

The Sustainable Platform

DeA Capital S.p.A.



ESG REPORT **2021**

Table of Contents



DeA CAPITAL PROFILE

• DeA Capital profile	7	• DeA Capital Sustainability process	10
• DeA Capital Platform	8	• UN Global Compact principles	16
• History & Key milestones	9		

HIGHLIGHTS

- Letter from the CEO
- Letter from the Head of ESG
- ESG Highlights



ENVIRONMENTAL SOCIAL & GOVERNANCE IN DeA CAPITAL

• Governance & Business Ethics	19
• Environmental Impact	23
• People, welfare, and training	25



A SUSTAINABLE PLATFORM

• Asset Management Platform overview	31
• DeA Capital Real Estate	34
• DeA Capital Alternative Funds	44
• Quaestio Capital	55



2022 GOALS AND NEW INITIATIVES

• Next steps	64
• Contacts	66

Letter from the CEO

Dear Stakeholders,

The last few years have profoundly marked our world.

The Covid-19 pandemic and the geopolitical conflicts have modified our habits, driving us towards new standards.

In this variable context, **ESG (Environmental, Social and Governance) matters have taken on a predominant dimension**, making it clear to all that a profound change is needed.

The DeA Capital Group has always given particular importance to sustainability themes aiming to target best practices among the Alternative Asset Management Industry.

The **Group's ESG Framework** was therefore the natural consequence of the activities that have been implemented over the years by all the companies of the Group.

Our set of policies and procedures, as well as our Governance structure, enable the Group to **tackle new challenges integrating ESG matters** in our business model.

The path that the Group has followed and the sharing of its strategies and investments have allowed to achieve more ambitious results **bringing people from different backgrounds to work together**.

DeA Capital Real Estate, the first Italian Real Estate Asset Management Company, aims at best practices in its industry, receiving prestigious awards and certifications (es. Gresb, Leed).

DeA Capital Alternative Funds, focused on Private Equity and Credit strategies, was the first company in the Group to adhere to PRI and adopt an ESG strategy and process, driven also by its institutional investors' needs.

Quaestio Capital, the multi-asset multi-manager platform, seeks to combine investment portfolios built on clients' needs with internal and external ESG rules, through innovative methodologies.

In this context, DeA Capital's Board of Directors and Management team have developed a **strong commitment to creating a sustainability path in which we will play an increasingly prominent role for the benefit of our community**.



Paolo Ceretti
CEO



Letter from the Head of ESG

The great challenge of 2021 as Head of ESG in DeA Capital SpA was to build a specific ESG framework for the parent company and, on the other hand, to integrate the framework of the companies part of its alternative asset management Platform taking into account the complexity of integrating different financial instruments, investment classes and above all policies built for the specific long-term clients. **DeA Capital is part of a group that has always placed great importance on social responsibility** in general and the well-being of employees and local communities. In addition, the decision to embark on a new path of sustainability at group level arose also from the great opportunity to pool the significant results achieved so far by the individual companies. Each of them, in fact, apart from being signatories of the PRI, had so far focused on becoming best practices in their respective asset classes.

Moreover, working together has allowed them to see the ESG approach from different angles and, above all, has multiplied their efforts and synergies.

Quaestio has brought an innovative methodology in which the internal rules have managed to coexist in an extremely effective way with the rules imposed by its institutional clients.

DeA Capital's main challenge is to maximize the general principles such as the fight against climate change, respect for human rights and gender diversity, but also the set up of a framework made of rules, roles and procedures.

Ideas, investments, experiences, and people have been pooled, which have certainly amplified the results of the Group. We are very pleased with the ESG Score received by Sustainalytics in the first coverage by a rating company not only as a challenge but also as an opportunity to bridge the gap that separated us from what we can define as best practice.

The internal environment from now on will be increasingly exciting: diverse teams, each with unique and quality expertise working together to deliver an effective, and more importantly, unified ESG message.



Alessandra Patera
Group ESG Manager



ESG Highlights



DeA Capital Real Estate, DeA Capital Alternative Funds and Quaestio are **PRI Signatory**



DeA Capital received a “**Low Risk**” Rating by Sustainalytics (top 5% of its industry)



DeA Capital adhered formally to the Universal Principles of the **UN Global Compact**



All portfolio companies have an **ESG Policy**



21% of DeA Capital Real Estate OMV (Open Market Value) with a GRESB evaluation



Definition of ESG roadmaps at firm and SGR, funds and portfolio companies' level



Fully Committed to **transparency and corporate governance** requirements



44% of Board of Directors is independent



DeA Capital has been **one of the first** listed companies **to comply to the requirement of the gender quotas**



ESG Group Committee established



2 art. 8 SFDR funds in DeA Capital Alternative Funds by the alternative funds
20% of DeA Capital Real Estate OMV (Open Market Value) classified under Art. 8 SFDR



Proprietary tools for the evaluation of investments ESG performance



Energy supply from renewable sources for both Roma and Milan buildings



100% of employees trained on ESG



98% of employees have a permanent contract



The NEXT Project
(New Empowerment for young Talent)



DeA Capital launched a partnership with MIP University (Politecnico di Milano Graduate School) to assign scholarships to Master in Sustainable Finance students



Social Project
“1+1=3 Insieme per un Progetto sociale”



DeA CAPITAL PROFILE

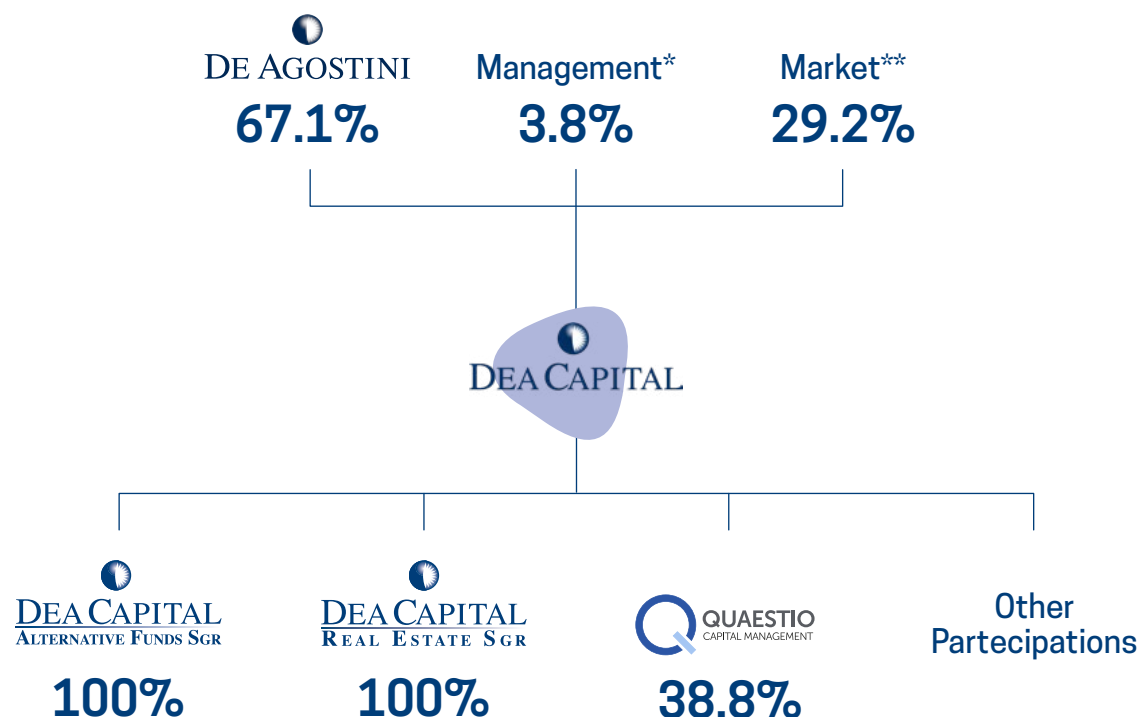
- DeA Capital profile 7
- DeA Capital Platform 8
- History & Key milestones 9
- DeA Capital Sustainability process 10
- UN Global Compact principles 16

DeA Capital profile

DeA Capital is the leading Italian Independent Alternative Asset Manager with €26.5Bn Combined AUM, 450+ Institutional Investors & HNWI served and an extensive range of investment solutions.

DeA Capital is engaged in the promotion, management and enhancement of investment funds in real estate, in private equity and credit, as well as in investment solutions.

Ownership structure



* As of 13.5.2022

** Including 1,1% of DeA Capital Treasury Shares as of 13.5.2022

DeA Capital Platform



Investment Solutions

AUM (€)

Key Data

Products

Real Estate



12.1 Bn

55 Funds
~760 Real Assets
Rent ~ €340 M

- Core / Core +
- Value Added
- Pan-European

Credit



3.2 Bn

4 Funds
33 Companies
GBV >€30 Bn

- Turn-around
- Debtor-in-possession
- Shipping
- NPE

Private Equity



2.4 Bn

13 Funds
>100 T-P Funds
1,000 Companies

- Global FoFs
- Food & Beverages
- Agri-Business
- Sustainable Development

Multi-Asset / Multi-Manager



8.8 Bn

15 Internal "Pools"
34 T-P "Pools"
~70 Clients

- Multi-Asset / Multi-Manager Platform
- "Pool" Strategies
- Overlay

€26.5 Bn
Combined AUM

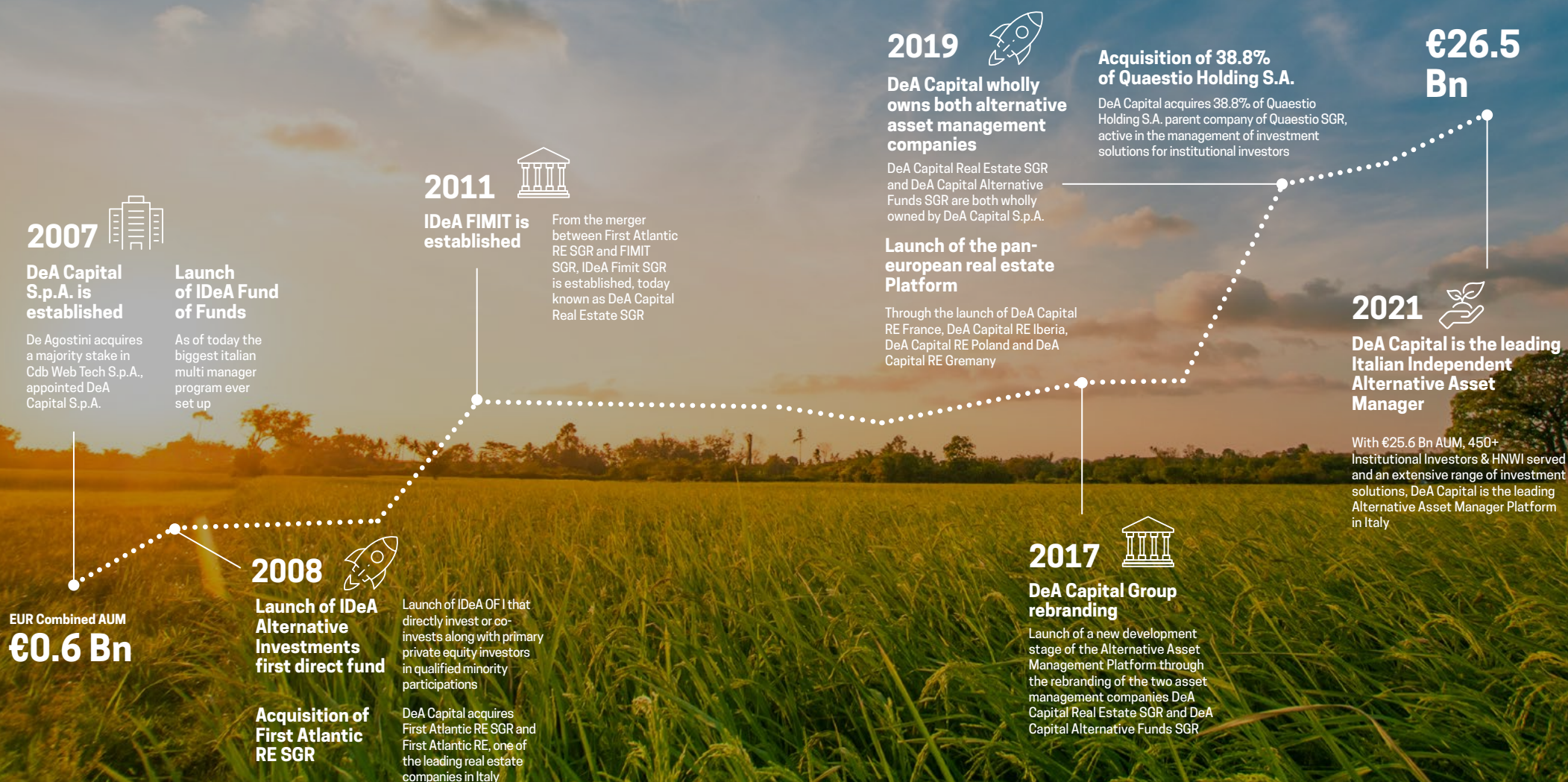
+70 Managed Funds

+300 Professionals

+450 Investors

Data as of 31 December 2021.

