

DeA Capital Real Estate

Description

DeA Capital Real Estate is the leading company in Italy in the management of real estate investment funds with a market share of over 20%. It manages around €11.8 billion of assets through 55 real estate AIFs, of which 2 are listed on the MIV Segment of Borsa Italiana, and 3 compartments (sub-funds) of a SICAF.

In 2019 DeA Capital Real Estate embarked on a solid ESG path by joining the UN Principles for Responsible Investment (PRI) and defining a roadmap to integrate ESG principles into its organizational structure.

DeA Capital started participating in the Global Real Estate Sustainability Benchmark (GRESB) initially with two AIFs (Alternative Investment Funds).

In 2020, an ESG Action Plan has been elaborated and a dedicated “ESG Management” Function has been established, reporting directly to the CEO, with the aim of defining the ESG policy and coordinating the implementation of ESG strategies among the AMC (Asset Management Company) and the AIFs.

In 2020 and 2021, overall process and procedure management system has been updated in order to integrate ESG principles and clearly define roles and responsibilities, especially with regards to investment process, creation and classification of new products, ESG monitoring and reporting. Moreover, in view of the application of EU Regulation 2019/2088 (“SFDR”), as of 31st December 2021, 15 AIFs have been classified under Art. 8 of SFDR.

In order to evaluate and monitor the achievement of AIFs’ sustainability strategy according to SFDR, DeA Capital Real Estate adopted an ESG Framework & DeA Capital Real Estate Tool which includes the application of qualitative and quantitative rules, to be selected and configured on the basis of the asset class and the investment strategy. Furtherly, the tool assesses the green certifications for real estate that are most appropriate for the projects under consideration. As a part of its framework, as of 31st December 2021, DeA Capital Real Estate submitted 14 AIFs to the Global Real Estate Sustainability Benchmark (GRESB), a rating mechanism which measures the ESG performance of property investment vehicles.



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DeA Capital Real Estate's Key Figures as of 31st December 2021



Signatory of the UN PRI



Engagement with **ASSOCIIMMOBILIARE** to promote Sustainability in Real Estate



Member of **"Forum per la finanza sostenibile"** to promote ESG integration into financial products



15% of total OMV with a **Global Real Estate Sustainability Benchmark (GRESB)** rating



DeA Capital ESG Talent Group's **partnership with the Politecnico di Milano Graduate School of Business**



100% green energy and "reducing & recycling projects" for both Rome and Milan offices



•€2,161 million | •20% of total OMV | •15 of 57 AIFs
Are classified under SFDR Art. 8



€1,891 mln (18% of OMV) with green building certifications obtained



€338 mln of AIFs' ESG capex already invested for AIFs under SFDR art. 8



3 of 15 AIFs under SFDR art. 8 invested in **affordable houses**



AIFs' **social evaluation rating with Nomisma SpA** (independent third party)



AIFs' **green experimental evaluation** with CRREM Transition Risk



58% of employees are women



43% of BoD is independent & 29% are women



100% of BoD and employees trained in ESG



34% of employees with ESG MBO on remuneration (all the C-suite level)



Award for innovative and sustainable projects in Real Estate



Improving the **NEXT Project** (New Empowerment x Talent)

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ESG Policy

The ESG Policy of DeA Capital Real Estate was first approved in 2019. It is updated on an annual basis in order to consider relevant changes in the ESG regulatory framework (e.g. first level application of SFDR) as well as in DeA Capital Real Estate's organizational structure.

The ESG Policy integrates the 4 pillars of DeA Capital Real Estate suitability strategy into fund investment and management procedures, aiming to seize opportunities arising from responsible investments, in compliance with European Regulations.

