

The responsible approach

ESG REPORT
2020

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Letter from the CEO

Dear Stakeholders,

2020 has been a particularly intense and complex year, which has challenged many of our convictions, but paradoxically strengthened others. Our professional experience in the first days of March was shaken by events that we had never considered possible. Despite this, we reacted promptly by immediately securing our Team, and making sure that all our Portfolio Companies' Teams were safe and secure as well. We have then progressively adapted to the evolution of Covid and all its implications.

The management of the outbreak, on the other hand, has further strengthened our commitment to sustainability. The decision to become a PRI signatory in 2019 was obvious at the way we work since our foundation and the way we are. Investments in food, agriculture, Italian-made products, and our strong turnaround practice were not a mere strategic calculation, but the commitment to do well what we knew and, above all, what we have always liked to do. **DeA Capital Alternative Funds** management teams have always operated in spaces where a high sensitivity to ESG issues was required, with actions and procedures that have been fully confirmed by the internal ESG framework and proprietary Tool that we have implemented over the last eighteen months.

Membership of the PRI and the subsequent "A" rating were the consequence of a way of investing and approaching Environmental, Social and Governance issues that has always distinguished us. Covid was a wake-up call that in our view increased the need to further focus on ESG. The **Environment** must be protected and defended by paying a constantly growing attention to safety, emissions and waste prevention.

Social issues, with people, their employment, their personal and professional aspirations and gender protection must be at the centre. **Governance**, when strengthened, always gives an investment a tangible step forward. 2021 will still require caution and attention, especially in the first part of the year: in our opinion, can only be tackled by continuously integrating sustainable behaviours and actions into our business model.



Gianandrea Perco
CEO



Letter from the Head of ESG

I am very proud to have been appointed ESG Manager of DeA Capital Alternative Funds.

This role in a company that aims to consolidate an outstanding ESG framework, means being on the front line every day, but also allows to make the difference in many ways.

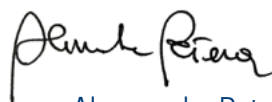
Over the last two years we have worked intensively on many Social themes, which are very important for Asset Management players. We have focused on training for all employees, with a particular focus on ESG issues. Similarly, we have increased our relationships with local communities and worked on gender diversity, because we believe that properly balanced working conditions can help all resources to express themselves in the right way.

DeA Capital Alternative Funds adhered to the PRI in 2019 and achieved an "A" score as its first rating in 2020, which is a source of great satisfaction for us. This result was realized with everyone's strong commitment. Initially at the strategic level, of the ESG Committee and the Board of DeA Capital Alternative Funds that set it up. The Management Teams of the individual funds expressed each an ESG Champion who covers our proprietary Value Creation ESG Tool in all the stages of the portfolio companies' investment process, from the Scouting phase, through to the Holding phase and then to Exit.

I can frankly say that today the ESG analysis and assessment processes are fully integrated into DeA Capital Alternative Fund's investment process. The Funds of Funds receive periodically ESG Questionnaires from their GPs, including a large number of funds in which it is not currently invested. Similarly, the Management Teams of Taste of Italy, Agro and Corporate Credit Recovery funds, work closely with the portfolio companies with action plans to identify any areas for improvement in **Environmental, Social and Governance** issues.

In 2020, despite all the complexities associated with Covid pandemic, we launched Taste of Italy 2 and increased Agro size, confirming our view and focus on agrifood industry. Similarly, we launched Sviluppo Sostenibile, which aims to invest in companies with a strong exposure to circular businesses and/or highly sustainable products and business models.

Finally, in 2020 we strengthened the methods of engagement with our stakeholders, which we believe are the best and most obvious way of highlighting our efforts on ESG issues and, above all, making them participate in our progress.



Alessandra Patera
Head of Marketing, Institutional Sales, ESG



Our Key Figures: DeA Capital Alternative Funds



FUNDS OF FUNDS



DIRECT FUNDS



TURNAROUND

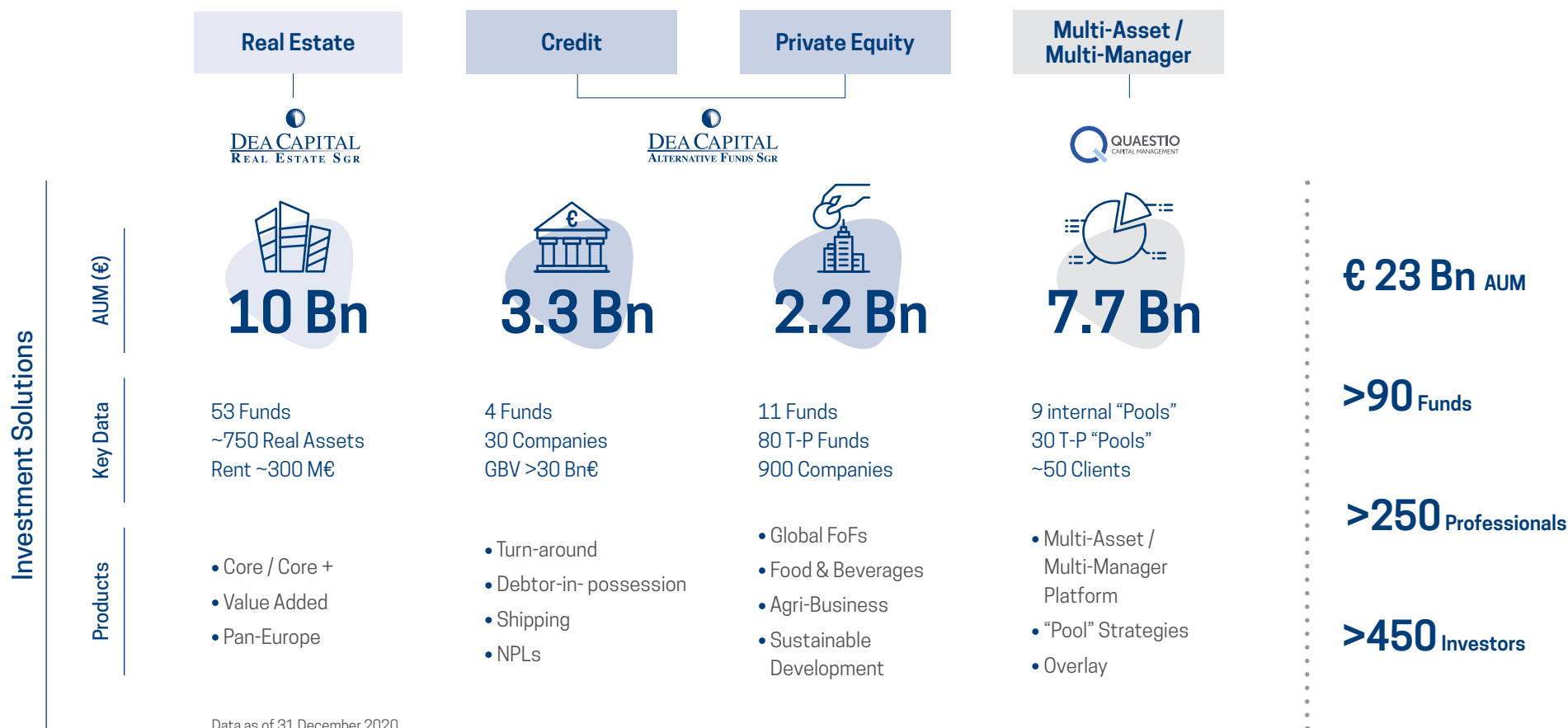


NPL



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

Our Key Figures: DeA Capital Platform



Our ESG Highlights



PRI Total
Score of
A



Engagement with AIFI
to promote
responsible
investment in Italy



UN PRI Signatory
since 2019



Engagement with Invest Europe
to promote
responsible investment in Europe



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



ESG Questionnaire
and reports for
Institutional Investors



Definition of ESG Actions plans for DeA Capital AF, its funds and the portfolio companies



Development of a **proprietary Value Creation Tool (VCT)** for the evaluation of investments ESG performance



Portfolio Companies Sustainable COVID recovery plan
in line with PRI
recommendations



Fondo Agro manages
about 700 hectares of
new plantings for a total of
600,000 of new plants



Launch of
Taste of Italy 2 fund
targeting a fully ESG
Compliance for Portfolio
Companies



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



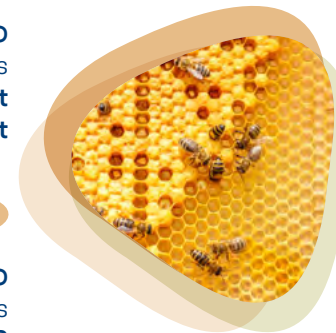
100%
of employees
trained on ESG



Regular monthly meetings between the ESG team



30 hours
of **training**
per employee



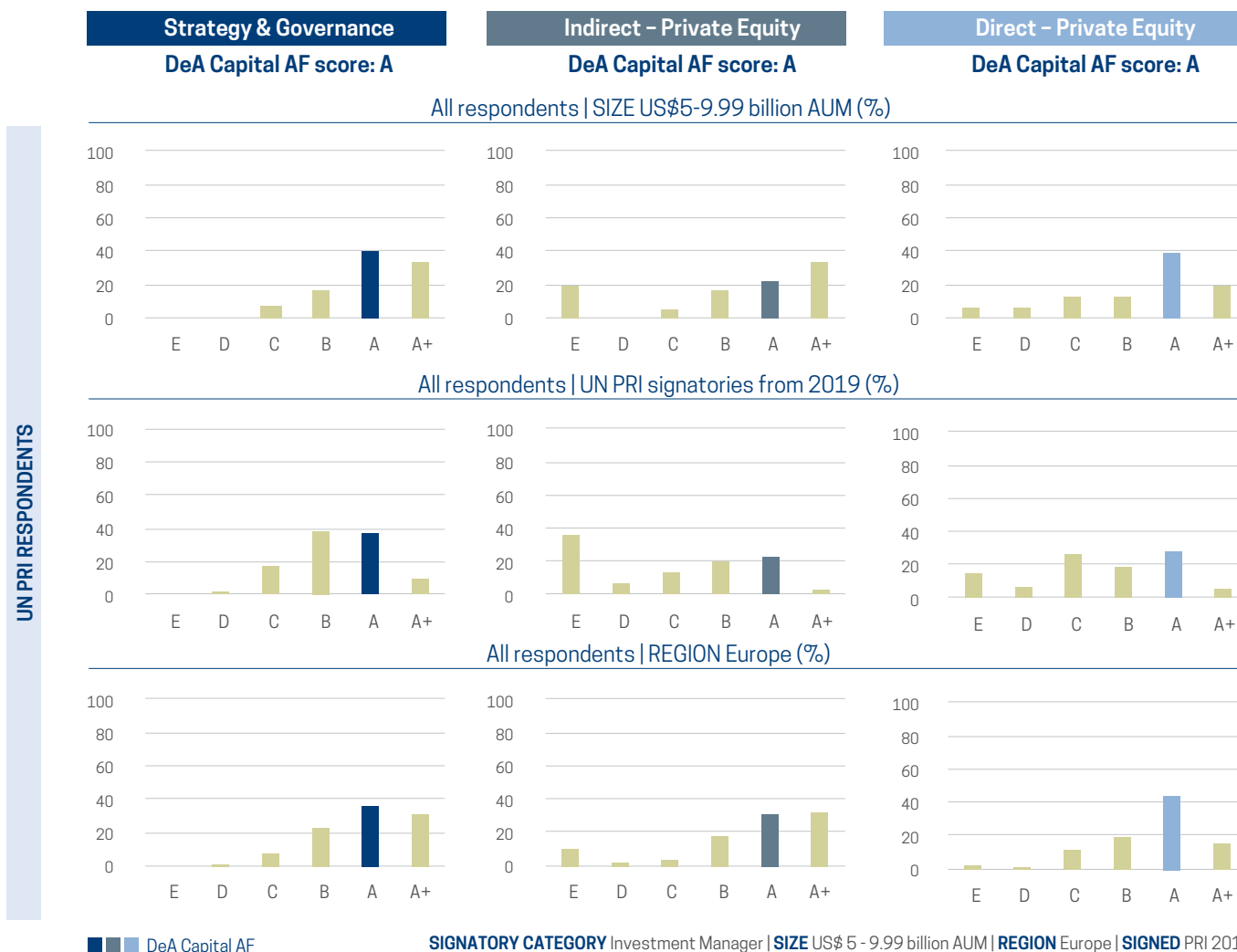
Our UN PRI ESG Performance

In the last years, the share of sustainable funds offered by the Italian asset managers has grown considerably.