History & Key milestones



DeA Capital Sustainability process

Sustainability strategy & framework

DeA Capital's establishment of an ESG framework was the formalisation of a sustainability process that has always been at the heart of the Group (i.e. back in 2011, DeA Capital launched a fund focused on efficiency and sustainability issues).

In 2019 DeA Capital Alternative Funds and DeA Capital Real Estate became signatories of the Principles for Responsible Investment (PRI), followed by Quaestio in 2020.

The Group has progressively and significantly increased its ESG commitment, intending to target best practices

within the Asset Management Industry. The Group has worked at various levels, starting with the SGR and then extending to each product the stewardship principles that many stakeholders and the PRI itself have progressively demanded.

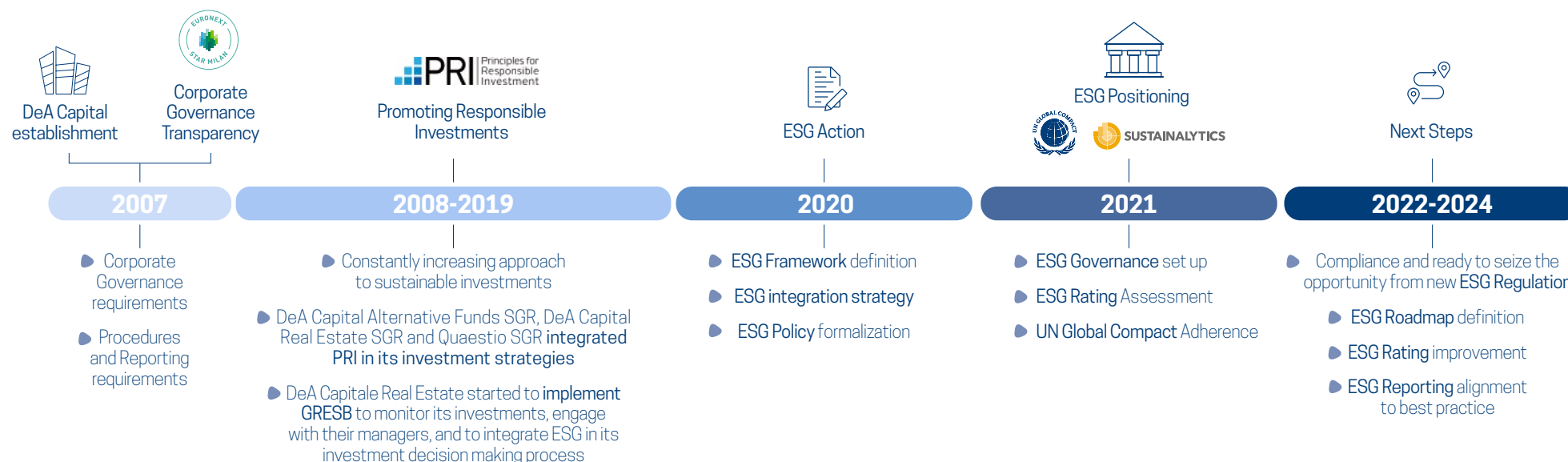
DeA Capital Group decided to begin a common process in which the Platform itself would be the owner of a common path aimed at fully incorporating the main sustainability issues indicated by the PRI and shared by the majority of its stakeholders.

In addition, the decision to extend the ESG strategy to the entire DeA Capital Platform, through the integration of sustainability principles into the group's business model, is also linked to the desire to comply with industry best practices by anticipating the European taxonomy (Regulation

(EU) 2020/852 of the European Parliament and of the European Council of 18 June 2020 establishing a framework for sustainable investment) and to support DeA Capital Alternative Funds and DeA Capital Real Estate, as well as Quaestio, in achieving progressively higher standards.

In the environmental field, DeA Capital recognises the threat of climate change and the possible risks for its stakeholders and society.

Thus it has committed to have a lower impact in terms of CO₂ emissions through more efficient use of energy and through green procurement activities that would **help to promote principles and behaviour internally that are useful for achieving the group's shared sustainability objectives.**



DeA Capital Sustainability process

ESG Policy

In March 2021, DeA Capital's ESG Policy was approved. The adoption of an ESG Policy definitively establishes DeA Capital's commitment to the creation of value for the benefit of every class of stakeholder.

The high consideration of environmental, social and governance (ESG) elements, as well as their transposition into daily practices, **has therefore become a driver of primary importance in all the company's decisions and future strategies**.

The ESG Policy, consequently, is the cornerstone document that regulates and defines the principles of sustainability. In the ESG Policy, DeA Capital describes its vision and objectives in the field of sustainability, which is, on the one hand, a more detailed understanding of environmental, social and governance risks and opportunities and, on the other hand, the creation of long-term value for the benefit of all stakeholders. Among its objectives, DeA Capital's Alternative Asset Management Platform aims to integrate ESG factors into its business model, ensuring a responsible approach aimed at long-term sustainable growth.

Similarly, a correct approach on sustainable business aims to go beyond mere regulatory compliance and aims to acquire,

at shareholder and top management level, **a profound awareness of the non-financial factors that could also be a great opportunity to increase value in the future**.

With its ESG policy, DeA Capital, therefore, intends to underline its commitment to:

- Integrate ESG issues into its various business functions, decision-making processes, products and investment strategies;
- Commit to achieve environmental objectives directly and indirectly;
- Demand adequate disclosure of ESG issues from key suppliers;
- Promote the acceptance and implementation of sustainable business with all its stakeholders;
- Communicate on activities and progress made in implementing sustainable business.

In terms of the scope of the Policy, **DeA Capital is committed to incorporating ESG criteria in all its activities and in each business function, including through the promotion of funds and investment solutions categorized as sustainable**.

The ESG Policy, therefore, applies to DeA Capital, its business functions and specific activities. Similarly, to the integration of the ESG framework of individual subsidiaries and their current and future strategies. DeA Capital's ESG Policy puts particular emphasis on various stakeholder engagement activities.

In particular:

- by promoting an internal culture through continuous training and involvement of its staff;
- by a periodic communication of the results achieved in the application of its ESG activities, through its website;
- by the systematic monitoring of the activities and Best Practices of its reference market;
- through participation in events and promotional activities;
- by researching and improving practices in the field of sustainability, also using external consultants.

DeA Capital Sustainability process

ESG Governance

DeA Capital through its ESG Governance requires a clear allocation of responsibilities throughout the organization. Internally, responsibility for the implementation and dissemination of ESG principles is assigned to the following individuals:



DeA Capital Sustainability process

ESG Committee

Appointed by the Board of Directors, it **defines DeA Capital's ESG policies and strategies**, implements them and, through the CEO, provides regular information to the Board of Directors. One of the tasks of the ESG Committee of DeA Capital is to **integrate ESG principles and activities among the various group companies** in order to disseminate a common message and content. The ESG Committee, made up of professionals from inside and outside the Group, is responsible for the following activities:

- the definition of the degree of relevance of ESG factors that may have an impact on the Company's ordinary business and stakeholders;
- the identification of the corporate functions and of the related responsibilities regarding the achievement of ESG objectives;
- the definition of medium-term ESG targets and priorities for the entire Group;
- the definition, introduction and monitoring of the effective application of and compliance with corporate ESG policies.

Group ESG Manager

The Group ESG Manager reports to the ESG Committee of DeA Capital and is **responsible for ensuring, supervising and improving the implementation of the ESG policy** both within DeA Capital and throughout the organization, collecting reports and information provided by the ESG Managers of the individual business functions. The Group ESG Manager is a member of the Group ESG Committee. The different activities of the ESG Manager in DeA Capital include:

- coordination of ESG Managers;
- coordination and engagement with ESG rating companies;
- coordinating and supporting the IR unit on engagement with ESG investors and bondholders;
- overseeing regulatory compliance.

Group ESG Team

The Group ESG Team consists of ESG managers from all DeA Capital Group companies. The Group ESG Team may occasionally include other group employees identified for specific issues. The objective of the Group ESG Team is to verify the application of the strategic guidelines of the ESG Committee and to assess and analyse operational issues in the field of sustainability.

With the intention to integrate ESG principles across the entire Platform, **DeA Capital's governance provides for interaction between sustainability activities and the managers of the different group companies.**

In order to achieve the dual objective of achieving high ESG standards and strategic alignment of all group companies, ESG activity could also be supported and integrated by managers from the different group companies as well as external consultants.

DeA Capital Sustainability process

ESG Rating



In June 2021, **Sustainalytics, one of the leading ESG rating companies in the market, initiated the coverage of DeA Capital with a score of 19.5.** Sustainalytics' methodology takes into account both eliminable and non-eliminable sustainability risks and has zero as the highest score (100:0). The score showed an overall very satisfactory positioning, as **DeA Capital ranks in the top 20% of the all companies covered by Sustainalytics.**

Similarly, within the reference industry (Diversified Financials), DeA Capital was ranked in the top 15%. Finally, **within the Asset Management and Custody Services cluster, DeA Capital was ranked in the Top 5% (out of 390 companies).**

The result achieved was greeted by DeA Capital's top management with satisfaction, as the ESG framework is still under construction. On the governance side, also due to the listing on the Euronext Star Milan Segment, which imposes stringent rules, DeA Capital has achieved very positive ratings.



DeA Capital Sustainability process

Sustainalytics ESG Rating

ESG Risk Rating

19.5 Low Risk



ESG Risk Rating Ranking

Top 20% of the all companies

Top 15% of Diversified Financials

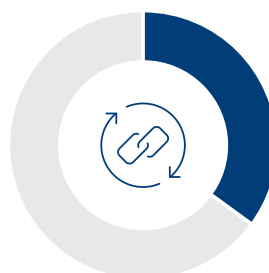
Top 5% of Asset Management and Custody Services



Material ESG Issue

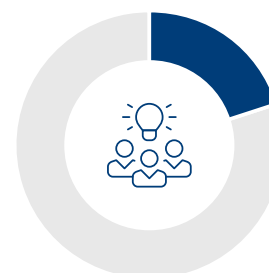
Material ESG Risks driving the ESG Risk Rating. The filled parts of the graphs represent the contribution to the overall ESG Risk Rating.

