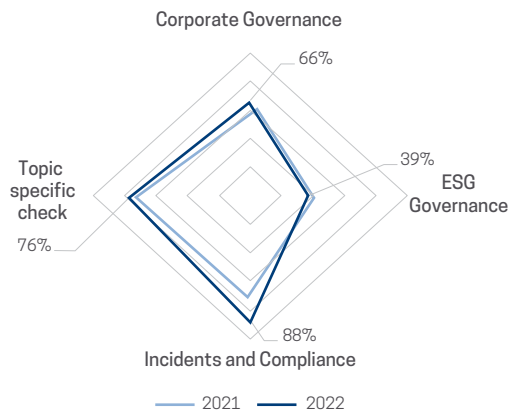
VCT ESG Maturity results

IDeA Agro is a private equity fund dedicated to investments in agricultural businesses which are located in Italy and operate in an eco-sustainable manner. To date the fund has carried out 8 investments, 5 of which are agricultural companies consisting of roughly 1,100 hectares of land and containing about 990 thousand plants.

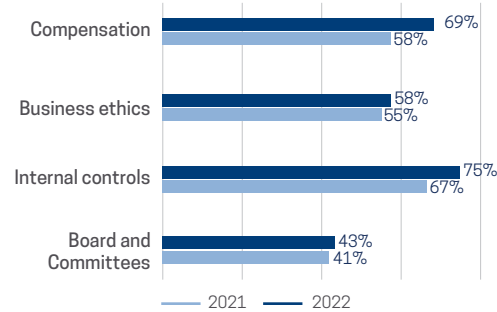
VCT Maturity Results

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

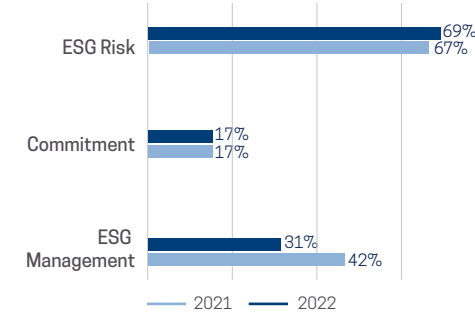
OVERALL MATURITY (2021 vs 2022)



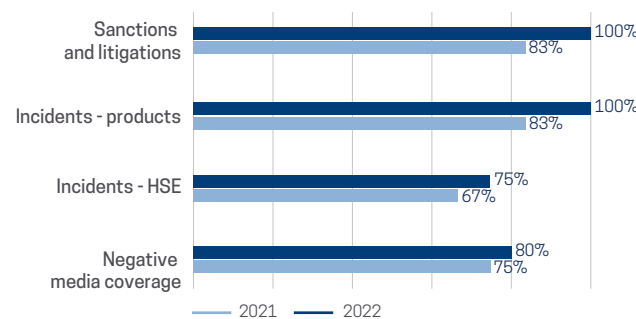
1. CORPORATE GOVERNANCE (2021 VS 2022)



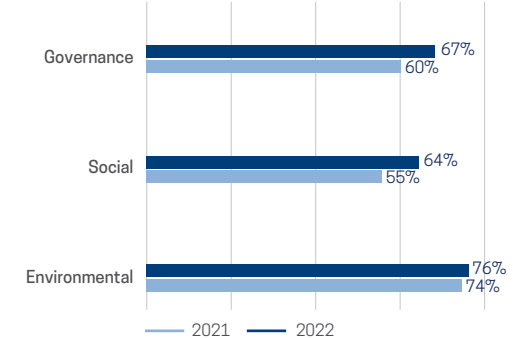
2. ESG GOVERNANCE (2021 VS 2022)



3. COMPLIANCE MANAGEMENT (2021 vs 2022)



4. TOPIC SPECIFIC CHECK (2021 VS 2022)



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IDeA Agro



Società Agricola Agro Nocciolo Srl was founded in 2019 by the IDeA Agro team with the aim of acquiring arable land and convert it into hazelnut orchards. Italy is the second largest producer by volume and the first by quality of hazelnuts in the world. Agro Nocciolo currently owns approximately 300 hectares of land in the area of 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 Nocciolo.

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

Hazelnuts are grown in accordance with **organic farming standards**, zeroing the use of chemical inputs, using **environmentally sustainable agronomic techniques** such as green manure, and providing for efficient use of water thanks to the latest agriculture 4.0 technologies. Water and nutrient supply is 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.