According to Eurosif¹, the application of Sustainable and Responsible Investment (SRI) strategies in the Italian market persisted in the growth trend of the last two years, showing some important achievements. Traditional strategies such as Exclusion of non-ethical business, still represent the leading share of the SRI market, while other strategies, such as ESG integration, despite the continuous growth, are still not very widespread.

In this context, DeA Capital Alternative Funds, aiming at being aligned to best-in-class practices, decided to develop and implement an ESG framework that would allow the full integration of ESG issues within each phase of the investment process.

DeA Capital Alternative Funds obtained the score A in all the three modules of UN PRI.



¹ European SRI Study 2018, Eurosif.



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DEA CAPITAL ALTERNATIVE FUNDS AT A GLANCE

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Our Investments

FUNDS OF FUNDS € 1.2 Bn AUM



Funds

> 900 Companies worldwide

80+ Funds

53 Countries



Portfolio

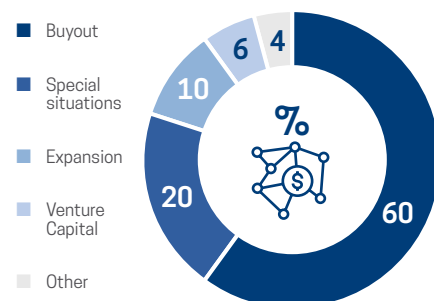
- IDeA I Fund of Funds (2007)
- ICF II (2009)

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

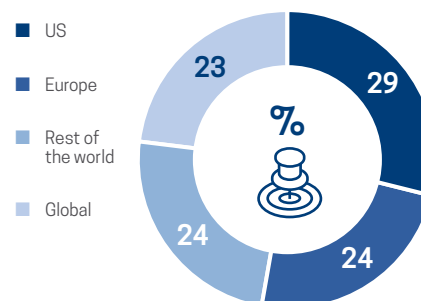
- DeA Endowment Fund (2019)
- DeA Private Equity International (2020)*

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

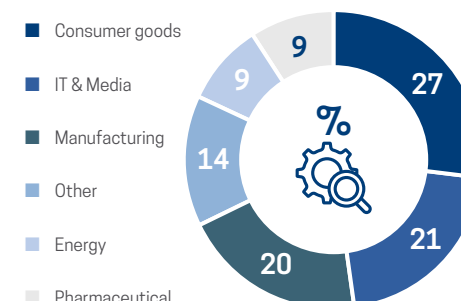
Investments by strategy



Investments by geographical area



Investments by sector



* In fundraising.

Our Investments

DIRECT FUNDS € 1 BN AUM



Funds

18 Direct Portfolio companies

~5,000 Employees

€ 1Bn+ Revenues



Portfolio

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

- **IDeA Taste of Italy** (2014)
- **Taste of Italy 2** (2019)

- **IDeA Agro** (2018)
- **Sviluppo Sostenibile II** (2020)

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



Our Investments

TURNAROUND FUNDS € 0.9 BN AUM



Funds

29 Turnaround companies

10.000+ Employees

€ 2.5Bn+ Revenues

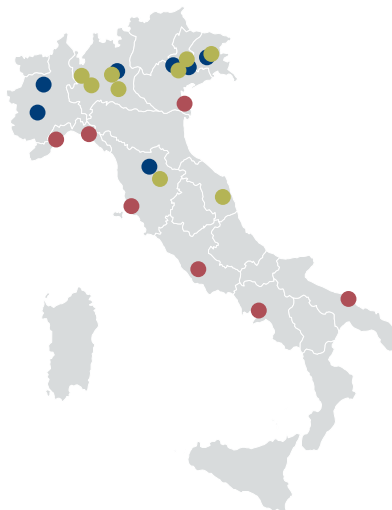


Portfolio

• IDeA CCR I (2016)

• IDeA CCR II (2017)

• IDeA CCR II Comparto Shipping (2018)



Dedicated to the relaunch of Italian companies. To date, the programme has made it possible to restructure companies with over 10 thousand employees across Italy.

• Companies IDeA CCR I

- 2 Piemonte
- 1 Lombardia
- 1 Veneto
- 1 Friuli Venezia Giulia
- 1 Toscana



• Companies IDeA CCR II

- 4 Lombardia
- 2 Veneto
- 1 Friuli Venezia Giulia
- 1 Toscana
- 1 Marche



• Companies IDeA CCR II Shipping

- 2 Liguria
- 1 Veneto
- 1 Toscana
- 2 Lazio
- 2 Campania
- 1 Puglia



NPL



Funds

€ 2.4Bn of Equity invested

€ 30Bn of GBV acquired

70 Institutional Investors

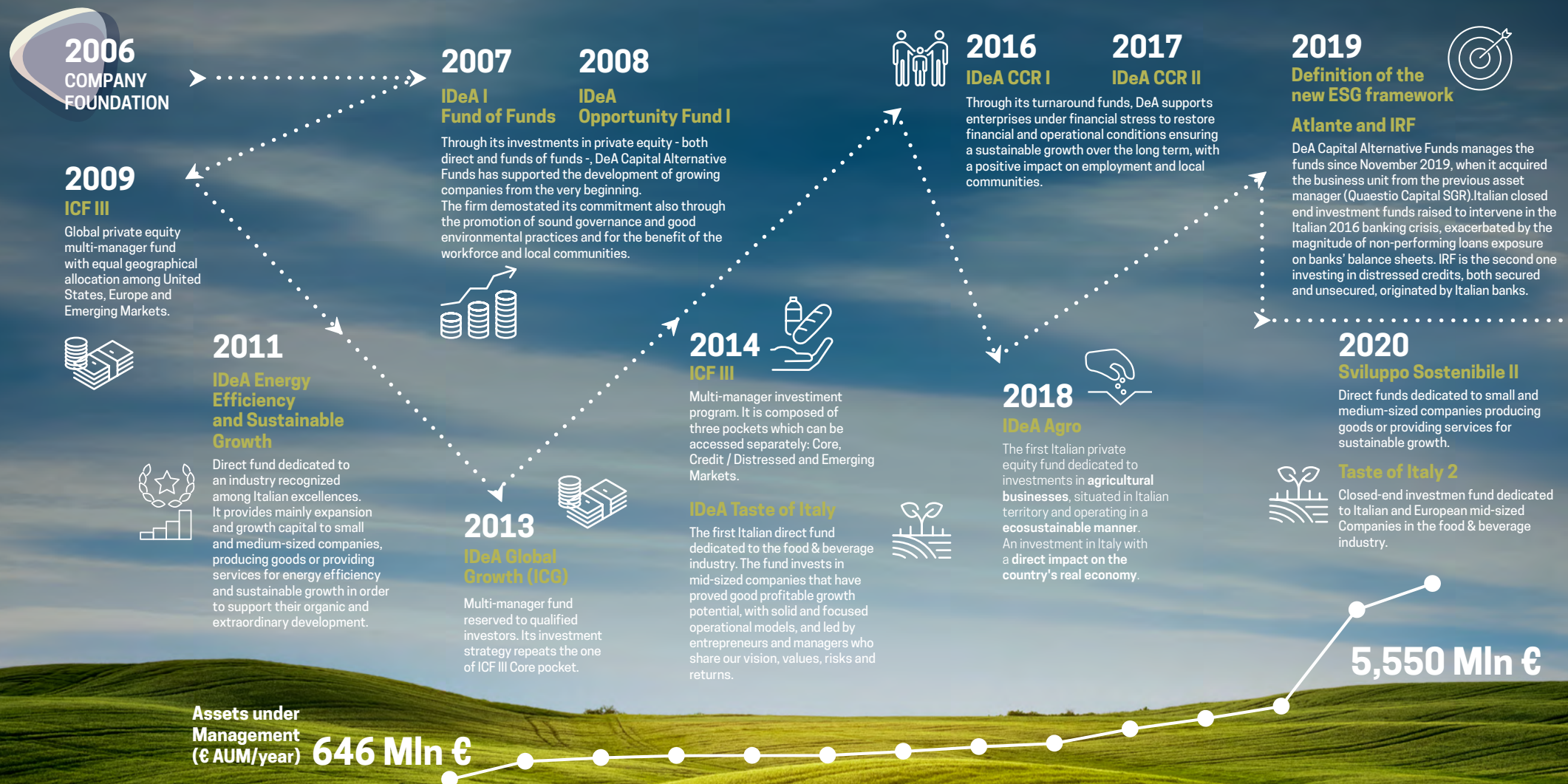
• Fondo Atlante (2019)

• Italian Recovery Fund (2019)

A history of sustainability

At the heart of our investment approach lies a commitment to create value in the long term in a responsible way. Since its foundation in 2006, DeA Capital Alternative Funds' strategy has been centered on the expansion and

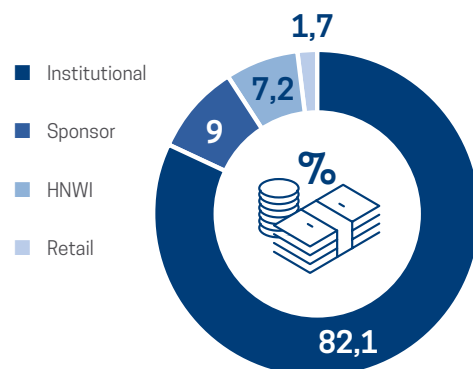
diversification of its investment funds offering, focusing on products that can foster sustainable growth. As illustrated below, from the very beginning, sustainability has always been an integral part of our activities:



Our investors

DeA Capital Alternative Funds's engagement activities with its shareholders and subscribers take place periodically and in various ways as for example a detailed reporting system as well as direct access to the investment teams, allowing our **more than 300 investors** to constantly track their investments.

> 300
investors

DeA Capital Alternative Funds organises an **annual Investor Day**, where the CEO describes the past year results and shares Firm's view on the evolution of the business and of the market. Subsequently, during the event, the **Portfolio Managers** provide portfolio overviews and detailed descriptions of funds' performance to the investors. In 2020 because of the pandemic, the company successfully held virtual investors' meetings for each fund. DeA Capital Alternative Funds is always at the investors' disposal for one to one meetings.



On a regular basis, DeA Capital Alternative Funds replies to the **investors' questionnaires** focusing on a series of detailed questions on a number of ESG aspects, including **portfolio companies KPIs**.



Although Covid has rarefied physical meetings, DeA Capital Alternative Funds's managers continually organise **calls with stakeholders and investors** to describe business and portfolio performance.



DeA Capital Alternative Funds's **web portal Monitor** is the instrument that allows **investors to consult their portfolio** at any time by retrieving all the information they may need.



DeA Capital Alternative Funds's top managers continue to participate in **sector events and conferences** in virtual mode, in order to maximise investor engagement.