Product Governance



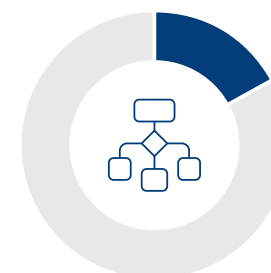
6.2 High Risk(*)

Human Capital



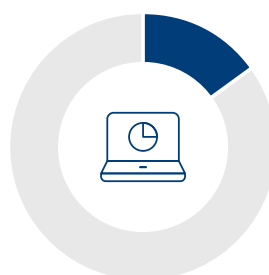
4.1 Risk Medium

Corporate Governance



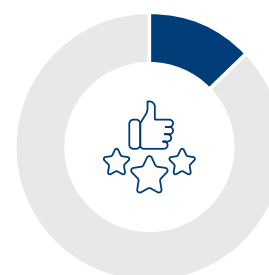
3.8 Low Risk

Data Privacy and Security



2.3 Low Risk

Business Ethics



2.1 Low Risk

ESG Integration - Financials



0.9 Risk Negligible

(*) Due to funds vintage - recent funds are SFDR compliant

UN Global Compact principles

In 2021 DeA Capital decided to join the United Nations Global Compact, the largest voluntary global initiative regarding sustainability issues.

Signing the letter of commitments, DeA Capital' CEO formalized the will of participating in the universal principles of the United Nations. This decision was taken to affirm the Group's will to incorporate environmental, social and governance (ESG) issues into its investment decision making and to make efforts in developing a **more sustainable global financial system**.

The adherence to the UN Global Compact represents a voluntary initiative to follow a set of principles that promote the values of sustainability through **policy actions, business practices, and social and civic behaviour** that are responsible and take into account future generations by operating in manners that satisfy core responsibility in the fields of **human rights, environment, labor, and anti-corruption**. Lastly, adhering to the principles, DeA Capital will be committed to the contribution towards the 17 **Sustainable Development Goals (SDG)** - See next slide).



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

UN Global Compact principles

Sustainable Development Goals at SGR level

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



- 3 Welfare services recognized to employees such as contribution to supplementary pension scheme, reimbursement of expenses for spouses, children and other family members, subscriptions to sports activities and travel.
- 4 27 hours of training per group employee
- 7 Roadmap of efficiency plans for main Milan and Rome buildings
- 8 98% of permanent staff in DeA Capital Group in 2021. 30% increase of permanent staff in DeA Capital Alternative Funds Tol
- 9 17 funds are ESG products classified as art.8 under SFDR. All new DeA Capital Group products aim to be ESG compliant
- 11 Adoption of Green certifications for efficient buildings, energy/water efficiency assessments and objectives
- 12 Circular economy (materials prevention, reduction, recycling and reuse).
- 13 Protection and restoration of biodiversity and ecosystems, prevention and reduction of pollution, climate change mitigation
- 16 AML and anti-bribery framework at AMC level, Organizational, Management and Control Model implementation (231 Model) to all DeA Capital participates companies and by portfolio companies of DeA Capital Alternative Funds's direct investments funds.
- 17 UN PRI Signatory, Engagement with AIFI and Assoimmobiliare to promote responsible investment in Italy, Member of "Forum per la Finanza Sostenibile", GRESB for real estate



Human Capital
Employee Engagement,
Diversity & Inclusion

Human Capital
Employee Engagement,
Diversity & Inclusion

Environment
Energy Management

Social Capital
Selling Practices
& Product Labeling

Business Model & Innovation
Product Design & Lifecycle
Management

Business Model & Innovation
Product Design & Lifecycle
Management

Prevention and reduction of
pollution for DeA Real Estate.
Furtherly, the whole DeA
Capital Group is committed on
reducing Physical Impacts of
Climate Change.

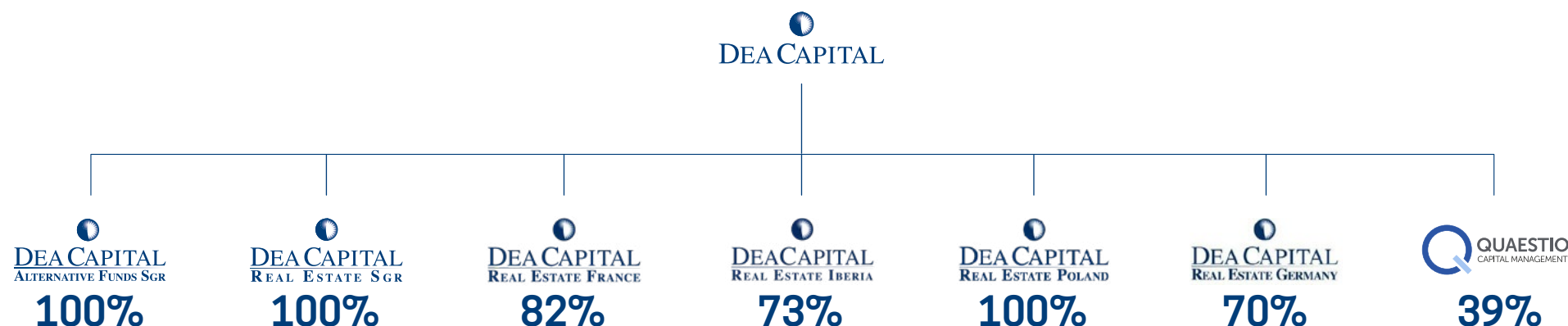


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ENVIRONMENTAL SOCIAL & GOVERNANCE IN DeA CAPITAL

- Governance & Business Ethics 19
- Environmental Impact 23
- People, welfare, and training 25

Governance & Business Ethics



Shareholders meeting

The Shareholders' Meeting is the body that represents all shareholders and is convened in accordance with the legal and regulatory provisions of law and regulations for companies with listed securities. **At the end of 2021, all the Company's shares are registered, freely transferable and indivisible** and each of them, except as subsequently specified,

entitle the holder to one vote at the Company's ordinary and extraordinary shareholders' meetings of the Company, according to the applicable provisions of law. In 2015, the Shareholders' Meeting of DeA Capital, introduced the "voto maggiorato".

In this context, on request, shareholders will be registered in a special register kept by the company for a certain number of shares. Following a period of 24 months, the shareholder shall be entitled to a double vote in respect of the same shares.

Governance & Business Ethics

Board of Directors^(*)

The Board of Directors of the DeA Capital is made up of **nine Directors, of which four meet the independence requirements**. The Board is invested with wide powers for ordinary and extraordinary management of the Group.

Marco Sala	Executive Chairman
Paolo Ceretti	CEO
Nicola Drago	Director
Donatella Busso	Independent Director
Daniela Toscani	Independent Director
Elena Vasco	Independent Director
Carlo Enrico Ferrari Ardicini	Director
Mara Vanzetta	Independent Director
Dario Frigerio	Director

Board of Statutory Auditors

The Board of Statutory Auditors represents the control body of the Group, and it is made up of **6 statutory auditors**, of which three permanent and three alternates. The appointment of the Board of Statutory Auditors is based on lists presented by shareholders. Minority shareholders, owning at least 2.5% of the shares, have the right to elect one standing auditor and one alternate.

Cesare Andrea Grifoni	Chairman
Enrica Rimoldi	Principal Auditor
Fabio Facchini	Principal Auditor
Andrea Augusto Bonafé	Alternate Auditor
Michele Maranò	Alternate Auditor
Marco Sguazzini Viscontini	Alternate Auditor

Control and Risk Committee

The Control and Risk Committee – composed by 3 independent directors – has **consultative and propositional functions towards the Board of Directors in the field of Internal Control and Risk Management** and is contained in the specific Regulations.

Donatella Busso	Chairperson (Independent)
Daniela Toscani	Coordinator (Independent)
Mara Vanzetta	Coordinator (Independent)

Remuneration and Appointments Committee

The Remuneration and Appointments Committee – composed by 3 independent directors – **assists the Board regarding the remuneration of Directors and executives with strategic responsibilities**, concerning the composition and size of the Board of Directors, and in the matters delegated from time to time by the Board itself, through the formulation of opinions, recommendations and proposals.

Elena Vasco	Chairperson (Independent)
Daniela Toscani	Coordinator (Independent)
Mara Vanzetta	Coordinator (Independent)

Lead Independent Director

Daniela Toscani (Independent)

Gender distribution and Independence



^(*)Appointed by shareholders meeting on 21.04.2022

Governance & Business Ethics

Business Ethics & Compliance

DeA Capital implements relevant efforts aimed at ensuring the conduct of its managers and employees are in line with the applicable law in each country where the Group operates and with the values ethics of the Group itself.

For several years, DeA Capital has been implementing an **Internal Control System** in order to establish procedures aimed at identifying, measuring, managing and monitoring the main risks that may have an impact on the Company's value.

In compliance with the Italian Legislative Decree, n. 231/2001 the Group adopt a **Code of Ethics**, an "**Organization Management Model and Control**" and have established a Supervisory body, to prevent crimes that may involve an administrative liability of the companies themselves.

Despite a limited number of people, DeA Capital has always had a very structured governance and has always been aware of the high standing requirement of its clients. The setting up of an ESG Committee following the drafting of its **ESG Policy** has made the process of reviewing existing policies or drafting new ones much more fluid and linear.

Formalization of ESG documents – summary

Corporate Governance Reports & Code of Conducts

Corporate Governance Report	✓
Proxy statement	✓
Board Committee Charter	✓
Corporate Governance Code	✓
Code of Ethics	✓
Code of Conduct	✓
Related party transaction procedure	✓

Some of the existing policies are required by law or, in any case, by the stringent requirements of the Euronext Star Milan Segment, to which DeA Capital has belonged for many years. The **Human Rights Policy** was drafted in order to adopt internally and towards its stakeholders the principles of the United Nations and the Global Compact.

Policies

ESG Policy	✓
Remuneration Policy	✓
Health & Safety Policy	✓
Privacy Policy	✓
Security Policy	✓
Anti-Bribery and Corruption Policy	✓
Whistleblowing Policy	✓
Human Rights Policy	✓

Similarly, the adoption of 231 has reinforced frameworks and procedures of policies such as **Privacy, Security, Whistleblowing** and **Anti-Bribery**. The adherence to sustainability principles has prompted the inclusion of ESG objectives in the **remuneration system**. Finally, the **Green Procurement Policy** is always under review following the numerous initiatives implemented to make activities and behaviours more sustainable.

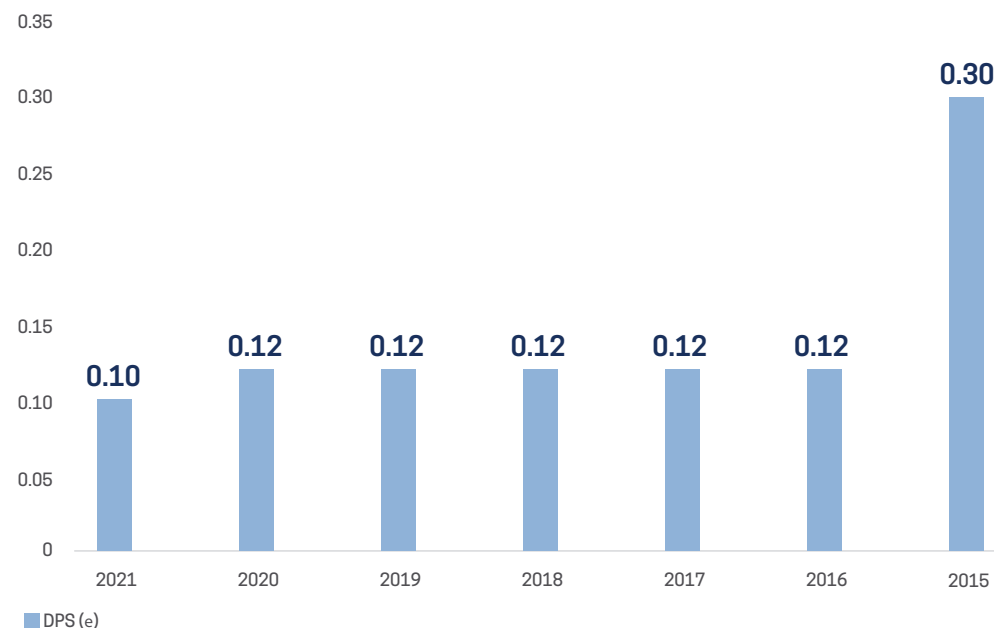
Governance & Business Ethics

Shareholders remuneration

DeA Capital has attached great importance to the remuneration of its shareholders. The methods it has used to date to adequately remunerate shareholders have been twofold: **cash dividends and share buybacks.**

The buybacks we report are only net: part of the shares bought back on the market have used for (i) partial compensation for acquisitions, (ii) management incentive plans or (iii) have been cancelled. Since inception

DeA Capital distributed over €330 million to its shareholders considering **€72 million of net share buyback** and **€262 million of dividend** between 2015 and 2021.



