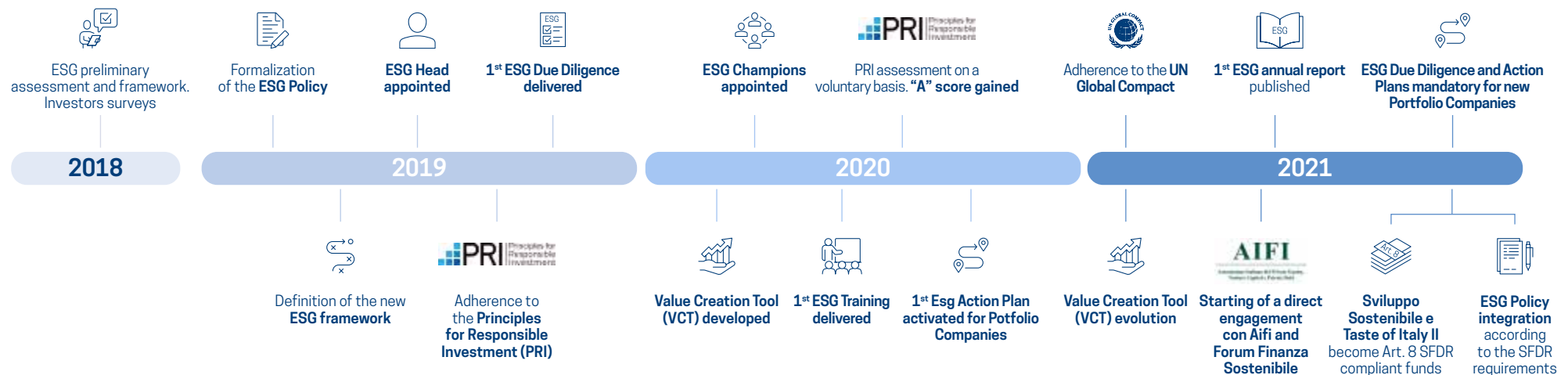


# Our sustainable path

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

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

## 4 years of ESG integration achievements



After the preliminary ESG activities in 2018, starting from 2019 DeA Capital Alternative Funds sustainability goals have included the formalization of the **ESG policy**, the **ESG framework** and the setup of its **ESG Governance structure**.

In 2020, DeA Capital Alternative Funds started to measure **ESG performance** and to engage actively with investee

companies through the development of its Value Creation Tool (VCT) and through the proposition of **ESG Action plans**.

The Company started to deliver all its employees **ESG training** in order to increase awareness and enhance their expertise on ESG issues. In 2021 DeA Capital AF became a signatory of **UN Global Compact**.

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

# Our sustainable path - 2021



## ESG data quarterly reporting

Starting in the first quarter of 2021, the management teams have engaged **portfolio companies** to release **ESG data on a quarterly basis** in order to map the individual KPIs. The **companies** are engaged to **represent** and **improve** their **non-financial data**. To this end, they have appointed their own **ESG manager**.



## Portfolio companies action plans

The **collection of quarterly ESG data** for the portfolio companies is part of a broader project: DeA Capital Alternative Funds's helping its investee companies **to express their full ESG potential**. DeA Capital Alternative Funds generally invests in companies with strong local roots and activities that are well integrated with the typical characteristics of Italian-made products.

The **action plans implemented** after the acquisition have two main objectives.

- to highlight the **sustainable potential** of the companies.
- to support them in **building an ESG framework** especially on the governance side, integrated into their business model.



## Value Creation Tool (VCT) evolution

The proprietary tool used by DeA Capital Alternative Funds to **analyze and monitor the ESG data** of each portfolio company from the pre-acquisition phase, evolved further in 2021 with the introduction of new UN PRI guidance. In particular, the **number of KPIs has increased** and they consist of cross-cutting KPIs that apply to all investments and specific KPIs that are consistent with the company's business model and industry. DeA Capital Alternative Funds VCT built for each fund, becomes a management software that includes all the data of each individual company, facilitating monitoring and action plans.



## Compliance with the SFDR Regulation (EU) 2019/2088

The new Sustainable Finance Disclosure Regulation (SFDR) **came into force in March 2021**, as a result of a process that started with the Paris Agreement in 2015. DeA Capital Alternative Funds started the integration of SFDR regulations into its ESG Policy and procedures. **Taste of Italy 2** and **Sviluppo Sostenibile** are both **compliant with Article 8** of the SFDR.



## Adherence to the United Nations Global Compact

In **June 2021** DeA Capital Alternative Funds adhered to the UN Global Compact Principles, which were subsequently **integrated into its ESG Policy**.

As a result of this adherence, DeA Capital Alternative Funds **reinforces its commitment to sustainable practices and policies** not only internally and with its investment companies, but also with wider effects for all its stakeholders.



## Development of a fund entirely based on sustainable investments

In 2020, DeA Capital Alternative Funds launched Sviluppo Sostenibile, a new fund to complement its current coverage of the dynamic Italian mid-market and to offer both Institutional Investors and Family Offices access to Italian SMEs combining an Institutional and entrepreneurial approach. Sviluppo Sostenibile's objective is to have a **sustainable impact** while creating financial value through growth, digitalisation, internationalisation and development of competences, with a particular attention to ESG factors. The fund's framework requires **ESG due diligence** in the pre-acquisition phase, followed by an **ESG action plan** once acquired. The aim is to stimulate portfolio companies from the acquisition phase towards what is defined as best practice in data quality. Sviluppo Sostenibile has its **ESG Committee**, composed of external members supporting the team. A portion of Carried Interest granted to the team is linked to ESG performance of the portfolio.