

# ESG sources and principles

DeA Capital Alternative Funds's sustainability process was inspired by the indications of supra-national institutions such as the **United Nations**, that have created a movement based on principles such as **human rights, environmental protection, honesty, and transparency**.

To obtain coherence between internal rules and what can be defined as best practice, DeA Capital Alternative Funds is committed to checking regularly its sources aiming to be consistent with its codes and regulations.

The main sources and principles behind the sustainability process of DeA Capital Alternative Funds include:



# ESG sources and principles

## UN Principles for Responsible Investment (PRI)

The backbone of DeA Capital Alternative Funds' **sustainable value creation strategy** are the **six principles defined by the United Nations** – supported initiative Principles for Responsible Investments (PRI). DeA Capital Alternative Funds, **signed the PRI in January 2019**, starting its journey towards a formal integration of ESG criteria in its investment process.

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 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.

## 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, DeA Capital Alternative Funds participate to the following initiatives:

**From 2021**, the **Head of ESG** is a **member of the steering committee on ESG of AIFI** – "Associazione Italiana del Private Equity,

## Principles for Responsible Investments



- 1 DeA Capital Alternative Funds will **incorporate ESG factors** into the investment analysis and decision-making processes.
- 2 DeA Capital Alternative Funds will be the **active owner and incorporate ESG analysis** into its ownership policies and practices.
- 3 DeA Capital Alternative Funds will seek **appropriate disclosure on ESG** by the entities in which it invests.
- 4 DeA Capital Alternative Funds will **promote acceptance and implementation of the Principles** within the investment industry.
- 5 DeA Capital Alternative Funds will work together **to enhance** effectiveness in implementing the Principles.
- 6 DeA Capital Alternative Funds will **report on activities and progress** towards implementing the Principles.

Venture Capital e Private Debt" – which intends to define **common guidelines** in order to simplify and unify ESG reporting across its members.

Furthermore, with the aim of enhancing good practices and contributing to the analysis and dissemination of sustainable investments, DeA Capital Alternative

Funds became a **member of the Forum per la Finanza Sostenibile**, actively participating in ESG initiatives such as conferences, seminars and cultural events.



# ESG sources and principles

## UN Global Compact principles

The United Nations Global Compact (UNGC) is the world's largest strategic corporate citizenship initiative. It stems from a desire **to promote a sustainable global economy that respects human and labour rights, that protects the environment, and that fights corruption.**

It represents a voluntary initiative to adhere to a set of principles that **promote the values of sustainability through policy actions, business practices, and social and civic behaviour** that are responsible and consider future generations.

By becoming a signatory, DeA Capital Alternative Funds will operate in a way that satisfies core responsibilities **in the fields of environment, labour, human rights and anti-corruption.** By integrating the UN Global Compact's commitments into its business, DeA Capital Alternative Funds not only accepts all the principles, but can also enhance its activities.



The 10 principles of the UN Global Compact are in turn divided into macro areas depending on the area of interest

### HUMAN RIGHTS

- 1** **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2** **Principle 2:** make sure that they are not complicit in human rights abuses.

### LABOUR

- 3** **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4** **Principle 4:** the effective abolition of child labour; and
- 5** **Principle 5:** the elimination of all forms of forced and compulsory labour;
- 6** **Principle 6:** the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

- 7** **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- 8** **Principle 8:** encourage the development and diffusion of environmentally friendly technologies.
- 9** **Principle 9:** undertake initiatives to promote greater environmental responsibility; and

### ANTI-CORRUPTION

- 10** **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

# ESG sources and principles

## Sustainable Development Goals at SGR level

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



- 3** Welfare services recognized to employees such as contribution to supplementary pension scheme, reimbursement of medical expenses for spouses, children and other family members, subscriptions to sports activities and travel.
- 4** 25 hours of training per employee.
- 8** The number of permanent staff in TOI portfolio companies increased by 30% in 2021.
- 9** Sviluppo Sostenibile and TOI 2 investment funds are sustainable products classified as art.8 under SFDR.
- 11** NPL servicers questionnaire carried out.
- 16** Code of Ethics implemented to all portfolio companies. Organizational, Management and Control Model implementation (231 Model) to all portfolio companies.
- 17** UN PRI Signatory, Engagement with AIFI to promote responsible investment in Italy, Member of "Forum per la Finanza Sostenibile".



**Human Capital**  
Employee Engagement,  
Diversity & Inclusion

**Human Capital**  
Employee Engagement,  
Diversity & Inclusion

**Social Capital**  
Selling Practices & Product  
Labeling

**Business Model & Innovation**  
Product Design & Lifecycle  
Management

**Business Model & Innovation**  
Product Design & Lifecycle  
Management

**Leadership & Governance**  
Business Ethics

**Leadership & Governance**  
Business Ethics