Following are some of the sustainable measures adopted by Agro Nocciolo:

Development of a microbiological fertility reservoir to allow the enrichment and preservation of the soil. Organic substances such as long-fermented cattle manure purchased from nearby stables, organic fertilizers, and zeolites are used, creating the



ESG MANAGER
SIMONE DI GIACINTO



150k+
plants

300
hectares

conditions on which useful bacterial and fungal species can flourish in symbiosis with the roots (mycorrhizae).

Utilization of the ancient technique of green manure to restore nutrients to the soil. The depletion of organic matter and the destruction of soil structure, brought about over time by the use of herbicides and inorganic fertilizers and by excessive mechanical tillage, are countered thanks to the technique of green manure, one of the most effective cultivation practices for restoring/ maintaining soil fertility in all its many aspects. Green manure consists of burying special crops for the purpose of maintaining or increasing fertility and improving soil structure. In addition, green manure and subsequent grassing plays an active role in CO₂ absorption.roots (mycorrhizae).

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- AGRO
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IDeA Agro



AGRO NOCE

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

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.



ESG MANAGER
UMBERTO BELLUCCI



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.

Over the years the company has implemented the following sustainable practices:

Use of sustainable cultivation techniques through advanced agriculture:

- Production of premium quality walnuts through the use of advanced technologies and digitization of all activities taking place in the field;
- Water and energy-saving practices through precision irrigation and fertigation;
- Minimized use of pesticides.

Realization of 2MWh of solar panels and the construction of a drying plant in order to integrate the supply chain approved by the BoD of the company in December 2022 (currently under development)

 **50k +**
plants

 **150**
hectares



Tol

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NPL

IDeA Agro



GRUPPO TARULLI

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



Investment:
November
2019

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

The aim of the company is to expand the production of table grapes by acquiring new land, in order to meet the growing demand mainly from foreign markets.

Throughout the years the OP Tarulli has obtained a vast array of certifications that affirm 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.

The company has adopted the following measures to optimize its ESG practices:

Participation in the OltreBio project with the aim to improve the organic management through an "ecosystem approach" involving integral management of soil, water and living resources. Practices include: (i) Leaf area development, to support growth and allow ripening without vegetative imbalance, (ii) improvement of soil health through practices such as root Phyto stimulation to ensure adequate nutrient utilization by crops and (iii) Water management through thorough monitoring with weather stations, innovative sensors, and "plant-based" physiological indicators.

Optimization of packaging and reduction of material use with increased utilization of compostable/recyclable materials.



282k+
plants



130
hectares

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

IDeA Agro



ATENA

Società Agricola Atena Srl was founded in 2019 by the IDeA Agro team with the aim of purchasing land and converting it into olive groves. The company purchased over 300 hectares, 240 of which have been dedicated to the intensive cultivation of olives, to ultimately produce EVO oil, in partnership with the Buccelletti Family, leaders in the production of olive trees and plants

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 1.000 tons of olives, the plant is one of the most important in central Italy, an area of excellence for extra virgin olive oil production.

Since inception the company has adopted several sustainable practices:

Use of sustainable cultivation techniques:

- Organic production;
- Controlled inter-row weeding of arboretums;
- Precision irrigation and fertilization 4.0 to allow waste reduction.

Preservation of nature reserves in order to encourage wildlife through 60 hectares of buffer zones (areas left untouched) as a requisite of Natura 2000, area in which the company is located.

Construction (yet to begin) of a photovoltaic plant to power the well pumps to reduce diesel consumption.

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



ESG MANAGER
MICHELE BUCCELLETTI



350k+
plants



380
hectares

AGRO

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IDeA Agro



GRUPPO INGINO

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

Investment:
May 2020

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

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 tonnes 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 in order 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, sanitising, and innovative packaging in order to reduce waste.

Following the acquisition, Ingino **enforced its ESG practices** with the following action plan:

New photovoltaic plants (2Mwh of photovoltaic panels will be installed in 2023).

Implementation of **231 Model**.

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

Strong focus on all activities affecting **Quality, Customer satisfaction, environmental aspects, ethical responsibility** and **occupational health and safety** evident by the numerous certifications (e.g. UNI EV ISO 22000:05 and IFS, ISO 1004:01, SA8000 and OHSAS 18001).



ESG MANAGER
NOEMI BIONDI



AGRO

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IDeA Agro



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



ESG MANAGER
ANTONIO NOIA



The main supplier of agricultural raw materials and semi-finished products is the COTRAPA agricultural cooperative, which brings together around 60 members located in Puglia, Calabria and Basilicata and with which a multi-year supply chain contract is in place. The quality of certifications is of crucial importance. The **Quality System** is certified according to the international standards for the safety of food products- **BRC** (British Retail Consortium) and **IFS** (International Featured Standards). The numerous certifications of the integrated pest management cultivation techniques adopted by the company, by the contributing members and by all the other suppliers, makes it possible to reduce the use of pesticides and chemical fertilisers to a minimum and consequently to limit the impact on the environment.