€262
mln
dividend paid in
7-year history

Dividend History

Since 2015 DeA Capital provides to its shareholders an average of €0.14 dividend per share. The total amount of dividend paid in 7-year history is €262 Mn.

In 2021 DeA Capital distributed €26 Mn of dividend to its shareholders, equal to €0.10 per share.

€72
mln
net share buyback

Share buyback

On top of dividends, DeA Capital provides to its shareholders an overall net share buyback of €72 mln.

Environmental Impact

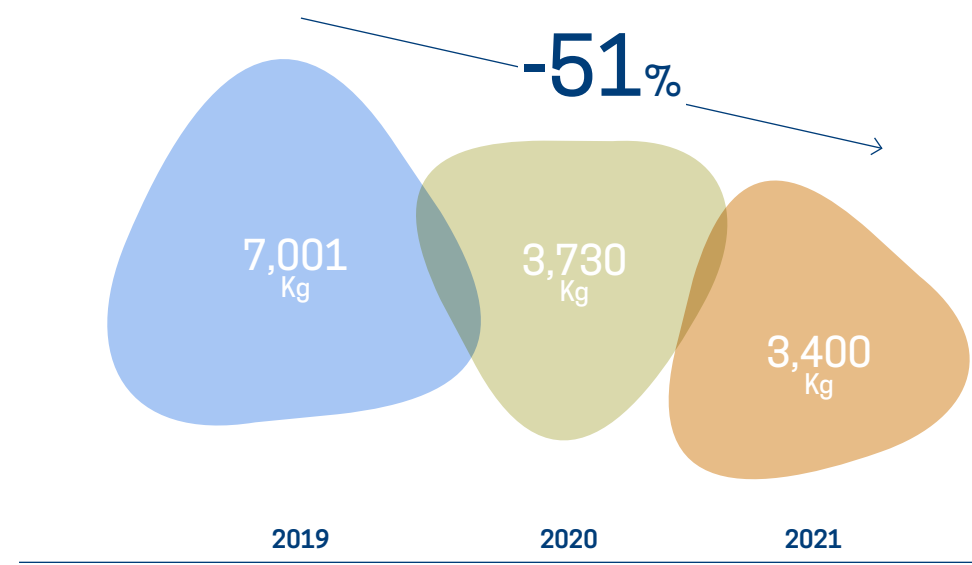
Consumption

DeA Capital's ESG Policy and Green Procurement Policy, as well as the PRI and Global Compact guidelines, require **limiting the consumption of valuable resources** such as electricity, paper and water.

DeA Capital, in addition to using electricity from renewable sources for its buildings in Milan and Rome, applies a series of measures internally (less heavy and recycled paper, glass instead of plastic, regenerated toner, etc.). Similarly, each of its subsidiaries implements internally a series of initiatives compliant with the best practice indicated by the PRI, which aim to reduce the overall impact of its activities.

Moreover as manager of an alternative asset Platform with about €26,5 billion under management, it can really make a difference, hence the group strategy aims to continuously improve the sustainability effort of the whole Group and of its investments.

Paper Consumption



In the last three years, the company has reduced paper consumption by more than 50%.

This reduction, which was partially linked to the 2020 lockdown period, became practice and was consolidated in 2021.

Environmental Impact

Green Mobility

DeA Capital Group intends to positively impact climate change and reduce emissions in the coming years through **Green Mobility**.

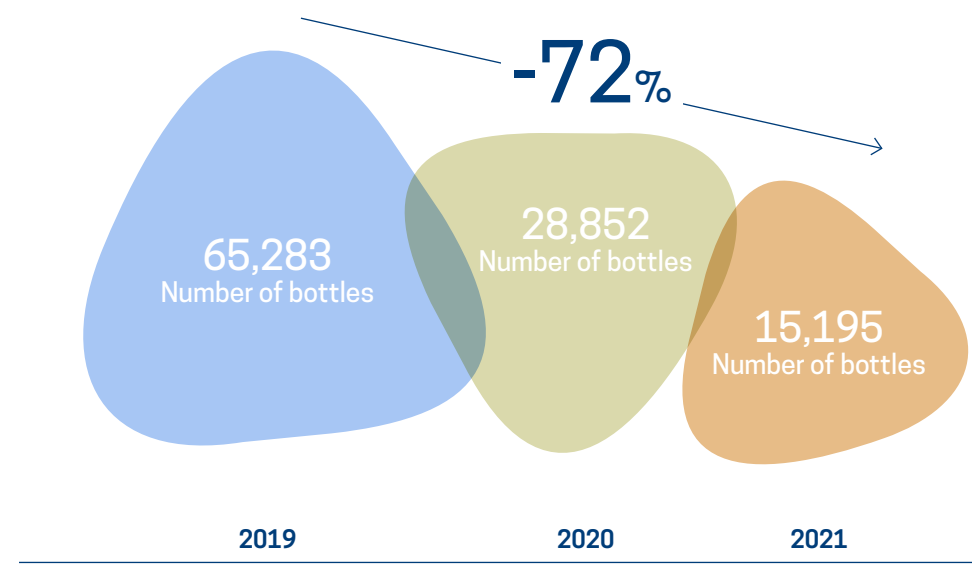
DeA Capital is in fact aware of the positive impact that hybrid and electric vehicles can have on the same route compared to vehicles with diesel or petrol engines.

Consequently, a commitment to focus on modes of transport that take into account its commitment to reduce emissions overall, is currently being formalized.

Significant improvements have already been made for 2021 compared to 2020:

- the average CO₂ figure (g/km) on the emissions of vehicles on the car list drops from 138 g/km to 92 g/km;
- the figure for “**hybrid cars** available in the perimeter” **rises from 62% to almost 71%**;
- 3 totally electric models have been introduced.

Plastic Free Project



DeA Capital's Alternative Asset Management Platform is concentrated in the two buildings of Milan and Rome.

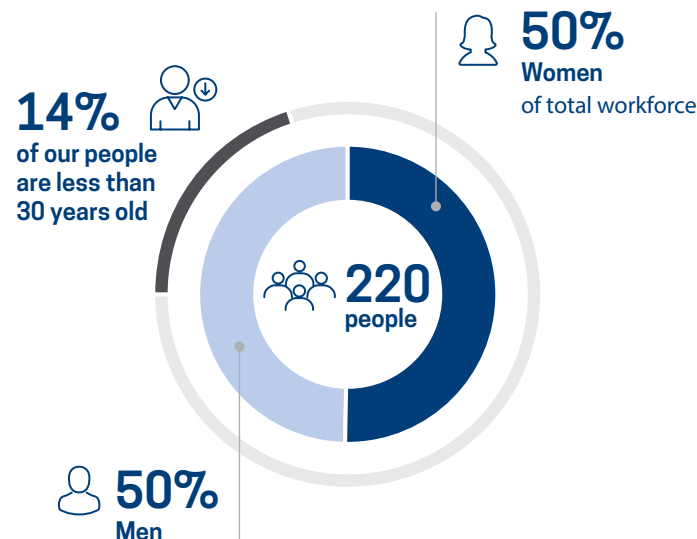
Following the commitments made in the Green Procurement Policy, the Group have undertaken a Plastic Free Project to replace water bottles with new dispensers for running water and flasks. **As a result in 2021 there has been a considerable decrease in the consumption of plastic bottles -72% equals to over 50,000 plastic bottles saved.**

People, welfare, and training

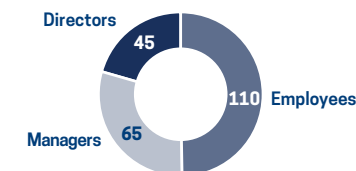
Our People

People are at the center of DeA Capital's choices: the Group strongly believes that the protection of people and the full enhancement of each collaborator, in compliance with the principles of inclusion and equal opportunities, is the solution to build a stimulating work environment, capable of increasing the well-being, productivity and professional growth.

Given the pattern of growth that is characterizing all the companies in the DeA Capital Group, the indicators have improved considerably over the years, given the **close attention paid to gender, contract type and the search for "talent"**, especially among the under-30s.



Total by position number



The overall data of the group, show an almost perfect gender balance, at 50%.

This outstanding outcome is the result of a deep attention that each company has tried to achieve over the years,

aware of the importance of this KPI in the management of the various activities. DeA Capital, as manager of the Platform, finds itself with an employee's gender result that allows it to reach its long-term objective immediately.

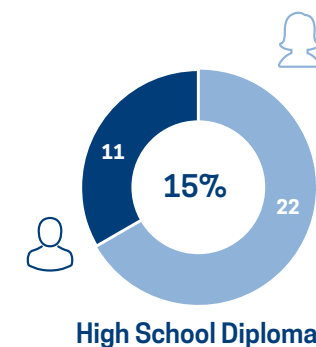
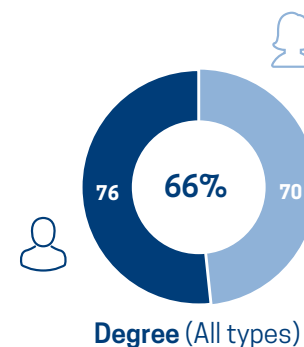
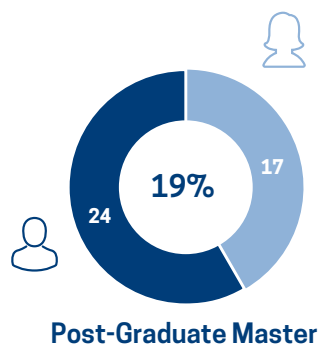
People, welfare, and training



85% of people within the company have at least a bachelor's degree

At the end of 2021, 85% of employees among the Group have a high level of education through postgraduate or degree programs.

Educational background



People, welfare, and training

Welfare initiatives

DeA Capital is aware that balancing work and personal life is an important aspect for creating conditions that allow the full expression and development of their professional potential, favoring the creation of shared, lasting, and sustainable value. Therefore, intending to secure the loyalty of its employees, increasing their well-being and their work-life balance, the Company adopts innovative incentive policies and tools for the benefit of the Beneficiaries.

Aside the classic tools in place (MBO, LTI, etc.), a Corporate incentive mechanism has been envisaged to allow beneficiaries the use of Welfare Services according to the terms and conditions indicated in the **Corporate Welfare Regulations**. The Welfare services include:

- contribution to supplementary pension schemes;
- reimbursement of expenses for spouses, children and other family members;
- works and services such as health care, subscriptions to sports activities and travel for educational, recreational and/or religious purposes;
- shopping and fuel vouchers;
- supplementary insurance schemes.

Training activities

DeA Capital considers training to be one of the processes that aim to create value for people and its participated companies.

Training ensures the employability of and the possibility, for the Group, to have the correct skills for the present and the future through the development of capital.

In 2021 DeA Capital and participated companies' employees received an average of 28 hours of training.

Group Training



220
number of
employees



28
hours of training
delivered per
employee in 2021



35%
of training
on ESG Topics



53%
of training
for women



People, welfare, and training

Corporate Social Responsibility

DeA Capital is controlled by the De Agostini Group.