In particular, DeA Capital Real Estate's ESG Policy is designed to:

- ▶ **set clear roles and responsibilities** for all levels of management, administration and control in order to make the personnel accountable and thus facilitate the overall development of ESG culture;
- ▶ **ensure that ESG considerations are incorporated into decision-making processes** and provide guidelines for all aspects of real estate operations and investment cycle (i.e. due-diligence, acquisition, construction and development, operations, management and disposition);
- ▶ **assess and mitigate sustainability risks** related to investments in order to preserve their value and limit potential negative impacts on the community;
- ▶ **guarantee an adequate disclosure** on ESG framework and performance, in line with financial regulation, best practices and market standards;
- ▶ **define and communicate DeA Capital Real Estate's value position** on ESG for the benefit of clients, stakeholders and third parties.



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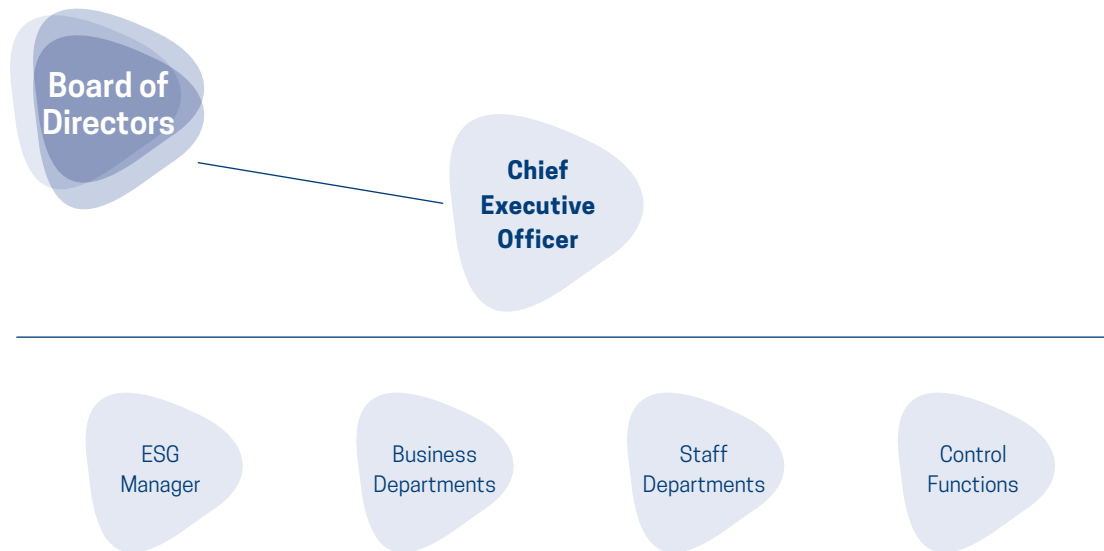
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ESG Policy

In line with the pillars and intending to achieve the best practices approach going forward, DeA Capital Real Estate, in its ESG Policy, described the implementation of its ESG Governance, through which the company extended sustainability and corporate responsibility risk governance to all levels of management, administration and control:



- ▶ **Board of Directors** defines ESG policies and approves the Policy and the products classification according to SDFR;
- ▶ **Chief Executive Officer** is responsible for the guarantee, supervision and implementation of ESG strategies within the Company and ensures the decision-making process on relevant issues;
- ▶ **ESG Manager** acts as a focal point for ESG topics and maintains relations with internal and external stakeholders;
- ▶ **Business Departments** guarantee ESG principles adoption within real estate operations and investment cycle, as well as the communication of activities and progress related to ESG;
- ▶ **Staff Departments** guarantee ESG principles adoption within their operations and day-by-day activities;
- ▶ **Control Functions** extend their activities on ESG relevant issues with focus on sustainability risks and compliance to sustainable finance regulation.

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ESG Action plan

In 2020, the CEO approved the first **ESG Action Plan** which sets out strategic action and operational activities that the AMC intends to carry out, over a three-year period, in order to implement the pillars of its sustainability strategy, as represented in the chart.

The ESG Action Plan has been updated in 2021, in order to take into account progresses in the implementation of ESG strategy, relevant changes occurred in the ESG regulatory framework and requests from stakeholders.