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

Pursue of zero-emission energy autonomy through trigeneration plant (powered by natural gas) that produces electric, thermal and cooling energy and photovoltaic panels of which 2Mwp are in operation and 2Mwp will be completed by the end of 2023.

KM 0 products thanks to the proximity to the cultivated fields that allow immediate processing after harvest allowing the company to cut down on emissions and obtain products with high nutraceutical qualities.

Sustainable packaging through the use of organic materials, offering Private Label customers the opportunity to also stand out in the market with recyclable packaging that is in line with the regulations of their countries.

Scrap Recovery by recycling waste from the entire production process with bioenergy production and with animal husbandry.

Implementation of an innovative blockchain-based information technology system for the realization of the digital food supply chain (BLOCKFIL).

New Project for the **construction of a new Technological Cold Storage Cell** which is estimated reduce energy consumption by half (from 18W/mc to 9W/mc) has been approved by the BoD and is currently awaiting authorization.



Tol

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IDeA Agro



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

 Investment:
January 2021

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

Agro Gold’s last 42 hectares are fully accountable and certifiable in 4.0, the first in Italy, thanks to its state-of-the-art plant that include:

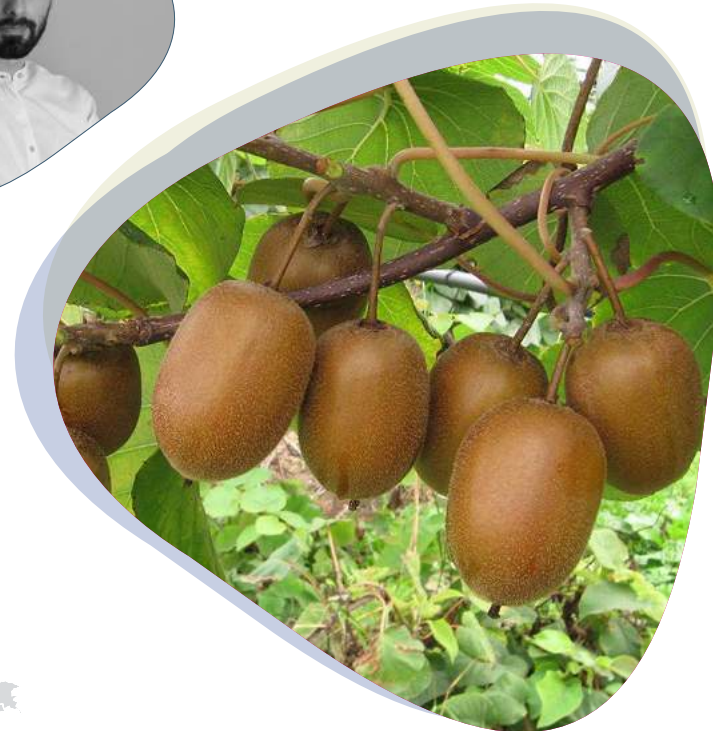
Implementation of procedures for the **full eco-sustainable use of local waters**.

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

In addition, in 2022 the company installed a **100kw of photovoltaic** to reduce fuel consumption.



ESG MANAGER
SERGIO SEJKO



 **160k+**
plants

 **160**
hectares

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

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 mainly in the Italian market.



Investment:
November 2022

Vangelisti favours from an extensive catalogue of products, with sales both under its own brand (premium positioning) and as private label. Among the long 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.



ESG MANAGER
GIACOMO TEI



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 whom will be in charge of quarterly ESG data collection.



Tol

Tol2

SS

AGRO

CCR

FC

FOF

NPL

|
IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL
|

Special Situation: Corporate Credit Recovery

IDeA CCR I and **IDeA CCR II** are closed-end investment fund of DIP (Debtor-in-possession) Financing, reserved to qualified investors.

The funds aim to **contribute to the recovery of mid-size Italian companies**, which are under **financial strains but show sound industrial fundamentals**.