During its long history, the De Agostini Group has always been ready to support cultural initiatives that promote civil and social progress, mainly through projects and undertakings launched in conjunction with public and private bodies to safeguard Italy's artistic, historical, scientific and humanistic heritage and promote philanthropic activities that are part of a highly articulated CSR process.

The main initiatives include:

- Support of the **"Leonardo da Vinci" Science and Technology Museum** in Milan;
- **AidAF-EY Chair in Family Business** at **Bocconi University**;

- Belonging to **"I 200 del FAI"**, a group of generous patrons that supports **FAI** – Italian Environmental Fund and the **Coccia Theatre** in Novara.

In 2007, the shareholders of the De Agostini Group set up the De Agostini Foundation in order to better organize the funding activities promoted in the Novara area, as well as in Italy and abroad, with the aim of giving back to the community part of the added value generated by the entrepreneurial activities of the Group.

The Foundation is active in four main areas: **Disability, Education and Training, Social Inclusion** and **Emergencies**.

One of the objectives of the De Agostini Foundation is to **involve the Group's employees in social responsibility projects** that represent a bridge between the Foundation, the De Agostini Group companies and its employees: **three actors for a common purpose**.

In such a favourable context for Corporate Social Responsibility activities, DeA Capital has both adhered to a number of group initiatives and developed independent activities and projects, often in line with its business and social needs.



To further commit towards employees' wellbeing and to pay the right attention towards its community, DeA Capital has decided to participate into an internal competition organized by the De Agostini Foundation for the assignment of scholarships in 2021 to capable students

and children of employees of Italian companies controlled by the De Agostini Group. The competition will assign three scholarships worth 5,000 euros each and it is reserved for the students that attend the last year of high school, as an incentive to continue their studies.

MUSEO
NAZIONALE
DELLA SCIENZA
E DELLA
TECNOLOGIA
LEONARDO
DA VINCI



People, welfare, and training



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

Fondazione De Agostini together with **De Agostini S.p.A.**, **Gruppo De Agostini Editore** and **DeA Capital** has launched and promoted an initiative aimed at employees.

This is a social responsibility project called “1+1=3 INSIEME PER UN PROGETTO SOCIALE”.

Employees, individually or in groups, presented a project in the field of physical and intellectual disability, promoted by a third sector organization. Fondazione De Agostini and DeA Capital made available a total amount of € 30,000 which was assigned to the winning project.



MIP – DeA Capital Esg Talent

Starting from 2021, **DeA Capital** has launched a partnership with the **MIP Politecnico di Milano Graduate School of Business**, aimed at a mutual collaboration concerning the “International Master in Sustainable Finance” in the two editions to be held at the MIP premises in the academic years 2021/2022 and 2022/2023. As part of this initiative, DeA Capital will assign two scholarships for admission to the “International Master in Sustainable Finance” in 2022.

“The partnership with MIP Polytechnic of Milano and the involvement in the International Master in Sustainable Finance represents a unique opportunity to help students who wish to confront one of the greatest challenges of all times, allowing them to put their skills to benefit a cause. This represents another important opportunity for DeA Capital to confirm its commitment to promoting sustainable development.”



The Next Project

The DeA Capital Group has decided to launch - with the support of a qualified external partner (The Adecco Group) - **the NEXT Project** (New Empowerment for Young 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.

3

A SUSTAINABLE PLATFORM

- Asset Management Platform overview 31
- DeA Capital Real Estate 34
- DeA Capital Alternative Funds 44
- Quaestio Capital 55

Asset Management Platform overview

DeA Capital the leading italian Alternative Asset Manager.

The Group is engaged in the promotion, management and enhancement of investment funds in real estate, in private equity and credit, as well as in investment solutions.

The regulated entities of the Group have gradually decided to integrate the main ESG requirement in their business model and, starting from 2019, they become UN PRI signatories.

DeA Capital, as manager of the Platform, decided to integrate these principles into the Platform itself and make the group's sustainability process coherent and synergistic.

As reflected in its ESG Policy, a key role is played by the Group ESG Team, which is composed of the ESG Managers













of its participated companies. The Group ESG Team reports to the ESG Group Manager who reports to the ESG Committee of DeA Capital, thus creating an important line of continuity between the ESG activities of the subsidiaries and the ESG activities of DeA Capital.

The Group covers different asset classes that require tailor made approach and on which Taxonomy and SFDR impose very challenging, albeit very exciting, new sustainability targets on all new funds to be launched in the coming years.








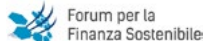



Asset Management Platform overview

Asset Management Platform – Esg Activity Overview

	Asset Management Company		
Key information			
Business line	Real Estate	Private Equity / Credit	Multi-asset / Multi-Manager
Asset under Management in 2021 (AUM € Bn)	11.8	5.6	8.8
ESG Integration strategy - proprietary tool	Exclusion screening; Intervention and capex plans at fund level	ESG roadmaps at fund level; ESG negative screening	Exclusion filters; active Ownership; external ESG research providers
ESG Policy	 	 	 
ESG Action plan			
ESG Governance structure	ESG Manager Top Tier Function Managers / Executive Directors Second Tier Function Managers Control Functions	ESG Manager ESG Team involving Staff and ESG Champions at fund level ESG Committee at fund level (Sviluppo Sostenibile)	SRI Committee

*38.8% owned

Asset Management Platform overview

Asset Management Company			
Key information	DEA CAPITAL REAL ESTATE SGR	DEA CAPITAL ALTERNATIVE FUNDS SGR	QUAESTIO* CAPITAL MANAGEMENT
Active ownership	✓	✓	✓
ESG Exclusion list criteria	✓	✓	✓
Investment funds classification under SFDR Regulation 2088/2019	55 managed funds, of which: • 15 AIFs already classified as Art. 8 • 1 AIF classified as Art. 6	17 managed funds, of which: • 2 investment products classified as Art. 8 • 14 investment products classified as Art. 6	29 investment products classified as Art. 6
ESG Recognition	 Principles for Responsible Investment  Forum per la Finanza Sostenibile  G R E S B  BREEAM	 Principles for Responsible Investment  Forum per la Finanza Sostenibile  UN GLOBAL COMPACT	 Principles for Responsible Investment  NUMMUS.INFO
ESG Training (BoD & Employees)	✓	✓	⚙️

*38.8% owned

DeA Capital Real Estate

DeA Capital Alternative Funds

Quaestio

DeA RE

DeA AF

Quaestio

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.



DeA Capital Real Estate

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)

DeA RE

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Quaestio

DeA Capital Real Estate

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.



DeA RE

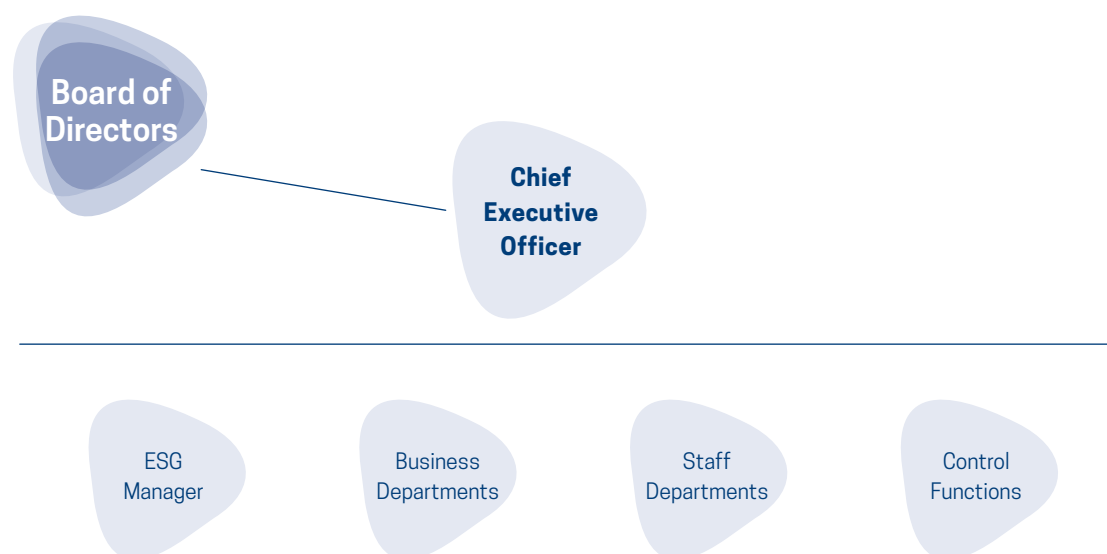
DeA AF

Quaestio

DeA Capital Real Estate

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.

DeA RE

DeA AF

Quaestio

DeA Capital Real Estate

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

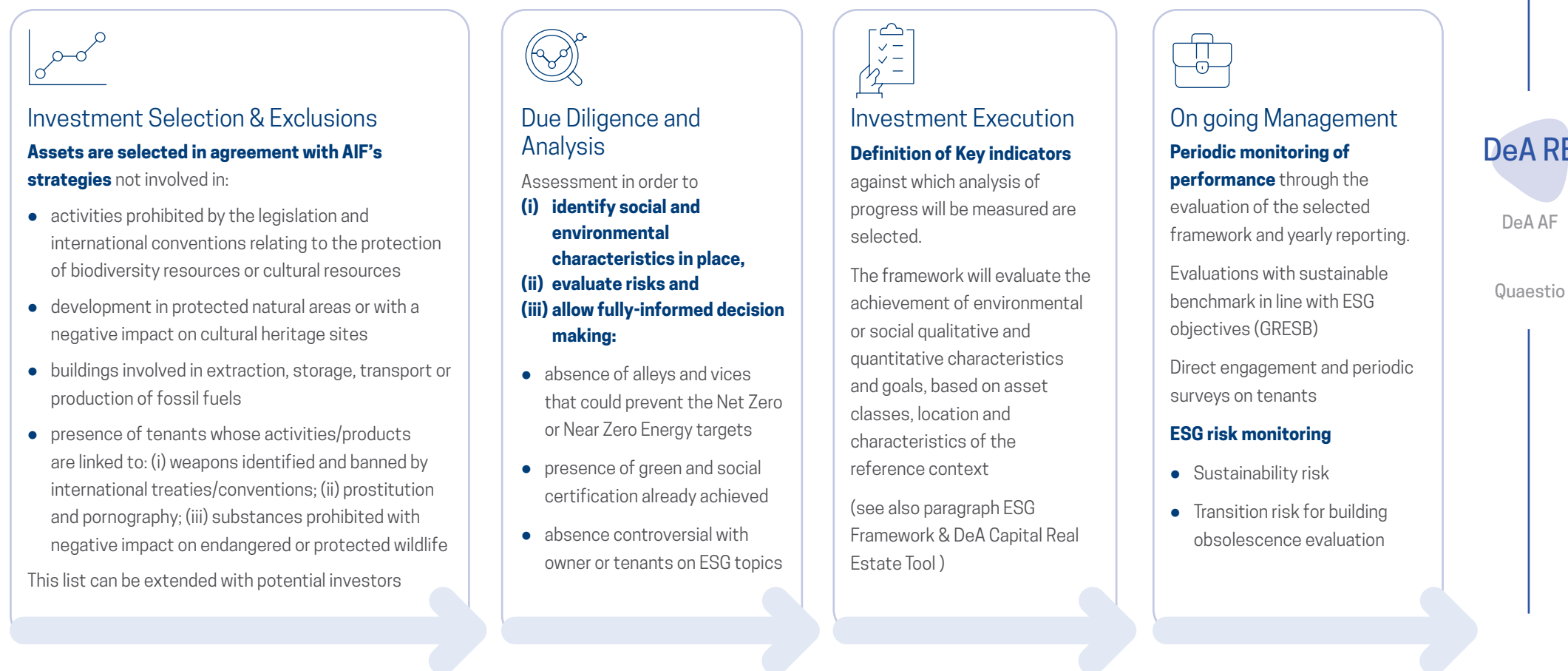


DeA Capital Real Estate

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.

