

Letter from the Head of ESG

2021 here at DeA Capital Alternative Funds was marked by a reinforcement of the progress made in the past years on the ESG and sustainability framework, fronting **new challenges and new goals**: to coordinate the activities and objectives of the management teams, to engage with stakeholders, to update the Board of Directors on a timely basis on the progress made and, from time to time, to face the new objectives coming from the SFDR challenge and the evolution in the asset management industry.

The result was very satisfactory, thanks to **new activities and investments that strengthened the commitment of the company and its people**. A robust ESG framework was extended to all asset classes, including Funds of Funds and NPL Funds. A tailored approach was developed customizing the depth analysis throughout Value Creation Tool dedicated modules. A strong engagement with target companies was deployed.

In particular, the investment team for each product applies the ESG policy very diligently, both in the Due Diligence phase of potential new investments and throughout the monitoring phase. ESG data are collected in the Value Creation Tool and, especially for companies that have been in the portfolio for several years, their ESG story begins to be complete.

Each management team is also committed to reporting all sustainability aspects or, if any, weaknesses of individual investments, in order to make the ESG Action Plans more effective.

Stakeholder engagement is increasingly complex and challenging and follows **the growing importance that ESG and sustainability issues hold in today's asset management**. We listened to and analyzed all requests, taking many ideas to enrich our activities. These include the collection of quarterly data from portfolio companies and a greater commitment to stewardship, which is also required by the PRI. In this background, the introduction of the SFDR did not find us unprepared.

After several years characterised by the explosive growth of ESG issues and their detailed impact on the asset management long term investments, we can witness that the sustainability approach is the key for stable returns, good policies, and, in a nutshell, a resilient growth. **For our portfolio companies, our stakeholders, our community.**



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