Each investor is a valuable story

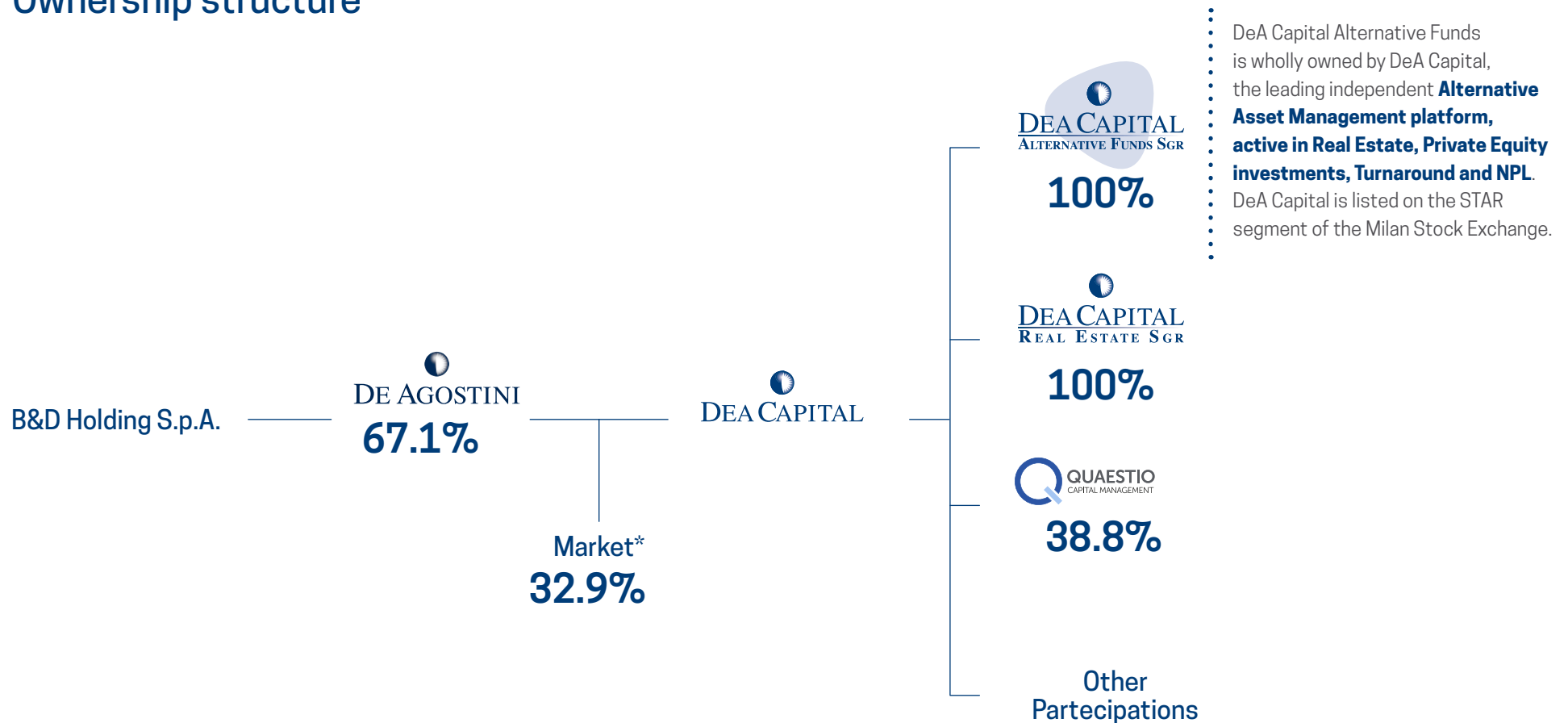
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A RESPONSIBLE COMPANY

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Governance, ethics and transparency

Ownership structure



* 15/02/2021

Governance, ethics and transparency

Board of Directors

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

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

Board of Statutory Auditors

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

Gian Piero Balducci	Chairman
Marco Squazzini Viscontini	Statutory Auditor
Stefano Cesati	Statutory Auditor

Supervisory Body

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

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

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

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



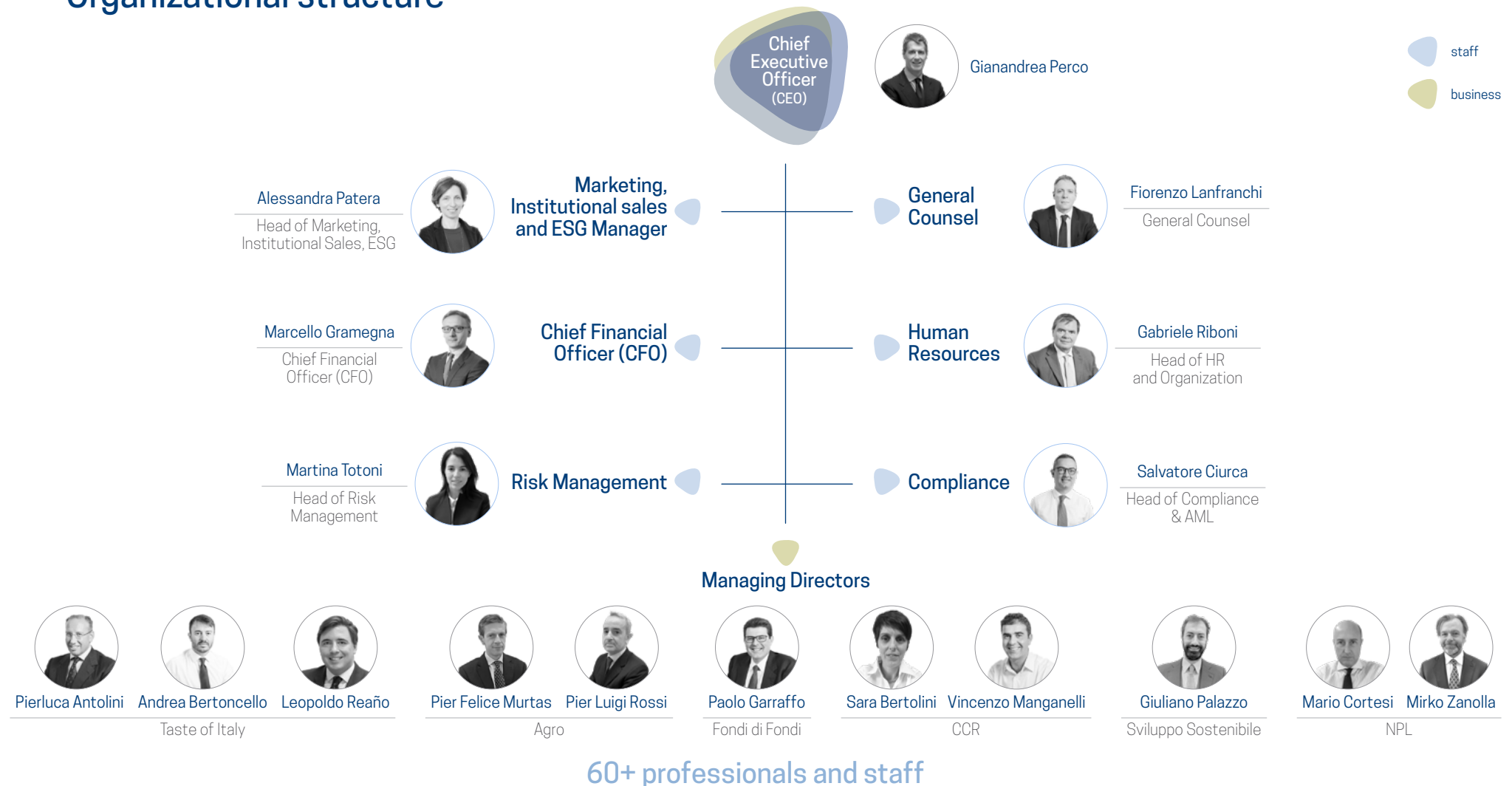
- has adopted a policy on conflicts of interest for the management of transactions executed as a counterparty with related parties and / or in potential conflict of interest;



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

Governance, ethics and transparency

Organizational structure



Governance, ethics and transparency

Our ESG Governance

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

Board of Directors

The Board of Directors is **responsible for approving the ESG policy and the ESG strategy**. Moreover, using insights provided by the ESG Manager, it defines the materiality of ESG issues that might impact DeA Capital Alternative Funds's activity, its investments and stakeholders.

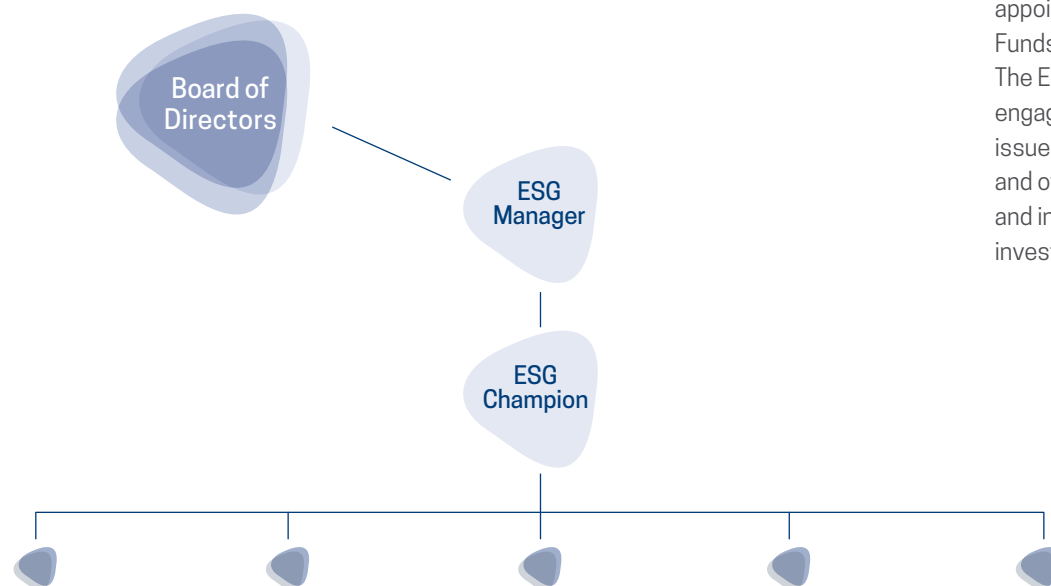
ESG Manager

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

The Investor Relations (Marketing and Institutional Sales Manager) has been appointed as DeA Capital Alternative Funds's ESG Manager in 2019. The ESG manager is tasked with ensuring engagement and commitment on ESG issues, disclose initiatives to investors and oversee the UN PRI reporting process and investors' surveys on responsible investment.

ESG Champion

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



Governance, ethics and transparency

ESG Team

Head of ESG



**Alessandra
Patera**

ESG Manager
Head of Marketing, Institutional Sales, ESG

ESG Support Team GP Level



**Salvatore
Ciurca**

Compliance &
AML Manager



**Chiara
Pariani**

Marketing &
IR Manager



**Cristina
Ugazio**

Office Manager

ESG Champions Investments Portfolio Level



**Stefano
Caspani**

ESG Champion (ToI)
Investment Director



**Federica
Loguercio**

ESG Champion (FoF)
Investment Manager



**Laura
Filippi**

ESG Champion (CCR)
Legal Counsel



**Marco
Forcellini**

ESG Champion (Agro)
Analyst



**Filiberto
Basile**

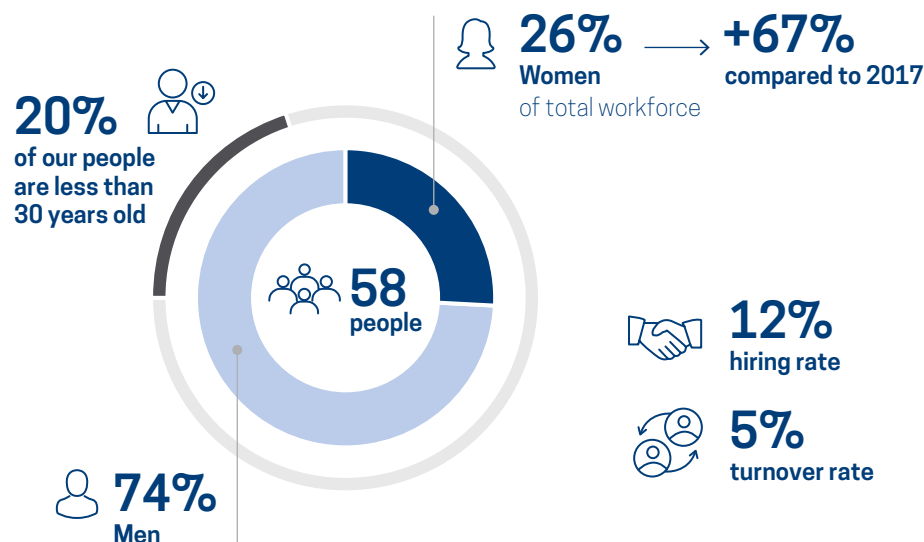
ESG Champion (SSII)
Investment Manager

Empowerment of our people

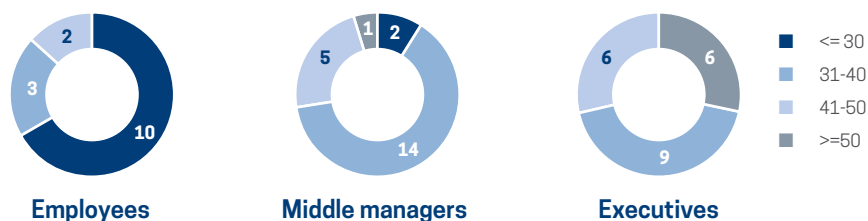
DeA Capital Alternative Funds recognizes that its **people are the most important asset and key to business success**. Creating a good working environment, providing its people with career development opportunities and with tools necessary to perform their work in the best possible way is therefore of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

Employment

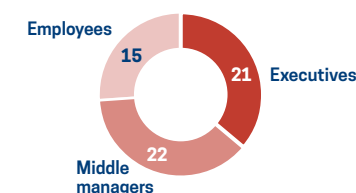
As of 2020, the company employs **58 people**, an increased value with respect to the previous years (45 in 2019 and 43 in 2018). **Women account for 26%** of the total workforce, a figure increased by **67% compared to 2017**. DeA Capital AF's workforce is represented by a variety of ages and approximately **20% of them are less than 30 years old**, offering a unique opportunity for varied perspectives and approaches to the day-to-day business.