The funds 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
Legal Counsel

Tol

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IDEA CCR II ROADMAP FOR EQUITY INVESTMENT ONLY

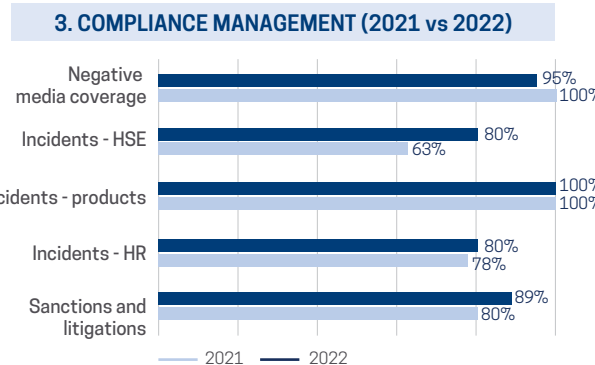
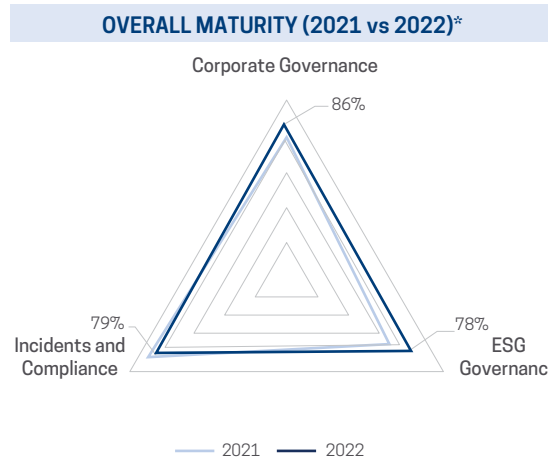
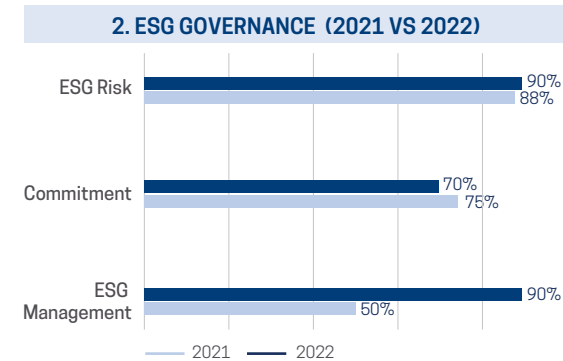
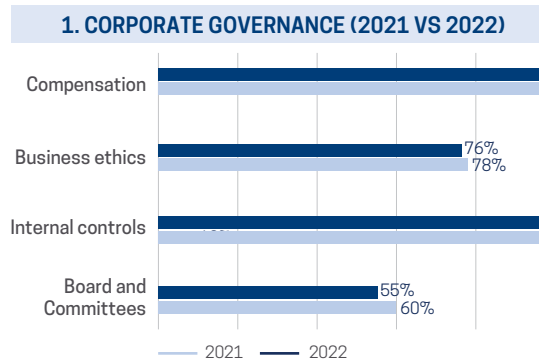
✓ Achieved ⚙️ Work in progress 🕒 To be started

Phase	Item	Year	Status
Pre-investment	ESG checklist developed	2019	✓
	100% ESG DD performed and 100% ESG risk assessment profile developed	2020	✓
	100% Investment Memorandum containing ESG information	2020	✓
Ownership	100% portfolio companies where ESG items are discussed	2020	✓
	100% companies with ESG risk profile monitored and updated	2020	✓
	ESG data collection tool developed	2020	✓
	100% companies collecting data	2021	✓
	Value Creation Tool integration with PAI	2022	✓
	Light climate risk assessment	2023	⚙️
Exit	Enhanced ESG risk profile improvements, if any	2021	✓

Special Situation: Corporate Credit Recovery

VCT ESG Maturity results

- **Corporate Governance:** The Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce risks.
- **ESG Governance:** Investment maturity in terms of sustainability programs and risk management tools.
- **Compliance management:** Investment maturity to ensure compliance. Tools in place and incidents, violations, sanctions and negative media campaigns.



The aggregate results show an improvement of the portfolio companies both in the Corporate Governance (from 79% to 86%) and in the ESG Governance (from 71% to 78%) while they are substantially flat in the Incident and Compliance sector

Tol
Tol2
SS
AGRO
CCR
FC
FOF
NPL

Special Situation: Corporate Credit Recovery

UTIL UTIL GROUP

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

Investment:
April 2017



ESG MANAGER
CINZIA CIMIERO



In 2021 the company started an ESG action plan whose implementation is currently ongoing. Below the main ESG activities that Util implemented during 2022, as part of its path towards industry best practices:

TRAINING

- Specific trainings on 231 Model, Code of Ethics and Whistleblowing
- Specific trainings on company's EHS goals and policies
- Awareness campaign on accidents at work and consequences

DIVERSITY

- + 7% female employees in comparison with 2021
- + 25% of technical trainings to female operators and engineers

HR

- Smart working procedure at Group level
- Global HRMS (Bamboo HR) to manage and monitor global HR life cycle policies

Moreover, there are also **activities on going in 2023:**

- Training system to identify, monitor and integrate training needs in the annual training plan
- Wellbeing surveys via Bamboo HR (global HRMS)

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Special Situation: Corporate Credit Recovery

CALVI HOLDING S.p.A. CALVI GROUP

The Calvi Group was formed through the union of the Calvi Family (Calvi S.p.A., established in 1950) and the Chini family (Siderval S.p.A. established in 1972).