Each operational activity is monitored through one or more KPIs and referenced to related international standards and/or regulatory requirements (e.g. SFDR, PRI, GRESB, ecc.).

Below is reported a description of the 4 pillars underlying the SGR's sustainability strategy.


DEA CAPITAL REAL ESTATE'S 4 PILLARS OF SUSTAINABILITY STRATEGY



Act responsibly and promote sustainability within the sector as an investor signatory of UN PRI, adopting a responsible approach to investing with the aim of creating value and increasing industry awareness of the benefits, with particular focus on economic ones, arising from integration and enhancement of ESG factors.



Be People-centric, by investing into well-being and the professional growth of our employees, ensuring a workplace able to improve career development and to attract and retain new talents. In the real estate activities, by maximizing our properties' ability to generate well-being and comfort, to support our tenants in improving job quality and talent attraction of our tenants.



Development, renovation and management of properties that are efficient and sustainable, by pursuing energy efficiency and lower consumption targets and by actively contributing to low carbon economy transition.



Participate to the creation of future sustainable cities in a proactive way aiming at a sustainable and inclusive urbanization, benefiting from the integration of digital and technologic innovations.

With its strategy, DeA Capital Real Estate intends to contribute to the achievement of some **United Nations Sustainable Development Goals** (UN SDGs or Agenda 2030), selected on the basis of the impact that the AMC can have through its business.