Our people by position in 2020
number



Total by position
number



Empowerment of our people

Welfare initiatives

DeA Capital Alternative Funds is committed to implementing employment policies oriented towards **stability and long-term collaboration** with its employees. As such, DeA Capital Alternative Funds privileges permanent contract to fixed-term ones as a means of promoting human resources retention and development. **In 2020, 91% (53) of employees are on permanent contracts.**

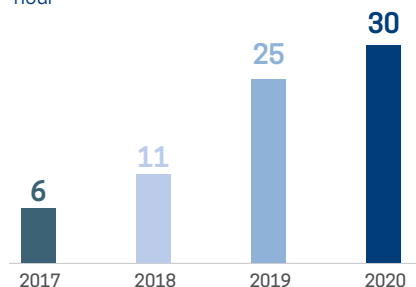
Moreover, DeA Capital Alternative Funds has developed and implemented a **corporate welfare model** consisting of a **vast selection of services**, from insurance coverage to the possibility to convert individual bonuses into tax-free welfare services including educational and formative initiatives.

Training

DeA Capital Alternative Funds's commitment towards its people is reflected in the **promotion and implementation of training activities** in order to strengthen individual skills and to develop better management skills. In 2020, employees received an average of **30 hours of training**, an increase of 20% compared to 2019 (25 hours per employee).

The catalogue of courses provided during the year focused in particular on new regulations, work safety and data protection. In addition, during the year, a **specific training on ESG and responsible investment** was provided to all the employees.

Average training per employee
hour



91%
of employees have a
permanent contract



30
hours of training
per employee



ESG internal awareness

Training activities

Appropriate training is paramount to ensure all the team in charge of engaging with DeA Capital Alternative Funds's investments on ESG is on the same page.

This is why our objectives for 2019-2021 included to **train 100%** of the investment **team on ESG** by 2020.

Supported by an expert third-party firm, we developed a training plan and training material in 2019, and delivered the first training session.



In 2020, we delivered two online training sessions.

The **training focused on ESG awareness**, presentation of DeA Capital Alternative Funds's newly approved ESG incorporation strategy, case studies and interactive exercises on the concepts and tools adopted for integrating ESG criteria into investments. **The sessions sparked lots of engagement, relevant questions and received positive feedback from all the team involved.**



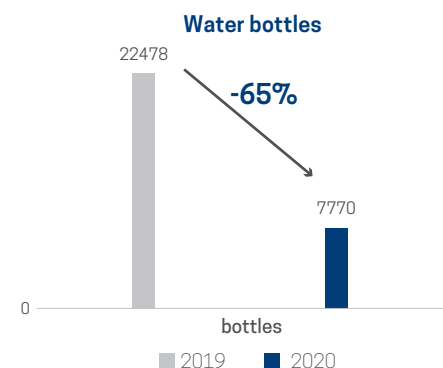
100%
of employees
trained on ESG



Regular monthly meetings between the ESG team

Plastic-Free Project and Go-green printing

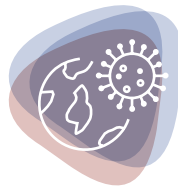
In order to decrease the plastic waste, DeA Capital Alternative Funds has introduced water dispensers and has provided the staff with water bottles. This initiative is helping us to reduce the number of water bottle of over 65% and, together with the introduction of recycled glasses, to become a plastic-free company.



DeA Capital Alternative Funds is developing a high sensitivity to ESG themes and its efforts are stretching to translate the ESG issues to the day-by-day workflow. We have introduced an eco-efficient paper to reduce the impact on deforestation and to promote a more green behaviour.

DeA Capital Alternative Funds and Covid-19 management

DeA Capital Alternative Funds's response to a possible threat of the virus called Covid-19 was immediate and effective.



As early as 22 February, following the previous day's statement from the Ministry of Health calling for quarantine isolation for those who had been in risk areas (China and Southeast Asia) and/or with people potentially at risk, the company sent a statement to all staff with a series of indications to follow. Even in the absence of certainties and forecasts on the seriousness of the virus, DeA Capital Alternative Funds's Top Management took some binding **decisions to safeguard the health of employees on the one hand, and to ensure full continuity of business and company activities on the other.**

In particular, one of the first actions was to **sanitise the Rome and Milan offices** (entire building) with sanitisation of all surfaces and sanitisation by atomising the air. From the following working day,

information containing the operational instructions to be followed to reduce the risk of contagion was circulated both via e-mail and in paper form.



In particular: **distribution of masks, sanitising gel, gloves in the various offices, temperature thermoscanners, periodic sanitisation services, sanitisation of daily work-stations in case of presence in the office, redistribution of work station spacing for possible presence in the office.**

From 23 February, DeA Capital Alternative Funds's management decided to **limit travel**, replacing it with a series of communication tools made available to those who needed them most. Similarly, **telework began** to be implemented both for employees from areas defined as at risk and for all employees who requested it.

The company has equipped itself to provide all the technological equipment needed for telework.

DeA Capital Alternative Funds's human resource has also taken **measures on the mobility front**, advising against public transport or alternatively providing staggered entry times so as to avoid the most crowded hours.

Between the end of February and the month of March, many company departments were committed to improving and **transferring most of their physical activities digitally.**



Some activities such as the launch of Taste Of Italy 2 and part of the stakeholder engagement in "completely" digital mode were complex and challenging, but already by March almost all DeA Capital Alternative Funds's day-by-day activities had been correctly reset with the new operating methods.

In the "hottest" phase of the Covid emergency, DeA Capital Alternative Funds's top management, while maintaining a high level of attention to all safety regulations, managed to place the operational structure in a position to reach full capacity.

In May, in order to protect all its employees, the **De Agostini Group decided to take out a specific insurance policy in the event of Covid-19 infection**, effective from 1 May 2020 and valid until 31 December 2020, in addition to the other forms of insurance coverage and integration provided for in its Welfare Plan.



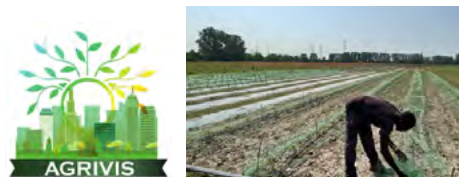
Specific insurance policy in the event of Covid-19 infection

Value creation for the community

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

In this perspective, during 2020, all Company's employees have been involved in the initiative **"Orto etico in ufficio"**, promoted by the De Agostini Foundation and organized **by Agrivis cooperative.**

Agrivis is a social cooperative of the Group "L'impronta" founded in 2017, which aims to include and introduce to work vulnerable people through the farming of biological products such as vegetables and small fruits. The project provides all the employees the possibility, in addition to actively participating in a project with social value, to buy and have delivered directly, in a special room at the office, **vegetables and fruits freshly picked** from the fields of the cooperative.



DeA Capital Alternative Funds, together with the other Group's companies, has already financed in the past, in agreement with **De Agostini Foundation**, the project of the **Non-Governmental Organisation GUS** (Gruppo Umana Solidarietà), **to offer concrete support to the farmers of Arquata del Tronto** (Ascoli Piceno), Visso (Macerata) and Monte San Martino (Macerata) **affected by the earthquake** of August 2016.

In particular, DeA Capital Alternative Funds, in support of production activities, **donated four equipped modules** to be used as warehouses, laboratories and sheds, with the possibility of using them as shelters in the event of bad weather or prolonged stay on the farms.



Moreover, DeA Capital Alternative Funds periodically, through beneficial social events, participates to **fundraising initiatives in favor of CAF** (Centro Aiuto Minori e Famiglie) Onlus, an association that supports and cures children who are victims of ill-treatment and offers important support to families in crisis.



Community support during Covid-19 pandemic



On the front line, in the fight against Covid, DeA Capital Alternative Funds did not want to fail to provide support to some medical facilities. Among the main initiatives of the period:

Devolution to

Fondazione Istituto Sacra Famiglia Onlus of Cesano Boscone Fondazione Policlinico Gemelli, Rome

Fondazione Multimedita Milano (San Giuseppe Hospital, Milan) Croce Bianca Milan

In the above projects DeA Capital Alternative Funds also involved employees and directors who participated by waiving their remuneration or by direct contributions.

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Our ESG principles

A correct approach to responsible investment aims to exceed its yearly targets: it means acquiring a deep awareness of all factors that could adversely or positively affect the investment, with the view to maximizing economic returns in the long term.

The backbone of DeA Capital Alternative Funds's sustainable value creation strategy are the six principles defined by the United Nations – supported initiative **Principles for Responsible Investments (PRI)** (see box).

DeA Capital Alternative Funds, for the first time, signed the PRI in January 2019, starting its journey towards a formal integration of ESG criteria in its investment process. In 2019 the PRI questionnaire has been applied on a voluntary basis, so the total score of "A" may be considered outstanding.



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

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

The **Indirect Investments** module comments on the incorporation of ESG criteria in the selection, appointment and monitoring of external investment managers (such as for Funds of Funds). Finally, the **Direct & Active** ownership module applies to direct investors in portfolio companies.

As a signatory of the PRI principles, DeA Capital Alternative Funds committed to the following:



1

DeA AF will incorporate ESG factors into the investment analysis and decision-making processes.

2

DeA AF will be active owner and incorporate ESG analysis into its ownership policies and practices.

3

DeA AF will seek appropriate disclosure on ESG by the entities in which it invests.

4

DeA AF will promote acceptance and implementation of the Principles within the investment industry.

5

DeA AF will work together to enhance effectiveness in implementing the Principles.

6

DeA AF will report on activities and progress towards implementing the Principles.

Our ESG principles

The Responsible Investment Policy

DeA Capital Alternative Funds's Responsible Investment Policy, approved by the Board of Directors in 2019, states and clarifies how the Responsible Investment Principles subscribed by the company are integrated in its investment process. The scope of the policy includes all direct and indirect investment activities performed by DeA Capital Alternative Funds, through each phase of the investment lifecycle, from pre-

investment through ownership to exit. The Responsible Investment Policy also sets the governance of ESG responsibilities within DeA Capital Alternative Funds (see more in the *Governance, ethics and transparency* section) and outlines an implementation approach tailored for each asset class. The Policy implementation is monitored by the ESG manager and updated when necessary.

Industry engagement-participation to ESG focus groups

In line with PRI's principle no. 4, on promoting acceptance and implementation of the Principles within the investment industry, in 2020 DeA Capital Alternative Funds's ESG Manager participated as spokesperson in a seminar held by the Italian Association of Private Equity, Venture Capital and Private Debt titled **"ESG for Value Creation in Private Capital"**. The event involved both limited partners and general managers who had the opportunity to discuss and share their point of view and expectations regarding the ESG related topics.



AIFI

Associazione Italiana del Private Equity,
Venture Capital e Private Debt

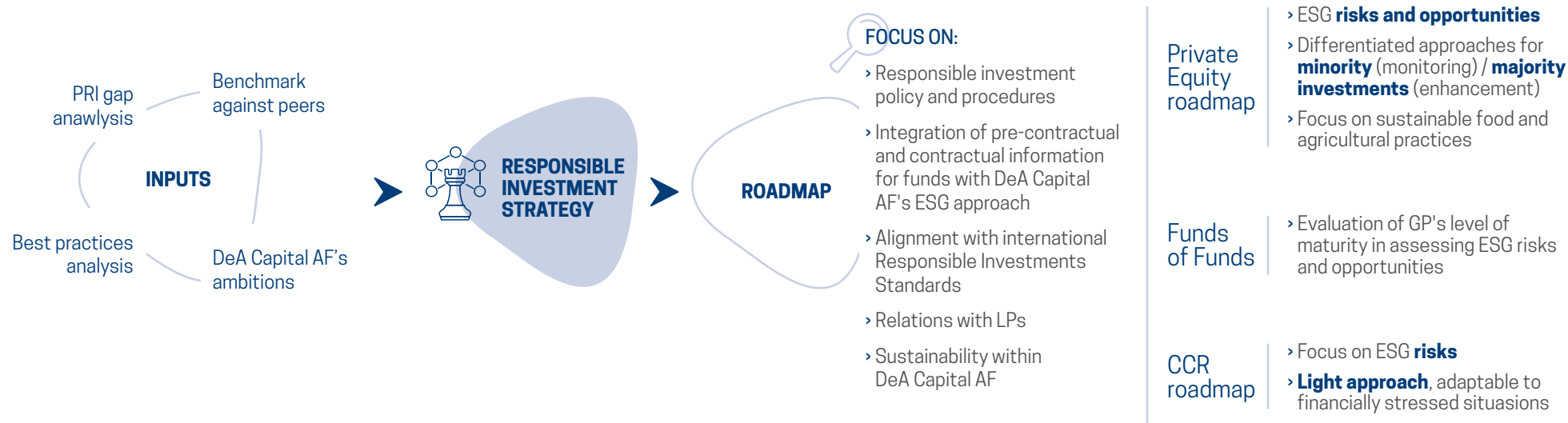
Our ESG principles

The **development of the ESG framework** within which we formalized and structured our responsible investment approach started with brainstorming sessions and interviews to management, performed in early 2019. The ESG framework was built based on:

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

The work described above resulted in the definition of our **ESG roadmaps**. Recognizing that each asset class has its own peculiarities, we developed a roadmap for each main type of investment: private equity direct investments, indirect investments (Funds of funds), turnaround funds and our thematic fund on agriculture (Agro).