Investment:
February
2019

Metallurgic business is Calvi Group's core business: over the years this division reached market leadership in technology, design and manufacturing fields of special steel profiles based on customers' specifications. The metal forming service provided by the Group has many applications in a wide range of sectors, including materials handling, automation and general mechanics, cars and motorcycles, defense, energy and the environment, construction and infrastructure, aerospace.

In 2022 the group started the "ESG" project. The Company has selected a professional consultant to carry out an assessment of the actual ESG maturity of the group and a potential action plan, with the aim of identifying the company's values, to improve its ESG profile. An ESG Manager has been appointed, and the working team involves all the Group's TOP management.

In this context, certain **valuable initiatives implemented** are:

Calvi SpA's adherence to the **Plastic New Deal project** aimed at reducing or eliminating the use of single-use plastic within the Group. Among the measures implemented was the elimination of plastic from all dispensers and meeting rooms replaced with the installation of a number of purified water vending machines. All the employees were provided with a reusable, customized water-bottle.



ESG MANAGER
PAOLO GATTI



Improvement of the internal communication: a semi-annual meeting held by the CEO to inform all employees about the financial results and the progress of all projects including the ESG one

One of the key **KPIs** identified to monitor the companies' performance is an **index that monitors electricity and methane consumption**, expressed in kWh equivalents, compared to meters worked, in order to raise employees' awareness of the importance of energy conservation.

Starting from 2023, the **long term group's investment plan** foresees:

- (i) **photovoltaic panels project** on Calvi, Siderval and Sipa, in order to increase self-production of clean energy;
- (ii) **recovery of rainwater and its reuse** in production processes;
- (iii) the **commitment of a study on the energy efficiency improvement** in order to get energy recoveries on the plans of the Group and to reuse part of the energy/heat produced.



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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 Pieralisi 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).

In 2022, Pieralisi carried out several **activities in the area of sustainability**:

It has started the **creation of an occupational health and safety management system** to be certified under the 45001 standard by 2024.

Renewal of the **14001 certification** was obtained.

The company **scored 63 out of 100** (corresponding to a high performance) in **Cerved's ESG questionnaire** required by a lender to the company as a condition for a new financing.

Pieralisi Maip carried out the **reorganization of plants in Italy**. This project aimed, inter alia, to improve employees' well-being, in terms of lighting and ventilation of rooms as well as in terms of machinery safety and safety training.



ESG MANAGER
ROBERTO ROCCHEGIANI



The Pieralisi Group's most important subsidiary - **Pieralisi do Brasil** - is pursuing an important project, also linked to participation to the **Raizen ESG Partner Award** (an award organized by Raizen for partners in their supply chains who excel in ESG criteria). Below are the targets of Pieralisi do Brasil on ESG issues:

- a) **Reduction of greenhouse gas emissions:** reduce emissions by 25% by 2025 and 90% by 2030.
- b) **Sustainable water use:** reduce water consumption, use and reuse of water in operations by 30% by 2030.
- c) **Waste management:** increase recycling rate by 50% by 2025 and 90% by 2030.
- d) **Carbon Footprint:** assessment of the carbon inventory (Scope 1 and 2).



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Special Situation: Corporate Credit Recovery

COSTA EDUTAINMENT

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.

 Investment:
July 2022

Costa Edutainment aims to respond to the growing demand for a qualitative use of leisure time, combining culture, education, entertainment, excitement and fun in unique and meaningful experiences.

Main ESG achievements:

Integrated Report: in 2022 Costa Edutainment has voluntarily published for the eighth consecutive year its Integrated Report, with a view to explain the way in which the company commits to create value in the broad and diversified sense not only in the short term but also in the medium and long term for all the stakeholders.

Biodiversity: Costa Edutainment is committed to develop projects for research and safeguard of aquatic species, intended to guarantee the animal well-being and the conservation of biodiversity.