ENVIRONMENT GOALS



SOCIAL GOALS



GOVERNANCE GOALS

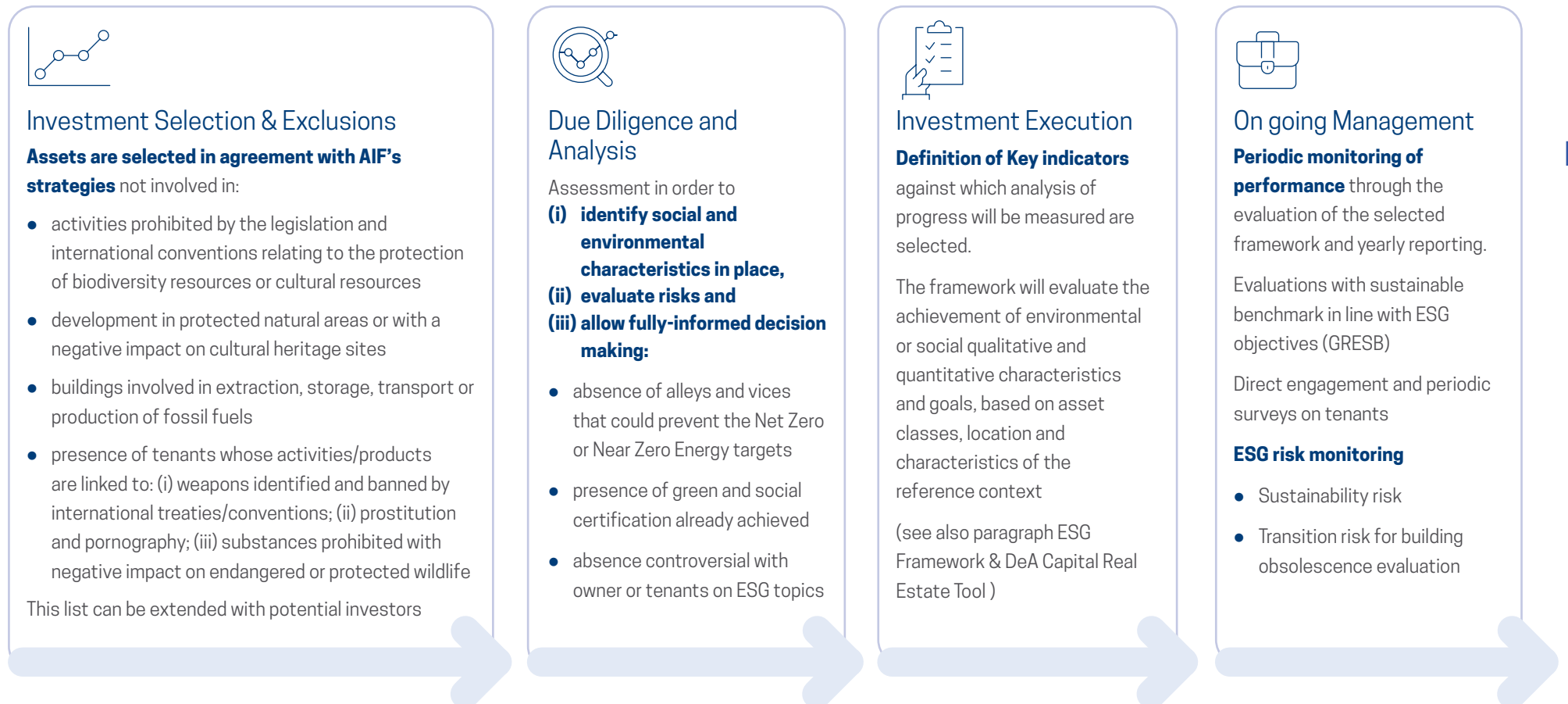


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ESG Investment & Management Processes

According to the **ESG Policy** and DeA Capital Real Estate **suitability strategy ESG considerations are integrated into decision-making processes** and in the investment cycle phases.

The implementation of the ESG Policy is planned and carried out for all investment products, and throughout the investment and new product procedures.



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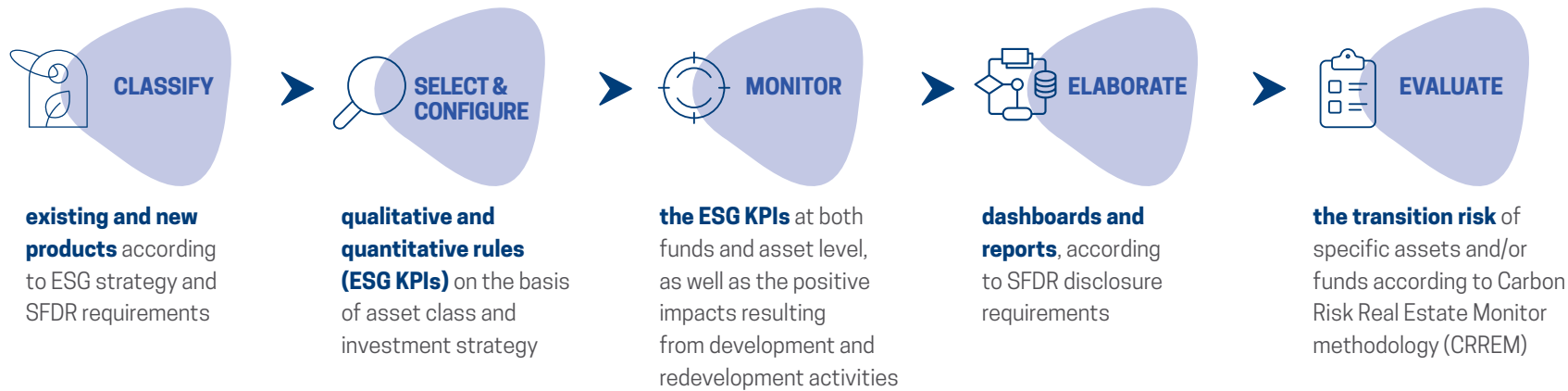
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ESG Investment methodology and DeA Capital Real Estate Tool

In order to evaluate and monitor the achievement of AIFs' sustainability strategy according to the SFDR, the AMC has adopted a specific methodological framework which is going to be progressively implemented in a tool.

The ESG Framework & DeA Capital Real Estate Tool will allow to:



The ESG Framework and DeA Capital Real Estate Tool also includes an external Social Context Rating at asset level which is provided by Nomisma S.p.A.