Finally, the overarching DeA Capital Alternative Funds roadmap, serving as our ESG action plan, set the steps to complete the formal integration of ESG considerations in our investment process and our governance. Furthermore the roadmap provided the company with the guidelines for disclosing to LPs its ESG activities and sustainability initiatives carried out by the professionals directly.



A simplified version of roadmaps to build our ESG framework is presented in the following pages.

Our ESG principles



ESG management system

- RI Policy drafted and communicated
- Asset class-RI guidelines drafted and communicated
- All new fund placement documents including RI reference
- ESG head appointed
- ESG champions appointed
- Training plan drafted and training contents defined
- 100% investment team trained on ESG

2019 ✓
2019 ✓
2019 ✓
2019 ✓
2020 ✓
2019 ✓
2020 ✓

Communication & transparency

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

2020 ✓
2019 ✓
2021 ▶
2019 ✓

ESG at SGR

- Improvement of diversity in the industry

2021 ▶

✓ Achieved ⚙ Work in progress ▶ To be started

Our ESG principles

PRIVATE EQUITY ROADMAP TASTE OF ITALY

Pre-investment

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

2019 ✓
2019 ✓
2019 ✓
2019 ✓
2020 ✓
2019 ✓
2020 ✓

Ownership

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

2020 ⚙️
2019 ✓
2020 ⚙️
2020 ⚙️

Exit

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

2021 🛑

PRIVATE EQUITY ROADMAP AGRO

Pre-investment

- ESG checklist developed
- Sustainable agriculture practices list developed
- Banned/restricted pesticides and fertilizers list developed
- 100% ESG DD performed
- 100% Investment Memorandum containing ESG information
- Draft of ESG clauses template
- 100% investment documentation containing ESG clauses

2019 ✓
2020 ⚙️
2020 ⚙️
2019 ⚙️
2020 ⚙️

Ownership

- 100% investments where ESG items are discussed
- ESG action plans with a focus for the improvement of agricultural practices
- ESG data collection tool developed
- 100% companies collecting data

2020 ✓
2020 🛑
2020 ✓
2021 ⚙️

Exit

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

2021 🛑

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

Our ESG principles

CORPORATE CREDIT RECOVERY ROADMAP

Pre-investment

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

2019 ✓
2020 ✓
2020 ✓
2020 ⚙️
2021 ⏸️

Ownership

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

2020 ⚙️
2020 ⚙️
2020 ✓
2020 ⚙️

Exit

- Enhanced ESG risk profile improvements, if any

2021 ⏸️

FUNDS OF FUNDS ROADMAP

Pre-investment

- Questionnaire for the evaluation of the maturity of the GP developed, scoring methodology defined
- 100% new investments covered by the assessment
- ESG assessment results included within 100% of information memorandums
- Draft of standard references for LPAs or side letters
- 100% of LPAs or side letters including ESG clauses

2019 ✓
2020 ✓
2020 ✓
2019 ✓
2020 ⚙️

Investment

- 100 % of GPs engaged on ESG
- Annual monitoring of the performances of the GPs, and evaluation of changes in the scoring (see assessment of the GP)

2021 ⚙️
2020 ⚙️

✓ Achieved ⚙️ Work in progress ⏸️ To be started

ESG in our investment process

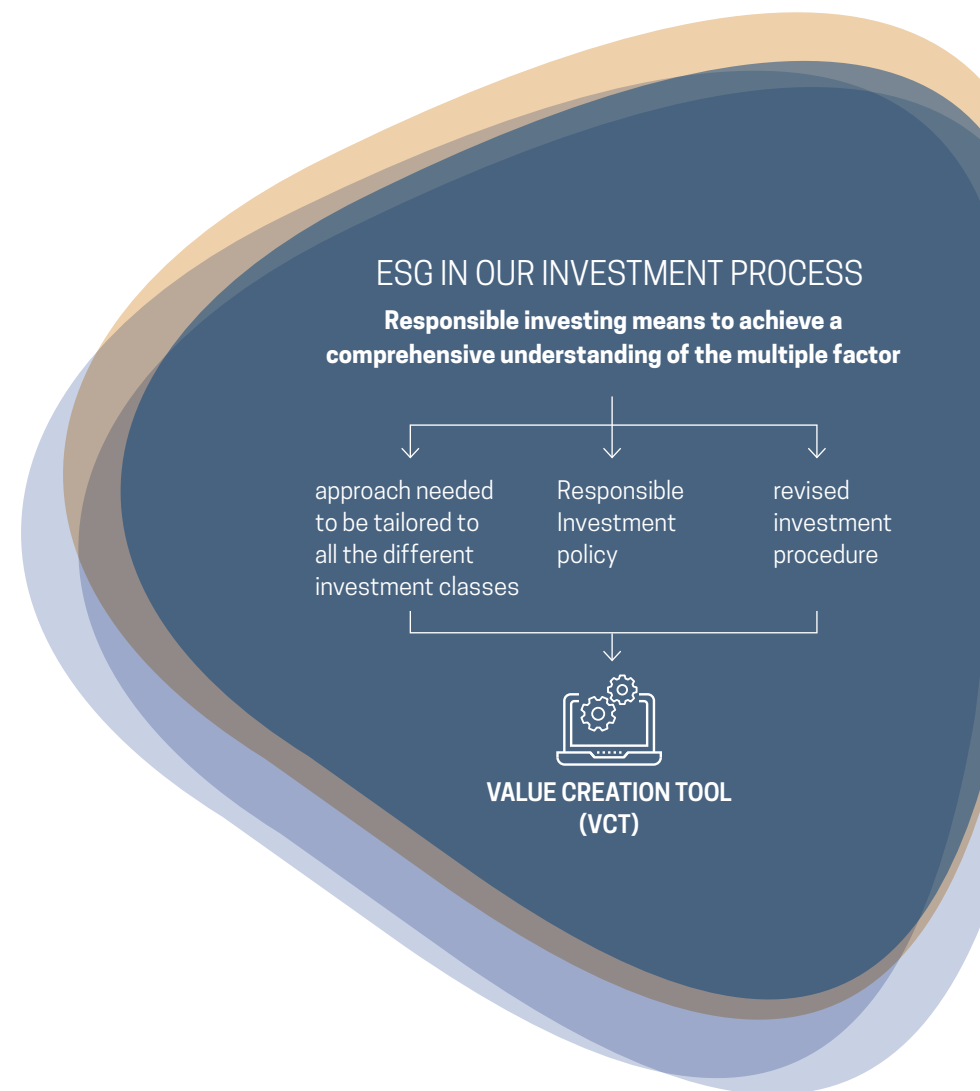
Responsible investing is more than a matter of compliance with the regulatory framework. It means to achieve a comprehensive understanding of the multiple factors that may affect the investment portfolio, the underlying risks and opportunities aiming at maximizing value in the long term in a sustainable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



When evaluating the best way to implement such principle, we understood that each phase of the investment lifecycle, from investment selection through ownership, to divestiture, presented the chance for ESG considerations to be embedded in our procedures and enrich the set of criteria to ensure the sustainable value creation we seek in our investments.

Of course, the approach needed to be tailored to all the different investment classes with which we work, taking into account the specific features: for example, financially stressed situations or thematic investments. Our Responsible Investment policy, our revised investment procedure and the tools we developed reflect this differentiated approach.

In the next pages, the ESG tool we developed internally to support the different teams in the investment process, the **Value Creation Tool (VCT)**, is presented in detail. Following, a description of DeA Capital Alternative Funds's ESG approach implementation along the different investment phases is provided.

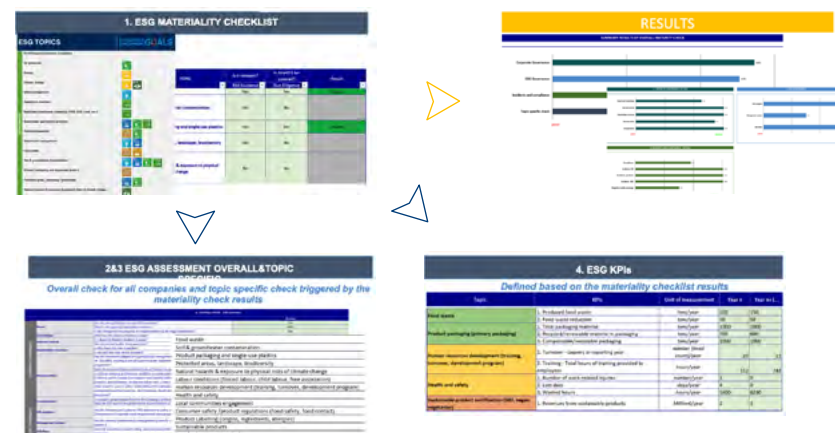


ESG in our investment process

Value Creation Tool

In 2019, DeA Capital Alternative Funds with the support of a third-party specialist consultancy firm, internally developed an ESG proprietary tool to support the investment teams in ESG assessment, monitoring and enhancement of companies in line with DeA Capital Alternative Funds's new ESG framework. The tool was developed considering the international standards such as UN PRI, SASB and the Global Reporting Initiative Standards.

DETAILS OF VALUE CREATION TOOL



A similar tool was also developed for the Funds of funds, to assess the maturity of general partners of the funds DeA Capital Alternative Funds invests in.

The ESG tool consists of 4 modules:



ESG materiality checklist:

this module is used to identify -during the pre-investment phase- the relevant topics for the target investment to scope the due diligences and- once due diligences are performed, to check that all relevant topics have been covered.



ESG Assessment - overall:

This module consists in an ESG questionnaire which allows to check if the company is facing major ESG issues and assesses 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. The topics are defined based on a materiality assessment - to ensure the focus is on topics that can have a tangible impact.



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

The tool is equipped with a dashboard summarizing the results of the Portfolio's Company performance. In particular, the dashboard displays the overall maturity of the Company and the details per area of assessment.

ESG in our investment process

The ESG materiality checklist of Value Creation Tool

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



ESG TOPICS

ENVIRONMENT

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

SDGs



ESG TOPICS

SOCIAL

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

GOVERNANCE

- Supply chain management

SDGs



ESG in our investment process

ESG approach implementation along investment phases

Pre-Investment




Ownership




Exit

DIRECT FUNDS

Private Equity, Corporate Credit Recovery Funds

 Using the ESG tool, the ESG Champion compiles an ESG checklist aimed at identifying material topics to be covered in the following steps.

 Eligible majority investments are analyzed through an ESG due diligence process to assess the existence and severity of potential ESG concerns and identify risk mitigation measures and untapped ESG opportunities. The ESG due diligence 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 with respect to competitors and international sector best practices. The ESG due diligence is performed through review of public documentation, documentation provided by company management, interviews with relevant personnel and site visits, as necessary.



For prospect minority investments, where both DeA Capital Alternative Funds's exposure and influence are lower with respect to majority investments, a tailored questionnaire is sent to the company. The questionnaire is 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, Mandates



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.

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

ESG in our investment process

ESG approach implementation along investment phases

Pre-Investment



Ownership



Exit

With a pervasiveness consistent to the level of risk and the amount of influence it can exert over the portfolio company, 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.

DIRECT FUNDS

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's Private equity and CCR ESG roadmaps, by 2020 all direct investments will be subject to periodic data collection and required to report annually on selected

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

Majority investments will be required by 2021 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, Mandates

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's ESG strategy and goals.

Any relevant feedback received by the GPs during the engagement sessions and/or resulting from the monitoring activity is collected and reported to DeA Capital Alternative Funds's ESG Manager for consideration.