Edutainment Approach: in 2022 was inaugurated the new “Città dei Bambini” [City of children] in the spaces below Acquario di Genova. A very beautiful project that carries with it not only an enrichment of the edutainment offer, but that starts an important process of redevelopment and transformation of Porto Antico’s area. The project represents an occasion of development with very positive impacts on the territory for quality of services proposed, integration of the cultural and educational offer, employment, visibility and liveability of spaces around the Aquarium.



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



Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL

Special Situation: Flexible Capital

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 and governance characteristics**, in particular 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, Flexible Capital Fund is in the process of finalizing the first two investments, which during the past months have been subject to a specific ESG due diligence carried out with the support of external advisors. In this context, Flexible Capital Fund has already **identified the ESG KPIs to monitor** with regards to the attainment of the social and environmental characteristics administrative, whose increase is one of the aims of the Fund in relation also to such investments.

Once the investments are completed, the Investment Team and the ESG Champion will carry out a constant interaction with the companies to **assess investments' ESG performance, also through the Value Creation Tool**. On this respect, a specific VCT for Flexible Capital Fund will be 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.



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IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)

NPL
|

Client Solutions (Funds of Funds)

The fund of funds as an investment class is part of the historical DNA of DeA Capital Alternative Funds. The first fund of funds (IDeA I Fund of Funds) dates back to 2007 and the latest, DeA Endowment Fund II, currently being the sixth, has been established at the end of 2022, and is about to start 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: 41%** of the portfolio.

ICF II (2009), **Small/Mid buyout: 53%** of the portfolio.

IDeA Global Growth (2013), **Buyout**, including large companies: **55%** of the portfolio.

ICF III (2014), **Buyout**, including large companies: **53%** of the portfolio.

DeA Endowment Fund (2019), **Private Credit: 48%** of the portfolio.

DeA Endowment Fund II (2023) is the second-generation Fund based on performance targets, liquidity, risk and consistent allocation with the indications of the investors to which it is dedicated.

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

The active approach is carried out by sending questionnaires to the managers, in which the adherence to the ESG principles of the fund is highlighted.

In the DeA' questionnaire all main ESG topic are examined, with specific requests on Governance, Engagements, Stewardship and a significative number of Social and Environmental KPIs. Similarly, all KPIs received were included in the VCT for analyses, monitoring and statistics.

The questionnaires was enhanced during 2022 in order to include other topics;

Signatory of the **UN Global Compact**;

Implementation of a **Human Rights** policy;

Participation to **Net Zero** initiatives;

Commitment on **Climate Change**



ESG CHAMPION
FEDERICA LOGUERCIO
Investment Manager

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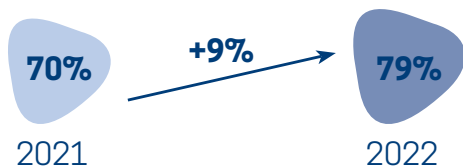
Client Solutions (Funds of Funds)

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.

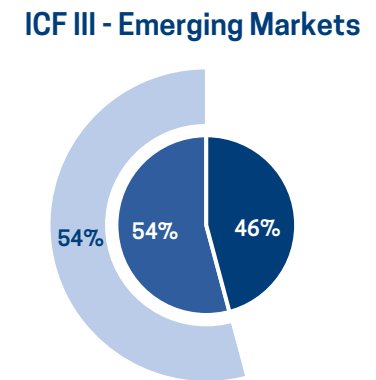
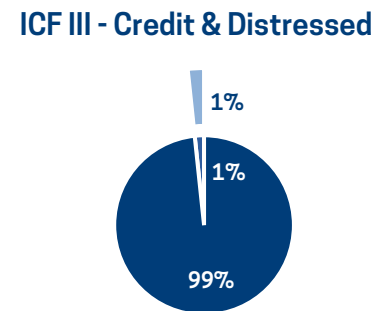
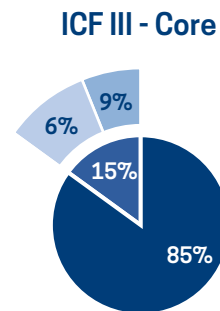
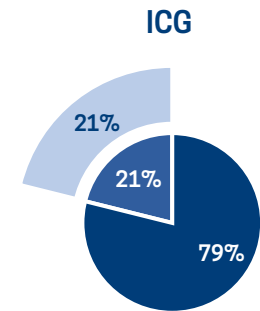
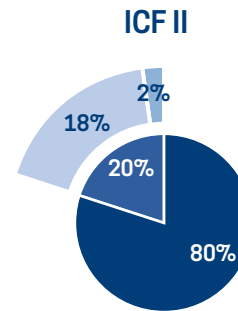
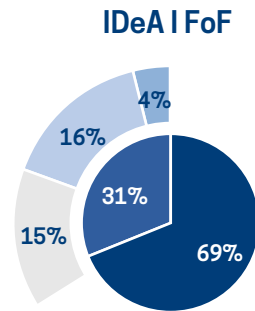
Over the past year, the team has screened **the portfolios of all funds** that were invested prior to the adoption of the UN PRI and the VCT tool. The purpose of this assessment was **to evaluate the ESG efforts made by all General Partners within the portfolios**. The results indicate that the funds 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 represents a **9% increase compared to** the results obtained in **2021**, highlighting a growing focus on ESG metrics.