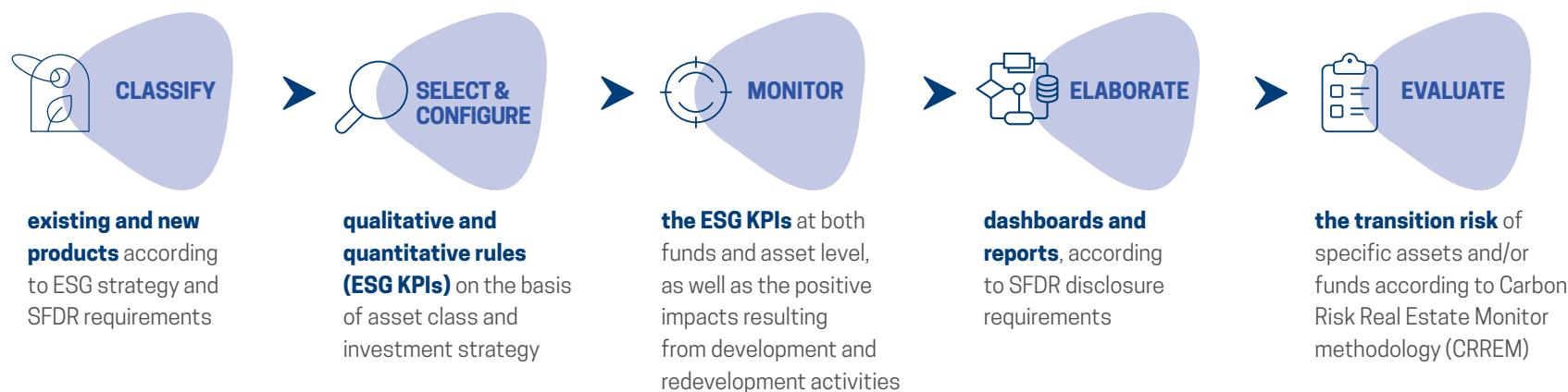


DeA Capital Real Estate

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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DeA Capital Real Estate

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

DeA RE

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Quaestio

DeA Capital Real Estate

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

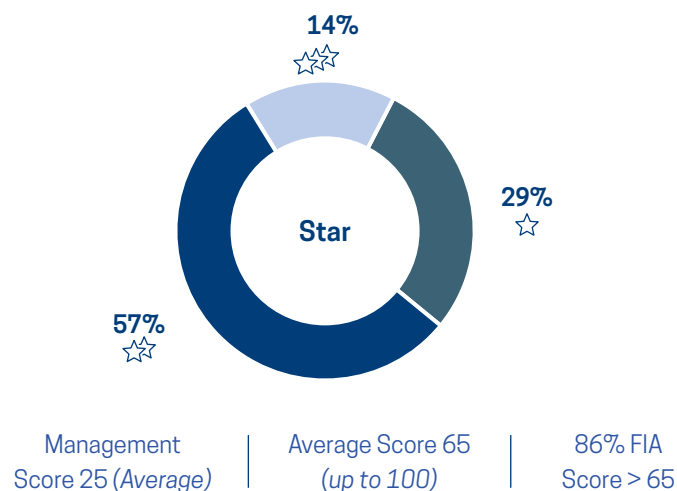
2020 > 2 Performance Funds

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

DeA Capital Real Estate

DeA Capital Alternative Funds

Quaestio

DeA RE

DeA AF

Quaestio

DeA Capital Alternative Funds

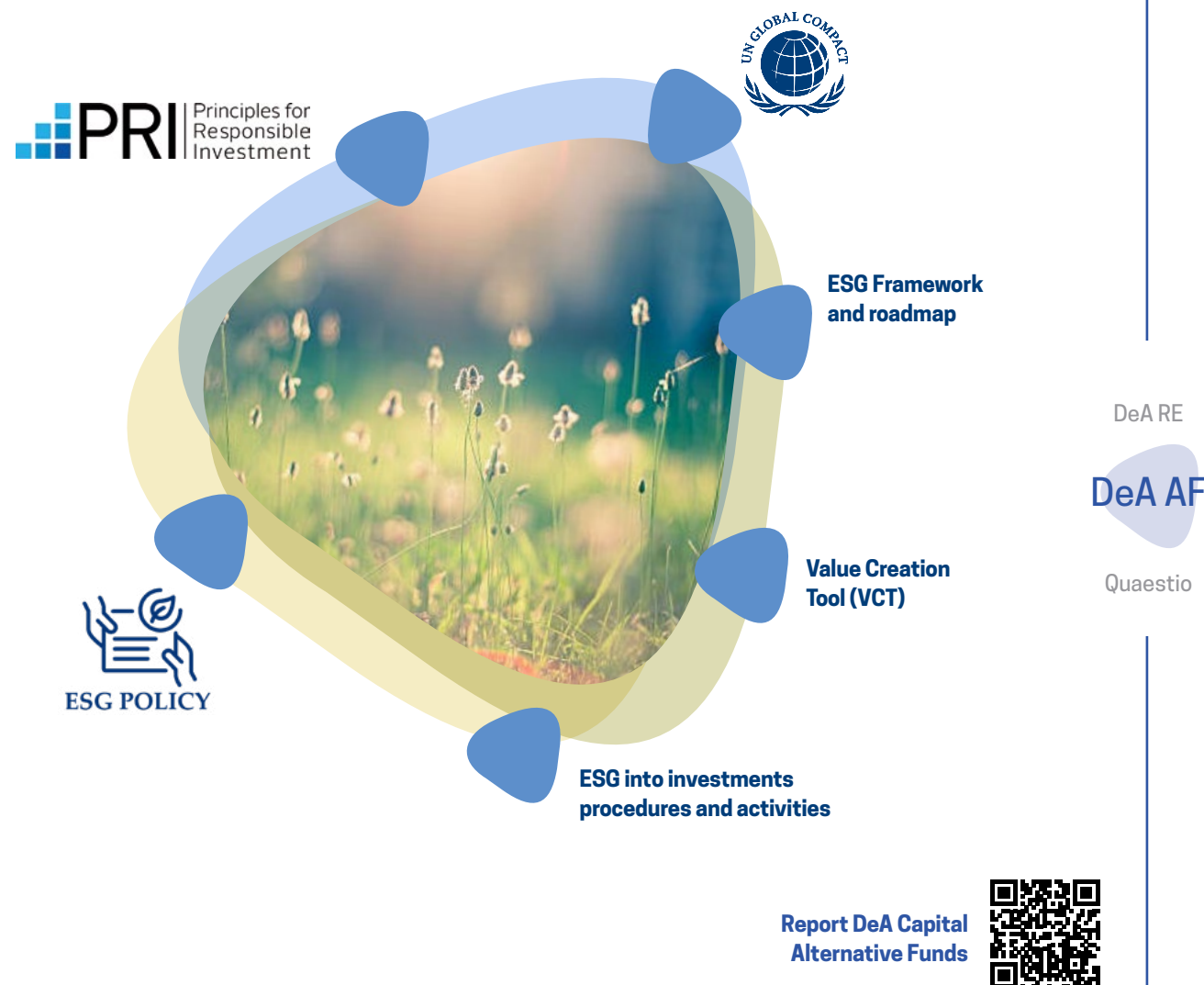
Description

DeA Capital Alternative Funds (“DeA AF”) is a leading company in Italy for investments (direct and indirect) in Private Equity, turnarounds and NPLs; with around €5.6 billion spread across 17 funds.

In 2019 DeA Capital Alternative Funds formalized an ESG process characterized by adherence to the PRI, the drafting of the ESG Policy subsequently integrated into the investment procedures and the construction of a solid ESG framework that defines the management of risks and the methods of engagement with its stakeholders. In 2020 DeA Capital Alternative Funds achieved an ‘A’ rating from the PRI.

A key strength, especially for direct investments in Private Equity, is the Value Creation Tool (VCT), that enables the construction of an ESG framework, the highlighting and monitoring of risks and gap analysis for individual portfolio companies. Similarly, the objective of DeA Capital Alternative Funds is to create an “Action Plan” for each company acquired, to optimize the objectives to be achieved in terms of sustainability.

As of 2021, quarterly reporting for major direct investments has been introduced with the aim of strengthening disclosure for its stakeholders. With the introduction of Regulation 2088, DeA Capital Alternative Funds has two funds (TOI 2 and Sustainable Development) ex Art. 8. In 2021, the ESG framework was also extended to the NPL business:



DeA Capital Alternative Funds



UN Global Compact signatory



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



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

AIFI

Associazione Italiana del Private Equity,
Venture Capital e Private Debt

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



Forum per la
Finanza Sostenibile

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



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



All portfolio companies
appointed an **ESG Manager**



All Direct investments
collect quarterly ESG data



ESG Action plans launched
for 6 portfolio companies



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



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



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



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



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



Taste of Italy Funds focus
on energy saving and governance



100% of top management and
employees trained on ESG



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



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



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



The Next Project -
New Empowerment for young talents

DeA RE

DeA AF

Quaestio

DeA Capital Alternative Funds

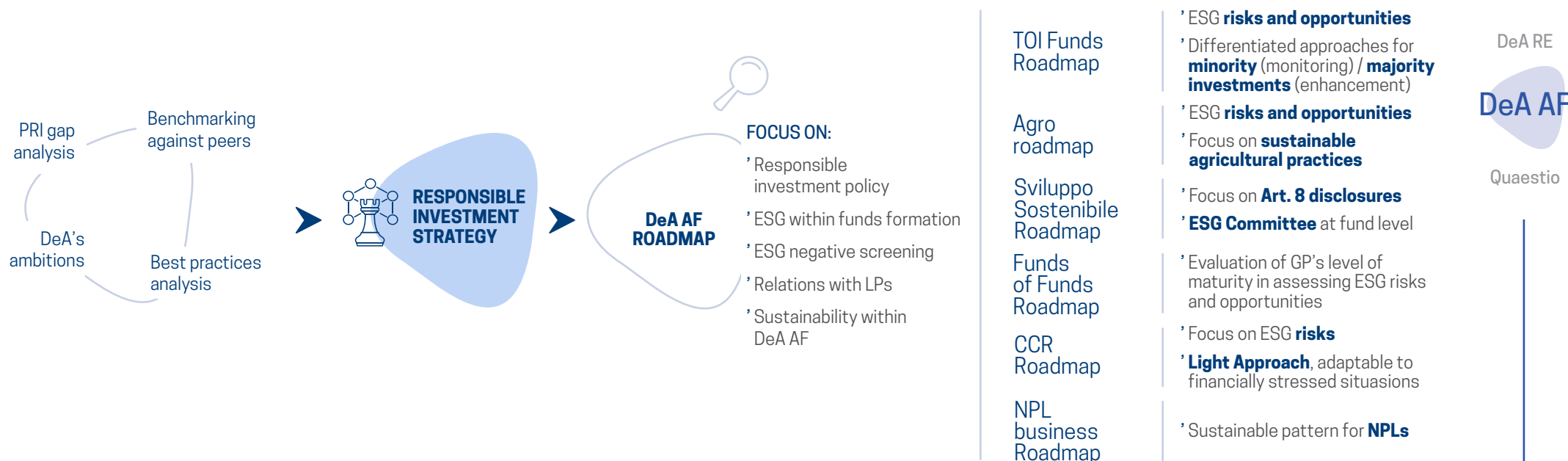
ESG framework

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

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

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

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



DeA Capital Alternative Funds

ESG Policy

The ESG policy of DeA AF was drafted in early 2019 and approved by the Board on 31 July of the same year.