ESG incidents

Where applicable (Private Equity investments), 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 DeA Capital Alternative Funds investment team, a specific exercise was performed on incidents reporting. The ESG Champion of each fund is

in charge of collecting incident reports from portfolio companies under his management and the ESG Manager is responsible for timely communication of any incidents to the LPs.

ESG in our investment process

ESG approach implementation along investment phases

Pre-Investment



Ownership



Exit



In the divestment phase, DeA Capital Alternative Funds evaluates ESG performance improvements connected with initiatives carried out during ownership and any residual ESG risk that might exist. ESG-related information is included in the Information Memorandum material developed, including a summary of:

- environmental, social and governance factors that DeA Capital Alternative Funds deemed relevant for the specific investment;
- relevant ESG performance registered during ownership;
- potential improvements that have been registered since DeA Capital Alternative Funds's investments in the asset;
- current initiatives in the ESG area that DeA Capital Alternative Funds has supported and is supporting.

ESG in our investment process

Portfolio Companies ESG Action Plans



In the next pages **two case studies** illustrating the **application of DeA Capital Alternative Funds's ESG** approach during the investment process are reported. In particular, the selected cases concern **two recent acquisitions** on which DeA Capital Alternative Funds has integrated ESG aspects since the early stages of the investment process:

PIERALISI GROUP



part of IDeA Corporate Credit Recovery II (IDeA CCR II) fund portfolio

TURATTI GROUP



within the IDeA Taste of Italy (IDeA Tol) fund portfolio

ESG in our investment process

Portfolio Companies ESG Action Plans

CASE STUDY / ESG Due Diligences of Pieralisi Group

In 2019, DeA Capital Alternative Funds has dedicated significant time and efforts in the ESG due diligence exercise of a company that has been then acquired in 2020: the **Pieralisi Group**. The *Pieralisi Group* is **specialized in the design and production of centrifuges for the food industry and many other industrial sectors and has a worldwide presence**, which includes Italy, Spain, Greece, Germany, the Netherlands, USA, Brazil, China, Tunisia, France and Russia.

Due diligences performed included 5 site visits, interviews with management, desk reviews, a benchmark with peers (using publicly available information) to understand the company's positioning on sustainability issues, integrated by a media analysis to identify potential existing or threatened reputational issues. The ESG DD, whose scope was defined according to the ESG material factors identified through our proprietary tools,

did not identified major findings that should stop the investment process.

Minor findings and improvement areas identified by the due diligence process have been flagged for subsequent monitoring as actions to be accomplished by the company.

GRUPPO
PIERALISI
INNOVATION PER PASSIONE

Jumbo Decanting centrifuge



Esg specific topics assessed selected from DeA's framework based on the relevance of topic

Scope – DeA ESG FRAMEWORK

ENVIRONMENT

Permitting/environmental compliance
Air emissions
Energy
Water management
Hazardous materials
Restricted Substances (Asbestos, PCB, ODS, Lead, etc.)
Waste management
Wastewater management
Soil & groundwater contamination

SOCIAL

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

GOVERNANCE

Supply chain management

ESG in our investment process

Portfolio Companies ESG Action Plans

CASE STUDY / Turatti Group Action Plan



In 2020, following the ESG Due Diligence assessment and the acquisition of **Turatti Group**, DeA Capital Alternative Funds has engaged with the company's management and supported them in developing an ESG action plan.

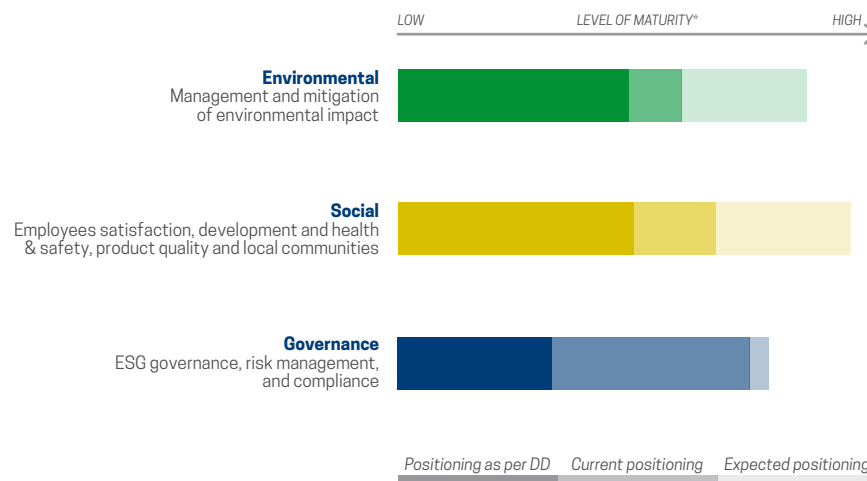
Through the ESG action plan, which will be completed and presented in the first months of 2021, Turatti will set the targets and define the initiatives to be implemented in the next years to seize ESG opportunities and mitigate potential ESG risks.

Moreover, the ESG Action Plan objectives and targets will include the findings of the pre-investment ESG Due Diligence and the results of the review of the KPIs collected through the ESG tool.

Fresh cut complete lines



Turatti expected ESG positioning, by considering the achievement of all the actions included in the proposed ESG Action Plan 2021 – 2023.



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

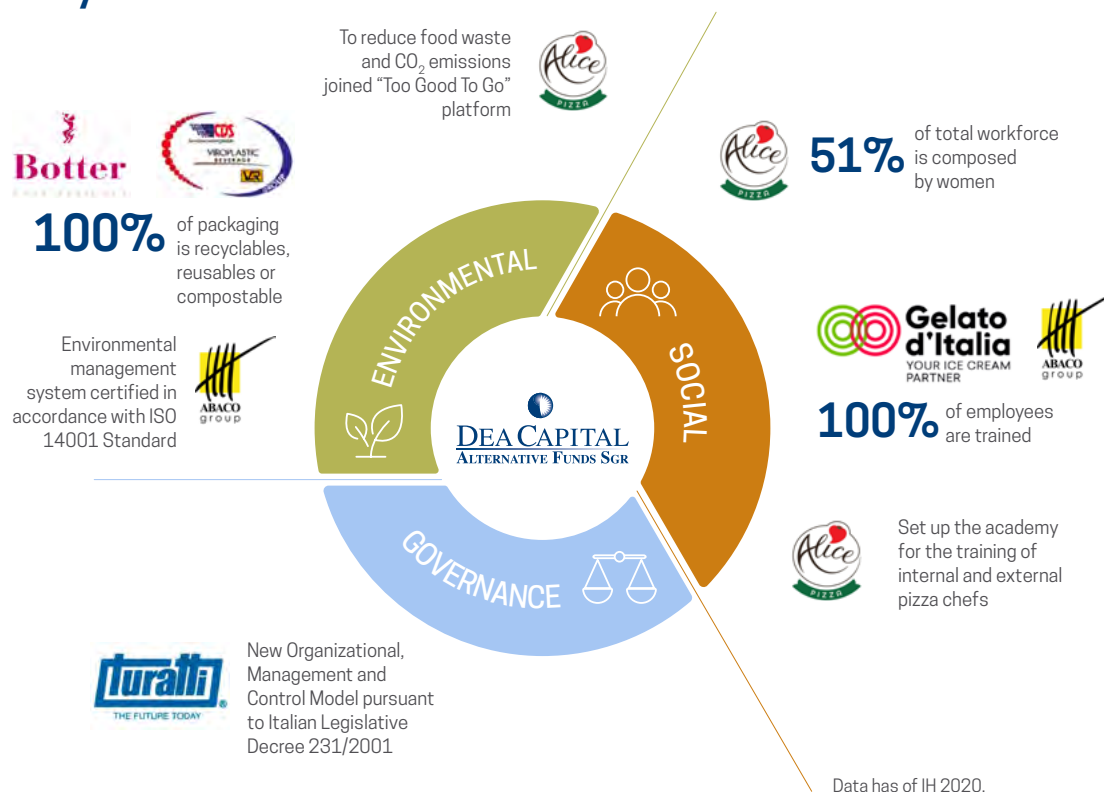


Portfolio companies ESG KPIs

In 2020 DeA Capital Alternative Funds developed and launched the tools for monitoring and improving investments performance (Value Creation Tools). The following pages illustrate some preliminary results of this first monitoring campaign. DeA Capital Alternative Funds is committed, for the next reporting year, to extending the scope of the value creation tools to provide a complete picture of the ESG performance of its portfolio companies. Moreover, based on the results obtained, improvement action plans will be launched.

DIRECT FUNDS – IDeA Taste of Italy

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



Portfolio companies ESG KPIs

TASTE OF ITALY

As a dedicated Food&Beverage fund for investments in small and medium enterprises, our goal at Taste of Italy is to help the portfolio companies enhancing their competitiveness whilst developing an ESG culture and improving the economic and social conditions at local level.

The team is devoted to actively support the definition of the business development strategies, enhancing key corporate areas

functional to future business development, implementing lean management processes and supporting the selection of key managers.

As a matter of fact we support the portfolio companies in increasing their competitive advantage and expanding their know-how in larger national and international markets, attracting quality people and tackling all three ESG areas:



ENVIRONMENT

the team ensures that since inception the portfolio companies identify and face environmental issues through a continuous action plan;



SOCIAL

Taste of Italy seeks to improve the management of social issues in the portfolio companies addressing specific due diligence findings such as staff turnover or employee litigations;



GOVERNANCE

as a pillar of our investment policy we ensure that the key governance conditions are implemented such as adequate representation in the board of directors, top management incentives scheme and full alignment of interest, together with high level operational and financial reporting.

During 2020, although the pandemic affected the performance of some portfolio companies, the attention to ESG issues relatively to existing portfolio companies has been extremely high as well as the focus on ESG due diligence with regard to new investments.

TURATTI (Idea Taste of Italy)



Leading manufacturer of machinery and integrated food processing lines for the fresh-cut and pre-cooked food industry.



Investment:
December 2019

The Due Diligence performed by ERM identified two main critical areas, being 1) Health&Safety management system and 2) Waste Treatment. The Company designated a responsible person for EHS and HR matters who implemented an internal health and safety auditing process in order to keep track of the strengths and weaknesses at the site level e.g supervising the employees for the proper use of the PPE made available or Improving the general housekeeping of the production area by re-organizing the machineries, equipment and tools. With reference to process waters treatment, in 2020, the Company upgraded the on-site wastewater treatment plant to add further treatment steps and to discharge treated process wastewater in a surface waterbody instead of in the municipal sewer as before with potential environmental damage. With the support of ERM Turatti defined an ESG action plan which will be implemented to improve the company compliance.



Portfolio companies ESG KPIs

TASTE OF ITALY

ABACO (Idea Taste of Italy)



Developer of software for smart agriculture used by European Government as well as Italian and international F&B operators and farming companies.



Investment:
June 2019

The company solutions are employed to increase the productivity and environmental sustainability of agriculture businesses enabling, among others, the reduction of chemicals and irrigation water, thanks to its algorithms analysing predictive weather data and soils parameters. The company has recently partnered with large multinational F&B companies to monitor and fight deforestation in Africa and South America.

Abaco farmer: monitoring software guided by **spatial and agronomic data originating from satellites and sensors.**



ALICE PIZZA (Idea Taste of Italy)



Leading takeaway pizza chain in Italy.



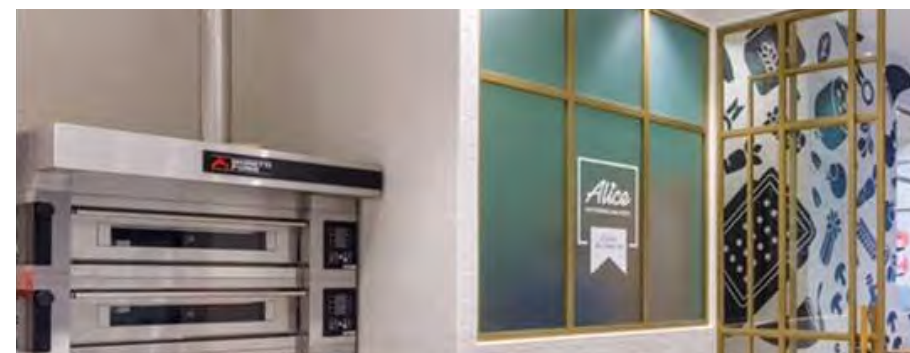
Investment:
March 2019

Alice Pizza encompasses a network of almost 200 stores where pizza is prepared and cooked every day in custom-made ovens. The ESG due diligence highlighted a high level of energy consumption since ovens are electrically powered for 8/10 hours a day.