While the majority of the portfolio demonstrates active commitment to ESG objectives, a **small portion of the overall portfolio still remains Not Active** in pursuing ESG metrics. Notably, GPs 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



Overall ESG Maturity*



ESG Strategy

■ Active ■ Not active

Geography

■ US ■ Other ■ Europe

*% calculated on Q4 2022 Funds' NAV

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

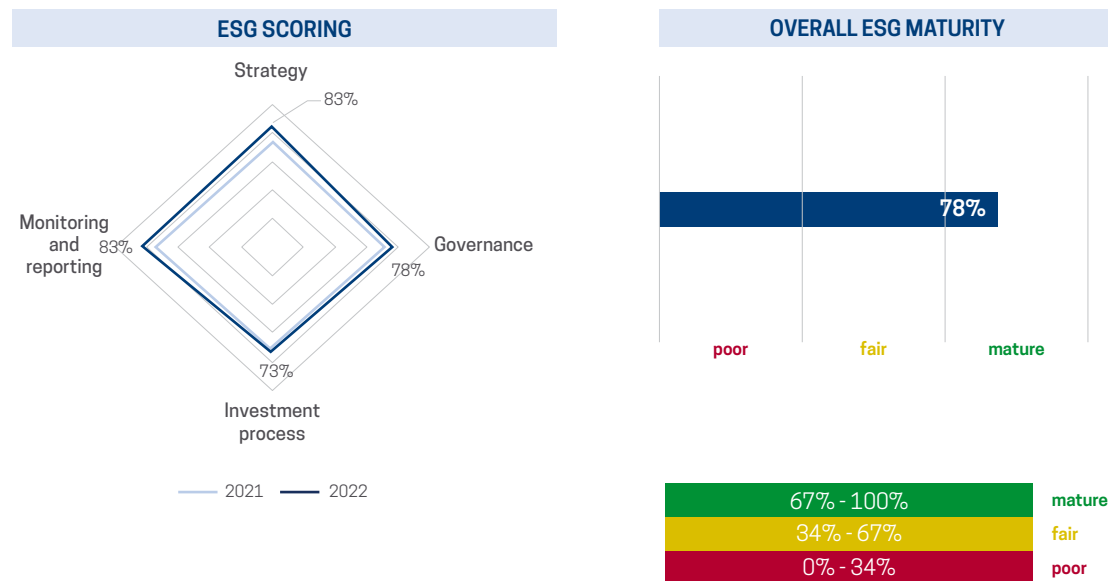
Client Solutions (Funds of Funds)

Focus on DeA Endowment Fund

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

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

DeA Endowment Fund has been the **first multimanager program** initiated **after the adoption of the UN PRI and the related ESG VCT tool**. 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.



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

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

The total portfolio, **as of December 2022**, reached an **overall score of 78%** and a subsequent **classification as “Mature”** in our specific screening tool. The score has **improved by 5% compared to 2021 results**, indicating a collective effort by GPs to integrate ESG topics into their operations.

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).

Tol

Tol2

SS

AGRO

CCR

FC

FOF

NPL



IDeA Taste of Italy

Taste of Italy 2

Sviluppo Sostenibile

IDeA Agro

Special Situation: Corporate Credit Recovery

Special Situation: Flexible Capital

Client Solutions (Funds of Funds)



NPL



NPL

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

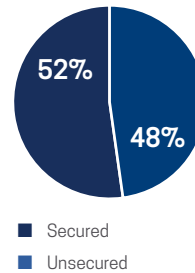
Italian Recovery Fund ("IRF"), now managed by DeA Capital Alternative Funds, is one of the largest NPL fund in Europe that acquired circa €30 billion (notional) of non-performing loans from Italian banks in different transactions. IRF typically acquired notes of different seniorities (mainly mezzanine and junior tranches) issued by SPV130 vehicles in the context of securitization transactions.