The Policy was subsequently revised, with changes mainly of a regulatory and organizational nature, i.e. the introduction of the NPL business acquired after the Policy was first approved and SFDR and its principles. Although the general rationale of DeA Capital Alternative Funds's ESG Policy was primarily a statement of sustainability principles, the document gradually became more and more specific.

The ESG Policy of DeA Capital Alternative Funds has been touched upon the main points defined by the chosen main sources. These include the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) whose recommendations DeA Capital Alternative Funds recognizes the urgency of the fight against climate change and the crucial importance of achieving the objectives set out in the Paris Agreement; the PRI, whose principles require investors to integrate ESG principles into their internal management process and the Regolamento UE n. 2088/2019.

In this regard, two of its funds, Sviluppo Sostenibile and Taste of Italy II (TOI II), were classified under Art. 8 in 2021. ESG Governance, the core element of the Policy, requires a clear allocation of responsibilities throughout the organization. In particular, Governance of ESG responsibilities within DeA Capital Alternative Funds is shared between the following parties:

Board of Directors.

ESG Manager

ESG Champion

The implementation of the Policy is planned and carried out for all funds, taking into account the relevance of the investment and its characteristics, both in terms of objectives and in terms of the nature of the investment.

DeA RE

DeA AF

Quaestio

DeA Capital Alternative Funds

ESG approach implementation along investment phases

Pre-Investment > Ownership > Exit

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

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds

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

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

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

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts

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

DeA RE

DeA AF

Quaestio

DeA Capital Alternative Funds

ESG approach implementation along investment phases

Pre-Investment > **Ownership** > Exit

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

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds

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

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

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

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

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

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

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts

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

ESG INCIDENTS

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

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

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

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

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ESG approach implementation along investment phases

Pre-Investment > Ownership > **Exit**

DIRECT INVESTMENTS

Private Equity, Corporate Credit Recovery Funds



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

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

MULTIMANAGER FUNDS

Funds of Funds, Managed Accounts



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

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

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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**.

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:

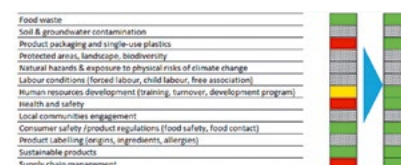
this module is used to collect a set of ESG KPI's to evaluate and monitor the investment's ESG performance and to quantify the ESG improvements to be highlighted in the exit phase.

DETAILS OF VALUE CREATION TOOL

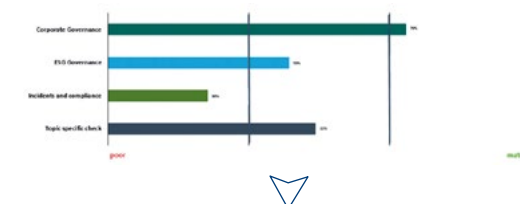
SUMMARY RESULT OF OVERALL MATURITY



DUE DILIGENCE



ESG OVERALL CHECK



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

The 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.

DeA Capital Alternative Funds

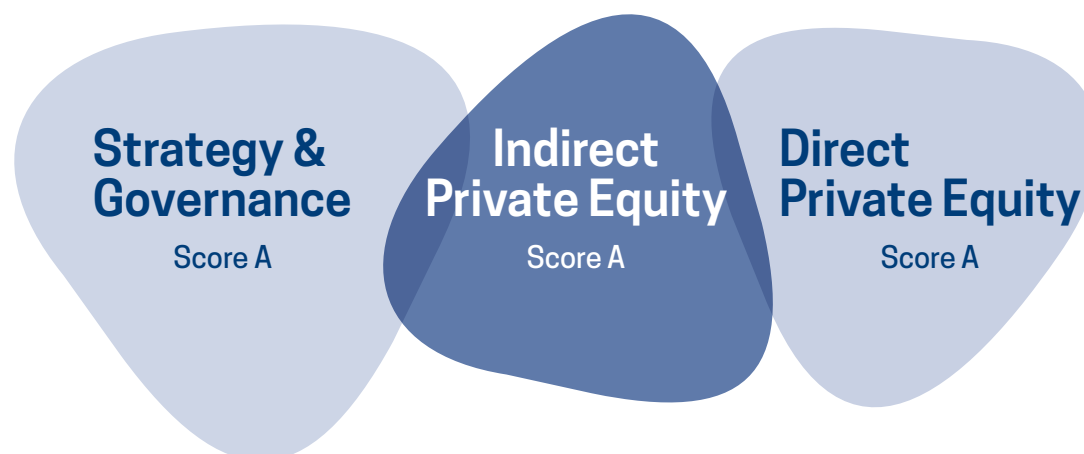
UN PRI ESG Performance

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

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

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

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



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

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

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



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DeA Capital Alternative Funds

“Article 8” Investment Funds (Regulation (Eu) 2019/2088)

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

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

generally confidence is low in adherence to sustainability principles.

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

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

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



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DeA Capital Real Estate

DeA Capital Alternative Funds

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Quaestio Capital

Description

Quaestio Capital is an independent Italian Investment Management Company, active both in public and private markets, managing around €8.8bn of Asset Under Management.

Since 2013, Quaestio has been integrating sustainability and ESG principles within the investment process, endeavoring not to invest in companies or countries in conflict with its system of Values & Beliefs. Since its creation, its System of Values & Beliefs has been conceived to consider the long-term consequences of its activities from a financial, social and environmental perspective, within the context of its fiduciary duties toward its clients. It can be substantially traced back to the limitation of the investments into i) controversial sectors, ii) UN Global Compact violators, iii) Relevant CO₂ offenders and iv) Countries characterized by a low level of democracy.

In 2020, Quaestio has materially strengthened the ESG capabilities and analysis through the revision of its Socially Responsible Investment, the appointment of a dedicated internal SRI Committee and

relevant investments in terms of resources and capabilities. This continuous effort has also led to the adherence to the UN PRI, with the first reporting in 2021.

Furthermore, Quaestio's investment strategy has always been characterized by a Quality approach, which is strongly related to a positive ESG level and performance. As a result, Quaestio has always been strongly committed to deliver high levels of SRI & ESG performance, while pursuing the best interests of its customers and stakeholders.

Quaestio's SRI & ESG identity is characterized by the coexistence of different aspects and approaches that allows a wider understanding of the materiality of non-financial data within the investment decision and the value creation process for its stakeholders. Among them, the main distinctive features and aspects of its company are outlined below:

- The ESG framework and roadmap
- The SRI Policy - an Hybrid approach
- The UN Principle for Responsible Investments



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The ESG Framework and roadmap

The ESG framework was reviewed and further developed in 2020 with the aim to rethink and enhance the approach in place since 2013.

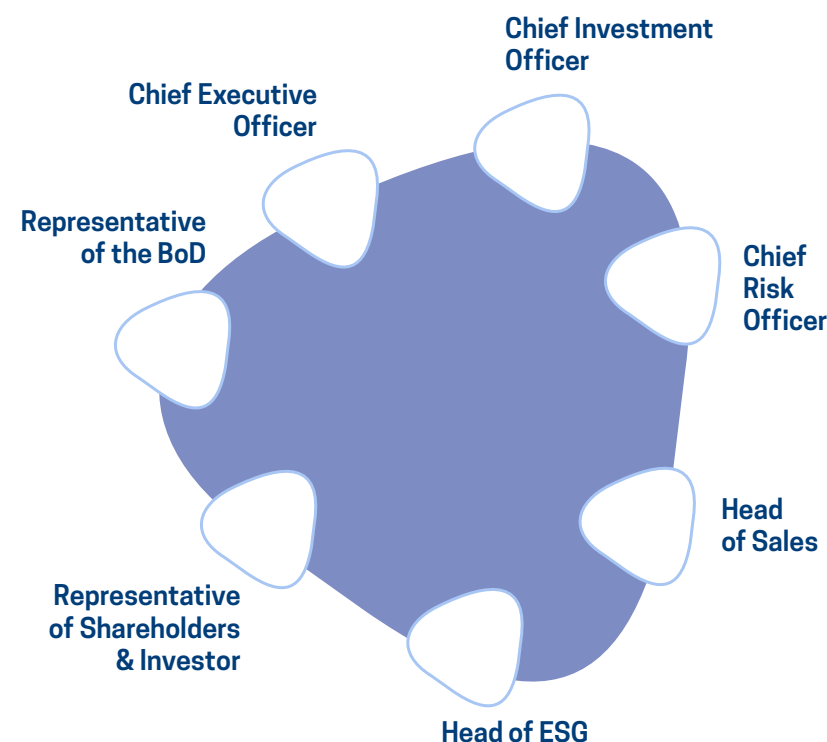
The actual framework is the outcome of an extensive period of analysis and research, carried on to critically brainstorm and conceive a comprehensive ESG and SRI structure. Within the final output, Quaestio identifies three key elements: (i) the sensitivity and the final expected objective of its investors and shareholders; (ii) the innovative regulatory framework in Europe and (iii) the understanding and analysis of the industry trends and best practices.

All the key elements outlined above have been analyzed and developed by the interaction of all the relevant stakeholders, mainly considering their involvement in the defined activities, in order to synergically leverage on the different set of expectations/capabilities:

- the **Investors** - given the fiduciary duties that Quaestio hold;
- the **Risk Management Team** - given the need of evaluate and understand non-financial risks;
- the **Investment Team** - given required integration of the investment process;
- the **Sales Team** - given the need of a deep understanding of the market trends and impacts.

The overall effort has resulted in the definition of a roadmap, acknowledging the need to integrate the evaluation of non-financial risks along the investment process and across all the asset classes managed by Quaestio. In support of the roadmap, a clear action plan has highlighted the main required actions, among which i) the establishment of an internal SRI Committee, fully dedicated to the Social Responsible Investment dimensions and ii) the development of a dedicated SRI & ESG Policy, (iii) additional investment in internal and external resources and know how , and (iv) leveraging on the quantitative DNA of Quaestio in order to develop complementary internal models to enhance the evaluation of non-financial metrics.

The SRI Committee is composed of all the relevant stakeholders which contribute has been determinant in order to rethink its SRI & ESG Approach (including representatives of the Board of Directors, Shareholders and Investors).



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The SRI Policy - an Hybrid approach

Quaestio's SRI philosophy aims to integrate three distinctive while complementary dimensions: the SRI approach, the ESG evaluation and the Sustainable Investment capabilities.

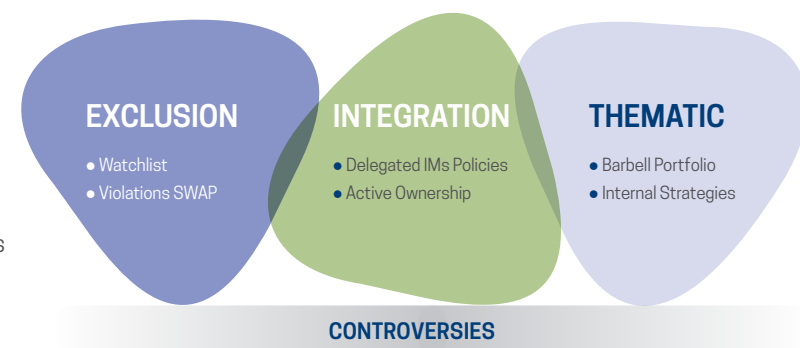
The SRI component focuses on the systems of Values & Beliefs, mainly through the limitation of the investment universe in an **exclusionary approach**. This limitation reflects and defines its Top-Down view of the investable universe, aiming to promote the six Principles for Responsible Investments.

The ESG evaluations' perspective aims to assess the companies in the portfolio and their relationship with all the relevant stakeholders. Those non-financial valuations are based on the 10 principles of the UN Global Compact and covering Human Rights, Labor Rights, Environmental Risks and Anti-Corruption principles. Complementing the Top-Down exclusion approach, this analysis dimension relies on systematic Bottom-Up evaluations, leveraging also on the ESG research from third party providers (**integration approach**).