The company ordered a study for a new static electric oven with a lower consumption rate to a leading oven manufactures (i.e. Moretti), which allows an energy saving of over 35% compared to a traditional oven. After a number of trials and set up, the new custom made oven has proven to be as efficient as the old one in terms of product quality, but with a lower environmental impact. Moreover, the oven encompasses cutting-edge technology permitting remote control of power settings and cooking heat.

Starting from September 2020, the Moretti oven is being installed in every new opening.

Moretti oven



Portfolio companies ESG KPIs

CDS (Idea Taste of Italy)

Leading producer of plastic and aluminium closures for the beverage industry.



Investment:
March 2017

The company modernized its Spanish production plant by substituting the existing chilling system with a new generation adiabatic refrigeration system (3DK+microgel).

The new system allows to:

- optimize the chiller system by grouping the technology in use (Compression and Injection) as the requirements are different between these 2 technologies. So, the project considered to install injection molding machines in the new area and optimize the compressing molding technology in the existing ones;
- implement a Central Adiabatic system which is more efficient in terms of energy consumption versus the STD chillers for injection molding;
- add a single small unit on each injection molding machine for a tailor made solution (thus allowing to get the right temperature and pressure according to the need of the mold. Product weight & raw material are different from machine to machine, so this solution allows to optimize consumptions and reduce the wasted energy).

The annual energy consumption will decrease by 42% (corresponding to 845.000 kWh).



Adiabatic cooling system for chillers

GASTRONOMICA ROSCIO (Taste of Italy 2)

Italian manufacturer of fresh and frozen ready meals.



Investment:
December 2020

The company is fully equipped with a photovoltaic plant covering the ceiling of the 3 manufacturing sites with an extension of ca 13.600 sqm. In 2020 the company started evaluating the installation of a cogeneration plant with a power of 800kWe which is included in a number of possible investments to be completed in 2021 for improving the environmental impact of the company.

The team performed a full ESG due diligence before investment and only medium-low risk issues have been identified. From manufacturing point of view, although technical specifications (including stability to light and gases, compatibility with microwaves etc.) are the priority elements considered in the choice of packaging, the Company has developed a number of initiatives to adopt more sustainable packaging (e.g. bamboo forks in single use packs, all primary cardboard packaging are FSC certified).



Photovoltaic plant

Portfolio companies ESG KPIs

DIRECT FUNDS – IDeA Agro

IDeA Agro is a private equity fund dedicated to investments in agricultural businesses, situated in Italian territory and operating in an eco-sustainable manner.
Agro fund manages about 1000 hectares of land which included 700 hectares of new plantings for a total of over 600,000 of new plants.

SUMMARY RESULTS OF OVERALL MATURITY CHECK

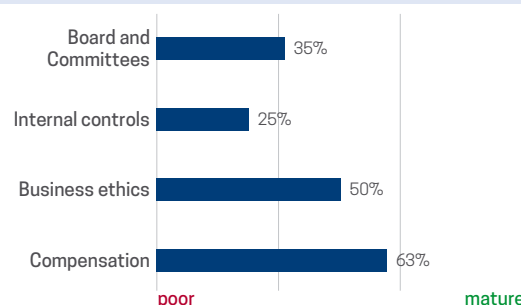


- › **Corporate Governance:** the Governance structure adopted by the Investment and the related tools and system implemented to improve the management and reduce the risks
- › **ESG Governance:** Investment maturity in terms of sustainability programs and risk management tools
- › **Compliance management:**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

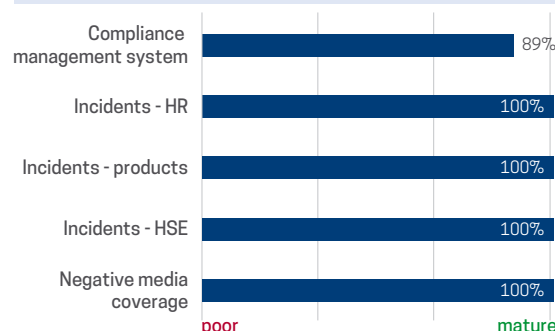


IDeA Agro focuses on the development of wastelands and their transformation in more valuable cultivations (mainly orchards) to sustain the Italian food chain, avoiding importation from foreign countries which implicates a reduction of CO₂ due to less transports. On approximately 900 hectares, our orchards will reach more than 700k plants contributing to a massive CO₂ retention. Installations are realized following the most recent technologies (industry 4.0, agritech) in order to optimize the usage of natural resources. Our companies aim to enhance local labour work in underprivileged and set aside areas (especially in southern Italy). All of our products are natural and plant-based granting less pollution compared to animal linked products. In addition, almost 400 hectares are entirely dedicated to the cultivation of organic and biodynamic products.

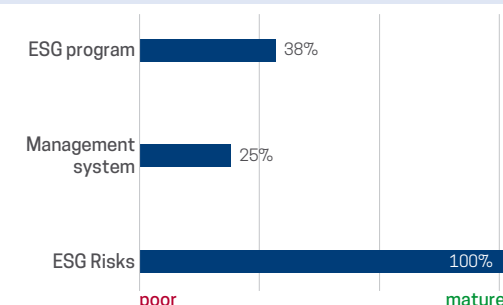
1. CORPORATE GOVERNANCE - DETAILS



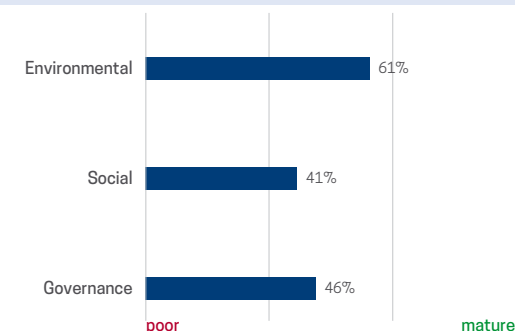
3. COMPLIANCE MANAGEMENT - DETAILS



2. ESG GOVERNANCE - DETAILS



4. TOPIC-SPECIFIC CHECK - DETAILS



Portfolio companies ESG KPIs

IDEA AGRO

AGRO NOCCIOLE

Our portfolio company Agro Nocciolo, located in Piemonte, was built by aggregating several wastelands into a unique structure, **300 hectares** and **more than 200k plants**, focused on production of Italian **hazelnuts**. Our land is one of the largest area in Italy focused on hazelnuts, helping local producers shield the Italian product against foreign importation such as Turkish Hazelnuts. The implant was realized following innovative technologies, all planted trees are equipped with drip irrigation, timer clock and automatic fertilizer.



Located in
Piemonte

 **200k+**
plants

 **300**
hectares

Costa Rossa – new grounds



AGRO NOCE

Our portfolio company Agro Noce, located in Emilia Romagna, is one of the largest area dedicated to **walnuts**, with **170 hectares** and **more than 100k plants**, helping local producers shield the Italian product against foreign importation such as Californian walnuts. The implant was realized following innovative technologies, all planted trees are equipped with drip irrigation, timer clock and automatic fertilizer.



Located in
Emilia Romagna

 **100k+**
plants

 **170**
hectares

Netafim irrigation system



Portfolio companies ESG KPIs

IDEA AGRO

TARULLI



Tarulli is a well-known enterprise in southern Italy focused on **grape production**. Its wine yards stretch out for approximately **125 hectares** with nearly **100k plants**. It's been a long time since Tarulli started contributing to the development of local territory especially during the grape harvest. In addition to helping local workers, Tarulli is fully aware of the attention required from its soil, which allows him to breed certified biodynamic products. Tarulli is also careful to the sustainability of its products through ecological packages. Thanks to a local organization directly led by Tarulli, grape producers are efficiently responding to threats caused by the importation of Egyptian grapes.



Located in
Puglia

 **100k+**
plants

 **125**
hectares

Manual Grape Harvest



ATENA

Our portfolio company Atena, located in Lazio and Toscana, is one of the largest area dedicated to **biological olive oil**, with **270 hectares** and **more than 300k plants**. Plants are cultivated using organic techniques, without usage of pesticides and other synthetic products. The implant was realized following innovative technologies, all planted trees are equipped with drip irrigation, timer clock and automatic fertilizer.



Located in
Lazio e Toscana

 **300k+**
plants

 **270**
hectares

Rosetta ground



Portfolio companies ESG KPIs

INGINO



Ingino is a large family business focused on **chestnut products**. Every year Ingino employs **more than 100 local workers** of which mainly female workers. On its production site Ingino is very keen on energy and waste reduction through innovative machinery.



Located in
Campania

 **100**
local workers

Chestnuts processing



GIAS



GIAS is one of the largest businesses in region Calabria. The firm is managed by **Gloria Tenuta**, one of the few female entrepreneur awarded of the Italian prize **"Cavaliere del lavoro" for her dedication to local territory**. Through a local organization, GIAS enhances local production and workers. In terms of sustainability recently GIAS acquired a combined cooling system which allows substantial energy savings. In the next years GIAS will build a new refrigerating room (**12mn investment**) following high technology standards in order to minimize consumption and to avoid heavy and risky operations to its workers.



Located in
Calabria

 **12mn**
investment

Production of high quality frozen food

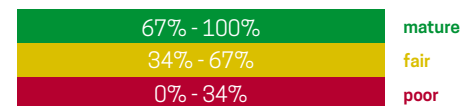
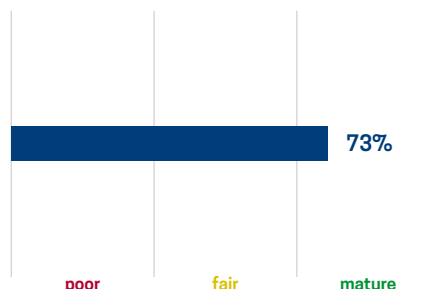


Portfolio companies ESG KPIs

FUNDS OF FUNDS – DeA Endowment Fund

DeA Endowment Fund is an alternative investment fund reserved for Banking Foundations according to performance targets, liquidity, risk and consistent allocation with the indications of the Foundations themselves. The pre-identified asset classes contemplate investments in private equity, private debt and infrastructures having a predominantly international geographical focus, mainly in Europe and the United States.

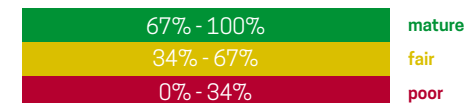
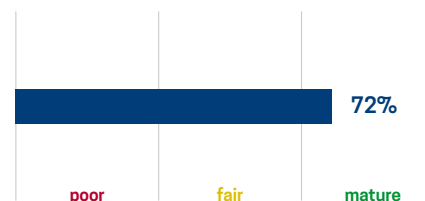
OVERALL ESG MATURITY



The fund overall maturity in the management of ESG topics, calculated through DeA Value Creation tool as the weighted average of each investments ESG maturity, is around 73% which places it in the highest quadrant: "MATURE".

EXAMPLE OF SUMMARY RESULTS

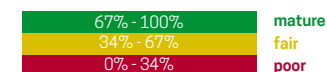
Maturity of the GP



Strategy

Presence of policies and procedures of ESG topics, ESG commitments

KEY



Governance

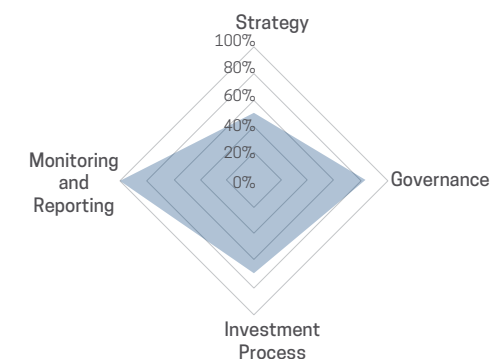
Responsibilities for ESG, training on ESG, incidents notification systems

Investment Process

Maturity of the GP in managing ESG factors throughout the investment life cycle

Monitoring and Reporting

Monitoring and reporting on ESG performance to investors



Portfolio companies ESG KPIs

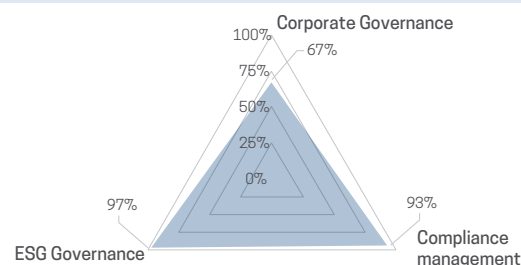
TURNAROUND – IDeA CCR I and IDeA CCR II

IDeA CCR I and IDeA CCR II are closed-end investment fund of DIP (Debtor-in-Possession) Financing, reserved to qualified investors. The funds aim to contribute to the recovery of medium-sized Italian companies, which are under financial strains but show sound industrial

fundamentals. The funds are both composed of two pockets: Credits Pocket and New Finance Pocket. Starting from December 2018, for IDeA CCR II was launched a new pocket dedicated to Shipping credits.