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

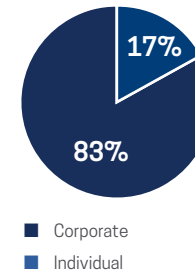


ESG CHAMPION
MATTEO CONTE
Investment Director

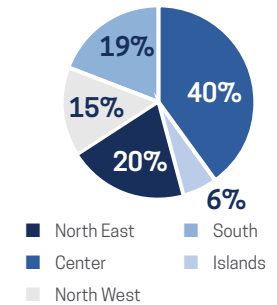
Borrower Type (Sec / Unsec)



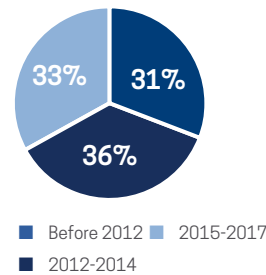
Borrower Type (Corp / Ind)



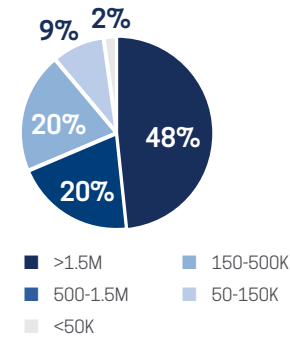
Geographic Area



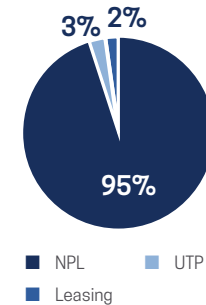
Vintage



GBV size



Type (NPL / UTP / Leasing)



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AGRO

CCR

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FOF

NPL

NPL



✔ Achieved
⚙ Work in progress
▶ To be started

NPL ROADMAP	Engagement with the Special Servicers	100 % of Special Servicers engaged on ESG (ESG assessment results, improvement areas and DeA Alternative Funds’s objectives)	2022	✔	Tol
	Monitoring of Special Servicers	Annual monitoring of Special Servicers performances on ESG metrics and evaluation of scoring improvement	2022	✔	Tol2
	Share of ESG commitments and best practices among Special Servicers	100% of Special Services acknowledged DeA Capital Alternative Funds’s ESG Policy	2022	✔	SS
		Organize an annual meeting/seminar with main Special Servicers to share best practices	2022	✔	AGRO
	Evaluate the possibility to assess also with an ESG angle the real estate repossessed or acquired	ESG risks assessment for selected properties to be repossessed or acquired	2023	⚙	CCR FC
	Enhanced interaction with special servicers	Questionnaire for servicers expanded with additional ESG-related questions	2022	✔	FOF
More direct dialogue with the lead servicer who is very attentive to ESG issues		2022	✔	NPL	

NPL

Questionnaire to Special Servicers

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

In the ESG process, DeA Capital Alternative Funds NPL Investment team's efforts have been focused on the relationship with servicers. The **Servicing & Collection Policy is one of the key drivers to increase sustainability** into a complex business like NPLs. So, for the future, the aim is to further improve principles and methods into the NPL collection process of those servicers.

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

The most interesting ESG aspects that emerge from the servicers' responses in the questionnaire are the following.

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

80% are implementing Green Mobility.

100% are improving their carbon footprint or plan to do so in short time.

Among servicers the women employed are more than men (**53%**).

More than **95%** of their employees have permanent contracts.

17 is the average training hours per person.

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

Out-of-court settlement attempts (Discounted Payoff, DPO) where technically possible, are almost always made on loans under management.

Around **40%** of out-of-court settlement cash collection, which is faster, less burdensome and more debtor-friendly.

No board members are involved in litigation.

Compared to last year, the questionnaire for servicers was expanded with additional ESG-related questions (#11 new questions mainly related to code of conduct guidelines for debt recovery). In addition, a more direct dialogue was initiated with the lead servicer: meetings were held with the main servicer, who is a very ESG-conscious player and a best practice in terms of ESG communication to the market.

The information collected through the questionnaires highlight that overall the main ESG aspects are respected by all special servicers:

Environmental: servicers are mindful of the environmental impact of their activities. In particular, they are focused on Green Procurement activities such as the use of renewable energy, the goal of saving energy, the limitation of paper and plastics.

Social: servicers aim to ethical debt collection practices, treating borrowers with respect and dignity. On top of that, they contribute to social activities supporting local communities and/or charitable organizations.

Governance: servicers, through policies and procedures, aim to have interests and goals aligned with all stakeholders such as clients, borrowers, regulators, local communities.

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Next Steps

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

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

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

In this context, a core priority for us is always **to support all our Portfolio** Companies in implementing the ESG improvement plans.

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

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



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
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