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Main AIFs ESG KPIs included in the ESG Framework & DeA Capital Real Estate Tool

ENVIRONMENTAL



Refurbishment or development assets

- Environmental remediation and decontamination
- Historical restoration or natural protection
- Low environmental impact
- Materials and short supply chain
- Construction site waste requirements
- Construction site consumption (energy and water)
- ESG Capex Plan
- Construction site safety and environmental management



Income assets

- Energy efficiency (EPC)
- Presence of renewable energies
- Energy and water consumptions
- Harmful emissions (GHG)
- Green leases and/or green loans
- ESG Capex Plan
- Green certifications (LEED, BREEAM, etc.)

SOCIAL



- Social housing for disadvantaged categories
- Accessibility for people
- Urbanization works and services dedicated to community
- Redevelopment/creation of green areas and new plantings
- Cycle paths and electric charging stations
- Areas for user psycho-physical and well-being
- Well-being certifications (WELL, Fitwell, etc.)
- Building connectivity and smart capabilities certifications

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Global Real Estate Sustainability Benchmark

As a part of its **Framework**, DeA Capital Real Estate is committed to participate with its Art. 8 Funds to the GRESB, a rating mechanism which measures the ESG performance of property investment vehicles.



The interaction with the GRESB and the inclusion in its network foster the strengthening of the sustainability strategy at both AMC and Funds level.

Each participant is assigned to a peer group taking into consideration legal structure (listed or private) property & investment type, asset class and geographical location (national level). GRESB assessment evaluates the following main components*:

- **Management:** measures an entity's strategy and leadership, policies and processes, risk management, and its stakeholder engagement approach. (30% of rating)

- **Performance:** measures performance of existing properties at the asset and portfolio levels, collecting information on energy consumption, GHG emissions, water consumption and waste (70% of rating)
- **Development:** measures an entity's efforts to address ESG issues during a building's design, construction and renovation phases (70% of rating).

DeA Capital Real Estate obtained an **average score of 25 out of 30 in the Management** section, ranking among the best AMC Italian performer. This score is expected to further improve in the next years benefit from SFDR reporting and ESGM Framework & DeA Capital Real Estate Tool implementation.

Gresb 2021 Participation

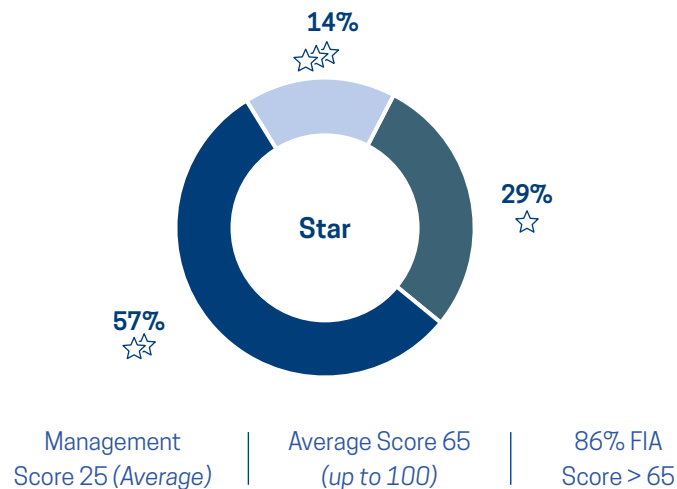
2020 > 2 Performance Funds

2021 > 14 Funds

- 4 performance Funds
- 3 performance & development Funds
- 7 development Funds

2021 > 25 on 30 points in Management section

Performance in 2021 (first participation)



Principles for Responsible Investment

DeA Capital Real Estate subscribed to the Principles of Responsible Investment in 2019 and signed the questionnaire relating to the 2020 period in 2021. PRI has postponed the results emission to 2022.

*GRESB valuation is based on "Management" dimension and one (or both) of the other following two dimension