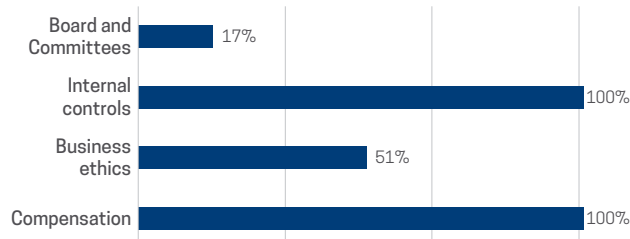
ESG Performance

SUMMARY RESULTS OF OVERALL MATURITY CHECK



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

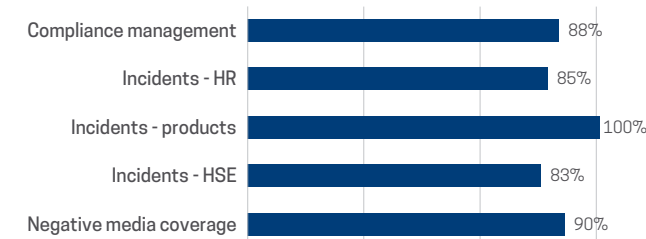
1. CORPORATE GOVERNANCE - DETAILS



2. ESG GOVERNANCE - DETAILS



3. COMPLIANCE MANAGEMENT - DETAILS



Portfolio companies ESG KPIs

TURNAROUND - CCR

The Restructuring Funds IDEA CCR I and IDEA CCR II invest in deteriorated receivables towards Italian entities which are facing financial difficulties but have serious recovery's perspectives, with the aim of restructuring the relevant debt and relaunch the operations, also providing additional financial resources if needed.

Restructuring processes typically last years in Italy and this length can lead to additional loss of value of the affected companies, increase of costs and, in worse cases, to insolvency.

The CCR Funds, thanks to the experience and solid restructuring skills of their team members, instead, by proactively managing and facilitating such restructuring processes, have contributed to the successful turnaround and **rescue of several Italian companies**, indirectly helping the maintenance of the related satellite activities and thus the **saving of thousands of job positions**.

In addition, starting from 2019, where the strategy of the Team has involved an equity investment in the Target Companies such investment were made based on accurate due diligence with a specific focus on ESG matters.

UTIL INDUSTRIES



Util is in constant analysis on how to **reduce its carbon footprint on a global basis**, by:

- acquiring high ton presses over the last few years incl 2020 (acquisition of 4 presses), more efficient in terms of production and energy consumption,
- bringing to line more automated equipment that reduces the need for additional production steps,
- developing a renewable energy project for its plant in Italy, project to change sources of energy from natural gas to solar panel (drastic reduction of fossil fuel energy),

- with a new design for its plant in Italy to protect it with environmentally friendly material that helps avoid energy waste.

Util Industries has moreover **developed a contemporary global management system** that allows the company to manage its business globally with a well- defined management structure, on a matrix basis between commercial, operations, engineering and support functions. In addition, it features a BoD with an independent board member, former General Manager of Pirelli Tyre. Project for 2021: **increase female participation at the senior leadership level**.



Portfolio companies ESG KPIs

TURNAROUND - CCR

PIERALISI



The team performed a full ESG due diligence before the investment, completed in July 2020. In 2020 the company:

- started, with the support of ERM, the definition of an ESG action plan which will be implemented to improve the company compliance;
- implemented an organizational model pursuant to Legislative Decree 231/2001 to exempt the company from responsibility in case of criminal offences committed in the areas of, among others, environment and health and safety;
- hired a HR manager separated from operation function.

Decanter centrifuge for solid-liquid separation



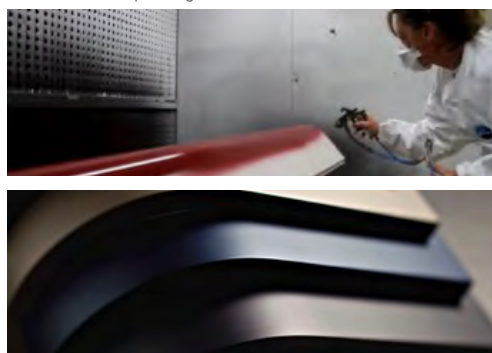
SNAIDERO



In 2020 Snaidero performed many actions aimed at reducing environmental impact:

- improvement and rationalization of part of the compressed air system aimed at reducing energy consumption resulting from the generation of compressed air;
- continuous reduction in the use of solvent-based paints in favour of water-based ones;
- installation of 2 charging station for electric cars;
- verification of leaks in the various underground containers;
- preparation of what is necessary to combat the spread of Covid-19.

Innovative water painting



SHIPPING COMPANY

- Installation of a water ballast treatment system on the owned ship named Neverland dream, aimed at reducing the impact of loading and discharging of ballast water into the sea.

Neverland dream



Our investments during Covid-19 pandemic

Until the first signs of the lock-down, and then at the end of February, the DeA Capital Alternative Funds management team took care of securing its Core Business.



The ESG team, together with the management teams, have developed one or more questionnaires for each industry and increased engagement with the portfolio companies and investors.



In particular, the Management Teams have carried out a deep and incisive activity of evaluation and monitoring of all investments and PRI “immediate investors actions” have been undertaken aiming at a sustainable recovery. The result was positive “compatibly” with the market context. Some investee companies suffered for some months, but structured interventions were implemented everywhere to secure the business.

Going into more details:

Funds of Funds: sent a questionnaire to all GPs with a detailed request for information about both the company itself and their investments. The responses were analysed and assessed one by one and in some cases the management team reserved the right to investigate further. The questionnaire provided further information on both qualitative and quantitative aspects of the Gps, which contributed to enriching the proprietary database.

Direct funds: a questionnaire was sent to each investee company. The questionnaire allowed DeA Capital Alternative Funds Investment team to have an immediate perception of the following aspects:

- an estimate of the business subject to Lock-Down, with a quantification of the impact on expected budget
- evolution of orders and order backlog
- chronology of managerial interventions and all safety measures taken
- business evolution in terms of logistics, mobility, supplies with identification of any type of impact on traditional operations

- list of measures undertaken to reduce the cost base (IGC, suppliers etc.), including participation in the various “extraordinary” benefits implemented by the Italian government
- issues related to the financial balance and the main credit institutions
- a detailed description of all the “new” ways of grading staff with possible additional benefits
- new ways of working and insights into the ongoing digital transformation/ implementation process
- possible marketing/social initiatives on the client side, strengthening the brand
- providing a platform in order to centralize the purchases of Personal Protective Equipment

All the portfolio companies responded quickly and in detail. Above all, on some more sensitive issues (business or logistics side), DeA Capital Alternative Funds received several periodic updates following the first questionnaire.



Our investments during Covid-19 pandemic

IDeA Agro



The various shareholdings had on average a limited impact from Covid, given the agricultural nature of the business. From a substantial point of view, Agro was the product that had the least negative impact from Covid-19.

In some cases, the harvest is concentrated in the second half of the year, so no particular intervention was necessary apart from a greater focus on the few activities planned.

In others, additional machinery was purchased to allow greater safety in physical work.

The main difficulties recorded were mainly of a logistical and supply type but only in the Lock-Down phase.

Turnaround - CCR



During the pandemic, the Turnaround management team strengthened its engagement with portfolio companies. Since the first days of March, the manager's aim has been threefold.


1 First, it sought to support all security measures that would be taken, drawing on the experience of the direct fund's portfolio companies.

2 Secondly, it ensured that the companies did not lack the necessary resources despite a physiological drop in business.

3 Finally, it sought to stimulate greater awareness of key ESG issues as a result of his belief that the post Covid-19 environment would be marked by even greater sensitivity to sustainability principles.

Our investments during Covid-19 pandemic

IDeA Taste of Italy

Actions	Portfolio Companies							
								
	Environmental Action 1 Top management intervention implemented to face the emergency							
	<ul style="list-style-type: none">› Closing and securing sites› Government financial support and smart working activation› Delivery enhancement› Cash flows monitoring	<ul style="list-style-type: none">› Closing and securing sites› Government financial support and smart working activation› Cash flows monitoring	<ul style="list-style-type: none">› Smart working activation› Conference call tool enhancement› PPE supply	<ul style="list-style-type: none">› Smart working and office quotas activation› PPE supply› Covid-19 policy subscription for employees› Production program modifications to ensure employees distances› Factories entry restrictions	<ul style="list-style-type: none">› Smart working and office quotas activation› PPE supply and environment sanitation› Social distance during production activities	<ul style="list-style-type: none">› Smart working and office quotas activation› PPE supply› Production program modifications to ensure employees distances› Locker rooms usage reduction› Cash flows monitoring› Transactions reorganization to improve net working capital	<ul style="list-style-type: none">› Government financial support, office quotas and smart working activation› PPE supply› No business travels allowed› Covid-19 policy Insurance policy for employees› Covid-19 management procedure	
	Environmental Action 2 Anti-contagion measures implemented							
	<ul style="list-style-type: none">› Sites equipped with gloves and masks for employees and sanitizers for clients› Cleaning services twice a day› Distance maintenance and clients reseizing	<ul style="list-style-type: none">› Sites equipped with gloves and masks for employees and sanitizers for clients› Cleaning services twice a day› Distance maintenance and clients reseizing	<ul style="list-style-type: none">› Gloves, masks and sanitizers for employees	<ul style="list-style-type: none">› Gloves, masks sanitizers, environment sanitation, social distancing› Quota for canteen use› Locker rooms not allowed	<ul style="list-style-type: none">› Gloves, masks sanitizers, environment sanitation, social distancing› Quota for canteen use› Locker rooms not allowed	<ul style="list-style-type: none">› Gloves, masks sanitizers, environment sanitation, social distancing in production sites› Physical meetings not allowed	<ul style="list-style-type: none">› Body temperature control for employees› Gloves, masks and sanitizers, environment sanitation, social distancing› Quotas for common spaces	
	Social Action 3 Social initiatives to support local communities							
	<ul style="list-style-type: none">› Pizza delivery for charities and roman hospitals	-	-	<ul style="list-style-type: none">› Donation to hospitals in the Veneto region	<ul style="list-style-type: none">› Donation to charities	<ul style="list-style-type: none">› Donation to Civil defence with employees contribution	-	
	Social Action 4 Meetings with clients and/or suppliers in virtual mode							
	<ul style="list-style-type: none">› Videoconferences with suppliers	<ul style="list-style-type: none">› Videoconferences with suppliers	<ul style="list-style-type: none">› Meetings with clients and suppliers only attended in virtual mode	<ul style="list-style-type: none">› Meetings with clients and suppliers only attended in virtual mode	<ul style="list-style-type: none">› Meetings with clients and suppliers only attended in virtual mode	<ul style="list-style-type: none">› Meetings with clients and suppliers only attended in virtual mode	<ul style="list-style-type: none">› Meetings with clients and suppliers only attended in virtual mode	
	Governance Action 5 Virtual Board participation							
	<ul style="list-style-type: none">› Weekly virtual video conferences	<ul style="list-style-type: none">› Biweekly virtual video conferences	<ul style="list-style-type: none">› Virtual video conferences	<ul style="list-style-type: none">› Virtual video conferences	<ul style="list-style-type: none">› Virtual audio conferences	<ul style="list-style-type: none">› Biweekly virtual video conferences	<ul style="list-style-type: none">› Virtual video conferences	

Our next steps

This year we have taken significant steps to become an increasingly responsible investor, by defining an ESG framework and formalizing our ESG commitments as transparently described in this report. Looking ahead over the next year, we plan to continue on our path towards strengthening our responsible investment approach in line with the objectives and targets set out in our ESG Action Plan and in the specific ESG roadmaps developed for each fund.

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

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

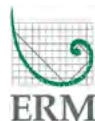
In the coming years we want to continue to contribute to the diffusion of Responsible Investment within the industry through the engagement with sector associations and organizations.

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



Our ESG Partners

**ARWIN &
PARTNERS**



Contacts

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



Our ESG team at esg-af@deacapital.com