Both the integration and the exclusionary logics are fully integrated and deployed along its investment process.

This multidimensional approach aims to i) identify the optimal balance between backward and forward looking methodologies and ii) to allow Quaestio to implement a diversified set of strategies and activities, which synergy is deployed alongside the overall investment process, also benefiting from the opportunities that the multi-manager/ multi-strategy Platform provides.

While the exclusion and the integration are fundamentally conceived as backward looking approaches, the Sustainable Investments capabilities aim to effectively evaluate the potential achievements/involvement of companies in a future-looking, non-financial point of view. These capabilities are substantially deployed i) assessing companies and sectors within the 17 UN Sustainable Development Goals Framework and ii) leveraging on Thematic Investment strategies.



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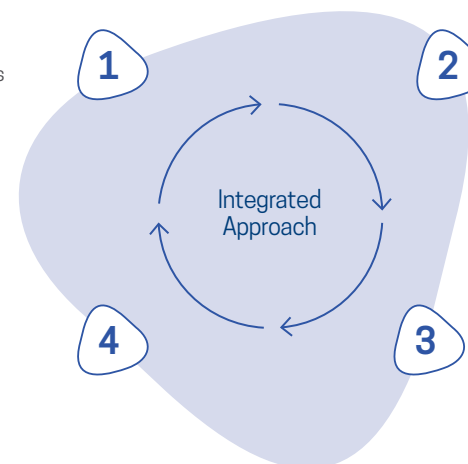
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Prior to the investment

- Identification of SRI and ESG Objectives
- Endeavour to promote the Principle of Responsible Investments

Periodical Review and Impact Assessment

- Dedicated Reports and Assessments
- Interactive Dashboard



During the investment

- Proprietary Models and Watchlist
- Third-party managers capabilities
- Traditional and Alternative approaches

After the investment

- Active Ownership through voting and engagement activities

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A. The exclusion dimension

In order to properly identify the investable universe, Quaestio relies on its System of Values, affirmed within the company's Prospectus. Consequently, Quaestio endeavors not to invest in:

- Countries with limited Democracy or involved in Human Rights violations
- Companies considered UN Global Compact Principles violators
- Unconventional Weapon Producers
- CO₂ and Climate Change offenders

This approach is synthesized by the definition of the proprietary watch-list that includes companies characterized by a low ESG Performance or ESG-related controversies. In order to deploy this negative screening tool in the most effective way, the Quaestio watchlist is revised on a continuous basis, in order to collect relevant ESG-related information and updates.

Complementing this negative-screening approach, the Violations Swap allows the synthetic elimination of any exposure in companies that, due to low ESG Rating or Performance, are not considered suitable for specific portfolios or customers.

B. The Integration dimension

While the exclusion pillar generally best represents a number of activities related to ex-ante investment phases, the integration dimension's goal is to support the portfolio construction and investment management phase in an ESG empowered and conscious way.

In this context it can leverage on the unique opportunities provided by the Multi-Manager Platform which can provide a deeper view on the market best practices. Quaestio continuously aims to enrich the opportunity set of tools by evaluating, approving and integrating the Delegated Managers' SRI & ESG Policies if they are aligned with its principles.

In the strong belief that the ESG multifaced analysis cannot be restricted only to the uncritical acceptance of an externally provided rating, the integration of the investment process through the use of different tools is set to enhance the exchange and discussion about ESG-related topics between our company and the different Delegate Managers on the Multi-Manager Platform.

One of the best examples describing this synergy-seeking approach is its consolidated Comply or Explain approach applied to its Watch-lists.

Through a direct engagement with the Portfolio Managers, it aims to privilege the PM's deeper and specific knowledge of the companies in order to understand the consistency of the ESG valuation of its providers.

C. The Thematic dimension

The application of ESG valuations techniques or exclusionary lists, by construction, implies the limitation of the opportunity set. In response to this suboptimality, Quaestio has rethought the Sustainable and Thematic investing philosophy through a "Core-Satellite" approach.

Within its investment process and portfolio construction, Quaestio has the ability to selectively invest in thematic strategies or sustainable instruments, either through internally developed strategies or the set-up of segregated mandates managed by third party managers with specific ESG capabilities. Those investments are intended to represent the "satellite" component for the wider multi-asset portfolios.

Through this approach, the final portfolio is characterized by the "Core" component, which is subject to its exclusion and integration dimension, enhanced by the "Satellite" component, characterized by a higher Tracking Error and expected return.

Put differently, this approach's attempt is to mitigate the long term tail ESG-risks without excessively reducing the opportunity set. The final expected output is the best balance between high financial returns and ESG positive outcomes, pursued through the implementation of its distinctive "Hybrid Approach".

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The Hybrid approach

In the clear vision that any standard ESG approach is not sufficient to appreciate all the aspects of the ESG dimension, Quaestio's approach is characterized by an "Hybrid" nature:

Traditional Approach

- Definition of the **ESG & SRI Policy**, continuously revised and updated
- Usage of and Partnership with **ESG Service Provider**, strengthening the portfolio screening capabilities and research.
- **ESG proprietary watchlist**, conceived in a multilayer and dynamic sense
- **SRI Monitoring**, complementary the to Compliance controls
- **Sustainable Investing**
- Definition of the SRI Committee, with the active participation of the major stakeholders and shareholders in the SRI main activities and ESG analysis



Alternative Approach

- **Violator Swaps**, in order to synthetically eliminate the exposure to companies with low ESG characteristics, if not suitable for specific companies,
- Multidimensional, live and interactive **Dashboard**
- Proprietary ESG rating models
- **Natural Language Processing techniques**, aimed to analyse unstructured data in order to complete the ESG analyses
- **Collaborative Engagement**, leveraging on the high worth network opportunities available on the PRI Platform

Beside the traditional techniques and in the effort to differentiate the Quaestio's SRI and ESG approach through on its distinctive quantitative capabilities, a number of **alternative tools** are set-up in order to have a different while complementary valuation of all the ESG dimensions. Among them and beside the Violator Swaps system, a multidimensional and interactive **Dashboard** allows the evaluation and monitoring of all the ESG profiles and aspects, both at pools and portfolios levels. In addition, the SRI Monitoring process benefits from a live updated control panel, allowing the continuous monitoring of each potential ESG violation and breach.

Proprietary ESG rating models support the Investment Team with complementary and quantitative analysis, conceived both to i) exceptionally analyses the reliability of any of the ESG third party provided ratings, taking into account the top-down logic characterizing the Service Provider analyses and outputs and ii) provide a synthetic ESG score for asset classes that are not covered by any rating, in the effort to base all the carried out evaluations on an economic rationale. Among these alternative ESG analysis tools, advanced Natural Language Processing techniques and proprietary model of the ESG tail-risks allow a different point of view through the analysis of unstructured data.

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The UN PRI, the assessment and the collaborative activities

The **PRI** is the leading global proponent of responsible investment practices and activities. When committing to the **Six Principles Framework**, institutional investors are encouraged to increase their efforts to promote SRI practices, values and activities.

In the strong belief that acting in the best long-term interest of stakeholders and shareholders requires taking into account the Environmental, Social and Governance aspects of the investment practices, Quaestio officially subscribed to the UN PRI in June 2020.

The adherence of Quaestio to the PRI has never been intended as a formal commitment to the Principles for Responsible Investment, but it always has been conceived

as a strategic opportunity to enhance and critically assess its overall ESG profile, practices and activities, in the effort to get closer to the market best practices. As a signatory, each investor is required to file the Annual Assessment Report, in which the overall company ESG performance is assessed, compared with the respective peer group and, as a final outcome, assigned a rating.

Even if the 2021 PRI Reporting Cycle final rating is expected to be received by June 2022, the propaedeutic activities and analyses settled to the report filing have represented a valid rethinking opportunity for Quaestio, allowing a critical and retrospective analysis of the actual state of the ESG approach and processes.

The correct identification of the key areas of strength and weakness through a dedicated **PRI Gap Analysis**, will allow a coherent enhancement of the latter in the near future, while continuing to leverage on the value delivered by the former.

Acknowledging the high networking opportunities provided by the PRI Collaboration Platform and in the spirit of enhancing the specific ESG know-how and to deliver positive ESG impact, Quaestio has joined several collaborative engagement activities. Among them, Quaestio joined the **Access to Medicine Foundation**, which engages the major pharmaceutical companies in order to ease the access to medicines and drugs for lower-income countries' people, and **Climate Action 100+**, which main goal is to engage a number of high CO₂ polluting global companies, in order to make them to put the necessary efforts to reduce carbon emissions.



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CASE STUDY

Fondo Quaestio Principi di Investimento Cattolici.

The Quaestio Principi di Investimenti Cattolici Fund was launched in 2015, following Quaestio's alignment with the Catholic Church's management and sustainability criteria since 2015. The fund was developed with the idea of supporting Catholic institutions to pursue their mission and achieve their goals beyond just financial performance.

In February 2020, the Italian Bishops' Conference issued guidelines for the management of financial resources that place the goals of protecting life, human dignity, empowering women to work, supporting families, reducing arms production, pursuing economic justice and encouraging corporate responsibility alongside sustainable investment objectives.

Quaestio's investment process is very rigorous: in fact, it aims to identify products and activities that do not fall within the guidelines of the Italian Episcopal Conference and to exclude them.

The fund has obtained the certification of compliance of investments according to the ethical principles of the Catholic Church, which is issued after a thorough analysis and detailed breakdown of the portfolio by **Nummus**, which is the Certifying Body of portfolios conforming to the guidelines issued by the CEI.



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2022 GOALS AND NEW INITIATIVES

- Next steps 64
- Contacts 66

Next steps

On the Sustainability front, 2022 will be a very important year for the DeA Capital Group, aiming at consolidating and strengthening the work done in 2021. Among other activities carried out in 2021, an action plan has been created aiming to identify areas for further improvement

at various levels, including mainly: sustainability principles, policies, procedures and programs.

On the environmental side, the challenges to be faced are related to the integration of the activities of all the

products underlying the investee companies.

Regarding the social aspect, there will be further focus on training and diversity programs.

Here are some topics and KPIs to focus on:

Product Governance

KPIs improvement in progress	Actions to be implemented
Responsible products and services programs	Reinforcement and updating in products and related documentation of the investee companies of the main ESG themes implemented
Responsible Marketing Policy	C-level further involvement in enhancing the appropriateness of marketing practices.
Risk assessment strengthened into product development	Strengthening ESG risk assessment description of new products and their appropriateness to their customers
Regular training on responsible product offering and marketing	Training on ESG and product appropriateness
Provision to share risk information	Extensive description of product risk in disclosure documents and customer engagement
Monitoring of impacts of current products and/or services	Constant product and customer satisfaction reviews
Objectives to improve customer satisfaction	Management of customer complaints at both product and SGR level
Mechanisms to receive and investigate complaints and implement corrective action	Possibility of inserting complaints reserved for customers on the site

Next steps

Human Capital

KPIs improvement in progress	Actions to be implemented
Diversity Programmes	Monitoring/audit of diversity Implementation of: employee affinity groups or networking groups; mentoring programs; diversity initiatives that go beyond legal compliance;
Gender Pay Equality Programmes	Implement initiatives to: close, monitor, and measure the gender pay gap
Human Capital Development	Talent Development Initiatives Promote at a formal level a culture of open feedback Reporting: on human capital development metrics and risk assessment related to human capital Annual employee survey to monitor key drivers of employee satisfaction

Data Privacy & Security

KPIs improvement in progress	Actions to be implemented
Data Privacy Programmes	Monitoring
Data Request Management	Strengthening of management responsibility Integration of human rights commitments into Data Privacy Policy

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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